

March 6, 2023

DGA Residential LLC  
 3834 Sutherland Avenue  
 Knoxville, TN 37919  
 Attention: Craig Cobb

**Re: Choto Landing – Knoxville, TN**

Dear Mr. Craig Cobb:

Thank you for the opportunity to discuss an investment by Alliant Capital, Ltd. (“Alliant”) on Choto Landing (“the Project”). Since 1997, Alliant has invested, through affiliated funds, in over \$8 billion in real estate projects that qualify for and are allocated low-income housing tax credits (“LIHTCs”) pursuant to Section 42 of the Internal Revenue Code of 1986. This letter describes our initial assumptions to inform our continued discussions about this potential investment and to provide support for your tax credit application.

**I. Transaction Summary**

A. Equity Amount, Price – The anticipated pricing is \$0.88 per dollar of LIHTC, available to the Investor over the full 10-year credit period, for a total investment of \$9,761,007, based upon annual LIHTCs of \$1,109,205 (99.99% of \$1,109,316). If the closing of this investment does not occur by year end 2023, Alliant may need to modify the price to reflect market conditions, in the exercise of its reasonable discretion.

B. Transaction Timeline

1. Closing and admission of Alliant to the Partnership: October 2023
2. Start of construction of the Property: October 2023
3. Substantial completion of construction: December 2024
4. Rental Achievement: October 2025
5. Closing of the permanent financing: October 2025

C. Equity Pay-in

	<b>Capital Contribution</b>	<b>Amount</b>	<b>% of total</b>	<b>Timing</b>
1 <sup>st</sup>	Closing	\$976,101	10%	3 <sup>rd</sup> Quarter 2023
2 <sup>nd</sup>	Completion	\$976,101	10%	2 <sup>nd</sup> Quarter 2025
3 <sup>rd</sup>	Rental Achievement	\$6,550,803	67.11%	3 <sup>rd</sup> Quarter 2025
4 <sup>th</sup>	Delivery of 8609’s	\$650,169	6.66%	1 <sup>st</sup> Quarter 2026
5 <sup>th</sup>	Date Certain – ODR Funding	\$607,834	6.23%	3 <sup>rd</sup> Quarter 2030

D. Credit Delivery

\$283,904 for 2024;  
\$1,109,205 for each of the years 2025 through 2033; and  
\$825,302 for 2034.

- E. Developer Fee - \$4,739,899 of which \$2,600,675 is projected to be payable from the sources and uses, based upon the assumptions contained herein. The Developer Fee is projected to be paid as follows:

25% at closing (estimated at \$650,169);  
25% at construction completion (estimated at \$650,169);  
25% at Stabilization (estimated at \$650,169); and  
25% at delivery of 8609's (estimated at \$650,169).

- F. Required Reserves

Operating Deficit Reserve - an amount equal to the greater of: (i) six months of operating expenses and mandatory debt service, or (ii) \$607,834.

Replacement Reserve – an amount of \$350 per unit per year, to be annually increased at 3% a year.

- G. Reversion and Cash Flow Splits after waterfall – 90% to the General Partner 9.99%, to the Limited Partner and 0.01% to the Administrative Limited Partner.

- H. Guarantees

1. Completion / Development Deficits. The Guarantor will guaranty that construction will commence within 30 days after Closing and will be substantially completed on schedule and in accordance with the approved plans and specifications. If at any time, the Partnership's available sources of debt and equity are less than the funds necessary for timely payment of all development costs (excluding the Development Fee), then the Guarantor will fund the shortfall (*i.e.*, the "Development Deficit") without reimbursement. The Guarantor will guaranty timely lease-up and rental achievement.

2. Operating Deficits. The Guarantor will guarantee and agree to advance to the Partnership sufficient funds, for a period of 60 months following the date rental achievement is attained (the "Operating Deficit Guaranty Period"), to fund operating deficits.

3. Tax Credit Delivery. The Guarantor will guarantee, for the compliance period, the delivery of the projected tax credits and tax credits taken will not be recaptured.

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- I. Alliant Syndication/ Legal Fee – at closing, the Partnership will pay \$60,000 to the Investor on account of the costs associated with the preparation of such documents and with the due diligence, underwriting, and closing process.
- J. Alliant Asset Management Fee - \$7,500, payable \$3,750 on April 1st and the balance on October 1st of each year.

The terms of our investment may change if the assumptions and projections regarding the Project change. After our discussions have progressed further, Alliant will prepare a Letter of Intent that will summarize the principal business terms for Alliant's proposed investment.

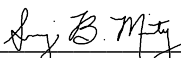
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I look forward to our continued discussions.

Very truly yours,

Alliant Capital, Ltd.

By: WDAGP, LLC, its General Partner

By:   
Suraj Mistry - Director

The foregoing is hereby agreed to and confirmed:

\_\_\_\_\_, L.P.

By: \_\_\_\_\_, its General Partner

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_, 2023