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WNCSource.org

June 7, 2023

Mosaic Development Group, Inc.
Attn: Bill Bolstad
4600 Park Road, Suite 390
Charlotte NC 28209

Dear Bill:

This letter sets forth the principal terms upon which Western Carolina Community Action Inc., a Section 501(c)(3) North Carolina nonprofit corporation doing business as WNCSource, or a to-be-formed subsidiary ("Buyer") proposes to purchase from Mosaic Development Group, Inc., a Section 501(c)(3) North Carolina nonprofit corporation (formerly known as Low Income Housing Development Corporation and The Affordable Housing Group of North Carolina, Inc. and referred to herein as "Seller") (i) the limited liability company interest in English Hills, LLC ("English Hills") owned by Seller and (ii) the shares of stock of English Hills Housing of Brevard, Inc., a North Carolina corporation (the "Managing Member") owned by Seller. The terms of the transaction are based on information furnished to the Buyer by the Seller.

1. Sale of LLC Interests. Seller owns 100% of each of the Special Member Interest and Investor Member Interest in English Hills (collectively the "LLC Interests"), each as defined in the First Amended and Restated Operating Agreement of English Hills dated as of October 17, 2005 (as amended to date, the "Operating Agreement"). Subject to the satisfaction of the conditions described in this letter, the Seller shall sell to the Buyer, and the Buyer shall purchase from the Seller, the LLC Interests at the Closing for a purchase price of \$50,000.00. Furthermore, at or before Closing, (i) the following fees earned and payable to Seller pursuant to the Operating Agreement shall be paid: (a) \$2,750.00 for 2022 and \$1145.83 for 2023 asset management fees due to Seller, (b) \$19,979.17 in cumulative English Hills management fees due to Seller and (c) \$24,765.41 in unpaid co-management fees and reimbursable expenses due to Seller and (ii) the outstanding balance of the Promissory Note from English Hills to Seller in the amount of \$17,171.71 shall be repaid in full.

2. Sale of Shares of Managing Member. The Seller owns Five Hundred (500) of the outstanding shares of the capital stock of the Managing Member (the "Managing Member Shares"). Subject to the satisfaction of the conditions described in this letter, and simultaneously with the sale of the LLC Interests contemplated above, the Seller shall sell to the Buyer, and the

Buyer shall purchase from the Seller, the Seller's Managing Member Shares at the Closing for a purchase price of \$10.00. After the sale of the LLC Interests and the Managing Member Shares as contemplated hereby, the Seller shall have no further ownership interest in either English Hills or the Managing Member.

3. Outstanding Loan. The \$310,000.00 loan from Seller to English Hills evidenced by a promissory note dated as of November 3, 2005 shall remain in place until the earliest of its stated maturity of November 3, 2028 or the sale or refinance of the English Hills property.

4. English House. English House of Brevard, Inc. is a North Carolina nonprofit corporation ("English House") and is the tenant of certain property owned by English Hills pursuant to that certain Ground Lease between English Hills and English House dated as of September 3, 2009. The Board of Directors of English House has the right to appoint successor members of the Board of Directors. As a condition to the transactions contemplated herein, the current Board of Directors of English House shall resign and shall elect new directors to be selected by Buyer. In connection with such Board transition, Buyer and Seller agree that English House shall make a payment in the amount of \$4,136.79 to Seller representing \$1,805.71 in unpaid developer fees and interest and \$2331.08 in unpaid co-management fees and reimbursable expenses.

5. Co-Management Agreements. In connection with the transactions contemplated hereby and simultaneous with the closing thereof, the Co-Management Agreements dated August 9, 2012 among Seller, Excel Property Management, Inc. and each of English Hills and English House (the "Co-Management Agreements") shall be terminated.

6. Proposed Definitive Agreements. This nonbinding proposal is subject to the preparation and execution of all documents relating to the purchase of the LLC Interests and the Managing Member Shares (the "Definitive Documents"), all of which shall be in form satisfactory to the Buyer and the Seller. The Definitive Documents will evidence the terms summarized in this letter and will include such other representations, warranties, conditions, covenants, indemnities, and other terms that are customary for transactions of this kind and are not inconsistent with this letter.

7. Conditions. The Buyers' obligations pursuant to the Definitive Documents shall be subject to satisfactory due diligence and customary conditions and assumptions, including without limitation:

(a) The financial statements of English House and the Managing Member provided to the Buyer prior to the Closing (the "Financial Statements") will be true correct and complete in all material respects.

(b) Seller shall confirm to Buyer that the LLC Interests and the Managing Member Shares are free of all liens and encumbrances (though Buyer acknowledges that the underlying real estate is encumbered by various deeds of trust and other real property encumbrances).

(c) The Buyer's ability to obtain any regulatory approvals and third-party consents required, on terms satisfactory to the Buyers.

(d) The Seller will be a party to the Definitive Agreements, which will contain basic representations and warranties regarding the assets, liabilities and operations of English Hills and the Managing Member in form and substance satisfactory to the Buyer. Specifically, Seller shall represent and warrant to Buyer that other than as set forth in the Financial Statements and any other documents delivered to Buyer, there are no contractual liabilities of either English Hills or the Managing Member.

8. Indemnification. The covenants, representations and warranties of the Seller contained in the Definitive Agreements shall be supported by indemnity obligations in favor of Buyer. The covenants, representations and warranties of the Buyer contained in the Definitive Agreements and any claims made relating to post-Closing actions or omissions of English Hills or the Managing Member shall be supported by indemnity obligations in favor of Seller.

9. Confidentiality. The parties hereto will each maintain the confidentiality of all the information received from the other parties including this letter. The parties will destroy or promptly return to each other all documents and other written information received from the other party and will not retain any copies or summaries thereof if the acquisition is not consummated for any reason.

10. Expenses. Buyer shall pay all expenses and closing costs associated with the transaction but for the legal fees of Seller, which shall be the responsibility of Seller.

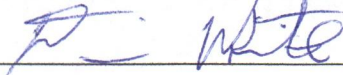
11. Exclusive Dealing. In consideration of the expenses that the Buyer has incurred or will incur in connection with the proposed transaction, for the period from the date of this letter through June 30, 2023, the Seller agrees that the Seller will (a) negotiate exclusively with the Buyer for the purpose of consummating a transaction as contemplated hereby, (b) not solicit, entertain or participate in any discussions about or relating to the possible sale of the LLC Interests or the Managing Member Shares with any person or entity, and (c) not, directly or indirectly, furnish any information orally or in writing for the purpose of interesting any person or entity in a purchase of the LLC Interests or the Managing Member Shares. If the Seller fails to comply with this provision, the Seller will reimburse the Buyers for all of their expenses related to the proposed transaction, including reasonable attorneys' and accountants' fees.

12. Closing. The parties will work diligently toward a closing of the transactions contemplated herein (the "Closing") by July 15, 2023 or such other date as mutually agreed to by the parties (the "Closing Date").

If the foregoing is acceptable to you, please sign and return to us the enclosed copy of this letter. This letter does not obligate the parties to enter the Definitive Documents. However, by acceptance of this letter, the Buyer agrees to be bound by paragraphs 9 and 10 and the Seller agrees to be bound by paragraphs 9, 10 and 11 hereof. This offer will remain in effect until June 20, 2023 unless accepted or rejected by the Seller in writing, or withdrawn by the Buyer prior to such time.


Very truly yours,

Western Carolina Community Action Inc.

By: 

Accepted and Agreed to:

Mosaic Development Group, Inc.

By: 
Name: Bill Bolstad
Title: Executive Director