

Letter of Intent Outline

1. Market Analysis
 - a. Demographic to be served. You might have better info on this than we do, but we are assuming these would be attractive to couples/families wanting in-town housing at affordable prices not available elsewhere in the City for newly built homes.
 - b. Income levels. It will vary but we assume these will be commiserate with the buyer group described above. We have understood that you are not asking us to restrict these homes to a particular economic segment. Please advise if otherwise.
 - c. Local Absorption Rate/Feasibility Analysis. Price properly and designed attractively for the anticipated demographic we anticipate this market segment will be a strong seller. 20-24 per year. A rough guess.

2. Product to be delivered
 - a. Housing type. All fee simple. Some detached and some possible duplex. Mix to be determined with more market study.
 - b. Projected price range: High \$200's to low/mid \$300's.
 - c. Projected unit count. To be determined but we like the JDA plan for detached TH that has 40 homes. With more thought we might increase the count a bit by having some zero-lot line duplex fee simple homes.
 - d. Special features/green building practices. We think seeking Energy Star and other green features are very desirable, but this is a to be determined feature with more market study.
 - e. Homeowners association dues, if any. Not necessary. We'd need to know more about this demographic, but it may desirable to have some common and timely maintenance, such as grounds but this could well be an area in which the buyers which to save costs.
 - f. Architectural renderings/sketches. Certainly, this will be forthcoming but too early. We are considering engaging an architect with a good bit of experience in the "small-thin" house realm.
 - g. Examples of product already completed/current pipeline. We've not built this particular detached and/or attached home before, but we have extensive experience in many types of ownership housing.

3. Permitting/zoning matters
 - a. Master plan update. Ken Thompson tells us he doesn't think so.
 - b. Subdivision of lots and general site plan. Yes, an approved subdivision will be required...along with general site plan
 - c. Rezoning required, if any. Ken Thompson tells us he doesn't think so.
 - d. Phased approach, if any. Yes, probably two phases as far as land purchase would be concerned. North side of New Street and then the south side. We'd acquire one side, do all infrastructure and sell much of the available homes then take down the opposite side and do the same. This is not addressing the land east of Fisher which we'd like an opportunity to develop later, if possible.

4. Financial Matters

- a. Proposed price range for lots. We would not be selling lots to third party builders but taking on the entire scope with a design/construction team we'd assemble. Actual lot price is TBD within the overall project proforma.
- b. Lot take down schedule. TBD
- c. Projected schedule. We'd like to strike an agreement and as soon as it is done launch into a survey followed by site planning/infrastructure design. We'd be tackling home design at this same time and ASAP submit for site plan approval and ICP's. We would ultimately pull in outside equity by creating a single purpose development entity as well as bank financing, but it is not needed until further into the project cycle. We'd likely use John A. Edwards for site/civil engineering. Land planning will be by Scott Murray who has done a lot of work for us in Chapel Hill, Wake Forest and Durham. Architect is TBD. We have several lenders and that choice would be TBD.

5. DHIC obligations. None. We're prepared to do 100%.

- a. Construction of public roads, infrastructure
- b. Laterals
- c. Sitework prep
- d. Other?

Respectfully submitted,



Roland/Jed Garmon
White Oak Properties, Inc.

6/17/19