# MARTINSVILLE CITY COUNCIL
# MEETING AGENDA

Tuesday, November 18, 2025

*Martinsville's Vision*

Martinsville is a thriving, full-service city centrally located in southern Virginia, offering excellent education and superior quality of life in a picturesque setting while embracing inclusivity and opportunities to ensure a sustainable and fulfilling lifestyle to live, visit, and grow.

*Martinsville's Mission*

Martinsville City proudly promotes a safe, healthy, thriving community dedicated to delivering excellent services and meaningful public participation.

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|---|---|
| **PRESIDING:** | LC Jones, Mayor |
| **CITY COUNCIL MEMBERS:** | Kathy Lawson, Vice Mayor |
| | Julian Mei |
| | Rayshaun Gravely |
| | Aaron Rawls |
| **STAFF:** | Chief Robert Fincher, Interim City Manager |
| | Peyton Nibblett, Deputy City Clerk |
| | Law Offices of Sands Anderson, Serving City Attorney |

Martinsville
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## Work Session - 5pm, Council Chambers; Municipal Building

a. Presentation of Building Facility Condition Assessment Final Report

b. Discussion of Potential Housing Request for Proposal with Identified Vacant Properties

c. Legislative Agenda Workshop

## Regular Session - 7pm, Council Chambers

**1. Call to Order**

**2. Pledge to the American Flag**

**3. Invocation**

**4. Take Any Action Necessary as a Result of Closed Session**

**5. Presentations and Proclamations**

a. Proclamation Honoring November 11, 2025 as Veteran's Day

**6. Consent Agenda**

a. Discuss and Consider October 28, 2025 Meeting Minutes; November 5, 2025 Meeting Minutes; and November 12, 2025 Meeting Minutes

**7. Regular Agenda or New Business**

a. Discuss and Consider Authorizing Interim City Manager to Initiate RFP for Temporary Structures for Courts

b. Discuss and Consider Resolution Approving of Request for Statement of Qualifications and Proposals for the Development of Vacant Properties

c. Discuss and Consider Adoption of 2026 Legislative Agenda and Authorize Staff to Submit to State Delegate and Virginia General Assembly

d. Discuss and Consider FY25 and FY26 Appropriations Ordinance on Second Reading

e. Discuss and Consider A Resolution Allowing for the Allocation of Audit Completion and Carryover Funds

f. Hold a Public Hearing for and Discuss and Consider FY25 School's Appropriations on First Reading

g. Hold a Public Hearing for Proposed Charter Amendments and Discuss and Consider Authorizing Submission to the Virginia General Assembly for Approval

h. Discuss and Consider Adoption of Resolution by the Martinsville Redevelopment and Housing Authority Approving Committment Letter Extension and Loan in Supoort of Aaron Lofts Affordable Housing Project

**8. City Hall Reporting & Announcements**

a. Financial Report

b. Uptown Sewer Line Repairs

c. News and Events

**9. Communications from Visitors / Business from the Floor**

Description: The purpose of City Council Meetings is to conduct the City's Business. City Council allows for public comment, limited to matters on which the Council has the power and authority to act and are not listed on the printed agenda. Participation: Citizens who wish to participate in a meeting's public comment period may do so by signing up at the podium at the entrance prior to the beginning of the meeting, emailing their comments to Peyton Nibblett, Deputy City Clerk, at pnibblett@martinsvilleva.gov, calling in their comments to 276-403-5196, or mailing comments to the City of Martinsville, attn.: Peyton Nibblett, Martinsville, VA 24114 (a.) Comments, or a request to speak, must be received by noon the day before a Council meeting for consideration by the Council at the meeting. (b.) Any person submitting comments or requesting to speak must identify themselves by name and address, including zip code. (c.) Remarks are to be limited to 3 minutes or less (as read aloud),address a topic of City business, and refrain from making any personal references or accusations of a factually false and/or malicious nature. (d.) Priority for comments is given to City residents, taxpayers, and business owners.(e.) Speakers may not yield time. (f.) Groups of speakers on the same topic must designate a single representative. Comments violating these rules may not be presented at the Council meeting. (g.) Any speaker violating these rules may be removed from the podium or from the Council Chamber. (h.) This policy does not apply to public hearings, at which any citizen of Martinsville may appear and speak on the subject of the public hearing.

**10. Comments by Members of City Council**

**11. Comments by City Manager**

**12. Adjournment**

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**Item:** 7.a.

# STAFF REPORT

**TO:** City Council
**FROM:** Rob Fincher, Interim City Manager
**SUBJECT:** Discuss and Consider Authorizing Interim City Manager to Initiate RFP for Temporary Structures for Courts
**STAFF/ DEPARTMENT RESPONSIBLE:** City Management
**MEETING DATE:** November 18, 2025

**BACKGROUND/HISTORY:**
The City of Martinsville currently requires temporary space to support court operations due to facility limitations. Temporary structures (such as modular buildings or other prefabricated units) can provide safe, functional, and code-compliant space for court proceedings, staff, and public access while City Staff continue to work toward a long-term solution for space needs.

City staff recommends issuing an RFP to solicit proposals from qualified vendors or contractors to provide, install, and maintain temporary structures. This process will allow for competitive selection, ensure compliance with applicable safety standards, and provide flexibility to adapt to operational needs.

**POLICY EXPLANATION:**
Virginia Public Procurement Act (VPPA), § 2.2-4300

**FISCAL IMPACT/FUNDING SOURCE:**
None at this time.
**Available Budget:** To be determined.
**Purchase Amount:** None at this time.

**ACTION REQUESTED/ALTERNATIVES**
City Council Authorize Interim City Manager to Initiate RFP for Temporary Structures for Courts.

**ATTACHMENTS:**
None

**Item:** 7.b.

# STAFF REPORT

**TO:** City Council
**FROM:** Kris Bridges, Building Official
**SUBJECT:** Discuss and Consider Resolution Approving of Request for Statement of Qualifications and Proposals for the Development of Vacant Properties
**STAFF/ DEPARTMENT RESPONSIBLE:** Community Development
**MEETING DATE:** November 18, 2025

**BACKGROUND/HISTORY:**

The City of Martinsville owns multiple vacant residential parcels throughout the City. The recently completed Housing Study identified a strong need for new housing opportunities across all income levels. To address these needs, City staff has developed an RFP to solicit proposals from qualified developers and contractors for construction of new housing — including one- and two-family dwellings, multifamily units, and cluster or accessory dwelling unit projects — on these City-owned sites.

The proposed RFP process will ensure an open and competitive selection of developers, encourage innovative and affordable housing solutions, and allow the City Manager or designee to negotiate development agreements consistent with the City's housing and revitalization goals.

Summary of Proposed Resolution:

- Approves the Request for Statement of Qualifications and Proposals for Development of City-Owned Vacant Parcels as presented.
- Authorizes the City Manager or designee to advertise and issue the RFP in accordance with the Virginia Public Procurement Act and the City's procurement policies.
- Directs City staff to administer the proposal evaluation and selection process, coordinate the Selection Committee's review, and recommend qualified developers for Council consideration.
- Authorizes the City Manager and staff to negotiate development agreements with selected developers and bring final agreements to Council for approval.

**POLICY EXPLANATION:**

Virginia Code § 15.2-1800 and § 15.2-1803, Disposition or Use of City-Owned Property
Virginia Public Procurement Act (VPPA), § 2.2-4300

**FISCAL IMPACT/FUNDING SOURCE:**
Not Applicable
**Available Budget:** Not Applicable
**Purchase Amount:** Not Applicable

**ACTION REQUESTED/ALTERNATIVES**
City Council Approve the Resolution and the List of Vacant Properties Identified in the Work Session.

**ATTACHMENTS:**

| | |
|---|---|
| 1. | _RESOLUTION APPROVING AND AUTHORIZING THE REQUEST FOR PROPOSALS (RFP) (1) |

**A RESOLUTION OF THE MARTINSVILLE CITY COUNCIL APPROVING AND AUTHORIZING THE REQUEST FOR PROPOSALS (RFP) PROCESS FOR THE DEVELOPMENT OF CITY-OWNED VACANT PARCELS**

*WHEREAS*, the City of Martinsville owns a number of vacant residential parcels located throughout the City; and

*WHEREAS*, the Martinsville City Council recognizes the importance of addressing the City's housing needs as identified in the recently completed Housing Study, which determined a need for new housing opportunities at all income levels; and

*WHEREAS*, the City desires to encourage private development and investment in these vacant parcels to promote neighborhood revitalization, increase the City's housing inventory, and support economic growth; and

*WHEREAS*, City staff has prepared a *Request for Statement of Qualifications and Proposals (RFP)* soliciting proposals from qualified developers and contractors for the development of one- and two-family dwellings, multifamily housing, and cluster or accessory dwelling unit projects on City-owned properties; and

*WHEREAS*, the proposed RFP process provides for an open, competitive selection of qualified developers, encourages innovative and affordable housing solutions, and authorizes the City Manager or designee to negotiate development agreements consistent with the City's revitalization and housing goals; and

*WHEREAS*, the Martinsville City Council finds that issuing the RFP and proceeding with the developer selection process serves the best interests of the City and its residents.

NOW, THEREFORE, BE IT RESOLVED by the Council of the City of Martinsville, Virginia, that:

1. The *Request for Statement of Qualifications and Proposals for Development of City-Owned Vacant Parcels* is hereby approved as presented.

2. The City Manager, or their designee, is hereby authorized to advertise and issue the RFP in accordance with the Virginia Public Procurement Act and the City's procurement policies.

3. The City staff is hereby directed to prepare, administer, and oversee the developer selection and development process, including evaluation of proposals, coordination of review by the Selection Committee, and recommendation of selected developers for Council consideration..

4. The City Manager and staff are further authorized to negotiate development agreements with selected developers and present final agreements to the City Council for approval.

5. This Resolution shall be in full force and effect upon adoption.

This resolution shall take effect immediately upon adoption.

**Adopted this ___ day of ________, 2025 by the Council of the City of Martinsville, Virginia.**

Date of Adoption:

Recorded Roll Call Votes:

| | |
|---|---|
| **Aye** | **Nay** |
| **Abstain** | **Absent** |

**ATTEST:**

_______________
Deputy City Clerk

**Item:** 7.c.

# STAFF REPORT

**TO:** City Council
**FROM:** Peyton Nibblett, Deputy City Clerk
**SUBJECT:** Discuss and Consider Adoption of 2026 Legislative Agenda and Authorize Staff to Submit to State Delegate and Virginia General Assembly
**STAFF/ DEPARTMENT RESPONSIBLE:** City Management
**MEETING DATE:** November 18, 2025

**BACKGROUND/HISTORY:**
Each year, the City of Martinsville prepares a Legislative Agenda to outline its priorities, positions, and requests for consideration by the Virginia General Assembly. The agenda serves as the City's formal statement of legislative goals and policy concerns, helping to guide advocacy efforts during the General Assembly session.

The 2026 Legislative Agenda reflects City Council's policy direction and staff recommendations on key issues affecting local government operations, including funding for education, infrastructure investment, and public safety.

**POLICY EXPLANATION:**
Adoption of a legislative agenda is a recognized best practice supported by the Virginia Municipal League to promote coordinated local advocacy.

**FISCAL IMPACT/FUNDING SOURCE:**
Not Applicable
**Available Budget:** Not Applicable
**Purchase Amount:** Not Applicable

**ACTION REQUESTED/ALTERNATIVES**
City Council discuss and consider adoption of the City of Martinsville 2026 Legislative Agenda as presented or amended.

**ATTACHMENTS:**
None

**Item:** 7.d.

# STAFF REPORT

**TO:** City Council
**FROM:** Richard Stanfield, Chief Financial Officer
**SUBJECT:** Discuss and Consider FY25 and FY26 Appropriations Ordinance on Second Reading
**STAFF/ DEPARTMENT RESPONSIBLE:** Budget
**MEETING DATE:** November 18, 2025

**BACKGROUND/HISTORY:**
This amendment increases total appropriations across several City funds to account for new grants, state funding, and approved projects.

First Reading and Public Hearing: 10/28/25
**Second Reading: 11/18/25**

**POLICY EXPLANATION:**
Virginia Code § 15.2-950. Appropriations.
A locality may make appropriations for the purposes for which it is empowered to levy taxes and make assessments, for the support of the locality, for the performance of its functions, and the accomplishment of all other lawful purposes and objectives, subject to such limitations as may be imposed by law.

Code 1950, § 15-77.6; 1958, c. 328; 1962, c. 623, § 15.1-842; 1997, c. 587.

**FISCAL IMPACT/FUNDING SOURCE:**
This amendment increases total appropriations across several City funds to account for new grants, state funding, and approved projects. The majority of the changes are offset by new revenue sources.
**Available Budget:** Not Applicable
**Purchase Amount:** Not Applicable

**ACTION REQUESTED/ALTERNATIVES**
City Council Approve the Appropriation on Second Reading.

**ATTACHMENTS:**

| | |
|---|---|
| 1. | ORDINANCE NO. 2025 -13 (3) |

# ORDINANCE NO. 2025-13

## ORDINANCE AMENDING THE CITY BUDGET FOR FISCAL YEAR 2024–2025

## AND FISCAL YEAR 2025–2026

WHEREAS, in accordance with the provisions of §§ 15.2-2507 and 15.2-1427 of the *Code of Virginia (1950), as amended*, the Martinsville City Council has duly advertised and conducted a public hearing on October 28, 2025, at 7:00 P.M. in Council Chambers at the Martinsville Municipal Building to consider amendments to the City's budget for Fiscal Year 2024–2025 and Fiscal Year 2025–2026; and

WHEREAS, the Council has determined that it is necessary to amend certain revenue and expenditure items to properly account for additional funding and operational needs;

NOW, THEREFORE, BE IT ORDAINED by the Council of the City of Martinsville, Virginia that the Fiscal Year 2024–2025 and Fiscal Year 2025–2026 budgets be, and hereby are, amended as follows:

### SECTION 1. GENERAL FUND

The Fiscal Year 2024–2025 General Fund expenditure budget shall be increased by Three Hundred Sixteen Thousand Five Hundred Five Dollars ($316,505).

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### SECTION 2. STREETS BUDGET

The Fiscal Year 2024–2025 Streets Fund expenditure budget shall be increased by Two Million Nine Hundred Eighty-Five Thousand One Hundred Eight Dollars ($2,985,108).
The Fiscal Year 2024–2025 Streets Fund revenue budget shall be increased by One Hundred Seventy-Four Thousand Nine Hundred Twenty-Six Dollars ($174,926).

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### SECTION 3. YOUTH ADVISORY COMMITTEE

The Fiscal Year 2025–2026 Youth Advisory Committee expenditure budget shall be increased by Fifteen Thousand Dollars ($15,000).
The Fiscal Year 2025–2026 Youth Advisory Committee revenue budget shall be increased by Fifteen Thousand Dollars ($15,000).

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**SECTION 4. FIRE PROGRAMS FUND**

The Fiscal Year 2025–2026 Fire Programs Fund revenue and expenditure budgets shall each be increased by Twenty Thousand Four Hundred Fifty-Seven Dollars ($20,457).

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**SECTION 5. RESCUE SQUAD ASSISTANCE FUND**

The Fiscal Year 2025–2026 Rescue Squad Assistance Fund revenue and expenditure budgets shall each be increased by Ten Thousand Nine Hundred Fifty-Five Dollars ($10,955).

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**SECTION 6. STORMWATER FUND**

The Fiscal Year2025–2026 Stormwater Fund expenditure budget shall be increased by Four Hundred Twenty Thousand Six Hundred Twenty Dollars ($420,620).

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This ordinance shall take effect immediately upon adoption.

Date of Adoption:

Recorded Roll Call Votes:

**Aye** **Nay**

**Abstain** **Absent**

**ATTEST:**

Deputy City Clerk

**Item:** 7.e.

# STAFF REPORT

**TO:** City Council
**FROM:** Rob Fincher, Interim City Manager
**SUBJECT:** Discuss and Consider A Resolution Allowing for the Allocation of Audit Completion and Carryover Funds
**STAFF/ DEPARTMENT RESPONSIBLE:** City Management
**MEETING DATE:** November 18, 2025

**BACKGROUND/HISTORY:**
Upon completion of the City's annual financial audit, the Martinsville City Schools may have surplus or carryover funds remaining from the prior fiscal year. Currently, there is no formal policy outlining how these funds should be distributed. This resolution provides a clear method for allocating such carryover funds in a way that supports both City operations and the long-term capital needs of Martinsville City Schools.

**POLICY EXPLANATION:**
Virginia Code § 15.2-2511 and Virginia Code § 15.2-2506 and § 15.2-2507

**FISCAL IMPACT/FUNDING SOURCE:**
The resolution establishes the following schedule for allocation of any school-related audit completion carryover funds:

Up to $250,000:
100% allocated to the Schools Capital Fund or for other uses as directed by the Martinsville School Board.

$250,000.01 to $500,000:
100% allocated to the City General Fund.

Over $500,000.01:
50% allocated to the City General Fund and 50% allocated to the Schools Capital Fund or as directed by the Martinsville School Board.
**Available Budget:** Not Applicable
**Purchase Amount:** Not Applicable

**ACTION REQUESTED/ALTERNATIVES**

City Council Adopt the Resolution.

**ATTACHMENTS:**

| | |
|---|---|
| 1. | RESOLUTION CITY AND SCHOOL ALLOCATION OF AUDIT COMPLETION CARRYOVER FUNDS (1) |

# A RESOLUTION

## OF THE MARTINSVILLE CITY COUNCIL AND SCHOOL

## ALLOWING FOR THE ALLOCATION OF AUDIT COMPLETION CARRYOVER FUNDS

*WHEREAS,* the City of Martinsville periodically realizes surplus funds or residual balances upon completion of the City's annual financial audit; and

*WHEREAS*, the City Council of the City of Martinsville desires to establish a consistent and transparent method for the allocation of such funds in a manner that supports both municipal operations and the long-term capital needs of the Martinsville City Schools; and

*WHEREAS,* the City Council finds it in the best interest of the citizens of Martinsville to formally designate the distribution of said funds based on the total audited surplus amount;

*NOW, THEREFORE, BE IT RESOLVED* by the Council of the City of Martinsville, Virginia, as follows:

Upon completion of the City's annual audit, any remaining or surplus funds shall be distributed according to the following schedule:

1. For amounts up to and including Two Hundred Fifty Thousand Dollars ($250,000): One hundred percent (100%) shall be transferred to the Schools Capital Fund or for funding as directed by the Martinsville School Board.

2. For amounts greater than Two Hundred Fifty Thousand Dollars and One Cent ($250,000.01) and up to Five Hundred Thousand Dollars ($500,000): One hundred percent (100%) shall be transferred to the City General Fund.

3. For amounts greater than Five Hundred Thousand Dollars and One Cent($500,000.01): The total amount shall be divided equally, with fifty percent (50%) allocated to the City General Fund and fifty percent (50%) allocated to the Schools Capital Fund or for funding as directed by the Martinsville School Board.

4. The City's Director of Finance is hereby authorized and directed to make the appropriate fund transfers in accordance with the provisions of this resolution following each annual audit completion.

This resolution shall take effect immediately upon adoption.

**Adopted this ___ day of ________, 2025 by the Council of the City of Martinsville, Virginia.**

Date of Adoption:

Recorded Roll Call Votes:

| | |
|---|---|
| **Aye** | **Nay** |
| | |
| **Abstain** | **Absent** |

**ATTEST:**

_____________________

Deputy City Clerk

**Item:** 7.f.

# STAFF REPORT

**TO:** City Council
**FROM:** Richard Stanfield, Chief Financial Officer
**SUBJECT:** Hold a Public Hearing for and Discuss and Consider FY25 School's Appropriations on First Reading
**STAFF/ DEPARTMENT RESPONSIBLE:** Finance
**MEETING DATE:** November 18, 2025

**BACKGROUND/HISTORY:**
Presented by Travis Clemmons.
This amendment increases total appropriations across City School funds to account for new grants and state funding.

First Reading and Public Hearing: November 18, 2025
**Second Reading: December 16, 2025**

**POLICY EXPLANATION:**
Virginia Code § 15.2-950. Appropriations.
A locality may make appropriations for the purposes for which it is empowered to levy taxes and make assessments, for the support of the locality, for the performance of its functions, and the accomplishment of all other lawful purposes and objectives, subject to such limitations as may be imposed by law.

Code 1950, § 15-77.6; 1958, c. 328; 1962, c. 623, § 15.1-842; 1997, c. 587.

**FISCAL IMPACT/FUNDING SOURCE:**
This amendment increases total appropriations across City School funds to account for new grants and state funding.
**Available Budget:** Not Applicable
**Purchase Amount:** Not Applicable

**ACTION REQUESTED/ALTERNATIVES**
City Council Hold a Public Hearing and Approve Appropriations on First Reading.

City Council Open Public Hearing (Motion, Second, Voice Vote)
City Council Close Public Hearing (Motion, Second, Voice Vote)
City Council Approve Appropriations on First Reading (Motion, Second, Voice Vote)

**ATTACHMENTS:**

| | |
|---|---|
| 1. | ORDINANCE NO. 2025 -14 |

# ORDINANCE NO. 2025-14

## ORDINANCE AMENDING THE CITY AND SCHOOL

## BUDGET FOR FISCAL YEAR 2025–2026

WHEREAS, in accordance with the provisions of §§ 15.2-2507 and 15.2-1427 of the *Code of Virginia (1950), as amended*, the Martinsville City Council has duly advertised and conducted a public hearing on November 18, 2025 at 7:00 P.M. in Council Chambers at the Martinsville Municipal Building to consider amendments to the City's budget for Fiscal Year 2025–2026; and

WHEREAS, the Council has determined that it is necessary to amend certain revenue and expenditure items to properly account for additional funding and operational needs;

NOW, THEREFORE, BE IT ORDAINED by the Council of the City of Martinsville, Virginia that the Fiscal Year 2025–2026 budget be, and hereby is, amended as follows:

- The Fiscal Year 2025-26 Fund 24 expenditure budget shall be increased by Eight Hundred Ninety Thousand Six Hundred Ninety-Nine Dollars ($890,699) from All in Virginia Balance, General Assembly Adjustment HB-6001.
- The Fiscal Year 2025-26 Fund 18 expenditure budget shall be increased by Forty Two Thousand One Hundred and Eight Dollars ($42,108) from Virginia Tiered System of Supports PBIS Grant.

This ordinance shall take effect immediately upon adoption.

Date of Adoption:

Recorded Roll Call Votes:

**Aye** **Nay**

**Abstain** **Absent**

**ATTEST:**

Deputy City Clerk

**Item:** 7.g.

# STAFF REPORT

**TO:** City Council
**FROM:** Rob Fincher, Interim City Manager
**SUBJECT:** Hold a Public Hearing for Proposed Charter Amendments and Discuss and Consider Authorizing Submission to the Virginia General Assembly for Approval
**STAFF/ DEPARTMENT RESPONSIBLE:** Council
**MEETING DATE:** November 18, 2025

**BACKGROUND/HISTORY:**
The City Charter is the core governing document for the City of Martinsville, outlining the structure, powers, and responsibilities of City government. Earlier this year, February 2025, City Council tasked the Charter Review Committee with modernizing the 1950's Charter.

**Committee Process and Findings:**

- Conducted 19 meetings to review, revise, and modernize the charter.
- Focused on removing archaic language, redundant legal text, gender-specific pronouns, and reorganizing sections for clarity and readability.
- Used AI as a tool for drafting and analysis, but all content was thoroughly reviewed and refined by the Committee to maintain accuracy and "human" oversight.

**Results**:

- Charter reduced from 26 pages to 18 pages (31% reduction)
- Word count reduced from 13,286 to 7,285 words (45% reduction)
- Final draft sent to Council, Constitutional Officers, and City Departments on August 29, 2025.

**Potential Next Steps:**

- The document has been returned to City Council for consideration of submission to the Virginia General Assembly for approval.
- Council may also consider Phase II of the review process, which could involve further in-depth analysis. Would require the reestablishment of the Charter Review Committee to

conduct with new appointment terms.

- Council may also choose to publish a public-facing infographic to summarize the review process and findings for community understanding.

**POLICY EXPLANATION:**

Virginia Code § 15.2-1426 et seq. provides the process for amending a city charter.

**FISCAL IMPACT/FUNDING SOURCE:**

Not Applicable

**Available Budget:** Not Applicable

**Purchase Amount:** Not Applicable

**ACTION REQUESTED/ALTERNATIVES**

1. Motion and Vote to Open Public Hearing
2. Motion and Vote to Close Public Hearing
3. Motion and Vote to Authorize Submission of Proposed Charter to General Assembly/ Or Other Action as Desired by City Council

**ATTACHMENTS:**

None

**Item:** 7.h.

# STAFF REPORT

**TO:** City Council
**FROM:** Kris Bridges, Building Official
**SUBJECT:** Discuss and Consider Adoption of Resolution by the Martinsville Redevelopment and Housing Authority Approving Committment Letter Extension and Loan in Supoort of Aaron Lofts Affordable Housing Project
**STAFF/ DEPARTMENT RESPONSIBLE:** Community Development
**MEETING DATE:** November 18, 2025

**BACKGROUND/HISTORY:**
In February 2024, Martinsville Redevelopment and Housing Authority approved a loan commitment in the amount of $500,000 for the Aaron Street Lofts Project, utilizing funds from the American Rescue Plan Act (ARPA) of 2021. The commitment letter has an expiration date of December 31, 2025. The project has been completed but closing of project financials is not expected to occur until the spring of 2026 and an extension of the loan commitment is being requested from the original December 31, 2025 date to June 30, 2026.

**POLICY EXPLANATION:**
The mission of the Martinsville Redevelopment and Housing Authority is to foster development of affordable housing in the City. This action meets that mission.

**FISCAL IMPACT/FUNDING SOURCE:**
$500,000 loan commitment with funds coming from the City's allocation under the American Rescue Plan Act (ARPA) of 2021.

| | |
|---|---|
| **Available Budget:** | The $500,000 loan is accounted for in the City's ARPA allocation of $15,463,451. |
| **Purchase Amount:** | $500,000 |

**ACTION REQUESTED/ALTERNATIVES**
1. Motion and Vote to Recess as Council and convene as the Housing Authority;
2. Motion and Roll Call Vote to Adopt the attached Resolution approving the extension date of the Loan Commitment from December 31, 2025 to June 30, 2026; approving the Loan Agreement, Promissory Note, and Deed of Trust in substantially the form as presented; and authorize the Executive Director (Interim City Manager) to execute documents as necessary

pursuant to the Resolution;
3. Motion and Vote to Recess as the Housing Authority and reconvene as City Council.

**ATTACHMENTS:**

| | |
|---|---|
| 1. | Resolution and Exhibit-Aaron Street Lofts loa_Leon Towarnicki |
| 2. | Aaron Street Lofts loan documents_Leon Towarnicki |

# RESOLUTION OF THE CITY OF MARTINSVILLE REDEVELOPMENT AND HOUSING AUTHORITY APPROVING COMMITMENT LETTER EXTENSION AND LOAN IN SUPPORT OF AARON STREET LOFTS AFFORDABLE HOUSING PROJECT

WHEREAS, on February 27, 2024 the City of Martinsville Redevelopment and Housing Authority **(the "Housing Authority")** adopted a Resolution, attached as Exhibit A hereto, approving the donation of property to Aaron Street Lofts, LLC **("Aaron Street")** and a Commitment Letter **(the "Commitment Letter")** attached as Exhibit B hereto, to utilize American Rescue Plan Act of 2021 funds, currently held by the City of Martinsville, for a loan from the Housing Authority to Aaron Street in the amount of $500,000 **(the "Loan")**, all in support of the development of an affordable housing project in the City of Martinsville **(the "Project")**;

WHEREAS, Aaron Street has also received assistance from the Virginia Department of Housing and Community Development and from tax credit investments in developing the Project;

WHEREAS, the Loan has at all times been intended to reimburse Aaron Street for a portion of the costs of development of the Project following completion of the Project, and such Project has been completed;

WHEREAS, as stated in the Commitment Letter, the Housing Authority and Aaron Street have previously drafted a Loan Agreement **(the "Loan Agreement")**, a Promissory Note **(the "Promissory Note")** and Deed of Trust **(the "Deed of Trust")** to set forth the conditions and terms of the Loan;

WHEREAS, the Commitment Letter has an expiration date of December 31, 2025 and the Housing Authority and Aaron Street desire to extend this expiration date to June 30, 2026;

WHEREAS, the Housing Authority is empowered to act in accordance with the Virginia Housing Authorities Law which provides at Virginia Code Section 36-19 that the Housing Authority may make loans and grants and dispose of real property for its purposes, which include the promotion of the construction of housing projects and residential buildings including affordable housing and desires to formally approve the Loan and the Loan Documents in support of the Project.

**NOW, THEREFORE, BE IT RESOLVED BY THE COMMISSIONERS OF THE HOUSING AUTHORITY:**

1. That the Housing Authority Board hereby approves an extension of the Commitment Letter commitment period until June 30, 2026 and authorizes the Executive Director of the Housing Authority to execute any document so reflecting this time period extension.

2. That the Housing Authority Board hereby approves the Loan Agreement, Promissory Note and Deed of Trust in substantially the forms presented to this meeting and authorizes the Executive Director of the Housing Authority to execute the Loan Agreement in substantially the form presented to this meeting with such completions, omissions, insertions and changes not inconsistent with this Resolution as may be approved by the Executive Director.

3. That the Executive Director and his designees, acting as representatives and agents of the Housing Authority, are authorized to take such other actions as necessary or appropriate to finalize and close the Loan, including the approval, execution and delivery of all agreements, certificates and other instruments considered necessary or desirable in connection with the making of the Loan pursuant to this Resolution.

4. That this Resolution will take effect immediately.

Adopted by the Commissioners of the Housing Authority at a meeting on the 18th day of November, 2025.

**CERTIFICATE**

The Commissioners of the Housing Authority voted as follows on the foregoing Resolution:

**Ayes** **Nays**

**Absent** **Abstentions**

______________________________
Executive Director
Martinsville Redevelopment and Housing Authority

EXHIBIT A

## RESOLUTION OF THE CITY OF MARTINSVILLE REDEVELOPMENT AND HOUSING AUTHORITY APPROVING PROERTY DONATION OPTION AGREEMENT

WHEREAS, Aaron Street Lofts, LLC **(the "LLC")** is in the business of constructing housing, including housing for senior citizens, and has proposed the design, acquisition and construction of a residential apartment complex in the City of Martinsville, Virginia **(the "City")** with not less than fifty units and related facilities, for senior citizens and persons with qualifying disabilities, such development to also constitute affordable housing under applicable guidelines **(together, the "Project")** to be located on approximately 6.356 acres of land in the City located at 201 Aaron Street and 209 Aaron Street **(together, the "Property")**; and

WHEREAS, the City of Martinsville Redevelopment and Housing Authority **(the "Housing Authority")** is empowered to act in accordance with the Virginia Housing Authorities Law beginning at Code of Virginia Section 36-1 **(the "Housing Authorities Law")** which provides at Virginia Code Section 36-19 that the Housing Authority may make loans and grants and dispose of real property for its purposes, which include the promotion of the construction of housing projects and residential buildings including affordable housing; and

WHEREAS, in addition to other Project financing, including assistance from the Virginia Department of Housing and Community Development and tax credit investments, the LLC has requested a donation of the Property to the LLC under the terms of a Property Donation Option Agreement **(the "Donation Agreement")**, the form of which has been presented to this meeting, and a loan from the Housing Authority in the amount of $500,000 at 3% annual interest for a term of 20 years and a 30 year amortization schedule pursuant to a promissory note and a loan agreement, to be secured by a deed of trust on the Property in first lien position, as set forth in the attached term sheet and commitment letter **(the "Commitment Letter")**; and

WHEREAS, such loan is to reimburse the LLC in part for Project development and construction costs, and the City Council of the City has indicated its willingness to provide the Housing Authority with $500,000 of American Rescue Plan Act of 2021 funds previously received by the City to be available to fund the above-described loan; and

WHEREAS, the Donation Agreement provides for conveyance of the Property from the Housing Authority to the LLC, subject to the Housing Authority being conveyed an ownership interest in the property, following a due diligence period at the option of the LLC as a donation, and the LLC further requires that the Housing Authority consent to the assignment of the Donation Agreement from the LLC to The Mid-Atlantic Foundation **(the "Foundation")** with the Foundation to convey the Property to the LLC in aid and support of the tax credit portion of Project financing, all as provided for in the Assignment of Donation Agreement **(the "Assignment of Donation Agreement")**, the form of which has been presented to this meeting.

**NOW, THEREFORE, BE IT RESOLVED BY THE COMMISSIONERS OF THE HOUSING AUTHORITY:**

1. That the Housing Authority Board hereby approves the Donation Agreement and hereby authorizes the Executive Director of the Housing Authority to execute the

Donation Agreement in substantially the form presented to this meeting, approves the Commitment Letter in substantially the form presented to this meeting and authorizes the Executive Director of the Housing Authority to executed the same, and further consents to the terms of the Assignment of Donation Agreement and authorizes the Executive Director of the Housing Authority to execute the Consent to the Assignment of Donation Agreement.

2. That the representatives and agents of the Housing Authority are authorized to take such other actions as necessary or appropriate to carry out the terms of the Donation Agreement.

3. That this Resolution will take effect immediately.

Adopted by the Commissioners of the Housing Authority at a meeting on the 27th day of February, 2024.

**CERTIFICATE**

The Commissioners of the Housing Authority voted as follows on the foregoing Resolution:

**Ayes**
L.C. Jones
Kathy Lawson
Lawrence Mitchell
Tammy Pearson
Aaron Rawls

**Nays**
None

**Absent**
None

**Abstentions**
None

Aneetha R Yarrell-Bolden

Executive Director
Martinsville Redevelopment and Housing Authority

EXHIBIT B

March 11, 2024

Aaron Street Lofts, LLC
c/o Landmark Asset Services, Inc.
401 E. Fourth Street, Suite 203
Winston-Salem, NC 27101
Attention: Samuel J. Sari

Dear Sam:

The undersigned ("Lender") hereby makes the following commitment to make a permanent loan ("Loan") to Aaron Street Lofts, LLC ("Owner") for the apartment development to be located on two tracts of land on Aaron Street in the City of Martinsville, Virginia, to be known as Aaron Mills Apartments, and to consist of 52 units ("Development"). Proceeds of the Loan shall be used to reimburse the Owner for costs of construction of the Development.

1. The Lender hereby commits to Owner to provide permanent financing for the Development in the amount not to exceed $500,000.00 for the Development.

2. The loan, if made, shall have a term of 20 years, at a fixed interest rate of 3.00%. The loan shall be repaid monthly with the repayment amount based on a 30 year amortization of the loan, with a balloon payment of all outstanding principal and interest payable at the end of the 20 year term.

3. The loan shall be secured by a deed of trust encumbering the Development, which shall be in a first priority lien position.

4. The commitment shall be valid until December 31, 2025.

5. There are no Lender origination fees associated with this loan.

The Loan will be evidenced by a Loan Agreement, Promissory Note and Deed of Trust in substantially the forms attached hereto. The conditions to funding set forth in these documents are incorporated herein. Lender expects to receive funds from the City of Martinsville, Virginia ("City") from funds received by the City from the federal government pursuant to the American Rescue Plan Act of 2021 and this commitment is subject to the appropriation of these funds from the City to the Lender. This commitment cannot be assigned by Owner without Lender's prior written approval. This commitment and the Loan shall be governed by the laws of the Commonwealth of Virginia without reference to conflict of laws principles.

MARTINSVILLE REDEVELOPMENT AND
HOUSING AUTHORITY

By: Aretha R. Ferrell-Benavides

Name: Aretha R. Ferrell-Benavides
Title: Executive Director

## LOAN AGREEMENT

This LOAN AGREEMENT **(this "Agreement")** is dated as of _______, 2025, and is between **Martinsville Redevelopment and Housing Authority,** a political subdivision of the Commonwealth of Virginia **("Lender"),** whose address is 55 West Church Street, P.O. Box 1112, Martinsville, VA 24112, and **Aaron Street Lofts, LLC**, a North Carolina limited liability company **("Borrower")**, whose address is 401 E. 4th Street, Suite 203, Winston-Salem, NC 27101 (Attn: President).

The parties hereto agree as follows:

**Section 1. The Loan**

(a) **Amount.** Lender agrees, on the terms and conditions set forth in this Agreement, to make a loan **(the "Loan")** to Borrower in an amount not to exceed $500,000.00. The Loan is not revolving in nature.

(b) **Purpose.** The proceeds of the Loan are to be made available to Borrower in order to finance a residential apartment complex with not less than fifty units and related facilities, for senior citizens and persons with qualifying disabilities, such development to also constitute affordable housing under applicable guidelines **(the "Project")** to be located on approximately 6.356 acres of land identified as tax map parcels 43(02)A/01A-S and 42(18)00/01A-R in the City of Martinsville, Virginia **(the "Property" or the "Real Estate Collateral")**.

***(c)*** **Source of Funds.** Lender will receive funds from the City of Martinsville, Virginia **(the "City")** from funds received by the City from the federal government pursuant to the American Rescue Plan Act of 2021 **("ARPA")** available for affordable housing projects in the City. ***[confirm ARPA requirements]***

(d) **Note.** The Loan shall be evidenced by and repayable with interest in accordance with the terms of a promissory note of Borrower dated of even date herewith **(the "Note")**, the principal amount of which shall not exceed $500,000. Subject to the terms and conditions of this Agreement, the proceeds of the Loan under the Note shall be made available to Borrower in a single payment.

(e) **Payments Generally**. Borrower shall make each Loan payment on the date when due, in funds immediately available in Martinsville, Virginia to Lender at its address referred to above. Whenever any payment on the Loan shall be due on a day which is not a business day, the date for payment shall be extended to the next succeeding business day. If the date for any payment of principal is extended by operation of law or otherwise, interest thereon shall be payable for such extended time.

(f) **Prepayments; Permitted and Required**. Borrower may prepay the Loan at any time, without premium or penalty. All prepayments received hereunder shall be applied in inverse order of maturity, first to late charges, if any, then to accrued interest and the balance, if any, to principal.

(g) **Lender's Records.** All payments on the Note shall be recorded by Lender on its books and records; provided that the failure of the Lender to record the foregoing shall not limit or otherwise affect the obligation of Borrower to repay the principal amount of the Note together with accrued interest thereon.

(h) **No Warranty by Lender; Indemnification.** Nothing contained in this Agreement or any other Loan Document shall constitute or create any duty on or warranty by Lender regarding (i) the proper application by Borrower of the Loan proceeds or (ii) the quality or condition of the Project. Borrower (1) acknowledges that Borrower has not relied and will not rely upon any experience, awareness or expertise of Lender regarding such matters, and (2) shall indemnify, hold harmless, and defend Lender from any costs, expenses, damages, judgments, or liabilities, including without limitation, attorneys' fees, arbitration fees, and expert witness fees, arising from or connected with (i) such matters, (ii) any claims of mechanics or materialmen, or (iii) any action or inaction by Borrower with respect to the foregoing.

**Section 2. Conditions to Loan.**

**2.1 Conditions to Funding**. The obligation of Lender to proceed to the closing of the Loan **(the "Closing")** is subject to the satisfaction of the following conditions precedent:

(a) Completion of construction and development of the Project and receipt by Borrower of a certificate of occupancy for the Project, which Borrower expects to occur no later than December 31, 2025.

(b) Receipt by Lender of this Agreement, the Note, the Deed of Trust (as defined below), and any and all other agreements, assignments, documents, certificates, financing statements or filings executed in connection with, or securing, evidencing or pertaining to, the Loan **(all of the foregoing, as amended from time to time, are collectively, the "Loan Documents")**, all in form satisfactory to Lender, appropriately completed and executed.

(c) Receipt by Lender of a copy of the executed deed of trust dated of even date herewith **(the "Deed of Trust")** encumbering the Real Estate Collateral, and the receipt of the Clerk of the Circuit Court of the City of Martinsville evidencing the recordation thereof, together with a title commitment issued by a title insurance company **("Title Insurer")** reasonably acceptable to Lender, together with copies of all items identified therein as exceptions, and pursuant to which the Title Insurer agrees to issue to Lender an ALTA form of Loan Policy acceptable to Lender insuring the Real Estate Collateral and the Deed of Trust as a valid lien in first lien position for the full amount of the Loan, free and clear of all liens (including mechanics' liens), leases and encumbrances.

(d) Presentation by Borrower to Lender of invoices incurred in construction of the Project and proof of payment thereof by Borrower in an amount of not less than $500,000.

(e) Receipt by Lender of such releases, receipts, subordination agreements, certificates of satisfaction and similar instruments and agreements reasonably required by Lender demonstrating payment in full of Construction Financing (as defined in the Option Agreement) to allow first lien position of the Deed of Trust on the Property and proof of recordation of such documents as applicable, which payment may happen simultaneously with the Closing.

(f) Receipt by Lender of (i) evidence satisfactory to Lender that the Real Estate Collateral is not within any area designated as having special flood hazards, or (ii) evidence of flood insurance as required by applicable law.

(g) Receipt by Lender of an ALTA survey, or other as-built survey of the Real Estate Collateral, by a professional surveyor satisfactory to Lender, of the property comprising

Real Estate Collateral, which survey shall be certified to Borrower, Lender and the title insurer (or at Lender's discretion, evidence that the Title Insurer will issue its lender's policy insuring the Loan without a "general" survey exception).

(h) The Loan Documents shall be effective to create in favor of Lender legal, valid and enforceable priority perfected liens and security interests in all of Borrower's property and assets covered thereby **(the "Collateral")**, subject only to the Permitted Liens (as hereinafter defined). All filings, recordings, deliveries of instruments and other actions or consents necessary or desirable in the opinion of Lender to grant, perfect, protect and preserve such liens and security interests shall have been duly effected. Lender shall have received evidence thereof in form and substance satisfactory to Lender.

(i) Receipt by Lender of Borrower's effective, paid-up policies of fire and all-risk replacement cost coverage of all insurable property with standard non-contributory mortgage clause in favor of Lender and with loss proceeds payable to Lender and comprehensive general public liability insurance with Lender as an additional insured. All policies must be written by insurers, in amounts, with endorsements, and on terms and conditions satisfactory to Lender.

(j) Receipt by Lender of (i) a certificate of Borrower that it is a duly created and validly existing North Carolina limited liability company authorized to do business in the Commonwealth of Virginia; (ii) a certificate of the managing member of Borrower certifying that the copies of the organizational documents attached thereto are true and correct copies of same as of the date of the Closing and to such other matters as Lender may request; and (iii) a certified copy of the resolution of the managing member of the Borrower authorizing the execution and delivery of the Loan Documents and the performance of the transactions contemplated hereby.

(k) If requested by Lender, Lender shall have received and approved a written report of an environmental assessment of the Project made as of a date, of a scope and in form and content all satisfactory to Lender, by an expert environmental site assessment engineering firm acceptable to Lender, made in accordance with Lender's established guidelines, and such subsequent environmental assessments as are required by Lender.

(l) Borrower shall have paid all of the costs, fees and all expenses payable in connection with the Loan, including, without limitation, costs of preparation of any affidavits regarding liens of mechanics, laborers or materialmen, the costs of state and local recording taxes and fees, the expenses of examination of title, survey and the title insurance premium, if any, the fees, costs and expenses of the settlement agent and other Closing costs.

(m) Borrower shall have paid all reasonable out-of-pocket costs and expenses incurred in connection with the preparation, negotiation, execution and Closing of the transactions contemplated herein.

(n) Receipt by Lender of such additional supporting documents and information as Lender or its counsel may reasonably request.

**Section 3. Representations and Warranties.** Borrower represents that from the date of this Agreement through the date of Closing and until final payment in full of the Loan, or as otherwise specified herein:

(a) Borrower is duly created, validly existing limited liability company and in good standing under the laws of the state of North Carolina.

(b) The execution, delivery and performance by Borrower of the Loan Documents to which it is a party are within its power, have been duly authorized as may be required and, if necessary, by making appropriate filings with any governmental agency or unit and are the legal, binding, valid and enforceable obligations of Borrower; and do not (i) contravene, or constitute (with or without the giving of notice or lapse of time or both) a violation of any provision of applicable law, a violation of the organizational documents of Borrower, or a default under any agreement, judgment, injunction, order, decree or other instrument binding upon or affecting Borrower, (ii) result in the creation or imposition of any lien (other than the lien(s) created by the Loan Documents) on any of Borrower's assets, or (iii) give cause for the acceleration of any obligations of Borrower to any other creditor.

(c) Borrower has good and marketable title to its interest in the Real Estate Collateral, and the Real Estate Collateral is free and clear of mortgages, security deeds, pledges, liens, charges, and all other encumbrances, except as approved by Lender and as set forth on Schedule 1 **("Permitted Liens")**. To Borrower's knowledge, no default has occurred under any Permitted Liens and no claims or interests adverse to Borrower's present rights in its properties and assets have arisen.

(d) All information describing the Borrower furnished to Lender by or on behalf of Borrower in connection with the Loan is true, correct and complete in all material respects. Any such information relating to Borrower's financial condition in relation to the Project accurately reflects (in all material respects) Borrower's financial condition as of the date(s) thereof.

(e) Borrower has duly filed, paid and/or discharged all taxes or other claims that may become a lien on the Project prior to delinquency, except to the extent that such items are being appropriately contested in good faith and an adequate reserve for the payment thereof is being maintained.

(f) Borrower is in compliance in all material respects with any Environmental Requirement (as defined in the Deed of Trust) applicable to the Project, including, without limitation, all applicable federal, state and local laws and regulations relating to environmental matters and the release, handling and disposal of Hazardous Materials (as defined in the Deed of Trust). To Borrower's knowledge, Borrower has obtained and are in material compliance with all required governmental permits, certificates, licenses, approvals and other authorizations, and has filed all notifications relating to air emissions, effluent discharges and solid and hazardous waste storage, treatment and disposal required in connection with its ownership or use of the Project. To Borrower's knowledge, during the period of Borrower's ownership of the Property, no Hazardous Materials have been released, discharged or disposed of on the Project which could result in an action under any environmental law which could have a material adverse effect on the Project or on the financial position, results of operations or prospects or any facility or operation of such facility. There are no outstanding notices of violation, orders, claims, citations, complaints, penalty assessments, suits or other proceedings, administrative, criminal or civil, at law or in equity, pending against Borrower or its properties that would have a material adverse effect on Borrower's business, financial position, results of operations or prospects, and no investigation or review is pending or to the knowledge of Borrower threatened against Borrower by any governmental body, agency or official with respect to any alleged violation of any Environmental Requirement, regulation, ordinance, standard, permit or order in connection with its ownership or use of any real estate or the conduct of its business.

(g) Borrower will comply with all requirements of ARPA in the use and expenditure of Loan proceeds including but not limited to (i) Project affordable housing requirements under ARPA and (ii) ARPA requirements applicable to recipients of low-income housing tax credits.

**Section 4. Affirmative Covenants.**

Borrower agrees that, in relation to the Project, from the date hereof and until final payment in full of the Loan, unless Lender shall otherwise consent in writing, Borrower will:

(a) Comply with all terms and conditions contained in all Loan Documents.

(b) Allow Lender, or its agents, during normal business hours, access to the books, records and such other documents of Borrower as Lender shall reasonably require, and allow Lender, at Borrower's expense, to inspect and examine the same and to make copies thereof.

(c) Furnish to Lender immediately upon becoming aware of the existence of any condition or event which constitutes a Default (as defined below) or any event which, upon the giving of notice or lapse of time or both, may become a Default, written notice specifying the nature and period of existence thereof and the action which Borrower is taking or proposes to take with respect thereto.

(d) Promptly after obtaining knowledge thereof, notify Lender in writing of (i) any material adverse change in its financial condition or business relating to the Real Estate Collateral; (ii) any default under any material agreement, contract or other instrument relating to the Real Estate Collateral to which it is a party, or any acceleration of the maturity of any indebtedness relating to the Real Estate Collateral owing by Borrower; (iii) any material adverse claim against or affecting the Real Estate Collateral; (iv) the commencement of, and any material determination in, any material litigation with any third party or any proceeding relating to the Real Estate Collateral, that, if decided against Borrower, would result in liability of Borrower in excess of $50,000 that is not covered by insurance; and (v) at least 30 days prior thereto, any change in Borrower's name as shown above.

(e) Deliver promptly such other information regarding the operation, business affairs, and financial condition of Borrower which Lender may reasonably request.

(f) Comply or cause to be complied with, in all material respects, all Environmental Requirements and not generate, store, handle, process, dispose of or otherwise use, and not knowingly permit any Lessee or other occupant of the Real Estate Collateral, to generate, store, handle, process, dispose of or otherwise use, Hazardous Materials in, on, under or about the Real Estate Collateral, except in accordance with Environmental Requirements, in a manner that could lead or potentially lead to imposition on Borrower or Lender or the Real Estate Collateral of any liability or lien of any nature whatsoever under any Environmental Requirement.

(g) Conduct any further diligence recommended under any environmental site assessment and perform any and all remedial work necessary under all Environmental Requirements applicable (now or in the future) to Borrower or its business with respect to the Project, whether as recommended under any environmental site assessment or otherwise, unless contested in good faith subject to the maintenance of adequate reserves therefor.

**Section 5. Negative Covenants.** Borrower agrees that from the date of this Agreement and until final payment in full of the Loan, unless Lender shall otherwise consent in writing, Borrower will not:

(a) Consolidate or merge with or into any other entity.

(b) Create, assume, or permit to exist any mortgage, security deed, deed of trust, pledge, lien, charge or other encumbrance on the Collateral other than: (i) security interests allowed by the Loan Documents; (ii) liens for taxes contested in good faith by appropriate proceedings and for which adequate reserves are provided, so long as the execution or other enforcement thereof is effectively stayed and adequate reserves are established therefor; or (iii) Permitted Liens.

(c) Incur any indebtedness secured by the Collateral except: (i) obligations of Borrower to Lender; (ii) unsecured trade liabilities incurred in the ordinary course of business; (iii) indebtedness described on Schedule 2 hereof; or (iv) indebtedness (not overdue) secured by Permitted Liens.

Permit the entry of any judgment or the assessment against, the filing of any tax lien against, or the issuance of any writ of garnishment or attachment against the Collateral, including the Project, which is not discharged or execution is not stayed within 30 days of entry.

**Section 6. Information.** Borrower shall deliver (or caused to be delivered) to Lender:

(a) As soon as available and in any event within one hundred twenty (120) days after the end of each fiscal year of Borrower, upon request of Lender, the annual audited financial statements of Borrower for such year, including, without limitation, a balance sheet, profit and loss statement and statement of cash flows, with supporting schedules, all in reasonable detail and reviewed by a public accounting firm selected by Borrower and acceptable to Lender, which financial statements shall present fairly the financial position of Borrower as of the date of such financial statements and the results of its operations for the period covered by such financial statements in conformity with generally accepted accounting practices **("GAAP")** (except for changes in the application of which such accounting firm concurs).

(b) As soon as possible, but in no event more than ten (10) business days after Borrower obtains knowledge of a Default or any event, which with passage of time or giving of notice or both, would constitute a Default, a certificate of the chief executive officer or principal financial officer of Borrower setting forth the details of such Default or event and the action Borrower has taken or proposes to take with respect thereto.

(c) From time to time, any other such information with respect to Borrower as Lender may reasonably require.

**Section 7. Default; Remedies.** If one or more of the following events **("Default")** shall have occurred and be continuing:

(a) Borrower shall fail to pay when due any principal of or interest on the Loan, or any fee or any other amount payable under the Loan Documents, after the expiration of any applicable grace or cure period;

(b) Borrower shall fail to observe or perform any covenant or agreement contained in any of the Loan Documents, other than as specified in clause (a) above, which continues for 30 days after written notice thereof has been given to Borrower by Lender;

(c) the occurrence of a default (however denominated) under or in connection with other indebtedness secured by a lien on or other interest in the Property;

(d) any representation, warranty, certification or statement made by Borrower in this Agreement, in any other Loan Document or in any certificate, financial statement or other document delivered pursuant hereto or thereto, shall prove to have been incorrect in any material respect when made;

(e) Borrower shall commence a voluntary case or other proceeding seeking liquidation, reorganization or other relief with respect to itself or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its property, or shall consent to any such relief or to the appointment of or taking possession by any such official in an involuntary case or other proceeding commenced against it, or shall make a general assignment for the benefit of creditors, or shall fail generally to pay its debts as they become due, or shall take any action to authorize any of the foregoing;

(f) an involuntary case or other proceeding shall be commenced against Borrower seeking liquidation, reorganization or other relief with respect to it or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its property, and such involuntary case or other proceeding shall remain undismissed and unstayed for a period of 60 days; or an order for relief shall be entered against Borrower under the federal bankruptcy laws as now or hereafter in effect;

(g) the dissolution or liquidation of Borrower if a corporation, partnership, joint venture or other type of entity; or Borrower, or any of its directors, stockholders or members, shall take action seeking to effect the dissolution or liquidation of Borrower.

Upon the occurrence of a Default, Lender shall have the right, with at least thirty (30) days written notice to Borrower (plus an additional thirty (30) days if Borrower presents evidence of its good faith efforts to cure the Default), to declare immediately due and payable the outstanding principal balance of the Note, all accrued and unpaid interest thereon and all other sums due in connection therewith, and Lender may exercise any right, power or remedy permitted by law or as set forth in any of the Loan Documents.

Notwithstanding anything to the contrary contained herein or in the Note, Lender hereby agrees that Borrower's investor member shall have the right, but not the obligation, to cure any default of the Borrower hereunder and under the Note, and Lender agrees to accept cures tendered by Borrower's investor member on behalf of the Borrower within the applicable cure periods set forth herein or in the Note.

**Section 8. Waiver of Jury Trial; Submission to Jurisdiction.** Borrower hereby irrevocably and unconditionally waives all right to trial by jury in any action, proceeding, or counterclaim arising out of or related to any of the Loan Documents or any of the transactions contemplated hereby or thereby. Any legal action or proceeding with respect to any Loan Document or any document related hereto or thereto shall be brought in the courts of the Commonwealth of Virginia in Martinsville, Virginia or the U.S. District Court for the Western District of Virginia, and by execution and delivery of this Agreement Borrower hereby accepts for itself and in respect of its property, generally and unconditionally, the jurisdiction of the aforesaid courts. Borrower hereby irrevocably and unconditionally waives any objection, including without limitation, any objection to the laying of venue or based on the grounds of the *forum non conveniens* which it now or hereafter may have to the bringing of any action or proceeding in such jurisdiction.

**Section 9. Reimbursement, Enforcement and Indemnification**. Borrower agrees to reimburse Lender for any payment made by Lender under the Agreement, together with interest and costs of collection, including reasonable attorney's fees incurred. Borrower acknowledges and agrees that Lender may at its option assume (and in such event shall be subrogated to) all rights and remedies of Lender under the Loan Documents and may enforce any such rights or remedies against any collateral for the Loan, and against Borrower. Additionally, Borrower shall hold Lender harmless from, and indemnify Lender against, and agrees to pay to Lender, any and all liabilities, damages, claims, costs and losses incurred or suffered by Lender, including reasonable attorneys' fees and costs, resulting from (a) any materially incorrect certification, statement, representation or warranty made by Borrower or an agent of Borrower to Lender in connection with the Loan, this Agreement or any of the other Loan Documents or (b) any breach by Borrower of the terms and conditions of this Agreement or any of the other Loan Documents.

**Section 10. Miscellaneous.**

(a) All notices and communications under this Agreement shall be in writing and shall be given by either (i) hand delivery, (ii) first class mail (postage prepaid), or (iii) reliable overnight commercial courier (charges prepaid) to the addresses listed above. Notice shall be deemed to have been given and received: (x) if by hand delivery, upon delivery; (y) if by mail, three (3) business days after the date first deposited in the United States mail; and (z) if by overnight courier, on the date of delivery or refusal of delivery. A party may change its address by giving written notice to the other party as specified herein. Copies of all notices to Borrower shall be sent to: Blanco Tackabery & Matamoros, P.A., 404 N. Marshall Street, Winston-Salem, NC 27101, Attention: Deborah L. McKennney.

Copies of all notices and communications to the Borrower shall also be provided to Borrower's investor member at:

VCDC Equity Fund 25, LLC
c/o Virginia Housing Capital Corporation
115 South 15th Street, Suite 501
Richmond, VA 23219
Attention: Christoper Sterling

with a copy to:

Applegate & Thorne-Thomsen, PC
425 S. Financial Place, 19th Floor
Chicago, IL 60605
Attention: Paul Davis

(b) Borrower shall pay to Lender immediately upon demand the full amount of all payments, advances, charges, costs and expenses, including reasonable attorneys' fees, expended or incurred by Lender in connection with (i) the enforcement of Lender's rights and/or the collection of any amounts which become due to Lender under any of the Loan Documents, and (ii) the prosecution or defense of any action in any way related to any of the Loan Documents, including without limitation, any action for declaratory relief, whether incurred at the trial or appellate level, in an arbitration proceeding or otherwise, and including any of the foregoing incurred in connection with any bankruptcy proceeding (including without limitation, any adversary proceeding, contested matter or motion brought by Lender or any other person or entity) relating to Borrower or any other person or entity, together with all insurance, appraisal, survey, recording, environmental, engineering, Closing, escrow and title, title insurance fees and costs, and the cost of any other reports or tests deemed necessary by Lender to satisfy the requirements of this Agreement.

(c) The covenants, conditions, waivers, releases and agreements contained in this Agreement shall bind, and the benefits thereof shall inure to the benefit of, the parties hereto and their respective heirs, personal representatives, successors and assigns. The Loan may not be assigned by Borrower without the prior written consent of Lender. This Agreement may not be modified, waived or terminated except by an agreement in writing signed by the party against whom enforcement of any waiver, modification or discharge is sought.

(d) This Agreement shall be governed by and construed in accordance with the substantive laws of the Commonwealth of Virginia without reference to conflict of laws principles.

(e) This Agreement may be executed simultaneously in several counterparts, each of which shall be deemed an original, but all of which shall together constitute one and the same instrument.

*[Signature pages follow]*

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective authorized officers as of the day and year first above written.

**AARON STREET LOFTS, LLC**
**By: Aaron Street Lofts MM, LLC, Managing Member**
**By: Landmark Asset Services, Inc., Managing Member**

By: ______________________________________

Name: Samuel J. Sari

Title: Vice President

STATE OF NORTH CAROLINA

COUNTY OF __________________________, to-wit:

The foregoing instrument was acknowledged before me this _____ day of _________________, 2025, by Samuel J. Sari, the Vice President of Landmark Asset Service, Inc., the Managing Member of Aaron Street Lofts MM, LLC, the Managing Member of, and for and on behalf of Aaron Street Lofts, LLC.

____________________________________________
Notary Public

My commission expires _________________.

*[Signature page to Loan Agreement]*

**MARTINSVILLE REDEVELOPMENT AND HOUSING AUTHORITY**

By: ______________________________________

Name: ______________________________

Title: Executive Director

COMMONWEALTH OF VIRGINIA

CITY/COUNTY OF _________________________, to-wit:

The foregoing instrument was acknowledged before me this _____ day of ________________, 2025, by ______________, the Executive Director of the Martinsville Redevelopment and Housing Authority, a political subdivision of the Commonwealth of Virginia, for and on behalf of the Authority.

__________________________________________
Notary Public

My commission expires ________________.

Notary Registration Number: ___________________.

*[Signature page to Loan Agreement]*

**SCHEDULE 1**

## Permitted Liens

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## SCHEDULE 2

## Existing Indebtedness and Guaranties

## PROMISSORY NOTE

Principal Amount: $500,000.00 ________________, 2025
Martinsville, Virginia

FOR VALUE RECEIVED, **Aaron Street Lofts,** LLC, a North Carolina limited liability company, its successors and assigns, whose address is 401 E. 4th Street, Suite 203, Winston-Salem, North Carolina 27101 **("Borrower")**, promises to pay to the order of the **City of Martinsville Redevelopment and Housing Authority**, a political subdivision of the Commonwealth of Virginia **("Lender")**, at 55 West Church Street, P.O. Box 1112, Martinsville, Virginia 24112, or at such other place as may be designated in writing by Lender, in immediately available funds and without set-off, deduction or counterclaim, the principal sum of Five Hundred Thousand and No/100 Dollars ($500,000.00) **(the "Loan")**. The unpaid principal balance of this obligation at any time shall be the total amounts advanced hereunder by Lender less the amount of principal payments made hereon by or for Borrower, which balance may be endorsed hereon from time to time by Lender.

This Note is issued pursuant to the provisions of a certain Loan Agreement **(as the same may from time to time be amended or modified, the "Agreement")** between Borrower and Lender dated as of even date herewith, and is the "Note" described in the Agreement. Capitalized terms used but not defined in this Note shall have the meanings given to them in the Agreement.

From the date hereof and continuing until this Note is paid in full, interest shall be charged on the unpaid principal balance of this Note at a fixed annual rate equal to Three Percent (3.0%), simple interest **(the "Interest Rate")**.

This Note shall be payable as follows: Commencing July 15, 2026, and on July 15 of each year thereafter until this Note is paid in full, Borrower shall make installments of principal and interest each in the amounts set forth on Schedule 1 attached hereto based on an amortization period of thirty (30) years, provided, however, the unpaid principal balance of the Loan and all accrued and unpaid interest thereon shall be due and payable on ______, 2045 **(the "Maturity Date")**, unless the Loan shall be accelerated sooner pursuant to any provision hereof.

This Note may be prepaid at any time, in whole or in part, without premium or penalty. All payments received hereunder shall be applied in inverse order of maturity, first to late charges, if any, then to accrued interest and the balance, if any, to principal.

This Note and all other documents or agreements relating to or otherwise evidencing or securing this Note are hereinafter collectively referred to as the **"Loan Documents."**

If any payment due under to this Note is not paid within ten (10) days after its due date, Borrower agrees to pay to Lender as a late charge a sum equal to the lesser of five percent (5%) of the amount of such delinquent payment or $250.00. If this Note is not paid when due, whether at maturity or by acceleration, Borrower agrees to pay all costs of collection, including reasonable attorneys' fees incurred by Lender, whether or not suit is filed hereon. Such costs of collection shall include, without limitation, (i) court costs, reasonable attorneys' fees, expenses of accountants and appraiser and the cost of all appeals, and (ii) all costs and expenses incurred in connection with the protection of or realization upon the collateral securing this Note or for the enforcement of any guaranty hereof and any defense or prosecution of legal proceedings involving any claims made or threatened against Lender arising out of or related to the Loan Documents and the transactions contemplated thereunder.

At the option of Lender, this Note shall become immediately due and payable and/or shall become payable at the Default Rate, without notice, upon the occurrence of any of the following **(each a "Default")**, and Lender may exercise any right, power or remedy permitted by law or as set forth in any of the Loan Documents, all of which shall be cumulative:

1. Borrower shall fail to pay when due (a) any principal of, or interest on the Note or (b) any other amount or indebtedness due Lender from Borrower under the Loan Documents and such failure shall continue for a period of ten (10) business days after written notice from Lender, provided however, that such grace period shall only apply two (2) times during any twelve (12) consecutive month period.

2. The discovery that any representation or warranty made by Borrower to Lender in the Loan Documents, was false, inaccurate or untrue when made in any material respect.

3. Borrower shall fail to observe or perform any covenant or agreement contained in the Loan Documents (other than those covered by clauses 1. or 2. above) and such failure continues beyond the applicable grace, notice and/or cure period, if any.

The failure of Lender to exercise its option to accelerate this Note as provided above, or to exercise any other option or remedy granted to it hereunder or under any of the Loan Documents, or the acceptance by Lender of partial payments or partial performance, shall not constitute a waiver of any Default by Borrower, and all such options and remedies shall remain continuously in force. Acceleration of maturity may at Lender's option be rescinded by written acknowledgment to that effect, but the tender and acceptance of partial payment or partial performance alone shall not in any way affect or rescind such acceleration of maturity.

Borrower (i) waives and renounces any and all homestead exemption rights and the benefits of all valuation and appraisement privileges as against this debt or any renewal or extension hereof; (ii) waives presentment, demand, protest, notice of nonpayment, notice of dishonor, and any and all lack of diligence or delays in the collection or enforcement hereof; (iii) consents to the release or substitution of any of the collateral securing this Note; and (iv) consents to any extension of the time for payment of this Note and any other indulgence or forbearance by Lender. Any such extension, release, substitution, indulgence, or forbearance may be made without notice to any party and without in any way affecting the personal liability of any party liable hereon.

This Note may not be changed orally, but only by an agreement in writing signed by the parties against whom enforcement of any waiver, change, modification or discharge is sought. This Note shall be binding upon Borrower and its successors and assigns and shall inure to the benefit of Lender and its successors and assigns. This Note shall be governed by and construed in accordance with the laws of the Commonwealth of Virginia, without regard to conflicts of law principles.

Any legal action or proceeding with respect to this Note or any other Loan Document or any document related hereto or thereto shall be brought in the courts of the City of Martinsville, Virginia or the U.S. District Court for the Western District of Virginia, and by execution and delivery of this Note, Borrower hereby accepts for itself and in respect of its property, generally and unconditionally, the jurisdiction of the aforesaid court. Borrower hereby irrevocably and unconditionally waives any objection, including without limitation, any objection to the laying of venue or based on the grounds of the forum non conveniens which it now or hereafter may have to the bringing of any action or proceeding in such jurisdiction.

*[signature page follows]*

IN WITNESS WHEREOF, the undersigned has caused this Note to be executed, delivered, and sealed on the day and year first above written.

**AARON STREET LOFTS, LLC**

**By: Aaron Street Lofts MM, LLC, Managing Member**

**By: Landmark Asset Services, Inc., Managing Member**

By:______________________________(SEAL)
Name: Samuel J. Sari
Title: Vice President

INSTRUMENT PREPARED BY

______________________
______________________
______________________

Tax Parcel Number(s): ______________

## DEED OF TRUST, ASSIGNMENT OF RENTS AND SECURITY AGREEMENT

THIS DEED OF TRUST, ASSIGNMENT OF RENTS AND SECURITY AGREEMENT (the "Deed of Trust") is made as of __________, 2025, by **AARON STREET LOFTS, LLC**, a North Carolina limited liability company, whose address is 401 East 4th Street, Suite 203, Winston-Salem, NC 27101 ("Grantor"), to be indexed as grantor, to ______________, a resident of the ______________ of ____________, Virginia, and ______________, a resident of the ___________ of _____________, Virginia, Trustees (the "Individual Trustees"), either of whom may act, each with a business address of _______________________, to be indexed as grantees, and **MARTINSVILLE REDEVELOPMENT AND HOUSING AUTHORITY**, a political subdivision of the Commonwealth of Virginia ("Lender"), to be indexed as grantee.

**WITNESSETH**, that Grantor hereby grants and conveys with General Warranty and English Covenants of Title unto the Trustees (i) all those certain tracts of land in the City of Martinsville, Virginia, all as more particularly described in **Exhibit A** attached hereto and made part hereof (the "Land"); (ii) all buildings and improvements now or hereafter erected on the Land; (iii) all fixtures, machinery, equipment and other articles of real, personal or mixed property attached to, situated or installed in or upon, or used in the operation or maintenance of, the Land or any buildings or improvements situated thereon, whether or not such real, personal or mixed property is or shall be affixed to the Land; (iv) all building materials, machinery and equipment delivered on site to the Land during the course of, or in connection with, any construction, repair or renovation of the buildings and improvements situated or to be situated thereon; (v) all leases, licenses or occupancy agreements of all or any part of the Land and all extensions, renewals, and modifications thereof, and any options, rights of first refusal or guarantees relating thereto; all rents, income, revenues, security deposits, issues, profits, awards and payments of any kind payable under the leases or otherwise arising from the Land; (vi) all contract rights, accounts and general intangibles relating to the Land or the use, occupancy, maintenance, construction, repair or operation thereof; all management agreements, franchise agreements, utility agreements and deposits; all maps, plans, surveys and specifications; all warranties and guaranties; all permits, licenses and approvals; and all insurance policies; (vii) all estates, rights, tenements, hereditaments, privileges, easements, and appurtenances of any kind benefiting the Land; all means of access to and from the Land, whether public or private; and all water and mineral rights; and (viii) all "Proceeds" of any of the above-described property, which term shall have the meaning given to it in the Uniform Commercial Code of the jurisdiction where this Deed of Trust is recorded **(the "UCC")**, whether cash or non-cash, and including insurance proceeds and condemnation awards; and all replacements, substitutions and accessions thereof **(collectively, the "Property")**.

This conveyance is made IN TRUST to secure: (a) the payment of the indebtedness of Grantor to Lender (the "Loan") as evidenced by that certain Loan Agreement dated as of __________, 2025 between Grantor and Lender **(the "Loan Agreement")** and Promissory Note dated as of ________, 2025 by Grantor to Lender **(the "Note")**, as well as any extensions, renewals, amendments or modifications thereof, providing for a credit facility or facilities in the aggregate principal amount of $500,000, with interest thereon at the interest rate or rates stated therein; (b) the reimbursement to Lender for any and all costs incurred in collecting and enforcing the Note and the Loan Documents (as such terms is defined in the Loan Agreement) or enforcing or preserving the lien of the Deed of Trust or in obtaining possession of the Property, including attorney's fees and indemnification payments; and (c) the payment and performance of all other indebtedness, obligations and liabilities of Grantor to Lender under the Loan Documents. Such indebtedness is referred to herein as the **"Obligations."**

Provided, however, that the principal amount of the Obligations secured by this Deed of Trust and described in this clause shall not exceed in the aggregate at any one time outstanding $500,000, plus interest thereon and fees due with respect thereto, including, without limitation, any costs and expenses incurred by the Trustee or the Beneficiary in connection with the enforcement of this Deed of Trust.

Grantor assigns to Lender all present and future leases, rents, income and profits from the Property (or any part thereof) and irrevocably appoints Lender as attorney-in-fact with respect to the Property and the leases, including, but not limited to, the right to cure any default under the Obligations or under this Deed of Trust in any manner as Lender elects. Lender may elect in the name of Grantor to lease the property should it become vacant, to collect the rents, income and profits and to employ and to pay agents therefor. Rents, income and profits therefrom, less costs and expenses, may be applied to the Obligations as Lender may elect. Absent any default under the Obligations or Deed of Trust, Grantor shall remain in quiet use, possession and management of the Property and in the enjoyment of the rents, income and profits therefrom. Curing of any default shall not entitle Grantor to again collect said rents, income and profits without Lender's written consent. Lender or Trustees shall not be obligated to act hereunder or to assume any obligation under any lease of the Property or suffer any liability for the failure or inability to collect any rents, income and profits.

1. Grantor further covenants and agrees:

(a) To pay promptly prior to delinquency all taxes, assessments and public charges on the Property and to forward to Lender upon Lender's request evidence of such payments, and at the option of Lender at any time after the occurrence of a default hereunder or under the Obligations to deposit with Lender such amounts as are necessary for Lender to make timely payments of such charges.

(b) To maintain extended coverage hazard and liability insurance and such other insurance on the Property as Lender may require, with such insurance in a sufficient amount to cover the Obligations with a loss payable clause in favor of the Lender, without contribution, and to deliver to Lender the original policy or policies and any renewal thereof. Lender may require Grantor to deposit with Lender such amounts as are necessary to enable the Lender to make timely payments of the premiums on said policy(ies).. In the event any insurance claim is not settled within 60 days after any loss, Lender may negotiate and make reasonable settlement of such claim without liability to Grantor. Insurance proceeds may be applied to the payment of the Obligations or, at Grantor's option so long as Grantor is not in default hereunder or under the Obligations, to the cost of restoration of the damaged Property. Lender may retain any part thereof until the Property has been restored to the satisfaction of Lender.

(c) To keep the Property, including any private roads or easements, in good order and repair, including the making of replacements and prompt restorations as Lender may direct.

(d) To not permit, suffer or commit waste, impairment or deterioration of or allow any nuisance to exist on the Property.

(e) To comply with and to not permit violation of the terms of any lease, restrictive covenant, law or regulation applicable to the Property, including, but not limited to, all applicable environmental laws, rules, regulations or orders.

(f) To perfect the title to the Property in the Trustees and preserve the priority of the lien of the Deed of Trust.

(g) To pay promptly upon demand costs of collection, attorney's fees or other costs or expenses incurred in the enforcement of this Deed of Trust or the Obligations.

(h) To notify Lender immediately by certified mail of any taking or condemnation or threatened condemnation of any part of the Property under any power of eminent domain. If any part of the Property is taken or condemned thereby, Grantor will and hereby does assign and will pay over to Lender the proceeds and awards resulting therefrom to the extent of the unpaid balance of the Obligations hereby secured, to which balance such proceeds shall be applied.

2. Grantor represents and warrants that (a) to Grantor's knowledge, there are no "hazardous substances" (as defined in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. §§ 9601 et seq., as amended) on the Property in violation of applicable Environmental Requirements; (b) to Grantor's knowledge, there has been no release or any threat of release of any hazardous substance; (c) the Property is not subject to any governmental enforcement of any clean up action and is not the subject of any investigation under any law, rule or regulation or subject to any liability to any person because of the presence of petroleum products, underground storage tanks or the presence, release, threat of release, discharge, storage, treatment, generation or disposal of any "hazardous waste" (as defined in the Resource Conservation Act, 15 U.S.C. Section 2601 et seq., as amended), including but not limited to asbestos, radon, polychlorinated biphenyls, urea formaldehyde, explosives, radioactive materials or petroleum products.

3. This Deed of Trust constitutes both a real property deed of trust and a "security agreement", and fixture filing within the meaning of the UCC, and the Property includes both real and personal property and fixtures and all other rights and interest, whether tangible or intangible in nature, of Grantor in the Property. Grantor by executing and delivering this Deed of Trust has granted, as security for the Obligations, a security interest in such of the Property as is governed by the UCC in favor of Lender. If an Event of Default shall occur hereunder, Lender and Trustees, in addition to any other rights and remedies which they may have, shall have and may exercise immediately and without demand any and all rights and remedies granted to Lender upon such default under the UCC. Upon request or demand of Lender or Trustees, Grantor shall at its expense assemble such of the Property as is governed by the UCC and make it available to Lender and Trustees at a convenient place acceptable to Lender and Trustees. Grantor shall pay to Lender and Trustees on demand any and all expenses, including legal expenses and attorneys' fees, incurred or paid by Lender or Trustees in protecting their interest in such of the Property as is governed by the UCC and in enforcing the rights granted

hereunder with respect to such of the Property as is governed by the UCC. Any notice of sale, disposition or other intended action by Lender or Trustees with respect to such of the Property as is governed by the UCC sent to Grantor in accordance with the provisions of this Deed of Trust at least ten (10) days prior to such action, shall constitute reasonable notice to Grantor, and the method of sale or disposition or other intended action set forth or specified in such notice shall conclusively be deemed to be commercially reasonable within the meaning of the UCC. The proceeds of any sale or disposition of such of the Property as is governed by the UCC, or any part thereof, may be applied by Lender to the payment of the Obligations in such order, priority and proportions as Lender in its discretion shall deem proper. Inasmuch as the parties intend that this Deed of Trust shall, among other things, constitute a fixture filing, Grantor sets forth the following:

(a) The Debtor (Grantor) is AARON STREET LOFTS, LLC, a North Carolina limited liability company with a mailing address of 401 E. 4th Street, Suite 203, Winston-Salem, NC 27101;

(b) The Secured Party is Martinsville Redevelopment and Housing Authority, whose address is 55 West Church Street, P.O. Box 1112, Martinsville, Virginia 24112;

(c) The collateral includes fixtures which are or shall be affixed to the Land; and

(d) The record owner of the Land is Debtor.

4. In the event of any default hereunder or under the Obligations, and after any required notice and any applicable cure periods, and in addition to any other rights and remedies provided by law, Lender shall have the following rights or remedies, which are cumulative:

(a) To declare all sums due under the Obligations immediately due and payable without demand.

(b) At the request of Lender, the Trustees shall sell the Property, or, if the Property shall consist of more than one parcel, such parcel or parcels thereof as Lender may select, for cash or upon such terms and conditions as they may deem expedient. Such sale shall be at such time and place as they may consider advisable, at public auction, after having first given notice to the present owner of the Property as required by law. The Trustees shall advertise the time, place and terms of sale at least three (3) times, which may be on three (3) consecutive days, in a newspaper having general circulation in the county or city wherein the Property or any portion thereof lies. Out of the proceeds of any such sale, the Trustees shall (i) first, pay all the expenses attending the execution of this trust, including attorney's fees and auctioneer's fees, if any, and a reasonable trustees' commission on the gross proceeds of sale, (ii) second, discharge all taxes, levies and assessments, with costs and interest if they have priority over the lien of this Deed of Trust, including the due pro rata portion thereof for the current year, (iii) third, discharge in the order of their priority any remaining debts and obligations secured by this Deed of Trust and any liens encumbering the Property or any part thereof which are inferior to this Deed of Trust, with interest, and (iv) fourth, to pay the residue of the proceeds to Grantor or its assigns. At any sale made under the terms of this Deed of Trust, the Trustees may require a cash deposit from the successful bidder of not more than ten percent (10%) of the final amount bid by the successful bidder. In the event that the Property is advertised for sale as herein provided, but not sold pursuant to such advertisement, the Trustees shall be paid by Grantor their actual expenses incurred, together with a reasonable commission. If, prior to or at the time of the sale, the Trustees shall deem it proper for any reason to postpone or continue the sale, they may do so from time to time, in which event advertisement of the postponed sale shall be in the manner as required by law.

(c) To take such actions necessary to cure such default, employing agents and attorneys and expending such sums as deemed necessary to protect the security of this Deed of Trust or to insure performance of the covenants and agreements hereunder. For the purpose of carrying out the provisions of Section 3 hereof, Grantor hereby irrevocably appoints Lender and the Trustees, any one of whom may act, the true and lawful attorneys-in-fact for Grantor and authorizes them, or any one of them, to perform any act described in Section 3 and any and all actions necessary and incidental thereto. This power of attorney is a power coupled with an interest which cannot be revoked.

(d) To apply for and obtain appointment of a receiver for the Property with power to collect rents, income and profits therefrom without regard to the value of the Property or the solvency of any person liable for the payment of the Obligations. Grantor waives any and all defenses to the appointment of such receiver and consents to the appointment of such receiver without notice.

(e) To advance such sums as may be necessary to make payments on behalf of the Grantor under any prior lien hereto or under this Deed of Trust in order to protect the security of the Deed of Trust or insure the performance of any of the covenants and agreements contained herein.

5. This Deed of Trust is governed by and, except as modified elsewhere herein, construed to grant such power, rights, duties and obligations as are specified in § 55.1-320 and §§ 55.1-321 through 55.1-324 of the Code of Virginia (1950), as amended (the "Code"), and to incorporate the following short form reference to §§ 55.1-322 and 55.1-325 of the Code:

Exemptions waived,
Subject to call upon default,
Renewal, extension or reinstatement permitted,
Any Trustee may act,
Substitution of trustees permitted.

6. Except as otherwise permitted under the Loan Documents, in the event of a transfer of an interest in the Property without the prior written consent of Lender, Lender, at its option, may declare all sums secured by this Deed of Trust to be immediately due and payable or waive such default and deal with such successor or successors in interest in the same manner as with Grantor, without in any way releasing, discharging or otherwise affecting the liability of Grantor hereunder or for the indebtedness hereby secured. Any change in the legal or equitable title of the Property or in the beneficial ownership of the Property, whether or not of record and whether or not for consideration, and any sale, transfer, encumbrance or other disposition of any beneficial ownership in Grantor shall be deemed a "transfer of an interest in the Property". Without limiting the generality of the foregoing, a "transfer of an interest in the Property" shall also be deemed to have occurred if (a) Grantor shall sell, assign, transfer, convey, mortgage, encumber or otherwise dispose of or alienate the Property, or any part thereof or any interest therein, whether voluntarily, involuntarily or by operation of law, or engage in subordinate financing with respect thereto prior to the satisfaction of this Deed of Trust, other than as contemplated in the Loan Agreement, or (b) Grantor or any general partner or member of Grantor, is a corporation, partnership, limited liability company, trust or other business entity,

upon the transfer, pledge, assignment or encumbrance (whether in one transaction or a series of transactions) of any stock, partnership, limited liability company or other ownership interests (for purposes hereof, all such ownership interests are "stock") in such corporation, partnership, limited liability company or entity including, without limitation, changes in stockholders, partners, members, managers, trustees, beneficiaries, or their respective interests; whether directly or indirectly; by which an aggregate of more than 25% of such entity's stock shall be vested in a party or parties who are not now owners of such equity interests or affiliates thereof. Notwithstanding the foregoing, in no event shall a transfer of an interest in the Property be deemed to have occurred as a result of the leasing of individual apartment units at the Property.

"NOTICE --- THE DEBT SECURED HEREBY IS SUBJECT TO CALL IN FULL OR THE TERMS THEREOF BEING MODIFIED IN THE EVENT OF SALE OR CONVEYANCE OF THE PROPERTY CONVEYED."

7. If the Obligations are for business, commercial, investment or agricultural purposes (a) this Deed of Trust is a security agreement to the extent that it relates to personal property, (b) Grantor grants to Lender a security interest in such personal property to secure the Obligations, (c) and this Deed of Trust shall support any financing statement filed showing Lender's security interest as a secured party. Lender shall have all the rights and remedies of a secured party under the Uniform Commercial Code.

8. No delay or omission of the Trustees or the Lender to exercise any right or power hereunder shall impair any right or power or operate as a waiver of such default or acquiescence therein. Every right and remedy given by this Deed of Trust to the Trustees or to Lender may be exercised in any manner and frequency as deemed expedient. No waiver of any default shall extend to or be taken to affect any subsequent default.

9. The covenants contained herein shall bind, and the benefits and advantages herein contained shall inure to the respective heirs, personal representatives, successors and assigns of the parties hereto and of Lender and its successors and assigns. The singular shall include the plural and the plural shall include the singular. This Deed of Trust shall be governed by and interpreted in accordance with the laws of the Commonwealth of Virginia, without regard to conflicts of law principles.

10. Grantor agrees to (i) give notice to Lender immediately upon Grantor's acquiring knowledge of the presence of any Hazardous Materials on the Property in violation of applicable Environmental Requirements or of any Hazardous Materials Contamination or of any Claim made or threatened against Grantor or the Property with respect to any Environmental Requirement with a full description thereof; (ii) at Grantor's sole cost and expense, promptly comply with any and all Environmental Requirements relating to the Property or such Hazardous Materials or Hazardous Materials Contamination and provide Lender with satisfactory evidence of such compliance; (iii) provide Lender, within sixty (60) days after a demand by Lender, with a bond, letter of credit or similar financial assurance evidencing to Lender's satisfaction that the necessary funds are available to pay the cost of complying with such Environmental Requirements and removing, treating and disposing of such Hazardous Materials or Hazardous Materials Contamination and discharging any Lien which may be established on the Property as a result thereof; and (iv) take whatever other action as Lender may deem necessary or appropriate to restore to Grantor the full use and benefit of the Property as contemplated by the Loan Documents; provided, however the foregoing shall not be construed to limit Grantor's right to seek recovery from Lender to which it may be entitled in its capacity as a prior owner of the Property.

11. Grantor shall protect, indemnify, defend and hold Lender, Trustees, any Person owned or controlled by, owning or controlling, or under the common control of or affiliated with, Lender and/or Trustees, any participants in the Loans, the directors, officers, employees and agents of Lender, and/or such other Persons, and the heirs, personal representatives, successors and assigns of each of the foregoing, harmless from and against any and all Claims of any kind or nature whatsoever arising out of or in any way connected with any investigation, enforcement, cleanup, removal, containment, remedial or other private, governmental or regulatory action at any time threatened, instituted or completed pursuant to any applicable Environmental Requirement against Grantor, Trustees or Lender or against or with respect to the Property or any condition, use or activity on the Property or at any time threatened or made by any Person against Grantor, Trustees or Lender with respect to the Property (or against the Property) or any condition, use or activity on the Property relating to any damage, contribution, cost recovery, compensation, loss or injury resulting from or in any way arising in connection with any Hazardous Materials or Hazardous Materials Contamination relating to matters occurring during the period of Grantor's ownership of the Property. Upon demand by Lender, Grantor shall, to the extent allowed by applicable law, diligently defend any such Claim which affects the Property or is made or commenced against Lender, whether alone or together with Lender, Trustees, Grantor or any other Person, all at Grantor's sole cost and expense and by counsel to be approved by Lender in the exercise of its reasonable judgment. In the alternative, Lender may at any time, after consultation with Grantor, elect to conduct its own defense through counsel selected by Lender and at the cost and expense of Grantor. For purposes of this section, "Lender" shall include the United States Government and its agencies, departments, commissions, boards and bureaus.

12. As used in this Deed of Trust, the following terms have the following meanings:

"Claim" means any liability, suit, action, claim, demand, loss, expense, penalty, fine, judgment or other cost of any kind or nature whatsoever, including without limitation, fees, costs and expenses of attorneys, consultants, contractors and experts.

"Environmental Requirement" means any and all laws, rules, orders, regulations, statutes, ordinances, guidelines, codes, decrees, or other legally enforceable requirements (including, without limitation, common law) of any international authority, foreign government, the United States, or any state, local, municipal or other Governmental Authority, regulating, relating to or imposing liability or standards of conduct concerning protection of the environment or of human health, or employee health and safety, including, by way of example, but not limitation, the following: the Resource Conservation and Recovery Act 42 U.S.C. 6901, et seq., as amended by the Hazardous and Solid Waste Act Amendments of 1984 ("CERCLA"); the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. 9601, et seq., as amended by the Superfund Amendments and Reauthorization Act of 1986; the Hazardous Materials Transportation Act, 49 U.S.C. 1802, et seq.; the Rivers and Harbors Act of 1899, 33 U.S.C. 401, et seq., the Clean Water Act, 33 U.S.C. 1251, et seq.; the Clean Air Act, 42, U.S.C. 7401, et seq.; the Toxic Substances Control Act, 15 U.S.C. 2601, et seq.; the Safe Drinking Water Act, 42 U.S.C. 7901. 300f, et seq.; the Uranium Mill Tailings Radiation Control Act, 42 U.S.C. 7901, et seq.; the Federal Occupational Safety and Health Act, 29 U.S.C. 651, et seq.; the Federal Insecticide, Fungicide and Rodenticide Act, 7 U.S.C. 136, et seq.; the National Environmental Policy Act, 42 U.S.C. 4321, et seq., the Noise Control Act, 42 U.S.C. 4901, et seq.; the Emergency Planning and Community Right to Know Act of 1986, 42 U.S.C. 11001, et seq.; the Lead Based Paint Poisoning Prevention Act, 42 U.S.C. 4821, et seq.; the Chesapeake Bay Preservation Act, VA Code §10.1-2100 et seq., and any regulations now or hereafter promulgated pursuant thereto and, as to all of the foregoing, the amendments, regulations, orders, decrees, permits or licenses now or hereafter promulgated thereunder as any of the foregoing now exist or may be changed or amended or come into effect in the future.

"Governmental Authority" means any governmental or quasi-governmental entity, including, without limitation, any department, commission, board, bureau, agency, administration, service or other instrumentality of any governmental entity.

"Hazardous Materials" means any and all hazardous or toxic substances, wastes or materials which, because of their quantity, concentration, or physical, chemical or infectious characteristics, may cause or pose a present or potential hazard or nuisance to human health, safety or welfare or to the environment when used, treated, stored, disposed of, generated, manufactured, transported or otherwise handled, including without limitation, any substance, waste or material which is or contains asbestos, radon, polychlorinated biphenyls, urea formaldehyde, explosives, radioactive materials or petroleum products.

"Hazardous Materials Contamination" means the contamination (whether presently existing or occurring after the date of this Deed of Trust) of the Improvements, facilities, soil, ground water, air or other elements on, in or constituting a part of, the Property by Hazardous Materials, or the contamination of the buildings, facilities, soil, ground water, air or other elements on, in or constituting a part of, any other property as a result of Hazardous Materials at any time (whether before or after the date of this Deed of Trust) emanating from the Property.

"Improvements" means all buildings, structures and other improvements now or hereafter existing, erected or placed on the Land, or in any way used in connection with the use, enjoyment, occupancy or operation of the Land.

"Person" means an individual, a corporation, a partnership, a limited liability company, a joint venture, a trust, an unincorporated association, any Governmental Authority or any other entity.

*[SIGNATURE PAGE FOLLOWS]*

WITNESS the following signature(s) and seal(s) as of the day, month and year first written above.

**AARON STREET LOFTS, LLC**
**By: Aaron Street Lofts MM, LLC, Managing Member**
**By: Landmark Asset Services, Inc., Managing Member**

By: ________________________________(SEAL)

Name: Samuel J. Sari

Title: Vice President

STATE OF NORTH CAROLINA

COUNTY OF ________________________, to-wit:

The foregoing instrument was acknowledged before me this _____ day of ________________, 2025, by Samuel J. Sari, the Vice President of Landmark Asset Services, Inc. , the Managing Member of Aaron Street Lofts MM, LLC, the Managing Member of, and for and on behalf of, Aaron Street Lofts, LLC.

________________________________
Notary Public

My commission expires ________________.

*[SIGNATURE PAGE TO DEED OF TRUST]*

EXHIBIT A

**PROPERTY DESCRIPTION**