

[LENDER LETTERHEAD]

September 16, 2015

ABC Company LLC

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Attention: \_\_\_\_\_

Re: Loan Term Sheet - 123 Main Street, New York, New York

Dear \_\_\_\_\_:

XYZ Bank has reviewed your request for a loan to be secured by the above-referenced property (the "Project"). Upon analysis, XYZ Bank would like to pursue the possibility of XYZ Bank, or an affiliate thereof (the "Bank", or "Lender") providing financing for the Project on the terms set forth herein. The following letter ("Term Sheet") represents the basic loan terms that Lender would consider on the above referenced Project. Please note that the terms set forth herein are for discussion purposes only and do not constitute a commitment to lend, as the Lender must complete a full underwriting of this project and receive necessary approvals from the appropriate credit authority prior to issuing any commitment. The terms outlined herein may not be all-inclusive and may be amended or withdrawn upon further review by the Lender. The following loan terms are based on preliminary data and information provided to Lender by you. Final loan approval may be conditioned upon modification or adjustment of these terms. In the event the loan closes, the terms and conditions contained herein shall be superseded by the final definitive loan documents.

Property: 123 Main Street, New York, New York, together with all improvements thereon commonly known as Blackacre, and all of Borrower's personal property and property rights relating to the ownership, use, maintenance or operation thereof.

Borrower: ABC Company LLC, a Delaware limited liability company. Borrower shall be a special purpose entity formed solely for the purposes of owning, developing, operating and financing the Property. Borrower shall be the fee title owner of the Property.

[ALTERNATIVE]: Borrower shall be required to be a newly formed "SPE" or a "recycled" entity with limited purpose and separateness covenants, in the form specified by the Lender, to be contained in their respective organizational documents and in the loan documents plus limited purpose and separateness covenants to be contained in organizational documents and in the loan documents, in the form specified by the Lender, of the general partner or managing member of the Borrower. ~~Borrower and the SPE Component Entities will be required to have one "independent director" or "independent manager" who comply with criteria specified by Lender. The independent director or independent manager's responsibility will be limited solely to voting on matters involving insolvency and bankruptcy issues and such individual vote will be required to~~

DISCLAIMER: This is a sample loan term sheet for discussion purposes only in connection with the associated webinar. This loan term sheet and webinar are being provided for educational purposes only and are not intended to be construed as legal advice. The purpose of the term sheet and webinar is solely to highlight concepts and issues routinely encountered in commercial loan transactions for you to discuss with your legal counsel as applicable. Every loan transaction is unique and based upon specific facts and circumstances, and every lender has different underwriting requirements. Please consult your legal counsel for legal advice for each and every loan transaction.

~~approve (i) any election by Borrower to voluntarily seek protection from creditors under any applicable bankruptcy or insolvency laws, and (ii) the dissolution of Borrower. The independent director is required to be professional directors provided by a nationally recognized corporate services company. In addition to providing Lender's standard form opinion letter from Borrower's counsel, Borrower shall be required to provide Lender with a "non-consolidation" opinion letter and such other legal opinions as Lender determines appropriate based on Borrower's organizational structure. To the extent Borrower is a single member Delaware limited liability company, Borrower will also be required to provide standard Delaware special opinions.]~~

Guarantors:

John Smith and Jane Doe

[ADDITIONAL: The loan documents shall also contain a provision that the Loan guarantor can be replaced upon satisfaction of terms and conditions set forth therein, including, without limitation, that (i) the replacement guarantor has a net worth and liquidity of at least the amounts set forth in the loan documents, (ii) the replacement guarantor has not been party to a bankruptcy action within the last ten (10) years, (iii) there is not material litigation or regulatory action pending or threatened, (iv) the replacement guarantor has not previously defaulted on any indebtedness, (v) delivery of customary legal opinions, including a non-consolidation opinion, (vi) the replacement guarantor assumes the obligations under the guaranty and executes a new guaranty, (vii) Borrower provides a no-downgrade letter from the Rating Agencies, (viii) Borrower pays all of Lender's out of pocket costs and expenses and customary processing charges, and (ix) such other customary terms and conditions.]

Loan Amount:

An amount equal to the lesser of (1) \$25,000,000.00 or (2) 70% of the approved Loan to Costs (hereinafter defined) to be determined by Lender during due diligence or (3) 55% Loan to Value (hereinafter defined).

“Loan to Cost” (or “LTC”) will mean (i) the outstanding principal balance of the Loan divided by (ii) the aggregate original allocated costs to acquire the Property (including the completion of all required repairs contemplated hereunder), plus any protective advances/equity infusions made by Borrower (excluding equity infusions for mandatory pay downs, loan rebalancing if required or payment of interest on the loan).

“Loan to Value” (or “LTV”) will mean the ratio (expressed as a percentage) of the loan amount to the fair market value of the Property as determined by a FIRREA appraisal from a nationally recognized appraisal source engaged by Lender which must have an

effective date of not more than 180 days prior to the date the underwritten value is calculated, together with such other market information as such underwriter will deem relevant in its sole and absolute discretion.

[ALTERNATIVE: The actual amount of the Loan will be calculated at the time of Rate Lock, subject to (i) a maximum loan to value ("LTV") ratio of 70% based on a current appraisal dated within 90 days of the closing of the loan, and (ii) a minimum (A) debt service coverage ("DSC") ratio of 1.70x utilizing the fixed loan constant derived from the actual Interest Rate and scheduled amortization, and (B) debt yield of 12.75%, each based upon underwritten net cash flow as determined by Lender based upon its standard underwriting criteria [OR set forth on Exhibit \_\_ attached hereto.]]

[ADDITIONAL: Prior to closing, Lender may provide an "interest-only" mezzanine loan of up to \$2,315,000 (the "Bridge Mezzanine Loan"), which Bridge Mezzanine Loan shall be secured by 100% of the ownership interests in Borrower and shall (1) be fully recourse to Guarantors, (2) have an interest rate of 9% through \_\_\_\_\_ and 11% thereafter, (3) be coterminous with the Loan, (4) be prepayable (in whole, but not in part) without payment of any yield maintenance or other premium (other than stub interest) at any time prior to \_\_\_\_\_ (thereafter, a yield maintenance premium shall apply), and (5) not be assumable under any circumstances. In addition, if such mezzanine loan has not been paid off by \_\_\_\_\_, a full cash flow sweep shall apply and excess proceeds shall be used to pay down such mezzanine loan at Lender's option. Any such mezzanine loan shall also be subject to a minimum closing DSCR of 1.40x (interest only) and an LTV of 80%.]

Loan Term: Three (3) years.

Interest Rate: [30-Day LIBOR plus \_\_\_%][Fixed: \_\_\_% per annum]

[ALTERNATIVE: The fixed per annum interest rate shall be calculated at Rate Lock and shall equal the sum of (a) \_\_\_ basis points, (b) the ten-year mid-market swap spread (but in no event less than zero), and (c) the yield on the ten-year "on the run" OR interpolated (from the on the run) United States Treasury security, provided, however, that, in no event shall the Interest Rate be less than 5.50%. Upon determination by Lender that the Borrower has satisfied all conditions precedent to closing, Lender will set the Interest Rate (the "Rate Lock") for the Loan following execution by Borrower and Guarantor of an interest rate lock agreement.]

Interest will be calculated on the basis of a 360 day year and actual days elapsed. Interest shall be payable monthly in arrears.

The original Loan Amount plus any unpaid and accrued interest will constitute the outstanding principal balance at any given time.

Amortization: [None. Interest only] OR [The Loan shall be interest only for the initial 24 months, then Borrower shall pay equal monthly installments of principal, together with interest, based on a twenty five (25) year amortization schedule] OR [Thirty (30) years.]

Origination Fee: 1% of original principal amount of Loan.

Exit Fee: 1% of outstanding principal amount of Loan at time of payment

Recourse: The Loan will be non-recourse to Borrower and to the Guarantor, subject to Lender's standard recourse carve-out provisions.

[ALTERNATE: The Loan will be fully recourse to Borrower and Guarantor OR fully recourse to Borrower and limited recourse to Guarantor up to 75% of the original principal loan balance and Lender's standard recourse carve-out provisions OR fully recourse to Borrower, and non-recourse to the Guarantors, subject to Lender's standard recourse carve-out provisions.]

[INCLUSION FOR RECOURSE CARVE OUT: [Borrower and Guarantors] shall be fully and personally liable on a joint and several basis for any and all liability, loss, cost or damage incurred by Lender resulting from misapplication or misappropriation of insurance proceeds, condemnation awards, rents, tenant security deposits or other payments, unintentional misrepresentations, gross negligence or willful misconduct, intentional waste to the Property, wrongful removal of personal property, failure to pay taxes or insurance to the extent the Property generates sufficient income, breach of environmental representations, warranties, covenants or indemnities in the loan documents, Borrower's setting forth any defense to foreclosure following monetary default that is determined by a court to be without merit or brought in bad faith, failure to establish a lender-controlled deposit account and cause property revenues to be deposited therein.

(b) The Loan shall be fully recourse to [Borrower and Guarantors] on a joint and several basis in the event any of the following shall occur: a voluntary bankruptcy proceeding is commenced by Borrower or an involuntary bankruptcy proceeding against Borrower in which Borrower or any controlling person of Borrower joins in the filing, solicits petitioning creditors or files an answer consenting or acquiescing or, without obtaining Lender's consent and in violation of the loan documents, Borrower incurs indebtedness or causes or permits a sale, transfer or encumbrance of the Property or any part thereof or any direct or indirect interest in Borrower in violation of the Loan Agreement, a breach of any representation, warranty or

covenant regarding Borrower's status as a bankruptcy-remote special purpose entity and such failure is cited as a factor in a court's decision that results in a substantive consolidation, or loss of franchise without replacement by a Qualified Franchise within sixty (60) days thereafter.]

] Assumption:

Not permitted.

[ALTERNATIVE: Assumption of the Loan is not permitted during the period that is sixty (60) days' prior to and sixty (60) days after a securitization or other disposition of all or any portion of the Loan. Otherwise, the Loan is assumable with the prior written approval of the holder of the Loan or its agent on a discretionary basis and the payment of a 0.50% assumption fee.]

Prepayment:

The Loan may be prepaid, in whole or in part [in whole, but not in part], at any time upon not less than ten (10) days' prior written notice, without penalty or premium, other than payment of (i) the applicable Exit Fee, (ii) accrued and unpaid interest to the date of prepayment, (iii) any applicable Make Whole Payment (hereinafter defined), and (iv) all applicable LIBOR breakage costs.

Upon any prepayment in full of the Loan, Borrower shall pay the difference ("Make-Whole Payment") between (i) the amount of interest paid on the Loan to the date of prepayment, and (ii) an amount equal to the amount of interest that would have accrued on the Loan Amount from the closing date through the date that is twelve (12) months after the closing date, at the arithmetic mean of the Interest Rate in effect from the closing date through the date of prepayment.

[ALTERNATE: Except as provided herein, Borrower shall have no right to prepay the Loan except during the last three (3) months of the Loan Term the Loan may be prepaid at par.]

As used herein, the "Permitted Release Date" shall mean the period beginning six months after closing of the loan and shall terminate on the Permitted Defeasance Date. The "Make-Whole Payment" shall be an amount equal to the greater of (A) one percent (1%) of the outstanding principal balance to be prepaid or satisfied, or accelerated and then due and owing, and (B) a formula more particularly set forth in the loan documents. Lender shall not be obligated to accept any prepayment of the loan unless it is accompanied by the Make-Whole Payment due in connection therewith. If for any reason Borrower prepays the Loan on a date other than a payment date, Borrower shall pay Lender interest for the full accrual period during which the prepayment occurs. "Permitted Defeasance Date" means the date that is two (2) years from the "startup day" within the meaning of Section 860G(a)(9) of the Code for the REMIC Trust which holds the portion

of the Note last to be securitized.

Provided no event of default under the loan documents shall then exist, Borrower shall have the right at any time during the period following the occurrence of the Permitted Release Date (defined below) until the Permitted Defeasance Date (defined below), to prepay the loan in whole (but not in part) upon not less than thirty (30) days and not more than ninety (90) days prior written notice to Lender specifying the projected date of prepayment and upon payment of an amount equal to the Make-Whole Payment (defined below).

After the earlier of two (2) years from the final securitization of the Loan or the fourth (4th) anniversary of the first monthly payment date, Borrower may cause the release of the Property from the lien of the first mortgage/deed of trust by, among other things, delivery to Lender of non-callable U.S. Treasury securities that provide payments on or before the dates all remaining scheduled payments of the Loan are due, for the period beginning on the release date and ending on the maturity date, in amounts not less than 100% of such scheduled payments including the outstanding principal balance of the Loan as of the maturity date. Borrower's ability to defease the Loan will be conditioned upon, among other things, Lender's receipt of (a) written confirmation from the rating agencies that such defeasance will not result in a qualification, downgrade or withdrawal of the then current ratings assigned to the securities issued pursuant to a securitization of the Loan, (b) an opinion of counsel relating to certain REMIC, tax, perfection, insolvency and other matters in form and substance reasonably satisfactory to Lender and (c) a certificate from an independent certified public accountant certifying that the U.S. Treasury securities delivered to Lender will generate monthly payments equal to or greater than the required amounts set forth above. Borrower shall pay all costs and expenses incurred in connection with a defeasance. Any defeasance not made on a payment date shall include payment of all interest scheduled to accrue on the defeased amount during the related interest period.

Transfers:

Transfers of any direct or indirect interest in the Property and/or any ownership interest therein or in the Borrower, will not be permitted without Lender's prior express written approval, which approval may be given or withheld in Lender's sole and absolute discretion, except as follows ( "Permitted Transfers"):-

Transfers up to 49% of the direct or indirect ownership interests in the Borrower as well as transfers by devise, descent or by operation of law upon the death or legal incapacity of a natural person or for estate planning purposes, provided such transfers do not result in a change in control of Borrower or any entity controlling Borrower, shall be permitted based on criteria set

[forth in the loan documents.](#)

Due on Sale:

The Loan shall automatically be due and payable upon any sale, transfer, pledge or encumbrance of all or any portion of the Property or any direct or indirect ownership interest in the Borrower, or any other transfer or change of management and/or ownership of the Property [to the extent the same is not a Permitted Transfer or](#) without the express prior written consent of Lender.

Subordinate/Mezzanine Financing:

Subordinate and/or Mezzanine financing will not be permitted except as otherwise expressly permitted herein.

[ALTERNATIVE: None permitted during the term of the Loan except as expressly permitted herein, provided that Borrower shall have the right to have included in the loan documents a provision that permits a mezzanine loan in connection with a bona fide sale of the property to a third party, subject to the following restrictions: (1) no event of default exists, (2) the ratio of the outstanding principal balance of the loan and mezzanine loan, to the value of the Property as determined by Lender pursuant to a newly commissioned full narrative appraisal paid for by Borrower, shall not exceed 75.0% (the "75% LTV Option") or 80% (the "80% LTV Option), (3) the DSCR (taking into account the new mezzanine loan and assuming 30 year amortization) shall be no less than 1.20x (or 1.15x if Borrower elects the 80% LTV Option), (4) the maturity date of such mezzanine loan shall be co-terminus with that of the Loan or longer, (5) the mezzanine loan shall be evidenced by terms and documentation approved by Lender in its sole discretion, (6) the mezzanine loan shall not be transferable without the consent of Lender, (7) the mezzanine lender shall enter into an intercreditor agreement acceptable to Lender in its sole discretion, (8) the mezzanine lender shall not be an affiliate of Borrower and shall satisfy a customary qualified transferee definition (including, without limitation, that such transferee has total assets (in name or under management or advisement) in excess of \$400,000,000 and capital/statutory surplus or shareholder's equity of at least \$250,000,000 and be regularly engaged in the business of making or owning commercial real estate loans (including mezzanine loans to) or operating commercial properties), and (9) receipt of prior written confirmation from the applicable rating agencies that such advance will not cause a downgrade, withdrawal or qualification of the then current rating of the securities or any class thereof.]

Escrow Requirements:

Monthly and up-front escrows will be required for taxes, insurance, and all required reserves in amounts determined by Lender (including capital reserves, tenant improvement and leasing commissions, and any up-front reserves for immediate repairs in an amount equal to 125% of the estimate based on Lender's engineer's report).

[ADDITIONAL: In the event that there is a mandatory property

improvement plan ("PIP") required in the first twenty-four (24) months of the Loan Term, the Lender shall reserve 115% of estimated PIP at the time of the loan closing (the "PIP Reserve").]

[ALTERNATIVE: Operating Reserves: Commencing at closing and continuing on a monthly basis thereafter, an escrow for annual taxes, insurance and other assessments, if any, will be required to be made with Lender. Interest on the Operating Reserves will be for the benefit of the Borrower. Notwithstanding the foregoing, Lender shall not require an escrow for insurance provided that (i) no event of default has occurred, (ii) Borrower provides Lender with satisfactory evidence (as determined by Lender) that the property is insured in accordance with the loan documents pursuant to a blanket insurance policy acceptable to Lender covering substantially all real property owned directly or indirectly by sponsor.

Lease Rollover Reserve: Commencing at closing and continuing on a monthly basis thereafter, an escrow for tenant improvement and leasing commission costs equal to \$325,000/year (paid 1/12th monthly) will be required to be made with Lender; provided, however, Borrower shall not be required to make deposits into such reserve at any time the balance in the reserve is \$1,625,000. Interest on the Lease Rollover Reserves will be for the benefit of the Borrower.

Replacement Reserves: Commencing at closing and continuing on a monthly basis thereafter, an escrow for replacement reserves equal to \$0.20/sq ft/year (paid 1/12th monthly) (or such higher amount recommended by a property condition report) will be required to be made with Lender. Interest on the Replacement Reserves will be for the benefit of the Borrower.

Outstanding TI/LC Reserves: At closing, Borrower shall deposit with Lender the following (referred to herein collectively as the TI/LC Reserves): (i) all outstanding Rent Reserve: tenant improvement and leasing commission costs, and (ii) all rent and reimbursements related to tenants that have signed leases but have not yet taken occupancy or commenced the payment of rent (calculated from the closing date through and including the anticipated rent commencement/occupancy date). Funds in the reserve in respect of free rent shall be automatically disbursed (without Borrower having to make a draw request) on a monthly basis pursuant to a schedule attached to the loan documents. Interest on the Outstanding TI/LC Reserve will be for the benefit of the Borrower.

Deferred Maintenance: If deferred maintenance items are identified by Lender's engineer, Borrower will be required to escrow funds equal to 115% of such costs. The loan documents will set forth the

time periods in which Borrower shall be required to complete repairs.

The loan documents shall also contain provisions that Lender will respond to reserve disbursement requests within 10 business days.

Collateral:

The loan will be secured by, among other things, a first mortgage lien and first priority security interest, as applicable, on the Borrower's fee interest in the Property, all improvements, personal property, and all leases, security deposits, rents, issues, profits, revenues and other income, deposit and cash management accounts, and reserve funds, all as more particularly described in the loan documents, [together with a pledge of 100% of the membership interests in Borrower.

Cash Management:

Borrower shall be required to establish at closing a deposit account [with Lender (which account shall be under the sole dominion and control of Lender)] [for the benefit of Lender (in which Lender shall be granted a first priority security interest and shall have "control" pursuant to a deposit account control agreement acceptable to Lender at a financial institution acceptable to Lender], into which all rents and revenues from the Property shall be deposited. ~~On each business day, f~~Funds on deposit in the deposit account shall be transferred: (a) other than during a Cash Sweep Period (as defined below) and provided no default exists under the loan documents, on the first business day of each week to Borrower's operating account (from which Borrower shall make debt service payments and payments of all amounts due under the loan documents), and (b) during a Cash Sweep Period, on each business day, to a cash management account established and controlled by Lender. Borrower shall establish Borrower's operating account [with Lender][at a financial institution acceptable to Lender in all respects], and Lender shall be granted a first priority security interest in Borrower's operating account. Provided no default exists under the loan, funds on deposit in the cash management account shall be used on each monthly payment date to fund debt service payments, escrow and reserve deposits and other payments due under the loan documents, to pay operating expenses related to the Property in accordance with an annual budget approved by Lender, and any excess funds ("Excess Cash") shall be held in escrow as additional collateral for the loan until earlier of repayment of the loan or cessation of a Cash Sweep Period.

"Cash Sweep Period" shall mean any one or more of the following periods: (a) commencing at such time as the debt service coverage ratio (as determined by Lender) falls below 1.15x on a trailing twelve (12) month basis (tested quarterly) and continuing until such time as the debt service coverage ratio is at least 1.25x on a trailing twelve (12) month basis (tested quarterly for two consecutive quarters).

Borrower shall covenant to promptly notify Lender of the occurrence of any event or condition which, pursuant to any of the foregoing,

would result in the commencement or cessation of a Cash Sweep Period. Excess Cash held by Lender shall be returned to Borrower upon the cessation of a Cash Sweep Period.

Events of Default:

Lender's standard events of default for transactions of this type, including without limitation: (1) breach of representation or warranty; (2) nonpayment of principal, interest, fees or other amounts; (3) failure to perform or observe financial covenants, negative covenants or certain affirmative covenants contained in the loan documents; (5) failure to pay material indebtedness when due or the occurrence of any event in respect of material indebtedness that causes or otherwise permits the acceleration of such material indebtedness; (6) bankruptcy and insolvency events of default, including the appointment of a receiver, trustee, examiner, liquidator or similar official without the Borrower's or the applicable subsidiary's consent; (7) any court, government or governmental agency condemning, seizing or taking control of, all or any material portion of the property of Borrower and its subsidiaries; (8) monetary judgment defaults; (9) customary ERISA defaults; (10) nonpayment of any rate management obligation; (11) change in control; (12) the occurrence of any "default" under any loan document; (13) invalidity or unenforceability of any loan document (including any guaranty or collateral document); and (14) failure to create and maintain a valid and perfected first priority perfected security interest in the collateral; and (15) material adverse effect, subject to customary and reasonable cure periods as set forth in the loan documents.-

Representations and Warranties:

Lender's standard representations and warranties for transactions of this type, including, without limitation: (1) existence and standing; (2) authorization and validity; (3) no conflict; government consent; (4) financial statements; (5) material adverse change; (6) taxes; (7) litigation and contingent obligations; (8) subsidiaries; (9) ERISA; (10) accuracy of information; (11) Reg U; (12) material agreements; (13) compliance with laws; (14) ownership of properties; (15) plan assets; prohibited transactions; (16) environmental matters; (17) Investment Company Act; (18) insurance; (19) solvency; (20) no event of default or unmatured event of default; (21) OFAC; (22) collateral.

Property Management:

The property manager for the Property shall be an affiliate of Borrower or another person subject to the approval of Lender in its sole and absolute discretion and the property management agreement relating to the Property shall be subject to the approval of Lender in its sole and absolute discretion. Borrower shall collaterally assign to Lender all of its rights under the management agreement, which shall be subordinate to the loan and the lien of the security instruments. Lender shall have the right to cause Borrower to terminate the management agreement following loan default or a default under the management agreement, if the property manager shall become

insolvent or a debtor in bankruptcy, engages in fraud, gross negligence, willful misconduct or misappropriation of funds, or the debt service coverage ratio falls below 1.05x on a trailing twelve (12) month basis, as determined by Lender.

The loan documents shall also contain a provision permitting Borrower to replace the manager with a Qualified Manager (which shall mean (i) a reputable and experienced manager as reasonably determined by Lender, (ii) such manager has not been party to a bankruptcy action within the last ten (10) years, (iii) such manager manages at least 10 office properties totaling at least 5,000,000 sf of gross leasable area, excluding the Property, (iv) such manager has experience in managing properties similar in size, scope, use and value as the Property, (v) Borrower provides a no-downgrade letter from the Rating Agencies, (vi) Borrower provides a non-consolidation opinion if such manager is a Borrower affiliate, (vii) Borrower pays all of Lender's out of pocket costs and expenses and customary processing charges, and (viii) such other customary terms and conditions).

The loan documents shall contain provisions to the effect that Borrower may enter into leases and renewals of leases at the Property without Lender's prior written approval with respect to leases for less than 20,000 rsf. Lender's approval shall be deemed granted if (i) Borrower sends a request for approval to Lender with all necessary information, and (ii) Lender does not respond to the request within 10 business days. Borrower shall also be required to satisfy certain other ministerial requirements when seeking approval (i.e., the request shall include a caption in all capital letters, bold, 14 point font, etc., indicating that failure to respond will result in deemed approval).

General Closing Requirements:

Approval of the Loan will be subject to satisfactory completion of Lender's underwriting and due diligence, including review and approval of all information that Lender deems pertinent in its sole discretion.

[ALTERNATIVE: Approval of the Loan, in Lender's sole and absolute discretion, will be subject to satisfactory completion of the Lender's underwriting and due diligence, including review and approval of all information that Lender deems pertinent in its sole and absolute discretion. The underwriting and closing requirements which must be satisfied prior to closing will include, among other things, the following:

(a) Receipt of (i) an appraisal prepared by a MAI certified appraiser engaged and acceptable to Lender; (ii) a Phase I environmental site assessment and, if required by Lender, a Phase II environmental site assessment; (iii) an engineering report; and (iv) operating and capital expenditure budgets and approval of any

construction drawings, if applicable, in each case satisfactory to Lender in form and substance.

(b) Property to be free and clear of all liens and encumbrances, unless approved in writing by Lender in its sole and absolute discretion.

(c) The Borrower authorizes Lender to order and to procure a title insurance policy on the Borrower's behalf at standard title insurance premium rates. The Borrower will be obligated to bear the costs for such policy, any related searches, and any endorsements required by Lender.

(d) Evidence of proper zoning and permitting, and certificates of occupancy acceptable to Lender.

(e) All resolutions, signing authorities, and legal opinions (including, without limitation, enforceability, zoning and non-consolidation) on behalf of the Borrower, Guarantors, and material counterparties as deemed necessary by Lender, all in form and content acceptable to Lender in all respects.

(f) Proof of (i) "special form" insurance (including flood, earthquake, fire, and other casualty insurance) for the full replacement value of the buildings, structures, and other improvements located on the Property, naming Lender as lender loss payee and mortgagee, and (ii) commercial general liability insurance with respect to the Property, naming Lender as an additional insured, in such amounts as may be required by Lender, in its sole and absolute discretion.

(g) Unpaid real property taxes and assessments which are due and owing at the time of closing of the Loan are to be paid at or prior to closing of the Loan.

(h) Inspection of the Property by Lender and its representatives and their approval thereof will be required prior to closing of the Loan.

(i) Receipt, review, and approval of all applicable corporate housekeeping documentation for Borrower and Guarantors.

(j) Review of the management agreement between Borrower and its property manager, together with the Lender's approval thereof in all respects. The Loan Documents shall provide that upon the occurrence of certain events, Borrower may be required to terminate and replace the manager with an independent third party manager acceptable to Lender.

(k) Satisfactory review of the financial condition of Borrower, its principals and members, the Guarantors and all tenants of the Property.

(l) Other requirements as may be requested by Lender]

Securitization/Sale/  
Transfer:

Lender shall have the right to sell all or a portion of the loan and/or certificates, participations, securities, notes or other instruments evidencing whole or component interests therein through one or more public or private offerings or sales (each a "Secondary Market Transaction"). To facilitate one or more Secondary Market Transactions, either before or after the closing, the loan may be

bifurcated into a mortgage loan and one or more mezzanine loans secured by direct and/or indirect equity ownership interests in Borrower, and/or pari passu and/or senior and subordinate components or loans. The resulting loans, components or notes may be assigned different interest rates so long as their initial weighted average and, other than following a default or in connection with any partial prepayment of principal, whether voluntary or involuntary, their weighted average during the Loan Term, shall equal the Interest Rate at the time of closing of the loan. The loan documents shall provide customary terms regarding cooperation of Borrower and Guarantors in connection any of the foregoing.

Yield Protections/ Change in Capital Adequacy Regulations:

The loan documents shall contain Lender's standard provisions (a) protecting the Lenders against increased costs or loss of yield resulting from changes in reserve, tax, liquidity, capital adequacy and other requirements of law and from the imposition of or changes in withholding or other taxes (including the Administrative Agent's customary Dodd-Frank, Basel III and tax provisions) and (b) indemnifying the Lenders for customary breakage costs incurred in connection with, among other things, any prepayment of a LIBOR-based loan on a day other than the last day of an interest period with respect thereto.

Indemnification:

Borrower will indemnify and hold harmless Lender (including any letter of credit issuing bank and swingline lender, if applicable) and their respective affiliates, and their officers, directors, employees, agents, counsel and advisors, from and against all losses, liabilities, claims, damages or expenses arising out of or relating to the Loan, the Borrower's use of loan proceeds or the commitments, including, but not limited to, reasonable attorneys' fees. This indemnification shall survive and continue for the benefit of all such persons or entities.

Governing Law:

This Term Sheet and the loan documents will be governed by and construed in accordance with the internal laws (and not laws pertaining to conflicts or choice of law) of the State of New York. Borrower hereby consents to the exercise of personal jurisdiction over Borrower in New York and agree that any action arising out of or relating to this Term Sheet will, at Lender's option, be brought exclusively in New York.

Good Faith Deposit:

A deposit of \$100,000.00 (the "Good Faith Deposit") shall be paid to Lender upon signing this term sheet. The Good Faith Deposit shall be applied to the Lender's out of pocket costs in connection with the Loan. If, at any time, the unspent portion of the Good Faith Deposit falls below \$25,000, the Borrower will be required to deposit the amount necessary to increase the remainder of the Good Faith Deposit to \$50,000.00. If Lender does not approve the Loan or approves the Loan on terms which materially deviate from the summary terms outlined herein, and such materially different terms

are not acceptable to the Borrower, then the Lender will refund the unspent portion of the Good Faith Deposit.

*[NOTE: For brevity, this sample term sheet omits certain standard clauses and provisions.]*

For avoidance of doubt, this Term Sheet is intended only as a preliminary expression of interest and shall be non-binding, other than with respect to the provisions of Indemnification, Governing Law, and Good Faith Deposit set forth above, which are intended by the parties to be legally binding.

This Term Sheet may be executed in counterparts which, taken together, shall constitute an original. Delivery of an executed counterpart of this Term Sheet by email shall be effective as delivery of a manually executed counterpart thereof.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

Should the terms set forth herein accurately reflect your understanding of our proposal and meet your approval, please sign this letter where provided below and wire transfer the Good Faith Deposit using the instructions attached hereto as Exhibit A. The terms set forth herein shall expire if not executed by Borrower and each Guarantor before September 26, 2015. Please feel free to call \_\_\_\_\_ at with any questions. We look forward to hearing from you.

Very truly yours,

XYZ BANK

By: \_\_\_\_\_  
Name:  
Title:

ACKNOWLEDGED AND AGREED  
September \_\_, 2015:

ABC COMPANY LLC

By: \_\_\_\_\_  
Name:  
Title:

\_\_\_\_\_  
JOHN SMITH

\_\_\_\_\_  
JANE DOE