

Dear		:	

Self-Help is pleased to present for your consideration the following preliminary, non-binding proposal to for construction and permanent financing of Phase I of the for constructed on land located at 0000 Highway 1, Nowhere, NC (the "Property"). This proposal reflects the package we are preparing to present to our credit committee, which has the sole authority to approve or deny loan requests.

Please note that this term sheet has been developed prior to full due diligence and underwriting of the project. This Commitment describes generally the structure, terms and conditions of the Loan, but is not a definitive statement of all loan terms. Any term not covered by this letter or only referred to generally herein shall be subject to the mutual agreement of the parties. Because we want to develop a loan package appropriate to your needs, we are open to further discussions if necessary.

Self-Help is excited about the possibilities this project represents due to the intern program for at risk youth and for the sustainable components of the project.

The terms and conditions of the proposed financing are as follows:

Lender	Self-Help Credit Union ("SHCU"), Self-Help Federal Credit Union ("SHFCU"), and affiliates, collectively the "Lender."		
Borrower	, a single-purpose limited liability company formed by Borrower's organizing documents shall be subject to Self-Help approval.		
Loan Amount	During the construction loan period, the lesser of \$26,000,000 or 75% loan-to-cost. Cost may include acquisition and pre-development work completed at the Property by Borrower and as approved for inclusion by Lender. The Loan during the construction period will be in two parts:		
	<u>Loan A</u> : Up to \$20,500,000 during the construction period that will convert to permanent after construction.		
	<u>Loan B</u> : Bridge loan up to \$5,355,000 that will be paid down in full by a SBA 504 permanent loan, which is anticipated to be in place shortly after construction completion. Loan B will be the last to be disbursed into the Project.		
	301 W Main Street, Durham, NC 27701 PO Box 3619, Durham, NC 27702-3619		
	Tel: 919.956.4400 / Fax: 919.956.4600 www.self-help.org		

	During the permanent loan period, the lesser of \$20,500,000 or 65% of the as completed appraised value of the Property, based on a new or updated appraisal written to Lender.	
Use of Proceeds	Acquisition, closing costs, and Phase I design, site work, and construction of the Property into a destination hotel (the "Project").	
Construction Loan Period	The Loan will be interest only until the earlier of 24 months or project stabilization, defined as DSCR of 1.10 for one quarter. After such time, the Loan will convert to a permanent loan.	
Term/ Amortization	Principal and interest payments for the permanent loan will be on a 25-year amortization schedule. A balloon payment of all outstanding principal and interest on the permanent Loan will be due and payable 10 years from the date the Loan converts to a permanent loan.	
Interest Rate	Loan A: Loan A is fixed for 7 years and would bear interest at a rate equal to the 7- year U.S. Dollar Swap Rate as of two days prior to the date of closing of the Loan (the "Closing Date") plus 3.00%. "X-year USD Swap Rate" shall mean the mid- market semi-annual swap rate for USD swap transactions with a maturity of X years which appears on the Bloomberg page "USD SWAP SEMI 30/360 X YR screen." Upon the end of the initial 7-year fixed period, Loan A will adjust thereafter to 5-year US Dollar Swap Rate plus 3.00% ("Rate Adjustment Date"). Adjustments may be made to the rate depending upon final underwriting, transaction structure, and available collateral. The rate has a floor of 4.50%. For indicative purposes only, the estimated initial interest rate on the Loan on the date of this letter would be 5.27 %.	
	Loan B: Loan B is variable rate and would bear interest at a rate equal to the one month LIBOR plus 2.75%. For indicative purposes only, the estimated initial interest rate on Loan B on the date of this letter would be 2.90%.	
Prepayments	Borrower may prepay Loan in whole or in part with five days prior notice to Self-Help, and including a prepayment fee. Borrower may prepay Loan in whole or in part without prepayment penalty within 4 months prior to the Rate Adjustment Date. Any prepayment shall be accompanied by the payment of the greater of:	
	(a) 0.25% of the amount of the prepayment; and	
	(b) the net present value of (i) the interest that would have been earned by Self-Help from Borrower's scheduled payments under the Loan during the Yield Period had there been no prepayment, less (ii) the amount that would be earned by Self-Help during the Yield Period by applying the Base Rate to the amount of the principal prepayment.	
	The "Yield Period" is the period of time from the date of prepayment to the sooner to occur of $(x)$ the next Rate Adjustment Date, or $(y)$ the scheduled maturity date of the Loan.	
	The "Base Rate" shall be the then-current U.S. Dollar Swap Rate equal to the	

	length of the Yield Period.
	For purposes of determining net present value, the discount rate used shall be the Base Rate.
Collateral	(1) First lien on land and all existing and future improvements at the Property. (2) Blanket lien on cash accounts and fixed assets. (3) Assignment of leases and rents for the Property. (4) Asset Replacement Reserve Account and Cash Reserve Account as described below.
<b>Origination Fee</b>	0.85% of the amount of the construction Loan, due and payable at closing date.
Commitment Fee	An amount equal to one half of the Origination Fee, non-refundable, due upon execution of a commitment letter, which will be provided after formal underwriting of the Loan. The Commitment Fee will be credited against the Origination Fee at closing.
Construction Loan Administration Fee	To be discussed, with the understanding that Borrower agrees to pay the full costs of a third party Construction Administrator in addition to Lender's internal costs.
Self-Help Legal Fees	\$10,000
- 0	\$10,000 Unlimited, unconditional, joint and several personal guarantees by the principals of Additionally, unlimited, unconditional personal guarantees representing at least 51% of the overall ownership of the Borrower for the life of the Loan, and any principals (defined as any natural person(s) owning 20% or more of the Borrower) need to provide personal guarantees.
Fees Personal	Unlimited, unconditional, joint and several personal guarantees by the principals of Additionally, unlimited, unconditional personal guarantees representing at least 51% of the overall ownership of the Borrower for the life of the Loan, and any principals (defined as any natural person(s) owning 20% or more of the Borrower)

Reserve	On the closing date, Borrower will establish an interest-bearing Asset Replacement Reserve Account (the "Reserve Account") to be held at SHFCU and assigned to Self-Help as additional collateral for the Loans. Funds in the Reserve Account shall be subject to a hold in favor of Self-Help. Borrower shall fund the Reserve Account beginning one year after completion of construction of the Project, with automatic monthly deposits.
	<ul> <li>Reserve structure is still under discussion and will be mutually agreed upon by Borrower and Lender, with the following as key guiding principles: <ul> <li>Borrower would like to have some flexibility with regard use of the Reserve that does not require Lender permission for each individual cash expenditure event; and</li> <li>Lender requires some form of check and balance (that is defensible to Lender's regulators and is in-line with industry standards) to ensure</li> </ul> </li> </ul>
	Borrower is re-investing in the Property appropriately to ensure the ongoing value of the collateral, and that funds are being spent on certain allowable expenses, to be defined mutually by Borrower and Lender.
Subordination	All subordinate lenders and all others persons or entities to whom Borrower is obligated to pay fees under any agreement or contract shall execute and deliver to Self-Help a subordination and intercreditor agreement pursuant to which they agree, in the event of a default under the Loan, to subordinate their interest in and to be "standby" on payment of amounts due from Borrower. Subordinate debt, if any, must match or exceed Self-Help's loan term. All other terms and conditions of subordinate debt and other such agreements and contracts would be subject to Self-Help's approval.
Other Loan Terms	Securing all capital needed to complete the Project, including contemplated CDBG and SBA 504 financing.
	Borrower will need to become a member of SHCU and SHFCU.
	Acceptable environmental review, survey, title insurance, and hazard insurance with respect to the Property will be required.
	Zoning verification, showing that Borrower's use of the Property complies fully with all applicable laws and regulations.
	An acceptable new or updated appraisal of the as-is and as-complete value of the Property and improvements written to Lender by a certified MAI appraiser shall be required.
	All necessary permits and approvals, from all local and other governmental authorities, which are required to complete the Project.
	Loan payments and reserve accounts paid to Self-Help will be made by automatic debit of the Borrower's bank account.
	All costs associated with closing are to be paid by the borrower, including but not limited to the above-described fees, attorney's fees, survey costs, environmental investigations, property condition assessments, appraisal, other reports as deemed

necessary by Self-Help, title insurance, taxes and recording costs. Self-Help would use its in-house legal staff and would not pass through attorneys' fees to the Borrower.

Lender reserves the right to require its approval prior to the borrower incurring any additional debt during the term of the Loan.

Lender and Borrower will agree upon reasonable ongoing Loan covenants around annual debt service coverage and borrower liquidity.

**SBA 504 Necessity** The overall loan being requested by the Borrower is not available on reasonable terms from non-federal sources because the loan term exceeds Lender's conventional loan policy, and the overall advance rate exceeds Lender's conventional maximum for this type of property/collateral.

Self-Help has not yet completed our due diligence on this project and the above terms have not been reviewed or approved by our credit committee. Thus, this letter is not a commitment letter and the above terms and conditions are not binding on Self-Help. Additional terms and conditions may apply to any loan commitment. Only a firm commitment letter evidences approval of and commitment for any loan by Self-Help.

We are excited about the prospect of working with you on this project, and are eager to prepare a proposal for Self-Help's credit committee. If credit committee approves the loan, Self-Help can move quickly to closing.

Best regards,

First Underwriter VP, Commercial Lending First Loan Offier Business Development Officer, CRE