



effective\_date\_ts

Attn: first\_name last\_name  
business\_legal\_name  
email  
mobile\_phone

RE: Construction Plus Term Loan

Dear first\_name:

Thank you for giving us this opportunity to provide you with this Summary of Terms and Conditions ("Term Sheet") for project\_name ("Project").

This Summary of Terms and Conditions is for discussion purposes only and is not a commitment to lend by the Lender. Any commitment ("Loan") is subject to due diligence and approval. The following is a basic outline of the terms and conditions which are generally available at this time. These terms and conditions are subject to change at any time prior to the execution of a binding commitment, based on the market, underwriting, collateral and other conditions.

This Term Sheet is not considered as a commitment letter but is for discussion purposes only. If the terms and conditions of this Term Sheet are acceptable, please indicate by executing and returning this original proposal letter by deadline\_ts, at which time this proposal will expire if not accepted.

On behalf of Climatize, we look forward to continuing to work with you and your colleagues on the proposed financing. Please feel free to contact me if you have any questions.

Sincerely,

**Climatize Earth Securities LLC**

[Signature Jim]

Jim Goldman  
Director of Finance  
[Signature date Jim]

*[Acknowledged and Accepted on Following Page]*

This Term Sheet is acknowledged and accepted by the following:

**business\_legal\_name**

[Signature frist\_name]

first\_name last\_name

title

[Signature date first\_name]



### Terms & Conditions: Construction Plus Term Loan

This Term Sheet is a summary of certain points of the transaction. Certain due diligence items will also be required to be provided to Climatize for review and approval.

<b>Summary Description</b>	A delayed draw revolving facility (" <b>Construction Plus</b> "), not to exceed the Maximum Offering Amount, to finance the development and construction of the [PROJECT NAME] which converts to a term loan (" <b>Term Loan</b> "), not to exceed the Maximum Offering Amount, to provide permanent financing for the Project (collectively referred to as the " <b>Loan</b> ").
<b>Project</b>	[PROJECT DESCRIBE].
<b>Borrower</b>	SolaRay #1, LLC a Arizona limited liability company.
<b>Issuer</b>	SolaRay Farms, Inc an Arizona domestic benefit corporation.
<b>Guarantor</b>	SolaRay Farms, Inc.  The Guarantee will be in effect during the term of the Construction Plus Loan. For the avoidance of doubt, the Guarantee terminates on the Term Loan Conversion Date.
<b>Lender</b>	TBD.  The final contracts including, but not limited to, the Form C and Loan Agreements may be novated to reflect the individual pro-rata Lenders.  Climatize, an SEC-registered Funding Portal, issues debt securities and leverages tax credit transferability provisions providing a platform for the Issuer to raise funds to finance the Project through Regulation Crowdfunding. As part of this process, Climatize services the loan including, but not limited to, disbursing payments to Lender and acting on behalf of Lender in the case of default.
<b>Offering/Credit Facility</b>	Construction Plus Term Loan.
<b>Offering Amount</b>	The Maximum Offering Amount is \$[AMOUNT] plus any applicable fees. The Maximum Offering Amount is the maximum amount the Issuer is seeking to raise.  The Target Offering Amount is \$[AMOUNT] plus any applicable fees. The Target Offering Amount is the minimum amount the Issuer must raise for the offering to be considered successful.  The Maximum Term Loan Amount shall not exceed the Maximum Offering Amount or the Target Offering Amount, as applicable.
<b>Construction Plus Term 12 months</b>	The Construction Plus term is a twelve (12) month period following the date that Climatize successfully completes the capital raise (" <b>Funding Date</b> ") in which distributions shall be



	made in accordance with a Draw Schedule, by request of the Issuer, or by mutual agreement of the parties.
<b>Term Loan Conversion</b>	<p>The Construction Plus term ends at the Term Loan Conversion Date ("<b>Term Loan Conversion</b>") which is the earlier of the following:</p> <ul style="list-style-type: none"> <li>- Twelve Months following the Funding Date;</li> <li>- Thirty-day following the placed-in-service date; or</li> <li>- Thirty-days following the approval of project certification by the OPUC.</li> </ul>
<b>Term Loan Maturity Date</b>	5-years following the Term Loan Conversion.
<b>Term Loan Amortization</b>	20-years amortization.
<b>Pricing – Construction Plus Loan</b>	9.00% per annum.
<b>Pricing – Term Loan</b>	9.00% per annum.
<b>Fees</b>	<p>Commitment Fee. A fee of \$2,500 payable to Climatize due upon execution of the Term Sheet. The Commitment Fee is used to pay one-time fees due to third-parties and related filing costs. These fees include the following:</p> <ol style="list-style-type: none"> <li>1. Escrow Account Set Up: \$575 payable to Escrow Agent.</li> <li>2. Background Checks: \$100/background check payable to Escrow Agent.</li> <li>3. Financial Review/Audit: cost varies and is payable to an external CPA. Depending on the size of the offering, a financial review or an audit may be required. This can be completed in less than one week.</li> <li>4. Filing Fees: \$150 fee to file for and obtain Edgar codes and a \$500 filing fee to file all other related filings to list Project payable to Climatize.</li> </ol> <p>The Commitment Fee may be waived in part or phased based on milestones at the sole discretion of Climatize. The Issuer will only be responsible for actual third-party fees incurred in the event of cancellation.</p> <p>Origination Fee: 5% of the Maximum Offering Amount due on the Funding Date payable to Climatize. Any unused portion of the Commitment Fee shall be credited to the Origination Fee payable.</p> <p>Annual Fees. Climatize services the Loan including, but not limited to, disbursing payments to the Lender and acting on behalf of Lender in the case of default. Annual Fees are due annually in advance. Annual Fees include the following:</p>



	<ol style="list-style-type: none"><li>1. Servicing Fee: 0.50% of the Maximum Offering Amount payable Climatize annually in advance.</li><li>2. Digital Transfer Agent Fee: ranging from \$400 per year for fewer than 50 investors to \$750 per year for more than 51 investors, payable to applicable third-party transfer agents annually in advance.</li></ol>
<b>Repayment</b>	<p>The Loan has two separate terms.</p> <ol style="list-style-type: none"><li>1. The Construction Plus loan is an up to 12-month long term during which the Borrower shall make quarterly interest-only payments each January 1, April 1, July 1, and October 1 following the Funding Date. Any unpaid accrued and unpaid interest will be due and payable at the Term Loan Conversion.</li><li>2. The Term Loan is a 5-year term loan amortized over 20-years during which the Borrower shall make quarterly interest plus principal payments pursuant to the Amortization Schedule, if any, each January 1, April 1, July 1, and October 1 following the Term Loan Conversion. All accrued and unpaid interest and outstanding principal is due and payable on the Term Loan Maturity Date.</li></ol>
<b>Security</b>	<p>A perfected first priority lien on all project assets provided the Security will secure all of the obligations owed to Lender, pledge of the Issuer and/or Borrowers' accounts and, as applicable, consents and assignments of certain key project documents as may be required (e.g. PPA, EPC, Site Lease, and O&amp;M) and applicable leasehold mortgages. Pledge of any applicable rebate, grant, tax credit and/or incentive, as applicable.</p>
<b>Collateral</b>	<ol style="list-style-type: none"><li>1. All project equipment.</li><li>2. All contracts for operation of the project.</li><li>3. Any applicable leasehold mortgage associated with the project.</li><li>4. All equity owned by Issuer, Borrower and/or Borrower parent, as applicable, with respect to the project.</li></ol>
<b>Indemnity</b>	<p>Borrower agrees to indemnify and hold harmless Issuer, Lender, and Climatize against any and all claims, actions, damages, losses, liabilities, costs, expenses or payments of whatever nature and however arising that Borrower suffers, incurs or is liable for under the Term Sheet or related documents.</p>
<b>Financial Covenants</b>	<p>Those customary for transactions of this type.</p>



<b>Payment Waterfall – Term Loan Period</b>	<p>Distributions from the Payment Reserve Account will occur quarterly in the following order of priority:</p> <ol style="list-style-type: none"><li>1. Reimburse Climatize for any unpaid Loan expenses.</li><li>2. Pay accrued and unpaid interest due to Lender.</li><li>3. Pay principal due to Lender.</li><li>4. Replenish Payment Reserve Account to the Minimum Reserve Amount.</li><li>5. Transfer remaining balance in excess of Minimum Reserve Amount to Borrower's operating account, so long as no Event of Default has occurred.</li></ol>
<b>Disbursement Deliverables</b>	<p>Deliverables prior to the draws under the Loan are those that are customary for transactions of these types including:</p> <ol style="list-style-type: none"><li>1. The Issuer, Borrower and/or Borrower Parent will have committed all required equity to the Project.</li><li>2. Updated budget and draw schedules, reflecting modifications, status of equipment deliveries as applicable.</li><li>3. EPC Contractor and material subcontractor progressive Lien Waivers with respect to Project.</li><li>4. Executed contracts and agreement as applicable.</li></ol>
<b>Financial Reporting</b>	<p>Issuer shall be required to submit annual financial statements and covenant compliance certificates within sixty (60) days of the fiscal year end. Additionally, the Guarantor, if any, shall be required to submit annual financial statements within ninety (90) days of the fiscal year end.</p>
<b>Prepayment</b>	<p>No prepayment penalty will be assessed.</p> <p>In the event that Borrower receives any project incentives, rebates, grants or other contributions, the Borrower must make a mandatory prepayment or reduction of a portion of the Loan within thirty (30) days of receiving the incentives, rebates, grants or other contributions.</p>
<b>Payment Reserve Account</b>	<p>Deposit account maintained by Borrower at North Capital Investment Technology, Inc. at all times during the Term Loan. On the Funding Date, the account shall be funded by the Borrower and shall be equal, at minimum, to one (1) quarterly payment ("<b>Minimum Reserve Amount</b>").</p> <p>In the event that the Payment Reserve Account balance is less than the Minimum Reserve Amount, the Borrower shall have thirty (30) days to true up the balance to the Minimum</p>



	Reserve Amount. Failure to timely fund the Payment Reserve Account shall constitute an Event of Default.
<b>Insurance</b>	Issuer or Borrower, as applicable, shall provide evidence of insurance including, but not limited to Liability and Property and Casualty insurance in the amounts and in the form satisfactory to Climatize for the project.
<b>Issuer Documentation</b>	<p>Documentation required from the Issuer shall include, but not be limited to, the following:</p> <ol style="list-style-type: none"><li>1. Reviewed or audited financial statements covering the two most recent fiscal years completed.</li><li>2. Certificate of incorporation of formation.</li><li>3. Organizational Chart.</li><li>4. EIN Documentation.</li><li>5. Governing Documents (e.g. LLC agreement, operating agreement, bylaws, etc.)</li><li>6. Ownership Documents (e.g. schedule of owners, cap table, etc.)</li><li>7. Amendments to corporate documents.</li><li>8. Background Check Authorization Form for all covered persons. Covered persons include, but are not limited to, the Issuer, directors, general partners, managing members, executive officers, beneficial owners, etc.</li></ol>
<b>Project Documentation</b>	<p>Project Documentation required for the Project shall include, but not be limited to, the following:</p> <ol style="list-style-type: none"><li>1. Power Purchase Agreement, equipment lease or equivalent commodity purchase agreement.</li><li>2. Interconnection Agreement.</li><li>3. Engineering, Procurement, and Construction (“EPC”) Agreement.</li><li>4. Lease/Easement Agreements with respect to real property material to the project; including a recorded memorandum of the Lease/Easement Agreements.</li><li>5. Tax credit and environmental attributes monetization strategy and or financing agreements.</li><li>6. Operations and maintenance (“O&amp;M”) agreement.</li><li>7. All necessary governmental and regulatory permits, including environmental and building permits to allow construction, ownership and operation of the Project.</li></ol>



	8. Other agreements with respect to the Project, as may be necessary and as agreed to by the Issuer or Borrower and Climatize.
<b>Accounts</b>	None other than those identified for the Payment Reserve Account.
<b>Events of Default</b>	<p>Customary for transactions of this nature.</p> <p>In the event that the offering fails to reach the Target Amount within the Offering Period, or the Issuer cancels during the Offering Period, the Issuer is liable for all third-party fees and costs incurred and the Commitment Fee.</p>
<b>Closing Costs</b>	Lender and Climatize will not incur any expenses whatsoever in connection with the application, closing and offering. The Issuer will be required to pay all costs and expenses incurred in the preparation of the application and for the closing of the transaction whether ultimately closed or not, including, without limitation, legal fees and recording costs.
<b>Conditions Precedent to Closing</b>	TBD.
<b>Confidentiality</b>	The Issuer and/or Borrower agrees to keep this term sheet and all of its material terms confidential. The Borrower is not to disclose this term sheet or any of its material terms to anyone except as such disclosure is required by law or regulation or as a result of any legal or administrative proceeding.