**12/11/2019**

**1 Mailing St**

**Apt. 111**

**San Francisco, CA 94111=**

Re: Conditional Permanent Loan Commitment for financing to be secured by **111 Pine St, Suite1800, San Francisco, CA 94111.**

Dear **John A.** **Doe**:

First Republic Bank ("First Republic" or "Lender") hereby makes the following conditional loan commitment which it will fund or cause to be funded a loan (the "Loan") subject to the following terms and conditions:

I. GENERAL TERMS OF LOAN

Subject Property: **111 Pine St**

**Suite1800**

**San Francisco=, CA 94111**

(the "Real Property")

Type of Property: **Condo**

Borrower(s): **John A.** **Doe**

**Jane B.** **Doe**

Guarantor(s): **Mark C. Purchaser**

**Megan C. Purchaser**

Type of Loan: **Purchase=**

Total Loan Amount: Lesser of $ **$1,000,000** or $ **50%**% of appraisal

Maximum Loan to Value: **80%**%

Secondary Financing: No subordinate financing shall be placed on the Real Property without the prior written approval of First Republic.

Loan Term: **30** years

Loan Amortization: **ARM**

Payments Principal and interest shall be payable monthly, in arrears, in equal monthly installments during the term of the Loan, based upon an amortization schedule of **120** years.

Initial Interest Rate: **4.50%**% over the **Prime** at the time of funding of the Loan, fixed for **36** months.

Interest and fee shall be calculated for actual days elapsed on the basis of a 360-day year, which results in higher interest payments than if a 365-day were used.

Interest Rate

Index and Margin **5.00%**% over the **Prime** beginning in month **January** of the Loan. Interest and fee shall be calculated for actual days elapsed on the basis of a 360-day year, which results in higher interest payments than if a 365-day were used.

Interest Rate

Adjustments: **Monthly**

Interest Rate Cap: The interest rate adjustment shall not exceed cumulatively **14%**% per loan year.

Interest Rate Floor: The interest rate under the Loan shall in no event be less than **2.00%**%.

Interest Rate Cap: The interest rate under the Loan shall in no event be greater than **5.00%%**

Prepayment: **Borrower may prepay the Loan in whole or in part after the 10th anniversary of the Loan without penalty. Prior to the 10th anniversary of the Loan, Borrower may prepay the Loan in whole or in part subject to a prepayment penalty equal to 20.00%% of the principal balance to be prepaid.**

Assumption: **The Loan is assumable at a 50%% assumption fee to a qualified buyer, under the terms and conditions set forth in the Loan Documents.**

Due-on-Sale: Any sale, transfer, conveyance or other encumbrance of the Real Property without the written consent of Lender or as expressly permitted in the Loan Documents shall be a default under the Loan Documents and shall entitle Lender to accelerate all sums then due under the Loan.

Loan Fee: **1.00%**% of the total loan amount plus a processing and documentation fee of $ **$600.**

Term of Commitment: The Loan must close and all documents must be recorded no later than **2/9/2020**.

Primary Banking

Relationship: Borrower would be required to maintain its major depository accounts with Bank while the credit facilities contemplated hereunder are outstanding.

The interest rates described above would require that Borrower’s payments would be automatically deducted from Borrower’s checking account established and maintained at Bank. If automatic payment is not established the interest otherwise applicable would be increased by one-half of once percent (0.50%).

Impounds: Escrows for annual property taxes shall be required on the Loan. These amounts will be calculated at the close of escrow and pro-rata amounts collected thereafter concurrently with loan payments at the monthly rate of one-twelfth of estimated annual requirements. At close of escrow, Borrower shall also deposit with Lender and maintain thereafter a reserve equal to two such monthly escrow payments.

Repair and Remediation

Reserve: Should Lender's underwriting of the Loan or the appraisal, environmental and other reports required herein indicate the need for repairs to be undertaken on the Real Property or the need for environmental remediation efforts to be undertaken on or about the Real Property, an amount equal to 125% of the estimated costs of such repairs and remedial efforts, as estimated by Lender, shall be **deposited with** Lender at the closing of the Loan. Lender shall disburse amounts from such reserve to pay the costs of such repairs and remediation, subject to such terms and conditions as may be provided in the Loan Documents. Borrower shall pay all costs associated with such disbursements, including but not limited to the cost of inspections and title insurance endorsements deemed necessary or appropriate by Lender.

II. SECURITY AND DOCUMENTS

1. Lender will require as security for the payment of the such loan documents as Lender may in its judgment deem necessary or expedient for its protection, which shall be prepared by Lender's counsel based on Lender's standard form loan documents, including but not limited to:
2. Deed of Trust and Fixture Filing. A deed of trust, executed by Borrower as trustor, in favor of First Republic as Beneficiary, constituting a first lien on the Real Property and encumbering all of Borrower's interest in the improvements, goodwill, personal property, and the real property and recorded in the official records of **San Francisco** County, and constituting as well a "fixture filing".
3. Promissory Note. The Loan will be evidenced by a Promissory Note secured by a deed of trust constituting a first lien on the Real Property.
4. Security Agreement. A security agreement, executed by Borrower, granting First Republic a first lien security interest in all chattels, fixtures, equipment, furniture, furnishings, goodwill, trade name, and other intangibles and personal property owned by Borrower which is now or hereafter used in the construction or operation of the property, and such financing statements as it may be necessary for Borrower and/or First Republic to execute and file or record with the appropriate county and/or state offices, in order to perfect the security interest granted to First Republic under the Security Agreement, all in accordance with the applicable commercial code.
5. Assignment of Leases. A recorded assignment, assigning to First Republic all rents, leases and occupancy agreements affecting the property, whether in existence as of the closing, or entered into thereafter, and notice to tenants of assignment of security interest.
6. Borrower's Certificate. A Borrower's Certificate in a form satisfactory to First Republic and an opinion of Borrower's counsel acceptable to First Republic.
7. UCC‑1 Filing.
8. **Continuing Guarantee.]**
9. **Disbursement Agreement.]**

Late Charge: The terms of the Promissory Note shall include a late charge of **10.00%**% of any monthly principal and interest installment not received by First Republic on or before the 10th day after said installment is due.

Default Clause: If Borrowers (a) fail to pay the principal and accrued interest on this Note on the Maturity Date or (b) a Notice of Default is recorded under the Deed of Trust which secures this Note, then the Note Rate provided herein shall, without notice, increase by **0.25%**% per annum ("Default Rate"). All sums paid when due hereunder, including, but not limited to, all interest due hereunder, shall be added to the unpaid balance and shall also bear interest at the Default Rate until the time the Loan is cured.

III. REQUIREMENTS FOR CLOSING

Additional Terms to which the closing of this loan commitment is subject:

1. Approval by First Republic Bank's Advisory Loan Committee.
2. Completion of an appraisal satisfactory to Lender by an appraiser approved by Lender prior to funding reflecting a total fair market value of at least $ **$1,000,000**. This appraisal is subject to review and approval by First Republic and must conform to the provisions of FHLBB R41C. All appraisal costs are to be paid by Borrower.
3. Satisfactory inspection of the Real Property by an officer of First Republic.
4. Approval by lender of all leases and tenancies affecting the property, and all documentation in connection therewith entered into prior to closing. Prior to closing, Borrower shall obtained executed estoppel certificates and nondisturbance and subordination agreements, on Lender's standard form, from all tenants as required by Lender.
5. Delivery to and approval by Lender of copies of all operating agreements, utility agreements, access rights, easements and other contracts, agreements and arrangements affecting operation of the Real Property.
6. Evidence satisfactory to lender that the subject property complies with all applicable environmental mitigation, zoning, building and subdivision laws including evidence satisfactory to First Republic of the non-existence of asbestos or a level of existence which is not considered hazardous and other hazardous or toxic materials in the building or on the site including, but not limited to, a Level I Environmental Report prepared by a qualified environmental consultant approved by Lender.
7. Delivery of acceptable assurance that there are no claims or liens or encumbrances against the property, including mechanics liens, and the right to request and obtain such endorsement coverage from the title insurance company.
8. Receipt of Certificate of Occupancy.
9. Evidence satisfactory to Lender that Net Operating Income (NOI) of the Real Property after deduction of all expenses is sufficient, as determined by Lender, to meet a Debt Service Coverage Ratio of 1: **80.00%**. Expenses shall include, but not be limited to, actual taxes, 3% vacancy, and customary maintenance expense as determined by Lender. Rental income will consist of the lesser of actual rent or market rent as determined by First Republic's appraiser.
10. The Real Property must be in clean and attractive operating condition, free of "deferred" maintenance, and in First Republic's reasonable judgment operated in accordance with market standards.
11. Evidence satisfactory to Lender that the Real Property complies with the Americans with Disability Act.
12. **Evidence satisfactory to Lender that the Real Property is, in Lender's discretion, seismically sound. A seismic review must be performed by a seismic engineer acceptable to First Republic and all costs of such review are to be paid by Borrower.]**
13. **Satisfactory review of CC&R's, bylaws, budgets and all other documentation regarding the condominium association.]**
14. Such other conditions as may be required by law or to meet First Republic's standard underwriting requirements.

Hold Harmless: Borrowers shall defend, indemnify, and hold harmless Lender from and against any and all claims of any third party of any nature arising from this loan transaction and/or the properties taken as security herein.

Funding Requirement: First Republic will be given a 10‑day notice in writing prior to funding.

Insurance: All insurance companies must be satisfactory to Lender. The insurance policies shall name Lender as loss payee, under a Lender's Loss Payable Endorsement acceptable to Lender, as follows:

FIRST REPUBLIC BANK

its successors and/or assignees

111 Pine Street

San Francisco CA 94111

Attn: Loan Operations - Insurance

Policies shall provide for thirty (30) days written notice to the Lender of any material modification or cancellation. Policies shall be fully prepaid. The insurance coverages below may be combined into one or more comprehensive policies:

Term insurance policy against loss or damage to the Real Property and improvements, furnishings, fixtures, machinery, materials and equipment located at the Real Property by fire, lightning, windstorm, earthquake (if required by Lender and in an amount and with a deductible satisfactory to Lender), vandalism, malicious mischief, flood (if the Real Property is in an area designated as subject to danger of flood) and any of the risks covered by insurance of the type now known as "broad form" or "all‑risk insurance," in an amount equal to the full insurable value of the improvements containing a "replacement cost endorsement" and a loss payee endorsement.

Comprehensive public liability insurance, with an endorsement naming Lender as an additional insured (which endorsement shall not be cancelable except on 30 days prior written notice to Lender) including coverage for elevators and escalators, if any, on the Real Property, insuring against claims for personal injury or property damage, including (but not limited to) bodily injury, death or property damage occurring on, in or about the Real Property and the adjoining streets sidewalks and passageways, with a single limit of coverage not less than $ **$1,000,000.00**.

If requested by Lender, "business interruption" insurance and/or loss of "rental value" insurance with respect to the Real Property, in such amounts as are satisfactory to Lender.

Such other insurance, in such form and such amounts, as may from time to time be required by Lender against similar or other hazards under the Loan Documents.

Title Insurance: Borrower shall pay for an ALTA Lender's Policy of Title Insurance (2006 form) from the title insurer approved by First Republic in a sum not less than the maximum amount of the Loan, which shall insure the Deed of Trust free and clear of all defects and encumbrances whatsoever, together with such endorsements Number 100, **[101.3,]** **[111,]** 111.5, 116, 116.1, 116.7, **[122]**, including mechanic's lien endorsements, and such other endorsements as may be required by First Republic, including but limited to a notice of request of delinquency.

Survey: If required by Lender, in its sole discretion, and/or by Lender's title insurer, Borrower shall provide Lender with an as‑built survey of the Real Property certified to Lender and Lender's title insurer, by a registered land surveyor, dated not more than one month prior to the close of escrow, and complying with Lender's and Lender's title insurer's survey requirement.

Tax Service: Borrower shall pay at closing for a tax service contract for the life of the Loan.

Documentation

for Approval: Funding of the commitment, in whole or in part, is contingent upon receipt, review, and approval of, to First Republic's sole satisfaction, the Borrower(s) **[and Guarantor(s)]** credit and financial standing 15 days prior to the funding of this commitment of:

Current financial statements and credit reports (not more than 60 days old) to show no adverse or deterioration in the financial position of the borrowers **[and guarantors]**.

Federal tax returns for the last three years, from the borrowers **[and guarantors]**.

Current verification of deposits and other significant liquidity instruments shown on financial statements.

If Borrower is a corporation, partnership, limited liability company, trust or other entity, all appropriate papers evidencing Borrower's capacity and good standing, and the qualification of signers to execute the Loan Documents and to engage in any transaction or business in connection with which the Loan is made, which shall include certified copies of all documents relating to the organization and formation of Borrower and of the entities, if any, which are partners of Borrower. Borrower and Borrower's general partner (if any) shall be a single purpose, "bankruptcy remote" entity, whose formation documents shall be approved by Lender's counsel as a condition to closing. Borrower's formation documents shall provide that the bankruptcy or insolvency of Borrower's general partner (if any) will not cause the dissolution of Borrower.

All other information reasonably necessary for First Republic to conclude that there is no adverse condition(s) affecting either the property or the borrowers **[or the guarantors]**.

This may include investigative reports conducted a third party(s) ordered by the lender who will also determine the scope of the report. This information is required to ensure that the financial condition of the Borrower(s) **[and the Guarantor(s)]** and the property are substantially the same as represented to us at the time of this commitment and that the Borrower(s) **[and the Guarantor(s)]** are creditworthy, possess the experience to operate and manage the property and have a favorable business reputation. If adverse conditions should occur after the date of the commitment relating to the financial condition of the Borrower(s) **[or the Guarantor(s)]** or the property or if First Republic becomes aware of adverse information relating to the creditworthiness, ability to operate and manage the property, or business reputation of the Borrower(s), the commitment may be altered or withdrawn by First Republic.

Opinion of

Borrower’s Counsel: If required by Lender, Borrower shall furnish Lender with an opinion of an attorney retained by Borrower and acceptable to Lender. Said opinion shall be acceptable to lender and shall include, without limitation, the following matters:

The due authorization, execution, validity, binding effect and enforceability of the Loan Documents in accordance with their terms.

The due organization, valid legal existence and good standing of Borrower and any entity which is a controlling stockholder or general partner of Borrower.

The existence of, or the non-existence of, any requirement for any consent of any governmental authority in connection with the execution, delivery or performance of the Loan Documents.

The fact that the Loan Documents and the performance of the obligations thereunder do not conflict with or violate any applicable laws, agreements or restrictions.

Such other matters incident to the transactions contemplated by this commitment as Lender may request.

Notices: All notices under this commitment shall be mailed by first class mail and addressed as follows:

First Republic Bank

111 Pine Street

San Francisco, CA 94111

Attn: David B. Lichtman

Obligations Current: At the time First Republic is called upon to make the Loan, the borrower(s) to whom the Loan is being made shall not be in default with respect to any of his (their) other obligations. All obligations of First Republic shall be terminated if there is a filing by or against you of any petition in Bankruptcy or for the appointment of a receiver.

Assignments: First Republic shall be at liberty to assign all or any portion of this agreement to one or more lending institutions at its sole discretion.

Expenses: All closing, title, escrow, insurance, appraisal, engineering, environmental, architectural counsel, inspection, documentation, First Republic's legal expenses incurred (including but not limited to legal expenses incurred in the negotiation of loan documents with Borrower and of subordination and non-disturbance agreements with tenants of Borrower), that directly relate to the Loan shall be paid by borrower.

On-going Loan On-going financial reports. The borrower and guarantor

Condition: agree to deliver to First Republic signed federal tax returns and partnership tax returns, annually. Quarterly reports may be requested from time to time.

Non-Refundable

Commitment Fee: If you find this commitment acceptable, please sign and acknowledge one copy of this letter and return it to us along with your non-refundable Commitment Fee.

The Commitment Fee of **1.00%**% of the total loan amount is consideration for the issuance of this Commitment by First Republic and the substantial services and expenses which First Republic has rendered and incurred (and will render and incur) in preparing and/or reviewing all of the documentation required prior to the closing. Such fee is non-refundable as provided above, whether or not the Loan closes. However, if the Loan closes by the term of this commitment, then the commitment fee paid will be applied to the closing costs incurred in connection with the proposed transaction.

If Borrowers fail to submit to First Republic any of the documentation which is required for the closing, in the form required in this Commitment or any of the other documents entered into in connection with the Loan, or in any of the other documents entered into in connection with the Loan, or is otherwise responsible for the failure of the Loan to close, then the entire Commitment Fee shall constitute liquidated damages for such breach by Borrowers.

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(Borrowers' Initials)

This commitment is personal only to the borrower(s) named herein and may not be assigned or transferred. If you find the terms of the commitment offer acceptable, please evidence your acceptance by signing below and returning to First Republic by 5:00 p.m., **12/25/2019** the enclosed copy of this letter and your non-refundable commitment check in the amount of $ **$1,000**. Until receipt by First Republic of such written acceptance by the time indicated above, First Republic shall have no liability of any kind hereunder.

Very truly yours,

TO: First Republic Bank

The undersigned hereby accept(s) the foregoing offer. The undersigned acknowledge(s) that the foregoing, including the standard loan terms and conditions made a part thereof, has been read and understood and that a loan made pursuant thereto shall be subject to the conditions described above. It is hereby warranted that all facts and circumstances pertaining to the loan are as reported.

Agreed and accepted this \_\_\_\_\_\_\_\_ day of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, 200\_\_.

By: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

By: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_