

February 12, 2021

Georgica Green Ventures, LLC  
 50 Jericho Quadrangle, Suite 118  
 Jericho, NY 11753  
 Attn: David Gallo

RE: Term Sheet for a First Priority Fee Mortgage loan (the "Loan"), secured by a 55-unit multi-family apartment property to be known as Garvies Point Block G, 59 Dickson St, Glen Cove, NY 11542 (the "Mortgaged Property" or the "Project").

Dear Mr. Gallo:

We appreciate this opportunity for Barings LLC, a Delaware limited liability company ("Barings"), as Investment Advisor to Massachusetts Mutual Life Insurance Company, a Massachusetts corporation, together with its affiliates, collectively ("Lender") to submit this proposal (this "Term Sheet") to Georgica Green Ventures, ("Sponsor") on behalf of a to-be-formed single purpose entity that will be the owner of the Mortgaged Property (the "Borrower"), outlining the basic terms upon which the Lender will consider providing a forward commitment for first mortgage financing secured by the Mortgaged Property, subject to the following (collectively, the "Loan Process Items"): (i) satisfactory completion of sufficient due diligence and underwriting of the Mortgaged Property and the Borrower and Guarantor(s) and (ii) approval by the Investment Committees of both Lender and Barings (the "Investment Approvals").

**OVERVIEW\*:**

<b>Full Loan Amount:</b>	Up to \$8,250,000												
<b>Loan Term/Amortization:</b>	Thirty (30) years / Thirty-Five (35) years												
<b>Forward Period/Funding Date</b>	Up to (36) months from Rate Lock / TBD												
<b>Estimated Contract Rate:</b>	<table border="0"> <tr> <td></td> <td style="text-align: center;"><u>A-Tranche</u></td> </tr> <tr> <td>(a.) 10 Year UST:</td> <td style="text-align: center;">1.15%</td> </tr> <tr> <td>(b.) Base Term Spread:</td> <td style="text-align: center;">2.85%</td> </tr> <tr> <td>(c.) 36 Mo. Forward Cost:</td> <td style="text-align: center;"><u>0.35%</u></td> </tr> <tr> <td><b>All-In Rate:</b></td> <td style="text-align: center;"><b>4.35%</b></td> </tr> <tr> <td style="padding-left: 20px;">Floor:</td> <td style="text-align: center;">4.30%</td> </tr> </table> <p>10-year UST as of February 11, 2021</p>		<u>A-Tranche</u>	(a.) 10 Year UST:	1.15%	(b.) Base Term Spread:	2.85%	(c.) 36 Mo. Forward Cost:	<u>0.35%</u>	<b>All-In Rate:</b>	<b>4.35%</b>	Floor:	4.30%
	<u>A-Tranche</u>												
(a.) 10 Year UST:	1.15%												
(b.) Base Term Spread:	2.85%												
(c.) 36 Mo. Forward Cost:	<u>0.35%</u>												
<b>All-In Rate:</b>	<b>4.35%</b>												
Floor:	4.30%												
<b>LTV &amp; NOI Requirements:</b>													
<b>At Underwritten Rents:</b>	Currently underwritten NOI: \$567,192 Minimum Conversion NOI: \$567,192 Maximum Conversion LTV: 90%												
<b>At Hypothetical Rents (subject to surviving restrictions):</b>	Minimum NOI: \$520,000												
<b>Assumed Cap Rate:</b>	5.00%												
<b>Applied Vacancy:</b>	5.00%												
<b>Percentage Market Units:</b>	0.00%												
<b>Fees and Deposits:</b>													
<b>Application Fee:</b>	\$15,000												
<b>Cost Deposit:</b>	\$25,000												
<b>Commitment Fee:</b>	100 basis points (\$82,500)												
<b>Standby Deposit:</b>	1% (\$82,500 in cash or LC)												

\* Until Rate Lock, all material presented including pricing and the forward cost, is subject to change at any time based on market conditions. Additional details and requirements provided in the Selected Details below.

<p><b>Guaranty of Costs, Recourse Obligations and Environmental Indemnity obligations:</b></p>	<p>Sponsor, or entity approved by Lender (the “<b>Guarantor(s)</b>”) will be required to provide a written guaranty for payment of Costs (defined below), Rate Lock breakage fee, Recourse Obligations and Environmental Indemnity obligations. Minimum net asset and net liquidity requirements shall be determined by Lender after due diligence and underwriting of the Sponsor.</p>
--	---

**SELECTED DETAILS:**

The contents of this Term Sheet are for discussion purposes only and do not imply any obligation on the part of the Lender to make the Loan, or to provide any other financing to the Borrower, unless and until the Loan Process Items have been satisfied and the Lender issues a written Notice of Commitment substantially in the form of the Notice of Commitment attached hereto as **Exhibit B**. However, whether or not a Notice of Commitment is ever issued, and whether or not the Loan ever closes for any reason, in all events Borrower shall be responsible for paying all “Costs” as described below. Please note that if Lender issues a Notice of Commitment, it will provide that Lender is only obligated to close the Loan upon satisfactory completion of all remaining due diligence and closing items, including all Loan documentation satisfactory to Lender. Once the Notice of Commitment has been issued, the balance of this Term Sheet will become binding on both Lender and Borrower.

The complete terms of the Loan, including the Funding Conditions (defined below), will be reflected in a forward loan purchase instrument executed by and among the Borrower, an approved construction lender (the “**Bank**”) and the Lender (the “**Loan Purchase Agreement**”), as well as certain additional documents, instruments and agreements evidencing, securing and/or relating to the Loan and/or the Loan Purchase Agreement (collectively, the “**Loan Documents**”).

This Term Sheet contains some of the major terms of the Loan, but does not contain all of the anticipated terms of the Loan, which will be incorporated into final, definitive Loan Documents containing Lender’s standard terms, covenants and conditions if the Loan Process Items have been satisfied. The Loan Documents must be acceptable to Lender and its counsel.

**Full Loan Amount:** In order for Borrower to be eligible for the Full Loan Amount (i) a third party appraisal (the “Appraisal”) acceptable to Lender must support the LTV and NOI Requirements shown in the Term Sheet Overview with all underwritten rents for subsidized units to not exceed market rents, and for non-subsidized units to be at least 10% below market rents for each unit type and 10% below market rents in the aggregate for the Project, as determined by the Appraisal; and (ii) the projected Debt Service Coverage Ratio (see definition in Exhibit A) at time of Rate Lock must be no less than the Debt Service Coverage Ratio required for the Full Loan Amount as provided below under “Funding Conditions”. Lender reserves the right to modify loan as necessary after full underwriting;

**Contract Rate:** The Contract Rate shall be determined as shown in the Term Sheet Overview and will be locked on the later of the date of the closing of the construction loan with the Bank and Lender’s receipt of a fully executed Rate Lock Letter Agreement between Barings and the Borrower and Guarantor(s), with all Fees and Deposits then due having been received (“**Rate Lock**”). The Contract Rate will be calculated and locked using the 10-year U.S. Treasury rate at the time of Rate Lock and the same formula set forth above for the Estimated Contract Rate. At Rate Lock, the Full Loan Amount must be sized to meet a minimum 1.15x debt service coverage.

Please note that the forward cost is calculated daily by the Lender. Interest will be calculated and paid on a 30/360 basis.

Until Rate Lock, pricing, including the forward cost, is subject to change at any time based on market conditions, including the steepness of the yield curve and the swap rates as quoted on Bloomberg quoted online. Please note that the forward cost is calculated daily by the Lender, and is subject to a floor of 40 basis points.

## Rental Regulations And Contracts:

Lender shall assume that any project, including those underwritten to Project-Based Section 8 Housing Assistance Payments contracts or other similar rental subsidies (“HAP contracts”), that in order to comply with Section 42 and not exceed maximum allowable LIHTC AMI levels, “very low” or “low” income unit rents shall be permitted to float up to higher AMI levels to achieve the Performance Threshold as defined below including in the event the HAP contracts are terminated for any reason.

## Funding Conditions:

In addition to the requirements in the Loan Purchase Agreement, Lender’s full funding of the Loan will be contingent upon Lender’s satisfaction with the following (collectively the “**Funding Conditions**”): (i) lien-free completion in accordance with (a) all applicable permits, approvals, laws, rules and regulations, and Certificate of Occupancy (CO), (b) the plans and specifications, and (c) any applicable condominium documents, land use documents, and/or ground lease documents, (ii) not less than ninety percent (90%) of the Units shall have been leased and physically occupied by tenants who meet Borrower’s leasing requirements as approved by Lender for a consecutive 90-day period immediately preceding the Funding Date (the “**Lease-up Threshold**”); (iii) a monthly DSCR of no less than 1.15x for the same consecutive 90-day period immediately preceding the Funding Date, in accordance with the approved underwritten Project NOI and LTV by Lender in order to satisfy all of Lender’s requirements including the Minimum Conversion NOI (the “**Performance Threshold**”); (iv) no Material Adverse Change (see definition in Exhibit A) shall have occurred and be continuing; and (v) if the Project has been underwritten assuming HAP contracts, receipt of the fully executed and effective HAP contracts for the Project. All contracts, agreements and restrictions must be reviewed and approved by the Lender prior to construction loan closing, and in the event that any such forms are amended prior to the end of the Forward Period, the Lender reserves the right to review and approve any such amendments, such approval to be in the Lender’s sole discretion, reasonably exercised.

If, by the end of the Forward Period (stated in the Overview), the Project has achieved lien-free completion but has not met the Lease-up and/or Performance Threshold, three options will be available to Borrower, subject to satisfaction of certain conditions and payment of fees: (1) a six (6) month extension, with an extension fee to be determined at such time; (2) funding at a reduced amount (Loan to be sized to support the Performance Threshold); and (3) full funding with a one-year letter of credit for the unsupported Loan Amount, not to exceed 15% of Full Loan Amount.

If full funding of the Loan amount is supported by a letter of credit and the Lease-up Threshold and/or the Performance Threshold have not been achieved by one (1) year after the Funding Date the Loan is to be re-sized downward to support the Performance Threshold.

If the Loan does not fund, or funds at less than the Full Loan Amount, an Economic Loss (see definition in **Exhibit A**) may be due. No Economic Loss will be due on the first 5% of the funding shortfall due to not achieving the Performance Threshold.

## Application Fee Due:

Immediately due and payable to Barings upon signing this Term Sheet.

## Costs / Costs

## Deposit Terms:

Borrower and Guarantor will be responsible for paying all reasonable out-of-pocket costs and expenses incurred by Lender in connection with the Loan, including all engineering, due diligence costs, title insurance costs, legal costs and all other out-of-pocket closing costs and expenses (collectively, "**Costs**"). Barings may require additional Costs Deposits at any time during the course of the transaction to cover the Lender's fees incurred during the Loan approval process. The Costs Deposit is due upon execution of this Term Sheet by Sponsor and will be applied to the Costs. Borrower and Guarantor will be responsible for any Costs in excess of such Costs Deposit, and shall be entitled to a refund of any unused Costs Deposit.

## Commitment

### Fee Due:

Borrower shall pay to the Lender a fee (the "**Commitment Fee**"), payable no later than the date of construction loan closing. The Commitment Fee shall be deemed earned upon the Loan receiving Investment Approvals.

## Delivery Assurance Mortgage and Standby Deposit:

A deposit in the form of cash or a letter of credit (the "**Standby Deposit**") is due at or prior to Rate Lock. The Standby Deposit will be refunded after payment of all Costs and Economic Losses, if any, on the Funding Date. A subordinate Delivery Assurance Mortgage in the amount of the Prepayment Premium must be recorded at construction loan closing to secure payment by Borrower of the Prepayment Premium if the Loan does not fund. Borrower and Guarantor will be responsible for paying any Rate Lock breakage premium that the Standby Deposit may be inadequate to cover.

## PILOT

This Term sheet is subject to confirmation by the City of Glen Cove that a Payment in Lieu of Taxes ("PILOT") agreement will be acceptable to Lender in all respects and which its term must be at least co-terminus with Lender's proposed Loan Term. The Loan Term stated in this Term Sheet may be modified as necessary by Lender if the term of the PILOT is deemed inadequate.

## Prepayment:

No prepayment for the first ten (10) years; thereafter, prepayment is permitted subject to payment of a Prepayment Premium (see definition in **Exhibit A**) due upon prepayment. The Loan may also be prepaid at par during the last ninety (90) days of the Loan Term without payment of a Prepayment Premium.

A one-time Loan prepayment in full or part at par without Prepayment Premium in order to achieve the Performance Threshold to satisfy the PILOT condition stated in the above section is permissible, if Sponsor elects at the time of Rate Lock a six (6) basis point add-on to the Contract Rate.

## Security:

The Loan must be secured by a first priority mortgage or deed of trust, security agreement and assignment of leases, rents, revenues and accounts.

## Recourse:

With the exception of industry standard and Lender required carve-outs, including Borrower's intentional failure to close the Loan under circumstances where payment of the full Yield Maintenance Fee (see definition in Exhibit A) will be required (the "**Recourse Obligations**"), the Loan will be non-recourse to the Borrower and its members / partners. The Recourse Obligations will be guaranteed by the Guarantor(s).

## Due Diligence:

Lender is authorized to engage in due diligence with respect to the Borrower, the Guarantor(s) and the Mortgaged Property, including, without limitation, ordering credit reports and checking references and backgrounds. Lender will coordinate the ordering of third party and due diligence reports with the Construction Lender. In cooperation with the

Borrower and Lender, the Construction Lender may take the lead and order the following due diligence reports for the Mortgaged Property at the Borrower's expense: (1) Plan and Cost Review, (2) Appraisal, (3) Property Needs Assessment ("PNA") report, if applicable, (4) environmental site assessment, and (5) a Final Completion and close out report. If Lender is ordering any reports directly, Lender will make reasonable efforts to coordinate with the Construction Lender, and the tax credit investor or syndicator ("**Equity Investor**"). Lender shall engage a consultant to conduct a peer review of any of the above reports ordered by the Construction Lender, including seismic, geotechnical, and/or applicable type of soils report for a Project that is in an earthquake zone or location, as determined by the Lender. Lender shall require a Property Condition Assessment ("PCA") or a PCA peer review at construction completion of the project.

## Reserves:

**Imposition Reserve:** Real estate taxes, assessments or impositions. The Lender reserves the right to require any reserves or escrows for the payment of real property taxes and/or insurance premiums.

**Capital Improvements Reserve:** \$300 per Unit per year (and increasing by 3% per annum). Lender, in its sole discretion, may reduce the per annum escalation rate if the initial amount is \$400 per unit per annum or more.

**Operating Deficit Reserve:** \$505,700. Minimum of three months of projected operating expenses and debt service to be outstanding for the full loan term unless otherwise approved by Lender.

**Re-stabilization Reserve:** If required by Lender minimum 6 mo. Debt Service.

The Lender will have a security interest in all reserves and withdrawals from any reserves may require Lender approval, which shall be determined in its sole discretion.

## Equity

### Commitment:

The identity of the Equity Investor and the form and substance of a "letter of intent" or similar equity commitment from the Equity Investor must be satisfactory to Lender. It is anticipated that the Project will receive approximately \$13,440,147 of federal tax credit equity investment.

## Compliance, Bidding:

The Loan Purchase Agreement will require that the Borrower cause all construction work for the Project to be performed in compliance with all applicable Legal Requirements. In addition, it will contain a provision that Lender encourages Borrower to seek competitive union bids from potential subcontractors for any subcontract estimated to cost in excess of \$5,000,000. "**Legal Requirements**" means all applicable existing and future federal, state and local laws, ordinances, rules, regulations, court orders, easement agreements, condominium documents, subdivision agreements and ground leases affecting any one or more of the Mortgaged Property, the Borrower or Guarantor including those pertaining to zoning, subdivision, land use, housing, environmental, traffic, fire, building, occupational safety and other applicable labor laws, health and the Americans with Disabilities Act.

## Subordinate Financing and Occupancy Restrictions:

Subordinate financing shall be permitted provided the following conditions are met:

(i) such subordinate financing provides for no remedies against the Project after default while the Loan from the Lender is outstanding;

(ii) such subordinate financing and any accompanying occupancy restrictions must be fully subordinate to the lien of the Lender's first mortgage and will therefore terminate upon a foreclosure of the Lender's first mortgage;

(iii) the providers of such subordinate financing agree to execute and record a subordination and inter-creditor agreement substantially similar to the form in the Borrower Schedules and Closing Requirements (the "**Subordination Agreement**"); and

(iv) any subordinate lender agrees to cooperate with the senior lender and to refrain from opposing senior lender's exercise of senior debt remedies during any bankruptcy or foreclosure proceedings, including seeking relief from the automatic stay.

(v) all subordinate loans to be secured by the Project must be disclosed to Lender, in as much detail as Lender shall request.

The only occupancy restrictions that may be recorded are the Rental Assistance Demonstration Contract and restrictions associated with the extended low-income housing commitment that will be recorded against the Project in accordance with Section 42(h)(6) of the Internal Revenue Code of 1986, as amended. Any additional affordability restrictions secured by the Project require approval by Lender subject to its due diligence review.

The Term Spread noted in the Overview on page one hereof is included in this Term Sheet with the assumption that the Loan will be secured by a first mortgage having priority over any subordinate debt and occupancy restrictions. The Term Spread is subject to upward adjustment if any subordinate debt is not compliant with the foregoing conditions (i) through (iv).

## **Certifications:**

Sponsor hereby certifies to Lender that there is no history of, or pending government investigation or litigation for felonious charges, bankruptcy, foreclosure or insolvency on the part of Borrower, Sponsor, Guarantor, or any entity or person controlling or controlled by any one or more of Borrower, Sponsor or Guarantor.

## **Indemnification:**

By executing this Term Sheet, Sponsor and Guarantor agree to indemnify, defend and hold harmless Barings and Lender from, and to be responsible for, any loss, claim, damage or liability arising from any claim or litigation made or threatened by any claim or litigation made or threatened by any third party (including, without limitation, any seller, broker, finder, partner or other member in Borrower or in Guarantor, governmental entity or other third party, but excluding any brokers claiming by or through Barings or Lender) in connection with the proposed Loan, and any litigation related costs and attorneys' fees (including without limitation the cost of post judgment remedies and appeals) incurred by Barings and/or Lender in connection with any of the foregoing claims.

## **Governing**

### **Law:**

This Term Sheet shall be governed by and construed under the laws of the State of New York.

## **Enforceability:**

Notwithstanding that this Term Sheet is not a binding commitment until completion of the Loan Process Items, the provisions set forth in (i) Commitment Fee, (ii) Costs, (iii) Rate Lock, (iv) Application Fee, (v) Indemnification, and (vi) Governing Law shall survive any expiration or termination of this Term Sheet and shall continue to apply and be enforceable.

**Borrower  
Schedules  
and Closing  
Requirements:**

A copy of the Borrower Schedules and Due Diligence Requirements prepared by Lender has been provided under separate cover. Borrower will complete and submit, as applicable, Borrower Schedules 1-10 contained in that document, which will be incorporated herein as if attached as an exhibit.

**Publicity:**

By execution of this Term Sheet, Sponsor agrees that, following the closing of the construction loan, Lender shall have the right to publicize its role in the financing for the Project.

**Real Estate  
Tax Exemption:**

If the Project benefits from any real estate property tax exemption or abatement, the 501(c)(3) not-for-profit partner must agree to cooperate with Lender during any transfer of ownership that may adversely impact any such exemption or abatement. The not-for-profit partner's cooperation may not be unreasonably withheld in order to ensure that any such exemption or abatement shall survive a transfer of ownership.

[SIGNATURE PAGE FOLLOWS]

This term sheet is only binding after Lender has completed its full underwriting and due diligence of the Project and final approval for the Loan has been issued by Lender's investment committee. This Term Sheet will expire at 5:00 PM Eastern Time on February 26, 2012.

Please execute and return a copy of this Term Sheet to the undersigned on or before the expiration date to evidence Borrower intent to proceed with negotiation of the Loan.

Best Regards,

MASSACHUSETTS MUTUAL LIFE INSURANCE COMPANY, a Massachusetts corporation

By: Barings LLC., a Delaware limited liability company, as Investment Adviser

By: \_\_\_\_\_  
Title: Managing Director

**ACCEPTED AND AGREED AS OF \_\_\_\_\_, 2020**

**BY:**

[SPONSOR]:

\_\_\_\_\_ a \_\_\_\_\_

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

GUARANTOR(S):

\_\_\_\_\_

## EXHIBIT A

### DEFINED TERMS

**“Bank”** means any bank approved by Barings and Lender.

**“Construction Lender”** means any lender providing construction financing, which could be the Bank or any other approved construction lender by Barings.

**“Costs”** means all direct and indirect fees, costs, expenses and disbursements related to the execution of the Loan Purchase Agreement, including those relating to reasonable legal fees and disbursements, appraisals, market studies, insurance reviews, title insurance search and policy costs, survey costs, Engineering Requirements, Seismic Requirements, and Environmental Requirements (all of which capitalized terms are defined in the Borrower Schedules and Due Diligence Closing Requirements provided to Borrower by Lender).

**“Debt Service”** means, for any period, the sum of all regularly scheduled principal and interest payments which would be due and payable under the Loan for the applicable number of months for which the Debt Service is being calculated.

**“Debt Service Coverage Ratio”** means, as of the date such calculation is made, the ratio, as determined by the Lender, of (a) Net Operating Income from the Mortgaged Property for the applicable number of months for which the Debt Service Coverage Ratio is being calculated to (b) Debt Service for the same measured period of time.

**“Economic Loss”** and **“Economic Losses”** may be due if the Loan does not fund, or the Loan funds in a principal amount less than 95% of the amount Rate Locked. Economic Loss and Economic Losses means Lender’s determination of any positive difference between the sum of money that Lender calculates would be required to repurchase the Reference Treasury (to be defined in the Rate Lock Letter Agreement to be entered into between Lender and the Borrower locking the Contract Rate defined therein (the **“Rate Lock Letter Agreement”**)) in the Full Loan Amount or any part thereof, on the date of withdrawal or termination of all or any part thereof, less the calculated net sales proceeds that would have been received from the sale of the Reference Treasury in such Loan amount as of the date of Lender’s execution of the Rate Lock Letter Agreement

**“Investment Approvals”** means when Lender’s and Barings’s Investment Committees have reviewed and approved the transaction.

**“Material Adverse Change”** means any occurrence of whatsoever nature (including, without limitation, any adverse determination in any litigation, arbitration or governmental investigation or proceeding), which Lender shall determine could materially adversely affect (i) the then present or prospective financial condition or operations of any Borrower or Guarantor, or (ii) the availability of any tax credits, or (iii) the value of the Mortgaged Property or (iv) any other material collateral securing repayment of the Loan, or (v) or impair the ability of Borrower or any Guarantor to perform its obligations as and when required under any of the Loan Documents, as determined by Lender in its sole and absolute discretion.

**“Monthly Payment Differential”** means the monthly interest with amortization, which would be earned if the prepayment were invested at the Contract Rate less the monthly interest that would be earned by reinvesting the prepayment at the Reinvestment Yield.

**“Net Operating Income”** means, as determined by the Lender, for any period, the excess, if any, of (A) the actual gross operating income generated by the lesser of actual or Barings’s underwritten percent (as reflected in the Rate Lock Letter) economic occupancy of the Project during such period (excluding insurance and condemnation proceeds, loan proceeds, excess Section 8 voucher income, security and cleaning deposits, late fees and similar items), over (B) Project Expenses. In computing the Debt Service Coverage Ratio for the Loan Funding Requirements, rent concessions may be amortized over twelve months.

**“Prepayment Premium”** means an amount equal to the greater of (x) or (y) where:

- (x) is equal to the amount to be prepaid multiplied by 1%; and
- (y) is the present value of the series of Monthly Payment Differentials from the date of prepayment to the end of the Loan Term, discounted at the Reinvestment Yield on a monthly basis.

**“Principal Amount”** means the original principal amount of the Loan to be made to the Borrower by the Lender.

**“Project Expenses”** means costs and expenses incurred by Borrower during the applicable period in connection with Borrower’s operation, maintenance and leasing of the Project during such period, including, but not limited to, all amounts payable by Borrower on account of all property management fees, costs and expenses (including all salaries, payroll taxes and benefits), all maintenance costs and expenses (including maintenance supply costs), all utility costs and expenses, all pest control costs and expenses, all property-related legal fees, costs and expenses, all property-related accounting fees, and all monthly amounts required to be deposited in any replacement reserve required under the Loan Documents (and for purposes of such determination, Lender shall include as Project Expenses in any monthly period, 1/12th of the annual real estate taxes and assessments (assuming that the Project has been fully assessed for real estate tax purposes) constituting a lien on the Project (if any), 1/12th of the annual insurance premiums for all insurance required to be carried by Borrower with respect to the Project and such portion of such other non-monthly expenses as Lender may deem appropriate) (provided, however, that for purposes of calculating the Project Expenses described above, “Project Expenses” shall not include any repair or replacement cost which would, in accordance with generally accepted accounting principles, consistently applied, be treated as a capitalized cost or any Debt Service payments payable solely from cash flow). In computing the Debt Service Coverage Ratio for the Loan Funding Requirements, Project Expenses in total for all expense categories, except Real Estate Taxes and Insurance, will not be lower than the greater of 1, the original underwriting (please see Exhibit A to the Rate Lock Letter Agreement) or 2, actual expenses for the past three months annualized, and 3, the most recent operating budget prepared by the approved property manager. Real Estate Taxes and Insurance will be included individually, at actual, assuming a fully assessed and occupied property.

**“Rate Lock”** means a certain agreement between Lender and Borrower that for a specified period of time, a fixed interest rate will be applied to the calculation of Debt Service payments for the Loan Term.

**“Reinvestment Yield”** means the yield to maturity of a Treasury Issue, adjusted from a semi-annual rate to a monthly rate, which has the closest maturity (month and year) prior to the end of the Loan Term, as quoted in *The Wall Street Journal* published in print or on-line on the 2<sup>nd</sup> calendar day immediately preceding the date for prepayment, but if said 2<sup>nd</sup> day is not a Business Day (as such term will be defined in the permanent loan agreement between Lender and Borrower), then as quoted on the immediately preceding Business Day. If more than one Treasury Issue has the same maturity date, then the Treasury Issue having the market yield that differs least from the Contract Rate will be used in the calculations. If *The Wall Street Journal* is not in publication on the applicable date or ceases to publish such Treasury Issue information in print or on-line on the applicable date, then any other publication selected by Lender quoting daily market yields for Treasury Issues may be used.

**“Yield Maintenance Fee”** means a fee that is equal to the greater of (x) or (y) where:

- (x) is equal to the Principal Amount multiplied by three percent (3%); and
- (y) is the present value of the series of Monthly Payment Differentials from the date of expiration, withdrawal or termination of the Loan commitment to the end of the Loan Term, discounted by the Reinvestment Yield on a monthly basis.

**EXHIBIT B**

**NOTICE OF COMMITMENT**

\_\_\_\_\_, 20\_\_

**VIA E-MAIL**

Sponsor Name  
Address  
City, State, Zip  
Attention: \_\_\_\_\_

Re: Massachusetts Mutual Life Insurance Company – \_\_\_\_\_ Apartments (the  
“**Mortgaged Property**” or the “**Project**”)

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

We are pleased to notify you that the Investment Committees of Barings and Massachusetts Mutual Life Insurance Company have approved the forward loan commitment for first mortgage financing (the “**Loan**”) secured by the Mortgaged Property as more particularly described in a certain Term Sheet between the Permanent Lender and the Sponsor dated \_\_\_\_\_, 20\_\_ (the “**Term Sheet**”). Funding of the Loan will occur upon satisfaction of the Funding Conditions (as defined in the Term Sheet) and in accordance with the other provisions of the Term Sheet.

Please let me know if you have any questions.

Very truly yours,

MASSACHUSETTS MUTUAL LIFE INSURANCE COMPANY

By: Barings LLC., a Delaware limited liability company,  
as Investment Adviser

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

Title: \_\_\_\_\_