



COMMERCIAL LOAN ACQUISITION PROGRAM

Program Overview

Belgravia Capital's ("Lender") Commercial Loan Acquisition Program for the acquisition of performing or non-performing notes allows investors and developers to take advantage of the current re-valuation of commercial properties by providing accretive leverage to note acquisitions. The program can be used by groups acquiring whole loans or borrowers looking to buy back their note and is complementary to the current FDIC/Treasury TARP, TALF and PPIF programs.

Loan Structure and Parameters

- Advance Rate:** Generally up to 60% against the approved purchase price of the loan. Can be higher on a negotiated basis
- Rate of Interest:** 9% to 11% paid current
- Initial Term:** 24 months (extensions available out to 7 years)
- Participation:** Lender will receive an additional payment of 20% of net profits (net of Belgravia debt service) subject to minimum capital returns as determined in underwriting.
- Extensions:** 0.50% to 2.00% per 2 year extension as determined in underwriting
- Origination Fee:** Two percent (2%) of the amount advanced
- Loan Due Diligence:** A refundable deposit of the greater of 1% of the loan or \$25,000 will be required to begin due diligence and underwriting. Any unused amounts can be refunded should the Borrower decline to proceed at any time up to funding of the loan.
- Entity Formation:** The Underlying Loan will reside in an LLC which will be in the form of a Special Purpose Entity ("SPE") bankruptcy remote entity and which will contain no other assets or liabilities. The SPE will be newly formed for the sole purpose of holding the Underlying Loan. The SPE will be domiciled in the State of NY or DE.

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- Cash Management:** Lender will be a co-owner of a cash management account in which the Underlying Loan will deposit payments into and which will send cash to the Lender and Borrower according to agreed-upon terms. Lender will withdraw its monthly cash and any monthly participation from the account. Funds in the account will then be swept to the Borrower. Should the Loan fall into default or should the Borrower violate any of the terms of the loan indicated herein and in the loan documents, Lender has the right to spring a hard cash lock box to pay off any deficiencies including but not limited to building an interest reserve for a period of 90 days before the Lender can elect at its discretion to revert to a soft cash management account again.
- Collateral:** Assignment of the mortgage and 100% pledge of ownership in the SPE
- Title Insurance:** Title Bring-downs and endorsements required at loan acquisition.
- Recourse:** The Loan will be Non-Recourse to the Borrower except for standard “Bad Boy” carve-outs.
- Taxes / Insurance:** The Borrower must enforce insurance requirements on the property and property taxes must be made current at all times. Lender will require adequate surveillance of taxes and insurance by Borrower.
- Modification Rights:** In recognition of its sole collateral, Lender has the right to approve any modifications to the Underlying Loan at its sole and absolute discretion. Lender approval will not be unduly withheld. Should the Borrower enter into any agreements with the underlying note borrower without Lender’s approval, Lender reserves the right to review the agreement and in its sole discretion preserve Lender’s rights under the law including but not limited to transferring the equity interest, calling the Loan, or other remedies under the law which may be joint and several.
- Due on Transfer:** The Loan will be due and payable with participation interest when the Underlying Loan has been extinguished or retired or the Underlying Loan for which the Lender has a collateral interest has

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otherwise been removed from encumbering the property (e.g. the Borrower has foreclosed on the Underlying Loan).

Asset Inspection: Lender reserves its right to inspect the property periodically or cause its agent to inspect the property including an inspection of the inside of the units or facilities with advance notice to the Borrower, subject to any restrictions in the underlying mortgage.

Financials: Lender shall be furnished both Underlying Note payment accounting/financials in an agreed-upon form by the Borrower. Additionally, Lender shall receive property financials quarterly and annually as may be required by the Underlying Loan documents. Failure to provide the financials can result in a default under the terms of the Loan.

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