

6 TECHNICAL AND FINANCIAL CAPACITY

6.1 TECHNICAL CAPACITY

The applicant has assembled a highly qualified team of professionals to plan, permit, and develop construction documents for the project. The Team is working under the direction of Mr. Toros and Mrs. Marianne Hovivian of Flagg Partners, LLC as Project Developers. The Team services will be provided by the following companies and their respective team leaders:

6.2 CONSULTANT TEAM

<i>Civil Engineer</i>	Michael Tadema-Wielandt, P.E. Terradyn Consultants, LLC 565 Congress Street Portland, ME 04101 (207) 632-9010 – Cell (207) 221-1317 – Fax mtw@terradyconsultants.com
<i>Surveyor</i>	Troy F. McDonald Northeast Civil Solutions, Inc. 381 Payne Road Scarborough, Maine 04074 (207) 883-1000 – Work (207) 883-1001 – Fax info@northeastcivilsolutions.com
<i>Architect</i>	David Lloyd Archetype, PA 48 Wharf Street Portland, ME 04101 (207) 772-6022 – Work (207) 772-4056 – Fax lloyd@archetypepa.com
<i>Electrical/ Mechanical Engineer</i>	William Bennett Bennett Engineering P.O. Box 297 Freeport, ME 04032 (207) 865-9475 will@bennettengineering.net
<i>Construction Management</i>	John Ryan / Cordelia Pitman Wright-Ryan Construction, Inc. 10 Danfort Street Portland, ME 04101 (207) 773-3625 – Work info@wright-ryan.com

6.3 EXPERIENCE OF PROJECT TEAM

The team of consultants retained by the Developer has expertise and experience in the design of similar projects. Resumes of key personnel for the development team can be provided upon request.

The applicant has significant experience in the development and management of large residential and commercial projects. A company resume, including a summary of completed projects under the direction of the applicant, is provided in attachment 6-A.

6.4 FINANCIAL CAPACITY

The applicant has the capacity to finance the proposed project. A letter of financial capacity for the project is contained in Attachment 6-B.

6.5 CONSTRUCTION COST ESTIMATE

The project has an overall construction cost estimate of \$15 million. This construction cost value is considered preliminary and subject to change as building design and project layout is refined, etc.

6.6 ATTACHMENTS

Attachment 6-A – Flagg Partners, LLC Resume & Project Experience

Attachment 6-B – Evidence of Financial Capacity

ATTACHMENT 6-A

Flagg Partners, LLC Resume & Project Experience

FLAGG LLC
TOROS AND MARIANNE HOVIVIAN
NOVEMBER 27, 2017

PROJECT DEVELOPMENT RESUME

Toros and Marianne Hovivian have been active in the real estate industry since 1982 with management and development of projects in Brooklyn, New York. In 1982 they purchased a 100,000 square foot manufacturing building, 56 Bogart Street, in Brooklyn. Over the years the building has evolved from a site for 6 manufacturing tenants to now a home for over 150 artists, crafts people and art galleries. They have renovated the entire building and successfully managed tenants throughout.

Soon thereafter they purchased 150 North Fifth Street, Brooklyn, a 40,000 square foot facility that they renovated to house their manufacturing business. By 2005 the neighborhood zoning changed and they took the opportunity to convert the building to 37 luxury residential condominiums. In spite of the downturn in the economy, they sold 32 of the units successfully and maintained ownership of 5 units. The project is one of the hallmark condominiums in Williamsburg, Brooklyn.

Now they have completed a ground up project adjacent to 56 Bogart Street on vacant land they own. The new project is a 40,000 square foot commercial rental building in a vibrant part of Williamsburg, Bushwick. At least one floor is already rented to an upscale billiards parlor/restaurant.

The Hovivian's have had over 35 years of experience in real estate, both commercial, residential, new construction, gut renovation and management.

ATTACHMENT 6-B

Evidence of Financial Capacity

Camden NATIONAL BANK

MARK V. STASIUM
SENIOR VICE PRESIDENT
Direct Dial: 207.699.3392
mstasium@camdennational.com

August 24, 2017

Toros Hovivian
Marianne Hovivian
515 East 79th Street Apartment 30DEF
New York, NY 10075

RE: 208 Fore Street, Portland Maine – Proposed 39-unit Condominium Project

Dear Ted and Marianne:

Camden National Bank is pleased to issue this offering letter which shall serve to outline the salient business points of a loan proposal (the “Loan”) for the construction of the above referenced project. This letter is for discussion purposes and does not constitute a commitment to lend on the part of Camden National Bank (“Bank” or “Camden”). Prior to issuance of a formal commitment to lend, I will need to conduct further due diligence and fully underwrite the request in order to obtain all required internal loan approvals. Our terms are summarized as follows:

Borrower:	Flagg Partners LLC
Purpose:	The loan shall fund construction of a condominium project to be located at 208 Fore Street, Portland, ME (the “Project”). The Project as presently proposed consists of 37 total residential units, 2 retail units, and an underground parking garage. The total cost of the Project is estimated at \$20,806,000+/- based on land acquisition cost of \$2,700,000, building construction cost of \$14,904,400+/-, and soft costs of \$3,201,600+/-.
Loan Amount:	\$15,604,500+/- (75% of total Project cost).
Required Equity:	\$5,201,500+/- (25% of total Project cost).
Collateral:	First mortgage and assignment of leases and rents on Project; assignment of all relevant plans and contracts related to construction of the Project; assignment of required Purchase & Sale Agreements as outlined below.
Loan Term:	30 months (estimated based on approximate construction period of 12 months and sellout period of 18 months).
Interest Rate:	One Month LIBOR + 2.25% floating, adjusted monthly. Interest accrues based on a 360 day year.



- Interest Only Period:** Borrower shall be required to make monthly payments of interest only based on the outstanding principal balance.
- Repayment:** Bank shall require repayment of principal as follows:
- 95% of net sales proceeds until such time that the Loan is 50% repaid
 - 85% of net sales proceeds thereafter, provided this amount is projected to be sufficient to have Bank debt repaid in full at such time that 70% of the Project residential inventory is sold out.
- Origination Fee:** 0.5% of the Loan Amount. Bank shall be paid a 1% Letter of Credit fee for any letters of credit required by the City of Portland.
- Recourse:** Toros & Marianne Hovivian shall provide joint and several guarantees of all obligations to Bank and shall provide a construction completion guaranty.
- Required Presales:** Prior to loan closing, Borrower must have acceptable Purchase and Sales Agreements in place. The minimum amount of Purchase and Sales Agreements shall be determined upon Bank receipt of the Underwriting Documents outlined below. As a guideline, the bank will want presales in place for a minimum of 25% of the Project inventory value and sufficient to repay 50% of the Loan Amount upon closing of the unit sales. The Bank reserves the right to adjust these amounts upon review of final unit pricing and the Project appraisal.
- All Required Presales shall be evidenced by the following:
- Purchase & Sale Contract ("P&S") executed by both buyer and seller. Borrower's P&S form shall be approved by Bank.
 - Minimum nonrefundable cash deposit of 10% of the purchase price held by agent acceptable to Bank. Agent shall hold funds in a Camden deposit account.
 - Certificate from Borrower that P&S contracts are with bona fide third parties unrelated to Borrower
 - Buyers to provide evidence of pre-approval for financing if applicable. Contracts with cash buyers are acceptable provided said contracts are not subject to financing approval or any other unacceptable contingencies (such as sale of another property).
- Absorption Covenant:** Borrower shall generate minimum unit sales as follows:
- All Required Presales shall close within 2 months of construction completion
 - For every 3 month period thereafter, Borrower shall close a minimum of 2 unit sales
 - All sales must be within 5% of Sales Price stated on Pricing Sheet approved by Camden prior to Loan closing
- Appraisal:** The Loan is subject to Bank review and acceptance of an appraisal report performed for Camden providing (1) a minimum as is value of the land of \$2,700,000, and (2) a maximum loan-to-value ratio of 75% based on completion of the proposed improvements, such valuation to be based on a "Developer Method" appraisal. Further, the Loan Amount may not exceed 60% of the aggregate value of individual units based on the appraisers concluded value for all units.

Environmental Due
Diligence:

Camden shall require a Phase I Environmental Assessment which shall be subject to Camden review and acceptance.

Financial Reporting:

Borrower shall provide the following financial reports during the term of the Loan:

- Borrower and Guarantor tax returns – annually
- Guarantors personal financial statement – annually
- Marketing updates from Borrower and/or listing broker - quarterly

Construction
Requirements:

Construction requirements shall include the following:

- General Contractor shall be acceptable to Bank and shall provide a satisfactory guaranteed maximum price contract for the construction of the Project.
- Borrower's general contractor to provide a construction bond acceptable to Bank. Bank may consider waiving bond requirement upon review of general contractor financial statements, acceptable bonding company reference, and other due diligence.
- The loan shall be subject to a preconstruction review of plans, specifications, and construction budget by a Bank-designated construction consultant
- Acceptable construction schedule provided by General Contractor
- List of subcontractors provided by General Contractor
- Borrower shall provide monthly requisitions on industry-standard construction requisition forms, lien waivers, and any further documentation required by Camden or its consultant
- Bank consultant shall inspect Project with each requisition and review monthly requisitions for approval and funding by Camden
- Pre-construction review fee and requisition review/inspection fees of Bank construction consultant shall be paid by Borrower
- Other customary requirements of a Construction Loan Agreement

Underwriting
Documents:

Camden requires the following additional documents to fully underwrite the loan request:

- Construction contract with general contractor acceptable to Bank with complete Schedule of Values
- Detailed architect drawings and specifications for the Project including detailed site plans, floor plans for all units, and building specifications, amenities, features, finishes, etc.
- Unit price list for all units in the Project
- Marketing plan from broker to be selected by Borrower
- Other documents as requested by Bank

Permanent Financing

Option: In the event Borrower does not sell the retail/commercial units, Bank would agree to provide permanent commercial financing at terms to be negotiated on the two retail/commercial units in the Project, subject to acceptable leases on the units with tenants acceptable to Bank.

Other: Borrower agrees to work with Camden National Bank Mortgage Lending Department as preferred lender for the Project. Details to be arranged between Borrower, selected broker, and Camden Mortgage Lending Division.

Pre-Closing requirements and other conditions:

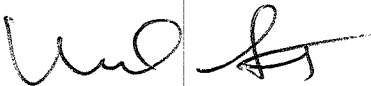
- Copies of LLC documents including Articles of Incorporation and LLC Operating Agreement
- Project operating account and escrow account (to hold buyers' deposits) shall be maintained at Camden
- Borrower to be responsible for all third party expenses incurred by the Bank whether or not the loan is approved or closes.
- Bank counsel satisfaction with respect to all matters of title, enforceability and loan documentation.
- Acceptable site visit by Bank staff

At such time that Borrower has provided all required Underwriting Documents and Camden is ready to move forward with an appraisal and full underwriting of the loan, Camden shall require a \$15,000 good faith deposit to be paid at that time.

I look forward to hearing your thoughts on this proposal. I stand ready to move diligently to obtain loan approval once the above Underwriting Documents are received. In the event the loan is not approved substantially as outlined above, the good faith deposit will be returned less any third party costs incurred by Camden.

Thank you for the opportunity to review your banking needs and provide a proposal for the financing of this project.

Very Truly Yours,



Mark V. Stasium
Senior Vice President

Accepted and Acknowledged:

Toros Hovivian

Date

Marianne Hovivian

Date