



TERM SHEET
415 Cumberland Ave Project – Patrick Ducas
September 2, 2015

Dear Patrick,

Bangor Savings Bank looks forward to the opportunity to work with you on the 415 Cumberland Ave., Portland project. The proposed terms and conditions are provided for discussion purposes only and do not constitute an offer, agreement, or commitment to lend. The actual terms and conditions upon which the Bank might extend credit to the Borrower are subject to the satisfactory completion of due diligence, formal credit approval, satisfactory review of documentation and such other terms and conditions as are determined by the Bank.

BORROWER: 415 Cumberland Ave, LLC or LLC to be formed

AMOUNT: Up to \$1,425,000

CREDIT FACILITY: Construction Loan / Permanent Commercial Mortgage

PURPOSE: Fund the acquisition and renovation of a 15,260 sf mixed use commercial building located at 415 Cumberland Ave., Portland, ME. Upon completion of the project the building will contain 10 residential apartments and one commercial unit for lease. Loan to value no to exceed 75% based on an “as-complete” appraisal acceptable to the Bank.

MATURITY: Six (6) years

AMORTIZATION: Interest only payments for the first 12 months (“Construction Period”), thereafter Monthly P&I payments based on a 20-year amortization schedule

REPAYMENT: Interest only payments for the first 12 months; Monthly P&I payments for the remaining term thereafter

INTEREST RATE: Initially, the Loan shall accrue interest at a variable rate equal to WSJ Prime Rate + 1.00%, adjustable monthly. Commencing with the thirteenth payment, the Loan shall accrue interest at a fixed rate for five (5) years equal to the Bangor Savings Bank fixed rate

equivalent of Libor + 2.50% as of that day.. (As of today, the effective equivalent interest rate on the loan would be 3.60%).

**ORIGINATION
FEE:**

.35% of the Loan Amount

**CLOSING
COSTS:**

Borrower shall be responsible for all closing costs including appraisal, appraisal review, legal, recording, title, etc.

COLLATERAL:

A first mortgage on the property located at 415 Cumberland Ave.,
Portland, Maine

Assignment of all leases and rentals on the property located at 415
Cumberland Ave., Portland, Maine

During the construction phase of the improvements, assignment of
the construction contract and a first security interest in plans,
approvals and all building related materials.

GUARANTOR:

Mr. Patrick Ducas

**PREPAYMENT
PENALTY:**

If loan is refinanced with another financial institution then the
following prepayment penalty shall apply: 5% in Year 1, 4% in
Year 2, 3% in Year 3, 2% in Year 4, and 1% in year 5.

No prepayment penalty upon sale of property.

**LOAN TO
VALUE:**

The maximum loan to value for the project is seventy-five (75%)
percent subject to a current appraisal to be ordered by the Bank,
based upon the as-complete and "stabilized" value. Borrower shall
pay for cost of appraisal.

**FINANCIAL
REPORTING:**

On an annual basis within 120 days of fiscal year end, the
Borrower shall provide the Bank with financial statements
prepared by a CPA satisfactory to Bank.

Bank shall receive an updated and detailed Personal Financial
Statement on the Guarantor on an annual basis within 120 days of
year-end.

Bank shall receive a copy of guarantor's Personal Federal Tax
Return with all schedules along with the tax returns on all entities

in which guarantor has a significant ownership percentage. All tax returns to include K-1 statements and to be received within 120 days of year-end.

On an annual basis, or upon request, Borrower shall provide a copy of current rent rolls and leases for the subject property.

**FINANCIAL
COVENANTS:**

Borrower and Guarantor agree to maintain minimum global debt service coverage ratio of 1.25X during the term of this loan. Unless specified otherwise elsewhere in this letter, said ratio shall be calculated annually based upon CPA prepared year end Business Financial Statements or Federal Income Tax Returns. For purposes of the calculation, debt service coverage ratio is defined as:

(Net Income + Depreciation/Amortization + Interest Expense +/- non-cash items +/- non-recurring gains or losses) divided by Scheduled Annual Principal and Interest Payments.

CONDITIONS:

Subject to satisfactory review of construction budget, project plans, specifications, and construction management contract.

Borrower to provide a signed Construction Management Agreement providing a fixed-price construction contract with all significant sub-contractors, a detailed budget containing acceptable contingencies and timeline for the project along with a list of all subcontractors.

Borrower to establish an operating deposit account with Bangor Savings Bank.

Subject to terms and conditions of a construction loan agreement including establishment and maintenance of construction escrow account with the Bank. Construction advances will be administered by the Bank according to standard construction loan disbursement and inspections procedures including the monitoring of construction by a third-party inspector. Borrower shall pay all construction monitoring fees charged by inspector.

The loans are subject to satisfactory environmental due diligence by the Bank. Borrower shall complete an Environmental Questionnaire. Any required follow-up analysis shall be at the Borrower's expense and shall be performed by a qualified environmental consulting firm retained by the Bank.

Borrower to fund at closing a minimum of nine (9) months debt service to be placed in a reserve account at Bangor Savings Bank.

Guarantor to furnish to the Bank an investment statement no more than 30 days old verifying personal investments under management identified on an 8/26/2015 Personal Financial Statement.

We look forward to discussing this proposal with you and finding a mutually acceptable financing plan for the proposed project.

Sincerely,



Michael P. O'Reilly SVP on behalf of
Chris P. Perry
Vice President
Business Banking

SEEN AND AGREED TO:

Borrower:

415 Cumberland Ave, LLC or Entity to be Formed

By: Patrick Ducas
Its:

Date