



## CONFIDENTIAL TERMS SHEET

**The Terms And Conditions Described Below Are Subject To Satisfactory Submission By The Applicant Of All Information As May Be Required By Gorham Savings Bank For Its Use In Consideration Of The Application, And Subject To Gorham Savings Bank's Satisfactory Due Diligence, Its Internal Credit And Loan Approval Process, And Satisfaction Of Such Other Matters And Issues As It Deems Necessary In Its Sole Discretion. A Financing Commitment, If Issued, Will Be In Writing.**

Date: August 27, 2015

Borrower: 415 Cumberland Ave., LLC

Loan Type: Acquisition/Construction/Permanent Financing Term Loan

Loan Purpose: Finance the purchase of real estate located at 415 Cumberland Avenue, Portland, Maine and provide additional funds to renovate the property.

Maximum Amount: Up to \$1,534,277.00

Term: 10 years

Interest Rate: 4.75% fixed for 10 years

Prepayment Penalty: If Borrower shall pay principal in excess of the scheduled amortization of principal under this note within the first five years of any fixed rate period, such excess payment of principal shall be subject to a prepayment premium to the Bank in an amount equal to the excess principal payment amount times 5% during the first year of the fixed rate period, 4% during the second year, 3% during the third year, 2% during the fourth year, and 1% through maturity.

Loan Origination Fee: \$2,500.00

Payment Schedule: Payments of interest-only will be due monthly for 2 years, then principal and interest payments monthly based on a 20-year amortization schedule. Any outstanding principal balance plus any accrued interest will be due and payable at maturity.

Collateral: First priority mortgage on land and buildings located at 415 Cumberland Avenue, Portland, Maine; Assignment of leases and rents; Assignment of state historic tax credits and syndication proceeds; Assignment of construction documents (contracts, permits, approvals, etc.)

- Guarantors: Unlimited personal guaranty of Patrick L. Ducas
- Financial Covenant: The Borrower will maintain a debt service coverage ratio of at least 1.20:1.0 beginning with year 3. The calculation for this ratio will be (Net Income after Tax + Depreciation/Depletion/Amortization + Interest +/- Non-recurring Items +/- Distributions) divided by required (Annual Principal & Interest Payments). Non-Recurring items will include other income/expenses that are not part of the normal ongoing operations of the company, as determined by the Bank.
- Financial Reports:
- Borrower to provide annual federal tax returns.
  - Guarantor to provide annual personal financial statement and federal tax return.
  - Copies of executed leases (when available).
- Other Terms and Conditions:
- Subject to review and acceptance by the Bank of an “as completed” real estate appraisal on the collateral property yielding a maximum loan to value ratio of 80%.
  - Subject to appropriate level of environmental due diligence on the collateral property.
  - Subject to receipt and review of final Project construction budget, time line, permits, approvals, legal opinions, and contracts.
  - Loan disbursements shall be made under a Construction Loan Agreement subject to borrower requisition and supply of mechanic lien waivers.
  - Subject to ongoing inspections to be completed by a qualified third-party.
  - Subject to receipt of a title insurance policy in the amount equal to the loan. The title policy shall include survey coverage and mechanics line coverage coinciding with disbursement of funds.
  - Flood certification on pledged real estate.
  - A 2.5% replacement reserve to be funded monthly.
  - Borrower to establish a debt service escrow account of \$25,000.00 with Bank at closing.
  - During the term of the loan, Borrower and guarantor to maintain their primary deposit relationship with the Bank.

Sincerely,



Roger C. Levesque  
Executive Vice President  
222-1491