



February 9, 2016

North Garden Theater, LLC  
 Tina and Ryan North  
 5252 33<sup>rd</sup> Avenue S.  
 Minneapolis, MN

Re: Loan approval for renovation work at 929 W. 7<sup>th</sup> Street in St. Paul


Sent Via Email: [northgardentheater@gmail.com](mailto:northgardentheater@gmail.com)

Dear Tina and Ryan:

Thank you for considering financing your project with a Sunrise Banks SBA 7(a) guaranteed loan. The SBA loan process is more complex than conventional financing and both our team of SBA experts and I will help you through every step of the process.

***This letter is a commitment to extend credit, subject to final approval conditions detailed in this letter. It is also subject to execution and delivery of all documentation requested in satisfactory form and substance to the bank.***

| <b>SBA 7(a) Term Loan</b> |  |
|---------------------------|--|
| Borrower(s)               | North Garden Theater, LLC and an entity TBD  |
| Loan Amount:              | Up to \$570,000  |
| Interest Rate:            | 5% fixed for the first five years, then adjusting to Wall Street Journal Prime Rate plus 1.50% for five years and readjusting every five years.  |
| Amortization and Term:    | 25 year term / 25 year amortization  |
| Payment Amount:           | Nine months interest only payments during nine month draw period, then monthly payments of principal, interest and real estate tax escrow.   |
| Collateral:               | 1 <sup>st</sup> mortgage on the property located at 929 W. 7 <sup>th</sup> Street in St. Paul<br>1 <sup>st</sup> position UCC filing on all business assets of the operating company<br>1 <sup>st</sup> position UCC filing on furniture and fixtures      |
| Life Insurance            | None required  |
| Guarantor(s):             | Tina North – personal<br>Ryan North – personal<br>RTZ Productions, LCC - corporate   |
| Prepayment Penalty:       | 5%, 3%, 1% prepayment penalty for the first three years of the loan<br>For prepayments of 20% or more of the loan balance, a 21-day notice of prepayment is required to avoid additional interest costs  |
| Additional Terms:         | Final closing is subject to the following terms and conditions: <ul style="list-style-type: none"> <li>- As-is and as-completed appraisal, addressed to the bank and the SBA, in satisfactory form and substance.</li> <li>- Final title policy</li> </ul> |

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|                       |  |
|-----------------------|--|
|                       | <ul style="list-style-type: none"> <li>- Satisfactory survey</li> <li>- Satisfactory environmental report</li> <li>- Assignment of construction contract</li> <li>- Construction draws to be submitted via the standard AIA draw form. All draws are subject to final approval by the bank and title company</li> <li>- All draw requests will be subject to a property inspection by a bank-appointed construction inspector.</li> <li>- Any other items as deemed necessary by the bank</li> </ul> |
| Additional Collateral | Under SBA rules, if the as-complete appraisal of the project is not sufficient to fully collateralize the loan, we will be required to further secure the loan using any and all available personal assets.  |

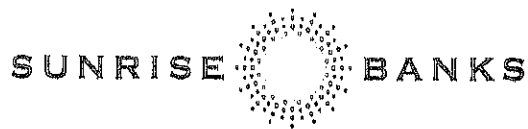
Sources and Uses

| Category                 | Bank                | Borrower            | Total               |
|--------------------------|---------------------|---------------------|---------------------|
| Building Purchase        | \$0.00              | \$80,000.00         | \$80,000.00         |
| Renovate Building        | \$540,000.00        | \$0.00              | \$540,000.00        |
| SBA Packaging Fee        | \$0.00              | \$2,500.00          | \$2,500.00          |
| SBA Guaranty Fee         | \$0.00              | \$14,963.00         | \$14,963.00         |
| Title                    | \$0.00              | \$3,000.00          | \$3,000.00          |
| Environmental            | \$0.00              | \$800.00            | \$800.00            |
| Appraisal                | \$3,000.00          | \$2,000.00          | \$5,000.00          |
| Survey                   | \$0.00              | \$1,500.00          | \$1,500.00          |
| Construction Contingency | \$24,000.00         | \$0.00              | \$24,000.00         |
| Construction Inspections | \$3,000.00          | \$0.00              | \$3,000.00          |
| Other Closing Costs      | \$0.00              | \$1,237.00          | \$1,237.00          |
| <b>Totals</b>            | <b>\$570,000.00</b> | <b>\$106,000.00</b> | <b>\$676,000.00</b> |

**\*\*\* SBA Packaging fee can be up to 2% of the loan amount but no more than \$2,500.**

SBA requires that we verify equity or down payment contributions to the project. Both the source and actual injection of cash for the stated purpose above will require documentation prior to closing. It is our understanding that your source of the cash injection is from *personal savings*.

The SBA packaging fee shown above is a fee that is charged by the bank to prepare your application for the SBA loan. You are not required to pay for unwanted services associated with completing your application. The other fees shown are pass-thru fees that are charged to the bank to satisfy the conditions required of the loan.



**Other Loan Conditions:**

The following loan conditions are most common in SBA loans. Final approval of your loan may include conditions in addition to the following.

Hazard insurance is required on all assets pledged as collateral and coverage must be in the amount of full replacement cost.

Proof of liability insurance and workman's compensation insurance is required prior to closing.

A written lease with a term equal to the loan is required by SBA for all locations where collateral is located. A landlord waiver executed by your landlord is required prior to closing. A form will be provided when you submit your existing lease. If you are negotiating a new lease please request a draft document to ensure your landlord will comply with the terms prior to signing a new lease.

SBA requires that the bank verify tax returns submitted for loan approval against IRS records. Satisfactory review of the IRS transcripts prior to closing is required.

If any of the collateral is located in a flood zone SBA requires flood insurance for both real estate and business property under the NFIP.

Sincerely,

A handwritten signature in black ink that reads "Matt Meyers".

Matt Meyers  
Vice President

Applicant Acceptance

\_\_\_\_\_  
Signature, Title

\_\_\_\_\_  
Date

\_\_\_\_\_  
Signature, Title

\_\_\_\_\_  
Date