

Commercial Real Estate Contract

Representative Sections of a Commercial Real Estate Contract

1. Premises
2. Consideration
3. Deed
4. Closing
5. Fixtures; Leases
6. Title
7. Condition of Premises; Inspection Contingency
8. Mortgage Contingency
9. Time

Representative Sections of a Commercial Real Estate Contract

10. Broker(s)

11. Apportionment

12. Risk of Loss

13A. Seller's Deliveries

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15. Delivery of Premises

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Representative Sections of a Commercial Real Estate Contract

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25. Representations

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Representative Sections of a Commercial Real Estate Contract

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PURCHASE AND SALES AGREEMENT

AGREEMENT made as of the 10th day of _____, 2017 (the "Effective Date"), by and between _____ a Connecticut limited liability company (hereinafter referred to as the "Seller"), and _____ an individual (hereinafter referred to as the "Buyer"), or to his assignee, provided that such assignee is an entity in which _____ or any family member(s) of his hold(s) a controlling interest.

1. **PREMISES.** The Seller, in consideration of the purchase price hereinafter specified, hereby agrees to sell and convey, and the Buyer hereby agrees to purchase that certain parcel(s) of real Premises commonly known as _____ and more specifically described in Schedule A attached hereto, together with the buildings, structures and improvements located thereon (collectively, the "Premises"), subject to the encumbrances and exceptions to title set forth or referred to in paragraph 6(c) and Schedule B (legal description and exceptions, if any) attached hereto.

2. **CONSIDERATION.** The purchase price for the Premises is **Two Million Seven Hundred Thousand and 00/100 Dollars (\$2,700,000.00)** which the Buyer agrees to pay as follows:

(a) As the deposit before or upon the signing of this Agreement, receipt of which is hereby acknowledged, subject to collection (the "Deposit").

\$135,000.00

(b) Subject to adjustment as described in the immediately subsequent paragraph hereinbelow, upon the delivery of the deed by wire transfer.

\$2,565,000.00

TOTAL

\$2,700,000.00

The Deposit shall be paid to Seller's legal counsel (the "escrow agent"), who shall hold the same as escrow agent subject to the terms and conditions of the Escrow Agreement attached hereto and made a part hereof as Schedule C and release same to the Seller at the time of closing, or to the party entitled thereto under the terms of this Agreement upon sooner termination of this Agreement. In the event of any actual or claimed dispute regarding the Deposit, the escrow agent may commence an action of interpleader or similar proceeding and may deposit the Deposit with a court of competent jurisdiction, whereupon said attorney shall have no further liability or obligation with regard to said funds. There shall be no cost of the escrow agent to any party unless the parties give conflicting instructions to Escrow Agent or give notice disagreeing with Escrow Agent's intended course of action.

It is specifically understood and agreed that at closing, the Buyer shall tender to the Seller wired funds payable to the escrow agent, for the balance of the purchase price due at closing as set forth in this Agreement less the amounts of all mortgage payoffs. Additionally, the Buyer's attorney shall tender to the escrow agent separate cashier's, or bank, treasurer's or certified check(s) or make appropriate wire arrangements for payoff of the Seller's mortgage obligations.

At least one (1) business day before closing, for each mortgage payoff, the Seller shall provide the Buyer's attorney with written directions stating the name of the payee and the total amount of payoff together with a copy of the associated payoff statement(s), together with wire instructions if applicable.

Sample Due Diligence Checklist

1. Most recent title policy
2. Building blueprints
3. All building service contracts
4. Building warranties and guarantees
5. Certificates of occupancies, licenses and building permits
6. Maintenance schedule for property and property equipment
7. ALTA survey
8. Environmental reports
9. All leases
10. Tax returns for the last 3 years

Sample Due Diligence Checklist

11. Current insurance policy
12. List of all security deposits
13. List of all outstanding commissions due
14. Certified rent roll by unit number, tenant, original occupancy date, square footage, current monthly rent, current rent per square foot, expiration date, rent increases, renewal options
15. Declaration of covenants, conditions, restrictions, reservations and easements
16. Last 3 years of tax bills and any special assessments or incentives
17. Last 2 years of utility bills
18. Vacancy list over the last 3 years
19. Tenant Estoppel letters

Sample Due Diligence Checklist

- 20. Last 3 years profit and loss statements
- 21. Historic and pending litigation
- 22. Employee wages and benefits
- 23. Property Management Agreement

Environmental Assessments

A phase I ESA inspection is often required by lending institutions and is an integral part to many industrial and commercial real estate transactions. Put in simple terms, a Phase I ESA consists of document research and review, along with a site visit to determine if further investigation is advised from an environmental standpoint. Local government documents are reviewed to determine prior use of the land as well as surrounding areas. It also entails a very detailed site visit and analysis by a qualified professional. Finally a report is generated documenting the results of the research and site visit.

Environmental Assessments

There are two other aspects to a Phase 1 that may come into play depending on what is found during the Phase 1 inspection and research. These are Phase 2 and Phase 3. As you might assume Phase 2 and Phase 3 are the more involved aspects of the environmental field. Phase 2 involves testing of the site such as coring into the earth and taking samples of the soil along with testing it to determine what is in the soil. The information during a Phase 2 will determine if the site warrants further investigation and/or to be remediated. If remediation is needed this is Phase 3.

From:

Subject: 80 Ferry Boulevard – Environmental Questionnaire

Date: May 16, 2017, 5:07 PM

To: jeffwright@att.net

Hello Jeff,

Can you please assist in having this questionnaire completed?

Goal is to send in advance of Friday AM inspection.

Please complete through No 19

I will provide Rent Roll

If you have any Municipal Documents on last page, please let me know.

Note, it is a Word Document, so can be completed within the document.

Let me know if you have any questions.

Best,

Please fill out and sign this questionnaire to the best of your knowledge for the Scientist's site visit. Email to _____ at _____ or fax to _____, for our report files, and keep the original to provide to the Scientist.

7.

Subject Property Name: 80 Ferry Blvd

Address: 80 Ferry Blvd Stratford CT

Subject Property Owner: _____ Purchase Date : _____

On-Site Property Contact: _____ Telephone: _____

FAX: _____ Email: _____

Your Name and Title

Signature

Date

Additional plans and documentation (see page 4) must be forwarded to the site for the Scientist during the survey. For questions not applicable please respond "NIA." Attach additional pages if necessary. This questionnaire and your responses will be Included as an exhibit in the Environmental report. Accurate and full completion is critical to a timely completion of our reports, and timely Joan closing.

LOCAL JURISDICTIONAL INFORMATION

1. What is the property ID#, Lot and Block, or Township/Range ID#? _____
2. What is the legal Municipality or County that has jurisdiction over the property? Fairfield
3. What is the assessors file ID number and tax file JD number if available? _____

PROPER TY INFORMATION

4. What is the size of the subject property lot or lots, in acres? 1.25 acres

5. How many buildings comprise the subject property-? One building. _____
 - a. If the property is a mall or large retail center, please confirm and list ownership of each building. _____
 1. What is the gross and net rentable square footage of the building(s)? Gross 42,572 Rentable 37,100
6. What is the date of construction of the building(s)? When was the building(s) first occupied? _____
7. How many tenant spaces or apartments are at the Subject Property? 15 _____
8. Please list, to the best of your knowledge, any structural, water infiltration, mold, roof, plumbing, HVAC, Fire Alarm or electrical deficiencies or problems. _____
9. Please list any deficiencies noted during any Building, Fire or Health Department inspections in the last three years. _____
10. Please list the following utility providers:

Water: _____	Electricity: _____
Sanitary Sewer: _____	Storm Drainage: _____
Trash Hauler: _____	Natural Gas or Oil: _____
	and, Frequency of Pick-ups: _____
11. Please attach a brief history of the property.

Environmental Site Assessment Pre-Survey Questionnaire

1. Describe the current uses of the property noting tenant names and oil/chemical usage. _____
2. Describe the past uses of the property noting tenant names and oil/chemical usage. _____
3. (Y) (N) Has a previous environmental site assessment report been prepared for the property? If yes, for what reason? Can _____ have a copy? _____
4. (Y) (N) Has a subsurface investigation (Phase II) ever been conducted on the property, including soil sampling, groundwater sampling, or installation of groundwater monitoring wells? If yes, for what reason? What were the results? Can _____ have a copy of the report? Are there any groundwater monitoring wells currently located on the property? _____
5. (Y) (N) Has contamination been identified at the Subject Property? Describe the nature of the contamination (i.e., source, media impacted, location, sampling, cleanup activities, regulatory status, etc.). Can _____ have copies of related documentation? _____
6. (Y) (N) Has a spill or surficial release occurred at the Subject Property? Describe the nature of the spill/surficial release (i.e., source, location, response/cleanup actions, regulatory status, etc.). Can _____ have copies of related documentation? _____
7. (Y) (N) Is the Subject Property listed with the USEPA and/or the state environmental regulatory agency as a contaminated site? If yes, please describe. Can _____ have copies of related documentation? _____
8. (Y) (N) Has there ever been previous sampling for Asbestos, Lead-Based Paint, Lead in Water, or Radon? If yes, please describe. Can _____ have copies of related documentation? _____

9. (Y) (N) Has there been any Asbestos or Lead-Based Paint abatement or Radon mitigation conducted at the Subject Property? Are there Asbestos and/or Lead-Based Paint Operations and Maintenance Plans for the Subject Property? If yes, please describe. Can _____ have copies of related documentation? _____
10. (Y) (N) Any known environmental liens, deed restrictions, or use limitations for the Property? If yes, please describe. _____ Can _____ I have copies of related documentation? _____
11. (Y) (N) Any permitted or regulated activities (Hazardous waste generator, air) on the Property? If yes, please describe. _____
12. (Y) (N) Are there any transformers or other electrical equipment, which may contain PCBs? If yes, please describe. Where are they? Who owns the transformer(s)? Who services them? _____
13. (Y) (N) Has an industrial or manufacturing operation, gas station, motor repair facility, commercial printing facility, dry cleaners, photo-developing laboratory, junk yard, landfill or waste, treatment, storage, disposal processing or recycling facility ever been located at or adjacent to the property? If yes, please describe". _____
14. (Y) (N) Are there any discarded drums, barrels or containers, construction debris, damaged or discarded automobile or industrial batteries, or pesticides, paints or other chemicals in Individual containers or drums of greater than five gallons or fifty gallons in aggregate located on the property? If yes, please describe. _____
15. (Y) (N) Have there ever been any waste storage or treatment lagoons, pits, ponds, or surface impoundments on the property? If yes, please describe _____

16. (Y) (N) Does the property have floor drains not discharging to a sewer? Septic System? If yes, please describe. _____

17. (Y) (N) Are there currently aboveground or underground storage tanks as the property? If yes, complete table.

Type of Tank	Size	Content	Installation Date	Spill/Leak Detection? Y or N
Above or Underground	gal			
Above or Underground	gal			
Above or Underground	gal			
Above or Underground	gal			

18. Are you aware of any information to indicate that the Subject Property was sold for substantially below its fair market value? If so, please provide an explanation: _____

19. Additional comments and/or pertinent information relevant to this Phase I ESA: _____

Environmental Site Assessment Pre-Survey Questionnaire

DOCUMENT AND INFORMATION CHECKLIST

Please provide the following information (as much as possible in electronic format) so the Scientist can proceed with the survey of the property.

A. Plans	B. Municipal Documents	C. Additional Information
▪ ALTA Survey or Site Plan ▪ Reduced scale Site and Building Plans	▪ Certificate of Occupancy ▪ Building Permit ▪ Copy of tax cards ▪ UST/AST Registrations	▪ Tenant Rent Roll ▪ Historical Uses ▪ Previous Due Diligence Reports ▪ Copy of most Recent Appraisal

ACCESS REQUIREMENTS

At the time of the site visit the Consultant is required to gain access to all areas of the property. This Includes:

- All building interiors, including as applicable, common areas, lobbies, a representative sampling of offices, retail spaces, manufacturing or assembly areas, or apartments, community rooms, exercise rooms, pool areas, storage rooms, attics and basements, garages.
- All building perimeters
- All site amenities
- All building roofs, unless pitched asphalt shingles. This may require you to obtain and provide a ladder.
- All mechanical, electric, sprinkler, HVAC, utility, service, elevator, storage and equipment rooms

Subject: RE: Notice for Request for Extension of Due Diligence Period

Yes, through the close of business on Monday April 10.

From:

Subject: Notice for Request for Extension of Due Diligence Period

This is a Notice sent in accordance with paragraph 19 of the Purchase and Sales Agreement by and between _____ (as "Seller") _____ (as "Buyer"), dated as of March 10, 2017 (the "Contract"). Defined Terms in the Contract have the same meanings when used herein. Buyer hereby requests an extension of the Due Diligence Period to 5pm on Monday, April 10, 2017. Buyer is completing its mechanical inspections next week. I am advised that both the Due Diligence and the mortgage application(s) are -going full guns.

Naturally, I am required to advise that if this extension request is not acceptable, then Buyer hereby terminates the Contract and is to be refunded the Deposit.

In accordance with paragraph 19 of the Contract, I ask that you confirm your receipt of this Notice.

Sincerely,

Due Diligence Resolution

To:

Subject: Re: 80 Ferry Blvd.

Email is an accurate depiction of our agreement.

Thanks, Jeff

On Apr 19, 2017, at 3:58 PM,

I understand that our clients have reached a resolution of all outstanding inspections issues. The agreement is as follows:

- a. Seller to give Buyer a \$35,000 credit at closing to cover (1) window seal failure, (2) replacement of first floor air conditioning units, and (3) Dryvit repair.
- b. Prior to closing, Seller to repair a leak where the skylight meets the roof in the rear of the building. The roof is new¹ and this item will be covered under the existing roof warranty. However, the Seller will ensure that this work gets done prior to closing.
- c. This resolution terminates Buyer's rights under the 11 Due Diligence Period as articulated in paragraph 7 (b) of the Purchase and Sale Agreement between the parties dated March 10, 2017.

Please confirm the terms of this agreement let me know how you would like to document it.

Thank you.

COMMERCIAL REAL ESTATE FINANCE TRAINING

Definition of Commercial property: MF 5+ units, Mixed-Use, Office, Retail, Hospitality, Industrial, Special Purpose

Property types most favored by Lenders:

- Multi-family: most favored asset class. Considered safest and most recession proof
- Less favored by lenders - retail, office, hospitality, special purpose

Difference in qualification for commercial loan vs. residential loan:

- Commercial real estate loans underwritten based on property cash flow. Borrower income considered 2nd
- Borrower's liquidity is important
- DSCR: Net Operating Income / Debt Service (P&I)
- Residential loans underwritten based on Borrower Income and Debt
- Loan-to-Value LTV must be at or below the maximum requirement. Multi-family is usually 70-75%. Retail and Office are usually 60-65% LTV

Typical down payment requirements; Loan-to-Value explanation:

- 20-25%; Conservative Lenders require 30%; also, dependent on property type (multifamily, being the safest asset, is lowest at 20-25% down payment)
- A 20% down payment would be the same as a loan with 80% Loan-to-Value (LTV) based on the appraised value

How to Underwrite Commercial Loan - calculation of NOI based on actual "in place" income and expenses:

- Based on current income & expenses. Does not consider future rent projections
- Break down operating expenses (taxes, utilities, repairs and maintenance)
- Apply market vacancy rate and management fee

Alissa J. Gaines, President
Carlyle Financial, LLC
(O) 203.571.1020 ajgaines@CarlyleFinancial.us

- **DSCR: Minimum 1.25x for multi-family. More conservative for other asset types 1.30-1.35x. Hotels can be 1.50x**

Required Debt Service Coverage Ratios (DSCR) - explain formulas and meaning:

Net Operating Income (including vacancy % and management fee)

Divided by:

Mortgage Payment (Principal & Interest)

Preparation of Financing Package present to potential Lenders:

- Summary of property, business plan, and loan request
- Property income & expenses
- Current property rent roll; explanation of tenant(s) in occupancy
- Borrower track record owning Real Estate
- Borrower Schedule of Real Estate Owned (SREO)

Loans are analyzed specific for the transaction, not always to standard lending program:

- Many moving parts, including Owner's experience, property history, location, lease expirations (rollover), etc.

Timetable for closing:

Typically, 45-60 days from request to closing. Can be accelerated if Purchase & Sale Agreement (PSA) requires earlier closing date. Borrower must have all documentation available.

- 1) Prepare Financing Package
- 2) Submit to potential Lenders
- 3) Lender issue Term Sheet/Letter of Interest (non-binding)
- 4) Review with Owner to select 1 Lender based on loan terms
- 5) Borrower signs Term Sheet, together with Good Faith Deposit to order 3rd party reports
- 6) Banker submits to in-house Underwriter to prepare internal presentation
- 7) Banker/Underwriter obtain approval from Loan Committee, subject to favorable 3rd party reports or obtain after receipt of 3rd reports
- 8) Lender issues Commitment Letter (binding)
- 9) Borrower/Owner signs
- 10) Process moves to closing; lender's attorney issues Closing Checklist to Borrower Attorney
- 11) Closing scheduled after receipt of all documentation

Preliminary Questions to ask Perspective Commercial Clients

1. Property Owner
 - a. Name _____
 - b. Telephone Number _____
 - c. Property Address _____
2. Type of Property
 - a. Multi-Family _____
 - b. Mixed Use _____
 - c. Commercial
 - Retail, Office, Other _____
3. Investment: Yes / No _____
4. Owner Occupied: Yes / No _____
 - a. If so, describe Owner's business _____
5. Purchase: Yes / No _____
 - a. Purchase Price: _____
6. Refinance: Yes / No _____
 - a. Principal Balance: _____
 - b. Rate: _____
7. Property Income and expense

LOAN SUBMISSION CHECKLIST

PROPERTY

1. Description of building
2. Land Area
3. Parking
4. Pictures, include the property and immediate surrounding area.

BORROWING ENTITY

1. Name of the entity that will own the property
2. Partners with ownership of 20% or more, provide
 - Personal Financial Statement - provide own OR form attached
 - 2 yrs. Personal Tax returns
 - Background of each partner describing business and real estate experience

PROPERTY FINANCIAL INFORMATION

1. Rent Roll - provide own OR form attached
2. Operating Expenses for the Property
 - a. Real Estate Taxes
 - b. Insurance
 - c. Utilities, detailed breakdown
 - d. Other expenses

OWNER OCCUPIED PROPERTY

1. 2 yrs. Business Tax Returns

LEGAL

1. Purchase and Sale Contract

Comparison of Loan Proposals

80 Ferry Boulevard, Stratford, CT Acquisition Financing			
COMPARISON OF LOAN PROPOSALS			
Lending Institution	Lender 1 - Credit Union	Lender 2 - Bank	Lender 3 - Bank
	Nutmeg State Federal Credit Union	Bankwell	Essex Savings Bank
Interest Rate	Option 1: 10 yr. Fixed 5.50% Option 2: 5yr Fixed starting at 4.625% Reprices at FHLBB 5 year Classic Advance + 2.25%	Float to Close - Rate will be fixed 240 bps over 5-Year Treasury. 4.45% Floor. Fixed - 4.50% for 5 years	Option 1 - 10-Year - 5.375% Fixed Option 2 - 5-Year - 4.375% Fixed
Other	<u>Account Requirements</u> >Business Checking/Savings Accounts must be moved to Credit Union >All operating expenses to flow through Nutmeg Accounts.	<u>Account Requirements</u> Property Operating Account to be held at Bank	<u>Interest Rate Reset</u> Option 1 (10yr) - 5.375% - Adjusted 10th & 15th Anniversary Option 2 (5yr) - 4.375% - Adjusted 5th, 10th, & 15th Anniversary
Prepayment Penalty	None	5-1 Stepdown	5-1 Stepdown
Third Party Due Diligence	Appraisal, Environmental	Appraisal, Environmental, Property Condition Assessment	Appraisal, Environmental
Origination Fee: Lender	0.50% of Loan Balance	0.50% of Loan Balance	\$5,000 Origination Fee
Broker Fee: Silverthread Capital	1.00% of Loan Balance	1.00% of Loan Balance	1.00% of Loan Balance
Comments	Relationship Discount - Rate above 0.25% relationship for bringing over personal deposit and checking relationship to CU. Must be used as primary financial institution through the life of the loan.		Deposit Relationship - Strongly Encouraged

Mortgage Changes

Loan Date	Interest Rate	Payment	Payment Change
• 11/6/2007	6.625%	\$19,125.08	
• 11/6/2012	3.76%	\$14,406.88	↓ \$4,718.20
• 11/6/2017	4.41%	\$15,424.03	↑\$1,017.15

Bank Loan Proposal

April 12, 2017

Mr. _____

RE: LLC to be determined - \$2,025,000 Commercial Mortgage Loan

Dear Sirs:

Bank (the "Bank") is pleased to provide you with the following summary of terms and conditions for a [loan type] to the Borrower, as defined below. The proposed terms and conditions contained herein are provided for discussion purposes only and in no way constitute an offer, agreement, or legally binding commitment to lend. The actual terms and conditions upon which the Bank might extend credit are subject to the satisfactory completion of underwriting due diligence, credit committee approval, satisfactory review of documentation, and other such terms and conditions as are determined by the Bank or its counsel in their sole discretion.

Borrower: TBD

Guarantor(s) _____ and _____, joint and severally

Loan Amount: \$2,025,000 based upon the lesser of 75% of the appraised value or cost of the property and an amount sufficient to provide a minimum 1.25x Debt Service Coverage Ratio ("DSCR").

Term: 10 years with three five-year renewal options.

Float to Close:

The Rate will be **fixed three (3) days prior to loan closing** at a rate equal to a spread of 240 basis points added to weekly average yield on United States Treasury securities adjusted to a constant maturity of 5-years, the ("TCMI Index") as made available by the Federal Reserve Board, subject to a floor of 4.40% (if applicable). The TCMI Index can be found at the following URL: (<https://www.federalreserve.gov/releases/h15/>)

Fixed: Fixed at 4.50%. The Bank may adjust the fixed rate as a result of a significant change in the interest rate market. A significant change is defined as movement, up or down, of at least 15 basis points as measured by the weekly average yield on United States Treasury securities adjusted to a constant maturity of 5-years, the {"TCMI "Index") used in this transaction, as made available by the Federal Reserve Board. If, 3-days prior to loan closing, the TCMI Index plus the defined spread is either up or down by 15 basis points or more from the initial fixed rate quote, the interest rate will be reset to the then current TCMI Index plus the spread. The TCMI Index can be found at the following URL: (<https://www.federalreserve.gov/releases/h15/>) If the 5-year renewal options are exercised the Interest Rate will reset for the applicable reset period 5-years at 250 basis points over the then 5- Year TCMI Index available 30-days prior to the renewal option. At no time will the interest rate be lower than 4.45%, the Floor Interest Rate.

Amortization:

25 years

Commitment Fee:

.5% (\$10,125 based upon the proposed Loan Amount)

Collateral:	First mortgage on a 31,064 office building located at 80 Ferry Blvd, Stratford, CT and a UCC Lien on the building fixtures.
Loan Type:	Commercial Mortgage
Purpose of Loan:	To finance the purchase of the collateral property
Prepayment Fee:	5% in year 1, 4% in year 2, 3% in year 3, 2% in year 4 and 1 % thereafter including renewal period. No fee will be charged for prepayment 90 days prior to any rate renewal period.
Tax Service Fee:	\$100 - This fee will cover the cost of the Bank's outside firm to track the payment of real property taxes for the life of the loan.
Covenants:	<ol style="list-style-type: none">1) Loan to Value not to exceed 75%, at closing2) Maintenance of a debt service coverage ratio ("DSCR") of at least 1.25x during the term of the Loan, to be tested annually.
Appraisal:	Appraised value of the property "as is" in an amount of not less than that required for a 75% Loan to Value. The appraisal shall be ordered and completed by a firm approved by the Bank with such costs to be paid for by the Borrower.
Environmental:	The Loan will be subject to a review of a current environmental Phase I report and/or an updated environmental database search/transaction screen, the cost of which will be paid for by the Borrower.

Property Condition Assessment: The Loan will be subject to a review of a current Property Condition Assessment ("PCA") by a **bank-approved consultant**, the cost of which will be paid for by the Borrower.

Flood Notice: If a Flood Determination concludes that the Premises are located in a Special Flood Hazard Area, Borrower must provide satisfactory evidence of acceptable flood insurance prior to closing.

Financial Statements: The Borrower shall provide the Bank with **annual audited financial statements** within 120 days of fiscal year-end, and tax returns within 30 days of filing. The Guarantors shall provide personal tax returns within 30 days of filing, and annually within 120 days of fiscal year-end signed and dated personal financial statements including any contingent liabilities. All financial statements shall be in form and substance satisfactory to the Bank.

Operating Accounts: The Borrower's operating accounts are to be maintained with the Bank during the Loan term.

Secondary Financing: No secondary financing permitted without Bank's prior written consent.

Due on Sale: The Loan shall become due and payable in the event of any sale, conveyance, transfer or further encumbrance of the Borrower's property, or change in the Borrower's ownership structure without the Bank's prior written consent.

Closing Date: The Loan shall close on or before June 30, 2017.

Other: Borrower shall provide the Bank with the following information:

- A copy of Borrower's articles of incorporation, operating agreement
- copies of all leases
- copies of any previous appraisal, environmental or physical inspection reports
- Such other financial and property information as may be reasonably requested by the Bank.

This term sheet and proposed financing arrangements described herein are delivered to you with the understanding that neither this letter, nor the substance of this letter, shall be disclosed to anyone outside your organization, except those who are in a confidential relationship to you.

If you are in agreement with the terms of the transaction as described in this letter, please sign and return a copy of this letter by April 21, 2017 along with a check in the amount of \$15,000 ("Good Faith Deposit") to indicate your desire to proceed with the application for credit.

The Good Faith Deposit will be applied toward the Bank's third party reports, and if your request for a loan is not approved, any amounts remaining will be refunded. If the Loan is approved, the Good Faith Deposit will be applied as a credit towards the commitment fee and other closing costs upon acceptance by the Borrower. In the event that a Loan is approved substantially in accordance with the above referenced terms and conditions, and not accepted by the Borrower within the required time period, then the Good Faith Deposit shall be retained by the Bank as liquidated damages.

THIS APPLICATION IS NOT A COMMITMENT OR AN OFFER TO MAKE A LOAN BY _____. The terms and conditions outlined in this letter are presented for a limited time only and shall expire on April 21, 2017 if not confirmed by the Borrower and returned to _____ with all required fees and information by that date.

Disclosure of Rights: If your application for business credit is denied by the Bank, you have a right to a written statement of the specific reasons for the denial. To obtain this statement, please contact _____, within 50-days from the date you are notified of our decision. We will send you a written statement of reasons for the denial within 30_days of receiving your request for the statement.

I look forward to working with you on this matter. Please do not hesitate to contact me at _____ if you have any questions.

Sincerely,

Vice President

Notice: The Federal Equal Credit Opportunity Act prohibits creditors from discriminating against credit applicants on the basis of race, color, religion, national origin, sex, marital status, age (provided that the applicant has the capacity to enter into a binding contract), because all or part of the applicant's income derives from any public assistance program, or because the applicant has in good faith exercised any right under the Consumer Credit Protection Act. The Federal Agency that administers compliance with this law concerning this creditor is: FDIC Consumer Response Center, 1100 Walnut Street, Box #11, Kansas City, MO 64106.

I/We grant to _____ permission to obtain a credit report or other information on any or all of the undersigned. I/We acknowledge receipt of a photocopy of this application including the Disclosure of Rights listed above.

The foregoing is accepted by:

BORROWER NAME

By:

Date:

By:

Date:

Each of the undersigned accepts the terms of this application and agrees to the joint/several guarantors in the event that a loan is extended pursuant hereto:

GUARANTOR(S):

By:

Date:

By:

Date:

Representing A Tenant Leasing Commercial Real Estate

G HAR

- Commercial Exclusive Right to Represent Buyer/Tenant Contract (B)
- Letter of intent to Lease Commercial Real Estate (C)

CTR

- Commercial Exclusive Right to Sell/Lease/Exchange Agreement (D)
- Commercial Open Right to Sell/Lease/Exchange Agreement (E)

RMRC

- Customized Commercial Exclusive Right to Represent Buyer/Tenant Contract (F)
- Customized Letter of intent to Lease Commercial Real Estate (G)
- Customized Letter of intent to Purchase Commercial Real Estate (H)
- Confidentiality Form (I)

Commercial Real Estate Terms for Leasing

Anchor Tenant

The primary and usually the largest tenant in a shopping center. Larger shopping centers may have more than one anchor tenant. Rent for anchor tenants is often significantly lower than rent for other tenants in a shopping center because they draw consumers to the center.

Base Rent

The minimum rent due to the landlord. Typically, it is a fixed amount. This is a face, quoted, contract amount of periodic rent. The annual base rate is the amount upon which escalations are calculated.

Common Area

The generally accessible areas found on each floor of an office building such as washrooms, janitorial closets, electrical rooms, telephone rooms, mechanical rooms, elevator lobbies and public corridors that are available for use by all tenants on that floor. It does not include major vertical penetrations such as elevator shafts, stairways, equipment runs, etc., (identified as percentage of rentable area).

Core Area

The common area plus vertical penetrations in an office building measured in square feet. Core area is typically expressed as a percentage of net rentable area. This factor, which ranges from 5 to 20 percent for typical office buildings, can be computed for an entire building or a single floor of a building.

Creditworthy Tenant

A tenant without a business that has been in existence for numerous years, that has strong financial statements, or that has a large market presence that could be rated as investment grade by a rating agency. Financial and business stability implies that the tenant is highly likely to honor its lease commitment; the tenant is, therefore, viewed as a low-risk renter. Buildings with credit tenants as anchors are considered less risky investments for lenders.

Gross Lease

A legally binding contract in which a landlord receives stipulated rent from a tenant and is obligated to pay all or most of the property's operating expenses and real estate taxes

Note: Disclosure of the specified costs of operation is required in some states.

Ground Lease

A lease agreement (contract) whereby the landowner (lessor) agrees to lease a parcel of land for a set period of time to a third party (lessee). Depending on the agreement, the lessor can stipulate what the lessee can or cannot do with the property or build on the property. The lease term is typically 20 years or more, but many extend to 99 years. Upon expiration of the lease agreement, the lessor typically gains control and ownership of whatever is constructed on the land, unless the lease is renewed, or an exception is created in the lease.

Load Factor or Core Factor

The load factor is calculated by dividing the rentable building area (RBA) by the usable area. This factor can then be applied to the usable area to convert it to RBA for comparison. In markets where space is leased on the basis of usable area, if the load factor is 15 percent, then the usable area can be multiplied by 1.15, resulting in RBA. (Synonym: add-on factor)

Net Lease

A lease in which the tenant pays a share of operating expenses in addition to the stipulated rent. Disclosure of the specific expenses to be paid directly by the tenant is required.

Pro Rata Share

The percentage that, when multiplied by reimbursable expenses (less an expense stops if referring to a gross lease), equals the amount to be reimbursed by a tenant to the landlord for expense recoveries. Typically, the percentage is calculated by dividing the net rentable area of a tenant's leased premises by the net rentable area of the building, although this is not always the case.

Rentable Building Area (RBA)

The total square footage of a building that can be occupied by or assigned to a tenant for the purpose of determining a tenant's total rental obligation. Generally, RBA includes common areas in the building including hallways, lobbies, bathrooms, and phone/data closets. (Synonym: gross building area).

Operating Expenses

Your annual operating expenses of the property typically include taxes, insurance, utilities common area, management fees, payroll, landscaping, maintenance, supplies, repairs, heating and ale service controls, elevator service controls, and snow removal. This category doesn't include mortgage payments or interest expense.

Shell Space

Space within a property that is currently not built out.

Tenant Improvements

Preparation of leased premises prior to or during a tenant's occupancy, which may be paid for by either the landlord, the tenant, or both.

TI Allowance From Owner

Entry on the tenant's cash flow form. A specified amount of money the owner will pay for tenant improvement.

Triple Net Lease

A lease agreement whereby the tenant pays taxes, maintenance and property insurance as well as all operating costs associated with the tenant's occupancy, including personal property taxes, janitorial services and all utility costs. The landlord is usually responsible for the roof and the structure and sometimes the parking lot.

Usable Area

This relative term is best compared to rentable area. Usable area is the amount of space that can actually be used by tenants within the space they lease. For example, columns inside a tenant space are counted in the measure of rentable area, but the space occupied by a column cannot be used by the tenant. A tenant's usable area does not include common areas in the building.

Vacancy Rate

A measurement expressed as a percentage of the total amount of vacant space divided by the total amount of inventory, this measurement is typically applied to a building, a submarket or a market. Your vacancy rate is the number of vacancies divided by the number of units: $\text{Vacancy rate} = \frac{\text{number of vacancies}}{\text{number of units}}$

Work Letter

A legal document that outlines the obligations of the landlord relative to the improvements necessary to prepare leased premises for a tenant's occupancy. Items typically found in a work letter include a description of the improvements, the cost thereof, and the portion of the cost to be paid by the landlord, the competition date and the insurance requirements of contractors performing the improvements.

Representing a Tenant, Leasing Commercial Real Estate Sequence

J

- A) Client identifies a want. An office lease for 1,500 useable sf in Stratford, CT. with a lease rate of \$20-\$25 sf all in (gross) plus utilities.
- B) Sign an Exclusive Tenant Representation Agreement. Ask if the tenant is willing to pay your fee if you locate something that would be great for them where a commission is not being offered by the leasing agent or the property is not on the market.
- C) Search CoStar, LoopNet, CREXI, CTC List (GHAR), SmartMLS, etc.
- D) Send an email to commercial practitioners relaying the need you have to see if they have any properties or off-market properties that fit the criteria.
- E) If there is an area in a given town that is of specific interest to your client, drive the area to look for "For Lease" signs by realtors or by owners to identify properties that look like they might fit the criteria.
- F) Assemble properties and review what has been sent to me to see if they fit the criteria or if there is something else that may be of interest.
- G) If there is anything of interest, and it is not offered thru the MLS, I ask for written confirmation of the commission being offered.

Representing a Tenant, Leasing Commercial Real Estate Sequence

J

H) Request information on the property for my client. Ideally, I want to know or receive the following:

1. Rental rate.
2. Is the lease NNN, Gross, or Modified Gross?
3. If it is NNN or Modified Gross, what is the additional rent?
4. Is there any tenant fit-up allowance?
5. Is the lease square footage being offered useable or rentable?
6. Is there a minimum acceptable lease term?
7. What signage is available?
8. Are there any parking restrictions?
9. How many total parking spaces does the building have?
10. Do you have a site plan that identifies all the available parking?
11. Is a security deposit required? If so, how many months?

Representing a Tenant, Leasing Commercial Real Estate Sequence

J

12. What is the loss factor% for the building?
13. What utilities are tenants responsible for? Electric, heat, water, etc.
14. Is cleaning included inside the tenant space?
15. Are there any other expenses the tenant would be expected to pay that has not been asked?
16. Are there any time restrictions for building use?
17. Is there any time that the utilities provided by the Landlord will be shut down?
18. Are floor plans available for the space?
19. Will the Landlord provide exclusivity for the type of service my tenant provides?
Attorney, Realtor, Insurance, etc.
20. Is the Landlord offering any free rent?
21. Confirm or request what commission fee is being offered.
22. Confirm if commission will be paid on renewal or options.
23. Confirm when the commission will be paid and get the commission agreement in writing.

Representing a Tenant, Leasing Commercial Real Estate Sequence

J

24. You may be asked to sign a Non-Disclosure (NOA) or confidentiality agreement, along with your client, prior to receiving any of the information mentioned above.
25. Pull the field card and the tax data card to see what can be learned about the property.
26. Lease comps can be difficult to come by unless the MLS has some or you are a member of CoStar or friends with some commercial appraisers. Lease data is not always accurate, and it is hard to find. Many times your best barometer is the asking rent prices for the available spaces in the market area.
27. Tour the property with the client to determine how the client feels about the property.
28. If there is interest, prepare a Letter of Intent (LOI), and submit it to the listing broker or owner. This depends on whether a listing broker is representing the seller.
29. If the LOI gets accepted, we then go to a lease.
30. If a lease gets executed, hopefully you get paid.

COMMERCIAL EXCLUSIVE RIGHT TO REPRESENT BUYER/TENANT CONTRACT

Commercial Real Estate Council of the Greater Hartford Association of REAL TORS[®], Inc,

1. YOU (BUYER(S)/TENANT(S)) _____ give us _____
(BROKER) _____ the exclusive right to assist you to locate and PURCHASE, LEASE or EXCHANGE real property generally described as: _____
_____ (the "Property") during the period from _____ to _____ inclusive.

2. WE WILL use diligent efforts to assist you to locate and PURCHASE, LEASE or EXCHANGE the Property through sources available to us, which may include direct contacts, broker contacts or multiple listing services.

The following paragraph is applicable if checked: You understand and agree that we may also be a seller's agent for the Property. In that event, we would become a dual agent, representing both you and the owner. As a dual agent, we would owe you and the owner a duty of fairness and honesty. Because we would not represent you exclusively, you cannot expect to have our undivided loyalty. As a dual agent, we may not reveal any confidential information which would provide a negotiating advantage to either party except as authorized by either party or required by law. If dual agency arises, we will promptly disclose all relevant information to you and give you any disclosure notices or consent agreements required by law, for your review and signature.

3. YOU WILL give us financial and other pertinent information about your real estate objectives and needs, be reasonably available to examine properties and otherwise cooperate with us. You authorize us to disclose your identity and financial and other information to assist you to locate and PURCHASE; LEASE or EXCHANGE the Property. You will work exclusively through us during the term of this Agreement and tell us about all past and current contacts with properties and brokers and any brokerage agreements currently in effect. You agree that we may represent other buyers who are interested in the same Property.

NOTICE: THE AMOUNT OR RATE OF REAL ESTATE BROKER COMPENSATION IS NOT FIXED BYLAW. IT IS SET BY EACH BROKER INDIVIDUALLY AND MAY BE NEGOTIABLE BETWEEN YOU AND THE BROKER.

4. OUR COMMISSION is:

PURCHASE, EXCHANGE or OPTION: ___ % of the total Purchase/Exchange/Option price, or\$ _____. If you exercise an Option, you will pay us the Purchase/Exchange commission amount, minus any commission amounts paid to us for the Option.

LEASE (or other form of tenancy):

a. Year ____ through _____ % of the total gross rent for this period of the lease/tenancy.

b. Year ____ through _____ % of the total gross rent for this period of the lease/tenancy.

c. Year ____ through _____ % of the total gross rent for this period of the lease/tenancy.

d. Tenant's. purchase of the Property: ____ % of the total purchase price.

e. Other: _____

f. The same commission schedule. applies for enlargements, renewals, extensions, and modifications of the lease documents, with payment for same due and payable upon commencement of each enlargement, renewal, extension, or modification or execution of the document(s) of each such enlargement, renewal, extension, or modification, whichever first occurs.

g. Commission Override - In the event there is a commission payable to a listing broker, the commission schedule above shall be amended to reflect the commission split as follows: ____ % to us, and ____ % to the listing broker.

HOURLY FEE: _____ , payable within 30 days. of billing invoice date.

5. WE LEARN our commission if and when you: (a) enter into a contract for the PURCHASE, LEASE or EXCHANGE of Property during the term of this Contract and all material conditions have been met or are subsequently met; or (b) PURCHASE, LEASE or EXCHANGE the Property during the term of this Contract; or (c) within one hundred eighty (180) days after expiration of this Contract you do any of the things described in the foregoing clauses (a) or(b) with respect to Property that we located for you during the term of this Contract.

6. WE AGREE to request our commission from the owner or listing agency. However, you agree to pay us all or any portion of our commission that is not paid through the owner.

7. YOU WILL pay us PURCHASE/EXCHANGE COMMISSIONS on or before the closing of the Property; OPTION COMMISSIONS at the execution of any option agreement; and LEASE COMMISSIONS at the execution of the lease document and as set forth in Paragraph 4f.

Buyer Initial _____ Date _____ Buyer _____ Date _____

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Property Address: _____ Comm. Exclusive Right Rep. Buyer page 2 of ____

8. OTHER PROVISIONS: _____

9. YOU AGREE to defend and hold us harmless and pay any and all of our costs and damages (including any court costs and reasonable attorney fees) arising out of your negligent or intentional acts or omissions in connection with this Agreement or any lease or transfer of the Property, or out of any disputes with respect to any deposits paid by you and held by us in escrow. You also agree to pay our costs and expenses, including court costs and reasonable attorneys' fees, in any successful action by us to collect our commission from you.

10. NOTICE: THE REAL ESTATE BROKER MAY BE ENTITLED TO CERTAIN LIEN RIGHTS PURSUANT TO SUB-SECTION (d) (AND SUBSECTIONS e-q) OF SECTION 20-325a OF THE CONNECTICUT GENERAL STATUTES.

11. TIDS AGREEMENT IS SUBJECT TO CONNECTICUT GENERAL STATUTES PROHIBITING DISCRIMINATION IN COMMERCIAL AND RESIDENTIAL REAL ESTATE TRANSACTIONS (C.G.S. Title 46a, Chapter 814 c).

12. THIS AGREEMENT shall be binding upon the parties and their heirs, successors, assigns, and personal representatives; shall be interpreted under and governed by the laws of the State of Connecticut; and may be modified, waived or discharged only by an agreement in writing signed by all parties.

13. BY SIGNING this Agreement, you acknowledge receipt of a copy of it. You also represent that if the Buyer/Tenant is a partnership, corporation, limited fo1bility company, or other legal entity that you are the duly authorized agent to execute this Agreement and that such partnership, corporation, limited liability company, or other legal entity is in existence and is empowered and authorized to enter into this Agreement.

14.EXECUTION BY ELECTRONIC METHODS. The parties agree that they may enter into this Contract (including any amendments hereto) via facsimile (fax) machine and/or email. This consent applies only to this transaction, and either party may withdraw such consent by fax or email or in writing, but such withdrawal will not affect the validity or enforceability of this Contract (or any amendments hereto) after it has been entered into. Faxing, and retention of and access to fax records, requires a fax machine or other appropriate fax technology. Email, and retention of and access to email records, requires a computer, internet account and email software.

Broker elects to use:

Fax: Fax number is: _____

Email: Email address is: _____

Broker elects to use:

Fax: Fax number is: _____

Email: Email address is: _____

If any party changes its email address or fax number, it will promptly notify the other party of the new email address and/or fax: number.

Real Estate Brokerage Firm

street name & no.

city or town

state

zip code

By: _____
Broker/Broker's Authorized Agent

Printed Name: _____

BUYER(S)/TENANT(S)

(All Buyers/Tenants of record, if one or more individuals, must sign; if a partnership all partners other than limited partners must sign; if a corporation an authorized officer must sign; if a limited liability company then all members, a manager or an authorized member must sign)

1. Entity Name (if applicable): _____

General Partner/Duly Authorized Corporate Agent/Member/Manager/Individual

Printed Name: _____

Address: _____

street name & no.

city/town

state

2. General Partner/Duly Authorized Corporate Agent/Member/Manager/Individual

Printed Name: _____

Address: _____

street name & no.

city/town

state

3. General Partner/Duly Authorized Corporate Agent/Member/Manager/Individual

Printed Name: _____

Address: _____

street name & no.

city/town

state

SmartMLS Comparative Market Analysis

Stratford I Commercial I Office I For Lease I January 1, 2019-May 13, 2020

Status	Address	Town	Present Use	List Price	Closed Price	SF	Acres	DOM	Year Built	Closed Date	Zoning
Active	2900 Main St., Unit #2D	Stratford	Professional Office	1200		795	0	69	1988		CA
Active	3303 Main St.	Stratford	Office	1200		1100	0.22	197	1930		E-11
Active	2318 Main St., Unit #1175sf	Stratford	Professional office suite	1600		1175	0.51	58	1820		E-13
Active	2505 Main St., Unit #Unit14	Stratford	Office or Retail	18		1178	1.17	285	1972		MA
Active	2296 Main St.	Stratford		1700		1270	0.17	1	1790		E-13
Closed	919 Stratford Ave., Unit #5	Stratford	office	550	550	1394	0	237	1985	3/1/19	RS-3
Closed	2900 Main St., Unit #2B	Stratford	Office Condo	15	15	1450	0	174	1988	2/11/20	CA
Active	80 Ferry Blvd., Unit #103	Stratford		19		1500	1.25	655	1948		CA
Closed	1825 Barnum Ave., Unit #304	Stratford	Medical office	1600	1500	1800	0	259	1987	12/10/19	CA

LoopNet

Marina View Center | 80 Ferry Blvd

3,900 SF of Office Space Available in Stratford, CT



PROPERTY FACTS

Building Type	Office	Building Class	C
Year Built	1980	Typical Floor Size	11,666 SF
Building Height	2 Stories	Unfinished Ceiling Height	10'
Building Size	35,000 SF		
Parking	95 Surface Parking Spaces		
	Covered Parking		

PROPERTY OVERVIEW

All utilities included in all the spaces. Very well maintained office building minutes from exit 32 off of 95. The 1500 sf 1st floor office layout has direct private entrance from the parking lot and public entrance from the foyer. The 2400 sf space is on the

second floor with lots of natural window light. All the offices are loaded with private offices. The landlord is great to work with. The owner prefers a minimum of a 3 year lease and is willing to consider modifying the office spaces.

MATCHED SPACES(1) ALL AVAILABLE SPACES(2)

Display Rental Rate as \$/SF/YR

SPACE	SIZE	TERM	RATE	SPACE USE	CONDITION	AVAILABLE
1st Fl-Ste 103	1550 SF	Negotiable	\$19.00 SF YR	Office	N/A	30 Days 

608 Ferry Blvd

3,000 SF of Office/Medical Space Available in Stratford, CT



PROPERTY FACTS

Building Type	Office	Building Size	16,312 SF
Year Built	1960	Building Class	B
Building Height	3 Stories	Typical Floor Size	5,437 SF
Parking	42 Covered Parking Spaces		

ALL AVAILABLE SPACE(1)

Display Rental Rate as \$/SF/YR

SPACE	SIZE	TERM	RATE	SPACE USE	CONDITION	AVAILABLE
1st Floor	1,000-3,000 SF	Negotiable	\$14.00 SF YR	Office/Medical	Full Build-Out	Now

Great Space can have many uses. On very very busy road with plenty of exposure and visible from I95

- Lease rate does not include utilities, property expenses or building services
- Fits 3 - 24 People
- Space is in Excellent Condition
- Mostly Open Floor Plan Layout
- 12' Finished Ceilings

Commercial Terminology/Concepts

1. Core Factor/Load Factor

- Loss factor (%): area in percent that cannot be leased or occupied. (*i.e.* common area)
- Core factor = $\frac{100\%}{100\% - \text{loss factor}}$
- Why?: Mathematical computation that spreads occupied space over all the space so the landlord has all gross building space being leased.
 - Example: 57,000 s.f. Building
7,000 s.f. Common Area, Elevator, Stairwells

Commercial Terminology/Concepts

2. Useable s.f. vs. rentable s.f.

- useable s.f. is the actual s.f. occupied by the tenant.
- useable s.f. is multiplied by the core factor to get rentable s.f.
- Rent: \$20 sf gross
- Useable sf: 2000 sf
- Core Factor: 1590
- Rentable sf: 2300 sf
- Rent is paid based on 2300 sf (Rentable sf)
- Rent: $2000 \times \$20 = 40,000 = \$3,333$ per month
- Rent: $2300 \times \$20 = 46,000 = \3833

Commercial Terminology/Concepts

3. Base Rent

- Base rent is typically stated in terms relating to Net Net Net costs; that is Net of Taxes, Insurance and Maintenance.
- Rents can be stated in various other ways to communicate how much of operating cost the owner owner will pay.
- NNN = all costs paid by tenant
- Gross = all costs paid by owner
- Modified Gross = some costs paid by tenant

Commercial Terminology/Concepts

4. Common Charges

- Otherwise known as building operating costs
- Common charges comprised of: T-I-M
 - T = Taxes
 - I = Insurance
 - M = Maintenance also known as CAM,
Common Area Maintenance
(Building and maintenance grounds)
- Just for a gauge, common charges may range from 2.50 to 15 psf depending on type of building, amount of common area and landlord philosophy

Commercial Terminology/Concepts

5. Total rent in a Commercial Lease consists of:

Base Rent

+

Common Charges

+

Utilities (electric, phone, gas, water)

Base Rent: 14NNN

Gross Rent: 19 Gross

Common Charges: \$9 sf

Rentable SF: \$3500 SF

\$19 Gross Rent: $3500 \times 19 = \$66,500 / 12 = \5541 Monthly

\$14 NN: $3500 \times 23 (14+9) = \$80,500 / 12 = \$6708$ Monthly

Commercial Terminology/Concepts

6. Lease terms can vary dramatically but are typically:
3,5,10,15 or 20-year terms
7. "Options" typically of 5 years in length and numbering 1 or 2 terms are also common in leases.
8. Escalations – year to year % increase to account for cost of living increases.
 - Can be fixed to CPI – Consumer Price Index or Fixed Escalation model.

Consumer Price Index Data from 2010 to 2020 -

Year Average		Year Average	
2010	1.6	2015	0.1
2011	3.2	2016	1.3
2012	2.1	2017	2.1
2013	1.5	2018	2.4
2014	1.6	2019	1.8

- Escalation Models:
 - 3% year to year
 - 5% every 2 years
 - 10% term to term
 - other

Commercial Terminology/Concepts

9. Tenant Improvement Fit-Out *or* Work Letter *or* Tenant Improvement Allowance.

- When space is raw or needs extensive remodeling for tenant, owner may pay for a portion of the capital dollars needed to accomplish the improvements.
- The owner provides the tenant allowance as an incentive to lease the space.

10. Examples of tenant fit-out allowance packages are:

\$20 p.s.f. for 5-year lease

\$40 p.s.f. for 10-year lease

4000 sf x \$20 p.s.f. = \$80,000 (TI)

4000 sf x \$40 p.s.f. = \$160,000 (TI)

4000 sf x \$25 p.s.f. = \$100,000 (Annual Rent)

Many other possibilities depending on the entire package of the deal.

- Tenant may ask for the balance of the capital improvements to be included in the lease, that is often done and is calculated on a p.s.f. basis and added to the base rent.



**GREATER HARTFORD ASSOCIATION OF REALTORS, INC.
LETTER OF INTENT TO LEASE COMMERCIAL REAL ESTATE**



C

This Letter of Intent contains the principal business terms under which Tenant and Landlord would consider entering into a lease for the Property described below. **This Letter of Intent is not intended, nor shall it be deemed or interpreted, to be a lease between Tenant and Landlord.** Rather, this letter constitutes the agreement of Tenant and Landlord to conduct further negotiations concerning a written lease.

Tenant and Landlord agree to negotiate in good faith, and will endeavor to negotiate and enter into a lease within _____ days after Landlord signs this Letter of Intent. Either Tenant or Landlord may, for any reason and without cause, terminate negotiations of the lease at any time by giving written notice of such termination on the other party.

(Note: items below preceded by boxes are applicable only if checked)

Landlord: _____

Landlord's Address: _____

Tenant: _____

Tenant's Address: _____

Property: Street address: _____

Office/Unit No.: _____

Square feet: _____

Town: _____, Connecticut

Permitted Use: Approval(s) to be obtained: _____

Check as applicable: New Lease Extension of Existing Lease Other

Lease Commencement Date: _____

Term: _____

Base Rent:

Year _____	through _____	:	\$ _____
Year _____	through _____	:	\$ _____
Year _____	through _____	:	\$ _____
Year _____	through _____	:	\$ _____
Year _____	through _____	:	\$ _____
Other: _____			

Additional Rent: (if applicable): _____

Landlord Initial: _____ **Date** _____ **Tenant Initial:** _____ **Date** _____

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RE/MAX RIGHT CHOICE, 105 Technology Dr Trumbull, CT 06611
Jeff Wright

Phone: (203)248-1118
Produced with zipForm® by zipLogix 13070 Fifteen Mile Road, Fraser, Michigan 48026 www.zipLogix.com

Fax: (203)452-6869

Unaided

Property Address: _____ LETTER OF INTENT TO LEASE Page 2 of _____

Common Area (CAM) Charges: _____

Renewal Option(s): _____

Parking: Reserved spaces: _____

Unreserved spaces: _____

Other: _____

Buildout/Improvements: (if any) (check applicable box):

Item	Party Responsible		Party Paying for Item	
_____	<input type="checkbox"/> Landlord	<input type="checkbox"/> Tenant	<input type="checkbox"/> Landlord	<input type="checkbox"/> Tenant
_____	<input type="checkbox"/> Landlord	<input type="checkbox"/> Tenant	<input type="checkbox"/> Landlord	<input type="checkbox"/> Tenant
<input type="checkbox"/> see attached plans	<input type="checkbox"/> Landlord	<input type="checkbox"/> Tenant	<input type="checkbox"/> Landlord	<input type="checkbox"/> Tenant
<input type="checkbox"/> other: _____	<input type="checkbox"/> Landlord	<input type="checkbox"/> Tenant	<input type="checkbox"/> Landlord	<input type="checkbox"/> Tenant

Repairs/Maintenance/Utilities:

Item	Party Responsible (check applicable box)	Party Paying For:	
		Maintenance	Repair
Electric	<input type="checkbox"/> Landlord <input type="checkbox"/> Tenant	<input type="checkbox"/> <input type="checkbox"/>	<input type="checkbox"/> <input type="checkbox"/>
Heat	<input type="checkbox"/> Landlord <input type="checkbox"/> Tenant	<input type="checkbox"/> <input type="checkbox"/>	<input type="checkbox"/> <input type="checkbox"/>
Water	<input type="checkbox"/> Landlord <input type="checkbox"/> Tenant	<input type="checkbox"/> <input type="checkbox"/>	<input type="checkbox"/> <input type="checkbox"/>
Sewer	<input type="checkbox"/> Landlord <input type="checkbox"/> Tenant	<input type="checkbox"/> <input type="checkbox"/>	<input type="checkbox"/> <input type="checkbox"/>
Rubbish	<input type="checkbox"/> Landlord <input type="checkbox"/> Tenant	<input type="checkbox"/> <input type="checkbox"/>	<input type="checkbox"/> <input type="checkbox"/>
Mechanicals	<input type="checkbox"/> Landlord <input type="checkbox"/> Tenant	<input type="checkbox"/> <input type="checkbox"/>	<input type="checkbox"/> <input type="checkbox"/>
Structural	<input type="checkbox"/> Landlord <input type="checkbox"/> Tenant	<input type="checkbox"/> <input type="checkbox"/>	<input type="checkbox"/> <input type="checkbox"/>
Roof	<input type="checkbox"/> Landlord <input type="checkbox"/> Tenant	<input type="checkbox"/> <input type="checkbox"/>	<input type="checkbox"/> <input type="checkbox"/>
Property Taxes	<input type="checkbox"/> Landlord <input type="checkbox"/> Tenant	<input type="checkbox"/> <input type="checkbox"/>	<input type="checkbox"/> <input type="checkbox"/>

Landlord Initial _____ Date _____ Tenant Initial _____ Date _____

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Property Address: _____ LETTER OF INTENT TO LEASE Page 3 of _____

Repairs/Maintenance/Utilities:

Item	Party Responsible (check applicable box)	Party Paying For:	
		Maintenance	Repair
Insurance	<input type="checkbox"/> Landlord <input type="checkbox"/> Tenant	<input type="checkbox"/> <input type="checkbox"/>	<input type="checkbox"/> <input type="checkbox"/>
Snow Removal	<input type="checkbox"/> Landlord <input type="checkbox"/> Tenant	<input type="checkbox"/> <input type="checkbox"/>	<input type="checkbox"/> <input type="checkbox"/>
Landscaping	<input type="checkbox"/> Landlord <input type="checkbox"/> Tenant	<input type="checkbox"/> <input type="checkbox"/>	<input type="checkbox"/> <input type="checkbox"/>
Janitorial	<input type="checkbox"/> Landlord <input type="checkbox"/> Tenant	<input type="checkbox"/> <input type="checkbox"/>	<input type="checkbox"/> <input type="checkbox"/>
Other: _____	<input type="checkbox"/> Landlord <input type="checkbox"/> Tenant	<input type="checkbox"/> <input type="checkbox"/>	<input type="checkbox"/> <input type="checkbox"/>

Signage: _____

Deposit:

\$ _____ good faith deposit payable upon execution of this Letter of Intent, to be applied to Security Deposit (if any) or refunded to Tenant if either party terminates negotiations, to be held in escrow by _____
\$ _____ payable upon execution of a lease between Tenant and Landlord.

Assign/Sublet:

- Tenant may assign the lease or sublet all or any portion of the Premises only upon the prior written consent of Landlord, which consent will not be unreasonably withheld, conditioned or delayed.
- Tenant may not assign the lease or sublet.
- Other: _____

Lease Expenses:

Each party will pay its own legal fees in connection with the negotiation of a written lease. Tenant will pay the costs of any inspections, title search or survey obtained by Tenant. _____

will pay any brokerage commission which may be due

_____ (landlord broker) and

_____ (tenant broker). Tenant

and Landlord recognize _____

and _____ as

the only real estate brokers or agents who brought about this transaction.

Landlord Initial _____ Date _____ Tenant Initial _____ Date _____

Property Address: _____ LETTER OF INTENT TO LEASE Page 4 of _____

Other:

If the terms of this Letter of Intent are acceptable, please sign this letter in the space provided and return this letter to us by the close of business on _____, _____.

Very truly yours,

(Note: if a partnership all partners other than limited partners must sign; if a corporation an authorized officer must sign; if a limited liability company all members or an authorized member must sign.)

TENANT: (printed name): _____

Signature: _____
General Partner/Duly Authorized Corporate Officer/Member/Individual

Address: _____

Date: _____

LANDLORD: (printed name): _____

Signature: _____
General Partner/Duly Authorized Corporate Officer/Member/Individual

Address: _____

Date: _____

Lease Proposal Letter of Intent

SAMPLE

Date: February 26, 2008

Property: XXXXXXXXXXXXXXXXXXXXXXXXX

Premises: Unit C5 1st Floor –rentable 1188 s.f. (per as built)

Use: Delicatessen

Tenant: XXXX XXXXX

Landlord: Parkway Plaza, LLC

Initial Term: 5-year term

Lease Rate: Year 1 \$21.50 Year 2 \$22.50 Year 3 \$23.18 Year 4 \$23.88 Year 5 \$24.59

Options: (1) One 5-year option Lease rate starts at a 3% increase from previous term.

Additional Rent: Approx. \$4.75 p.s.f. common area maintenance.

Landlord Responsibilities for Build Out: Dropped ceiling and lighting, painting the wall (primer plus 1 coat), installing bathroom; excludes floor covering and partitions.

***Occupancy:** TBD – NLT 1 June 2008

Signage: As per town signage requirements and consistent with the rest of project signage plan.

Security Deposit: 1st month, last month, and (1) one-month security (3 months)

Parking: Shared parking

Exclusivity: X Deli shall be the only Deli in the complex.

Personal Guarantee: Mrs. X shall sign a personal guarantee for the lease.

Brokerage: _____, ABC Real Estate, is recognized as listing broker and procuring broker involved in this transaction and is entitled to all due and appropriate commissions upon tenant occupancy of designated space.

Signature of the parties shall indicate acceptance of the above terms.

_____ Tenant	_____ Date	_____ Landlord	_____ Date
_____ Subtenant	_____ Date	_____ Listing Broker/Procuring Broker	_____ Date

Lease Proposal Letter of Intent

G

Date:

Property:

Premises:

Use:

Tenant:

Landlord:

Initial Term:

Lease Rate:

Fit-Out Allowance:

Options:

Additional Rent:

Occupancy:

Build-Out Signage:

Parking:

Brokerage: _____, ABC Real Estate, is recognized as sole procuring and listing broker involved in this transaction and is entitled to all due and appropriate commissions upon tenant occupancy of designated space. Signature of the parties shall indicate acceptance of the above business terms. This document is non-binding and shall be superseded by the lease agreement executed by both parties.

Tenant **Date**

Subtenant **Date**

Landlord **Date**

Listing Broker/Procuring Broker **Date**

Lease Proposal Letter of Intent

Date:

XXXXXX XXXXXX

Senior Vice President

12345 Main Street
Trumbull, CT 06611

RE: 12345 Main Street, Trumbull, CT 06611

Dear XXXXXX,

On behalf of **my client**, principal owner, I am pleased to present to you for your client's review and consideration this Letter of Intent to lease space in the above referenced building under the terms and conditions listed below. This is a non-binding proposal, fully contingent upon gaining the required zoning approvals, and with the execution of a mutually satisfactory lease between both parties.

Building:	12345 Main Street, Trumbull, CT 06611
Landlord:	
Tenant:	
Intended Use:	
Area:	1,512 gross square feet on the first floor; 1724 sf rentable
Lease Term:	Ten years with two (2) five (5) year renewal options
Lease Commencement:	December 1, 2018
Rent Commencement:	February 1, 2019
Rent:	Years 1-2 32.00 gross Years 3-4 34.00 gross Years 5-6 36.00 gross Years 7-8 38.00 gross Years 9-10 38.50 gross
Building Access:	Tenants will have full access to the building 24/7/365

Lease Proposal Letter of Intent

Parking: Tenant shall share parking spots at the front of the building. Building currently has _____ spaces or ratio of _____/1000.

Landlord Work: Tenant shall be given a TI Allowance of \$30,000. Scope of work and contractor must be approved by the owner. Approval shall not be unreasonably withheld.

Right of First Refusal: Tenant shall have the right of first refusal to lease any adjoining space now and in the future should it be available.

Option to Terminate: Tenant shall have a one-time option to terminate the lease after year five. This option should be exercised no later than nine months prior to the end of year five. Should the tenant exercise this option to terminate the tenant agrees to pay a one-time termination fee not to exceed the sum of \$26,313.75, which includes ½ of the TI Allowance and ½ of the commission payment.

Security Deposit: First month's rent and last month's rent.

Brokerage: Both Landlord and Tenant agree that there are no other brokers involved in this transaction other than _____ of Trumbull, CT and _____ of ABC Real Estate. The Listing Broker and Selling Broker will split the commission of 5% for the first 5 years and 2.5% for the second 5 years.

ACCEPTED AND AGREED:

Tenant: _____

Date: _____

Owner: _____

Date: _____

The submission of this LOI is for negotiation purposes and constitutes an offer to lease. This only becomes effective and binding upon the execution and delivery of a lease contract, signed by both parties. That lease contract will supercede this LOI and any and all changes made to this LOI.

Letter of Intent Proposal

Tenant:

Premises to be Demised: Bridgeport, CT

Size of Premises: 1,500 SF—Preferably in the area of space F

Term of Lease: 10 Years

Commencement Date: 60 days from final approval of Tenant's building permit by all necessary municipal authorities and delivery of possession by Landlord.

Initial Base Rent: \$14.00 per square foot

Rent Escalation: Commencing year three (3), base rent shall increase at a rate of five percent (5%) every two years.

Added Rent:	Tenant's proportionate share of property taxes, common area maintenance and insurance currently represented to be \$2.00 per square foot.
Renewal Options:	Two 5-year options with continued increases at a rate of five percent (5%) every two years, the first of which will occur in the first year of the first option period.
Base Rental Abatement:	Landlord shall abate the first 60 days of base rent to allow for Tenant construction.
Security Deposit:	Tenant shall pay security deposit of the equivalent of one (1) month's base rent, refundable after 60 months of occupancy, provided that Tenant is not in default.
Exclusivity:	Landlord shall grant Tenant an exclusive use for the sale of bagels, bagel related products, deli sandwiches and breakfast items.
Signage:	Landlord shall provide Tenant space for a store front, pylon and window neon signage/logo.

Improvements: Landlord shall provide “Vanilla Box” in accordance with “Tenants plans per Schedule “A” attached. Tenant shall provide all other improvements and equipment necessary for Tenants business.

Permits: Landlord shall assist Tenant in obtaining any necessary zoning, building, and occupancy approvals and permits. Landlord and Tenant agree that in the event any of said permits cannot be obtained, any obligation of Tenant under the Lease shall cease.

Leasing Commissions: Landlord is solely responsible for any and all brokerage commissions arising from the transaction herein. Landlord and Tenant agree that _____ of _____ is the sole broker responsible procuring this transaction.

Qualifying Conditions: The above Proposal is subject to withdrawal or prior leasing at any time without notice.

The terms and conditions herein shall be valid until December 4,1995 and shall form the basis for a formal Lease Agreement.

The content of this letter is non binding on either party.

AGREED TO AND ACCEPTED BY:

Upon acceptance on the terms herein, a formal Lease Agreement shall be forwarded by _____ within seven (7) days

DATE: _____

SCHEDULE A

LESSOR'S WORK

Flooring

1. Lessor shall provide a concrete slab floor.

Walls

1. The Lessor shall provide all tenant demising walls (including exterior walls and bulkheads) which shall be sheetrocked, taped and sanded ready for finish.

Ceiling

1. Height 10' 0"
2. The Lessor shall provide lay-in acoustical ceiling (2' X 4' fissured tiles), white with matching grid. To addition, Lessor shall install 2' X 2' ceiling tiles with chrome grid for 800 square feet of the Demised premises.

Lighting

1. The Lessor shall provide 2' X 4' lay-in lighting fixtures which shall provide {80 FC) candles of illumination at a height of forty-eight inches.(48") off the slab floor for the rear of the store. Each fixture to contain four {4) 40 all fixture plus bulbs and with chrome grid for 800 square feet of the front of the store.

Gas

1. The Lessor shall provide a gas line to accommodate 900,000 B1U of service.

Electrical

1. Lessor shall supply a 200-amp 120/208 3-phase electrical service, including panel and breakers.
2. The Lessor shall provide sufficient electrical service with outlets every fifteen feet (15') on the demising walls. The Lessor shall provide electrical service to the cash/wrap area, exterior -sign and rear exit door area.
3. The Lessor shall provide two (2) isolated circuits for electronic cash register to cash wrap area.
4. The Lessor shall provide one 20 amp, 110 volt circuit with time clock for storefront sign.

Sprinkler System

1. The Lessor shall provide a sprinkler system as per tenant's drawings, only if required by code.

Rear Exits

1. The Lessor shall provide a rear door (3' 8" X 7) for the Lessee to receive its stock.
Rear of building to have security lights

Restrooms

1. The Lessor shall provide two (2) restroom facilities complete with water closet, sink, water heater, (6 gallon electric), toilet paper holder, tile floor, exhaust fans, light with switch and painted walls. Any handicap requirements required by code for our usage are to be **met**.

Storefront

1. The Lessor shall provide standard glass storefront with all hardware as required.

HVAC

1. Lessor to furnish and install one (1) ton for every 200 square feet of space (example: 1600 sq. ft = 8 ton); combination gas heater with electric –cooling rooftop unit including curb, ductwork, diffusers and thermostat.
2. The HVAC system shall conform to all governing codes and shall be in good and working condition. Lessor shall warrant only maintenance and/or repairs on the HVAC system or one (1) year.

Sanitary Sewer Line

1. Lessor shall supply tenant with a minimum four (4") inch sanitary line.

Commissions

1. Usually paid off of base rent and rentable square feet. Square footage x base rent x # years x commission % = commission

3. Commission rate determined as follows:
(Typical but can be negotiated with owner)
 - a) When no other agent involved – “no co-broke”
 - 1st 5 years – 5.0%
 - 2nd 5 years – 2.5%
 - 10 Plus years – 1.25%

Commissions (cont'd.)

b) When another agent involved – “co-broke”

1st 5 Years: L.A. 2.5%
S.A. 2.5%

2nd 5 Years: L.A. 1.25%
S.A. 1.25%

c) When an “over-ride” is in effect – (larger deals big commercial brokers) applied to selling agent or tenant representative.

1st 5 Years: L.A. 2.5%
S.A. 5.0%

2nd 5 Years: L.A. 1.25%
S.A. 2.5%

Commissions (cont'd.)

Example: Determine Commission

- 5-year initial term
- s.f. = 5,000 rentable s.f.
- base rent = 18 NNN for 1st and 2% increase years 2-5 year

Years	S.F. (Rentable	X	Cost Per SF	X	% Commission	=	Commission	
1	5,000	x	18	x	5%	=	\$4,500	
2	5,000	x	18.36	x	5%	=	\$4,590	
3	5,000	x	18.72	x	5%	=	\$4,680	
4	5,000	x	19.09	x	5%	=	\$4,772.5	
5	5,000	x	19.47	x	5%	=	\$4,867.5	
Total							=	\$23,410

Commissions (cont'd.)

Year 6-10: The base rent increases 2% in year 6 and remains fixed years 7-10

Years	S.F. (Rentable	X	Cost Per SF	X	% Commission	=	Commission
6	5,000	x	19.86	x	2.5%	=	\$2,482.50
7	5,000	x	19.86	x	2.5%	=	\$2,482.50
8	5,000	x	19.86	x	2.5%	=	\$2,482.50
9	5,000	x	19.86	x	2.5%	=	\$2,482.50
10	5,000	x	19.86	x	2.5%	=	\$2,482.50

Sub-Total	\$12,412.50
Total	\$35,822.50

Commissions

15 Year Initial, S.F.=10,000, base rent 20 NNN, 2% increase per year

Years	S.F. (Rentable)	X	Cost Per SF	X	% Commission	=	commission
1	10,000	x	20	x	5%	=	\$10,000
2	10,000	x	20.40	x	5%	=	\$10,200
3	10,000	x	20.81	x	5%	=	\$10,405
4	10,000	x	21.23	x	5%	=	\$10,615
5	10,000	x	21.65	x	5%	=	\$10,825
<i>Sub-Total =</i>							\$52,045
6	10,000	x	22.08	x	2.5%	=	\$5,520
7	10,000	x	22.52	x	2.5%	=	\$5,630
8	10,000	x	22.97	x	2.5%	=	\$5,742.5
9	10,000	x	23.43	x	2.5%	=	\$5,857.5
10	10,000	x	23.89	x	2.5%	=	\$5,972.5
<i>Sub-Total =</i>							\$28,722.50

Commissions

15 Year Initial

Years	S.F. (Rentable)	X	Cost Per SF	X	% Commission	=	Commission
11	10,000	x	24.37	x	1.25%	=	\$3,046.25
12	10,000	x	24.86	x	1.25%	=	\$3,107.5
13	10,000	x	25.36	x	1.25%	=	\$3,170
14	10,000	x	25.87	x	1.25%	=	\$3,233.75
15	10,000	x	26.39	x	1.25%	=	\$3,298.75
<i>Sub-Total =</i>							\$15,856.25
Total =							\$96,623.75