

Loan Request:

Borrower: SAE to be formed (Residence Inn – Austin, TX)
Borrower is sponsored by Medical Hospitality Group, LLC

Purpose: Construction of a 77,825 sf, 109 room, Residence Inn extended stay hotel in Austin, TX.

Total Costs:

Cost	\$/SF (1)	\$/Room	Description of Cost
\$ 1,853,000	\$ 13.21	\$ 17,000	Land Acquisition, 3.22 acres(2)
\$ 1,994,700	\$ 25.63	\$ 18,300	FF&E
\$ 8,435,000	\$ 108.38	\$ 77,385	Construction Costs (Detailed on Page 10)
\$ 425,000	\$ 5.46	\$ 3,899	Interest Reserve
\$ 300,000	\$ 3.85	\$ 2,752	Legal/Architecture/Civil Engineering
\$ 300,000	\$ 3.85	\$ 2,752	LEED Fees
\$ 300,000	\$ 3.85	\$ 2,752	Permits and Impact Fees
\$ 170,000	\$ 2.18	\$ 1,560	Interim Loan Fee
\$ 275,000	\$ 3.53	\$ 2,523	Loan Closing Costs (Title Policy, Docs, Etc.)
\$ 250,000	\$ 3.21	\$ 2,294	Contingency
\$ 14,302,700	\$ 183.78	\$ 131,217	

(1) The hotel will have 77,825 sf of building area.

(2) \$/SF for land acquisition is shown as per square foot of land, not building area.

Required Equity: \$ 3,575,675 (25%)

Loan Amount: \$ 7,151,350 (50%) – **Loan 1** – SB Term Loan
\$ 3,575,675 (25%) – **Loan 2** – SBA 504 Debenture
\$10,727,025 (75%) – Total Initial SB Commitment

Term: **Loan 1** – 11 year maturity; 12 monthly payments of interest only followed by 120 monthly payments of principal and interest based on a 25 year amortization.

Loan 2 – 1 year maturity; 12 monthly payments of interest only with the balance due at maturity. This loan will be paid off with SBA 504 Debenture with payments based on a 20-year amortization. This maturity may be shorter as once the CDC Debenture proceeds are issued, this note will be paid off.

Rate: **Loan 1** – WSJP + 2.25% floating; Floor of 6%
Loan 2 – WSJP + 2.25% floating; Floor of 6%. SBA Debenture rate to be determined by market (current rate is 6.25% on a 20 year note on a 20-year amortization).

Fee: **Loan 1** – None
Loan 2 – \$160,906 Interim Loan Fee (1.5% of combined loans)

Collateral:

Loan 1 – 1) FLDT on subject property
 2) First lien on all business assets including FF&E
 3) Assignment of all leases and rents

Loan 2 – 1) SLDT on subject property
 2) First lien on all business assets including FF&E
 3) Assignment of all leases and rents

Loan to Value: **Aggregate – 56.8%**
 These values are based on an appraisal performed by HVS Consulting and Valuation Services as of 2/10/2011. HVS is not a SB approved appraiser, the appraisal is not addressed to SB, and the appraisal has not been reviewed by a SB approved reviewer. Therefore, information taken from the appraisal is not to be relied upon for final credit decision. However, it is useful for general information purposes. An appraisal and review satisfactory to SB will be obtained before closing. Appraiser must provide a letter after construction is complete that it was completed with only minor deviations from original plans and specs.

Guaranty: **Billy Brown** – 100%, unlimited
William Becker and Gary Hartstein– Limited; \$6,000,000 each.
 Recourse will decrease to \$3,000,000 each once construction is completed, the Certificate of Occupancy is issued, and the CDC Debenture proceeds has paid off the SLDT.

Subject To:

- Receipt and review of an appraisal acceptable to SB. Subject to a Max LTV of 70% “As Complete” and 60% “As Stabilized”. Appraisal must be addressed to Bank, CDC, and SBA.
- ESA Phase I addressed to Bank, CDC, and SBA with SBA reliance Letter and Insurance Certificate.
- Receipt and review of feasibility study.
- Evidence of compliance with National Earthquake Hazards Reduction Program Recommended Provisions.
- Upon completion, original appraiser must provide a letter stating that the project was completed with only minor deviations from original plans and specs.
- SB will require a FFE reserve account to be maintained at SB by the borrower. The funding will start the first quarter after construction is complete and each quarter thereafter. The funding test will be 4% at the end of year One; 5% in year Two; 6% in year Three and every year thereafter.