



Virginia Small Business  
Financing Authority

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January 29, 2024

Wynn Hunsaker  
Real Estate Project Manager  
Industrial Development Authority of the City of Alexandria  
601 Prince Street  
Alexandria VA 22314

**RE: Term Sheet for the proposed loan for the purpose of providing a loan for leasehold improvements to the commercial property located at and known as 1201 N Royal Street, Suites 1,2and 3 Alexandria VA 22314.**

I am pleased to provide you with the enclosed loan proposal for your review. This preliminary outline is for discussion purposes only and is not intended to be a commitment to lend. Final approval from the Virginia Small Business Authority (the "VSBFA") is required prior to the issuance of any commitment letter or loan documents. All terms and conditions set forth, including interest rates, are subject to change at any time (\*). As you review this loan proposal, we hope that you will consider the following with respect to VSBFA:

Borrower:	Alexandria IDA The Muse, LLC
VSBFA:	Virginia Small Business Authority (the "VSBFA" or the "Lender")
Loan Type:	Commercial Mortgage
Loan Amount:	Up to \$800,000 (the "Loan")
Loan Advances:	Loan advances will be provided to the Borrower based upon completion of improvements made to the Property.
Purpose:	Leasehold improvements and equipment
Collateral:	A first priority lien encumbering the property known as <b>1201 N Royal Street suites 1,2,and 3 Alexandria VA 22314</b> (the "Property") and an assignment of rents and leases and all improvements thereto.
Maximum LTV:	Up to 90% of the appraised value of the Property.
Guarantors:	Industrial Development Authority of the City of Alexandria
Pricing:	5.5% (fixed)

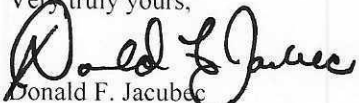
(\*)VSBFA's obligation to provide the proposed financing is subject to the negotiations and agreement by VSBFA with the borrower on material terms of the proposed financing, satisfactory submittal of and review of customary due diligence, the obtaining of all required approvals by VSBFA and the execution of documentation acceptable to VSBFA and its counsel

- Term: 10-year maturity; 25-year loan amortization.
- Repayment: 6 months of interest only followed by 114 consecutive equal monthly installments of principal and interest payments based upon a 25-year loan amortization of the unpaid principal balance of the Loan. The estimated monthly payment will be \$4,912.70. Payments to be deducted from borrower's checking account.
- Commitment Fee: \$500.00
- Interest Basis: 360-day calendar year with interest calculated on the basis of the actual number of days in each month.
- Refinance Penalty: None
- Covenants: In addition to the usual and customary covenants required by the VSBFA for this type of transaction, which shall be set forth in the documents evidencing and securing the Loan (collectively, the "Loan Documents"), the Loan Documents shall also contain the following additional covenants:
- Minimum Debt Service Coverage Ratio (DSCR) of 1.15xs, tested annually upon receipt of the borrower's Financial Statements. DSCR shall be defined as the Borrower's Net Operating Incomes + Interest Expense + Non-cash Charges – any distributions divided by total principal and interest payments on all loans.
- The Borrower and guarantors shall provide their Financial Statements annually within 30 days of period end but no later than 120 days after the due date. Borrower shall notify VSBFA of all tenant lease renewals and lease terminations within 5 business days of each lease renewal or termination during the term of the Loan.
- Other Requirements: 1) Additional financial information to be provided as requested.  
 2) Completion of satisfactory appraisal for the subject property at a cost to the borrower of approximately \$4,000-5,000 and appraisal review fees if any.  
 3) Completion and review of an Environmental Report for the property at a cost to the borrower.  
 4) Settlement fee deposit of \$3,500  
 5) A plan and cost review of the proposed improvements to the Property by a third party contractor to the VSBFA at a cost to the Borrower.  
 6) Complete set of permit ready plans and specifications for the improvements to be made to the Property.  
 7) Draw schedule to be provided by the Borrower and all draws are subject to review and approval by the VSBFA's third party contractor at a cost to the borrower. Each Draw request for loan advances shall be submitted on the standard AIA form.  
 8) All Leases and amendments for the collateral property  
 9) Opinion Letter from Borrower's and Guarantor's from their counsel for the Loan.  
 10) Opinion Letter from tenant's counsel to enter into the lease that shall encumber the Property.  
 VSBFA's counsel shall provide instructions for the Opinion Letters.  
 11) The Condominium By-Laws, Declaration, Budget and Financial Statements  
 12) City of Alexandria will provide a Support Agreement (Moral Obligation) for the Loan.  
 13) **Other requirements on Attachment A**

The summary of provisions to be contained in the Loan Documents set forth in this Term Sheet is not intended to be complete, and the Loan Documents shall contain such other provisions as are customary for financings of this type. VSBFA reserves the right to amend this Term Sheet at any time prior to closing on the Loan.

VSBFA appreciates the opportunity to develop a long-term relationship with the Borrower and Guarantors, and we sincerely hope this credit facility is both attractive and acceptable to you. If it is, please acknowledge your acceptance to the terms hereof by signing, dating and returning to me the enclosed original of this term sheet by February 29, 2024, along with the settlement fee deposit of \$3,500. Payment for other fees for outside services shall be due and payable by the Borrower upon receipt of request for payment from the VSBFA.

Very truly yours,

  
Donald F. Jacubec  
Regional Lending Manager

**Accepted By:**

**Borrower:** Alexandria IDA The Muse, LLC

By: Industrial Development Authority of the  
City of Alexandria, its Member

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

\_\_\_\_\_ Date

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

\_\_\_\_\_ Date

**Guarantors:**

Industrial Development Authority of the  
City of Alexandria

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

\_\_\_\_\_ Date

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

\_\_\_\_\_ Date

City of Alexandria

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

\_\_\_\_\_ Date

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

\_\_\_\_\_ Date

## EXHIBIT A

The Borrower shall provide to the VSBFA:

A. Appraisal. A narrative appraisal of the Property in form and substance, and certified as of a date, satisfactory to the VSBFA. The appraisal shall be prepared by an independent licensed appraiser who is a member of the American Institute of Real Estate Appraisers and is acceptable to the VSBFA. The appraisal shall conform to the applicable appraisal guidelines established by the VSBFA. If the appraised value of the Property does not, in the VSBFA's sole discretion, provide a Loan-to-value ratio of 90% or less, the VSBFA may, at its option, reduce the principal amount of the Loan.

B. Title Insurance. A mortgagee title insurance policy (current edition) in the amount of \$800,000 [the Loan], written by a title company or companies satisfactory to the VSBFA, and shall insure that good and marketable fee simple title to the Property is vested of record in the Borrower, that the lien of the deed of trust is first lien on the Property and that title to the Property is subject only to those covenants, conditions, restrictions, easements, rights-of-way and other matters of record that are acceptable to the VSBFA. Such policy shall affirmatively insure the VSBFA against any mechanics' and materialmen's liens, and environmental liens filed prior to the closing of the Loan. The title insurance policy shall contain such other affirmative coverages and endorsements as the VSBFA may require and otherwise shall be satisfactory to the VSBFA in all respects. The Borrower shall provide to the VSBFA for the VSBFA's approval copies of all documents described or referred to in the title insurance policy, together with a title insurance commitment or binder, at least ten days prior to the Closing Date.

C. Survey. A current plat of survey of the Property prepared by a surveyor or civil engineer licensed as such in the Commonwealth of Virginia. The plat shall designate (1) the perimeter of the Property by courses and distances with reference to a verifiable point of beginning; (2) the location of all easements, rights-of-way, alleys, waterways, restrictions, encroachments, set-back lines and other matters applicable to the Property, specifying the holder of each such easement or other matter and the pertinent recordation information; (3) the location and name of any streets or roadways abutting the Property; (4) the actual location of any improvements situated on the Property (including the number and location of any parking spaces) and the relationship of such improvements by courses and distances to the perimeter of the Property, building restriction lines and set-backs; and (5) the total area (in acres and, at the VSBFA's option, square feet) of the Property. The plat of survey shall set forth such other matters as may be required by the VSBFA, shall be certified to the VSBFA and the title company providing title insurance to the VSBFA in connection with the Loan, and otherwise shall be satisfactory to the VSBFA in all respects.

D. Zoning and Subdivision. Evidence satisfactory to the VSBFA that (1) the Property is located in a zoning classification in which the Borrower's use of the Property is permitted as a principal use as a matter of right and not as a nonconforming use and without the necessity of any special use permit, special exception or other special approval, (2) the Property consists of one or more contiguous record lots duly subdivided in accordance with applicable laws and with separate tax assessments and billings with respect to the Property, and (3) there is pending no proceeding, either administrative, legislative or judicial, that would in any manner adversely affect the status of the zoning of the Property or any part thereof or the Borrower's right to use the Property as presently being used.

E. Compliance with Governmental Requirements. Evidence satisfactory to the VSBFA that (1) the Property and its use complies fully with all applicable flood hazard, building, subdivision, environmental, pollution control and other governmental laws, orders, rules and regulations (with such compliance being based on no real estate or rights appurtenant thereto other than the Property) and (2) the Borrower has obtained and is in compliance with (or, if appropriate, will be able to obtain and comply with) the conditions of all licenses, permits and approvals required by any governmental or quasi-governmental authority for the ownership and operation of the Property. The Borrower shall furnish to the VSBFA a copy of all such licenses, permits and approvals.

F. Insurance. Evidence of adequate general liability, builder's risk, workman's compensation, hazard, liability and rental loss insurance covering the Property, naming the VSBFA as a mortgagee and

additional insured, and issued by an insurance company or companies acceptable to the VSBFA. In addition, the Borrower shall provide a separate policy or policies of flood insurance in an amount at least equivalent to the amount of the Loan or the maximum limit of coverage available with respect to the Property, whichever is the lesser, written in strict conformity with the Flood Disaster Protection Act of 1973, as amended, and all applicable regulations adopted pursuant thereto; provided, however, that in the alternative, the Borrower may supply the VSBFA with written evidence satisfactory to the VSBFA that none of the improvements on the Property will be situated in a flood hazard area (as designated by the Federal Insurance Administration, Department of Housing and Urban Development, under the Flood Disaster Protection Act of 1973, as amended).

G. Leases. Copies of all leases affecting the Property, together with estoppel certificates and subordination agreements from tenants under such leases.

H. Environmental Audit. A Phase I Environmental Study on the Property, in form and substance acceptable to the VSBFA.

I. Organizational Documents. All entities (Borrower, Guarantors and Tenant shall provide their organizational documents and certificates of good standing.