

TERM SHEET FOR LOAN AGREEMENT BETWEEN:

Compass Lofts MLKEDC, LLC or an Agreed Upon Affiliate (“Borrower”) and
Redevelopment Authority of the City of Milwaukee (“RACM”)

1. The Site: The Compass Lofts MLKEDC, LLC or an agreed upon affiliate (“Borrower”) site is approximately 1.3 acres in size and consists of the property located at 3116 North Martin Luther King Jr Drive, Milwaukee, WI, (“Site”).
2. Loan Amount: Contingent upon satisfactory underwriting, confirmation in writing of all other loan and funding approvals by all other parties and for the amounts represented in the project sources document, and RACM approval of final proforma projections, RACM will provide a loan of up to \$500,000 (the “Loan”) to Borrower to support environmental cleanup activities at the Site. The loan funds will be provided from RACM’s EPA Brownfields Revolving Loan Fund.
3. Site Remediation: Owner will undertake environmental remediation activities at the site, in accordance with the Wisconsin Department of Natural Resources Ch. NR 700, Wis. Admin. Code.
4. Term of Loan: The Term of the Loan shall be 17 years from the execution of the BCRLF loan at an interest rate of 3.5%. During the initial 24 months of the term of the Loan, interest would accrue on amounts drawn and disbursed to Borrower and be capitalized to the note. After completion of the interest accrual period, Borrower shall make annual interest only payments, subject to net available cash flow after all hard debt service and the asset management fee, and before payment of the deferred developer fee (DDF). Once DDF is paid in full, annual principal and interest payments shall be made subject to net available cash flow. A final balloon payment of all remaining principal and any accrued but unpaid interest to be paid in full at maturity.
5. Collateral: The loan shall be secured by a subordinate (in next lien position after the permanent financing and TIF loan) mortgage on the project real property located at the Site.
6. Equity: Borrower shall substantiate an equity contribution of approximately \$889,188 in deferred developer fee and general partner equity towards the Project.
7. Guarantee: Unlimited corporate guarantee of MLKEDC and EA Development, LLC.
8. Disbursing: Funds will be disbursed based on draw requests on a reimbursement basis approved by RACM.

9. Expense Eligible for Use With Loan Funds: Loan funds shall be utilized for environmental cleanup activities associated with site redevelopment activities. All expenses will be reviewed and approved by RACM prior to disbursement.
10. Sunset Provision: If a loan agreement per the above terms is not fully executed within 6 months of RACM board approval, this term sheet approval will expire.