Date

Vice President

\_\_\_\_\_\_\_\_\_ Bank

Address

City, State, Zip

### ***Re: \_\_\_(Property)\_\_\_\_ - Note Purchase***

Dear \_\_\_\_\_\_\_:

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ is pleased to submit this Letter of Intent. We have reviewed the loan and collateral on \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ and are prepared move forward with a definitive agreement. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ and/or their assigns (“Purchaser”) is willing to purchase the below referenced loan on the terms and conditions contained herein.

|  |  |
| --- | --- |
| **1. Loan:** | First Mortgage Interest in \_\_(Property)\_\_\_\_\_\_ located \_\_\_(Address)\_\_\_\_\_ .  |
|  |  |
| **2. Purchase Price:**  | \_\_\_% of the existing loan balance of the \_\_\_\_\_ unsold units. Exact price shall be agreed upon at contract execution with the price estimated to be $\_\_\_\_\_\_\_\_\_\_\_\_.The Purchase Price shall be subject to normal prorations, including but not limited to taxes, insurance, expense items, security deposits, etc. |
|  |  |
| **3. Earnest Money:**  | $\_\_\_\_\_ (we did 1.5% of the purchase price, but we have a long working history with the bank) |
|  |  |
| **4. Closing:** | The Closing of this transaction will occur no later than \_\_\_\_\_\_\_\_\_\_\_\_\_\_, 20\_\_. |
|  |  |
| **5. Closing Costs:** | Seller will pay any document stamps, transfer tax, and other conveyance fees associated with the transaction. Each party will pay their respective attorney’s fees. Real estate taxes, property insurance, rents, and any prepaid expenses shall be pro-rated to the day of the closing. |
|  |  |
| **6. Confidentiality:** | Neither party shall disclose the terms and conditions of this Letter of Intent to any other party without the mutual written consent of Seller and Purchaser, except to those parties acting in a fiduciary capacity (i.e., legal representatives, financial institutions, authorized agents, partners, etc.) who shall be entitled to the knowledge of such for the mutual benefit of Purchaser and Seller. |
|  |  |
| **7. Feasibility Period:** | Upon execution of this Letter of Intent, Purchaser and Seller shall negotiate a binding Purchase and Sale Agreement. Purchaser shall have through \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, 20\_\_ to inspect and investigate the loan documents, collateral, etc. In order to expedite the inspection process, Seller agrees to furnish Buyer with all relevant documents and information pertaining to the property in its possession, including but not limited to the items listed on Exhibit “A” attached hereto, within two (2) days from the Seller’s execution of this letter of intent.  |
|  |  |
| **8. Survey:** | Seller will cause to be delivered to Purchaser, at Seller’s sole cost and expense, an updated and accurate plat of survey of the Property. The Survey shall meet the “Minimum Standard Detail Requirement for ALTA/ACSM Land Title Surveys” adopted by the American Land Title Association, the American Congress on Surveying and Mapping and the National Society of Professional Surveyors and shall contain such other information as Purchaser or Purchaser’s lender may reasonably request. |
| **9. Representations & Warranties:** | Seller will make, in the Agreement of Purchase and Sale, customary representations and warranties regarding the Seller and Property. |
|  |  |
| **10. Closing Documents:** | At closing, Seller shall furnish Buyer with a general warranty deed, an owner’s and lender’s policy of title insurance and a bill of sale. |
|  |  |
| **11. Financing:** | Seller will finance 65% of the purchase price on a non-recourse basis for a 24-month term on an interest only basis at interest rate equal to the Prime Rate plus quarter percent. A 12 month interest reserve will be deposited by the buyer.  |
| **12. Unit Completion:** | All collateral shall be completed and have current Certificates of Occupancy.  |

This letter of intent is not intended to be a binding contract and is subject to the preparation and execution of a definitive Purchase and Sale Agreement containing terms and conditions mutually acceptable to Purchaser and Seller. Seller agrees not to negotiate for the sale or other disposition of the Property to any other party during the period a Purchase and Sale Agreement is being negotiated.

Please signify your agreement to the basic terms set forth in this letter of intent by executing where indicated below and delivering this letter to Purchaser by 5:00 p.m. Eastern Standard time on \_\_\_\_\_\_\_\_\_, 20\_\_.

Sincerely yours,

Enclosures

**\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Bank**

**Acknowledged and hereby agreed to:**

# By: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

## Its: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

## Date: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

EXHIBIT “A”

1. Operating statements for the last three calendar years.
2. Copies of operating and capital budgets for 20\_\_ - present.
3. Copies of all tax bills from the period 20\_\_ – 20\_\_: including, but not limited to Property, personal, rental taxes and special assessments.
4. Copies of all service contracts for the property including a list of all vendors and any warranties.
5. As-built plans, specifications and site plans.
6. Existing title policy and survey.
7. List of major deferred maintenance items.
8. Environmental Reports and Engineering Reports done in the past five years.
9. Any appraisals done in the last five years.
10. A detailed list of all equipment at each facility.
11. Loan documents and all amendments.
12. All correspondence with borrower.
13. Entire loan file including borrower’s most recently submitted financials.