



July 13, 2023

TBD LLC

RE: Purchase of 48 units (Sterling Creek Apartments) located at 3302 S Sterling Avenue in Independence, MO 64052

Dear Customer,

NBKC Bank is pleased to offer our preliminary term sheet as represented by the attached Preliminary Terms and Conditions (Exhibit A). Please note that this is not a commitment to lend, merely a tool that should be used to negotiate mutually beneficial terms and conditions.

I look forward to working with you and building a mutually beneficial relationship.

If you have any questions, please do not hesitate to contact me at 785-770-7549.

Sincerely,

*Kevin Schamberger*

Kevin Schamberger  
Vice President  
Commercial Lender  
[Kevin.Schamberger@nbkc.com](mailto:Kevin.Schamberger@nbkc.com)



**Exhibit A**  
**Preliminary Terms of Condition**  
**For Discussion Purposes Only-Not a Commitment to Lend**

**July 13, 2023**  
**Sterling Creek Apartments**

Borrower: TBD LLC

Loan Amount: up to \$3,900,000 (not to exceed 70% of the lessor of total project cost or appraised value)

Purpose: Purchase and rehab financing for 48 units including the Sterling Creek Apartments located at 3302 S Sterling Avenue in Independence, MO 64052.

Interest Rate: Fixed at 6.75%

Loan Term: 5 years

Repayment: Interest only period of 24 months; then converting to monthly principal and interest payments based on a 25-year amortization.

Loan Fee: Individual note(s) will include a 0.50% fee and \$450 processing fee.

Collateral: First deed of trust including assignment of rents on the (48 units) apartment complex property located at 3302 S Sterling Avenue in Independence, MO 64052.

Prepayment Fees: Prepayment fees will apply on the full amount of the loan. Borrower shall pay to Bank a prepayment fee equal to 1% in year one; 1% in year two; and 1% for year three of the note.

Guarantees: Unlimited personal guarantees during construction of individuals or entities with 20% or more ownership. (if applies)

Unlimited guarantees of individuals/entities with 20% or more ownership. Year 2 following interest-only period will require that the property has in-place leases resulting in a 1.20x DSCR for trailing 12 months. DSCR will be calculated as EBITDA divided by the principal & interest debt service for that period calculated from business tax returns.



- Appraisal:** All real estate transactions must have an appraisal completed by a NBKC Bank approved appraiser. The appraisal report must be received, reviewed and approved by NBKC Bank prior to closing.
- Environmental:** Environmental Data Resources or Phase 1 Report will be required prior to disbursement of the loan and at the Borrower's cost.
- Flood Insurance:** If the collateral for this loan is or will be located in an area designated by the Director of the Federal Emergency Management Agency as a Special Flood Hazard Area Zone, a Flood Insurance Policy, in a form and substance satisfactory to the Bank, will be required prior to disbursement of the loan and at Borrower's cost.
- Financial Reporting:**
- Annual business financial statements and tax returns for Borrower within 30 days of completion or filing, respectively.
  - Semi-annual operating statements and rent rolls for Subject Property.
  - Guarantor FITR due annually within 30 days of applicable filing date.
  - Annual personal statements and tax returns for Guarantors within 30 days of completion or filing. If an extension is filed, extension and personal financial statement must be obtained within 30 days of filed extension.
- Covenants:** DSCR Covenant: Borrower shall maintain a property specific DSCR of not less than 1.20x tested annually beginning the first full year after interest-only period.
- Other Fees:** Borrower to pay all NBKC Bank out of pocket expenses including but not limited to appraisal, legal fees, title insurance, escrow charges, recording fees, etc.

Without the prior written consent of NBKC Bank, the content or the existence of this Term Sheet May not be disclosed to any third party (including, without limitation, any financial services provider), either orally or in writing (except by the Borrower (i) to its directors, officers, employees, legal counsel, financial advisers and accountants on a confidential basis and (ii) as required by law).

THIS PROPOSAL IS NOT A LOAN COMMITMENT FROM THE BANK AND IS FOR DISCUSSION PURPOSES ONLY. AS A PROPOSAL IT IS PRESENTED TO DETERMINE YOUR LEVEL OF INTEREST IN THE PROPOSED GENERAL STRUCTURE, TERMS, AND CONDITIONS AS CONTEMPLATED BY THE BANK AT THIS TIME. SHOULD YOU WISH TO PURSUE THIS PROPOSAL, FINAL APPROVAL BY THE BANK'S LOAN COMMITTEE AS WELL AS COMPLETE LEGAL DOCUMENTATION (ON FORMS ACCEPTABLE TO THE BANK IN ITS SOLE DISCRETION) WILL BE NECESSARY.