

**ALASKA INDUSTRIAL DEVELOPMENT AND EXPORT AUTHORITY
TAXABLE LOAN PARTICIPATION PROGRAM
LOAN COMMITMENT SCHEDULE "A"**

1. **DEFINITIONS:** Except as otherwise defined herein and in the commitment letter of which this Schedule "A" is a part, the definitions contained in the Loan Participation and Servicing Agreement between the Authority and the Originator are applicable.
2. **GOVERNING LAW:** This loan commitment and the loans which may result therefrom are to be governed by the laws of the State of Alaska.
3. **INTEREST RATE:** The rate of interest on the Authority's participation will be set as specified in the commitment letter. The interest rate on the Authority's participation will be either a fixed or variable interest rate.

Fixed interest rates will be calculated utilizing the indexes shown below plus the Authority's allocable cost of operations for the Commercial Finance Division; or the Authority's determined funding floor rate for fixed rate loans plus the Authority's allocable cost of operations for the Commercial Finance Division, whichever is greater, as set forth in 3 AAC 99.350 (e).

Amortization/Term Index

- | | | |
|-----|----------|---|
| (1) | 5 years | Federal Home Loan Bank Des Moines 5 Year Fixed-Rate Advances |
| (2) | 10 years | Federal Home Loan Bank Des Moines 10 Year Fixed-Rate Advances |
| (3) | 15 years | Federal Home Loan Bank Des Moines 15 Year Fixed-Rate Advances |
| (4) | 20 years | Federal Home Loan Bank Des Moines 20 Year Fixed-Rate Advances |
| (5) | 25 years | Federal Home Loan Bank Des Moines 25 Year Fixed-Rate Advances |

Variable interest rates will be calculated utilizing the indexes shown below plus 100 basis points, plus the Authority's allocable cost of operations for the Commercial Finance Division; or the Authority's determined funding floor rate for variable rate loans plus the Authority's allocable cost of operations for the Commercial Finance Division, whichever is greater, as set forth in 3 AAC 99.350 (e).

**Adjustment
Period Index**

- | | | |
|-----|----------|--|
| (1) | 3 months | Federal Home Loan Bank Des Moines 3 Month Fixed-Rate Advances

(a) Rate and payment adjusted each January 1 st , April 1 st , July 1 st , and October 1 st |
| (2) | 6 months | Federal Home Loan Bank Des Moines 6 Month Fixed-Rate Advances |

- (a) Rate and payment adjusted each January 1st and July 1st
- (3) 1 year Federal Home Loan Bank Des Moines 1 Year Fixed-Rate Advances
 - (a) Rate and payment adjusted each January 1st
- (4) 3 years Federal Home Loan Bank Des Moines 3 Year Fixed-Rate Advances
 - (a) Rate and payment adjust every three years on January 1st
- (5) 5 years Federal Home Loan Bank Des Moines 5 Year Fixed-Rate Advances
 - (a) Rate and payment adjust every five years on January 1st

The variable rate utilized for all adjustments to the variable interest rates shown above will be the Authority's published Funding Rate in effect for the week including the first day of each adjustment period.

4. **COMMITMENT FEES:** In consideration of the Authority issuing this commitment on the conditions stated herein, and in further consideration of the substantial expenses which are incurred in the operation of the Authority, a one percent (1%) non-refundable commitment fee will be paid to the Authority on its portion of the Participation Loan upon acceptance of this commitment. The commitment will not be effective until said fee is paid.

5. **PAYMENT OF PRINCIPAL AND INTEREST:** Commencing on the first day of each payment period immediately following the first disbursement of the loan proceeds hereunder, payments as due shall be applied first to the accrued interest on the principal balance from time to time remaining unpaid and then to principal. The entire outstanding principal balance and all accrued interest shall in any event, be due at the end of the term of the loan.

6. **PREPAYMENT PRIVILEGE:** Prepayment of the Authority Portion of the loan shall be permitted only upon authorization of the Authority. The Authority will, in its sole discretion, require prepayment fees on the Authority Portion. If the term on the Authority Portion of the loan is 15 years or less, the prepayment fee, if assessed, will not be greater than 3% during the first 3 years. If the term on the Authority Portion of the loan is greater than 15 years, the prepayment fee, if assessed, will not be greater than 5% during the first 5 years. The prepayment fee will be reduced by .083% for each full month of the loan beginning from the date the Authority funds its participation. The fee will be based on the amount of prepayment, whether it be a partial or full prepayment. No prepayment fee will be charged after 5 years from the date the Authority funds its participation. No Note or Deed of Trust shall be deemed valid and in compliance with the terms of the loan for which a commitment is made herein unless the Note or Deed of Trust contains a provision as to prepayment in accordance with the foregoing;

All partial prepayments of principal made by the Borrower will be applied to the loan based on outstanding ratable interest at the time of the prepayment. The Authority's ratable interest shall mean the Authority's percentage based upon and equal to its share of the combined outstanding principal balance of the loan at the time of prepayment. All partial prepayments as received shall be allocated first to payment as due on the loan, and then any remaining will be allocated to the principal amount.

7. **WARRANTY AND REPRESENTATIONS OF ORIGINATOR:** Originator hereby represents, warrants, covenants and agrees that in consideration of Authority's purchase of a participation in the loan, the loan and the loan documents will meet the following conditions: a) the loan and all loan documents will be prepared, executed and made in conformity with all applicable laws and regulations, will be signed by a competent party, and will constitute a valid obligation, legally enforceable, against all parties thereto and will not be in default on the date of submission to the Authority or the date of the Authority's purchase of a participation therein; b) that all Mortgagees, Trust Deeds, First Preferred Ship's Mortgage, Security Agreements and other collateral instruments, will be properly filed, recorded or otherwise perfected so as to constitute a valid, enforceable, and first lien position upon the property securing each loan.

8. **DISBURSEMENT OF FUNDS:** Each of the following is an express condition precedent to the disbursement of the loan proceeds or any portion thereof, as applicable:

(a) **CERTIFICATION OF COMPLETION:** Submission by Originator of certification from the author of the original appraisal, or other appraiser acceptable to the authority, that construction was substantially completed according to the plans and specifications included in the original appraisal required by 3 AAC 99.320(b)(12) and that the completed value is at least equal to an amount which would meet the requirements of 3 AAC 99.330(c).

(b) **CERTIFICATION OF COMPLIANCE:** Originator shall obtain an unconditional statement in writing from an authorized official, or if there is no authorized official from a registered architect or professional engineer that the building and structures may be occupied and that the occupancy, building(s) and structure(s) conform to all requirements of federal, state, and municipal law including the Americans with Disabilities Act (ADA).

(c) **COST OF CONSTRUCTION AND USE OF PROCEEDS:** A proper showing by Originator which is satisfactory to the Authority that all costs of acquisition or construction have been paid in full and that the amount of loan proceeds does not exceed the cost of construction or acquisition as determined by the Authority after examination of relevant documentation (including certification of costs as being a specific dollar amount).

(d) **INSURANCE:** Borrower shall deliver to the Originator at Borrower's expense, and in a form and issued by a company satisfactory to the Authority the following insurance which will be maintained throughout the term of the loan as applicable:

1) An ALTA Title Insurance policy (Mortgagee's extended coverage) insuring that the Originator has a valid first lien on the real property described in the commitment letter, free of encumbrances or other exceptions to title, other than those approved and accepted in writing by the Authority.

2) Fire and other risk insurance, public liability insurance and such other insurance with respect to Borrower's properties and operations, reasonably acceptable to Originator and approved by the Authority. In the event that the property described is located in a special flood hazard area, Borrower

shall provide the Originator with a flood insurance policy as required by the Flood Disaster Protection Act of 1973, as amended. A full Marine and/or Aircraft insurance policy including a breach of warranty clause. Originator shall be named as loss payee with a loss payable endorsement. Such an endorsement shall be issued to the Originator and provide prior written notice, in a manner acceptable to the Authority, to be sent to Originator of any cancellation or material change in policy.

- (e) **SURVEY**: Originator shall be provided with a survey prepared by a registered surveyor delineating lot lines, locating improvements including water, gas, electric and sewer lines, easements and parking areas, building dimensions and showing other physical matters affecting the title and use of the premises, including the existence of any encroachments and recorded or visible easements. The legal description in the survey shall be identical with the description in the security instruments and title policy.
- (f) **LAWS**: The Borrower will construct improvements of a first class quality in compliance with all applicable ordinances, building codes and zoning, environmental, ecological and any other applicable laws and regulations and provide Originator with a certificate to that effect.

9. **COST AND FEES**: The acceptance hereof by the Originator and Borrower constitutes agreement by each that they will be jointly and severally liable for payment in full of all reasonable costs, fees and expenses incurred in connection with this commitment, the subject loan, including but not limited to, title insurance, attorneys' fees, costs of recording, taxes, surveys, appraisal fees, all brokerage and real estate commissions and costs, and any other such expenses incurred in connection herewith by the Authority.

10. **ASSIGNMENT OF PROCEEDS**: Neither this commitment nor the loan proceeds may be assigned without the Authority's prior written approval nor without such consent there shall be no right to designate a payee of such loan proceeds. Further, in the event of bankruptcy or insolvency of Borrower or any Guarantor, whether voluntary or involuntary, this commitment shall immediately terminate.

11. **INSPECTION BY AUTHORITY**: Representatives of the Authority, at all reasonable times and upon proper notice, may inspect any property the acquisition or construction of which is to be financed by the Participation Loan.

12. **LIENS**: The Borrower will not permit any lien, other than those of Originator contemplated herein or already in existence, to exist on any property which is subject to a security interest described in this commitment letter without prior written approval of the Authority. Prior to funding by the Authority, Originator shall, to the best of their knowledge and reasonable belief, disclose all existing liens to the Authority.

13. **ALIENATION OF PROPERTY:** In the event that any of the property which is subject to a security interest described in this commitment letter is sold, further encumbered after the date of this commitment or otherwise alienated without prior written consent of the Authority, this commitment shall immediately terminate and, if the Authority shall have purchased a participation in the loan, the entire outstanding principal balance thereof and all accrued interest thereon and any penalties, may, at the option of the Authority, be declared immediately due and payable. These penalties shall be sufficient in amount to allow the Authority to recover its costs in connection with the loan or the acceleration thereof.

14. **NO MATERIAL ADVERSE CHANGE:** This commitment may be terminated if, prior to funding:

- (a) There shall have been a material adverse change in either the business prospects of financial condition of the Borrower or Guarantor, or a material adverse change in the condition or value of the security; or
- (b) If any litigation or proceeding is commenced against Borrower or Guarantor that the Authority regards as adversely affecting Borrower's or Guarantor's credit or ability to perform the obligations set forth herein or in the loan documents; or
- (c) Borrower shall have been adjudicated bankrupt or insolvent; a trustee or receiver shall have been appointed for all, or a substantial portion of, its property; or
- (d) Borrower shall have filed or has been the subject of a petition for bankruptcy or reorganization.

15. **FINANCIAL STATEMENTS CERTIFICATION:** Borrower and Guarantors warrant that the financial statements and other material furnished by them to the Originator and Authority adequately and fairly represent their respective financial positions and that any other facts contained therein were true on the respective dates thereof and that no adverse material changes have occurred since said date or dates. Borrower and Guarantor agree to provide Originator, on closing, a certificate to that effect.

16. **AUTHORITY:** Prior to closing on the loan, Originator shall furnish the Authority evidence satisfactory to the Originator and Authority of the authority of the Borrower and Guarantors to enter into this loan transaction and to execute the loan documents.

17. **OPERATING STATEMENTS:** Borrower will furnish to the Authority, without expense to the Authority, its annual financial statements within one hundred twenty (120) days after the close of each fiscal year. Interim statements of the Borrower, if required, shall also be provided to the Authority upon request without expense to the Authority.

18. **ARBITRATION:** No arbitration clause will be acceptable on any documentation that is a participated loan with the Authority. The Authority will not be required to be a party to arbitration.

19. **CONFIDENTIALITY OF LOAN INFORMATION:** The Authority is a public agency of the State of Alaska and certain records in the possession of the Authority are required by law to be made available for public inspection and copying. Certain information in the possession of the Authority, as described in AS 44.88.215, may be held in confidence upon the written request of the Borrower.

(Lender)

Accepted: _____

Date: _____

Title: _____

(Borrower)

Accepted: _____

Date: _____

By: _____

Its: _____

Accepted: _____

Date: _____

(Guarantor)

Accepted: _____

Date: _____

(Guarantor)