



June 6, 2019

Mr. Robert Stiegele  
STKR Sistrunk, LLC  
201 S.E. 12<sup>th</sup> Street, Suite 100  
Fort Lauderdale, FL 33316

Re: Development / Construction Loan for River Garden Townhomes Project, Located at  
2132-2162 N.W. 6<sup>th</sup> Street, Fort Lauderdale, FL

Dear Rob:

City National Bank of Florida ("Bank") appreciates the opportunity to finance the proposed River Garden Townhomes project ("Project"). The following is not a commitment to lend, but rather an expression of interest on behalf of the Bank. This letter is furnished as a means of affording you a guide to, and an outline of, the material terms and conditions of a potential loan and as such, the terms and conditions outlined herein are subject to change in whole or in part.

We have reviewed the proposed site plan for the Project, reflecting four (4) townhome buildings and a total of twenty-five (25) townhomes, and the preliminary architectural renderings and floor plans for the two (2) proposed townhome models. We understand that the proposed Borrower, STKR Sistrunk, LLC ("Borrower"), owns some, but not all of the property contemplated for the Project, and that Borrower is making an offer to purchase the remaining required property from the Northwest-Progresso-Flagler Heights Community Redevelopment Agency ("NFP CRA"). We also understand that in connection with this purchase offer, Borrower is requesting funding from the NFP CRA in the amount of \$1,500,000. Because Borrower does not yet own all of the property contemplated for the Project, Borrower has not been in a position to complete its civil and architectural plans for the Project, nor to formally bid out such plans for a final Project budget.

The Bank has in the past, and is presently providing development / construction financing for other single purpose entities owned by you and Jeffrey Kronengold, and the financing of the Project would be upon similar terms. As you are also aware, the Bank is presently providing financing for the Six13 project which is also funded in part by the NFP CRA, so the Bank has experience in financing projects receiving such funding. As discussed, the Bank will treat the NFP CRA funding

amount as equity in the Project, and will allow NFP CRA to secure such funding with a second mortgage on the Project property to ensure the funds are used for the Project and that the Project is completed. Accordingly the final amount of the NFP CRA funding, if any, will be combined with direct equity contributed by the owners of Borrower to meet the Project equity requirements. The general terms of financing are presently contemplated as follows:

**BORROWER:** The borrowing entity shall be a single purpose entity. STKR Sistrunk, LLC meets this requirement.

**GUARANTORS:** The following shall, on a joint and several basis, guaranty completion of the Project, and guaranty payment of all principal, interest, all costs of collection and an environmental indemnity.

Robert Stiegele  
Jeffrey Kronengold

**AMOUNT/FACILITY TYPE:** The loan amount is estimated at approximately \$4,490,000 subject to the LTV and LTC limitations imposed below. The Borrower has represented to the Bank that the total Budget is \$6,414,000, subject to Bank review and acceptance. The Borrower shall be required to evidence it has funded the difference between the Bank approved total development costs and loan amount as equity proceeds into the Project prior to Bank loan funding. Equity in the form of land value shall be the lower of purchase price or appraised value if owned for less than 18 months. As stated above, the amount funded by the NFP CRA, if any, may count toward Borrower equity.

**PURPOSE:** To provide senior secured financing for the development of the Project.

**MATURITY/TERM:** Twenty-four (24) to possibly thirty months (30) (depending upon final Project plan, conditioned upon the following:

- No loan defaults;
- Receipt of all deliverables required by Bank

**REPAYMENT:** Interest only payable monthly in arrears. Release prices will be set as a percentage of net sales proceeds to be determined at the time of a final loan commitment.

**PREPAYMENT FEE:** None.

**COLLATERAL:**

A first mortgage on the Project and an assignment of leases, rents, profits, contracts, personal property, permits, licenses, and other items related to the operation of the Project.

**FINANCIAL COVENANTS:**

Borrower shall establish an acceptable depository relationship with the Bank for the life of the loan, and shall include Borrower establishing its operating accounts associated with the Project.

Loan to be set up on automatic debit from an account held at Bank.

**LOAN AMOUNT:**

The Banks total loan amount shall not exceed the lesser of 65% of "as completed and stabilized" Loan to Value (LTV) or 75% Loan to Cost (LTC) for the subject collateral. The Bank will select and engage an appraiser to provide an "As Is" and "as complete and stabilized" appraised market value of subject collateral. The Borrower will be responsible for the cost of the appraisal prior to it being ordered.

The foregoing provides the general terms of the contemplated financing. Other details such as loan funding, other conditions and deliverables, construction conditions, events of default, and Borrower's obligation to pay certain Bank costs will be more fully detailed after Borrower has completed the NPF CRA purchase and funding process.

Thank you again and we look forward to the opportunity to continue our long-term, mutually beneficial relationship.

Sincerely,

City National Bank of Florida

**DAVID ALBRIGHT**

David Albright  
Market Executive  
Senior Vice President