

Loan No.: 100018625



Date: 10/20/2016

Charles Henry Properties LLC
336 East 56th Street
New York, NY 10022

RE: 336 East 56th Street
New York, NY 10022
A 7 Unit Apartment

Thank you for coming to JPMorgan Chase Bank, N.A. for your Apartment loan. We are interested in the opportunity to consider an application for \$1,345,000.00 financing for the above property on the proposed terms outlined in the attached Application Fee Agreement and subject to further analysis and due diligence. We invite you to submit an application so that we may make a detailed assessment.

If you are interested in proceeding and applying for the proposed loan, please execute and return the enclosed documents to us, along with the following:

1. Executed Application Fee Agreement (see attached)
2. Any fees specified in the Application Fee Agreement
3. A completed loan application package

Please complete, sign, and return the Debit Authorization: Application Fee/ Rate Lock Form provided; or, if you are making your payment by check, please make your check payable to JPMorgan Chase Bank, N.A. We need to receive this information within 14 calendar days from the date of this letter. If we do not receive it by that time, we will be unable to give further consideration to your inquiry.

Should you have any questions while completing the Application Fee Agreement or loan application package, please contact your Client Manager. We appreciate your giving us this opportunity to assist you with your financing needs.

Sincerely,

JPMorgan Chase Bank, N.A.

JPMorgan Chase Bank, N.A.
Robert Caliguri • 1985 Marcus Avenue, 1st Floor, New Hyde Park, NY 11042
Phone (516) 574-6605 • Fax (302) 419-2727





APPLICATION FEE AGREEMENT 6 MONTH LIBOR INDEX

This Application Fee Agreement ("Agreement") is dated this 20th day of October, 2016, by and between the undersigned applicant ("Applicant") and JPMorgan Chase Bank, N.A. ("Lender").

1. Based upon preliminary information provided by Applicant, and subject to the terms of this Agreement, Lender is interested in considering the opportunity to provide adjustable interest rate financing, after a fixed rate period, on the following property (the "Property"):

336 East 56th Street
New York, NY 10022

2. Lender invites the Applicant to submit a completed loan application package (collectively, "Loan Application"), so that we may make a detailed assessment. A final credit decision will be made only after Lender's receipt of a completed Loan Application, property appraisal, and any other required reports or documentation applicable to the Property or Applicant as Lender deems necessary. The proposed loan will be secured by the Property. The proposed loan terms may include a prepayment premium clause as well as other terms and conditions Lender may require. Current pricing and terms for the proposed loan are shown below, including the interest rate and interest rate cap, if the interest rate were locked on the date of this Agreement. The interest rate and interest rate cap are subject to change without notice unless and until the interest rate is locked by both Applicant and Lender executing Lender's form of rate lock agreement. The proposed Loan Amount may be adjusted by Lender in its sole discretion at final underwriting or when locking the interest rate. Any rate lock is subject to all the terms and conditions of the rate lock agreement. If no rate lock agreement is entered into, the interest rate and interest rate cap are subject to change until loan closing.

Initial Interest Rate: 3.26000%

Initial Interest Rate is fixed for 60 month(s) ("Fixed Rate Period"). The Interest Rate will then adjust immediately and will continue to adjust every 6 months thereafter.

Loan Amount: \$ 1,345,000.00

After Fixed Rate Period, Interest Rate will be 6 MONTH LIBOR Index plus Margin of 2.25000%, subject to a 1% per adjustment interest rate limit. (This limit is not applicable to the first adjustment if the Fixed Rate Period is 12 months or longer.)

Term: 360 months

Lifetime Interest Rate Cap: 9.50000%

Payment based on a(n) 360-month
amortization

Monthly payments are fixed for the first 60 monthly
payments. The monthly payment will then adjust
with the next payment and continue to adjust every 6
months thereafter.

Loan Origination Fee: 0.00000%

Other Lender Fees (estimated):
\$0.00

LIBOR Index: The LIBOR Index is the rate for borrowed funds in the interbank market in London in United States dollars for maturities of six months, rounded to the nearest one-thousandth of one percentage point (0.001%) as of the relevant date of determination, as determined by Lender based upon the London Interbank Offered Rate as administered by the ICE Benchmark Administration (or any other entity that takes over administration of such rate). Any LIBOR Index less than zero shall be deemed to be zero for purposes of the proposed loan.

Interest Accrual: Interest and payments on the proposed loan will be calculated on the basis of a 360-day year consisting of 12 months of 30 days each, with certain limited exceptions as provided for in the promissory note evidencing the proposed loan. In this Agreement, the term "per annum" means a year deemed to be comprised of 360 days.

3. The environmental condition of the Property must be satisfactory to Lender.

4. Concurrently with the execution of this Agreement, Applicant shall pay to Lender a fee (the "Application Fee") in the amount of \$13,450.00. Such Application Fee, less any costs incurred by Lender in connection with the Loan Application regardless of whether a specific fee for each cost incurred was prepaid or identified in this Agreement, is refundable if the proposed loan is denied and is non-refundable if the Loan Application is withdrawn or Applicant fails to respond to requests for information. The Application Fee will be applied as a credit to the borrower at closing in the event the proposed loan is approved and funded.

5. Concurrently with the execution of this Agreement, Applicant shall prepay to Lender the following fees described in this Agreement:

Application Fee	\$13,450.00
Non-refundable estimated appraisal and/or review fee	\$0.00
Non-refundable estimated attorneys' fees	\$0.00
Non-refundable estimated engineering fee	\$0.00
Non-refundable estimated international credit fee	\$0.00
TOTAL:	<u>\$13,450.00</u>

6. In connection with any proposed refinance loan, cash out proceeds to be paid to Borrower will be disbursed either to a deposit account in the name of, or by check made payable to, the Borrower. If the Borrower is a trust, any deposit account must be in the name of the trustee(s) of the trust on behalf of the trust.

7. Neither this Agreement nor any rate lock agreement Lender may enter into with Applicant constitutes a commitment or agreement to make a loan or if a loan is granted, to make a loan at these rates or on these terms and conditions. This Agreement shall not be construed as an agreement to make the Applicant a loan pursuant to the above-referenced terms, but is provided only to assist the parties in the determination to commence the application process.

8. This Agreement shall be construed in accordance with the laws of the state where the Property is located.

9. Lender makes no representations or warranties of any kind or nature with respect to any appraisal, environmental report, soils report, engineering report or other report or study obtained by Lender in connection with the Loan Application and Applicant shall have no right to rely on any such report or study.

10. This Agreement is the only agreement of the parties as of the date hereof with respect to the subject matter of this Agreement. No oral agreements or promises have been entered into or provided with respect to this Agreement. This Agreement shall not be modified except by an instrument in writing executed by Lender and Applicant.

11. This Agreement may be delivered by fax, e-mail or other electronic means. The name of Lender's Authorized Officer on this Agreement will have the same effect as delivery of a manually-signed original of this entire Agreement executed by Lender. Lender need not deliver to Applicant a copy of this Agreement signed by Lender in order for this Agreement to be binding on Applicant.

SEE ATTACHED CONDITIONS/REQUIREMENTS (EXHIBIT A).

[Remainder of this page intentionally left blank]

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This Agreement will be effective as of the date hereof upon receipt by Lender of a copy executed by Applicant within fourteen (14) days of the date of this Agreement.

“Lender”

JPMorgan Chase Bank, N.A.

By: Robert Caliguri

Its: Authorized Officer

“Applicant”

(Applicant Signature)

(Print Applicant Name)

If Applicant is an entity or a trust, please provide the exact legal name and the Tax ID number below.

(Legal Entity Name)

(Tax ID Number)

**CONDITIONS/REQUIREMENTS
(EXHIBIT A)**

Date: 10/20/2016

- (1) Claude Simon and any other applicant, must sign lender's form of repayment guaranty and environmental indemnity agreement.
- (2) The loan is subject to a prepayment premium of 5%, 4%, 3%, 2% and 1% of the amount prepaid during each of the first five loan years. Other prepayment restrictions apply. Refer to the loan documents for details. The prepayment terms are subject to change if the loan program is changed.
- (3) Prior to final credit decision, applicant must provide a permanent certificate of occupancy and other permits required with respect to the use or occupancy of the property which must be satisfactory to lender.
- (4) If a Dry cleaner is a tenant, Borrower affirms that all dry cleaning is performed off site.
- (5) Prior to ordering the appraisal, applicant must provide copies of all fully-executed commercial tenant leases, including any amendments and subleases. Should any lease contain an option to purchase and/or right of first refusal to purchase the property, applicant may be required to provide lender's form of Subordination, Nondisturbance and Attornment Agreement executed by the borrower and tenant prior to final credit decision.
- (6) Prior to ordering appraisal, applicant must provide lender with the completed DHCR Release Authorization Form (261 CTL) for lender to obtain the most current and previous four years' rent registration (DHCR or ETPA print-out) verifying legal rents for the property at no cost to the applicant. If readily available, applicant may provide to lender such rent registration information for the property prior to ordering the appraisal. The rent registration information must be approved by lender's underwriting department prior to final credit decision.
- (7) Loan amount not to exceed 50.00% of the lower of appraised value as determined by lender or sales price, if applicable.
- (8) Property tax escrow account (non-interest bearing) to be established and maintained with lender for the term of the loan. Tax information must be received prior to drawing loan documents. Refer to loan documents for more details.
- (9) This is a recourse loan.
- (10) Prior to drawing loan documents, applicant to provide completed auto-pay form and voided check.

- (11) Prior to final credit decision, applicant must provide a copy of tank registration and recent tank tightness test, if applicable. Both must be approved by lender's environmental risk management department prior to final credit decision.
- (12) Claude Simon and any other applicant, must sign lender's form of non-recourse carve-out guaranty and environmental indemnity agreement.
- (13) For a refinance loan, any cash out proceeds due to borrower(s) in connection with the loan will be disbursed, at closing, to a deposit account in the name of the borrowing entity(ies) or by check made payable to the borrowing entity(ies). If the borrowing entity is a trust, the deposit account must be in the name of the trustee(s) of the trust on behalf of the trust.
- (14) No subordinate financing permitted without prior written consent of lender.
- (15) Prior to ordering the appraisal, applicant must provide lender with completed lender's operating history form including property information and certification section. If applicant is providing their own operating history, applicant must sign and date the operating history in addition to completing the property information and certification section on the lender's operating history form. Operating history provided must include all information required by lender's operating history form for the current year to date and last two full fiscal years.
- (16) Prior to ordering the appraisal, applicant must provide lender with completed lender's rent roll form including property information and certification section. If applicant is providing their own rent roll, applicant must sign and date the rent roll in addition to completing the property information and certification section on the lender's rent roll form. Rent roll provided must include all information required by lender's rent roll form.
- (17) Property must not have any interior or exterior deferred maintenance with the exception of minimal deferred maintenance as deemed acceptable by lender's underwriting department. Prior to funding, any deferred maintenance identified as health and safety related must be corrected.
- (18) Property must meet a minimum debt service coverage requirement of 1.30 calculated using lender's current underwriting standards.
- (19) After the initial fixed interest rate period of the loan, the interest rate will never be less than 2.50% per annum.
- (20) Prior to Rate Lock, Client Manager must provide photos of full property inspection satisfactory to Lender's underwriting department.

Any prepayment premium outlined above is tied to a specific program. If the loan program changes for any reason, the prepayment premium provision may change. Please ask your Client Manager for details.



Date: 10/20/2016

OPERATIONS AND MAINTENANCE PLAN INSTRUCTIONS

JPMorgan Chase Bank, N.A. ("Lender") is pleased you are considering our services and shares your interest in protecting the value of your property. Many properties have been constructed in part with asbestos-containing materials (ACMs) and, for pre-1978 construction, with lead-based paints (LBPs) in the building improvements.

Even if you are not aware of the presence of ACMs or LBPs, it is smart to presume they exist and treat suspect materials with the respect they deserve by avoiding uncontrolled disturbance of suspect materials.

What some building owners don't realize is that the mere presence of ACMs or LBPs does not necessarily mean there is a problem. These potential hazards only become a problem in damaged conditions, which can cause occupants to become exposed. The good news is that a proactive operations and maintenance plan ("O&M Plan") is generally the best course of action to manage this risk and is relatively cost-effective to implement. Rarely is extensive testing needed, and more rarely still is removal required. In fact, as you can read on Attachment 1 (an EPA fact sheet entitled "Five Facts About Asbestos"), improper removal of ACMs can increase the potential health risk to your tenants and workers.

To implement an O&M Plan, you can engage an environmental consulting firm to develop a site-specific O&M Plan, or Lender can provide a generic one to you. While we cannot guarantee that this generic O&M Plan will insulate you from liability, we believe observance of this document will help to minimize the potential for occupant or worker exposures. *For pre-1980 improvements, your loan documents require implementation of an Asbestos O&M Plan.* However, ACMs in particular can be found in more recently constructed buildings. Therefore, observance of an O&M Plan is prudent regardless of Lender's requirements or the age of the improvements. *Also, for pre-1978 improvements that contain one or more residential units, your loan documents require implementation of a Lead-Based Paint O&M Plan.*

The idea behind the generic O&M Plan document is for you to identify suspect ACMs and/or LBPs and to visually assess the condition of the suspect materials now and in the future. If damage to suspect materials is observed (or occurs in the future), your environmental consulting firm should be contacted to collect samples of these materials for laboratory analysis. Laboratory analysis would confirm whether suspect materials actually contain ACMs or LBPs. If ACMs or LBPs are confirmed, your environmental firm could recommend a course of action.

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If the generic O&M Plan is provided to you by Lender, it is provided as a courtesy to assist you in maintaining the good condition of your property and reducing the potential for asbestos fiber and lead releases associated with ACMs and LBPs.

ATTACHMENT 1

Five Facts About Asbestos¹

FACT ONE: Although asbestos *is* hazardous, the risk of asbestos-related disease depends upon exposure to airborne asbestos fibers.

In other words, an individual must breathe asbestos fibers in order to incur any chance of developing an asbestos-related disease. How many fibers a person must breathe to develop disease is uncertain. However, at very low exposure levels, the risk may be negligible or zero.

FACT TWO: Based upon available data, the average airborne asbestos levels in buildings seem to be very low. Accordingly, the health risk to most building occupants also appears to be very low.

A 1987 EPA study found asbestos air levels in a small segment of Federal buildings to be essentially the same as levels outside these buildings. Based on that limited data, most building occupants (i.e., those unlikely to disturb asbestos-containing building materials) appear to face only a very slight risk, if any, of developing an asbestos-related disease.

FACT THREE: Removal is often *not* a building owner's best course of action to reduce asbestos exposure. In fact, an improper removal can create a dangerous situation where none previously existed.

By their nature, asbestos removals tend to elevate the airborne level of asbestos fibers. Unless all safeguards are properly applied, a removal operation can actually increase rather than decrease the risk of asbestos-related disease.

FACT FOUR: EPA *only* requires asbestos removal in order to prevent significant public exposure to airborne asbestos fibers during building demolition or renovation activities.

Asbestos removal before the wrecking ball swings into action is appropriate to protect public health. At other times, EPA believes that asbestos removal project, unless well-designed and properly performed, can actually increase health risk.

FACT FIVE: EPA *does* recommend a pro-active, in-place management program whenever asbestos-containing material is discovered.

In-place management does *not* mean "do nothing." It means having a program to ensure that the day-to-day management of the building is carried out in a manner that minimizes release of asbestos fibers into the air, and ensures that when asbestos fibers are released, either accidentally or intentionally, proper control and cleanup procedures are implemented. As such, it may be all that is necessary to control the release of asbestos fibers, until the asbestos-containing material in a building is scheduled to be disturbed by renovation or demolition activities.

¹ U.S. EPA Publication 20T-2003, July 1990, Managing Asbestos In Place-A Building Owner's Guide to Operations and Maintenance Programs for Asbestos-Containing Materials



Date: 10/20/2016

LENDER'S TITLE INSURANCE POLICY PROGRAM (For Purchase and Refinance Loans)

JPMorgan Chase Bank, N.A. ("Chase") has established a streamlined program with certain title insurance companies to provide expeditious and efficient title services as part of your loan transaction. The title companies participating in the program with Chase consist of Fidelity National Title Insurance Company, First American Title Company, Stewart Title and Chicago Title Company ("Participating Title Companies"). Whether or not you decide to select a Participating Title Company to provide title services, you are responsible for the fees and costs of the title company issuing the lender's title policy in connection with the closing of the loan in accordance with Chase title requirements. However, by choosing to participate in this program, in addition to obtaining prompt title services, if your loan fails to close for any reason, you will not be assessed any title cancellation costs or fees by the Participating Title Company.

If you decide to participate in this program, Chase must be the party to place the title order with the particular national office of the Participating Title Company with which Chase has established this program, and you must authorize Chase (by signing below) to place such title order.

Although Chase has established arrangements with the Participating Title Companies to provide this program, in obtaining mortgage loan financing from Chase, you are NOT required to use a Participating Title Company as a condition of your loan. You may choose to obtain a lender's title insurance policy through another title company, or to place the order yourself, provided the title company you select meets Chase's requirements. In either instance, in addition to the fees and costs of the title company issuing the lender's title policy in connection with the closing of the loan, in the event the loan fails to close for any reason, you may be responsible for any title cancellation costs or fees assessed by the title company you have selected.

I hereby authorize Chase to place the title order with a Participating Title Company listed above.

Applicant: _____ Date: _____



CREDIT AUTHORIZATION RELEASE

By signing below, the undersigned authorizes JPMorgan Chase Bank, N.A., and its affiliates, agents, successors, and assigns, ("Lender") to obtain the undersigned's credit report from one or more consumer credit reporting agencies (all such reports, "Credit Report") as part of the application process for a loan referenced by the loan number set forth above ("Loan") and, without further notice and on a continuing and on-going basis, to (a) verify the undersigned's bank records, credit history, and any other information deemed necessary by Lender, and (b) obtain the undersigned's Credit Report in connection with the application, renewal, modification, extension, review, collection, servicing or administration of the Loan. This authorization specifically permits Lender to obtain or use the undersigned's Credit Report with all loans and guaranties of the undersigned with Lender and notwithstanding the discharge in bankruptcy of the borrower for liability for a loan. The undersigned authorizes and directs consumer credit reporting agencies to provide the undersigned's Credit Report to Lender.

By signing below, the undersigned represents and warrants to Lender that the above authorization and the information provided herein is true and correct. The undersigned acknowledges that any information obtained may be disclosed to applicant, any prospective borrower or guarantor of the Loan, and any of their representatives, employees, and affiliates. Lender is authorized to respond to and answer questions about its credit experience with the undersigned and may share the information it obtains through any Credit Report with affiliates of Lender. The undersigned understands that use of a photocopy of this authorization may be necessary to verify one or more of the undersigned's credit references. The undersigned authorizes this use and requests that a photocopy be honored.

Legal Name

Legal Name

Social Security Number

Date of Birth

Social Security Number

Date of Birth

Home Address (no P.O. Boxes)

Home Address (no P.O. Boxes)

City, State, ZIP Code

City, State, ZIP Code

Applicant Signature

Date

Co-Applicant Signature

Date

Purpose of Loan			
Loan Purpose	☐ Purchase ☐ Refinance		
Cash Out Purpose (Refinance Only)	Will any funds from this refinance transaction be used to purchase an apartment or other dwelling?	☐ Yes ☐ No	
	Will any funds from this refinance transaction be used to improve an apartment or other dwelling?	☐ Yes ☐ No	
Information For Government Monitoring Purposes <i>(Complete this section ONLY if you will be the Borrower or Co-Borrower)</i>			
The following information is requested by the Federal Government for certain types of loans related to a dwelling, in order to monitor the Lender's compliance with equal credit opportunity, fair housing and home mortgage disclosure laws. You are not required to furnish this information, but are encouraged to do so. You may select one or more designations for "Race." The law provides that a lender may neither discriminate on the basis of this information, nor on whether you choose to furnish it. However, if you choose not to furnish it, under Federal regulations the Lender is required to note ethnicity, race and gender on the basis of visual observation or surname. If you do not wish to furnish the information below, please select the box below. (Lender must review the material to assure that the disclosures satisfy all requirements to which the Lender is subject under applicable state law for the particular type of loan applied for.)			
Borrower		Co-Borrower	
☐ I do not wish to furnish this information		☐ I do not wish to furnish this information	
Ethnicity (<i>select ONE choice</i>)		Ethnicity (<i>select ONE choice</i>)	
☐ Hispanic or Latino		☐ Hispanic or Latino	
☐ Not Hispanic or Latino		☐ Not Hispanic or Latino	
Race/National Origin (<i>select ALL that apply</i>)		Race/National Origin (<i>select ALL that apply</i>)	
☐ American Indian or Alaskan Native		☐ American Indian or Alaskan Native	
☐ Asian		☐ Asian	
☐ Black or African American		☐ Black or African American	
☐ Native Hawaiian or Other Pacific Islander		☐ Native Hawaiian or Other Pacific Islander	
☐ White		☐ White	
Gender: ☐ Female ☐ Male		Gender: ☐ Female ☐ Male	
To Be Completed by Interviewer			
This application was taken Borrower Co-Borrower ☐ In person ☐ In person ☐ By mail ☐ By mail ☐ By phone ☐ By phone		Interviewer Signature X	
		Print Interviewer Name _____ Date _____	
		Interviewer Phone Number () ext.	