

LESMARK

LesMark Capital, LLC

SELF-AMORTIZING BOND LOAN PROGRAM

Third Party Reports

Appraisal

Three (3) copies of a current MAI appraisal addressed to _____, (the “Trustee”) must be prepared reflecting the (1) cost, (2) comparative and (3) income approaches to valuation. The appraisal should include a valuation of the leased fee interest, dark value, and the insurable value. Appraisals on construction forward commitments need to value the property on a prospective basis, or “as completed” or “as built” with tenant in place and paying full rent. Also need cost, market, go-dark, insurable value approaches as well. At completion, the appraisal will have to be updated, or a letter from the appraiser reaffirming the value will have to be obtained in connection with the lease commencement date and the release of the construction lender’s letter of credit. Appraisal reports over three to six months old may have to be reaffirmed or updated.

Environmental

Three (3) copies of a current Phase I Environmental Site Assessment (“ESA”) in conformance with the current ASTM standards, and a Phase II if applicable, on the property from an environmental engineer or consultant, satisfactory to Lender, which shall indicate that the property does not contain hazardous or toxic substances, wastes or constituents prohibited by any federal, state, or local environmental or health laws or regulations, PCB transformers, asbestos or underground storage tanks (collectively “Hazardous Materials”) and that the property is not adjacent to a site suspected to be contaminated with Hazardous Materials. The environmental reports must be addressed to Trustee (see above), its successors, assigns and nominees may rely on it. A Reliance Letter will also be required to permit the Trustee, its successors, assigns and nominees to rely on the older reports, if available.

Engineering

A property condition report is usually **not** required, particularly if the loan will be a part of a structured transaction involving a Grantor Trust sold as a bond. However, a LesMark designated representative will have to perform a property inspection in connection with the financing, unless waived by LesMark or the investor(s). If the real estate is unique enough, or if a private whole-loan buyer will be the investor, a current standard engineering report may be required covering, among other matters, heating and cooling systems, roof and structural details and showing no failure of compliance with building plans and specifications, applicable legal requirements (including requirements of the Americans with Disabilities Act) and fire, safety and health standards. Such report may also include an assessment of the property’s tolerance for earthquake and seismic activity.