



December 3, 2020

Cornelius Arts/Community Center, Inc.
209 Delburg Street Suite 203
Davidson, NC 28036

This Commitment Letter supersedes the previously dated November 25, 2020 Term Sheet

- Re: (a) \$7,500,000 Construction/Perm Loan to construct an arts center in downtown Cornelius, NC secured by a first lien on the real property at 21328 and 21348 Catawba Avenue, Cornelius, North Carolina 28031; and
- (b) \$750,000 line of credit secured by a second lien on the real property at 21328 and 21348 Catawba Avenue, Cornelius, North Carolina 28031.

Dear Sirs:

Aquesta Bank (hereinafter referred to as “**Bank**”), is pleased to commit to **Cornelius Arts/Community Center, Inc.** (the “**Borrower**”): (i) a Construction/Perm loan as herein described (the “**Construction Loan**”), and (ii) a Line of Credit (the “**Line of Credit**”) as herein described, subject to the following terms and conditions (the “**Commitment**”):

1. **Borrower:** Cornelius Arts/Community Center, Inc.
2. **Purpose:** Proceeds of the Construction Loan shall be used to finance the construction of an arts center in downtown Cornelius (the “**Project**”). Proceeds of the line of credit shall be used for working capital.
3. **Principal Amount:** (a) Financing in the principal amount up to \$7,500,000, but in no event to exceed 85% of the as-complete appraised value of the Project; and (b) a Line of Credit in an amount of up to \$750,000.
4. **Loan Structure:** (a) The Construction Loan will be advanced during the 24-month construction draw period in accordance with the requirements of the Loan Documents. (b) The Line of Credit will open and be available at such time that the Borrower obtains a certificate of occupancy for the Project or as otherwise determined in Bank’s sole discretion, and will remain open for a 12 month period.
5. **Payments:**

- a. **Construction Loan:** Borrower shall make interest-only payments for the first 36 months. Beginning in month 37 and continuing quarterly thereafter, Borrower will continue to make monthly interest payments and also make quarterly principal curtailment payments of \$50,000. All outstanding principal and interest due at maturity.
- b. **Line of Credit:** Borrower shall make interest-only payments for 12 months. All outstanding principal and interest due at maturity.
6. **Maturity:** The Construction Loan will mature and be repayable in full 5 years from the date of closing. The Line of Credit will mature and be repayable in full 1 year from the date of closing.
7. **Rate:** The Construction Loan will bear interest at a fixed rate of 4.10%. The Line of Credit will bear interest at a floating rate equal to WSJ Prime plus .85% with a floor of 4.00%. Interest shall be payable based on a 360 day year for the actual number of days outstanding.
8. **Fee:** The Construction Loan will have a loan fee of \$9,375. The Line of Credit will have a loan fee of \$940.
9. **Prepayment:** Borrower may prepay all or any portion of the Construction Loan at any time in whole or in part without premium or penalty.
10. **Collateral:** On or prior to the day of closing, Borrower shall own a fee simple interest in the real property and improvements located at 21328 and 21348 Catawba Avenue, Cornelius, North Carolina 28031 (the “**Collateral**”). To secure the Construction Loan, Borrower shall grant, pledge or convey to Bank a first priority lien against the Collateral. To secure the Line of Credit, Borrower shall grant, pledge or convey to Bank a second priority lien against Borrower’s fee interest in the Collateral.
11. **Environmental Remediation and Indemnification.** On or prior to such time that the Collateral is conveyed by the Town of Cornelius to the Borrower, the Town of Cornelius shall undertake such environmental remediation of the collateral as is required to eliminate any and all Recognized Environmental Conditions. The Town of Cornelius shall also provide an environmental indemnification agreement for the benefit of the Borrower and any successor owners.
12. **Bond Funding:** The bond funding from the Town of Cornelius, in an amount of no less than \$4,000,000, shall occur on or before April 30, 2022.
13. **Pledged Receivables:** Borrower has represented to Bank that it has received pledges representing expected donations of \$4,000,000. On or before the end of the two-year construction draw period, Bank shall have received at least \$2,000,000 in principal curtailment payments from such pledges. In the event that Borrower fails to make such payments by the end of the two-year construction draw period, then Borrower shall transfer 100% of all pledges received to Bank on a going-forward basis until the cumulative \$2,000,000 principal curtailment is received. This requirement is separate and apart from the quarterly \$50,000 principal curtailment payments to be made after the conclusion of the two-year construction draw period.
14. **Third Party Costs:** Bank’s third party costs incurred in connection with the Loan shall be paid by Borrower.
15. **Financial Reporting:** Borrower agrees, as a condition of the Loan and until the Loan has been fully repaid, to provide the Bank with:

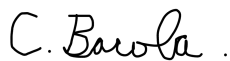
- Annual CPA-Prepared Audited Financial Statements on Borrower.
 - Quarterly Management-Prepared Financial Statements on Borrower.
 - Any additional financial information that Bank may require.
16. **Financial Covenants:** Borrower agrees, until the Loan has been fully repaid, to:
- Maintain an interest reserve account until the Project is complete and stabilized (as determined by Bank in its sole discretion) with minimum liquidity as may be required by Bank but in no event less than is sufficient to pay the expected interest expense.
 - Inform Bank immediately of any material adverse change in financial condition of Borrower, and furnish to Bank whatever information on Borrower's financial condition that Bank may reasonably require.
17. **Loan Covenants (Non-Exclusive):** Borrower agrees that it will not, until the Loan has been fully repaid or without the prior written consent of Bank:
- Lend money to any person, firm, or stockholder except in the ordinary course of business.
 - Guarantee, assume or endorse any new debts.
 - Pledge assets to secure new debt, without prior written consent of Bank.
 - Permit any other liens to attach to any of its assets and will not incur any additional direct or contingent debt other than the Loan, except for those obligations approved by Bank.
 - Permit any subordinate debt to be placed against the Collateral.
 - Will not make any changes in the structure or control of Borrower, including, without limitation, a change in Borrower's managers, officers or directors outside of the normal course of business without notifying the Bank.
18. **Conditions Precedent/General:** This Commitment is subject to the following and the Loan cannot close until Lender has received, reviewed and approved each item herein:
- True and correct copies of the Articles of Organization, Operating Agreements, Articles of Incorporation, Bylaws, and Certificates of Good Standing for each Borrower, as applicable, must be received by Bank.
 - An opinion of law from Borrower's counsel confirming that all documentation and other matters pertinent to the Loan are valid, enforceable and binding in accordance with the terms of the Bank's commitments and corresponding Loan documentation, and do not violate usury laws or any other applicable laws or ordinances, that the Borrower are properly formed and allowed to conduct business in North Carolina, and such other matters as Bank may require in its discretion.
 - A due diligence report (bankruptcy, judgments, foreclosures, tax liens, lawsuits and other matters of public record) on each Borrower, whose findings and conclusions shall be, in its sole discretion, satisfactory to Bank in all respects. If Bank shall deem the report not to be satisfactory, Bank shall have option to withdraw this Commitment.
 - A UCC search on each Borrower.
 - Such other items as may reasonably be required by Lender.
19. **Insurance:** Borrower shall provide to Bank evidence of insurance coverage on the Collateral throughout the life of the Loan, which must be satisfactory to Bank in its sole discretion and which must include Bank named mortgagee or loss payee.

20. **Deposit Relationship:** Borrower shall maintain a primary deposit relationship with Bank throughout the life of the Loan.
21. **Assignability:** Borrower cannot assign this Commitment without Bank's prior written consent, which consent may be withheld by the Bank in its sole discretion, nor shall any third party rely hereon or be deemed a party beneficial hereby.
22. **Confidentiality:** Borrower agrees that the information contained in this Commitment is confidential and proprietary to Bank and Borrower shall hold the same in confidence, shall not use the confidential information other than for the purposes of its business, shall disclose it only to its officers, directors, or employees on a specific need to know basis, and will not disclose, publish, or otherwise reveal any of the confidential information contained in this Commitment to any other party whatsoever except with the prior written approval of Bank.
23. **Voidability of Commitment:** This Commitment shall be voidable at the option of Bank should any of the following events occur:
- An act, omission or undertaking which would, singly or in aggregate, have a materially adverse effect upon the business, assets, liabilities, financial condition, results of operations or business prospects of the Borrower or of any Collateral.
 - A change in the ability of the Borrower to perform any obligations arising under the Loan Documents evidencing the Loan.
 - A proceeding is commenced by or against Borrower under any bankruptcy or insolvency law.
 - An uncured material default by Borrower on any written obligation to a bank or other financial institution.
 - Fail to notify the Bank of any changes in the structure or control of Borrower within thirty days after the effective date of said change.
 - Should any law or regulation affecting Bank entering into the financing transactions contemplated hereby impose upon Bank any potential obligation, fee, liability, loss, claim, cost, expense, or damage which is not contemplated herein.
 - Any violation or breach by Borrower of the terms of this Commitment.
 - Should the Borrower fail to provide sufficient information to the Bank to permit verification of the identity of the Borrower in accordance with the USA Patriot Act.
24. **Miscellaneous:** This Commitment supersedes any and all prior communications, agreements, offers, and statements whether written or oral, made by the Bank or anyone acting on its behalf. No change, amendment, or modification hereof shall be valid unless it be made in writing and signed by a duly authorized officer of the Bank. This Commitment and the Loan made pursuant hereto are made solely for the benefit of the Borrower and are not to provide any benefit to anyone other than the Borrower, and this Commitment, or the terms thereof, are not to be displayed or communicated by the Borrower to any third party, without the prior written consent of the Bank.
25. **Closing Requirements:** Closing requirements for the Loan shall be determined at the discretion of Bank and its counsel, and can be furnished to you or your attorney upon acceptance of this Commitment. In connection with the closing, Borrower's counsel shall provide an opinion letter to Bank as to the validity and enforceability of the Loan documents and such other matters as Bank may reasonably require. In addition, as a condition precedent to closing the Loan, Borrower shall execute and deliver all legal documentation which Bank deems necessary in connection with the Loan (the "**Loan Documents**"). The Loan Documents must be in a form and consent satisfactory to Bank and its counsel, must be properly executed by the appropriate parties, and where necessary, recorded or filed in the appropriate recording office.

26. **Closing Costs:** All fees and expenses of Bank in connection with the negotiation and closing of the Loan, including but not limited to attorney fees, appraisal fees, insurance and other direct fees shall be paid by Borrower, whether or not the Loan closes.
27. **Expiration:** You may indicate your acceptance of the terms and conditions offered by signing below and returning the original copy of this letter to Bank. If not accepted by December 15, 2020, and if a resulting loan is not closed by March 31, 2021, then this Commitment will expire, the request will be deemed declined, and neither Bank nor Borrower will be obligated hereunder.
28. **Survivability:** Should there be any inconsistencies between any term of the Loan Documents and any term of this Commitment, then the terms of the Loan Documents shall prevail; remaining terms, conditions, and agreements shall not be affected.

It is a pleasure to extend this financing offer. We look forward to hearing from you and having the opportunity to provide you with the financial services of Aquesta Bank.

Sincerely,



Chris Bacola
Senior Vice President & Lake Norman Market Executive

Acceptance page to follow.

Acceptance Page – Commitment Letter

This Commitment is agreed to and accepted this _____ day of December, 2020.

Borrower:

Cornelius Arts/Community Center, Inc.

By: _____

Name: _____

Its: _____