

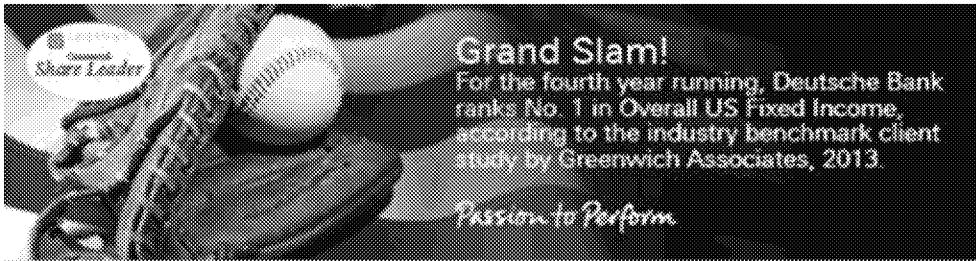
Message

**From:** David Goodman [david.goodman@db.com]  
**Sent:** 11/1/2013 5:41:39 PM  
**To:** Chris Herron [Chris.Herron@ironhoundmgmt.com]; Robert.Vernicek@ironhoundmgmt.com  
**CC:** Robert Pettinato [robert.pettinato@db.com]; Lisa Paterson [lisa.paterson@db.com]; James Rolison [james.rolison@db.com]; Darrell L Gustafson [darrell.l.gustafson@db.com]  
**Subject:** FW: OPO Term Sheet  
**Attachments:** DB\_OLD POST OFFICE -- TERM SHEET.DOC; Term Sheet (v7 vs borrower comments to v4).doc; Term Sheet (v7 vs lender prior draft (v4)).doc

Please see the attached turn of the term sheet. We're available to discuss at any time.

**David Goodman**

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**PX-513**

Index No. 452564/2022 (AFE)

## Trump International Hotel: Old Post Office Redevelopment Up to \$140 million Loan

### **Preliminary Summary of Indicative Terms and Conditions**

*The following is a preliminary summary of the indicative terms and conditions for the proposed financing (the "Loan"). These indicative terms and conditions reflect the current perception of market conditions by Lender and its respective affiliates as they relate to the Loan (based, in part, on information provided to Lender by Sponsor and/or Borrower), and are subject to change without notice. This is a preliminary summary and does not define all of the terms and conditions of the Loan, but is a framework upon which preliminary documentation for this transaction would be structured, and is a basis for further discussion and negotiation of such terms as may be appropriate. Under no circumstances shall the indicative terms and conditions constitute or be deemed to constitute a legally binding commitment on the part of Lender or any of its affiliates, or any other person, nor shall it be construed as an offer or undertaking by Lender to issue or arrange or negotiate a commitment or the Loan or any other financing, or any commitment, offer, undertaking or agreement of any kind. The Loan, if any, shall be subject to the due diligence review the results of which must be satisfactory to Lender in its sole discretion, and completion of other matters described in this summary of terms and conditions (the "Term Sheet") in a manner acceptable to Lender and Borrower, each in their sole discretion, the approval by Lender's credit authorities, satisfactory secondary market conditions, and the execution and delivery of documentation satisfactory in form and substance to Lender and Lender's legal counsel and Borrower and Borrower's legal counsel. Except as otherwise expressly provided in this Term Sheet, no rights, obligations or liabilities of any kind or nature whatsoever shall arise on the part of Lender or any of its affiliates, or Borrower and Sponsor or any of their affiliates or any other person as the result of the provisions of this Term Sheet. This Term Sheet is confidential, and the indicative terms and conditions shall not be discussed with, or delivered to other persons (other than legal counsel, tax advisors or officers and directors of Sponsor and Borrower) without the prior written consent of Lender and Borrower.*

#### **Property and the Conversion Project**

Trump International Hotel: Old Post Office Building, the leasehold interest in a 10 story historic building consisting of approximately: (1) 440,000 square feet and (2) 100,000 square foot annex located at 1100 Pennsylvania Avenue, Washington, DC 20004 (the "Property"). Borrower intends to convert the Property from its existing use as an office building with retail to a luxury hotel consisting of the following components: (i) 250-270 guest rooms (10-16% suites) including 2 historic Presidential Suites, (ii) 65,000-75,000 square feet of meeting, banquet, food and beverage, retail, spa and fitness facilities (provided that Borrower may elect to exclude Excluded Commercial Areas (as hereinafter defined) or portions thereof from the Conversion Project), (iii) telecommunications facilities and (iv) an underground parking garage with approximately 100 parking spaces (including stackers). In connection with the conversion, Borrower will redevelop and convert the Property in accordance with a budget (Borrower's proposal of which is attached as Schedule B) (the "Project Budget") which is currently estimated by Borrower to be approximately \$215 million (inclusive of financing costs) and shall be approved by Agent as a condition to closing (the hotel conversion, together with the related construction/renovation/rehabilitation contemplated in the Project Budget, are collectively referred to herein as the "Conversion Project"). Borrower will require flexibility to alter the Conversion Project components between the signing of the Term Sheet and closing, subject to Agent's approval of any material change to the scope of the Conversion Project. Subsequent to closing, Borrower may need to make additional non-material changes if required by landlord under the Ground Lease (or any other governmental agency that has jurisdiction) or if Borrower's plans change. Material changes to the scope of the Conversion Project or to the plans and specifications after the closing shall require Agent's reasonable consent; provided, however, Agent acknowledges that the components of the Conversion Project will be subject to the Borrower's receipt of the Notice to Proceed and any other permits required to commence construction of the Conversion Project. The Project Budget is subject to the approval of Agent and shall include carrying costs for the entire Conversion Project through the initial maturity date of the Loan, and any post-closing amendments to the Project Budget shall be subject to the reasonable approval of Agent. For the avoidance of doubt, Borrower may elect to exclude from the Conversion Project the Excluded Commercial Areas or portions thereof. For purposes hereof, the term "Excluded Commercial Areas" shall mean such portions of the retail areas which will be leased by Borrower to others. Borrower's only obligation with respect to the

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Conversion Project in connection with the Excluded Commercial Areas shall be to deliver raw space and utilities, which areas may be built out by future tenants of the Excluded Commercial Areas at such tenant's costs in lieu of a Borrower obligation. Any Borrower obligations with respect to such raw space, including TILC costs, shall be included in the Project Budget. Although Borrower will develop and operate the Excluded Commercial Areas, the Project Budget will be adjusted to reflect which portion of the costs associated with constructing the Excluded Commercial Areas will be borne by such tenants or by Borrower. The term "Major Components" shall mean: (i) 90% of the hotel rooms, (ii) the meeting and banquet space, (iii) lobby and all other public spaces, (iv) the primary restaurant in the hotel (which provides, among other things, room service to the hotel rooms), (v) the garage space, (vi) any other components of the Property that must be completed pursuant to applicable law and/or the Ground Lease in order for the foregoing components to be made fully-operational and open to the public and (vii) such additional portions of the Conversion Project such that the remaining cost to fully complete the Conversion Project does not exceed \$7,000,000.

<b>Sponsor / Guarantor</b>	Donald J. Trump (the "Sponsor" and/or "Guarantor").
<b>Borrower</b>	Trump Old Post Office LLC, subject to Agent's confirmation that such entity is a special purpose, bankruptcy-remote entity, formed exclusively for the purpose of acquiring the leasehold interest in, developing and operating the Property, satisfactory to Agent in all respects. The Borrower is the tenant under the Ground Lease. A copy of Borrower's proposed structure chart is annexed hereto as <u>Schedule E</u> .
<b>Borrower's Managing Member</b>	Trump Old Post Office Member Corp., subject to Agent's confirmation that such entity (and each other person that owns a direct interest in Borrower, such persons, together with Borrower's Managing Member, "Pledgors") is a special purpose, bankruptcy-remote entity, formed exclusively for the purpose of acquiring the equity interests in Borrower, satisfactory to Agent in all respects.
<b>Sole Lead Arranger</b>	Deutsche Bank Securities, Inc. or an affiliate
<b>Agent</b>	Deutsche Bank AG New York Branch or an affiliate. Agent represents that Agent is, and any successor Agent must be, an Institutional Lender as defined in <u>Schedule C</u> .
<b>Lender</b>	Deutsche Bank AG New York Branch or an affiliate, together with such syndicate lenders as permitted under this Term Sheet.
<b>Loan</b>	The multiple draw redevelopment Loan amount shall be the lesser of: (i) \$140 million, (ii) 65% of the total Project Budget, or (iii) 65% of the projected "as stabilized" appraised value assuming completion of the Conversion Project as determined by an appraisal ("Appraisal") satisfactory to Agent (the "Loan Amount"). The Appraisal shall be ordered promptly after the mutual execution of this Term Sheet. There shall only be one Appraisal ordered by Agent, which Appraisal will be used by Agent to determine the Loan Amount. Once the Loan closes, so long as no event of default exists, there shall be no Appraisal related requirements in connection with the Loan (for example, there will be no ongoing loan-to-value test).
<b>Initial Term</b>	The initial term of the Loan (the "Initial Term") shall be forty-two (42) months from closing.
<b>Extension Options</b>	One (1) extension option of twelve (12) months, and one (1) additional extension option of six (6) months (each, an "Extension Term"), exercisable by Borrower upon at least one (1) month's prior written notice and subject to: (a) there being no event of default under the Loan documents

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(after appropriate cure periods have lapsed); (b) Borrower's purchase of interest rate protection for each Extension Term providing for a cap on LIBOR under the same terms as the original cap on LIBOR (see Interest Rate Hedge provision below), with any changes thereto subject to Agent's reasonable approval; (c) Borrower shall achieve "Substantial Completion" (as defined in Schedule C) no later than the last day of the Initial Term, and Borrower shall achieve Final Completion (as defined in Schedule C) no later than the last day of the first Extension Term (but without the requirement of obtaining final certificates of occupancy or completing Minor Work (as defined below)); (d) funding of any required amounts into the Completion Reserve (as described below in "Loan Balancing"); (e) delivery of a temporary or final certificate of occupancy for the Major Components no later than the last day of the Initial Term; (f) delivery of a temporary or final certificate of occupancy for the entire Conversion Project no later than the last day of the first Extension Term; (g) payment of the Extension Fee for each extension; and (h) no Debt Yield test is needed in connection with the first extension option; in order to exercise the second extension, the Property shall achieve a 8.5% Debt Yield, or if the Property does not achieve such 8.5% Debt Yield, Borrower shall have the right to prepay the principal balance of the Loan in an amount equal to the portion of the outstanding principal balance of the Loan that would be necessary to prepay in order to achieve an 8.5% Debt Yield on the last day of the first Extension Term. During the first Extension Term only (if the first extension option was properly exercised), Borrower shall be able to draw Loan proceeds in order to achieve Final Completion and to cover Shortfalls (as defined below), in accordance with the approved Project Budget. No borrowings will be permitted under the Loan during the second Extension Term. For the avoidance of doubt, each of the conditions herein should be true no later than the last day of the then-current term and not as of the date of the delivery of the extension notice. As used herein, "Minor Work" shall mean (x) minor items that have not been completed or (y) uncompleted work relating to disputes in connection with any items of a historic nature, so long as (i) such minor items and uncompleted work do not have an operational impact on the Property or any portion thereof and do not exceed, in the aggregate, [\$TBD]) and (ii) Borrower is diligently pursuing completion of such minor items and uncompleted work in a good and workmanlike manner.

### Collateral

The Loan will be secured by, *inter alia*, (i) a first priority mortgage lien on Borrower's entire interest (including its leasehold interest) in (x) the Property and (y) the improvements and fixtures thereon, (ii) a first priority security interest in, and to the extent assignable and as applicable, assignments of, Borrower's entire interest (including its leasehold interest) in all rents, permits, licenses, leases, contracts, agreements, operating accounts, receivables, reserves, plans and specifications, permits, consents and approvals, interest rate hedge contracts, development rights and entitlements, furniture, fixtures and equipment, non-proprietary software, customer lists and data, including all bookings and reservations for guests, conference and banquet rooms and other facilities at the Property (collectively, the "Bookings"), together with all names and contact information for those persons who hold such Bookings, telephone numbers and any other personal property relating to the Property (other than the Excluded Personal Property), including customary assignments of all construction contracts in connection with the Conversion Project, (iii) a first priority pledge by Pledgors of their direct ownership interest in the Borrower and (iv) such other collateral relating to the Property and/or the Conversion Project as may be specified in the Loan documents (other than the Excluded Personal Property), including without limitation, a first priority perfected security interest in all accounts that are held by a manager for the benefit of the Borrower or the Property. For the avoidance of doubt, the security interests described herein shall be subject to the terms of the Ground Lease, subject to Agent's review of the Ground Lease.

Lender and its affiliates shall not have a lien on, or any rights to use (other than to the limited extent provided in "Transition Covenants" below), and the Collateral shall not include, any trade names, trademarks, service marks, domain names, unpatented proprietary information systems,



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reservation systems, websites, marketing materials or copyrights (the "Excluded Personal Property")

### Transition Covenants

The Loan documentation will include, and the Loan will be conditioned upon receipt of, licensing and transition agreements with Borrower, Property Manager and their respective affiliates for transition of uninterrupted business operations to the new property owner, and available to Agent (and/or its designees) in its discretion upon Loan acceleration (or maturity) or Agent's commencement of remedies upon Loan default, including without limitation: (a) continued operation of the Property by Borrower and/or Property Manager during a transition period and full cooperation with transition and full cooperation post-transition period, including sharing and permitted use of information and related information technology used or useful in operations and conduct of business at the Property in order to enable uninterrupted operations at the Property for its current use and operation, including without limitation, employment information and employee wage, benefit, bonus and other employment and employee data and facilitation of any hiring of employees at the Property; (b) licensing, franchise and non-competition agreements that provide for the continued operation, at Agent's or the new property owner's option, of the branded businesses at the Property (including all Excluded Personal Property used in connection with the Property) for a transition period ending one hundred eighty (180) days after a foreclosure by Agent of Borrower's leasehold interest in the Property, subject to Agent maintaining Trump's brand standards; (c) agreements from Borrower and Property Manager to cooperate in procuring replacement licenses, such as liquor licenses and permits and other governmental approvals required for Agent's or the new property owner's operation of the Property; (d) access to and license to use all employee data and guest, customer and vendor lists; and (e) information technology assistance necessary for data conversion and migration to any replacement computer software and other intellectual technology systems.

### Ground Lease

The Ground Lease, by and between the United States of America, as landlord, and Trump Old Post Office LLC, as tenant, dated as of August 5, 2013 (the "Ground Lease") in connection with the Property has been executed by Borrower and the ground lessor and is in full force and effect. As a condition to closing, the ground lessor shall have delivered to Agent and Lender a certificate pursuant to Section 17.1 of the Ground Lease in the form attached hereto as Schedule D, subject to Agent's review of the Ground Lease. Notwithstanding anything to the contrary, all of the Loan documents shall be subject to the terms of the Ground Lease, subject to Agent's review of the Ground Lease.

### Debt Yield

The Debt Yield shall be calculated by dividing the trailing 12 months' Underwritten Net Cash Flow by the Loan Amount.

### Underwritten Net Cash Flow

Agent will underwrite the Loan to determine "Underwritten Net Cash Flow" in its sole and absolute discretion based on a methodology to be agreed-upon in the Loan agreement, which will be based on the trailing 12 months' actual cash flow (excluding any one-time, non-recurring revenue and expense items) and shall be adjusted for Agent's underwritten management fees of 3% (effective as of the opening of the hotel), and FF&E Reserves of 4% (effective as of the opening of the hotel).

### Reserves

Upon completion of the Conversion Project, reserves for real property taxes, ground rent payments and insurance. FF&E reserves to mirror Ground Lease requirements (Y1: 0%, Y2: 1%, Y3: 2%, Y4+: 3%). There shall be no reserve for seasonality. So long as no event of default exists under the Loan documents (after appropriate cure periods have lapsed), Agent shall be required to make disbursements from such reserves to Borrower on a monthly basis as needed for Borrower to pay actual operating expenses of the Property, and shall not use any of

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such reserves to pay for principal, interest, or other expenses relating to the Loan.

### Recourse / Guaranties / Indemnity

(i) Completion Guaranty: Sponsor shall provide a completion guaranty guaranteeing Borrower's obligations to achieve timely Substantial Completion and Final Completion, and to keep the Loan in balance (as described below under "Loan Balancing"). Agent will make available all Loan proceeds that were earmarked for hard costs or soft costs pursuant to the approved Project Budget (as such Project Budget may be amended from time to time in accordance with the Loan agreement, and taking into account costs savings and reallocations permitted under the Loan agreement), which proceeds may be used by Borrower and Sponsor to complete the Conversion Project and deliver the temporary and final certificates of occupancy for the entire Conversion Project; provided that Agent's obligation to make such Loan proceeds available shall be subject to satisfaction of certain conditions, including: (a) the Loan to be in balance as described below under "Loan Balancing"; (b) neither Borrower nor Sponsor shall be a debtor in any bankruptcy or insolvency proceeding, or otherwise be interfering with any remedies exercised by Agent; (c) Sponsor is not in default under any other guaranty in connection with the Loan, including the Loan Balancing and Deficiency Guaranty; (d) Borrower or Sponsor submits draw requests in form and substance, and satisfying the conditions, required under the Loan documents (other than the existence of an event of default related to Borrower's failure to complete the Conversion Project); (e) Substantial Completion and Final Completion are achievable when required under the Loan documents, as determined by Lender in its reasonable discretion.

(ii) Loan Balancing and Deficiency Guaranty: Sponsor will provide a deficiency guaranty to cover the amount by which Property operating expenses, interest and all other amounts due under the Loan documents and payable to Agent from time to time (but expressly exclude principal) exceed operating income and reserves held by Agent to pay such amounts, as such shortfalls may arise from time to time, including any such shortfalls that Agent may have paid, but taking into account any remaining Completion Reserve funds that Borrower or Sponsor has delivered to Agent (collectively, the "Shortfalls").

If in any month, Agent applies Property cash flow or tax, insurance or ground rent reserves in reduction of the principal balance of the Loan instead of applying such amounts to operating expenses, interest and other amounts due under the Loan Documents during such month (other than principal), then Sponsor shall receive a credit under the Completion Guaranty and the Loan Balancing and Deficiency Guaranty for any Shortfalls arising during such month up to (but not to exceed) the amount of such funds so applied by Agent in reduction of principal balance of the Loan principal during such month.

The Completion Guaranty and Loan Balancing and Deficiency Guaranty shall not include any amounts accruing after the earliest of (a) six (6) months following a foreclosure, and (b) eighteen (18) months following Borrower's request to Agent to foreclose (provided that Borrower does not become a debtor in a bankruptcy or insolvency proceeding or otherwise interfere with Agent's ability to foreclose, and is cooperating with Agent's exercise of remedies).

(iii) Principal Guaranty: Sponsor shall provide a principal guaranty guaranteeing repayment of up to 10% of the committed amount of the Loan.

(iv) Carveout Guaranty: Sponsor shall provide a carveout guaranty covering Agent's standard recourse carveouts reasonably agreed to between Borrower and Agent.

(v) Hazardous Materials Indemnity: Borrower and Guarantor will also deliver a hazardous

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materials indemnity.

There will be no interim milestones relating to completion of the Conversion Project; provided that Borrower shall covenant in the Loan documents to diligently and continuously prosecute completion of the Conversion Project in a manner sufficient to achieve Substantial Completion and Final Completion as and when required under the Loan documents, subject to force majeure.

### Minimum Initial Equity Investment

Sponsor shall contribute an amount equal to or greater than 35% of the Project Budget as equity capital to the Property, which shall include all equity contributed by Borrower, Sponsor and their affiliates prior to closing, including, without limitation, any hard costs and Agent-approved soft costs for the Conversion Project spent by Borrower, Sponsor or any of their affiliates prior to the execution of this Term Sheet.<sup>1</sup>

### Disbursement Provisions

Prior to any funding under the Loan (i) the entire amount of the Minimum Initial Equity Investment shall be contributed to the Borrower and/or utilized to pay approved costs and expenses, (ii) the Conversion Project shall be "in-balance" as per the "Loan Balancing" section below, (iii) no event of default under the Loan documents (after appropriate cure periods have lapsed) shall exist, (iv) Borrower shall have received the Notice to Proceed (as defined in the Work Agreement) and (v) Borrower shall be in possession of the Property. Thereafter, and subject to Agent's customary loan advance procedures, Borrower will be permitted to request advances under the Loan to pay hard and soft costs, in accordance with the Project Budget, incurred by the Borrower in the redevelopment and conversion of the Property, subject to conditions to be determined in the Loan documents, including retainage where Borrower is required to hold back 10% of aggregate hard costs for the first 50% of work to be performed by any contractor, and 2.5% of aggregate hard costs for the last 50% of work to be performed by any contractor (but in no event shall the retainage be less than the amount required under the applicable contract). No retainage for soft costs (unless the applicable trade contract requires retainage). No retainage for materials-only contracts. Advances shall be made no more frequently than once per month. An agreed upon working capital account in the amount of Five Hundred Thousand Dollars (\$500,000) will be funded for payments required on short notice. Provided that Borrower delivers to Agent a draw request (satisfying the foregoing requirements in this paragraph) with respect to the amounts spent from the working capital account, Agent will replenish such amounts from the requested Loan advance. Advance requests shall be subject to review and approval by the Agent and its construction consultant and shall be accompanied by customary supporting documentation, including lien waivers with respect to prior advances and reimbursements to Borrower.

### Loan Balancing

If at any time, based on Agent's good faith determination, the undrawn amount of the Loan is less than the hard, soft and other costs to achieve timely Substantial Completion and Final Completion (including the actual and projected Shortfalls incurred and to be incurred through Final Completion), Borrower shall fund a completion reserve (the "Completion Reserve") in the aggregate amount of such Shortfalls. Provided that no event of default (after appropriate cure periods have lapsed) exists under the Loan Documents, the Completion Reserve will only be used to pay hard costs and soft costs to complete the Conversion Project, and Shortfalls. Prior to additional Loan advances being made, and upon satisfaction of the other construction

<sup>1</sup> Note from Borrower, subject to Agent's review and approval: Rental income from the telecommunications facilities should be available for Borrower's use throughout the construction process and should be allowed to be used in any way Borrower deems appropriate (and, as such amounts are used, they shall be credited towards Sponsor's required equity contributions in an amount up to \$3,000,000).

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advance conditions, Completion Reserve funds will be disbursed by Agent to Borrower (or to Lenders with respect to interest and other amounts due Lenders under the Loan documents) for the purpose of paying hard and soft costs and Shortfalls in accordance with the approved Project Budget.

### Construction Manager / Initial Major Contractors; Recognition Agreements; Completion; Retainage

#### Major Contractors

Prior to the first monthly draw under the Loan for hard and soft costs (excluding any initial draw for reserves or other customary draws at closing if any), the Borrower shall have entered into construction management agreements and/or construction contracts with the following construction contractors (each, an "Initial Major Contractor") satisfactory to Agent in its reasonable discretion: (i) the construction manager or general contractor, (ii) plumbing, (iii) HVAC, (iv) electrical, (v) fire protection and (vi) elevator.<sup>2</sup>

#### Recognition Agreements

The construction management agreement, agreements with Initial Major Contractors, and each contract in excess of [\$TBD]<sup>3</sup> shall constitute a "Material Agreement". Each Material Agreement shall provide that in the event of Borrower's default under the Loan Documents (after appropriate cure periods have lapsed) and/or termination of the Loan Agreement, for such contractor under a Material Agreement to continue to perform on Agent's behalf provided that such contractor is paid for work performed through the date of a default under the Loan Documents (after appropriate cure periods have lapsed) or termination of the Loan Agreement, as applicable, and that Agent covenants to pay contractor(s) under a Material Agreement for such ongoing work.

#### Completion

All contracts (including, without limitation, those contracts entered into after the first monthly draw) in the aggregate under the Loan and budgeted values for items not yet incorporated into the contracts shall be sufficient to complete the Conversion Project in accordance with the approved Project Budget and timeline.

#### Bonding

Each Material Agreement shall be bonded or, at Borrower's option, covered by a "Subguard" bonding program satisfactory to Agent and its insurance and construction consultants.

#### Retainage

As described above in "Disbursement Provisions."

### Development Fees

Provided that no event of default has occurred (after appropriate cure periods have lapsed), any development fees payable to Sponsor and its affiliates, if Sponsor elects to pay such fees, may be paid by Borrower to Sponsor and its affiliates only upon achieving Final Completion of the

<sup>2</sup> List of Initial Major Contractor's subject to Agent's due diligence.

<sup>3</sup> Threshold Amount subject to Agent's due diligence.

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entire Conversion Project in accordance with the Project Budget.

### Property Management

The Property must at all times be managed by a hotel operator approved by Agent (a "Property Manager") pursuant to a property management agreement in form and substance satisfactory to Agent in all respects (a "Management Agreement"). The Property Manager's rights under the Management Agreement (including any right to fees thereunder) shall be subordinate to Lender's lien and to the terms and conditions of the Loan documents, and the Property Manager shall execute an assignment and subordination agreement in form and substance reasonably acceptable to Agent. Agent shall have the right to terminate and replace the Property Manager and/or terminate the Management Agreement (i) subsequent to an event of default under the Loan documents (after appropriate cure periods have lapsed), (ii) for cause, including but not limited to fraud, gross negligence, willful misconduct, or misappropriation of funds by the Property Manager, (iii) if the Property Manager becomes insolvent or a debtor in a bankruptcy proceeding, or (iv) for a default under the Management Agreement. Borrower shall not make any material modification to the Management Agreement without Agent's approval. For the avoidance of doubt, an operator that is a Trump affiliate shall qualify as an approved Property Manager.

### Optional Prepayments

The Loan may not be voluntarily prepaid in whole or in part for a period of 24 payment dates after the Closing Date (the "Lockout Period"). Thereafter, voluntary prepayments may be made in whole only and not in part, upon 30 days' prior written notice, subject to LIBOR breakage costs, and on any business day, provided that if such business day is not a payment date, such prepayment shall include accrued interest through the end of the next accrual period. Upon such prepayment in full, any and all future funding commitments under the Loan shall be automatically cancelled. A voluntary partial prepayment is acceptable in connection with the exercise of the second extension option (as noted in the "Extension Options" section).

### Interest Rate Hedge

Borrower shall be required to enter into an interest rate hedge agreement to purchase and pledge as collateral, an interest rate cap acceptable to Agent for not less than the Initial Term in a notional amount based on a projected draw schedule (not the entire Loan Amount) and providing for a cap on LIBOR at [3.00%] (the "Initial LIBOR Strike Price") and shall be purchased from a counter-party acceptable to Agent in its sole and absolute discretion. The rate cap provider must have and maintain a minimum rating of "A-" by S&P (or an A-3 rating by Moody's or an A- rating by Fitch) or higher, and must deliver to Agent a legal opinion addressing certain matters. The rate cap documentation and legal opinion shall be acceptable to Agent.

### Lockbox / Cash Management

Upon completion of the Conversion Project, a lockbox and clearing account controlled by Agent (the "Clearing Account") shall be established by Borrower at a financial institution reasonably acceptable to Agent, into which all rents, revenues and receipts from the Property shall be deposited directly by the tenants. All credit card receipts shall be deposited by credit card processing companies directly into the Clearing Account, and all non-credit card receipts shall be directly deposited by Property Manager in the Clearing Account within one (1) business day of receipt thereof by Borrower or Property Manager. Amounts on deposit in the Clearing Account shall be transferred daily to an account controlled by Agent at a financial institution selected by Agent. Provided no event of default exists under the Loan documents (after appropriate cure periods have lapsed), following the payment of all monthly amounts due under the Loan documents, Agent shall transfer to Borrower's operating account funds sufficient to pay actual operating expenses pursuant to an approved budget. Provided that no Low Debt Yield Period (as defined below) has occurred and is continuing, and provided no event of default under the Loan documents (after appropriate cure periods have lapsed) exists, all excess cash

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flow will be disbursed to Borrower's operating account and, at Sponsor's election, distributed to Sponsor.

### Low Debt Yield Period

Following Substantial Completion, the Debt Yield will be tested by Agent quarterly. A "Low Debt Yield Period" shall exist (a) from and after the closing until such time as the Debt Yield initially rises to 8.5% or greater for two consecutive quarters, and (b) thereafter, if the Debt Yield falls below 8.5% for any single quarter until such time as the Debt Yield rises to 8.5% or greater for two consecutive quarters. During a Low Debt Yield Period, all excess cash flow after payment of all monthly amounts due under the Loan documents (including, without limitation, taxes and insurance, debt service and required reserves) and budgeted Property operating expenses will be swept to and held in an Agent-controlled account as additional collateral for the Loan (the "Low Debt Yield Reserve"). At such time as a Low Debt Yield Period shall cease to exist and, provided no event of default under the Loan documents (after appropriate cure periods have lapsed) exists, all amounts in the Low Debt Yield Reserve shall be released to Borrower. A Low Debt Yield Period shall not be a default. During a Low Debt Yield Period, provided that no event of default exists under the Loan documents (after appropriate cure periods have lapsed), Agent will permit monthly cash flow to be used as needed by Borrower to pay actual operating expenses pursuant to an approved budget.

### Budgets

Upon Substantial Completion, Borrower shall provide to Agent a budget for the Property delineating operating cash flows and operating costs expected to be incurred during the remainder of the then-current fiscal year. On an annual basis thereafter, Borrower shall furnish to Agent an updated budget for the Property. Such budgets shall be subject to Agent's reasonable approval during the continuance of a Low Debt Yield Period. If Agent does not approve Borrower's proposed budget, then, until Agent approves a new budget, there shall be an interim budget as follows: (i) line item amounts not in dispute shall be included, and (ii) for disputed line items, the line item amounts shall be (x) for revenues, the greater of the prior year's line item amounts and actual revenues for the previous year, and (y) for expenses, the prior year's line item expenses if interim budget revenues are based on the prior year's line item revenues, or the prior year's actual expenses if the interim budget revenues are based on the prior year's actual revenues. In any event, the interim budget shall include anticipated expenses for taxes and insurance premiums.

### Project Budget

Once approved, the Project Budget may be revised by Borrower from time to time as follows:

- Any increase of more than 10% of any hard cost line item or of more than 10% of any soft cost line item, or a cumulative increase in the overall Project Budget by more than 5%, shall require Agent's reasonable approval. Further, any increases to the overall Project Budget (whether or not requiring Agent's approval) shall be subject to Loan rebalancing.
- Borrower may, without Agent's approval, provide Agent with a revised Project Budget, reallocating verifiable cost savings achieved in line items so long as the contingencies after such reallocation are not less than the requisite percentage amounts that the estimated remaining completion costs bear to the original construction costs. A cost savings can be considered achieved when a fixed-price contract is awarded by Borrower that covers the work corresponding to such cost.

### Conditions to Closing

See Schedule A.

### Borrower Covenants

Customary for a Loan of this type, including but not limited to the following:

## Trump International Hotel: Old Post Office Redevelopment Up to \$140 million Loan

- (i) Restrictions on liens, additional debt, and distributions.
- (ii) Customary monthly reporting requirements.
- (iii) Customary property-specific insurance requirements, including flood, windstorm and acts of terrorism. In connection with the proposed construction, builders risk and other customary coverages will be provided. Agent to review insurance requirements in the Ground Lease to determine whether the same are sufficient. Borrower may provide any required insurance under a blanket policy or policies (each, a "Blanket Policy") covering other property and assets not part of the Property, subject to review and approval by Agent and its insurance consultant.
- (iv) The Borrower shall at all times own a leasehold interest in the improvements, fixtures and in the remaining real property. Sponsor shall at all times control the Borrower and the Pledgors; provided, however, that transfers to Trump affiliates and for estate planning should be allowed provided that there is no change of control (to be defined in the Loan Documents) and Borrower satisfies other customary transfer conditions.
- (v) Agent's approval of the construction documentation (collectively, "Project Documentation"), shall not be unreasonably withheld, conditioned, or delayed, in connection with the Conversion Project, and shall be provided customary collateral assignments of all such Project Documentation.

### **Borrower Reps, Warranties, and Events of Default**

Customary for a Loan of this type.

### **Sponsor Covenants and Reps/Warranties**

Until the termination of all guaranties and the full repayment of the Loan, Guarantor shall maintain (A) a net worth in excess of One Billion Dollars (\$1,000,000,000) and (B) liquid assets having a market value of at least Fifty Million Dollars (\$50,000,000). Notwithstanding the foregoing, the Guarantor's equity in the Property shall be excluded from the calculation of Guarantor's net worth. Guarantor's reporting shall be provided annually, and Guarantor shall provide a quarterly certificate to Agent that there has been no material decrease in Guarantor's net worth or liquid assets during the applicable quarter.

### **Governing Law**

New York law.

### **Broker Fees**

Borrower and Sponsor each represent and confirm that it has engaged IronHound Management as a broker for the Loan (the "Broker") and shall be solely responsible for paying all fees and commissions due to such broker. Accordingly, it is hereby agreed that all costs, finders' fees, commissions, concessions remuneration or similar fees or compensation relating to the financing are the sole and absolute responsibility of Borrower and Sponsor. Borrower and Sponsor each agree (on a joint and several basis) to indemnify and hold Agent, Lenders and their affiliates harmless from and against any and all compensation sought by any party who makes claim for commission or compensation related to the Loan. Agent, Lenders and their affiliates represent and confirm that they have not hired any broker in connection with the Loan. Agent and Lenders indemnify and hold Borrower, Sponsor, and their affiliates harmless from any and all compensation sought by any party who makes a claim for commission or compensation related to the Loan, which claim results from a breach of the foregoing representation. This section shall be binding upon Agent, Lenders, Sponsor and Borrower.

### **Sale, Assignment or**

Agent will have the right to sell, assign, participate or syndicate the Loan, in whole or in part,

## Trump International Hotel: Old Post Office Redevelopment Up to \$140 million Loan

### Participation

without the consent of Borrower or Sponsor. Borrower and Sponsor shall reasonably and promptly cooperate with any such sale, assignment, participation, syndication or the transfer or distribution of the Loan, including, but not limited to, providing such additional information as is reasonably requested by the Agent regarding the Property, Borrower, Sponsor, or the Conversion Project and the status thereof as may be reasonably available. Any reasonable costs and expenses (including attorneys' fees and disbursements) of Agent, and all costs, expenses and legal fees incurred by Borrower and Sponsor, associated with any of the aforementioned transactions, shall be borne by the Borrower and Sponsors (except that neither Borrower nor Sponsor shall be required to bear more than \$50,000 of such costs and expenses that are incurred after the closing of the Loan). Each Lender shall be severally (but not jointly) responsible for funding its pro rata portion of each advance of the Loan.

Once the Loan closes, syndication of the Loan will not be a condition for funding of the Loan.

Each Agent and each Lender must be a person that (i) is not listed on any Government Lists and is not an Excluded Contractor, (ii) is not a person who has been determined by competent authority to be subject to the prohibitions contained in Presidential Executive Order No. 13224 (Sept. 23, 2001) or any other similar prohibitions contained in the rules and regulations of OFAC or in any enabling legislation or other Presidential Executive Orders in respect thereof, and (iii) has not been previously indicted for or convicted of any Patriot Act offense.

Notwithstanding anything to the contrary, (i) any sale, assignment or participation and any documents evidencing same shall be subject to the terms of the Ground Lease (e.g. the rights and obligations of Borrower and of Landlord, respectively, under the Ground Lease shall not be modified by the terms of any such sale, assignment, or participation and to the extent the Loan documents and the Ground Lease conflict, the Ground Lease shall control), subject to Agent's review of the Ground Lease, (ii) Borrower shall not be required to modify or amend any Loan document if such modification or amendment would (A) change the interest rate (other than possible rate creep occurring after any prepayment as a result of an event of default, casualty or condemnation), or the stated maturity as set forth in the Loan documents, (B) modify or amend the Loan Amount or any other economic term of the Loan, in any case, except to a de minimis extent or (C) otherwise materially and adversely affect Borrower or its affiliates or any of their rights or obligations under the Loan documents, in any case, except to a de minimis extent and except as would be contemplated in a syndicated or A/B loan structure, and (iii) Borrower shall not be required to modify or amend any organizational document except to a de minimis extent.

### Bifurcation

Provided that the economic and other terms of the Loan shall remain the same for Borrower (other than possible rate creep occurring after any prepayment as a result of an event of default, casualty or condemnation, and other than would be contemplated in a syndicated or A/B loan structure), Agent and Lenders shall have the right to (i) bifurcate the Loan into one or more (a) participations, (b) component or other notes, such as B-Notes, and (ii) reallocate the principal amount of the Loan among one or more mortgage loans. Sponsor agrees to cooperate with Agent and Lenders in connection with the foregoing. Any reasonable costs and expenses (including attorneys' fees and disbursements) of Agent, and all costs, expenses and legal fees incurred by Borrower and Sponsor, associated with any of the aforementioned transactions, shall be borne by the Borrower and Sponsors (except that neither Borrower nor Sponsor shall be required to bear more than \$50,000 of such costs and expenses that are incurred after the closing of the Loan).

Each Lender shall be severally (but not jointly) responsible for funding its pro rata portion of each advance of the Loan.



## Trump International Hotel: Old Post Office Redevelopment Up to \$140 million Loan

In the event that Agent elects to bifurcate the Loan, as described herein, Agent shall have the right to allocate the Collateral among various notes and/or tranches at its discretion.

Neither Agent nor Lender shall be permitted to create mezzanine loans in connection with this Loan (but may require as additional security for the Loan a pledge of equity in the Borrower and other entities as described above in the Section entitled "Collateral").

Notwithstanding anything to the contrary, (i) any bifurcation and any documents evidencing same shall be subject to the terms of the Ground Lease (e.g. the rights and obligations of Borrower and of Landlord, respectively, under the Ground Lease shall not be modified by the terms of any such bifurcation and to the extent the Loan documents and the Ground Lease conflict, the Ground Lease shall control), subject to Agent's review of the Ground Lease, (ii) Borrower shall not be required to modify or amend any Loan document if such modification or amendment would (A) change the interest rate (other than possible rate creep occurring after any prepayment as a result of an event of default, casualty or condemnation), or the stated maturity as set forth in the Loan documents, (B) modify or amend any other economic term of the Loan, in any case except to a de minimis extent or (C) otherwise materially and adversely affect Borrower or its affiliates or any of their rights or obligations under the Loan documents, in any case except to a de minimis extent and except as would be contemplated in a syndicated or A/B loan structure or (iii) Borrower shall not be required to modify or amend any organizational document except to a de minimis extent.

### Title Insurance

Borrower shall obtain a mortgagee's policy of title insurance from one or more of the following: Fidelity National Title Insurance Company, Chicago Title Insurance Company, First American Title Insurance Company, Commonwealth Title Insurance Company or at Borrower's election, another title insurance company consented to by Agent.

### Exclusivity

For a period of one hundred twenty (120) days following execution of this term sheet, Borrower may not execute a term sheet with a different lender or close another loan with a different lender in connection with the Conversion Project. If this Exclusivity provision is violated, Agent shall be entitled to retain the entire Application Fee and, in such case, Sponsor shall, upon demand, pay the Exclusivity Fee to Agent. As used herein, "Exclusivity Fee" shall mean 1.00% of the principal amount of the Loan. This section shall be binding upon Sponsor and Borrower.

### Third-Party Reports

If either party elects not to proceed with the Loan, upon Borrower's request, Agent shall assign any and all third party reports (including the Appraisal) to such other party that Borrower shall direct, with not recourse of warranty by Agent or Lenders.

### US Patriot Act

To help fight the funding of terrorism and money laundering activities, pursuant to The U.S. Patriot Act, Agent obtains, verifies, and records information that identifies each person and entity with whom we are a non-affiliate that enter into a business relationship. Pursuant to The U.S. Patriot Act, when you enter into the business relationship, verification will include (but is not limited to) name, address, corporate tax identification number, date of birth, (applicable to an individual), and other information that will allow us to identify you. We may also ask to see corporate resolutions or other identifying documents from you.

### Expiration

In the event that the Loan is not closed within one hundred twenty (120) days after the mutual execution of this Term Sheet, this Term Sheet shall automatically expire and be of no further force and effect, other than with respect to the section herein entitled "Expenses", which shall survive the expiration of this Term Sheet.

## Trump International Hotel: Old Post Office Redevelopment Up to \$140 million Loan

### Economics:

<b>Execution</b>	Agent would fully underwrite the Loan, subject to customary closing conditions and credit committee approval. After closing, Agent shall have the right to distribute the Loan to a syndicate of lenders subject to the following paragraphs herein: "Lender"; "Sale, Assignment or Participation"; and "Bifurcation."
<b>Libor</b>	One-month LIBOR as reflected on telerate or, in certain instances, an average of London interbank offered rates ("LIBOR") for dollar deposits in an amount equal to \$1,000,000 offered in the London interbank Euro-dollar market for a term of one month plus the Spread per annum. Interest shall be calculated on an Actual/360 basis.
<b>Spread</b>	400 basis points
<b>Origination Fee</b>	1.0% of the Loan Amount.
<b>Extension Fee</b>	0.25% of the outstanding principal amount of the Loan as of the first day of the relevant Extension Term.
<b>Unused Fee</b>	0.25% payable on the average undrawn balance to be paid quarterly. No Unused Fee for the initial 12 months of the term.
<b>Exit Fee</b>	\$500,000 payable to Lender by the Borrower upon the full repayment of the Loan. No Exit Fee if refinanced with Lender or its affiliates, upon the earlier of (i) the full repayment of the Loan or (ii) the maturity date. In the event of a refinancing with a new lender, Lender will cooperate in assigning the Loan to a new lender, without recourse or warranty, provided, however, that Lender shall not be required to incur any costs (other than reasonable costs reimbursed by Borrower) in connection with such an assignment. Lender shall not have any ROFO or ROFR in connection with refinancing the Property.
<b>Administrative Fee</b>	\$75,000 per annum payable quarterly in advance to the Agent.
<b>SNDA</b>	Lender and its affiliates to provide SNDAs for all of Borrower's tenants in a commercially reasonable form.
<b>Application Fee</b>	The Application Fee shall be \$200,000 to be paid upon the execution of this Term Sheet. Agent reserves the right to receive additional deposits as expenses are actually incurred. If the Loan does not close for any reason, any unspent monies from Application Fees shall be returned to Borrower. Agent may only spend the Application Fee amount on reasonable out-of-pocket due diligence, legal fees or third party costs incurred by Agent. This section shall be binding upon Sponsor and Borrower. Other than (a) the cost of the Appraisal and the review thereof, (b) the cost of reviewing the Ground Lease and preparing and negotiating any required amendment thereto and a ground lessor estoppel certificate and (c) the cost of preparing and negotiating this Term Sheet, Agent shall not incur any expenses prior to (x) the completion and review of the Appraisal, and Borrower and Agent agreeing upon the maximum amount of the Loan permitted under clause (iii) of the Section above entitled "Loan" based upon such Appraisal (it being understood that the maximum amount of the Loan shall continue to be subject to clauses (i) and (ii) of the Section above entitled "Loan"), and (y) Agent confirming it has reviewed the Ground Lease, it has negotiated an acceptable ground lessor estoppel certificate with Borrower and the landlord under the Ground Lease and it is otherwise satisfied with the Ground Lease in its current

## Trump International Hotel: Old Post Office Redevelopment Up to \$140 million Loan

form (or Borrower, Agent and the landlord under the Ground Lease have agreed on any changes to the Ground Lease that Agent requests). Without limiting the foregoing, If Borrower and Agent cannot agree on the maximum Loan Amount permitted under clause (iii) of the Section above entitled "Loan", or Agent has not negotiated an acceptable ground lessor estoppel certificate with Borrower and the landlord under the Ground Lease, or Agent is not satisfied with the form of Ground Lease (or Borrower (or the landlord under the Ground Lease) are unwilling to modify the Ground Lease as Agent has requested), then Agent shall refund the Application Fee, less the costs specified in clauses (a) through (c) above.

### Expenses

Sponsor and Borrower shall pay all reasonable out-of-pocket third-party expenses incurred by Agent, Lender and their affiliates in connection with the Loan, whether or not the Loan closes. Such expenses may include, without limitation, legal fees, consultant fees (including any construction consultant), third party vendor fees, travel expenses, syndication expenses, printing fees, due diligence costs, underwriting costs and other miscellaneous expenses. If at any time Agent reasonably determines that the Application Fee and other funds on deposit with Agent will not be sufficient to cover Agent's and Lender's anticipated expenses, upon request, Sponsor shall promptly deposit such additional funds as Agent may reasonably determine are necessary to cover such expenses.

# Trump International Hotel: Old Post Office Redevelopment Up to \$140 million Loan

ACCEPTED THIS \_\_\_\_ DAY OF \_\_\_\_\_, 2013

**BORROWER:**

TRUMP OLD POST OFFICE LLC,  
a Delaware limited liability company

By: \_\_\_\_\_

Name:

Title:

**AGENT:**

[\_\_\_\_\_]

By: \_\_\_\_\_

Name:

Title:

By: \_\_\_\_\_

Name:

Title:

ACCEPTED AND AGREED TO BY SPONSOR SOLELY FOR THE PURPOSE OF THE  
"APPLICATION FEE" SECTION.

**SPONSOR:**

\_\_\_\_\_  
Donald J. Trump

## Trump International Hotel: Old Post Office Redevelopment Up to \$140 million Loan

### Schedule A – Conditions to Closing

#### Conditions to Closing:

Agent's customary closing conditions for a Loan of this type, including but not limited to the conditions below. To the extent any documents listed in subsections (xi), (xii), (xiii) and (xiv) below are not available as of closing, such documents shall not be conditions to closing, provided, however, that Borrower shall deliver such documents to Agent as soon as they are available and delivery of the same shall be a condition to funding the Loan.

- (i) Satisfactory completion of Agent's financial, legal, leasing and real estate due diligence relating to the Sponsor, Borrower and Property. All existing leases in connection with the Conversion Project shall be provided to Agent for its due diligence.
- (ii) Agent shall be satisfied with the creditworthiness of Sponsor in connection with its capacity to perform under the various guaranties.
- (iii) Agent shall be satisfied with the organizational documents and ownership structure of the Property. The organizational documents of Borrower and their appropriate constituent entities (the "**SPE Component Entities**"), shall be acceptable to Agent in its sole and absolute discretion and shall contain customary single purpose provisions and separateness covenants. Borrower and the SPE Component Entities shall have two (2) independent directors or independent managers in accordance with rating agency requirements. The independent directors' or independent managers' responsibility will be limited solely to voting on matters involving insolvency and bankruptcy issues and such individuals' vote will be required to approve (x) any election by Borrower to voluntarily seek protection from creditors under any applicable bankruptcy or insolvency laws, and (y) the dissolution of Borrower. Evidence satisfactory to the Agent that (i) all required [zoning], entitlements, development approvals and permits are in place (which may include a separate opinion of land use counsel satisfactory to Agent as a condition precedent to closing covering all improvements, including without limitation, signage), and (ii) the Property is in compliance with all applicable law and regulations.<sup>4</sup>
- (iv) Satisfactory completion of UCC, lien, judgment, litigation and bankruptcy searches with respect to Borrower, Sponsor and all other material Loan parties.
- (v) Receipt and approval by Agent of (i) title, (ii) property, (iii) rent loss/business interruption, (iv) builders risk, (v) workers compensation, (vi) terrorism, (vii) wind, (viii) flood, (ix) earthquake and (x) liability insurance as well as any other insurance deemed necessary by the Agent. Agent to review insurance requirements in the Ground Lease to determine whether the same are sufficient. Borrower may provide any required insurance under a Blanket Policy, subject to review and approval by Agent and its insurance consultant.
- (vi) Approval of Agent's credit authorities.
- (vii) Schedule B Budget to be approved by the Agent.
- (viii) Agent shall commission and receive a FIRREA compliant real estate appraisal which shall be satisfactory to Agent in all respects.

<sup>4</sup> Open issue. Borrower note, subject to Agent's confirmation: As federal property (and pursuant to the terms of the Ground Lease and the Memorandum of Understanding on permitting), the Property is not subject to local zoning, and has been approved in concept by the National Capital Planning Commission under their federal "in lieu of zoning" authority. As such, the references to zoning and an opinion should be removed.

## Trump International Hotel: Old Post Office Redevelopment Up to \$140 million Loan

- (ix) Agent shall commission and receive a phase I environmental report and a property condition report for the Property, which shall be satisfactory to Agent in all respects.
- (x) Agent and its construction consultant shall have completed its diligence related to the plans, budget, timeline, construction contract, and other development agreements for the Conversion Project.
- (xi) All management, development and construction agreements, permits or licenses, Ground Lease, or any other leases or agreements encumbering the Property or relating to Borrower or the Property shall be subject to Agent's review and approval (in its sole discretion) but in any event shall include customary lender protection rights, including assignability provisions and termination rights (with respect to all agreements other than the Ground Lease) for the benefit of the Agent.
- (xii) Satisfactory review by Agent and its consultants of any possessory interest tax documentation, if issued as of Closing, and calculations.
- (xiii) The general contractor, Initial Major Contractors, contractors party to a Material Agreement, construction managers (if any), architects, sales, marketing and development team for the Conversion Project shall be acceptable to the Agent in all respects (reasonable approval if after the closing). Delivery of certifications, recognition agreements, estoppel certificates, subordination agreements, and acknowledgements from the general contractor, architect, construction managers, engineer, and major subcontractors and all such other service providers on the Conversion Project, in each case, as may be required by Agent.
- (xiv) Agent (and its construction consultant) shall review and approve the construction drawings, plans, Project Budget, timeline, and development agreements for the Conversion Project. All [zoning], entitlements, approvals and permits required to complete the Conversion Project shall be in place and acceptable to Agent. Title shall be acceptable to Agent. The Project Budget shall include all hard and soft costs related to the renovation and construction plans, satisfactory hard and soft costs contingency amounts, all carrying costs (including but not limited to taxes, insurance, ground rent, etc) which will be incurred during the construction/renovation period, and any potential shortfalls throughout the Conversion Project's, ramp-up process, and other fees, costs and expenses which will be incurred in connection with the Conversion Project. In addition, any development fees and any other fees and expenses payable to Sponsor or their affiliates shall not be included in the operating expense shortfall calculation and will not be reimbursed from the reserves.
- (xv) Execution of Loan documentation satisfactory to Agent and Borrower.
- (xvi) Receipt of a title policy acceptable to Agent.
- (xvii) Absence of (A) any change, occurrence, or development that could, in the opinion of the Agent, have a material adverse effect on the business condition (financial or otherwise), operation, or performance of the Borrower or the Sponsor; (B) any material adverse change in or material disruption of conditions in the financial, banking or capital markets; (C) any event, circumstance, or information or matter which in the Agent's judgment is inconsistent in a material adverse manner with any event, circumstance, or information or other matter disclosed to Agent by Sponsor prior to the date hereof; or (D) any change which could reasonably be expected to have a materially adverse effect on the value or marketability of the Loan or any security derived in whole or in part there from (collectively, a "Material Adverse Change"). This subsection (xviii) (other than clause (A) above) is only a closing condition and not a funding condition (i.e., once the Loan closes this condition is no longer applicable).

## Trump International Hotel: Old Post Office Redevelopment Up to \$140 million Loan

### Schedule B – Conversion Project<sup>5</sup> <sup>6</sup>

[TO FOLLOW]

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<sup>5</sup> The Project Budget includes Clock Tower Costs, Congress Bells Gallery, Exhibition Gallery, tenant buildouts to be performed by Borrower, and Off-Site Areas.

<sup>6</sup> To be updated based on Sources and Uses to be provided by Lender, as well as the current budget. Developer Fee to be removed.

## Trump International Hotel: Old Post Office Redevelopment Up to \$140 million Loan

### Schedule C – Glossary

“Institutional Lender” shall mean any entity that is any of the following: (1) any savings bank, commercial bank or trust company (whether acting individually, or in any trust or fiduciary capacity), savings and loan association, building loan association, or any other entity, that has deposits and/or other assets under management in excess of One Billion Dollars (\$1,000,000,000) (which amount shall be increased in proportion to increases hereafter in the CPI) and is subject to the jurisdiction of the Comptroller of the Currency, the Office of Thrift Supervision, the Federal Deposit of the Comptroller of the Currency, the Office of Thrift Supervision, the Federal Deposit Insurance Corporation, or the Federal Reserve board, and the courts of the United States of America, any state thereof, or the District of Columbia; (2) any insurance company, educational institution or state, municipal or similar public employees’ welfare, pension or retirement fund or system subject to the Employee Retirement Income Security Act, 29 U.S.C. § 1001, *et seq.*; (3) governmental and quasi-governmental agencies; (4) an entity that originates commercial mortgage loans either for its own account or for sale or transfer, in their entirety, to another entity in the mortgage loan business, including subsequent transferees that may hold or acquire the entire interest in the mortgage (and any custodian, trustee or other fiduciary approved by the rating agencies, or any servicer approved by the rating agencies to the extent approval is required) in connection with the sale of the mortgage in any secondary mortgage loan market, including any mortgage-backed security or real estate investment conduit transaction or any other institutional quality rated public offering or private placement; (5) a bank or trust company acting as trustee or fiduciary of various pension funds or tax-exempt funds, or as trustee in connection with the issuance of any bonds or other debt financing; or (6) a trust for one or more of the entities mentioned in clauses (1) through (5). The term “Institutional Lender” shall also include any other type of commercial financing entity or vehicle such as a sovereign wealth fund, opportunity fund, private equity fund, or other fund or fund of funds entity with assets under management of at least One Billion Dollars (\$1,000,000,000) in (x) real estate or (y) loans relating to leases and/or real estate, that may from time to time hereafter be generally accepted in the commercial real estate market for financing commercial construction or other commercial real estate financing, including projects similar to the Improvements. In no event however shall the term “Institutional Lender” include Tenant, any Affiliate of Tenant, any Trump Affiliate or any Excluded Contractor. For the avoidance of doubt, only Agent must be an Institutional Lender.

“Excluded Contractor” shall mean any person debarred, suspended, proposed for debarment or suspension, or declared ineligible by any agency or instrumentality of the United States or by the Government Accountability Office or otherwise excluded from procurement or nonprocurement programs of the United States or any agency or instrumentality thereof who is specifically included on the List of Parties Excluded from Federal Procurement and Nonprocurement Programs maintained by the United States General Services Administration, or successor compilation of similar information.

“Substantial Completion” shall mean the occurrence of all of the following: (a) the Conversion Project has achieved “Substantial Completion” as defined under the Ground Lease; (b) Agent’s construction consultant shall have confirmed that the Major Components are substantially complete in accordance with the approved plans and specifications, all applicable legal requirements and all approvals with respect to the Conversion Project by all governmental authorities, except for minor details of construction, decoration or mechanical adjustment, the non-completion of which does not materially interfere with the operation of the Major Components as a whole (the “Punchlist Items”), (c) Borrower or its architect shall have delivered to Agent the completed AIA Form G704 (or any successor or equivalent form reasonably approved by Agent); (d) the Major Components of the Conversion Project are fully open and operating, in each case, free and clear of all liens other than the permitted encumbrances; (e) one or more temporary or final certificates of occupancy or their equivalent have been issued for the Major Components; (f) no contractor or supplier of labor or materials to the Conversion Project has asserted claims which are then outstanding, except to the extent the same are being contested by Borrower in accordance with the Loan documents; (g) Agent has received evidence reasonably satisfactory to Agent that all contractors have been paid (subject to retainage) under applicable construction contracts and there are no liens outstanding on the Conversion Project (except with respect to the Loan, permitted encumbrances and any liens being contested by Borrower in accordance with the Loan documents); and (h) there are



## Trump International Hotel: Old Post Office Redevelopment Up to \$140 million Loan

sufficient available unfunded proceeds of the Loan (together with funds contributed to balance the Loan that have not been disbursed) that are not specifically allocated to other items to fund the full cost of the Punchlist Items.

"Final Completion" shall mean the occurrence of all of the following: (a) the Conversion Project has achieved "Final Completion" as defined under the Ground Lease; (b) Agent's construction consultant shall have confirmed that the Conversion Project is 100% complete in accordance with the approved plans, all applicable legal requirements and required approvals by all applicable Governmental Authorities; (c) the entire Conversion Project is fully open to the public and operating, free and clear of all liens other than the permitted encumbrances; (d) one or more permanent certificates of occupancy or their equivalent have been issued for the entire Conversion Project; (e) each construction contract relating to the Conversion Project has been fully performed and Borrower has furnished Agent with final lien waivers as to the Conversion Project from each contractor, and each contractor (or Borrower on their behalf) shall have furnished Agent with final lien waivers from all of such person's subcontractors and material suppliers who have provided materials, labor or both with respect to the development and construction of the Conversion Project; and (f) Borrower shall have delivered to Agent (i) the final as-built plans and specifications showing all changes from the initially approved plans and specifications, (ii) such other licenses and permits as are required or customarily procured concerning the then existing development, construction, use, occupancy and operation of the Conversion Project, (iii) an officer's certificate stating: (A) no notices from any governmental authority of any claimed violations, which have an operational impact on the Property, of applicable legal requirements arising from the development or operation of the Conversion Project which have not been cured were served upon Borrower or, to Borrower's knowledge, any contractor or subcontractor or their respective agents or representatives and (B) Borrower is not aware of any circumstances which are reasonably likely to give rise to the issuance of any such notice of claimed violation, and (iv) a certificate (in form and substance reasonably acceptable to Agent) from the architect stating that: (A) the Conversion Project has been fully completed in accordance with the approved plans and specifications, and (B) the Conversion Project as so completed complies with all applicable legal requirements.

# Trump International Hotel: Old Post Office Redevelopment Up to \$140 million Loan

## Schedule D – Form of Certificate

### FORM OF STATEMENT OF LEASE

Re: \_\_\_\_\_, 2013 Ground Lease

Ladies and Gentlemen:

The undersigned, an authorized signatory of Landlord (defined below), hereby confirms and represents, to the best of his/her knowledge and belief, the following as of the above date:

1. Ground Lease by and between [\_\_\_\_\_] ("Tenant") and [\_\_\_\_\_] ("Landlord"), dated as of [\_\_\_\_\_, \_\_\_\_] (the "Lease") is in full force and effect and has not been modified, supplemented, canceled, or amended, except as stated herein.
2. The term of the Lease commenced on [\_\_\_\_\_, \_\_\_\_] and will expire on [\_\_\_\_\_, \_\_\_\_].
3. Neither Landlord nor Tenant is in default in the performance of any of the obligations, terms, covenants, or conditions of the Lease.
4. The current Monthly Base Rent paid, in advance, by Tenant under the Leases is [\$\_\_\_\_\_].
5. No advance payments by Tenant under the Lease have been, or will be, paid. Tenant has no current rights to any free rent, rent abatement, rent credit or other concessions, except as stated herein.
6. The statements in this letter are based solely upon a reasonably diligent review of the Contracting Officer's lease file as of the date of issuance. An inspection of the Premises has not been conducted for the purposes of this letter, nor has any applicable agency of the General Services Administration's been contacted concerning Lessor's performance under the lease. Tenant and each prospective lender and purchaser are deemed to have constructive notice of such facts as would be ascertainable by reasonable pre-purchase and pre-commitment inspection of the Premises and by inquiry to appropriate Governmental Authorities. This document shall not be construed as a waiver of any rights, benefits, or interests, which Landlord has under the above referenced lease.

The undersigned is authorized to execute this statement of lease on behalf of Landlord.

Sincerely,

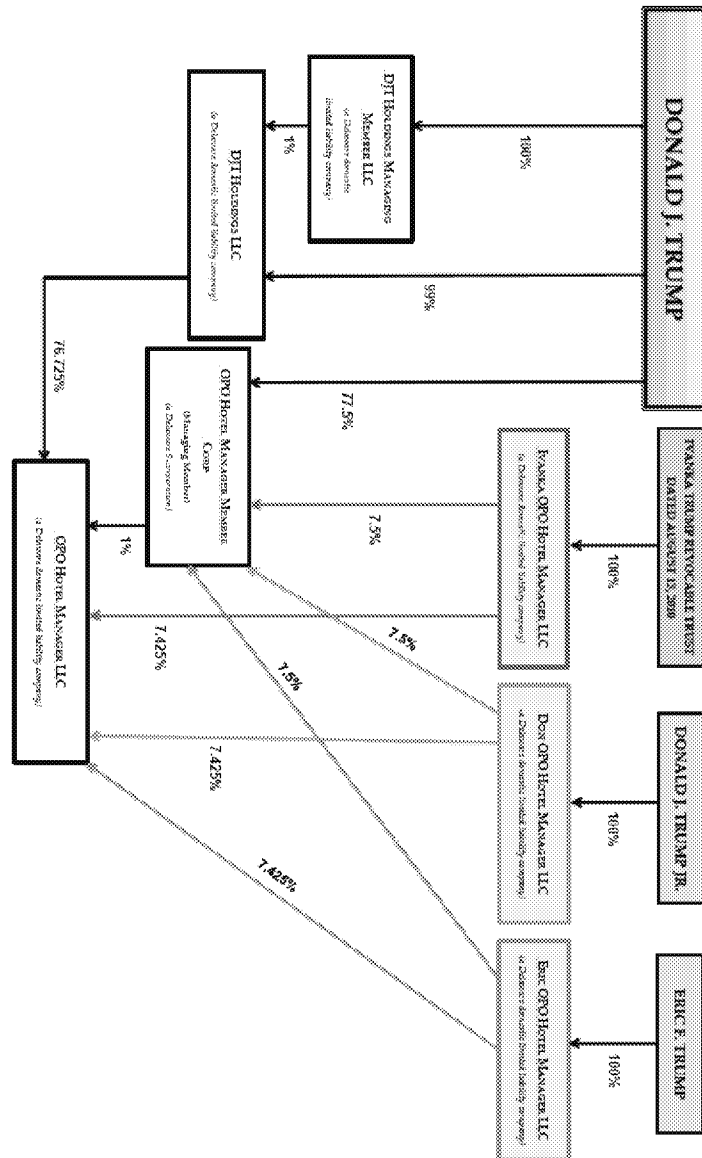
[\_\_\_\_\_]

\_\_\_\_\_  
By:  
Title:



# Trump International Hotel: Old Post Office Redevelopment Up to \$140 million Loan

OPO HOTEL MANAGER LLC



Structure Chart

Structure Chart 11/27/14, 10/20/15 as of 1/1/2013

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NY-1000000000

## Trump International Hotel: Old Post Office Redevelopment Up to \$140 million Loan

### **Preliminary Summary of Indicative Terms and Conditions<sup>1</sup>**

*The following is a preliminary summary of the indicative terms and conditions for the proposed financing (the "Loan"). These indicative terms and conditions reflect the current perception of market conditions by Lender and its respective affiliates as they relate to the Loan (based, in part, on information provided to Lender by Sponsor and/or Borrower), and are subject to change without notice. This is a preliminary summary and does not define all of the terms and conditions of the Loan, but is a framework upon which preliminary documentation for this transaction would be structured, and is a basis for further discussion and negotiation of such terms as may be appropriate. Under no circumstances shall the indicative terms and conditions constitute or be deemed to constitute a legally binding commitment on the part of Lender or any of its affiliates, or any other person, nor shall it be construed as an offer or undertaking by Lender to issue or arrange or negotiate a commitment or the Loan or any other financing, or any commitment, offer, undertaking or agreement of any kind. The Loan, if any, shall be subject to the due diligence review the results of which must be satisfactory to Lender in its sole discretion, and completion of other matters described in this summary of terms and conditions (the "Term Sheet") in a manner acceptable to Lender and Borrower, each in their sole discretion, the approval by Lender's credit authorities, satisfactory secondary market conditions, and the execution and delivery of documentation satisfactory in form and substance to Lender and Lender's legal counsel and Borrower and Borrower's legal counsel. Except as otherwise expressly provided in this Term Sheet, no rights, obligations or liabilities of any kind or nature whatsoever shall arise on the part of Lender or any of its affiliates, or Borrower and Sponsor or any of their affiliates or any other person as the result of the provisions of this Term Sheet. This Term Sheet is confidential, and the indicative terms and conditions shall not be discussed with, or delivered to other persons (other than legal counsel, tax advisors or officers and directors of Sponsor and Borrower) without the prior written consent of Lender and Borrower.*

#### **Property and the Conversion Project**

Trump International Hotel: Old Post Office Building, the leasehold interest in a 10 story historic building consisting of approximately: (1) 440,000 square feet and (2) 100,000 square foot annex located at 1100 Pennsylvania Avenue, Washington, DC 20004 (the "Property"). Borrower intends to convert the Property from its existing use as an office building with retail to a luxury hotel consisting of the following components: (i) 250-270 guest rooms (10-16% suites) including 2 historic Presidential Suites, (ii) 65,000-75,000 square feet of meeting, banquet, food and beverage, retail, spa and fitness facilities (provided that Borrower may elect to exclude Excluded Commercial Areas (as hereinafter defined) or portions thereof from the Conversion Project), (iii) telecommunications facilities and (iv) an underground parking garage with approximately 100 parking spaces (including stackers). In connection with the conversion, Borrower will redevelop and convert the Property in accordance with a budget (Borrower's proposal of which is attached as Schedule B) (the "Project Budget") which is currently estimated by Borrower to be approximately \$215 million (inclusive of financing costs) and shall be approved by Agent as a condition to closing (the hotel conversion, together with the related construction/renovation/rehabilitation contemplated in the Project Budget, are collectively referred to herein as the "Conversion Project"). Borrower will require flexibility to alter the Conversion Project components between the signing of the Term Sheet and closing, subject to Agent's ~~reasonable~~ approval of any material change to the scope of the Conversion Project. Subsequent to closing, Borrower may need to make additional non-material changes if required by landlord under the Ground Lease (or any other governmental agency that has jurisdiction) or if Borrower's plans change. Material changes to the scope of the Conversion Project or to the plans and specifications after the closing shall require Agent's reasonable consent; provided, however, Agent acknowledges that the components of the Conversion Project will be subject to the Borrower's receipt of the Notice to Proceed and any other permits required to commence construction of the Conversion Project. The Project Budget is subject to the ~~reasonable~~ approval of Agent and shall include carrying costs for the entire Conversion Project through the initial maturity date of the Loan, and any post-closing amendments to the Project Budget shall be subject to the reasonable approval of Agent. For the avoidance of doubt, Borrower may elect to exclude from the Conversion Project the Excluded Commercial Areas or portions thereof. For purposes hereof, the term "Excluded Commercial Areas" shall mean such portions

<sup>1</sup> ~~the prior footnote 1 is no longer needed. We defined all such terms in Schedule C.~~

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of the retail areas which will be leased by Borrower to others. Borrower's only obligation with respect to the Conversion Project in connection with the Excluded Commercial Areas shall be to deliver raw space and utilities, which areas may be built out by future tenants of the Excluded Commercial Areas at such tenant's costs in lieu of Borrower's Borrower obligation. Any Borrower obligations with respect to such raw space, including TILC costs, shall be included in the Project Budget. Although Borrower will develop and operate the Excluded Commercial Areas, the Project Budget will be adjusted to reflect which portion of the costs associated with constructing the Excluded Commercial Areas will be borne by such tenants or by Borrower. The term "Major Components" shall mean: (i) 90% of the hotel rooms, (ii) the meeting and banquet space and, (iii) ~~one operating lobby and all other public spaces,~~ (iv) the primary restaurant in the hotel (which provides, among other things, room service to the hotel rooms), (iv) the garage space, (v) any other components of the Property that must be completed pursuant to applicable law and/or the Ground Lease in order for the foregoing components to be made fully-operational and open to the public and (vi) such additional portions of the Conversion Project such that the remaining cost to fully complete the Conversion Project does not exceed \$7,000,000.

- Sponsor / Guarantor** Donald J. Trump (the "Sponsor" and/or "Guarantor").
- Borrower** Trump Old Post Office LLC, subject to Agent's confirmation that such entity is a special purpose, bankruptcy-remote entity, formed exclusively for the purpose of acquiring the leasehold interest in, developing and operating the Property, satisfactory to Agent in all respects. The Borrower is the tenant under the Ground Lease. A copy of Borrower's proposed structure chart is annexed hereto as Schedule E.
- Borrower's Managing Member** Trump Old Post Office Member Corp., subject to Agent's confirmation that such entity (and each other person that owns a direct interest in Borrower, such persons, together with Borrower's Managing Member, "Pledgors") is a special purpose, bankruptcy-remote entity, formed exclusively for the purpose of acquiring the equity interests in Borrower, satisfactory to Agent in all respects.<sup>2</sup>
- Sole Lead Arranger** Deutsche Bank Securities, Inc. or an affiliate
- Agent** Deutsche Bank AG New York Branch or an affiliate. Agent represents that Agent is, and any successor Agent must be, an ~~institutional lender~~ Institutional Lender as defined in Schedule C.<sup>3</sup>
- Lender** Deutsche Bank AG New York Branch or an affiliate, together with such syndicate lenders as permitted under this Term Sheet.
- Loan** The multiple draw redevelopment Loan amount shall be the lesser of: (i) \$140 million, (ii) 65%<sup>4</sup> of the total Project Budget, or (iii) 65% of the projected "as stabilized" appraised value assuming completion of the Conversion Project as determined by an appraisal ("Appraisal") satisfactory to Agent (the "Loan Amount"). The Appraisal shall be ordered promptly after the mutual execution of this Term Sheet. There shall only be one Appraisal ordered by Agent, which Appraisal will be used by Agent to determine the Loan Amount. Once the Loan closes, so long as no event of default exists, there shall be no Appraisal related requirements in connection with the Loan (for example, there will be no ongoing loan-to-value test).

<sup>2</sup>~~Borrower does not want to change Borrower's Managing Member to an LLC, which we can discuss with [REDACTED]~~

<sup>3</sup>~~Trump will provide a definition of "institutional lender" shortly.~~

<sup>4</sup>~~To be confirmed once Borrower reviews Lender's sources and uses.~~

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### Initial Term

The initial term of the Loan (the "Initial Term") shall be forty-two (42) months from closing.

### Extension Options

One (1) extension option of twelve (12) months, and one (1) additional extension option of six (6) months (each, an "Extension Term"), exercisable by Borrower upon at least one (1) month's prior written notice and subject to: (a) there being no event of default under the Loan documents (after appropriate cure periods have lapsed); (b) Borrower's purchase of interest rate protection for each Extension Term providing for a cap on LIBOR under the same terms as the original cap on LIBOR (see Interest Rate Hedge provision below), with any changes thereto subject to Agent's reasonable approval; (c) Borrower shall achieve "Substantial Completion" (as defined in Schedule C) no later than the last day of the Initial Term, and Borrower shall achieve Final Completion (as defined in Schedule C) no later than the last day of the first Extension Term (but without the requirement of obtaining final certificates of occupancy or completing Minor Work (as defined below)); (d) funding of any required amounts into the Completion Reserve (as described below in "Loan Balancing"); (e) delivery of a temporary or final certificate of occupancy for the Major Components no later than the last day of the Initial Term;<sup>5</sup> (f) delivery of a temporary or final certificate of occupancy for the entire Conversion Project no later than the last day of the first Extension Term; (g) payment of the Extension Fee for each extension; and (gh) no Debt Yield test is needed in connection with the first extension option; in order to exercise the second extension, the Property shall achieve a 88.5% Debt Yield, or if the Property does not achieve such 88.5% Debt Yield, Borrower shall have the right to prepay the principal amount balance of the Loan in an amount equal to the lesser of (x) 5% of the then outstanding Loan Amount, and (y) an amount equal to the portion of the outstanding principal balance of the Loan that would be necessary to prepay in order to achieve an 88.5% Debt Yield no later than the last day of the first Extension Term. During the first Extension Term only (if the first extension option was properly exercised), Borrower shall be able to draw Loan proceeds in order to achieve Final Completion and to cover ~~operating and interest shortfalls~~ Shortfalls (as defined below), in accordance with the approved Project Budget. No borrowings will be permitted under the Loan during the second Extension Term. For the avoidance of doubt, each of the conditions herein should be true no later than the last day of the then-current term and not as of the date of the delivery of the extension notice. As used herein, "Minor Work" shall mean (x) minor items that have not been completed or (y) uncompleted work relating to disputes in connection with any items of a historic nature, so long as (i) such minor items and uncompleted work do not have an operational impact on the Property or any portion thereof and do not exceed, in the aggregate, [\$TBD] and (ii) Borrower is diligently pursuing completion of such minor items and uncompleted work in a good and workmanlike manner.

### Collateral

The Loan will be secured by, *inter alia*, (i) a first priority mortgage lien on Borrower's entire interest (including its leasehold interest) in (x) the Property and (y) the improvements and fixtures thereon, (ii) a first priority security interest in, and to the extent assignable and as applicable, assignments of, Borrower's entire interest (including its leasehold interest) in all rents, permits, licenses, leases, contracts, agreements, operating accounts, receivables, reserves, plans and specifications, permits, consents and approvals, interest rate hedge contracts, development rights and entitlements, furniture, fixtures and equipment, non-proprietary software, customer lists and data, including all bookings and reservations for guests, conference and banquet rooms and other facilities at the Property (collectively, the "Bookings"), together with all names and contact information for those persons who hold such Bookings, telephone numbers and any other personal property relating to the Property (other than the Excluded Personal Property), including customary assignments of all construction contracts in

<sup>5</sup> ~~██████: A final certificate of occupancy should not be required. There are many possible reasons that such a document is not issued including ongoing work in the building. For example, a tenant buildout in progress or ongoing retail work can delay a final certificate of occupancy indefinitely, yet have no impact on the operation of the Property.~~

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connection with the Conversion Project and ~~(iii)~~ (iii) a first priority pledge by Pledgors of their direct ownership interest in the Borrower and (iv) such other collateral relating to the Property and/or the Conversion Project as may be specified in the Loan documents (other than the Excluded Personal Property), including without limitation, a first priority perfected security interest in all accounts that are held by a manager for the benefit of the Borrower or the Property. For the avoidance of doubt, the security interests described herein shall be subject to the terms of the Ground Lease, subject to Agent's review of the Ground Lease.

Lender and its affiliates shall not have a lien on, or any rights to use (other than to the limited extent provided in "Transition Covenants" below), and the Collateral shall not include, any trade names, trademarks, service marks, domain names, unpatented proprietary information systems, reservation systems, ~~customer lists and data (except for Bookings), websites, marketing materials or copyrights (the "Excluded Personal Property").~~ Notwithstanding the foregoing, and subject to Lender maintaining Trump's brand standards, Lender shall have a temporary license to use the Excluded Personal Property in connection with the operation of the Property for a transition period ending one hundred eighty (180) days after a foreclosure by Lender of Borrower's leasehold interest in the Property.

### Transition Covenants

The Loan documentation will include, and the Loan will be conditioned upon receipt of, licensing and transition agreements with Borrower, Property Manager and their respective affiliates for transition of uninterrupted business operations to the new property owner, and available to Agent (and/or its designees) in its discretion upon Loan acceleration (or maturity) or Agent's commencement of remedies upon Loan default, including without limitation: (a) continued operation of the Property by Borrower and/or Property Manager during a transition period and full cooperation with transition and full cooperation post-transition period, including sharing and permitted use of information and related information technology used or useful in operations and conduct of business at the Property in order to enable uninterrupted operations at the Property for its current use and operation, including without limitation, employment information and employee wage, benefit, bonus and other employment and employee data and facilitation of any hiring of employees at the Property; (b) licensing, franchise and non-competition agreements that provide for the continued operation, at Agent's or the new property owner's option, of the branded businesses at the Property (including all Excluded Personal Property used in connection with the Property) for a transition period ending one hundred eighty (180) days after a foreclosure by Agent of Borrower's leasehold interest in the Property, subject to Agent maintaining Trump's brand standards; (c) agreements from Borrower and Property Manager to cooperate in procuring replacement licenses, such as liquor licenses and permits and other governmental approvals required for Agent's or the new property owner's operation of the Property; (d) access to and license to use all employee data and guest, customer and vendor lists; and (e) information technology assistance necessary for data conversion and migration to any replacement computer software and other intellectual technology systems.

### Ground Lease

The Ground Lease, by and between the United States of America, as landlord, and Trump Old Post Office LLC, as tenant, dated as of August 5, 2013 (the "Ground Lease") in connection with the Property has been executed by Borrower and the ground lessor and is in full force and effect. As a condition to closing, the ground lessor shall have delivered to Agent and Lender a certificate pursuant to Section 17.1 of the Ground Lease in the form attached hereto as Schedule D, subject to Agent's review of the Ground Lease. Notwithstanding anything to the contrary, all of the Loan documents shall be subject to the terms of the Ground Lease, subject to Agent's review of the Ground Lease.



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<b>Loan to Cost Ratio:</b>	The <del>[Loan to Cost Ratio]</del> <sup>6</sup> shall be calculated by dividing total Loan proceeds by Borrower's total cost basis (inclusive of financing costs), with cost defined as actual Project Budget, plus Lender approved third party closing costs.
<b>Debt Yield</b>	The Debt Yield shall be calculated by dividing the trailing 12 months' Underwritten Net Cash Flow by the Loan Amount.
<b>Underwritten Net Cash Flow<sup>7</sup></b>	Lender/Agent will underwrite the Loan to determine "Underwritten Net Cash Flow" in its sole and absolute discretion based on a methodology to be agreed-upon in the Loan agreement, which will be based on the trailing 12 months' actual cash flow (excluding any one-time, non-recurring revenue and expense items) and shall be adjusted for Lender/Agent's underwritten management fees of 23% (effective as of the opening of the hotel), and FF&E reserves <del>(as set forth below)</del> <u>Reserves of 4% (effective as of the opening of the hotel).</u>
<b>Reserves</b>	Upon completion of the Conversion Project, reserves for real property taxes, ground rent payments and insurance. <sup>8</sup> FF&E reserves to mirror Ground Lease requirements (Y1: 0%, Y2: 1%, Y3: 2%, Y4+: 3%). There shall be no reserve for seasonality. <del>[So long as no event of default exists under the Loan documents (after appropriate cure periods have lapsed),]</del> <sup>9</sup> Lender/Agent shall be required to make disbursements from such reserves to Borrower on a monthly basis as needed for Borrower to pay actual operating expenses of the Property, and shall not use any of such reserves to pay for principal, interest, or other expenses relating to the Loan.
<b>Recourse / Guaranties / Indemnity</b>	(i) <u>Completion Guaranty:</u> Sponsor shall provide a completion guaranty guaranteeing Borrower's obligations to achieve <del>[timely]</del> <sup>10</sup> Substantial Completion and Final Completion, and to keep the Loan in balance (as described below under "Loan Balancing"). <del>Guarantor's obligation for [timely]</del> <sup>11</sup> <u>Substantial Completion and Final Completion is subject to Agent providing Agent will make available</u> all Loan proceeds that were earmarked for hard costs or soft costs pursuant to the approved Project Budget (as such Project Budget may be amended from time to time in accordance with the Loan agreement, and taking into account costs savings and reallocations permitted under the Loan agreement), which proceeds may be used by Borrower and Sponsor to complete the Conversion Project and deliver the temporary <del>or</del> <u>and</u> final <del>certificate</del> <u>certificates</u> of occupancy for the <u>entire</u> Conversion Project, <del>as applicable. [ provided that Agent's obligation to make such Loan proceeds available shall be subject to satisfaction of certain conditions, including: (a) the Loan to be in balance as described below under "Loan Balancing"; (b) neither</del>

<sup>6</sup> [REDACTED]: This term is not used in the Term Sheet.

<sup>7</sup> [REDACTED] to provide Underwritten Net Cash Flow, and the method for adjusting it.

<sup>8</sup> The methodology for the Reserves should be made explicit to the degree possible by providing greater detail regarding the corresponding period of time for each Reserve amount.

<sup>9</sup> Parties to discuss how to set up a structure whereby loan balancing and guaranties do not indirectly become principal guaranties. As an example, if there is a default and Lender is then allowed to use reserve funds, or property cash flow, or money contributed by Sponsor to fund operating shortfalls to pay down principal, and then request that Sponsor fund additional funds for reserves, balancing or under the guaranty to refill the hole created by lender using the other funds to pay down principal, then this sets up a system whereby Sponsor is indirectly guaranteeing principal. Lender should only use all such funds to pay operating shortfalls and interest, but not principal, irrespective of whether or not there is a default. This issue arises in several areas of the term sheet and will be footnoted in such additional areas as "Example of Indirect Principal Guaranty."

<sup>10</sup> [REDACTED]: Please explain significance of adding this word. What happens if work is not timely substantially completed? Is it Agent's expectation that the loan becomes recourse?

<sup>11</sup> [REDACTED]: What happens if substantial/final completion is not timely? Is it Agent's expectation that the loan becomes recourse?

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Borrower nor Sponsor shall be a debtor in any bankruptcy or insolvency proceeding, or otherwise be interfering with any remedies exercised by Agent; (c) Sponsor is not in default under any other guaranty in connection with the Loan, including the Loan Balancing and Deficiency Guaranty; (d) Borrower or Sponsor submits draw requests in form and substance, and satisfying the conditions, required under the Loan documents (other than the existence of an event of default related to Borrower's failure to complete the Conversion Project);<sup>12</sup> (e) Substantial Completion and Final Completion are ~~achieved~~achievable when required under the Loan documents, as determined by Lender in its reasonable discretion.<sup>13</sup>

(ii) Loan Balancing and Deficiency Guaranty: Sponsor will provide a deficiency guaranty to cover ~~operating shortfalls (it being understood that the calculation of operating shortfalls shall include interest (including default interest payable, but shall the amount by which Property operating expenses, interest and all other amounts due under the Loan documents and payable to Agent from time to time (but expressly exclude principal)), [payable to exceed operating income and reserves held by Agent from time to time to pay such amounts, as such shortfalls may arise]~~<sup>14</sup> (from time to time, including any ~~operating~~such shortfalls that Agent may have paid), but taking into account any remaining Completion Reserve funds that Borrower or Sponsor has delivered to Agent (collectively, the "Shortfalls").

~~The term "operating shortfalls" means the amount by which operating expenses exceeds operating income.~~<sup>15</sup>

If in any month, Agent applies Property cash flow or tax, insurance or ground rent reserves in reduction of the principal balance of the Loan instead of applying such amounts to operating expenses, interest and other amounts due under the Loan Documents during such month (other than principal), then Sponsor shall receive a credit under the Completion Guaranty and the Loan Balancing and Deficiency Guaranty for any Shortfalls arising during such month up to (but not to exceed) the amount of such funds so applied by Agent in reduction of principal balance of the Loan principal during such month.

The Completion Guaranty and Loan Balancing and Deficiency Guaranty shall not include any amounts accruing after the earliest of (a) six (6) months following a foreclosure, and (b) an assignment of lease executed by Borrower and Agent in lieu of foreclosure or similar agreement, (c) final judgment and payment of any action by Lender against Guarantor under such guaranty, (d) eighteen (18) months following Borrower's request to Agent to foreclose (provided that Borrower does not become a debtor in a bankruptcy or insolvency proceeding or otherwise interfere with Agent's ability to foreclose, and is cooperating with Agent's exercise of remedies), ~~and (e) twelve (12) months following the commencement by Agent of any enforcement remedies under any of the Guaranties, the Loan agreement or any of the other~~

<sup>12</sup> ~~Clause (a) regarding loan balancing is unnecessary, because the completion guaranty itself already has the concept of loan balancing within it. To add clause (a) would be double dipping. Clauses (b) through (d) are examples of an Indirect Principal Guaranty, and/or a Guaranty which would require Sponsor to spend his own funds to complete the building that otherwise should have come from the loan. Sponsor is contributing his required equity, and amounts to complete that are in excess of the loan proceeds. He is not meant to contribute amounts intended to come from loan proceeds, even if there is a default under the loan.~~

<sup>13</sup> ~~██████: What happens if substantial/final completion is not timely? Is it Agent's expectation that the loan becomes recourse?~~

<sup>14</sup> ~~██████: This is an example of an Indirect Principal Guaranty. If funds are paid to Agent, they must be used for their intended purpose, not to pay principal.~~

<sup>15</sup> ~~██████: we deleted "net of debt service" because interest is already covered in the paragraph above. To make the concept clearer, we included interest within the definition of "operating shortfall."~~

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Loan documents.

(iii) Principal Guaranty: Sponsor shall provide a principal guaranty guaranteeing repayment of up to 10% of the committed amount of the Loan.<sup>16</sup>

(iv) Carveout Guaranty: Sponsor shall provide a carveout guaranty covering Agent's standard recourse ~~carve-outs~~ carveouts reasonably agreed to between Borrower and Agent.

(v) Hazardous Materials Indemnity: Borrower and Guarantor will also deliver a hazardous materials indemnity.

~~There should~~ will be no interim milestones relating to completion of the Conversion Project; provided that Borrower shall covenant in the Loan documents to diligently and continuously prosecute completion of the Conversion Project in a manner sufficient to achieve Substantial Completion and Final Completion as and when required under the Loan documents, subject to force majeure.

## Minimum Initial Equity Investment

Sponsor shall contribute an amount equal to or greater than 35% of the Project Budget as equity capital to the Property, which shall include all equity contributed by Borrower, Sponsor and their affiliates prior to closing, including, without limitation, any ~~amounts contemplated~~ hard costs and Agent-approved soft costs for the Conversion Project spent by Borrower, Sponsor or any of their affiliates prior to the execution of this Term Sheet.<sup>17,18</sup>

## Disbursement Provisions

Prior to any funding under the Loan (i) the entire amount of the Minimum Initial Equity Investment shall be contributed to the Borrower and/or utilized to pay approved costs and expenses, (ii) the Conversion Project shall be "in-balance" as per the "Loan Balancing" section below, (iii) no event of default under the Loan documents (after appropriate cure periods have lapsed) shall exist, (iv) Borrower shall have received the Notice to Proceed (as defined in the Work Agreement) and (v) Borrower shall be in possession of the Property. Thereafter, and subject to Agent's customary loan advance procedures, Borrower will be permitted to request advances under the Loan to pay hard and soft costs, in accordance with the Project Budget, incurred by the Borrower in the redevelopment and conversion of the Property, subject to conditions to be determined in the Loan documents, including retainage where Borrower is required to hold back 10% of aggregate hard costs for the first 50% of work to be performed by any contractor ~~(but there is no hold-back on~~ and 2.5% of aggregate hard costs for the last 50% of work to be performed by any contractor (but in no event shall the retainage be less than the amount required under the applicable contract). No retainage for soft costs (unless the applicable trade contract requires retainage).<sup>19</sup> No retainage for materials-only contracts. Advances shall be made no more frequently than once per month. An agreed upon working capital account in the amount of Five Hundred Thousand Dollars (\$500,000) will be funded for payments required on short notice ~~and shall be replenished with each monthly draw.~~ Provided that Borrower delivers to Agent a draw request (satisfying the foregoing requirements in this paragraph) with respect to the amounts spent from the working capital account, Agent will

<sup>16</sup> ~~██████████~~ open business issue.

<sup>17</sup> Note from Borrower, subject to Agent's review and approval: Rental income from the telecommunications facilities should be available for Borrower's use throughout the construction process and should be allowed to be used in any way Borrower deems appropriate (and, as such amounts are used, they shall be credited towards Sponsor's required equity contributions in an amount up to \$3,000,000).

<sup>18</sup> ~~Inclusion of contributed equity to be scheduled by Borrower for Agent's review and approval. [██████████]; please clarify what you are looking for.]~~

<sup>19</sup> ~~██████████~~ what you are asking for is not the industry standard; we have revised the text accordingly.

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replenish such amounts from the requested Loan advance. Advance requests shall be subject to review and approval by the Agent and its construction consultant and shall be accompanied by customary supporting documentation, including lien waivers with respect to prior advances and reimbursements to Borrower.

### Loan Balancing

If at any time, based on Agent's good faith determination, the undrawn amount of the Loan is less than the hard, soft ~~and other~~<sup>20</sup> costs to achieve timely Substantial Completion and Final Completion (including the actual and annually projected ~~operating shortfalls~~Shortfalls incurred and to be incurred through Final Completion), Borrower shall fund a completion reserve (the "Completion Reserve") in the aggregate amount of such ~~shortfalls~~Shortfalls. Provided that no event of default (after appropriate cure periods have lapsed) exists under the Loan Documents, the Completion Reserve will only be used to pay hard costs and soft costs to complete the Conversion Project, and ~~operating shortfalls~~Shortfalls. Prior to additional Loan advances being made, and upon satisfaction of the other construction advance conditions, Completion Reserve funds will be disbursed by Agent to Borrower (or to Lenders with respect to interest and other amounts due Lenders under the Loan documents) for the purpose of paying hard and soft costs and ~~interest and operating shortfalls~~Shortfalls in accordance with the approved Project Budget.

### Construction Manager / Initial Major Contractors; Recognition Agreements; Completion; Retainage

#### Major Contractors

Prior to the first monthly draw under the Loan for hard and soft costs (excluding any initial draw for reserves or other customary draws at closing if any), the Borrower shall have entered into construction management agreements and/or construction contracts with the following construction contractors (each, an "Initial Major Contractor") satisfactory to Agent in its reasonable discretion: (i) the construction manager or general contractor, (ii) plumbing, (iii) HVAC, (iv) electrical, (v) fire protection and (vi) elevator.<sup>2</sup>

#### Recognition Agreements

The construction management agreement, agreements with Initial Major Contractors, and each contract in excess of \$5,000,000~~[\$TBD]~~<sup>3</sup> shall constitute a "Material Agreement". Each Material Agreement shall provide that in the event of Borrower's default under the Loan Documents (after appropriate cure periods have lapsed) and/or termination of the Loan Agreement, for such contractor under a Material Agreement to continue to perform on ~~Lender~~Agent's behalf provided that such contractor is paid for work performed through the date of a default under the Loan Documents (after appropriate cure periods have lapsed) or termination of the Loan Agreement, as applicable, and that ~~Lender~~Agent covenants to pay contractor(s) under a Material Agreement for such ongoing work.

#### Completion

All contracts (including, without limitation, those contracts entered into after the first monthly draw) in the aggregate under the Loan and budgeted values for items not yet incorporated into the contracts shall be sufficient to complete the Conversion Project in accordance with the approved Project Budget and timeline.

<sup>20</sup> ~~██████████~~: what "other costs?"

<sup>2</sup> List of Initial Major Contractor's subject to Agent's due diligence.

<sup>3</sup> Threshold Amount subject to Agent's due diligence.

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## Bonding

~~Any general construction contract and trade contracts in excess of \$5,000,000. Each Material Agreement shall be bonded or, at Borrower's option, covered by a "Subguard" bonding program at Borrower's option satisfactory to Agent and its insurance and construction consultants.~~

## Retainage

As described above in "Disbursement Provisions."

## Development Fees

~~Provided that no event of default has occurred (after appropriate cure periods have lapsed), any development fees payable to Sponsor and its affiliates, if Sponsor elects to pay such fees, may be paid by Borrower to Sponsor and its affiliates only upon achieving Final Completion of the entire Conversion Project in accordance with the Project Budget.~~

## <sup>21</sup>Property Management

The Property must at all times be managed by a hotel operator approved by LenderAgent (a "Property Manager") pursuant to a property management agreement in form and substance satisfactory to LenderAgent in all respects (a "Management Agreement"). The Property Manager's rights under the Management Agreement (including any right to fees thereunder) shall be subordinate to Lender's lien and to the terms and conditions of the Loan documents, and the Property Manager shall execute an assignment and subordination agreement in form and substance reasonably acceptable to LenderAgent. LenderAgent shall have the right to terminate and replace the Property Manager and/or terminate the Management Agreement (i) subsequent to an event of default under the Loan documents (after appropriate cure periods have lapsed), (ii) for cause, including but not limited to fraud, gross negligence, willful misconduct, or misappropriation of funds by the Property Manager, (iii) if the Property Manager becomes insolvent or a debtor in a bankruptcy proceeding, or (iv) for a default under the Management Agreement. Borrower shall not make any material modification to the Management Agreement without LenderAgent's approval. For the avoidance of doubt, an operator that is a Trump affiliate shall qualify as an approved Property Manager.

## Optional Prepayments

The Loan may not be voluntarily prepaid in whole or in part for a period of 24 payment dates after the Closing Date (the "Lockout Period"). Thereafter, voluntary prepayments may be made in whole only and not in part, upon 30 days' prior written notice, subject to LIBOR breakage costs, and on any business day, provided that if such business day is not a payment date, such prepayment shall include accrued interest through the end of the next accrual period. Upon such prepayment in full, any and all future funding commitments under the Loan shall be automatically cancelled. A voluntary partial prepayment is acceptable in connection with the exercise of the second extension option (as noted in the "Extension Options" section).

## Interest Rate Hedge

Borrower shall be required to enter into an interest rate hedge agreement to purchase and pledge as collateral, an interest rate cap acceptable to LenderAgent for not less than the Initial Term in a notional amount based on a projected draw schedule (not the entire Loan Amount) and providing for a cap on LIBOR at [3.00%] (the "Initial LIBOR Strike Price") and shall be purchased from a counter-party acceptable to LenderAgent in its sole and absolute discretion. The rate cap provider must have and maintain a minimum rating of "A-" by S&P (or an A-3 rating by Moody's or an A- rating by Fitch) or higher, and must deliver to LenderAgent a legal opinion addressing certain matters. The rate cap documentation and legal opinion shall be acceptable

<sup>21</sup> ~~there will be no development fee charged to the project.~~

<sup>22</sup> ~~please attach the subordination form so that we can see what you are looking for. If Agent forecloses, we will not manage the property for free.~~

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to Agent.

## Lockbox / Cash Management

Upon completion of the Conversion Project, a lockbox and clearing account controlled by Lender/Agent (the "Clearing Account") shall be established by Borrower at a financial institution reasonably acceptable to Lender/Agent, into which all rents, revenues and receipts from the Property shall be deposited directly by the tenants. All credit card receipts shall be deposited by credit card processing companies directly into the Clearing Account, and all non-credit card receipts shall be directly deposited by Property Manager in the Clearing Account within one (1) business day of receipt thereof by Borrower or Property Manager. Amounts on deposit in the Clearing Account shall be transferred daily to an account controlled by Lender/Agent at a financial institution selected by Lender/Agent. Provided no event of default exists under the Loan documents (after appropriate cure periods have lapsed), ~~the Borrower may arrange automatic transfer of deposits into Borrower's operating account (following the payment of all monthly amounts due under the Loan documents) to pay all Property. Agent shall transfer to Borrower's operating account funds sufficient to pay actual operating expenses and, at Sponsor's election, for distribution to Sponsor. Upon pursuant to an approved budget. Provided that no Low Debt Yield Period (as defined below) has occurred and is continuing, and provided no event of default under the Loan documents (after appropriate cure periods have lapsed), Lender shall use such funds to pay actual operating expenses of the Property (including interest and expenses under the Loan) and Lender shall not use such funds to pay for principal under the Loan or anything other than actual operating expenses of the Property, and the requirements of (x) Borrower with respect to Loan Balancing, and (y) Guarantor with respect to the guaranties, shall be reduced by the amount of such funds exists, all excess cash flow will be disbursed to Borrower's operating account and, at Sponsor's election, distributed to Sponsor.~~

## Stabilization Event

A Stabilization Event shall have occurred upon the Property achieving an 8.0% debt yield during the Initial Term or the Extension Terms, in each case, for two consecutive quarters, based on the Lender's Underwritten Net Cash Flow (the "Stabilization Event").

## Low Debt Yield Reserve Period

Following completion of the Conversion Project ~~Substantial Completion~~, the Debt Yield will be tested by Lender quarterly. ~~Until the occurrence of the first Stabilization Event, and Agent quarterly. A "Low Debt Yield Period" shall exist (a) from and after the closing until such time as the Debt Yield initially rises to 8.5% or greater for two consecutive quarters, and (b) thereafter, if the Debt Yield, based on Underwritten Net Cash Flow, falls below 8.0% during the Initial Term or the first Extension Term, or below 8.0% during the second Extension Term (each, a " falls below 8.5% for any single quarter until such time as the Debt Yield rises to 8.5% or greater for two consecutive quarters. During a Low Debt Yield Trigger")Period, all excess cash flow after payment of all monthly amounts due under the Loan documents (including, without limitation, taxes and insurance, debt service and required reserves) and budgeted Property operating expenses will be swept to and held in a Lender an Agent-controlled account as additional collateral for the Loan (the "Low Debt Yield Reserve"). Upon the occurrence of a Stabilization Event. At such time as a Low Debt Yield TriggerPeriod shall cease to exist and, provided no event of default under the Loan documents (after appropriate cure periods have lapsed) exists, all amounts in the Low Debt Yield Reserve shall be released to Borrower. A Low Debt Yield TriggerPeriod shall not be a default. During a Low Debt Yield TriggerPeriod, provided that no event of default exists under the Loan documents (after appropriate cure periods have lapsed),<sup>23</sup> Agent will permit monthly cash flow to be used as needed by Borrower to pay actual operating expenses pursuant to an approved budget.~~

## Budgets

Upon Substantial Completion, Borrower shall provide to Agent a budget for the Property delineating operating cash flows and operating costs expected to be incurred during the

<sup>23</sup> ~~██████~~: this text should be deleted to avoid any Indirect Principal Guaranty.

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remainder of the then-current fiscal year. On an annual basis thereafter, Borrower shall furnish to Agent an updated budget for the Property. Such budgets shall be subject to Agent's reasonable approval during the continuance of a Low Debt Yield Trigger Period. If Lender/Agent does not approve Borrower's proposed budget, then, until Lender/Agent approves a new budget, there shall be an interim budget as follows: (i) line item amounts not in dispute shall be included, and (ii) for disputed line items, the line item amounts shall be (x) for revenues, the greater of the prior year's line item amounts and actual revenues for the previous year, and (y) for expenses, the prior year's line item expenses if interim budget revenues are based on the prior year's line item revenues, or the prior year's actual expenses if the interim budget revenues are based on the prior year's actual revenues. In any event, the interim budget shall include anticipated expenses for taxes and insurance premiums.

### Project Budget

Once approved, the Project Budget may be revised by Borrower from time to time as follows:

- ~~[Any increase of more than 10% of any hard cost line item or of more than 10% of any soft cost line item, or a cumulative increase in the overall Project Budget by more than 5%, shall require Agent's reasonable approval. Further, any increases to the overall Project Budget (whether or not requiring Agent's approval) shall be subject to Loan rebalancing.]<sup>24</sup> Notwithstanding the foregoing, if hard and/or soft costs increase for items included in the Project Budget, Borrower shall not require Agent's consent to revise the Project Budget to reflect such increase, so long as Sponsor will simultaneously comply with the Loan Balancing requirements.~~
- Borrower may, without Agent's approval, provide Agent with a revised Project Budget, reallocating verifiable cost savings achieved in line items so long as the contingencies after such reallocation are not less than the requisite percentage amounts that the estimated remaining completion costs bear to the original construction costs ~~[provided that hard costs may not be reallocated to soft costs and soft costs may not be reallocated to hard costs].<sup>25</sup>~~ A cost savings can be considered achieved when the applicable fixed-price contract with respect to such cost is awarded by Borrower that covers the work corresponding to such cost.
- ~~Borrower may allocate verifiable cost savings achieved in any line item of the Project Budget to an applicable contingency or to other line items which Borrower reasonably determines are underfunded [provided that hard costs may not be reallocated to soft costs and soft costs may not be reallocated to hard costs].<sup>26</sup>~~

### Conditions to Closing

See Schedule A.

### Borrower Covenants

Customary for a Loan of this type, including but not limited to the following:

- (i) Restrictions on liens, additional debt, and distributions.
- (ii) Customary monthly reporting requirements.

<sup>24</sup> ~~open issue, pending finalization of form of Project Budget.~~

<sup>25</sup> ~~what is the problem with allocating between hard and soft costs? We were permitted to do this in our prior transaction with you.~~

<sup>26</sup> ~~what is the problem with allocating between hard and soft costs? We were permitted to do this in our prior transaction with you.~~

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- (iii) [Customary property-specific insurance requirements, including flood, windstorm and acts of terrorism. In connection with the proposed construction, builders risk and other customary coverages will be provided].<sup>27,28</sup> Agent to review insurance requirements in the Ground Lease to determine whether the same are sufficient. Borrower may provide any required insurance under a blanket policy or policies (each, a "Blanket Policy") covering other property and assets not part of the Property, subject to review and approval by Agent and its insurance consultant.
- (iv) The Borrower shall at all times own a leasehold interest in the improvements, fixtures and in the remaining real property. Sponsor shall at all times control the Borrower and the ~~Borrower's Managing Member, Pledgors;~~ provided, however, that transfers to Trump affiliates and for estate planning should be allowed [provided that there is no change of control (to be defined in the Loan Documents) and Borrower satisfies other customary transfer conditions].<sup>29</sup>
- ~~(v) Borrower shall achieve Substantial Completion no later than the end of the Initial Term, and Borrower shall achieve Final Completion no later than the last day of the first Extension Term. There shall be no milestone requirements.~~
- ~~(v)~~ ~~(vi)~~ Agent's approval of the construction documentation (collectively, "Project Documentation"), shall not be unreasonably withheld, conditioned, or delayed, in connection with the Conversion Project, and shall be provided customary collateral assignments of all such Project Documentation.

**Borrower Reps, Warranties, and Events of Default**

Customary for a Loan of this type.

**Sponsor Covenants and Reps/Warranties**

Until the termination of ~~the guaranty~~ all guaranties and the full repayment of the Loan, Guarantor shall maintain (A) a net worth in excess of ~~Five Hundred Million~~ One Billion Dollars (~~\$500,000,000~~ 1,000,000,000) and (B) liquid assets having a market value of at least Fifty Million Dollars (\$50,000,000). Notwithstanding the foregoing, the Guarantor's equity in the Property shall be excluded from the calculation of Guarantor's net worth. Guarantor's reporting shall be provided annually, and Guarantor shall provide a quarterly certificate to Agent that there has been no material decrease in Guarantor's net worth or liquid assets during the applicable quarter.

**Governing Law**

New York law.

**Broker Fees**

Borrower and Sponsor each represent and confirm that it has engaged IronHound Management as a broker for the Loan (the "Broker") and shall be solely responsible for paying all fees and

<sup>27</sup> [REDACTED]: promptly after mutual execution of the Term Sheet, the parties will finalize an insurance schedule during the appraisal process. We will provide you with a draft insurance schedule shortly.

<sup>28</sup> [REDACTED]: we deleted this because bonding is covered in the "Bonding" section referred to in the Construction Manager section in the Term Sheet.

<sup>29</sup> [REDACTED]: Parties to discuss Borrower's need for estate planning and family transfers. Borrower would like to use the definition of "Change of Control" from a recent Deutsche Bank loan that we closed, which definition is as follows: "any event which results in less than fifty-one percent (51%) of the equity interests of Borrower being owned (directly or indirectly), individually or collectively, by the following person(s): (i) the owners of such equity interests on the closing date, (ii) the estate of Guarantor, (iii) Guarantor's family members, (iv) Guarantor trust entity(ies), or (v) any affiliates of Guarantor and/or one or more Guarantor family members."



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commissions due to such broker. Accordingly, it is hereby agreed that all costs, finders' fees, commissions, concessions remuneration or similar fees or compensation relating to the financing are the sole and absolute responsibility of Borrower and Sponsor. Borrower and Sponsor each agree (on a joint and several basis) to indemnify and hold Lender, Agent, Lenders and its/their affiliates harmless from and against any and all compensation sought by any party who makes claim for commission or compensation related to the Loan. Lender, Agent, Lenders and its/their affiliates represent and confirm that they have not hired any broker in connection with the Loan. Lender indemnifies and holds Agent and Lenders indemnify and hold Borrower, Sponsor, and their affiliates harmless from any and all compensation sought by any party who makes a claim for commission or compensation related to the Loan, which claim results from a breach of the foregoing representation.<sup>30</sup> This section shall be binding upon Lender, Agent, Lenders, Sponsor and Borrower.

### Sale, Assignment or Participation

[Agent will have the right to sell, assign, participate or syndicate the Loan, in whole or in part, without the consent of Borrower or Sponsor. Borrower and Sponsor shall reasonably and promptly cooperate with any such sale, assignment, participation, syndication or the transfer or distribution of the Loan, including, but not limited to, providing such additional information as is reasonably requested by the Agent regarding the Property, Borrower, Sponsor, or the Conversion Project and the status thereof as may be reasonably available. Any reasonable costs and expenses (including attorneys' fees and disbursements) of Agent associated with any of the aforementioned transactions shall be borne by Agent. All reasonable, and all costs, expenses and legal fees, which are incurred by Borrower and Sponsor, associated with any of the aforementioned transactions (the "Borrower Expenses") which in the aggregate are less than or equal to \$10,000, shall be borne by the Borrower and Sponsor (except in the event of an A/B loan structure which is covered below under the Section entitled "Bifurcation"). Any Borrower Expenses in excess of \$10,000 shall be borne by Agent. [Sponsors (except that neither Borrower nor Sponsor shall be required to bear more than \$50,000 of such costs and expenses that are incurred after the closing of the Loan). Each Lender shall be severally (but not jointly) responsible for funding its pro rata portion of each advance of the Loan.]<sup>31</sup>

Once the Loan closes, syndication of the Loan will not be a condition for funding of the Loan.<sup>32</sup>

Each Agent and each lender, Lender must be a person that (i) is not listed on any Government Lists and is not an Excluded Contractor, (ii) is not a person who has been determined by competent authority to be subject to the prohibitions contained in Presidential Executive Order No. 13224 (Sept. 23, 2001) or any other similar prohibitions contained in the rules and regulations of OFAC or in any enabling legislation or other Presidential Executive Orders in respect thereof, and (iii) has not been previously indicted for or convicted of any Patriot Act offense.

Notwithstanding anything to the contrary, (i) any sale, assignment or participation and any documents evidencing same shall be subject to the terms of the Ground Lease (e.g. the rights and obligations of Borrower and of Landlord, respectively, under the Ground Lease shall not be

<sup>30</sup> [redacted] : what is the objection to this text?

<sup>31</sup> [redacted] : open business issue. Parties to discuss ramifications of what happens if a lender from the lending group does not fund. Completion/Loan Balancing Guaranties cannot be triggered. Borrower/Guarantor cannot be expected to perform its obligations without all of the lenders' funds. Further, lenders do not fund what is expected of them, Borrower will be in default under the ground lease if project is not completed. [redacted]'s proposal of standards for syndicate lenders to be discussed. Term Sheet to be revised so that each lender is required to be an institutional lender. Trump will provide a definition of "institutional lender" shortly.

<sup>32</sup> [redacted] : open business issue (vs. syndication not being a closing risk).

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modified by the terms of any such sale, assignment, or participation and to the extent the Loan documents and the Ground Lease conflict, the Ground Lease shall control), subject to Agent's review of the Ground Lease (as defined in Schedule C), (ii) Borrower shall not be required to modify or amend any Loan document if such modification or amendment would (A) change the interest rate (other than possible rate creep occurring after any prepayment as a result of an event of default, casualty or condemnation), or the stated maturity as set forth in the Loan documents, (B) modify or amend the Loan Amount or any other economic term of the Loan, in any case, except to a de minimis extent, ~~[(C) decrease Lender's or its participating lenders' obligations or liabilities under the Loan documents]~~<sup>33</sup> or (D or C) otherwise materially and adversely affect Borrower or its affiliates or any of their rights or obligations under the Loan documents, in any case, except to a de minimis extent and except as would be contemplated in a syndicated or A/B loan structure, and (iii) Borrower shall not be required to modify or amend any organizational document except to a de minimis extent.

### Bifurcation

Provided that the economic and other terms of the Loan shall remain the same for Borrower, Lender (other than possible rate creep occurring after any prepayment as a result of an event of default, casualty or condemnation, and other than would be contemplated in a syndicated or A/B loan structure), Agent and Lenders shall have the right to (i) bifurcate the Loan into one or more (a) participations, (b) component or other notes, such as B-Notes, and (ii) reallocate the principal amount of the Loan among one or more mortgage loans. Sponsor agrees to cooperate with Lender Agent and Lenders in connection with the foregoing. Any reasonable costs and expenses (including attorneys' fees and disbursements) of Agent associated with any of the aforementioned transactions shall be borne by Agent. Borrower and Sponsor shall pay no bifurcation costs after closing (other than reasonable and all costs, expenses and legal fees incurred by Borrower and Sponsor, associated with any of the aforementioned transactions, which in the aggregate are less than or equal to \$5,000). Any other bifurcation costs of Borrower and Sponsor shall be borne by the Borrower and Sponsors (except that neither Borrower nor Sponsor shall be required to bear more than \$50,000 of such costs and expenses that are incurred after the closing shall be paid by Agent of the Loan).

[Each Lender shall be severally (but not jointly) responsible for funding its pro rata portion of each advance of the Loan.]<sup>34</sup>

In the event that Agent elects to bifurcate the Loan, as described herein, Agent shall have the right to allocate the Collateral among various notes and/or tranches at its discretion.

Neither Agent nor Lender shall be permitted to create mezzanine loans in connection with this Loan (but may require as additional security for the Loan a pledge of equity in the Borrower and other entities as described above in the Section entitled "Collateral").

Notwithstanding anything to the contrary, (i) any bifurcation and any documents evidencing same shall be subject to the terms of the Ground Lease (e.g. the rights and obligations of Borrower and of Landlord, respectively, under the Ground Lease shall not be modified by the terms of any such bifurcation and to the extent the Loan documents and the Ground Lease conflict, the Ground Lease shall control), subject to Agent's review of the Ground Lease, (ii) Borrower shall not be required to modify or amend any Loan document if such modification or amendment would (A) change the interest rate (other than possible rate creep occurring after any prepayment as a result of an event of default, casualty or condemnation), or the stated maturity as set forth in the Loan documents, (B) modify or amend any other economic term of the Loan, in any case except to a de minimis extent or (C) otherwise materially and adversely

<sup>33</sup> Open business issue.

<sup>34</sup> See footnote 31 on this topic.

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affect Borrower or its affiliates or any of their rights or obligations under the Loan documents, in any case except to a de minimis extent and except as would be contemplated in a syndicated or A/B loan structure or (iii) Borrower shall not be required to modify or amend any organizational document except to a de minimis extent.

- Title Insurance** Borrower shall obtain a mortgagee's policy of title insurance from one or more of the following: Fidelity National Title Insurance Company, Chicago Title Insurance Company, First American Title Insurance Company, Commonwealth Title Insurance Company or at Borrower's election, another title insurance company consented to by Agent.
- Exclusivity** For a period of ~~ninety (90)~~ one hundred twenty (120) days following execution of this term sheet, Borrower may not execute a term sheet with a different ~~Lender~~ Lender or close another loan with a different lender in connection with the Conversion Project. If this Exclusivity provision is violated, Agent shall be entitled to retain the entire Application Fee and, in such case, Sponsor shall, upon demand, pay the Exclusivity Fee to Agent. As used herein, "Exclusivity Fee" shall mean 1.00% of the principal amount of the Loan. This section shall be binding upon Sponsor and Borrower.
- Third-Party Reports** If either party elects not to proceed with the Loan, upon Borrower's request, ~~Lender~~ Agent shall assign any and all third party reports (including the Appraisal) to such other party that Borrower shall direct. ~~Lender shall also cause any third party that prepared such a report to redirect the report and/or provide a comfort letter to any other party as the Borrower may direct, with not recourse of warranty by Agent or Lenders.~~
- US Patriot Act** To help fight the funding of terrorism and money laundering activities, pursuant to The U.S. Patriot Act, Agent obtains, verifies, and records information that identifies each person and entity with whom we are a non-affiliate that enter into a business relationship. Pursuant to The U.S. Patriot Act, when you enter into the business relationship, verification will include (but is not limited to) name, address, corporate tax identification number, date of birth, (applicable to an individual), and other information that will allow us to identify you. We may also ask to see corporate resolutions or other identifying documents from you.
- Expiration** In the event that the Loan is not closed ~~by May 31, 2014,~~ within one hundred twenty (120) days after the mutual execution of this Term Sheet, this Term Sheet shall automatically expire and be of no further force and effect, other than with respect to the section herein entitled "Expenses", which shall survive the expiration of this Term Sheet.

## Trump International Hotel: Old Post Office Redevelopment Up to \$140 million Loan

### Economics:

<b>Execution</b>	Lender/Agent would fully underwrite the Loan, subject to customary closing conditions and credit committee approval. After closing, Agent shall have the right to distribute the Loan to a syndicate of lenders subject to the following paragraphs herein: "Lender"; "Sale, Assignment or Participation"; and "Bifurcation."
<b>Libor</b>	One-month LIBOR as reflected on telerate or, in certain instances, an average of London interbank offered rates ("LIBOR") for dollar deposits in an amount equal to \$1,000,000 offered in the London interbank Euro-dollar market for a term of one month plus the Spread per annum. Interest shall be calculated on an Actual/360 basis.
<b>Spread</b>	375 <u>400</u> basis points
<b>Origination Fee</b>	0.75 <u>1.0</u> % of the Loan Amount.
<b>Extension Fee</b>	0.25% of the outstanding principal amount of the Loan as of the first day of the relevant Extension Term.
<b>Unused Fee</b>	0.25% payable on the average undrawn balance to be paid quarterly. No Unused Fee for the initial 12 months of the term. <del>No Unused Fee during any extension period.</del>
<b>Exit Fee</b>	\$500,000 payable to Lender by the Borrower upon the full repayment of the Loan. No Exit Fee if refinanced with Lender or its affiliates, upon the earlier of (i) the full repayment of the Loan or (ii) the maturity date. In the event of a refinancing with a new lender, Lender will cooperate in assigning the Loan to a new lender, without recourse or warranty, provided, however, that Lender shall not be required to incur any costs (other than reasonable costs reimbursed by Borrower) in connection with such an assignment. Lender shall not have any ROFO or ROFR in connection with refinancing the Property.
<b>Administrative Fee</b>	<del>\$50,000</del> <u>75,000</u> per annum payable quarterly in advance to the Agent.
<b>SNDA</b>	Lender and its affiliates to provide SNDAs for all of Borrower's tenants in a commercially reasonable form.
<b>Application Fee</b>	The Application Fee shall be \$200,000 to be paid upon the execution of this Term Sheet. Agent reserves the right to receive additional deposits as expenses are actually incurred. If the Loan does not close for any reason, any unspent monies from Application Fees shall be returned to Borrower. Agent may only spend the Application Fee amount on reasonable out-of-pocket due diligence, legal fees or third party costs incurred by Agent. This section shall be binding upon Sponsor and Borrower. Other than <u>(a) the cost of the Appraisal and the review thereof, (b) the cost of reviewing the Ground Lease and preparing and negotiating any required amendment thereto and a ground lessor estoppel certificate and (c) the cost of preparing and negotiating this Term Sheet</u> , Agent shall not incur any expenses prior to (x) the completion and review of the Appraisal, and Borrower and Agent agreeing upon the maximum amount of the Loan based on such Appraisal, and (y) Agent confirms <u>permitted under clause (iii) of the Section above entitled "Loan" based upon such Appraisal (it being understood that the maximum amount of the Loan shall continue to be subject to clauses (i) and (ii) of the Section above entitled "Loan"), and (y) Agent confirming it has reviewed the Ground Lease and is, it has negotiated an acceptable ground lessor estoppel certificate with Borrower and the landlord under the Ground Lease and it is otherwise satisfied with the Ground Lease in its current form (or Borrower and Agent and the</u>

## Trump International Hotel: Old Post Office Redevelopment Up to \$140 million Loan

landlord under the Ground Lease ~~agree~~have agreed on any changes to the Ground Lease that ~~Lender reasonably~~Agent requests). Without limiting the foregoing, If Borrower and Agent cannot agree on the maximum Loan Amount, or ~~Lender permitted~~ under clause (iii) of the Section above entitled "Loan", or Agent has not negotiated an acceptable ground lessor estoppel certificate with Borrower and the landlord under the Ground Lease, or Agent is not satisfied with the form of Ground Lease (or Borrower (or the landlord under the Ground Lease) are unwilling to modify the Ground Lease in accordance with Agent's request), ~~has requested~~, then Agent shall refund the entire Application Fee, less the cost of the Appraisal (which cost shall not exceed \$ \_\_\_\_\_).<sup>35</sup>costs specified in clauses (a) through (c) above.

### Expenses

[Sponsor and Borrower shall pay all reasonable out-of-pocket third-party expenses incurred by Agent, Lender and ~~its~~their affiliates in connection with the Loan, whether or not the Loan closes. Such expenses may include, without limitation, legal fees, consultant fees (including any construction consultant), third party vendor fees, travel expenses, ~~printing fees and other miscellaneous third party expenses (and, for the avoidance of doubt, specifically excluding, without limitation, syndication expenses, printing fees, due diligence costs and, underwriting costs) and other miscellaneous expenses.~~ If at any time ~~Lender~~Agent reasonably determines that the Application Fee and other funds on deposit with ~~Lender~~Agent will not be sufficient to cover Agent's and Lender's anticipated expenses, upon request, Sponsor shall promptly deposit such additional funds as ~~Lender~~Agent may reasonably determine are necessary to cover such expenses.]<sup>36</sup>

<sup>35</sup> ~~Parties to agree on amount to be filled in.~~

<sup>36</sup> ~~Parties to discuss cap.~~

# Trump International Hotel: Old Post Office Redevelopment Up to \$140 million Loan

ACCEPTED THIS \_\_\_\_ DAY OF \_\_\_\_\_, 2013

**BORROWER:**

TRUMP OLD POST OFFICE LLC,  
a Delaware limited liability company

By: \_\_\_\_\_  
Name:  
Title:

**LENDER: AGENT:**

[\_\_\_\_\_]

By: \_\_\_\_\_  
Name:  
Title:

By: \_\_\_\_\_  
Name:  
Title:

ACCEPTED AND AGREED TO BY SPONSOR SOLELY FOR THE PURPOSE OF THE  
"APPLICATION FEE" SECTION.

**SPONSOR:**

\_\_\_\_\_  
Donald J. Trump

## Trump International Hotel: Old Post Office Redevelopment Up to \$140 million Loan

### Schedule A – Conditions to Closing

#### Conditions to Closing:

Agent's customary closing conditions for a Loan of this type, including but not limited to the conditions below. To the extent any documents listed in subsections (xi), (xii), (xiii) and (xiv) below are not available as of closing, such documents shall not be conditions to closing, provided, however, that Borrower shall deliver such documents to LenderAgent as soon as they are available and delivery of the same shall be a condition to funding the Loan.

- (i) Satisfactory completion of Agent's financial, legal, leasing and real estate due diligence relating to the Sponsor, Borrower and Property. All existing leases in connection with the Conversion Project shall be provided to Agent for its due diligence.
- (ii) Agent shall be satisfied with the creditworthiness of Sponsor in connection with its capacity to perform under the various guaranties.
- (iii) Agent shall be satisfied with the organizational documents and ownership structure of the Property. The organizational documents of Borrower and their appropriate constituent entities (the "**SPE Component Entities**"), shall be acceptable to LenderAgent in its sole and absolute discretion and shall contain customary single purpose provisions and separateness covenants. Borrower and the SPE Component Entities shall have two (2) independent directors or independent managers in accordance with rating agency requirements. The independent directors' or independent managers' responsibility will be limited solely to voting on matters involving insolvency and bankruptcy issues and such individuals' vote will be required to approve (x) any election by Borrower to voluntarily seek protection from creditors under any applicable bankruptcy or insolvency laws, and (y) the dissolution of Borrower. [Evidence satisfactory to the Agent that (i) all required [zoning], entitlements, development approvals and permits are in place (which may include a separate opinion of land use counsel satisfactory to LenderAgent as a condition precedent to closing covering all improvements, including without limitation, signage), and (ii) the Property is in compliance with all applicable law and regulations.]<sup>374</sup>
- (iv) Satisfactory completion of UCC, lien, judgment, litigation and bankruptcy searches with respect to Borrower, Sponsor and all other material Loan parties.
- (v) [Receipt and approval by Agent of (i) title, (ii) property, (iii) rent loss/business interruption, (iv) builders risk, (v) workers compensation, (vi) terrorism, (vii) wind, (viii) flood, (ix) earthquake and (x) liability insurance as well as any other insurance deemed necessary by the Agent. Agent to review insurance requirements in the Ground Lease to determine whether the same are sufficient.]<sup>38</sup> Borrower may provide any required insurance under a Blanket Policy subject to review and approval by Agent and its insurance consultant.
- (vi) Approval of Agent's credit authorities.
- (vii) Schedule B Budget to be ~~reasonably~~ approved by the LenderAgent.
- (viii) Agent shall commission and receive a FIRREA compliant real estate appraisal which shall be satisfactory to Agent in all

<sup>374</sup> Open issue. Borrower note, subject to Agent's confirmation: As federal property (and pursuant to the terms of the Ground Lease and the Memorandum of Understanding on permitting), the Property is not subject to local zoning, and has been approved in concept by the National Capital Planning Commission under their federal "in lieu of zoning" authority. As such, the references to zoning and an opinion should be removed.

<sup>38</sup> ~~██████ promptly after mutual execution of the Term Sheet, the parties will finalize an insurance schedule during the appraisal process. We will provide you with a draft insurance schedule shortly.~~

## Trump International Hotel: Old Post Office Redevelopment Up to \$140 million Loan

respects.

- (ix) Agent shall commission and receive a phase I environmental report and a property condition report for the Property, which shall be satisfactory to Agent in all respects.
- (x) Agent and its construction consultant shall have completed its diligence related to the plans, budget, timeline, construction contract, and other development agreements for the Conversion Project.
- (xi) All management, development and construction agreements, permits or licenses, Ground Lease, or any other leases or agreements encumbering the Property or relating to Borrower or the Property shall be subject to LenderAgent's review and approval (in its sole discretion) but in any event shall include customary lender protection rights, including assignability provisions and termination rights (with respect to all agreements other than the Ground Lease) for the benefit of the Agent.
- (xii) Satisfactory review by Agent and its consultants of any possessory interest tax documentation, if issued as of Closing, and calculations.
- (xiii) The general contractor, Initial Major Contractors, contractors party to a Material Agreement, construction managers (if any), architects, sales, marketing and development team for the Conversion Project shall be reasonably acceptable to the Agent in all respects (reasonable approval if after the closing). Delivery of certifications, recognition agreements, estoppel certificates, subordination agreements, and acknowledgements from the general contractor, architect, construction managers, engineer, and major subcontractors and all such other service providers on the Conversion Project, in each case, as may be reasonably required by Agent.
- (xiv) LenderAgent (and its construction consultant) shall review and approve the construction drawings, plans, Project Budget, timeline, and development agreements for the Conversion Project. [All [zoning], entitlements, approvals and permits required to complete the Conversion Project shall be in place and acceptable to Agent.]<sup>39</sup> Title shall be acceptable to Agent. The Project Budget shall include all hard and soft costs related to the renovation and construction plans, satisfactory hard and soft costs contingency amounts, all carrying costs (including but not limited to taxes, insurance, ground rent, etc) which will be incurred during the construction/renovation period, and any potential shortfalls throughout the Conversion Project's, ramp-up process, and other fees, costs and expenses which will be incurred in connection with the Conversion Project. In addition, any development fees and any other fees and expenses payable to Sponsor or their affiliates shall not be included in the operating expense shortfall calculation and will not be reimbursed from the reserves.<sup>40</sup>
- (xv) Execution of Loan documentation satisfactory to Agent and Borrower.
- (xvi) Receipt of a title policy acceptable to Agent.
- (xvii) Absence of (A) any change, occurrence, or development that could, in the opinion of the Agent, have a material adverse effect on the business condition (financial or otherwise), operation, or performance of the Borrower or the Sponsor; (B) any material adverse change in or material disruption of conditions in the financial, banking or capital markets; (C) any event, circumstance, or information or matter which in the LenderAgent's judgment is inconsistent in a material adverse manner with any event, circumstance, or information or other matter disclosed to LenderAgent by Sponsor prior to the date hereof; or (D) any change which could reasonably be expected to have a materially adverse effect on the value or marketability of the Loan or any security derived in whole or in part there from (collectively, a "Material Adverse Change"). This subsection (xviiixviii) (other than clause (A) above) is only a closing condition and not a funding condition (i.e., once the Loan closes this condition is no longer applicable).

<sup>39</sup> ~~Parties to discuss. These likely will not be in place at closing.~~

<sup>40</sup> ~~Parties to discuss which material items that come into place post-closing shall be subject to Lender's prior reasonable approval.~~



## Trump International Hotel: Old Post Office Redevelopment Up to \$140 million Loan

### Schedule B – Conversion Project<sup>415</sup> <sup>426</sup>

[TO FOLLOW]

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<sup>415</sup> The Project Budget includes Clock Tower Costs, Congress Bells Gallery, Exhibition Gallery, tenant buildouts to be performed by Borrower, and Off-Site Areas.

<sup>426</sup> To be updated based on Sources and Uses to be provided by Lender, as well as the current budget. Developer Fee to be removed.

## Trump International Hotel: Old Post Office Redevelopment Up to \$140 million Loan

### Schedule C – Glossary

"Institutional Lender" shall mean any entity that is any of the following: (1) any savings bank, commercial bank or trust company (whether acting individually, or in any trust or fiduciary capacity), savings and loan association, building loan association, or any other entity, that has deposits and/or other assets under management in excess of One Billion Dollars (\$1,000,000,000) (which amount shall be increased in proportion to increases hereafter in the CPI) and is subject to the jurisdiction of the Comptroller of the Currency, the Office of Thrift Supervision, the Federal Deposit of the Comptroller of the Currency, the Office of Thrift Supervision, the Federal Deposit Insurance Corporation, or the Federal Reserve board, and the courts of the United States of America, any state thereof, or the District of Columbia; (2) any insurance company, educational institution or state, municipal or similar public employees' welfare, pension or retirement fund or system subject to the Employee Retirement Income Security Act, 29 U.S.C. § 1001, et seq.; (3) governmental and quasi-governmental agencies; (4) an entity that originates commercial mortgage loans either for its own account or for sale or transfer, in their entirety, to another entity in the mortgage loan business, including subsequent transferees that may hold or acquire the entire interest in the mortgage (and any custodian, trustee or other fiduciary approved by the rating agencies, or any servicer approved by the rating agencies to the extent approval is required) in connection with the sale of the mortgage in any secondary mortgage loan market, including any mortgage-backed security or real estate investment conduit transaction or any other institutional quality rated public offering or private placement; (5) a bank or trust company acting as trustee or fiduciary of various pension funds or tax-exempt funds, or as trustee in connection with the issuance of any bonds or other debt financing; or (6) a trust for one or more of the entities mentioned in clauses (1) through (5). The term "Institutional Lender" shall also include any other type of commercial financing entity or vehicle such as a sovereign wealth fund, opportunity fund, private equity fund, or other fund or fund of funds entity with assets under management of at least One Billion Dollars (\$1,000,000,000) in (x) real estate or (y) loans relating to leases and/or real estate, that may from time to time hereafter be generally accepted in the commercial real estate market for financing commercial construction or other commercial real estate financing, including projects similar to the Improvements. In no event however shall the term "Institutional Lender" include Tenant, any Affiliate of Tenant, any Trump Affiliate or any Excluded Contractor. For the avoidance of doubt, only Agent must be an Institutional Lender.

"Excluded Contractor" shall mean any person debarred, suspended, proposed for debarment or suspension, or declared ineligible by any agency or instrumentality of the United States or by the Government Accountability Office or otherwise excluded from procurement or nonprocurement programs of the United States or any agency or instrumentality thereof who is specifically included on the List of Parties Excluded from Federal Procurement and Nonprocurement Programs maintained by the United States General Services Administration, or successor compilation of similar information.

"Substantial Completion" shall mean the occurrence of all of the following: (a) the Conversion Project has achieved "Substantial Completion" as defined under the Ground Lease; (b) Agent's construction consultant shall have confirmed that the Major Components are substantially complete in accordance with the approved plans and specifications, all applicable legal requirements and all approvals with respect to the Conversion Project by all governmental authorities, except for minor details of construction, decoration or mechanical adjustment, the non-completion of which does not materially interfere with the operation of the Major Components as a whole (the "Punchlist Items"); (bc) Borrower or its architect shall have delivered to Agent the completed AIA Form G704 (or any successor or equivalent form reasonably approved by Agent); (cd) the Major Components of the Conversion Project ~~is~~ are fully open and operating, in each case, free and clear of all liens other than the permitted encumbrances; (de) one or more temporary or final certificates of occupancy or their equivalent have been issued for the Major Components; (ef) no contractor or supplier of labor or materials to the Conversion Project has asserted claims which are then outstanding, except to the extent the same are being contested by Borrower in accordance with the Loan documents; (fg) Agent has received evidence reasonably satisfactory to Agent that all contractors have been paid (subject to retainage) under applicable construction contracts and there are no liens outstanding on the Conversion Project (except with respect to the Loan, permitted encumbrances and any liens being contested by Borrower in accordance with the Loan documents); and (gh) there are sufficient available unfunded proceeds of the Loan (together with funds contributed to balance the Loan ~~that have not been disbursed~~) that are not specifically allocated to other items to fund the full cost of the Punchlist Items.

## Trump International Hotel: Old Post Office Redevelopment Up to \$140 million Loan

~~Notwithstanding the foregoing, Borrower shall have achieved Substantial Completion despite the existence of Minor Work, provided that Borrower is diligently pursuing completion of such Minor Work in a good and workmanlike manner.~~

~~"Final Completion" shall mean the occurrence of all of the following: (a) the Conversion Project has achieved "Final Completion" as defined under the Ground Lease; (b) Agent's construction consultant shall have confirmed that the Conversion Project is 100% complete in accordance with the approved plans, all applicable legal requirements and required approvals by all applicable Governmental Authorities; (c) the entire Conversion Project is fully open to the public and operating, free and clear of all liens other than the permitted encumbrances; (d) one or more permanent certificates of occupancy or their equivalent have been issued for the entire Conversion Project; (e) each construction contract relating to the Conversion Project has been fully performed and Borrower has furnished Agent with final lien waivers as to the Conversion Project from each contractor, and each contractor (or Borrower on their behalf) shall have furnished Agent with final lien waivers from all of such person's subcontractors and material suppliers who have provided materials, labor or both with respect to the development and construction of the Conversion Project; and (ef) Borrower shall have delivered to Agent (i) the final as-built plans and specifications showing all changes from the initially approved plans and specifications, (ii) such other licenses and permits as are required or customarily procured concerning the then existing development, construction, use, occupancy and operation of the Conversion Project, (iii) an officer's certificate stating: (A) no notices from any governmental authority of any claimed violations, which have an operational impact on the Property, of applicable legal requirements arising from the development or operation of the Conversion Project which have not been cured were served upon Borrower or, to Borrower's knowledge, any contractor or subcontractor or their respective agents or representatives and (B) Borrower is not aware of any circumstances which are reasonably likely to give rise to the issuance of any such notice of claimed violation, [and (iv) a certificate (in form and substance reasonably acceptable to Agent) from the architect stating that: (A) the Conversion Project has been fully completed in accordance with the approved plans.]<sup>43</sup> ~~Notwithstanding the foregoing, Borrower shall have achieved Final Completion despite the existence of (x) minor items that have not been completed or (y) uncompleted work relating to disputes in connection with any items of a historic nature (so long as such uncompleted work does not have an operational impact on the Property) (together, clauses (x) and (y) are collectively, the "Minor Work"); provided that Borrower is diligently pursuing completion of the Minor Work in a good and workmanlike manner, and specifications, and (B) the Conversion Project as so completed complies with all applicable legal requirements.~~~~

<sup>43</sup> ~~██████; please provide a form certificate, as Borrower will need to review such form to determine if architect can provide this.~~

# Trump International Hotel: Old Post Office Redevelopment Up to \$140 million Loan

## Schedule D – Form of Certificate

### FORM OF STATEMENT OF LEASE

Re: \_\_\_\_\_, 2013 Ground Lease

Ladies and Gentlemen:

The undersigned, an authorized signatory of Landlord (defined below), hereby confirms and represents, to the best of his/her knowledge and belief, the following as of the above date:

1. Ground Lease by and between [\_\_\_\_\_] ("Tenant") and [\_\_\_\_\_] ("Landlord"), dated as of [\_\_\_\_\_, \_\_\_\_] (the "Lease") is in full force and effect and has not been modified, supplemented, canceled, or amended, except as stated herein.
2. The term of the Lease commenced on [\_\_\_\_\_, \_\_\_\_] and will expire on [\_\_\_\_\_, \_\_\_\_].
3. Neither Landlord nor Tenant is in default in the performance of any of the obligations, terms, covenants, or conditions of the Lease.
4. The current Monthly Base Rent paid, in advance, by Tenant under the Leases is [\$\_\_\_\_\_].
5. No advance payments by Tenant under the Lease have been, or will be, paid. Tenant has no current rights to any free rent, rent abatement, rent credit or other concessions, except as stated herein.
6. The statements in this letter are based solely upon a reasonably diligent review of the Contracting Officer's lease file as of the date of issuance. An inspection of the Premises has not been conducted for the purposes of this letter, nor has any applicable agency of the General Services Administration's been contacted concerning Lessor's performance under the lease. Tenant and each prospective lender and purchaser are deemed to have constructive notice of such facts as would be ascertainable by reasonable pre-purchase and pre-commitment inspection of the Premises and by inquiry to appropriate Governmental Authorities. This document shall not be construed as a waiver of any rights, benefits, or interests, which Landlord has under the above referenced lease.

The undersigned is authorized to execute this statement of lease on behalf of Landlord.

Sincerely,

[\_\_\_\_\_]

\_\_\_\_\_  
By:  
Title:





Document comparison by Workshare Compare on Friday, November 01, 2013  
1:58:43 PM

Input:	
Document 1 ID	interwovenSite://NADMS/LA1/2848665/5
Description	#2848665v5<LA1> - DB/OLD POST OFFICE -- TERM SHEET
Document 2 ID	interwovenSite://NADMS/LA1/2848665/7
Description	#2848665v7<LA1> - DB/OLD POST OFFICE -- TERM SHEET
Rendering set	standard

Legend:	
<u>Insertion</u>	
<del>Deletion</del>	
<del>Moved from</del>	
<u>Moved to</u>	
Style change	
Format change	
<del>Moved-deletion</del>	
Inserted cell	
Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

Statistics:	
	Count
Insertions	221
Deletions	265
Moved from	5
Moved to	5
Style change	0
Format changed	0
Total changes	496

## Trump International Hotel: Old Post Office Redevelopment Up to \$140 million Loan

### Preliminary Summary of Indicative Terms and Conditions<sup>1</sup>

The following is a preliminary summary of the indicative terms and conditions for the proposed financing (the "Loan"). These indicative terms and conditions reflect the current perception of market conditions by Lender and its respective affiliates as they relate to the Loan (based, in part, on information provided to Lender by Sponsor and/or Borrower), and are subject to change without notice. This is a preliminary summary and does not define all of the terms and conditions of the Loan, but is a framework upon which preliminary documentation for this transaction would be structured, and is a basis for further discussion and negotiation of such terms as may be appropriate. Under no circumstances shall the indicative terms and conditions constitute or be deemed to constitute a legally binding commitment on the part of Lender or any of its affiliates, or any other person, nor shall it be construed as an offer or undertaking by Lender to issue or arrange or negotiate a commitment or the Loan or any other financing, or any commitment, offer, undertaking or agreement of any kind. The Loan, if any, shall be subject to the due diligence review the results of which must be satisfactory to Lender in its sole discretion, and completion of other matters described in this summary of terms and conditions (the "Term Sheet") in a manner acceptable to Lender and Borrower, each in their sole discretion, the approval by Lender's credit authorities, satisfactory secondary market conditions, and the execution and delivery of documentation satisfactory in form and substance to Lender and Lender's legal counsel and Borrower and Borrower's legal counsel. Except as otherwise expressly provided in this Term Sheet, no rights, obligations or liabilities of any kind or nature whatsoever shall arise on the part of Lender or any of its affiliates, or Borrower and Sponsor or any of their affiliates or any other person as the result of the provisions of this Term Sheet. This Term Sheet is confidential, and the indicative terms and conditions shall not be discussed with, or delivered to other persons (other than legal counsel, tax advisors or officers and directors of Sponsor and Borrower) without the prior written consent of Lender and Borrower.

#### Property and the Conversion Project

Trump International Hotel: Old Post Office Building, the leasehold interest in a 10 story historic building consisting of approximately: (1) 440,000 square feet and (2) 100,000 square foot annex located at 1100 Pennsylvania Avenue, Washington, DC 20004 (the "Property"). Borrower intends to convert the Property from its existing use as an office building with retail to a luxury hotel consisting of the following components: (i) 250-270 guest rooms (10-16% suites) including 2 historic Presidential Suites, (ii) 36,000-65,000-75,000 square feet of meeting and banquet space inclusive of a 13,000 square foot Grand Ballroom, (iii) 36,000 square feet of food, and beverage, and retail outlets including food and beverage outlets and in-room dining, (iv) a 4,000 square foot spa and Fitness Facility, (v) spa and fitness facilities (provided that Borrower may elect to exclude Excluded Commercial Areas (as hereinafter defined) or portions thereof from the Conversion Project), (iii) telecommunications facilities and (vii) an underground parking garage with approximately 100 parking spaces (including stackers). In connection with the conversion, Borrower will redevelop and convert the property in accordance with a budget (Borrower's proposal of which is attached as Schedule B) (the "Project Budget") which is currently estimated by Borrower to be approximately \$215 million (inclusive of financing costs) and shall be approved by Agent as a condition to closing (the hotel conversion, together with the related construction/renovation/rehabilitation contemplated in the Project Budget, are collectively referred to herein as the "Conversion Project"). [For clarification, Borrower may elect to exclude from the Conversion Project certain or all subleased spaces, or portions thereof.]<sup>2</sup> Borrower will require flexibility to alter the Conversion Project components between the signing of the Term Sheet and closing if Borrower's plans change, subject to Agent's approval of any material change to the scope of the Conversion Project. Subsequent to closing, Borrower may need to make additional non-material changes if required by landlord under the Ground Lease (or any other governmental agency that has jurisdiction) or if Borrower's plans change. Material changes to the scope of the Conversion Project or to the plans and specifications after the closing shall require Agent's reasonable consent. The provided, however, Agent acknowledges that the components of the Conversion Project will be subject to the Borrower's receipt of permits, which shall be a condition precedent to the funding of any advance under the

<sup>1</sup> All capitalized terms not defined herein shall have the meanings ascribed thereto in the Ground Lease.

[Note: are there any Ground Lease defined terms?]

<sup>2</sup> Borrower to explain proposed exclusion of certain subleased space.



## Trump International Hotel: Old Post Office Redevelopment Up to \$140 million Loan

Loan the Notice to Proceed and any other permits required to commence construction of the Conversion Project. The Project Budget is subject to the approval of Agent and shall include carrying costs for the entire Conversion Project through the initial maturity date of the Loan, and any post-closing amendments to the Project Budget shall be subject to the reasonable approval of Agent. For the avoidance of doubt, Borrower may elect to exclude from the Conversion Project the Excluded Commercial Areas or portions thereof. For purposes hereof, the term "Excluded Commercial Areas" shall mean such portions of the retail areas which will be leased by Borrower to others. Borrower's only obligation with respect to the Conversion Project in connection with the Excluded Commercial Areas shall be to deliver raw space and utilities, which areas may be built out by future tenants of the Excluded Commercial Areas at such tenant's costs in lieu of a Borrower obligation. Any Borrower obligations with respect to such raw space, including TILC costs, shall be included in the Project Budget. Although Borrower will develop and operate the Excluded Commercial Areas, the Project Budget will be adjusted to reflect which portion of the costs associated with constructing the Excluded Commercial Areas will be borne by such tenants or by Borrower. The term "Major Components" shall mean: (i) 90% of the hotel rooms, (ii) the meeting and banquet space, (iii) lobby and all other public spaces, (iv) the primary restaurant in the hotel (which provides, among other things, room service to the hotel rooms), (v) the garage space, (vi) any other components of the Property that must be completed pursuant to applicable law and/or the Ground Lease in order for the foregoing components to be made fully-operational and open to the public and (vii) such additional portions of the Conversion Project such that the remaining cost to fully complete the Conversion Project does not exceed \$7,000,000.

<b>Sponsor / Guarantor</b>	Donald J. Trump (the "Sponsor" and/or "Guarantor").
<b>Borrower</b>	Trump Old Post Office LLC, subject to Agent's confirmation that such entity is a special purpose, bankruptcy-remote entity, formed exclusively for the purpose of acquiring the leasehold interest in, developing and operating the Property, satisfactory to Agent in all respects. The Borrower is the tenant under the Ground Lease. A copy of Borrower's proposed structure chart is annexed hereto as <u>Schedule E</u> .
<b><u>Borrower's Parent</u> <u>Managing Member</u></b>	Trump Old Post Office Member Corp. , subject to Agent's confirmation that such entity <u>(and each other person that owns a direct interest in Borrower, such persons, together with Borrower's Managing Member, "Pledgors")</u> is a special purpose, bankruptcy-remote entity, formed exclusively for the purpose of acquiring the equity interests in Borrower, satisfactory to Agent in all respects. <sup>3</sup>
<b>Sole Lead Arranger</b>	Deutsche Bank Securities, Inc. or an affiliate
<b>Agent</b>	Deutsche Bank AG New York Branch or an affiliate. Agent represents that Agent is, and any successor Agent must be, an Institutional Lender as defined in <u>Schedule C</u> .
<b>Lender</b>	Deutsche Bank AG New York Branch or an affiliate, together with such syndicate lenders as <u>Agent elects in its sole discretion permitted under this Term Sheet</u> .
<b>Loan</b>	The multiple draw redevelopment Loan amount shall be the lesser of: (i) \$140 million, (ii) 65% of the total Project Budget, or (iii) <del>60</del> 65% of the projected "as stabilized" appraised value assuming completion of the Conversion Project as determined by an appraisal ("Appraisal") satisfactory to Agent (the "Loan" or the "Loan Amount"). The Appraisal shall be ordered promptly after the

<sup>3</sup> ~~Note that Agent prefers Borrower's Parent to be an LLC if the same can be achieved without material tax liability.~~

## Trump International Hotel: Old Post Office Redevelopment Up to \$140 million Loan

mutual execution of this Term Sheet. There shall only be one Appraisal ordered by Agent, which Appraisal will be used by Agent to determine the Loan Amount. Once the Loan closes, so long as no event of default exists, there shall be no Appraisal related requirements in connection with the Loan (for example, there will be no ongoing loan-to-value test).

### Initial Term

The initial term of the Loan (the "Initial Term") shall be forty-two (42) months from closing.

### Extension Options

One (1) extension option of twelve (12) months, and one (1) additional extension option of six (6) months (each, an "Extension Term"), exercisable by Borrower upon at least one (1) month's prior written notice and subject to: (a) there being no event of default under the Loan Documents ~~documents~~ (after appropriate cure periods have lapsed); (b) Borrower's purchase of ~~Interest Rate Protection~~ interest rate protection for each Extension Term providing for a cap on LIBOR under the same terms as the original cap on LIBOR (see Interest Rate Hedge Agreement provision below), with any changes thereto subject to Agent's reasonable approval; (c) Borrower shall achieve "Substantial Completion" (as defined in Schedule C) ~~of the Conversion Project~~ no later than the last day of the Initial Term, and Borrower shall achieve Final Completion (as defined in Schedule C) ~~of the Conversion Project~~ no later than the last day of the first Extension Term (but without the requirement of obtaining final certificates of occupancy or completing Minor Work (as defined below)); (d) funding of any required amounts into the Completion Reserve (as described below in "Loan Balancing"); (e) delivery of a temporary or final certificate of occupancy for the ~~entire Conversion Project~~ Major Components no later than the last day of the Initial Term, ~~and~~; (f) delivery of a temporary or final certificate of occupancy for the entire Conversion Project no later than the last day of the first Extension Term; (g) payment of the Extension Fee for each extension; and (h) no Debt Yield test is needed in connection with the first extension option; in order to exercise the second extension, the Property shall achieve a 98.5% Debt Yield, or if the Property does not achieve such 98.5% Debt Yield, Borrower shall have the right to prepay the ~~Loan no later than the last day~~ principal balance of the first Extension Term in the amount ~~Loan~~ in an amount equal to the portion of the outstanding principal balance of the Loan that would be necessary to prepay in order to achieve a 98.5% Debt Yield on the last day of the first Extension Term. During the first Extension Term only (if the first extension option was properly exercised), Borrower shall be able to draw Loan proceeds in order to achieve Final Completion and to cover ~~operating and interest shortfalls~~ Shortfalls (as defined below), in accordance with the approved Project Budget. No borrowings will be permitted under the Loan during the second Extension Term. For the avoidance of doubt, each of the conditions herein should be true no later than the last day of the then-current term and not as of the date of the delivery of the extension notice.<sup>4</sup> As used herein, "Minor Work" shall mean (x) minor items that have not been completed or (y) uncompleted work relating to disputes in connection with any items of a historic nature, so long as (i) such minor items and uncompleted work do not have an operational impact on the Property or any portion thereof and do not exceed, in the aggregate, [\$TBD] and (ii) Borrower is diligently pursuing completion of such minor items and uncompleted work in a good and workmanlike manner.

### Collateral

The Loan will be secured by, *inter alia*, (i) a first priority mortgage lien on Borrower's entire interest (including its leasehold interest) in (x) the Property and (y) the improvements and fixtures thereon, (ii) a first priority security interest in, and to the extent assignable and as applicable, assignments of, Borrower's entire interest (including its leasehold interest) in all rents, permits, licenses, leases, contracts, agreements, operating accounts, receivables, reserves, plans and specifications, permits, consents and approvals, interest rate hedge contracts, development rights and entitlements, furniture, fixtures and equipment, ~~all intellectual property specific to the Property (including without limitation, all of Borrower's rights in and to~~

<sup>4</sup> ~~Borrower to advise if certain portions of the Conversion Project cannot achieve Substantial Completion of Final Completion per the extension timing.~~

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~~trade names, trademarks, service marks, domain names, copyrights, unpatented proprietary information systems, software, websites, marketing materials, reservation systems, telephone numbers, non-proprietary software, customer lists and data, but excluding any Excluded Personal Property (as defined below) including all bookings and reservations for guests, conference and banquet rooms and other facilities at the Property (collectively, the "Bookings"), together with all names and contact information for those persons who hold such Bookings, telephone numbers and any other personal property relating to the Property (other than the Excluded Personal Property), including customary assignments of all construction contracts in connection with the Conversion Project, (iii) a first priority pledge by Borrower's Parent Pledgors of its/their direct ownership interest in the Borrower and (iv) such other collateral relating to the Property and/or the Conversion Project as may be specified in the Loan Documents documents (other than the Excluded Personal Property), including without limitation, a first priority perfected security interest in all accounts that are held by a manager for the benefit of the Borrower or the Property. For the avoidance of doubt, the security interests described herein shall be subject to the terms of the Ground Lease, subject to Agent's review of the Ground Lease.~~

~~Lender and its affiliates shall not have a lien on, or any of the following Trump-related property rights to use (other than to the limited extent provided in "Transition Covenants" below), and the Collateral shall not include, any trade names, trademarks, service marks, domain names, unpatented proprietary information systems, reservation systems, websites, marketing materials or copyrights (the "Excluded Personal Property"). Notwithstanding the foregoing, and subject to Lender maintaining Trump's brand standards, Lender shall have a temporary license to use the Excluded Personal Property in connection with the operation of the Property for a transition period ending one hundred eighty (180) days after a foreclosure by Lender of Borrower's leasehold interest in the Property.~~

### Transition Covenants

~~The Loan documentation will include, and the Loan will be conditioned upon receipt of, licensing and transition agreements with Borrower, Property Manager and their respective affiliates for transition of uninterrupted business operations to the new property owner, and available to Agent (and/or its designees) in its discretion upon Loan acceleration (or maturity) or Agent's commencement of remedies upon Loan default, including without limitation: (a) continued operation of the Property by Borrower and/or Property Manager during a transition period and full cooperation with transition and full cooperation post-transition period, including sharing and permitted use of information and related information technology used or useful in operations and conduct of business at the Property in order to enable uninterrupted operations at the Property for its current use and operation, including without limitation, employment information and employee wage, benefit, bonus and other employment and employee data and facilitation of any hiring of employees at the Property; (b) licensing, franchise and non-competition agreements that provide for the continued operation, at Agent's or the new property owner's option, of the branded businesses at the Property (including all Excluded Personal Property used in connection with the Property) for a transition period ending one hundred eighty (180) days after a foreclosure by Agent of Borrower's leasehold interest in the Property, subject to Agent maintaining Trump's brand standards; (c) agreements from Borrower and Property Manager to cooperate in procuring replacement licenses, such as liquor licenses and permits and other governmental approvals required for Agent's or the new property owner's operation of the Property; (d) access to and license to use all employee data and guest, customer and vendor lists; and (e) information technology assistance necessary for data conversion and migration to any replacement computer software and other intellectual technology systems.~~

### Ground Lease

The Ground Lease, by and between the United States of America, as landlord, and Trump Old Post Office LLC, as tenant, dated as of August 5, 2013 (the "Ground Lease") in connection with the Property has been executed by Borrower and the ground lessor and is in full force and effect. As a condition to closing, the ground lessor shall have delivered to Agent and Lender a

## Trump International Hotel: Old Post Office Redevelopment Up to \$140 million Loan

certificate pursuant to Section 17.1 of the Ground Lease in the form attached hereto as Schedule D, subject to Agent's review of the Ground Lease. Notwithstanding anything to the contrary, all of the Loan Documents documents shall be subject to the terms of the Ground Lease, subject to Agent's review of the Ground Lease.

**Loan to Cost Ratio:** The Loan to Cost Ratio shall be calculated by dividing total Loan proceeds by Borrower's total cost basis (inclusive of financing costs), with cost defined as actual Project Budget, plus Lender approved third party closing costs.

**Debt Yield** The Debt Yield shall be calculated by dividing the Trailingtrailing 12 Monthsmonths' Underwritten Net Cash Flow by the Loan Amount.

**Underwritten Net Cash Flow** LenderAgent will underwrite the Loan to determine "Underwritten Net Cash Flow" in its sole and absolute discretion based on a methodology to be agreed-upon in the Loan Agreement agreement, which will be based on the Trailingtrailing 12 months' actual cash flow (excluding

any one-time, non-recurring revenue and expense items) and shall be adjusted for LenderAgent's underwritten

management fees of 3% (effective as of the opening of the hotel), and FF&E Reserves of 4% (effective as of the opening of the hotel).

**Reserves** Upon completion of the Conversion Project, reserves for real property taxes, ground rent payments and insurance. FF&E reserve reserves to mirror Ground Lease requirements (Y1: 0%, Y2: 1%, Y3: 2%, Y4+: 3%). There shall be no reserve for seasonality. So long as no event of default exists under the loanLoan documents (after appropriate cure periods have lapsed), LenderAgent shall be required to make disbursements from such reserves to Borrower on a monthly basis as needed for Borrower to pay actual operating expenses of the ProjectProperty, and shall not use any of such reserves to pay for principal, interest, or other expenses relating to the Loan.

**Recourse / Guaranties / Indemnity** (i) Completion Guaranty: Sponsor shall provide a completion guaranty guaranteeing Borrower's obligations to achieve timely Substantial Completion and Final Completion ~~of the entire Conversion Project~~, and to keep the Loan in balance (as described below under "Loan Balancing"). ~~Guarantor's obligation for timely Substantial Completion and Final Completion of the Conversion Project is subject to Agent providing~~ Agent will make available all Loan proceeds that were earmarked for hard costs or soft costs pursuant to the approved Project Budget (as such Project Budget may be amended from time to time in accordance with the Loan agreement, and taking into account costs savings and reallocations permitted under the Loan agreement), which proceeds may be used by Borrower and Sponsor to complete the Conversion Project and deliver the temporary and ~~permanent~~ final certificates of occupancy with respect to ~~for~~ the entire Conversion Project. ~~provided that~~ Agent's obligation to make such Loan proceeds available shall be subject to satisfaction of certain conditions, including: (a) the Loan to be in balance as described below under "Loan Balancing"; (b) neither Borrower nor Sponsor shall be a debtor in any bankruptcy or insolvency proceeding, or otherwise be interfering with any remedies exercised by Agent; (c) Sponsor is not in default under any other guaranty in connection with the Loan, including the Loan Balancing and Deficiency Guaranty; (d) Borrower or Sponsor submits draw requests in form and substance, and satisfying the conditions, required under the loanLoan documents (other than the existence of an event of default related to Borrower's failure to complete the Conversion Project); (e) Substantial Completion and Final Completion are achievedachievable when required under the loanLoan

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documents, as determined by Lender in its reasonable discretion.

(ii) Loan Balancing and Deficiency Guaranty: Sponsor will provide a deficiency guaranty to cover interest (including default interest) and operating shortfalls (but not principal), the amount by which Property operating expenses, interest and all other amounts due under the Loan documents and payable to Agent from time to time (but expressly exclude principal) exceed operating income and reserves held by Agent to pay such amounts, as such shortfalls may arise (from time to time, including any interest or operating such shortfalls that Agent may have paid), but taking into account any remaining Completion Reserve funds that Borrower or Sponsor has delivered to Agent (collectively, the "Shortfalls").

~~The term "operating shortfalls" means the amount by which operating expenses exceeds operating income (net of debt service). If in any month, Agent applies Property cash flow or tax, insurance or ground rent reserves in reduction of the principal balance of the Loan instead of applying such amounts to operating expenses, interest and other amounts due under the Loan Documents during such month (other than principal), then Sponsor shall receive a credit under the Completion Guaranty and the Loan Balancing and Deficiency Guaranty for any Shortfalls arising during such month up to (but not to exceed) the amount of such funds so applied by Agent in reduction of principal balance of the Loan principal during such month.~~

The Completion Guaranty and Loan Balancing and Deficiency Guaranty shall not include any amounts accruing after the earliest of (a) six (6) months following a foreclosure, and (b) eighteen (18) months following Borrower's request to Agent to foreclose (provided that Borrower does not become a debtor in a bankruptcy or insolvency proceeding or otherwise interfere with Agent's ability to foreclose, and is cooperating with Agent's exercise of remedies).

(iii) Principal Guaranty: Sponsor shall provide a principal guaranty guaranteeing repayment of up to 10% of the committed amount of the Loan.

(iv) Carveout Guaranty: Sponsor shall provide a carveout guaranty covering Agent's standard recourse ~~carve-outs~~ carveouts reasonably agreed to between Borrower and Agent.

(v) Hazardous Materials Indemnity: Borrower and Guarantor will also deliver a hazardous materials indemnity.

~~There should will be no interim milestones relating to completion of the Conversion Project (other than agreed upon conditions to Loan funding); provided that Borrower shall covenant in the Loan documents to diligently and continuously prosecute completion of the Conversion Project in a manner sufficient to achieve Substantial Completion and Final Completion as and when required under the Loan documents, subject to force majeure.~~

### Minimum Initial Equity Investment

Sponsor shall contribute an amount equal to or greater than 35% of the Project Budget as equity capital to the Property, which shall include all equity contributed by Borrower, Sponsor and their affiliates prior to closing,<sup>51</sup> including, without limitation, any hard costs and Agent-approved soft costs for the Conversion Project spent by Borrower, Sponsor or any of their affiliates prior to the execution of this Term Sheet.<sup>1,6</sup>

<sup>51</sup> Note from Borrower, subject to Agent's review and approval: Rental income from the telecommunications facilities should be available for Borrower's use throughout the construction process and should be allowed to be used in any way Borrower deems appropriate (and, as such amounts are used, they shall be credited towards Sponsor's required equity contributions in an amount up to \$3,000,000).

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## Disbursement Provisions

Prior to any funding under the Loan (i) the entire amount of the Minimum Initial Equity Investment shall be contributed to the Borrower and/or utilized to pay approved costs and expenses, (ii) the ~~project~~Conversion Project shall be "in-balance" as per the "Loan Balancing" section below, (iii) no event of default under the Loan Documents~~documents~~ (after appropriate cure periods have lapsed) shall exist and ~~(iv, (iv) Borrower shall have received the Notice to Proceed (as defined in the Work Agreement) and (v) Borrower shall be in possession of the Property. Thereafter, and subject to Agent's customary loan advance procedures, Borrower will be permitted to request advances under the Loan to pay hard and soft costs, in accordance with the Project Budget, incurred by the Borrower in the redevelopment and conversion of the Property, subject to conditions to be determined in the Loan Documentsdocuments, including retainage where Borrower is required to hold back 10% of aggregate hard costs for the first 50% of work to be performed by any contractor, and 52.5% of aggregate hard costs for the last 50% of work to be performed by any contractor (but in no event shall the retainage be less than the amount required under the applicable contract). No retainage for soft costs (unless the applicable trade contract requires retainage). No retainage for materials-only contracts. Advances shall be made no more frequently than once per month. An agreed upon working capital account in the amount of Five Hundred Thousand Dollars (\$500,000) will be funded for payments required on short notice. Provided that Borrower delivers to Agent a draw request (satisfying the foregoing requirements in this paragraph) with respect to the amounts spent from the working capital account, Agent will replenish such amounts from the requested Loan advance. Advance requests shall be subject to review and approval by the Agent and its construction consultant and shall be accompanied by customary supporting documentation, including lien waivers with respect to prior advances and reimbursements to Borrower.~~

## Loan Balancing

If at any time, based on Agent's good faith determination, the undrawn amount of the Loan is less than the hard, soft and other costs to achieve timely Substantial Completion and Final Completion of the Conversion Project (including the actual and projected ~~shortfalls of interest and operating expenses~~Shortfalls incurred and to be incurred through Final Completion), Borrower shall fund a completion reserve (the "Completion Reserve") in the aggregate amount of such ~~shortfalls. The~~Shortfalls. ~~Provided that no event of default (after appropriate cure periods have lapsed) exists under the Loan Documents, the~~ Completion Reserve will only be used to pay hard costs and soft costs to complete the Conversion Project, and ~~interest and operating shortfalls~~Shortfalls. Prior to additional Loan advances being made, and upon satisfaction of the other construction advance conditions, Completion Reserve funds will be disbursed by Agent to Borrower (or to Lenders with respect to interest and other amounts due ~~Lenders under the Loan documents~~) for the purpose of paying hard and soft costs and ~~interest and operating shortfalls~~Shortfalls in accordance with the approved Project Budget.

## Construction Manager / Initial Major Contractors; Recognition Agreements; Completion; Retainage

### Major Contractors

Prior to the first monthly draw under the Loan for hard and soft costs (excluding any initial draw for reserves or other customary draws at closing if any), the Borrower shall have entered into construction management agreements and/or construction contracts with ~~[TBD]~~the following construction contractors (each, an "Initial Major Contractor") satisfactory to Agent in its reasonable discretion: (i) the construction manager or general contractor, (ii) plumbing, (iii) HVAC, (iv) electrical, (v) fire protection and (vi) elevator.<sup>2</sup>

<sup>6</sup> Inclusion of contributed equity to be scheduled by Borrower for Agent's review and approval.

<sup>7</sup> This "[TBD]" placeholder will set a threshold as to what will be considered a Major Contractor.

<sup>2</sup> List of Initial Major Contractor's subject to Agent's due diligence.

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### Recognition Agreements

The construction management agreement, agreements with Initial Major Contractors, and each contract in excess of [TBD]<sup>3</sup> shall constitute a "Material Agreement". Each Material Agreement shall provide that in the event of Borrower's default under the Loan Documents (after appropriate cure periods have lapsed) and/or termination of the Loan Agreement, for such contractor under a Material Agreement to continue to perform on Lender Agent's behalf provided that such contractor is paid for work performed through the date of a default under the Loan Documents (after appropriate cure periods have lapsed) or termination of the Loan Agreement, as applicable, and that Lender Agent covenants to pay contractor(s) under a Material Agreement for such ongoing work.

### Completion

All contracts (including, without limitation, those contracts entered into after the first monthly draw) in the aggregate under the Loan and budgeted values for items not yet incorporated into the contracts shall be sufficient to complete the Conversion Project in accordance with the approved Project Budget and timeline.

### Bonding

~~Any general construction contract and all major trade contracts in excess of [TBD] shall be bonded. Each Material Agreement shall be bonded or, at Borrower's option, covered by a "Subguard" bonding program satisfactory to Agent and its insurance and construction consultants.~~

### Retainage

As described above in "Disbursement Provisions."

### **Development Fees**

~~Development~~ Provided that no event of default has occurred (after appropriate cure periods have lapsed), any development fees payable to Sponsor and its affiliates, if Sponsor elects to pay such fees, may be paid by Borrower to Sponsor and its affiliates only upon achieving Final Completion of the entire Conversion Project in accordance with the Project Budget.

### **Property Management**

The Property must at all times be managed by a hotel operator approved by Lender Agent (a "Property Manager") pursuant to a property management agreement in form and substance satisfactory to Lender Agent in all respects (a "Management Agreement"). The Property Manager's rights under the Management Agreement (including any right to fees thereunder) shall be subordinate to Lender's lien and to the terms and conditions of the Loan Documents ~~documents~~, and the Property Manager shall execute an assignment and subordination agreement in form and substance reasonably acceptable to Lender ~~in all respects. Lender Agent. Agent~~ shall have the right to terminate and replace the Property Manager and/or terminate the Management Agreement (i) subsequent to an event of default under the Loan Documents ~~documents~~ (after appropriate cure periods have lapsed), (ii) for cause, including but not limited to fraud, gross negligence, willful misconduct, or misappropriation of funds by the Property Manager, (iii) if the Property Manager becomes insolvent or a debtor in a bankruptcy proceeding, or (iv) for a default under the Management Agreement. Borrower shall not make any material modification to the Management Agreement without Lender Agent's approval. For the avoidance of doubt, an operator that is a Trump affiliate

<sup>3</sup> Threshold Amount subject to Agent's due diligence.

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shall qualify as an approved Property Manager.

### Optional Prepayments

The Loan may not be voluntarily prepaid in whole or in part for a period of 24 ~~Payment Dates~~payment dates after the Closing Date (the "Lockout Period"). Thereafter, voluntary prepayments may be made in whole only and not in part, upon 30 days' prior written notice, subject to LIBOR breakage costs, and on any ~~Business Day~~business day, provided that if such ~~Business Day~~business day is not a ~~Payment Date~~payment date, such prepayment shall include accrued interest through the end of the next accrual period. Upon such prepayment in full, any and all future funding commitments under the Loan shall be automatically cancelled. A voluntary partial prepayment is acceptable in connection with the exercise of the second extension option (as noted in the "Extension Options" section).

### Interest Rate Hedge

Borrower shall be required to enter into an interest rate hedge agreement ("~~Cap Agreement~~") to purchase and pledge as collateral, an interest rate cap acceptable to ~~Lender~~Agent for not less than the Initial Term in a notional amount based on a projected draw schedule (not the entire Loan ~~amount~~Amount) and providing for a cap on LIBOR at [3.00%] (the "Initial LIBOR Strike Price") and shall be purchased from a counter-party acceptable to ~~Lender~~Agent in its sole and absolute discretion. The rate cap provider must have and maintain a minimum rating of "A-" by S&P (or an A-3 rating by Moody's or an A- rating by Fitch) or higher, and must deliver to ~~Lender~~Agent a legal opinion addressing certain matters. The rate cap documentation and legal opinion shall be acceptable to Agent.

### Lockbox / Cash Management

Upon completion of the Conversion Project, a lockbox and clearing account controlled by ~~Lender~~Agent (the "Clearing Account") shall be established by Borrower at a financial institution reasonably acceptable to Lender/Agent, into which all rents, revenues and receipts from the Property shall be deposited directly by the tenants. All credit card receipts shall be deposited by credit card processing companies directly into the Clearing Account, and all non-credit card receipts shall be directly deposited by Property Manager in the Clearing Account within one (1) business day of receipt thereof by Borrower or Property Manager. Amounts on deposit in the Clearing Account shall be transferred daily to an account controlled by ~~Lender~~Agent at a financial institution selected by ~~Lender~~Agent. Provided no event of default exists under the Loan documents (after appropriate cure periods have lapsed), following the payment of all monthly amounts due under the Loan documents, Agent shall transfer to Borrower's operating account funds sufficient to pay actual operating expenses pursuant to an approved budget. Provided that no Low Debt Yield Period (as defined below) has occurred and is continuing, and provided no event of default under the Loan documents (after appropriate cure periods have lapsed) exists, all excess cash flow will be disbursed to Borrower's operating account and, at Sponsor's election, distributed to Sponsor.

### Stabilization Event

A ~~Stabilization Event~~ shall have occurred upon the Property achieving a 9.0% debt yield during the Initial Term or the Extension Terms, in each case, for two consecutive quarters, based on the Lender's Underwritten Net Cash Flow (the "Stabilization Event").

### Low Debt Yield ~~Reserve~~ Period

Following completion of the Conversion Project Substantial Completion, the Debt Yield will be tested by ~~Lender~~ quarterly. Until the occurrence of the first Stabilization Event, and Agent quarterly. A "Low Debt Yield Period" shall exist (a) from and after the closing until such time as the Debt Yield initially rises to 8.5% or greater for two consecutive quarters, and (b) thereafter, if the Debt Yield, based on Underwritten Net Cash Flow, falls below 9.0% during the Initial Term or the first extension term, or below 10.0% during the second extension term (each, a "falls below 8.5% for any single quarter until such time as the Debt Yield rises to 8.5% or greater for two consecutive quarters. During a Low Debt Yield Trigger")Period, all excess cash flow after payment of all monthly amounts due under the Loan ~~Documents~~documents (including, without



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limitation, taxes and insurance, debt service and required reserves) and budgeted ~~property~~Property operating expenses will be swept to and held in a ~~Lender~~Agent-controlled account as additional collateral for the Loan (the "Low Debt Yield Reserve"). ~~Upon the occurrence of a Stabilization Event,~~At such time as a Low Debt Yield ~~Trigger~~Period shall cease to exist and, provided no event of default under the Loan ~~Documents~~documents (after appropriate cure periods have lapsed) exists, all amounts in the Low Debt Yield Reserve shall be released to Borrower. A Low Debt Yield ~~Trigger~~Period shall not be a default. During a Low Debt Yield ~~Trigger~~Period, provided that no event of default exists under the Loan ~~Documents~~documents (after appropriate cure periods have lapsed), Agent will permit monthly cash flow to be used as needed by Borrower to pay actual operating expenses pursuant to an approved budget.

### Budgets

Upon Substantial Completion ~~of the Conversion Project~~, Borrower shall provide to Agent a budget for the Property delineating operating cash flows and operating costs expected to be incurred during the remainder of the then-current fiscal year. On an annual basis thereafter, Borrower shall furnish to Agent an updated budget for the Property. Such budgets shall be subject to Agent's reasonable approval during the continuance of a Low Debt Yield ~~Trigger~~Period. If ~~Lender~~Agent does not approve Borrower's proposed budget, then, until ~~Lender~~Agent approves a new budget, there shall be an interim budget as follows: (i) line item amounts not in dispute shall be included, and (ii) for disputed line items, the line item amounts shall be (x) for revenues, the greater of the prior year's line item amounts and actual revenues for the previous year, and (y) for expenses, the prior year's line item expenses if interim budget revenues are based on the prior year's line item revenues, or the prior year's actual expenses if the interim budget revenues are based on the prior year's actual revenues. In any event, the interim budget shall include anticipated expenses for taxes and insurance premiums.

### Project Budget

Once approved, the Project Budget may be revised by Borrower from time to time as follows:

- Any increase of more than 10% of any hard cost line item or of more than 10% of any soft cost line item, or a cumulative increase in the overall Project Budget by more than 5%, shall require Agent's reasonable approval. Further, any increases to the overall Project Budget (whether or not requiring Agent's approval) shall be subject to ~~loan~~Loan rebalancing.
- Borrower may, without Agent's approval, provide Agent with a revised Project Budget, reallocating verifiable cost savings ~~actually~~ achieved in line items so long as the contingencies after such reallocation are not less than the requisite percentage amounts that the estimated remaining completion costs bear to the original construction costs; ~~provided that hard costs may not be reallocated to soft costs and soft costs may not be reallocated to hard costs.~~ A cost savings can be considered achieved when a fixed-price contract is awarded by Borrower that covers the work corresponding to such cost.
- ~~Borrower may allocate verifiable cost savings actually achieved in any line item of the Project Budget to an applicable contingency or to other line items which Borrower reasonably determines are underfunded; provided that hard costs may not be reallocated to soft costs and soft costs may not be reallocated to hard costs.~~

### Conditions to Closing

See Schedule A.

### Borrower Covenants

Customary for a Loan of this type, including but not limited to the following:

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- (i) Restrictions on liens, additional debt, and distributions.
- (ii) Customary monthly reporting requirements.
- (iii) Customary property-specific insurance requirements, including flood, windstorm and acts of terrorism. In connection with the proposed construction, builders risk and other customary coverages will be provided and Agent reserves the right to require, in its sole discretion, dual-obligee payment and performance bonds from any general contractor and all major subcontractors in excess of \$[200,000] with Agent named as an obligee. Agent to review insurance requirements in the Ground Lease to determine whether the same are sufficient. Borrower may provide any required insurance under a blanket policy or policies (each, a "Blanket Policy") covering other property and assets not part of the Property, subject to review and approval by Agent and its insurance consultant.
- (iv) The Borrower shall at all times own a leasehold interest in the improvements, fixtures and in the remaining real property. Sponsor shall at all times control the Borrower and the ~~Borrower's Parent, Pledgors;~~ provided, however, that transfers to Trump affiliates and for estate planning should be allowed provided that there is no change of control (to be defined in the Loan Documents) and Borrower satisfies other customary transfer conditions.
- ~~(v) Borrower shall achieve Substantial Completion no later than the end of the Initial Term, and Borrower shall achieve Final Completion no later than the end of the first Extension Term. There shall be no milestone requirements except as conditions to Loan disbursements.~~
- ~~(v)~~ ~~(vi)~~ Agent's approval of the construction documentation (collectively, "Project Documentation"), shall not be unreasonably withheld, conditioned, or delayed, in connection with the Conversion Project, and shall be provided customary collateral assignments of all such Project Documentation.

**Borrower Reps, Warranties, and Events of Default**

Customary for a Loan of this type.

**Sponsor Covenants and Reps/Warranties**

Until the termination of ~~the guaranty~~ all guaranties and the full repayment of the Loan, Guarantor shall maintain (A) a net worth in excess of ~~Two~~ One Billion Dollars (~~\$2,000,000,000~~ 1,000,000,000) and (B) liquid assets having a market value of at least Fifty Million Dollars (\$50,000,000). Notwithstanding the foregoing, the Guarantor's equity in the Property shall be excluded from the calculation of Guarantor's net worth. Guarantor's reporting shall be provided ~~quarterly~~ annually, and Guarantor shall provide a quarterly certificate to Agent that there has been no material decrease in Guarantor's net worth or liquid assets during the applicable quarter.

**Governing Law**

New York law.

**Broker Fees**

Borrower and Sponsor each represent and confirm that it has engaged IronHound Management as a broker for the Loan (the "Broker") and shall be solely responsible for paying all fees and commissions due to such broker. Accordingly, it is hereby agreed that all costs, finders' fees, commissions, concessions remuneration or similar fees or compensation relating to the financing are the sole and absolute responsibility of Borrower and Sponsor. Borrower and Sponsor each agree (on a joint and several basis) to indemnify and hold ~~Lender~~ Agent, Lenders and its ~~their~~ affiliates harmless from and against any and all compensation sought by any party who makes claim for commission or compensation related to the Loan. ~~Lender~~ Agent, Lenders

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and ~~its~~their affiliates represent and confirm that they have not hired any broker in connection with the Loan. Agent and Lenders indemnify and hold Borrower, Sponsor, and their affiliates harmless from any and all compensation sought by any party who makes a claim for commission or compensation related to the Loan, which claim results from a breach of the foregoing representation. This section shall be binding upon ~~Lender~~Agent, Lenders, Sponsor and Borrower.

### Sale, Assignment or Participation

Agent will have the right to sell, assign, participate or syndicate the Loan, in whole or in part, without the consent of Borrower or Sponsor. Borrower and Sponsor shall reasonably and promptly cooperate with any such sale, assignment, participation, syndication or the transfer or distribution of the Loan, including, but not limited to, providing such additional information as is reasonably requested by the Agent regarding the Property, Borrower, Sponsor, or the Conversion Project and the status thereof as may be reasonably available. Any reasonable costs and expenses (including attorneys' fees and disbursements) of Agent, and all costs, expenses and legal fees incurred by Borrower and ~~Sponsors~~Sponsor, associated with any of the aforementioned transactions, shall be borne by the Borrower and Sponsors (except in the event of an A/B loan structure which is covered below under the Section entitled "Bifurcation" that neither Borrower nor Sponsor shall be required to bear more than \$50,000 of such costs and expenses that are incurred after the closing of the Loan). Each Lender shall be severally (but not jointly) responsible for funding its pro rata portion of each advance of the Loan.

Once the Loan closes, syndication of the Loan will not be a condition for funding of the Loan.

~~All Non-Lead Lenders~~Each Agent and each Lender must each be a Person ~~person~~ that (i) is not listed on any Government Lists and is not an Excluded Contractor, (ii) is not a ~~Person~~person who has been determined by competent authority to be subject to the prohibitions contained in Presidential Executive Order No. 13224 (Sept. 23, 2001) or any other similar prohibitions contained in the rules and regulations of OFAC or in any enabling legislation or other Presidential Executive Orders in respect thereof, and (iii) has not been previously indicted for or convicted of any Patriot Act ~~Offense~~offense.

Notwithstanding anything to the contrary, (i) any sale, assignment or participation and any documents evidencing same shall be subject to the terms of the Ground Lease (e.g. the rights and obligations of Borrower and of Landlord, respectively, under the Ground Lease shall not be modified by the terms of any such sale, assignment, or participation and to the extent the Loan documents and the Ground Lease conflict, the Ground Lease shall control), subject to Agent's review of the Ground Lease, (ii) Borrower shall not be required to modify or amend any Loan ~~Document~~document if such modification or amendment would (A) change the interest rate (other than possible rate creep occurring after any prepayment as a result of an event of default, casualty or condemnation), or the stated maturity as set forth in the Loan documents, (B) modify or amend the Loan Amount or any other economic term of the Loan, in any case, except to a de minimis extent or (C) otherwise materially and adversely affect Borrower or its affiliates or any of their rights or obligations under the Loan documents, in any case, except to a de minimis extent and except as would be contemplated in a syndicated or A/B loan structure, and (iii) Borrower shall not be required to modify or amend any organizational document except to a de minimis extent.

### Bifurcation

Provided that the economic and other terms of the Loan shall remain the same for Borrower (other than possible rate creep occurring after any prepayment as a result of an event of default, casualty or condemnation, and other than would be contemplated in a syndicated or A/B loan structure), ~~Lender~~Agent and Lenders shall have the right to (i) bifurcate the Loan into one or more (a) participations, (b) component or other notes, such as B-Notes, and (ii) reallocate the

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principal amount of the ~~loan~~ Loan among one or more mortgage loans. Sponsor agrees to cooperate with ~~Lender~~ Agent and Lenders in connection with the foregoing. ~~Borrower shall pay no bifurcation costs after closing for a bifurcation involving an A/B loan structure (other than Borrower's own legal fees).~~ Any reasonable costs and expenses (including attorneys' fees and disbursements) of Agent, and all costs, expenses and legal fees incurred by Borrower and Sponsor, associated with any of the aforementioned transactions, shall be borne by the Borrower and Sponsors (except that neither Borrower nor Sponsor shall be required to bear more than \$50,000 of such costs and expenses that are incurred after the closing of the Loan).

Each Lender shall be severally (but not jointly) responsible for funding its pro rata portion of each advance of the Loan.

In the event that Agent elects to bifurcate the Loan, as described herein, Agent shall have the right to allocate the Collateral among various notes and/or tranches at its discretion.

Neither Agent nor Lender shall be permitted to create mezzanine loans in connection with this Loan (but may require as additional security for the Loan a pledge of equity in the Borrower and other entities as described above in the Section entitled "Collateral").

Notwithstanding anything to the contrary, (i) any bifurcation and any documents evidencing same shall be subject to the terms of the Ground Lease (e.g. the rights and obligations of Borrower and of Landlord, respectively, under the Ground Lease shall not be modified by the terms of any such bifurcation and to the extent the Loan documents and the Ground Lease conflict, the Ground Lease shall control), subject to Agent's review of the Ground Lease, (ii) Borrower shall not be required to modify or amend any ~~Loan Document~~ document if such modification or amendment would (A) change the interest rate (other than possible rate creep occurring after any prepayment as a result of an event of default, casualty or condemnation), or the stated maturity as set forth in the Loan documents, (B) modify or amend any other economic term of the Loan, in any case except to a de minimis extent or (C) otherwise materially and adversely affect Borrower or its affiliates or any of their rights or obligations under the Loan documents, in any case except to a de minimis extent and except as would be contemplated in a syndicated or A/B loan structure or (iii) Borrower shall not be required to modify or amend any organizational document except to a de minimis extent.

**Title Insurance**

Borrower shall obtain a mortgagee's policy of title insurance from one or more of the following: Fidelity National Title Insurance Company, Chicago Title Insurance Company, First American Title Insurance Company, Commonwealth Title Insurance Company or at Borrower's election, another title insurance company consented to by Agent.

**Exclusivity**

For a period of one hundred ~~fifty~~ twenty (150/120) days following execution of this term sheet, Borrower may not execute a term sheet with a different ~~Lender~~ lender or close another loan with a different lender in connection with the Conversion Project. If this Exclusivity provision is violated, Agent shall be entitled to retain the entire Application Fee and, in such case, Sponsor shall, upon demand, pay the Exclusivity Fee to Agent. As used herein, "Exclusivity Fee" shall mean 1.00% of the principal amount of the Loan. This section shall be binding upon Sponsor and Borrower.

**Third-Party Reports**

If either party elects not to proceed with the Loan, upon Borrower's request, Agent shall assign any and all third party reports (including the Appraisal) to such other party that Borrower shall direct, with not recourse of warranty by Agent or Lenders.

**US Patriot Act**

To help fight the funding of terrorism and money laundering activities, pursuant to The U.S. Patriot Act, Agent obtains, verifies, and records information that identifies each person and

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entity with whom we are a non-affiliate that enter into a business relationship. Pursuant to The U.S. Patriot Act, when you enter into the business relationship, verification will include (but is not limited to) name, address, corporate tax identification number, date of birth, (applicable to an individual), and other information that will allow us to identify you. We may also ask to see corporate resolutions or other identifying documents from you.

### Expiration

In the event that the Loan is not closed within one hundred twenty (120) days after the mutual execution of this Term Sheet, this Term Sheet shall automatically expire and be of no further force and effect, other than with respect to the section herein ~~title "Exclusivity"~~ and entitled "Expenses", which shall survive the expiration of this Term Sheet.

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### Economics:

<b>Execution</b>	Lender/Agent would fully underwrite the Loan, subject to customary closing conditions and credit committee approval. After closing, Agent shall have the right to distribute the Loan to a syndicate of lenders subject to the following paragraphs herein: "Lender"; "Sale, Assignment or Participation"; and "Bifurcation."
<b>Libor</b>	One-month LIBOR as reflected on telerate or, in certain instances, an average of London interbank offered rates ("LIBOR") for dollar deposits in an amount equal to \$1,000,000 offered in the London interbank Euro-dollar market for a term of one month plus the Spread per annum. Interest shall be calculated on an Actual/360 basis.
<b>Spread</b>	400 basis points
<b>Origination Fee</b>	1.0% of the Loan Amount.
<b>Extension Fee</b>	0.25% of the outstanding principal amount of the Loan as of the first day of the relevant Extension Term.
<b>Unused Fee</b>	0.25% payable on the average undrawn balance to be paid quarterly. No Unused Fee for the initial 12 months of the term.
<b>Exit Fee</b>	\$500,000 payable to Lender by the Borrower upon the full repayment of the Loan. No Exit Fee if refinanced with Lender or its affiliates, upon the earlier of (i) the full repayment of the Loan or (ii) the maturity date. In the event of a refinancing with a new lender, Lender will cooperate in assigning the Loan to a new lender, without recourse or warranty, provided, however, that Lender shall not be required to incur any costs (other than reasonable costs reimbursed by Borrower) in connection with such an assignment. Lender shall not have any ROFO or ROFR in connection with refinancing the Property.
<b>Administrative Fee</b>	<del>\$100,000</del> <u>\$75,000</u> per annum payable quarterly in advance to the Agent.
<b>SNDA</b>	Lender and its affiliates to provide SNDAs for all of Borrower's tenants in a commercially reasonable form.
<b>Application Fee</b>	The Application Fee shall be \$200,000 to be paid upon the execution of this Term Sheet. Agent reserves the right to receive additional deposits as expenses are actually incurred. If the Loan does not close for any reason, any unspent monies from Application Fees shall be returned to Borrower. Agent may only spend the Application Fee amount on reasonable out-of-pocket due diligence, legal fees or third party costs incurred by Agent. This section shall be binding upon Sponsor and Borrower. <u>Other than (a) the cost of the Appraisal and the review thereof, (b) the cost of reviewing the Ground Lease and preparing and negotiating any required amendment thereto and a ground lessor estoppel certificate and (c) the cost of preparing and negotiating this Term Sheet, Agent shall not incur any expenses prior to (x) the completion and review of the Appraisal, and Borrower and Agent agreeing upon the maximum amount of the Loan permitted under clause (iii) of the Section above entitled "Loan" based upon such Appraisal (it being understood that the maximum amount of the Loan shall continue to be subject to clauses (i) and (ii) of the Section above entitled "Loan"), and (y) Agent confirming it has reviewed the Ground Lease, it has negotiated an acceptable ground lessor estoppel certificate with Borrower and the landlord under the Ground Lease and it is otherwise satisfied with the Ground Lease in its current form (or Borrower, Agent and the landlord under the Ground Lease have agreed on any changes</u>

## Trump International Hotel: Old Post Office Redevelopment Up to \$140 million Loan

to the Ground Lease that Agent requests). Without limiting the foregoing, If Borrower and Agent cannot agree on the maximum Loan Amount permitted under clause (iii) of the Section above entitled "Loan", or Agent has not negotiated an acceptable ground lessor estoppel certificate with Borrower and the landlord under the Ground Lease, or Agent is not satisfied with the form of Ground Lease (or Borrower (or the landlord under the Ground Lease) are unwilling to modify the Ground Lease as Agent has requested), then Agent shall refund the Application Fee, less the costs specified in clauses (a) through (c) above.

### Expenses

Sponsor and Borrower shall pay all reasonable out-of-pocket third-party expenses incurred by Agent, Lender and its ~~their~~ affiliates in connection with the Loan, whether or not the Loan closes. Such expenses may include, without limitation, legal fees, consultant fees (including any construction consultant), third party vendor fees, travel expenses, syndication expenses, printing fees, due diligence costs, underwriting costs and other miscellaneous expenses. If at any time ~~Lender~~ Agent reasonably determines that the Application Fee and other funds on deposit with ~~Lender~~ Agent will not be sufficient to cover Agent's and Lender's anticipated expenses, upon request, Sponsor shall promptly deposit such additional funds as ~~Lender~~ Agent may reasonably determine are necessary to cover such expenses.

# Trump International Hotel: Old Post Office Redevelopment Up to \$140 million Loan

ACCEPTED THIS \_\_\_\_ DAY OF \_\_\_\_\_, 2013

**BORROWER:**

TRUMP OLD POST OFFICE LLC,  
a Delaware limited liability company

By: \_\_\_\_\_  
Name:  
Title:

**LENDER: AGENT:**

[\_\_\_\_\_]

By: \_\_\_\_\_  
Name:  
Title:

By: \_\_\_\_\_  
Name:  
Title:

ACCEPTED AND AGREED TO BY SPONSOR SOLELY FOR THE PURPOSE OF THE  
"APPLICATION FEE" SECTION.

**SPONSOR:**

\_\_\_\_\_  
Donald J. Trump



## Trump International Hotel: Old Post Office Redevelopment Up to \$140 million Loan

### Schedule A – Conditions to Closing

#### Conditions to Closing:

Agent's customary closing conditions for a Loan of this type, including but not limited to the conditions below. To the extent any documents listed in subsections (xi), (xii), (xiii) and (xiv) below are not available as of closing, such documents shall not be conditions to closing, provided, however, that Borrower shall deliver such documents to LenderAgent as soon as they are available and delivery of the same shall be a condition to funding the Loan.

- (i) Satisfactory completion of Agent's financial, legal, leasing and real estate due diligence relating to the Sponsor, Borrower and Property. All existing leases in place in connection with the Conversion Project shall be provided to Agent for its due diligence.
- (ii) Agent shall be satisfied with the creditworthiness of ~~Sponsors~~ Sponsor in connection with its capacity to perform under the various guaranties.
- (iii) Agent shall be satisfied with the organizational documents and ownership structure of the Property. The organizational documents of Borrower and their appropriate constituent entities (the "**SPE Component Entities**"), shall be acceptable to LenderAgent in its sole and absolute discretion and shall contain customary single purpose provisions and separateness covenants. Borrower and the SPE Component Entities shall have two (2) independent directors or independent managers in accordance with rating agency requirements. The independent directors' or independent managers' responsibility will be limited solely to voting on matters involving insolvency and bankruptcy issues and such individuals' vote will be required to approve (x) any election by Borrower to voluntarily seek protection from creditors under any applicable bankruptcy or insolvency laws, and (y) the dissolution of Borrower. Evidence satisfactory to the Agent that (i) all required [zoning], entitlements, development approvals and permits are in place (which may include a separate opinion of land use counsel satisfactory to LenderAgent as a condition precedent to closing covering all improvements, including without limitation, signage), and (ii) the Property is in compliance with all applicable law and regulations.<sup>84</sup>
- (iv) Satisfactory completion of UCC, lien, judgment, litigation and bankruptcy searches with respect to Borrower, Sponsor and all other material ~~loan~~ Loan parties.
- (v) Receipt and approval by Agent of (i) title, (ii) property, (iii) rent loss/business interruption, (iv) builders risk, (v) workers compensation, (vi) terrorism, (vii) wind, (viii) flood, (ix) earthquake and (x) liability insurance as well as any other insurance deemed necessary by the Agent. Agent to review insurance requirements in the Ground Lease to determine whether the same are sufficient. Borrower may provide any required insurance under a Blanket Policy, subject to review and approval by Agent and its insurance consultant.
- (vi) Approval of Agent's credit authorities.
- (vii) Schedule B Budget to be approved by the LenderAgent.
- (viii) Agent shall commission and receive a FIRREA compliant real estate appraisal which shall be satisfactory to Agent in all respects.

<sup>84</sup> Open issue. Borrower note, subject to Agent's confirmation: As federal property (and pursuant to the terms of the Ground Lease and the Memorandum of Understanding on permitting), the Property is not subject to local zoning, and has been approved in concept by the National Capital Planning Commission under their federal "in lieu of zoning" authority. As such, the references to zoning and an opinion should be removed.

## Trump International Hotel: Old Post Office Redevelopment Up to \$140 million Loan

- (ix) Agent shall commission and receive a phase I environmental report and a property condition report for the Property, which shall be satisfactory to Agent in all respects.
- (x) Agent and its construction consultant shall have completed its diligence related to the plans, budget, timeline, construction contract, and other development agreements for the Conversion Project.
- (xi) All management, development and construction agreements, permits or licenses, Ground Lease, or any other leases or agreements encumbering the Property or relating to Borrower or the Property shall be subject to LenderAgent's review and approval (in its sole discretion) but in any event shall include customary lender protection rights, including assignability provisions and termination rights (with respect to all agreements other than the Ground Lease) for the benefit of the Agent.
- (xii) Satisfactory review by Agent and its consultants of any PIT Tax possessory interest tax documentation, if issued as of Closing, and calculations.
- (xiii) The general contractor, ~~major subcontractors~~ Initial Major Contractors, contractors party to a Material Agreement, construction managers (if any), architects, sales, marketing and development team for the Conversion Project shall be acceptable to the Agent in all respects (reasonable approval if after the closing). Delivery of certifications, recognition agreements, estoppel certificates, subordination agreements, and acknowledgements from the general contractor, architect, construction managers, engineer, and major subcontractors and all such other service providers on the ~~project~~ Conversion Project, in each case, as may be required by Agent.
- (xiv) LenderAgent (and its construction consultant) shall review and approve the construction drawings, plans, Project Budget, timeline, and development agreements for the Conversion Project. All [zoning], entitlements, approvals and permits required to complete the Conversion Project shall be in place and acceptable to Agent. Title shall be acceptable to Agent. The Project Budget shall include all hard and soft costs related to the renovation and construction plans, satisfactory hard and soft costs contingency amounts, all carrying costs (including but not limited to taxes, insurance, ground rent, etc) which will be incurred during the construction/renovation period, and any potential shortfalls throughout the Conversion Project's ~~sellout period~~ ramp-up process, and other fees, costs and expenses which will be incurred in connection with the Conversion Project. In addition, any development fees and any other fees and expenses payable to Sponsor or their affiliates shall not be included in the operating expense shortfall calculation and will not be reimbursed from the ~~Operating Reserve~~ reserves.
- (xv) Execution of Loan documentation satisfactory to Agent and Borrower.
- (xvi) Receipt of a title policy acceptable to Agent.
- ~~(xvii) Delivery of permanent certificates of occupancy for any space that continues to be occupied by tenants or open to the public as of the closing.~~
- ~~(xvii)~~ (xviii) Absence of (A) any change, occurrence, or development that could, in the opinion of the Agent, have a material adverse effect on the business condition (financial or otherwise), operation, or performance of the Borrower or the Sponsor; (B) any material adverse change in or material disruption of conditions in the financial, banking or capital markets; (C) any event, circumstance, or information or matter which in the LenderAgent's judgment is inconsistent in a material adverse manner with any event, circumstance, or information or other matter disclosed to LenderAgent by Sponsor prior to the date hereof; or (D) any change which could reasonably be expected to have a materially adverse effect on the value or marketability of the Loan or any security derived in whole or in part there from (collectively, a "Material Adverse Change"). This subsection (xviii) (other than clause (A) above) is only a closing condition and not a funding condition (i.e., once the Loan closes this condition is no longer applicable).

<sup>9</sup> ~~Parties to discuss which material items that come into place post-closing shall be subject to Lender's prior reasonable approval.~~

**Trump International Hotel: Old Post Office Redevelopment  
Up to \$140 million Loan**

## Trump International Hotel: Old Post Office Redevelopment Up to \$140 million Loan

Schedule B – Conversion Project<sup>105</sup> <sup>116</sup>

[TO FOLLOW]

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<sup>105</sup> The Project Budget includes Clock Tower Costs, Congress Bells Gallery, Exhibition Gallery, tenant buildouts to be performed by Borrower, and Off-Site Areas.

<sup>116</sup> To be updated based on Sources and Uses to be provided by Lender, as well as the current budget.  
Developer Fee to be removed.

## Trump International Hotel: Old Post Office Redevelopment Up to \$140 million Loan

### Schedule C – Glossary

"Institutional Lender" shall mean any entity that is any of the following: (1) any savings bank, commercial bank or trust company (whether acting individually, or in any trust or fiduciary capacity), savings and loan association, building loan association, or any other entity, that has deposits and/or other assets under management in excess of One Billion Dollars (\$1,000,000,000) (which amount shall be increased in proportion to increases hereafter in the CPI) and is subject to the jurisdiction of the Comptroller of the Currency, the Office of Thrift Supervision, the Federal Deposit of the Comptroller of the Currency, the Office of Thrift Supervision, the Federal Deposit Insurance Corporation, or the Federal Reserve board, and the courts of the United States of America, any state thereof, or the District of Columbia; (2) any insurance company, educational institution or state, municipal or similar public employees' welfare, pension or retirement fund or system subject to the Employee Retirement Income Security Act, 29 U.S.C. § 1001, *et seq.*; (3) governmental and quasi-governmental agencies; (4) an entity that originates commercial mortgage loans either for its own account or for sale or transfer, in their entirety, to another entity in the mortgage loan business, including subsequent transferees that may hold or acquire the entire interest in the mortgage (and any custodian, trustee or other fiduciary approved by the rating agencies, or any servicer approved by the rating agencies to the extent approval is required) in connection with the sale of the mortgage in any secondary mortgage loan market, including any mortgage-backed security or real estate investment conduit transaction or any other institutional quality rated public offering or private placement; (5) a bank or trust company acting as trustee or fiduciary of various pension funds or tax-exempt funds, or as trustee in connection with the issuance of any bonds or other debt financing; or (6) a trust for one or more of the entities mentioned in clauses (1) through (5). The term "Institutional Lender" shall also include any other type of commercial financing entity or vehicle such as a sovereign wealth fund, opportunity fund, private equity fund, or other fund or fund of funds entity with assets under management of at least One Billion Dollars (\$1,000,000,000) in (x) real estate or (y) loans relating to leases and/or real estate, that may from time to time hereafter be generally accepted in the commercial real estate market for financing commercial construction or other commercial real estate financing, including projects similar to the Improvements. In no event however shall the term "Institutional Lender" include Tenant, any Affiliate of Tenant, any Trump Affiliate or any Excluded Contractor. For the avoidance of doubt, only Agent must be an Institutional Lender.

"Excluded Contractor" shall mean any person debarred, suspended, proposed for debarment or suspension, or declared ineligible by any agency or instrumentality of the United States or by the Government Accountability Office or otherwise excluded from procurement or nonprocurement programs of the United States or any agency or instrumentality thereof who is specifically included on the List of Parties Excluded from Federal Procurement and Nonprocurement Programs maintained by the United States General Services Administration, or successor compilation of similar information.

"Substantial Completion" shall mean the occurrence of all of the following: (a) the Conversion Project has achieved "Substantial Completion" as defined under the Ground Lease; (b) Agent's construction consultant shall have confirmed that the ~~Conversion Project is~~ Major Components are substantially complete in accordance with the approved plans and specifications, all applicable legal requirements and all approvals with respect to the Conversion Project by all governmental authorities, except for minor details of construction, decoration or mechanical adjustment, the non-completion of which does not materially interfere with the operation of the ~~Conversion Project~~ Major Components as a whole (the "Punchlist Items"), (c) Borrower or its architect shall have delivered to Agent the completed AIA Form G704 (or any successor or equivalent form reasonably approved by Agent); (d) the Major Components of the Conversion Project ~~is~~ are fully open and operating ~~(including the hotel, all food and beverage facilities and all other commercial space)~~, in each case, free and clear of all liens other than the permitted encumbrances; (e) one or more temporary or final certificates of occupancy or their equivalent have been issued for the ~~entire Conversion Project~~ Major Components; (f) no contractor or supplier of labor or materials to the Conversion Project has asserted claims which are then outstanding, except to the extent the same are being contested by Borrower in accordance with the ~~loan~~ Loan documents; (g) Agent has received evidence reasonably satisfactory to Agent that all contractors have been paid (subject to retainage) under applicable construction contracts and there are no liens outstanding on the Conversion Project (except with respect to the Loan, permitted encumbrances and any liens being contested by Borrower in accordance with the ~~loan~~ Loan documents); and (h) there are sufficient available unfunded proceeds of the

## Trump International Hotel: Old Post Office Redevelopment Up to \$140 million Loan

Loan (together with funds contributed to balance the Loan that have not been disbursed) that are not specifically allocated to other items to fund the full cost of the Punchlist Items.

"Final Completion" shall mean the occurrence of all of the following: (a) the Conversion Project has achieved "Final Completion" as defined under the Ground Lease; (b) Agent's construction consultant shall have confirmed that the Conversion Project is 100% complete in accordance with the approved plans, all applicable legal requirements and required approvals by all applicable Governmental Authorities; (c) the entire Conversion Project is fully open to the public and operating (including the hotel, all food and beverage facilities and all other commercial space), in each case, free and clear of all liens other than the permitted encumbrances; (d) one or more permanent certificates of occupancy or their equivalent have been issued for the entire Conversion Project; (e) each construction contract relating to the Conversion Project has been fully performed and Borrower has furnished Agent with final lien waivers as to the Conversion Project from each contractor, and each contractor (or Borrower on their behalf) shall have furnished Agent with final lien waivers from all of such person's subcontractors and material suppliers who have provided materials, labor or both with respect to the development and construction of the Conversion Project; and (f) Borrower shall have delivered to Agent (i) the final as-built plans and specifications showing all changes from the initially approved plans and specifications, (ii) such other licenses and permits as are required or customarily procured concerning the then existing development, construction, use, occupancy and operation of the Conversion Project, (iii) an officer's certificate stating: (A) no notices from any governmental authority of any claimed violations, which have an operational impact on the Property, of applicable legal requirements arising from the development or operation of the Conversion Project which have not been cured were served upon Borrower or, to Borrower's knowledge, any contractor or subcontractor or their respective agents or representatives and (B) Borrower is not aware of any circumstances which are reasonably likely to give rise to the issuance of any such notice of claimed violation, and (iv) a certificate (in form and substance reasonably acceptable to Agent) from the architect stating that: (A) the Conversion Project has been fully completed in accordance with the approved plans and specifications, and (B) the Conversion Project as so completed complies with all applicable legal requirements.

# Trump International Hotel: Old Post Office Redevelopment Up to \$140 million Loan

## Schedule D – Form of Certificate

### FORM OF STATEMENT OF LEASE

Re: \_\_\_\_\_, 2013 Ground Lease

Ladies and Gentlemen:

The undersigned, an authorized signatory of Landlord (defined below), hereby confirms and represents, to the best of his/her knowledge and belief, the following as of the above date:

1. Ground Lease by and between [\_\_\_\_\_] (“Tenant”) and [\_\_\_\_\_] (“Landlord”), dated as of [\_\_\_\_\_, \_\_\_\_] (the “Lease”) is in full force and effect and has not been modified, supplemented, canceled, or amended, except as stated herein.
2. The term of the Lease commenced on [\_\_\_\_\_, \_\_\_\_] and will expire on [\_\_\_\_\_, \_\_\_\_].
3. Neither Landlord nor Tenant is in default in the performance of any of the obligations, terms, covenants, or conditions of the Lease.
4. The current Monthly Base Rent paid, in advance, by Tenant under the Leases is [\$\_\_\_\_\_].
5. No advance payments by Tenant under the Lease have been, or will be, paid. Tenant has no current rights to any free rent, rent abatement, rent credit or other concessions, except as stated herein.
6. The statements in this letter are based solely upon a reasonably diligent review of the Contracting Officer’s lease file as of the date of issuance. An inspection of the Premises has not been conducted for the purposes of this letter, nor has any applicable agency of the General Services Administration’s been contacted concerning Lessor’s performance under the lease. Tenant and each prospective lender and purchaser are deemed to have constructive notice of such facts as would be ascertainable by reasonable pre-purchase and pre-commitment inspection of the Premises and by inquiry to appropriate Governmental Authorities. This document shall not be construed as a waiver of any rights, benefits, or interests, which Landlord has under the above referenced lease.

The undersigned is authorized to execute this statement of lease on behalf of Landlord.

Sincerely,

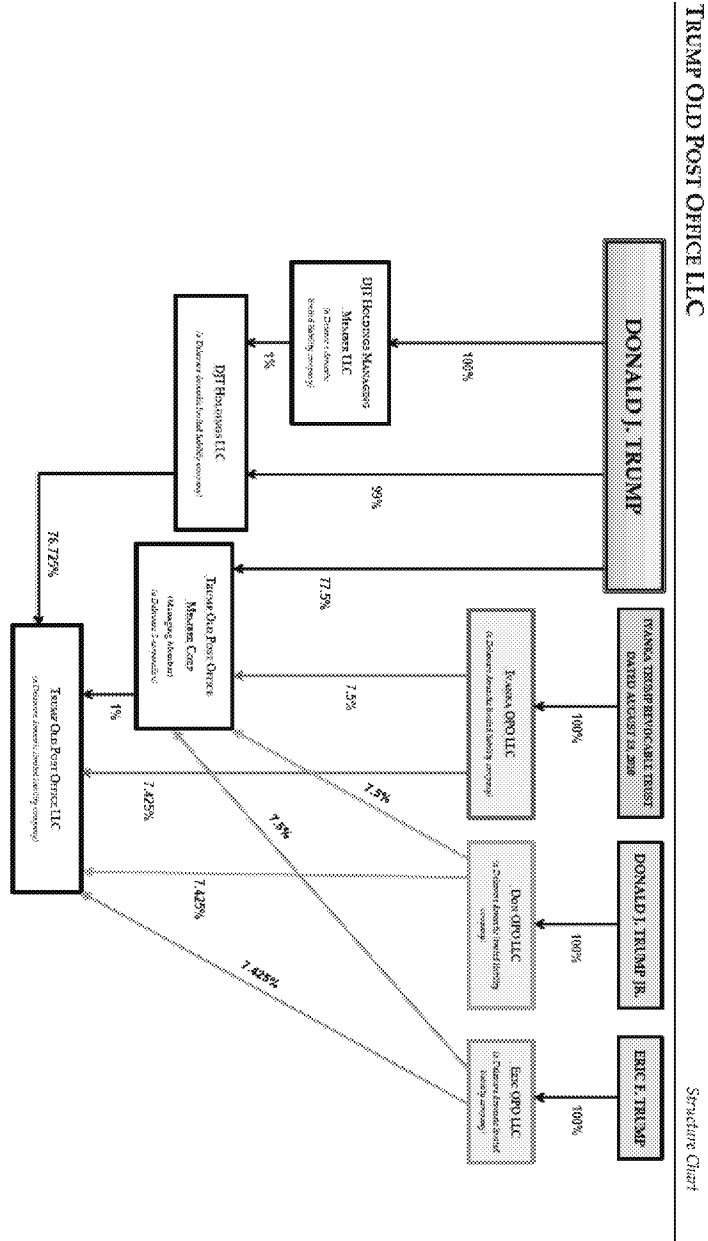
[\_\_\_\_\_]

\_\_\_\_\_  
By:  
Title:

# Trump International Hotel: Old Post Office Redevelopment Up to \$140 million Loan

### Schedule E – Structure Chart

Structure Chart v2.127.1.18.docx as of 04/1/2018



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Moved cell	
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Padding cell	

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