

Requirements for Assumption of Mortgage Loans

Preliminary Matters:

The mortgage generally has a due-on-sale provision and the lender has the right, in its sole discretion, to approve any prospective purchasing entity for a loan assumption. Therefore, please submit the following information to enable the lender to evaluate the request for a loan assumption:

1. **Entity and its key individual(s) or entities** (purchaser):
 - The most recent **financial statement(s)**
 - **Resume** or other background information regarding history and experience of the purchaser or its principals or development firm
 - Current **credit reports**
 - Previous year's **tax returns**
 - **Questionnaire and Statement on Financial Affairs** (see form)(complete one for each assuming entity and/or individual)
 - **Borrowing Entity Ownership Structure** (see form)(complete one for each assuming entity and/or individual)
 - **IRS Form W-9** for each assuming individual or entity

2. **Property information:**
 - A copy of the **contract of sale** and purchase (to include legal description of property being purchased)
 - Current **rent roll**
 - The most recent **operating statement** for the property
 - **Disclosure** of any known or suspected problems or concerns with the property or any tenancies or leases

The Assumption Process:

If approved by the lender, the assumption of the loan will require the following documentation. Lender reserves the right to retain outside counsel (at purchaser's expense) to prepare legal documents and close the assumption transaction.

1. **Legal Documentation:**
 - **Entity/Organizational** and good standing documentation for the purchasing entity
 - **Assumption Agreement** (drafted by lender or its counsel after receipt of entity documentation)
 - **Environmental Indemnification** to be executed by the new borrower and its principals
 - **Nonrecourse carveout guaranty/Guaranty** (as applicable) by the principals
 - **UCC Financing Statements** for the Purchaser
 - **Title Insurance** - downdate endorsement to the lender's title policy reflecting no adverse intervening liens and reflecting the purchaser as owner of the property
 - **Legal opinion** of purchaser's counsel regarding due organization, authority, execution and enforceability of the above documents
 - **Survey** – to the extent a new survey is prepared in connection with the purchase, such

survey must be certified to Lender and Lender must be provided with an electronic pdf copy and one (1) full size original copy

2. **Other required documentation:**

- Acceptable property/liability **insurance** policy, together with evidence of payment of the first year's premium, or an endorsement to the existing policy naming the purchaser as the insured and naming lender as mortgagee
- Copy of any **management agreement** that the Purchaser executes and, if applicable, a subordination of management/leasing fees to the mortgage
- Furnish the name, address, and phone number of the individual(s) responsible for paying debt service on the loan, taxes and insurance of the project and for handling tenant complaints
- Furnish the name, address, phone number and e-mail address for Purchaser's attorney
- Anchor tenant **estoppel letters** showing the anchor leases in full force and effect (may be required under some circumstances)
- Other documentation required by the circumstances (e.g. evidence that any first right of refusal by a tenant has lapsed or been waived)

Fees/Costs:

The standard assumption fee is one percent (1%) of the outstanding principal balance of the loan, unless the loan documents provide otherwise. In addition, purchaser and/or seller will be responsible for all costs and expenses associated with the loan assumption, including but not limited to lender's in-house or outside counsel legal fees, recording costs/tax and title policy/endorsement premiums.

Release from liability:

The approval of a purchaser and the release of the seller and any indemnitors are separate issues. The seller and any environmental indemnitors are NOT released with respect to conditions first occurring prior to the transfer of the property.

Assuming Entity and Principals' Identity/USA Patriot Act & OFAC:

As a condition to the assumption of the loan, we must receive and approve our Borrowing Entity Ownership Structure form, completed and executed by the assuming entity, its principals and any guarantors of the loan, together with all other information and documentation concerning the identity of the assuming entity, its direct or indirect owners, the principals, any guarantors and all persons or entities related to the foregoing as we may require in connection with our compliance with the USA Patriot Act of 2001, the laws administered by the U.S. Treasury Department's Office of Foreign Assets Control or any similar or related law, rule or regulation.

**IMPORTANT INFORMATION ABOUT PROCEDURES
FOR OBTAINING OR ASSUMING A LOAN**

To help the government fight the funding of terrorism and money laundering activities, Federal law requires all financial institutions to obtain, verify and record information that identifies each person who obtains or assumes a loan.

What this means for you: When you apply to assume a loan, we will ask you for your name, address, taxpayer identification numbers and other information that will allow us to identify you. We may also ask to see identifying documents.