

NATIONS CAPITAL

LIST OF DUE DILIGENCE ITEMS CONSTRUCTION ASSETS

1. Executive summary of the development.
2. Detailed construction budget including hard and soft costs, construction schedule and all Project Documents and Agreements and timeline showing key points from beginning to completion of project.
3. Background/bio on each partner emphasizing development/construction/renovation/real estate experience and past projects successfully completed.
4. Receipt, review and approval of final plans and specifications for the project and evidence of all permits and licenses necessary for the construction of the project at all stages of construction.
5. Copies of "Development Agreement", the GMP Contract and other general contractor's agreements, architect's agreements, construction management agreements, major sub-contracts and any other similar agreements prepared and to be utilized in connection with the construction of the Project (collectively, "Project Agreements"). Please provide background/bio/recent similar projects and contact information for each.
6. Copy of approved building plans (All asset classes).
7. Copy of franchise agreement and status (complete agreement with attachments) for hotel asset. Copy ("SNDA") in form and substance reasonably satisfactory to Lender and Brand Manager.
8. Copy of workman's comp and general liability insurance policies (if available) to include contact information. Provide contact information.
9. Evidence of utility service and adequate parking (if applicable) for the Property.
10. All leases and other material agreements with respect to the Property.
11. Organizational documents, credit reports, personal and business references, Patriot Act and OFAC requirements and other due diligence information with respect to Borrower and all other entities as reasonably requested by the Lender. An organizational chart of Borrower and Guarantor as well as a list of principal places of business, tax identification numbers, and doing business as names for Borrower, Guarantor, Borrower Owners (hereafter defined), and any other information required to file financing statements with respect to the Property. "Borrower Owners" means, collectively, any direct or indirect equity owner of Borrower or any Guarantor holding an interest of 10% or more in Borrower or any Guarantor (individually or as a group of related/affiliated companies or parties) or having control of Borrower or any Guarantor, other than owners of publicly traded shares.
12. Personal financial statement for each partner with an interest of 10% or more.
13. Last two years' 1040 tax returns for each partner with an interest of 10% or more in the project.
14. Certified corporate financial statements as of the most recent quarter prepared in accordance with GAAP or other accounting method consistently applied, as required by Lender to underwrite the Loan.

15. Rental analysis of the property (based on the estimated rental value of the completed units, including any commercial space).
16. Copy of fully executed purchase contract (if applicable).
17. Evidence of compliance with applicable land use and zoning laws, which evidence shall include, without limitation, a legal opinion from zoning counsel reasonably satisfactory to Lender that the Project, as intended to be constructed pursuant to the approved plans and specifications, is permitted, in compliance with all applicable land use and zoning laws.
18. Copy of any current or past Market studies, Appraisals, Phase I environmental reports (and Phase II if recommended) Seismic reports (if applicable), including SEUSUL calculations and ALTA/ACSM surveys.
19. Copy of deed and any current Title and UCC insurance policies.
20. Evidence that the partners control any development rights necessary to execute the plans.
21. Tax and insurance bills for all prior years, together with a calculation based on such bills of Borrower's initial escrow for taxes and insurance, and an analysis of the anticipated increases in real estate taxes resulting from the construction of the Property.
22. Evidence of insurance in form and substance satisfactory to lender. Insurance (fire, hazard, rent loss, business interruption, liability, flood/earthquake). Provide contact information.
23. Evidence of borrower(s) total cost basis and cash equity investment in property.
24. Tenant estoppels and lease subordinations from all tenants required by Lender. (If applicable)
25. Certified details of all pre-sales of units and deposits at the Property. (If applicable)
26. Organization documents for the condominium (certificate of incorporation, by-laws and proprietary lease for a condominium and the declaration (that is, the organizing document) and by-laws for the condominium. (If applicable)
27. Copies of any existing Condominium and/or REA arrangements with respect to the Project. (If applicable)
28. Copy of any current debt associated with the project (Lender contact information, notes, security agreements and legal descriptions of security interests held, current balance and terms).