



8/5/2020

NORTHWEST WATER SERVICES, LLC
Attn: Kelly Wynn
14263 Calhoun Rd
Sedro Woolley, WA 98273

Re: Water Plant Expansion

Dear Kelly,

I am pleased to present you with terms SaviBank has approved regarding your request for an SBA 7(a) loan financing the water plant expansion. Please review the information below as it outlines the terms approved, expectations for management of the credit and reporting requirements.

BORROWER: NORTHWEST WATER SERVICES, LLC
LOAN TYPE: SBA 7(a) Term Loan
PURPOSE: Water Plant Expansion
TOTAL PROJECT COST: \$245,384
LOAN AMOUNT: \$220,800

SOURCES AND USES:

	7(a) Term Loan	Borrower Injection	Total Project Cost
Construction/Improvements	\$220,800	\$15,925	\$236,725
SBA Guarantee Fee (Est)		\$4,968	\$4,968
Packaging Fee		\$2,465	\$2,465
Third Party Fees (Est)		\$1,226	\$1,226
Total	\$220,800	\$24,584	\$245,384

TERM: Initial 4 months will be interest only and then convert to principal and interest payments due monthly for 120 months (10 years)

INTEREST RATE:

- Variable Wall Street Journal Prime + 2.00% (adjusted quarterly on the first calendar day).
For example your initial rate if closed today would be 5.25%

PAYMENT:

- If the loan closed today, your approximate payment would be \$2,369/month and adjusting quarterly starting on 10/1/2020. (Adjustments will be made on the first calendar day of the quarter).

GUARANTOR(S): Kelly Wynn, Water & Wastewater Services, LLC

PREPAYMENT PENALTY: None

EQUITY INJECTION: Your injection will be about 10% of the total project costs or estimated total of \$24,584 per the above sources and uses.

COLLATERAL:

- 1st Lien UCC filing on all business assets
- 1st Deed of Trust on Real Estate located at 1200 Eagle Ridge Road, Oak Harbor, WA

CONDITIONS OF APPROVAL AND CLOSING:

- SBA Approval
- Perfection of SBA Blanket UCC 1st Lien position on all business assets at the subject location
- Perfection of 1st Deed of Trust on Real Estate located at 1200 Eagle Ridge Road, Oak Harbor, WA
- Confirmation of Applicant/Guarantor Tax Transcripts for 2016, 2017, 2018 and 2019 via IRS 4506f
- Confirmation of property easement on 1200 Eagle Ridge Road, Oak Harbor, WA
- Review and acceptance of final construction documentation including updated project quotes required per WAC 246-290 by our Construction Department
- Review and acceptance of documentation that the SBA PPP loan for Waste & Wastewater Services in the amount of \$488,300 is forgiven or paid in full
- Review and acceptance of business entity documents
- Verification of business hazard and liability coverage
- Verification of buyer's cash injection

REPORTING REQUIREMENTS & COVENANTS:

- Borrower will provide Company Prepared Balance Sheet and Income Statement annually. The first date of submission will be 6/1/2021.
- Borrower will provide business Tax Returns annually as completed, but no later than 4/30. The first effective date for Tax Returns shall be 12/31/2020.
- Guarantor will provide updated Personal Financial Statement (PFS) annually. The effective date of the PFS will be 6/1/2021.
- Guarantor will provide Personal Tax Returns annually as completed, but no later than 4/30. The first effective date for the Tax Returns shall be 12/31/2020.

This list is not inclusive, other conditions may be added as processing dictates. If all requirements are met and deemed sufficient, the loan should be ready for closing 30-45 days from credit approval.

Please note, all fees listed in the sources and uses table are subject to change once requested from vendors. Once fees are confirmed from our vendors they are non-negotiable. Third party fees include but are not limited to a credit reports, tax transcript request, UCC filing, Recording fees, etc.

The deposit received at submission for \$350 will be used towards your equity injection at closing.

We are requesting that you sign and return this Commitment Letter to SaviBank with a check within 10 days of receipt of this letter.

 Date: 8/5/2020
Kelly Wynn

Wade Stringfield Date: 8/5/2020

Wade Stringfield
Vice President, SBA/USDA Department Manager
SaviBank

Oral agreements or oral commitments to loan money, extend credit, or to forbear from enforcing repayment of a debt are not enforceable under Washington law.