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February 2, 2015

Memphis Center City Development Corporation
114 North Main Street
Memphis, TN 38103

Via Email: oswalt@downtownmemphis.com

Re: Subordination request for MCCDC development loan to The James Lee House.

To the Esteemed Board Members of the MCCDC:

I trust that this letter find you well. I am representing the James Lee House ("JLH") and IberiaBank in a refinance transaction for JLH's business that is located at 690 Adams, Memphis, Tennessee. JLH is attempting to payoff the current first mortgage with Triumph Bank and replace it with financing from IberiaBank. JLH also has an outstanding development loan with the Memphis Center City Development Corporation ("MCCDC") in the amount of \$130,000.00 that is secured by a Leasehold Deed of Trust and Assignment of Rents and Leases (the "MCCDC Deed of Trust"). As a part of the refinance IberiaBank is requiring and JLH is requesting that the MCCDC Deed of Trust be subordinated to a new loan to JLH from IberiaBank that will be secured by a deed of trust and leasehold deed of trust (collectively the "Iberia Deeds of Trust").

In order to help MCCDC make a determination on the subordination I have listed pertinent the loan information related to the Iberia Deeds of Trust.

New Secured Loan Amount:	\$1,467,000.00
Loan Rate:	Fixed - 4.25%
Amortization:	240 Months
Maturity:	60 months
Approximate Monthly Payments:	\$9,084.17

There will also be an unsecured loan made to JLH:

New Unsecured Loan Amount:	\$283,474.00
Loan Rate:	Fixed - 4.25%
Amortization:	240 Months
Maturity:	36-48 months
Approximate Monthly Payments:	\$1,755.37

Total Payments that will be due to Iberia Bank will be approximately **\$10,839.17** and the total of the new indebtedness to IberiaBank will be **\$1,751,474.00**

Below you will find a list of the current loans that are outstanding and related to the property.

Source	Original Loan Amount	Terms	Start Date	Monthly Payment	Approximate Payoff
Triumph Bank (1) ***	\$1,020,000.00	4.25% 20 yrs. amortization 6 yrs. maturity	06/03/13	\$6,317.00	\$992,044.01 - (includes a pre- payment penalty)
Triumph Bank (2)***	\$860,000.00	4.99% Full amortization 8 yrs. years maturity	12/18/13	\$10,176.45	\$632,178.05 - (includes a pre- payment penalty)
LOEB Properties ***	\$125,000.00	6% 60 month amortization 3 yrs. maturity	06/03/13	\$2,416.60	\$97,164.74
CCDC Development Loan	\$130,000.00	3% 20 yrs. amortization 10 yrs. maturity	01/01/15	\$720.00	\$114,236.61
TOTAL OF ALL CURRENT LOANS	\$2,135,000.00			\$19,630.05	\$1,835,623.41
***Totals of loans being paid off with new loans from IberiaBank	\$2,005,00.00			\$18,910.05	\$1,721,386.80

Below you will find a table of the proposed outstanding loans once the refinance occurs:

Source	Original Loan Amount	Terms	Start Date	Monthly Payment	Approximate Payoff
IberiaBank (1) - Secured	\$1,467,000.00	4.25% 20 yrs. amortization 5 yrs. maturity	TBD	\$9,084.17	\$1,467,000.00
CCDC Development Loan - Secured	\$130,000.00	3% 20 yrs. amortization 10 yrs. maturity	01/01/15	\$720.00	\$114,236.61
IberiaBank (2) - Unsecured	\$283,474.00	4.25% 20 yrs. amortization 3-4 yrs. maturity	TBD	\$1,755.37	\$283,474.00
TOTAL	\$1,880,474.00			\$11,559.54	1,864,710.61

The above charts shows that the total indebtedness due related to the JLH project is only slightly increasing in order to pay closing costs and fees of the refinance (\$1,835,623.41 before to \$1,864,710.61 after). The big takeaway from this chart is the total of the loan payments due each month will go down by almost \$8,000.00 (\$19,630.05 before to \$11,559.54 after). Each of the secured and unsecured loans were guaranteed by the owners of JLH.

The purpose of the new loans is to realign the current debt and to secure better repayment terms. The original terms given by the banks and lenders were based on the speculative nature of the JLH project. Now that the Project is operating and has a track record JLH is able to secure better terms to help with cashflow and business sustainability.

Please contact me if there is any additional information that you will need in order to make you determination as to this request. We would be pleased to have a representative at the February meeting where this request will be discussed if that is needed. I will also be more than happy to draft a Subordination Agreement for your review.

Many Thanks,

Timothy D. Rainey