

Comment to BJAV Loan Agreement

Preface: This is really a personal loan to Leon using the boat as collateral. Is this your understanding?

NOT
NECESSARY.

1.1-1.3. Leon should be able to use the loan proceeds for whatever he wants other than purchase of margin securities. See also 7.19—which prohibits his using the proceeds for personal family or household purposes.

✓

Is the term and interest rate what you agreed to?

2.1 If the deal is that Leon does not pay fees—maybe you want to have them waive the amendment fee.

3.2 Regarding the additional collateral, the lien on Leon's accounts at US Trust should be limited to the amounts owing under the loan agreement. Also, there is the issue of his pledging moneys received for chartering the boat prior to any default. *ob*

3.4 Are you comfortable with the limitations for chartering the boat in 3.4(c) (e.g., 30 day max without bank approval)? When Leon and Debra give the boat to MRA for auction—does it charter the boat to MRA? Not sure this complies with 3.4.

I assume the boat is registered with the Vessel Flag Registry? ✓

Leon will have to keep a Notice of Mortgage sign prominently displayed in the pilot house, chart room or master's cabin!

4.4 If you are authorizing direct debit, you will need to give them an account number and keep funds in the account to make loan payments. NOTE that if you terminate direct debit—the interest rate goes up by .5% at the bank's option. You may want to get this waived.

4.9 Is Tom set up to do the tax withholding on behalf of the bank—see Section 4.9.

5.1 Loan Documents.

Who is doing the UCC search of BJAV that is a prerequisite to closing the loan?

Do you have a Certificate of Insurance evidencing that the boat is insured? Not sure what they want here. ✓

Do you have copies of the governing documents for BJAV, Good standing Certificate, board resolutions authorizing the loan and an incumbency certificate for each of the officers of BJAV?

Need Person to prepare

Do you have the boat information requested (purchase agreement, inspection report, permits and licenses asked for?)

already supplied

7.2 You have to give the bank Leon's tax returns each year. Have you agreed to that in the past?

how to do that anyway be out loan

7.8 Did I understand you to say that the plan was to change the principal port (or maintenance facility) of the boat to Florida? If you change this location, you have to get the bank's permission. Also if you dry dock for more than 30 days (other than for maintenance).

NO

NOT AN ISSUE

9.3 Note the cross-default provision.

Signatures: Notices addressed to Leon as Guarantor should be sent to him personally at 760 Park and marked RE: BJAV Marine Ltd.

Privacy Notice—you should discuss with Derek if you don't want Leon's information shared with Bank affiliates.

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