

[Lender Name]
[Lender Address]
[City, State, Zip Code]

[Date]

[Borrower Name/Franchisee Entity]
[Borrower Address]
[City, State, Zip Code]

RE: Commitment Letter for Mezzanine Franchise Development Loan

Dear [Borrower Name],

[Lender Name] ("Lender") is pleased to advise you that it has approved your request for a mezzanine loan (the "Loan") to fund the development and construction of [Number of Units] [Franchise Brand Name] units. This commitment is subject to the following terms and conditions:

- 1. Loan Amount:** \$[Amount in Figures] ([Amount in Words])
- 2. Purpose:** To provide mezzanine financing for the development, construction, and equipment purchase for the franchise locations situated at [Location Addresses/Territory].
- 3. Interest Rate:** [Percentage]% per annum, compounded [Monthly/Quarterly].
- 4. Maturity Date:** [Number] months from the date of initial funding.
- 5. Repayment Terms:** [Description of repayment, e.g., Interest only for 12 months followed by principal and interest].
- 6. Collateral:** A second-priority lien on all business assets, a pledge of equity interests in the Borrower entity, and a subordinate mortgage on real property (if applicable).
- 7. Subordination:** This Loan shall be subordinate in right of payment and security to the senior debt provided by [Senior Lender Name]. An Intercreditor Agreement must be executed between Lender and Senior Lender.
- 8. Fees:** An origination fee of [Percentage]% of the Loan Amount shall be due upon closing.
- 9. Conditions Precedent:** This commitment is contingent upon:
 - Execution of a valid Franchise Agreement with [Franchisor Name].
 - Lender review and approval of final construction budgets and site plans.
 - Delivery of personal guarantees from [Guarantor Names].
 - Satisfactory background and credit checks of all principals.

- Final legal documentation acceptable to the Lender.

10. Expiration: This commitment shall expire if not accepted by the Borrower in writing by [Expiration Date].

If these terms are acceptable, please sign and return this letter along with the commitment fee of \$[Amount].

Sincerely,

[Signature]

[Name of Authorized Officer]

[Title]

[Lender Name]

ACCEPTED AND AGREED:

By: _____

Name: [Borrower Authorized Signatory]

Title: [Title]

Date: _____