

PROFESSIONAL EDUCATION BROADCAST NETWORK

Restructuring Troubled Real Estate Projects

Form: Forbearance Letter

[Date]

Attention: _____

Re: Loan to _____

Ladies and Gentlemen:

_____ (the "Borrower") is the borrower on the above referenced loan (the "Loan") and the owner of the real and personal property pledged as security for the Loan. The Borrower has requested that _____ (together, the "Lender"), enter into discussions with representatives of the Borrower and the Lender has sent to Borrower a draft of a Term Sheet upon terms and conditions which Lender may elect to proceed to restructure the Loan (the "Discussions") concerning a possible restructuring of the terms of the Loan as evidenced, secured or supported by the instruments and documents (the "Loan Documents") executed by the Borrower in connection with the Loan. The Lender has agreed to enter into the Discussions on the terms and conditions set forth in this letter which: (a) when executed and delivered by the Lender and the Borrower will constitute a binding agreement between the Borrower and the Lender with respect to the Discussions; and (b) will not be modified except by a written agreement executed and delivered by both parties.

In furtherance of the foregoing, the Borrower and the Lender agree as follows:

1. Discussions. The Borrower and the Lender have commenced the Discussions concerning the Loan. Neither the Borrower nor the Lender presently has, nor will have, any obligation to modify, amend and/or restructure the Loan or modify any of the Loan Documents as a result of the Discussions or otherwise. The Borrower and the Lender may each terminate the Discussions at any time, in such party's absolute discretion, with or without notice, and without liability of any kind.

Neither the Borrower nor the Lender will incur any obligation or liability or waive any rights or remedies by virtue of the commencement, continuance or termination of the Discussions, or the passage of time associated with the Discussions, unless and until a Workout Agreement, as defined in paragraph 2 hereof, is executed and delivered by the Borrower and the Lender, and then only to the extent provided in the Workout Agreement. Notwithstanding

anything to the contrary contained in this letter, and subject to any applicable notice, grace or cure periods provided in the Loan Documents, during the pendency of the Discussions, the Lender may exercise any and all rights and remedies available to the Lender pursuant to the Loan Documents or by applicable law or in equity, and nothing in this letter will operate to restrict, inhibit or prohibit the Lender from exercising any or all of such rights and remedies. Without limiting the generality of the foregoing, nothing contained in this letter or arising during the Discussions will be construed as: (a) a commitment by the Lender to make any new loan or loans or to grant or extend any financial accommodations to the Borrower; (b) a commitment by the Lender to restructure the Loan or to grant any financial accommodations with respect to the Loan; or (c) a commitment by the Lender to continue to advance funds under the Loan, any Loan Document or otherwise.

The Borrower and the Lender each also acknowledge that the Discussions are in the nature of settlement negotiations and, therefore, statements made in the course of the Discussions may be used only for facilitating settlement and not for any other purpose including, without implied limitation, as proof of admissions of liability or for other evidentiary purposes.

2. Written Workout Agreement. The Borrower acknowledges that as of the date of this letter, the Lender has not entered into any prior agreement, commitment or understanding with the Borrower to modify the Loan Documents in any way. Notwithstanding that the Borrower and the Lender may, during the Discussions, reach agreement after the date hereof on one or more or all of the issues such parties are trying to resolve, the Borrower and the Lender hereby agree that no such agreement will be binding unless and until such agreement has been reduced to a definitive written agreement approved by the Lender's Investment Operations Committee and executed and delivered by each party hereto (a "Workout Agreement"). Without limiting the generality of the foregoing, it is understood that letters, term sheets, memoranda outlining or describing the Discussions and/or proposals made in connection therewith, and the response to or failure to respond to any such letter or document, will not constitute an agreement or basis on which any party may claim reliance or assert any liability, unless and until a Workout Agreement is executed and delivered by all necessary parties, and then only to the extent provided therein.

3. Loan Documents Remain in Force. Notwithstanding any other provisions of this letter or any claims of the parties to the contrary, the Loan Documents are and will remain in full force and effect without change unless and until a formal Workout Agreement and other appropriate written instruments modifying the Loan Documents are executed and delivered by all necessary parties, in which event the Loan Documents will be deemed modified only to the extent the Workout Agreement and other appropriate written instruments expressly so provide.

4. Loan Status. It is acknowledged by the Borrower that the Borrower is in default of certain covenants of the Loan Documents. The Borrower acknowledges that, among other things, (i) the June interest payment was not made in full and that the unpaid interest payment is accruing at the default rate as set forth in the Loan; (ii) the Construction Budget approved by the Lender in connection with the Project is out of balance and the Borrower has failed to place funds in the Construction Services in order to bring the Loan into balance; (iii) the

interest reserve required by the Loan Document is unfunded. The Borrower acknowledges that other covenant defaults may exist with respect to the Loan.

The Borrower expressly acknowledges that all amounts presently owed by the Borrower to the Lender under the Loan Documents and are not subject to any offset, defense, claims or counterclaim of any kind or nature whatsoever and the Borrower hereby irrevocably waives any right to assert any offset, defense, claim or counterclaim of any kind or nature with respect to the amounts owed.

5. No Waiver by Lender. Neither the Discussions nor any actions taken during the Discussions (including, without implied imitation, the acceptance by the Lender of partial payment or partial performance of any obligation of the Borrower under the Loan Documents, or the Lender's failure to exercise any rights or remedies under the Loan Documents), will constitute a waiver of, or be deemed to prejudice, the Lender's rights under the Loan Documents, including, without implied limitation, any rights or remedies conferred on the Lender by reason of any Event of Default, as defined in the Loan Documents, or the occurrence of any event that, with the giving of notice or passage of time or both, would constitute such an Event of Default under any of the Loan Documents, except to the extent specifically stated in a Workout Agreement if the same is executed and delivered by all necessary parties.

6. Waiver of Claims Against Lender. The Borrower hereby covenants and agrees that the Borrower will not raise, either directly in a suit against the Lender or by way of counterclaim in any suit brought by the Lender or the Lender's successors or as signs, any claims, defenses or offsets based on a theory of "lender liability," bad faith, breach of contract, laches or estoppel, or any theory similar to any of the foregoing based on or resulting from any action or inaction of the Lender either directly or indirectly, actively or passively, in connection with the Loan arising during the Discussions, and the Borrower hereby waives any right the Borrower might now or in the future have to make any such claim against the Lender.

7. Alternative Opportunities. The Borrower understands and agrees that the Discussions might not result in a Workout Agreement and that: (a) the Borrower will, at all times while the Discussions are continuing, pursue alternative opportunities which might be available, including, without implied limitation, the refinancing, sale or lease of the real and personal property (the "Project") securing the Loan, or the admission of additional members, in each case, however, subject to the terms of the Loan Documents with respect thereto; and (b) will not forego any such opportunities which might arise.

8. Advice of Counsel. The Borrower and the Lender each hereby acknowledge that this is a legally binding agreement that might affect such party's rights. Each represents to the other that it has received legal advice from independent, competent counsel of its choice regarding the meaning and legal significance of this letter.

9. Judicial Interpretation. This letter will be governed by and construed in accordance with the law in the state in which the Project is located. No presumption that the

terms of a document will be more strictly construed against the party who prepared the same will be applied in construing this letter.

10. Attorneys' and Consultant Fees. Without regard to whether a Workout Agreement is executed and delivered, the Borrower will pay all of the Lender's attorneys' fees and costs incurred by them in connection with the Discussions and in connection with the preparation of all documents executed in connection with or as a result of the Discussions. In the event of any dispute relating to this letter, the prevailing party will be entitled to recover from the other party all costs and expenses (including, without implied limitation, attorneys' fees) incurred by the prevailing party in connection with the dispute.

Without regard to whether a Workout Agreement is executed and delivered, Borrower will pay all third party consultant fees and expenses incurred by Lender which Lender, in its sole discretion, deems necessary to evaluate the restructuring of the Loan.

11. Miscellaneous. The Borrower and the Lender further agree as follows:

(a) Integration. This letter constitutes the entire agreement of the parties concerning the subject matter of this letter and all related prior or contemporaneous understandings, oral representations or agreements between the parties are superseded by this letter.

(b) Binding Effect. This letter will inure to the benefit of and be binding on the parties and their respective heirs, successors and assigns.

(c) Construction. Paragraph headings used in this letter are for convenience only and will not be used to interpret any term of this letter.

(d) Counterparts. This letter may be executed in one or more counterparts, each of which will constitute an original and all of which taken together will constitute one agreement.

(e) Authority. Each party executing this letter represents that such party has the full authority and legal power to do so.

(f) Survival. The provisions of this letter will survive the termination of the Discussions.

[Date]

Page 5

If the foregoing accurately summarizes the terms of our binding agreement, please sign this letter in the space provided below and return one copy to the undersigned at your earliest convenience.

Very truly yours,

LENDER:

_____, a _____

By: _____

Name: _____

Title: _____

Accepted and agreed to this _____, 20____.

BORROWER:

_____, a _____

By: _____

Name: _____

Title: _____