



Russel L. Mouton, II  
7722 SR 544 E  
Winter Haven, FL 33881  
O. 863.236.2906  
M. 407.590.8300  
rmouton@  
**SouthStateBank.com**

September 14, 2023

Lake Wales Charter Schools, Inc.  
Attention: Alricky Smith, CPA, CFO  
130 E. Central Avenue  
Lake Wales, Florida 33853

Via email: Alricky.smith@lwcharterschools.com

Dear Mr. Smith:

SouthState Bank, N.A. ("the Bank") is pleased to have the opportunity to consider your loan request on behalf of the Lake Wales Charter Schools, Inc. This letter is a Non-Binding Proposal. This proposal is subject to bank underwriting and approval at its sole discretion.

- Borrower:** Lake Wales Charter Schools, Inc. ("LWCS" or Borrower).
- Purpose:** The term loan draw down facility (the "Loan"), is being issued to provide funds to finance the purchase of up to 10 school buses. The facility will be open for a period of six month from the initial closing date.
- Amount and Type:** Not to exceed \$1,400,000.00 (One Million Four Hundred Thousand Dollars). The Loan facility is anticipated to close by October 2, 2023.
- Collateral:** The loan will be secured by a \$1,400,000.00 Certificate of Deposit held at SouthState Bank. On an annual basis the collateral may be reduced commensurate with the outstanding balance on the loan.
- Maturity Date:** LWCS will have the option of a 6-year, 7-year or 8-year term. The loan will be fully amortizing based upon the term selected.
- Interest Rate:** The interest rate on the loan will adjust annually based upon the One-Year Certificate of Deposit rate plus 2.00% paid on the Certificate of Deposit that is collateral for the loan. The initial Certificate of Deposit rate will be 5.00%, therefore the rate on the loan will be 7.00% for the first year. Interest will be calculated on a 30/360 day count basis.
- Repayment Terms:** The loan will be fully amortizing with monthly payments of principal plus interest based upon the term selected. Full amortization of the entire \$1,400,000.00 will begin starting with the first monthly payment regardless of the amount outstanding at initial closing.
- Prepayment Penalty:** The Borrower may prepay the loan only at the annual rate reset date in part or whole without any prepayment penalty.

Internal

- Late Fees:** Bank may, at its option, collect from the Borrower a late charge of five percent (5.00%) of any payment not received by Bank within ten (10) days after the payment is due.
- Event of Default:** Upon an event of default, the holder may recover from the Borrower all expenses incurred including without limitation reasonable attorney's fees, at all levels of the proceedings, whether incurred in connection with collection, bankruptcy, proceedings, trial, appeal or otherwise. Remedies of the Bank shall include, but not be limited to, declaring the entire principal amount of the Loan immediately due and payable.
- Default Rate:** 3% above the loan interest rate.
- Bank Fees:** There will be a \$250.00 processing fee on the loan.
- Covenants:**
- 1) The Borrower shall provide Annual audited financial statements within 120 days of fiscal year end and LWCS budget within 60 days of adoption shall be provided to the Bank by the Borrower. The Borrower shall provide such other financial information from time to time as is reasonably requested by the Bank.
  - 2) The borrower shall maintain a minimum debt service coverage of 1:0 to 1:0 to be measured annually based upon audited financial statements.
  - 3) Other standard covenants for a transaction of this type.
- Conditions:**
- 1) Formal approval and authorization from the LWCS Board of Trustees.

This Non-Binding Term Sheet is solely and exclusively intended to serve as a summary of potential credit facility terms and conditions as a basis for preliminary discussion purposes only and to demonstrate SouthState Bank's interest in reviewing your loan request and, subject to SouthState Bank's underwriting requirements, possible submission of your request to its credit authorities for consideration. It does not obligate SouthState Bank to take any action whatsoever.

SouthState Bank expressly reserves the right to alter, amend and/or revise any or all of the proposed loan terms and conditions stated above as it deems necessary or appropriate based upon its receipt and review of all items deemed necessary by SouthState Bank for the underwriting and consideration of this particular loan request.

If all appropriate SouthState Bank approvals are obtained and SouthState elects to make a binding loan offer, a commitment letter signed by a SouthState Bank officer will be provided to you for your consideration and the delivery to you of such a commitment letter is the sole and exclusive manner in which SouthState will communicate its willingness to make a loan to you on any terms. If you take any action or make any decision relative to your loan request prior to your receipt of a commitment letter such action or decision will be at your sole risk.

Sincerely,



Russel L. Mouton, II  
Senior Vice President

**Acceptance:**

By accepting this Non-Binding Term Sheet, you acknowledge and agree to the terms hereof, including without limitation the non-binding nature of this term sheet.

By: \_\_\_\_\_

Date: \_\_\_\_\_

Title: \_\_\_\_\_