

COMMERCIAL & INDUSTRIAL

Project Name:					
Property Address:					
Requested Loan Program		Rate	8.990%	Amort	99
Borrowing Entity:					
Individuals/Principals:					



PURCHASE

REFINANCE

Sales Price:	\$10,750,000		Date Acquired:		Est Value	\$0
Cash Down:	\$3,762,500	35.00%	Original Cost:	\$0	Rehab:	\$0
Requested Financing (1st TD):	\$6,987,500	65.00%	Existing Debt:	\$0		
Subordinate Financing:	\$0	0.00%	New 1st TD:	\$0	#DIV/0!	
Total Financing:	\$6,987,500	65.00%	Subordinate Debt:	\$0	#DIV/0!	
Total Cash Down Payment:	\$3,762,500	35.00%	Total Financing:	\$0	#DIV/0!	
Source of Down Payment:			Net Proceeds:	\$0		
Comments:			Existing Lender:			

Estimated Amount of Rehab if Bridge Loan	\$250,000	Tenant Improvements
Estimated Value after stabilization	\$12,386,333	
Estimated # months to stabilization	12	

COMMERCIAL-INDUSTRIAL PROPERTY DESCRIPTION

Total Number of Units / Suites	30	Monthly Income	\$90,000	\$1.96	Rent / Sq Ft
Year Built	1980	CAM	\$6,000	\$0.13	
Gross Building Area (Sq Ft)	52,000	Storage	\$1,000	\$0.02	
Total Net Rentable Area (Sq Ft)	46,000	Utility Reimbursement	\$2,500	\$0.05	
Total Vacant Sq Ft	10,000			\$0.00	
# of Stories	3	Total Monthly Income	\$99,500	\$2.16	
# of Buildings	1	Total Annual Income	\$1,194,000		
Lot Size	1.35 Acres	Type of Leases	Mixed (NNN & MG)		
Property Type	Retail space on ground floor (NNN) and office space above (MG)				
Tenant Profile	See lease summary				

Physical vs. Economic Vacancy

% of Vacant Commercial Sq Ft to Total NRA:	21.74%	(% Physical Vacancy)	% Economic Vacancy:	27.78%
Projected Monthly Income of Vacant Space:	\$25,000.00	Average Rent per Sq Ft (Vacant Space)		\$2.50

Tenant Profile

The tenant profile consists of restaurants, pool & billiards bar, woman's gym, doctor offices, CPA accountants, law firms, property management company and many other local affluent business professionals. See attached Lease Summary. The ground floor spaces are leases as Triple Net (NNN) from \$2.25 to \$2.50 per Sq Ft for 5 to 7 year leases with CPI's. The upstairs office spaces are leased for short term periods up to 2 yr leases at a Modified Gross lease rate at \$1.50 to \$1.90 per Sq Ft.

INCOME & EXPENSES

	Actual	Proforma		
Gross Scheduled Annual Income	\$1,080,000	\$1,080,000	Real Estate Taxes	\$118,250
Laundry Income	\$72,000	\$72,000	Other Taxes-Assesments	\$0
Storage	\$12,000	\$12,000	Licenses-Business Tax	\$0
Utility Reimbursement	\$30,000	\$30,000	Property Insurance	\$23,400
0	\$0	\$0	Utilities-undetailed	\$50,000
Gross Potential Income	\$1,194,000	\$1,194,000	Trash	
Less: Economic Vacancy %	27.78%	10.00%	Maintenance & Repairs	\$24,000
	(\$331,667)	(\$119,400)	Cleaning & Supplies	\$0
Less: Concessions & Delinquency	0.00%	0.00%	HVAC	\$9,600
	\$0	\$0	Elevator	\$14,000
Total Economic Vacancy	(\$331,667)	(\$119,400)	Landscaping / Gardening	\$4,800
Total Economic Vacancy %	27.78%	10.00%	Payroll (Janitorial, Security, etc.)	\$24,000
Effective Gross Income (EGI)	\$862,333	\$1,074,600	Payroll Taxes	\$3,000
Less Operating Expenses	(\$331,420)	(\$331,420)	Telephone & Communication	\$0
Net Operating Income (NOI)	\$530,913	\$743,180	Legal & Professional Fees	\$0
1st TD Debt Service	(\$628,265)	(\$502,723)	General & Administrative	\$0
DSCR 1st TD	0.85	1.48	Advertising & Marketing	\$0.00
2nd TD Debt Service	\$0	\$0	Off Site (Professional Mgt)	\$25,870
Combined Debt Service(1st & 2nd)	(\$628,265)	(\$502,723)	Contract Services	
Combined DSCR (1st & 2nd)	0.85	1.48	Miscellaneous expenses	\$0
Cash Flow	-\$97,351	\$240,457	Other 1	\$0
			Other 2	\$0
			Replacement Reserves	\$34,500
GRM (Gross Rate Multiplier)	9.00	9.00	Total Operating Expenses	\$331,420
Cap Rate	4.94%	6.91%	Expenses / % EGI	38.43%
Average Rent Per Sq Ft (Lease rate)	\$1.96	\$2	Expenses / Sq Ft (GBA)	\$6.37
% Rental Upside		0.00%		
ROE (cash flow / equity)	-2.59%	6.39%		
ROE (cash flow / equity)				
Value per Sq Ft (GBA)	\$207			
Loan per Sq Ft (GBA)	\$134			

ACQUISITION & EXIT STRATEGY

Purpose of Transaction (Proposed Financing):

Actual (AS IS) Rents:

Proforma (AS stabilized) Rents:

Stabilized Value:

Interior & Exterior Rehab (IF Bridge Loan Financing Structure)

Exit Strategy for borrower if Bridge Loan:

Actual (AS IS) Rents / Proforma (As Stabilized) Market Rents

Actual Rents DCR Sizer	
NOI	\$530,913
NOI for DS	\$424,731
Minimum DCR	1.250
Max Loan / DCR	\$5,763,710
Interest Rate	5.500%
Amortization	25
Loan to Value	53.62%

Market Rents DCR Sizer	
NOI	\$743,180
NOI for DS	\$594,544
Minimum DCR	1.250
Max Loan / DCR	\$8,068,123
Interest Rate	5.500%
Amortization	25
Loan to Value	75.05%

Actual (AS IS) Rents: Actual rents support \$5,763,000 (53% LTV) at prevailing rates (5.50%) for Portfolio Bank financing with 1.25 DCR and 5.50% minimum underwriting floors and 25 year amortization.

Proforma (AS stabilized) Market Rents support \$8,068,000 (75% LTV) at prevailing rates (5.50%) for Portfolio Bank financing with 1.25 DCR and 5.50% minimum underwriting floors with 25 year amortization.

Actual Rents Cap Rate Calculator	
NOI	\$530,913
Cap Rate	4.94%
Value	\$10,750,000

Market Rents Cap Rate Calculator	
NOI	\$743,180
Cap Rate	6.00%
Value	\$12,386,333

Actual (AS IS) Rents: Actual Cap Rate is 4.94%. Underwriting based on current actual NOI.

Market Rents: Cap Rate is estimated at 6.00% based upon recent sales comparables. Estimated stabilized value is \$12,386,000. Underwriting based on stabilized NOI of \$743,180.

COMMENTS

The borrower's estimated time to achieve stabilized occupancy is 12 months. Conventional financing (exit strategy) financing will require 6 to 12 months of stabilized occupancy and operating statements. See attached acquisition to stabilization plan with estimated cost breakdown for cosmetic improvements and interior apartment upgrades.

ADDITIONAL PHOTOS

