

REQUEST FOR FINANCING

Property:
Multifamily Sample

Requested Loan Amount:
\$ 1,530,000

Property Located At:



Submitted By:

**American Funding Resources
Palm Bay, Florida
Tel: 800-939-1083
Fax: 321-821-0120**

Executive Summary

Property Type	Multifamily
Requested Loan Amount	\$ 1,530,000
Loan Purpose	Purchase
Loan Term (Years)	10
Amortization(Years)	30
Requested Interest Rate	7.300%
Loan To Value	80.0%
Debt Service Coverage Ratio	1.23
Present Occupancy %	91
Purchase Price	\$ 1,900,000

Underwriting Reserves

Min. Vacancy Reserve	5.0%
Min. Management Fee	4.0%
Replacement Reserve	\$ 250/Unit

Summary

The subject property is a multi-story apartment complex constructed in 1996 and renovated in 2000. The complex consists of 2 buildings with a total of 36 apartmants. The unit mix consists of 1BR/1BA and 2BR/1.5BA units in each building.

Underwriting Analysis

Loan Information

Property Type	Multifamily
Loan Purpose	Purchase
Loan Term	10 yrs
Loan Amortization	30 yrs
Loan Type	Fixed
Requested Interest Rate	7.300%
Interest Rate Index	10 Yr US Treasury
Current Index Yield	5.150%
Interest Rate Spread	2.150%
Purchase Price	\$ 1,900,000
Last Appraised Value	\$ 1,900,000

Underwriting Constraints

Max. LTV	80.0%
Min. DSCR	1.20
Min. Vacancy Reserve	5.0%
Min. Management Fee	4.0%
Interest Accrual Method	Actual 360
Interest Rate Rounding	No Rounding
TI/LC Stress DSCR	1.10
Rent Roll Start Date	1/30/2005
Avg. Lease Term (months)	12
Expense Growth Rate	3.0%
Replacement Reserve	\$ 250/Unit

Underwriting Results

Max. Loan @ Min. DSCR	\$ 1,558,582
Max. Loan @ Max. LTV	\$ 1,520,000
DSCR @ Proposed Loan ¹	1.23
LTV @ Proposed Loan ²	80.0%
Proposed Annual Debt Svc	\$ 126,307
Proposed Monthly Pymt	\$ 10,526
Balloon @ Maturity	\$ 1,309,263

Value Analysis

Direct Capitalized Value ³	\$ 1,900,000
Direct Capitalization Rate	8.50%
Value at Market Cap	\$ 1,828,425
Cap Rate @ Appr. Value	
Requested LTV ⁴	80.5%
Est. Terminal LTV	68.9%
Loan Constant	0.08310
Purchase Price Cap	8.18%

Loan Conclusion

Requested Loan	\$ 1,530,000
Max. Allowable Loan⁵	\$ 1,520,000

Notes:

Calculations Notes

1. DSCR @ Proposed Loan (NCF / Annual Debt Svc)
2. LTV @ Proposed Loan (NOI - Cap Ex / Cap Rate)
3. Cap Calculations based on (NOI - Cap Ex)
4. LTV Calculations based on (NOI - Cap Ex)
5. Max. Allowable Loan is the lesser of Max. Loan @ Max. LTV, Max. Loan @ Min. DSCR or Requested Loan.

Rent Roll

Loan Name [REDACTED]
 Borrower Name [REDACTED]
 Property Type Multifamily



Building: Front Street Apartments

Unit Type	Occupied Units	Vacant Units	Avg Unit Area	Min Monthly Rent	Max Monthly Rent	Avg Monthly Rent	Est. Market Rent
1BR/1BA	17	2	800	950	1,050	1,000	1,100
2BR/1.5BA	16	1	1,100	1,250	1,385	1,300	1,350

Totals

Total Unit(s)	36
Occupied Unit(s)	33
Vacant Unit(s)	3
Physical Vacancy (%)	8.33%
Economic Vacancy (%)	8.59%
Average Rent	\$1,145
Potential Gross Income	\$496,200

Notes

Operating Statement

Loan Name [REDACTED]
 Borrower Name [REDACTED]
 Property Type Multifamily

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Income/Expenses	2002	2003	2004	YTD Annual	Trailing 12	Appraisal	Originator U/W	%	Final U/W	%
Base Rent		480,355	488,965		495,399		496,200	99.4	496,200	99.4
Laundry/Vending Income		2,366	2,880		2,943		2,943	0.6	2,943	0.6
Parking Income										
Other Income										
Vacancy & Coll. Loss							42,853	8.6	42,853	8.6
Effective Gross Income		482,721	491,845		498,342		456,290	100.0	456,290	100.0
Real Estate Taxes		125,488	127,688		125,688		131,519	28.8	131,519	28.8
Property Insurance		11,355	12,499		10,388		12,874	2.8	12,874	2.8
Utilities		61,388	65,355		63,866		67,316	14.8	67,316	14.8
Repairs and Maintenance		17,855	16,573		15,977		18,391	4.0	18,391	4.0
Management Fees							18,252	4.0	18,252	4.0
Payroll and Benefits		12,866	12,477		11,288		13,252	2.9	13,252	2.9
Advertising and Marketing		1,830	1,668		1,783		1,885	0.4	1,885	0.4
Professional Fees		2,557	3,665		2,899		3,775	0.8	3,775	0.8
General and Administrative		20,133	20,511		20,388		21,126	4.6	21,126	4.6
Other Expenses		3,384	2,833		3,110		3,486	0.8	3,486	0.8
Ground Rent										
Total Operating Expenses		256,856	263,269		255,387		291,874	64.0	291,874	64.0
Net Operating Income		225,865	228,576		242,955		164,416	36.0	164,416	36.0
Cap Ex. (Repl. Reserves)							9,000	250.0	9,000	250.0
Extraordinary Capital Exp.										
Total Capital Items							9,000	2.0	9,000	2.0
Net Cash Flow		225,865	228,576		242,955		155,416	34.1	155,416	34.1

Notes

Loan Detail



Loan

Loan Name Multifamily Sample

Loan Amount \$ 1,530,000

Recourse Option Non-Recourse

Broker Information

Company Name

Contact

Address

Address 2

City

State

Zip

Telephone

Fax

E-mail

Borrower Information

Borrower Name

Borrower Type

First Name

Middle Initial

Last Name

Address 1

Address 2

City

State

Zip

Telephone

Fax

E-Mail

Net Worth

FICO Score 725

Has borrower filed
bankruptcy No



Property Information

Property Name	[REDACTED]
Property Type	Multifamily
Property Sub Type	Low-Rise Garden Apts
No. of Buildings	2
Land area included with property (acres)	2.0
Appraised Value	\$ 1,900,000
Appraisal Date	1/1/1998
Date of Last Sale	5/21/1998
Sale Price at Last Sale	\$ 1,700,000
Property located in Central Business District	No
Did you make physical inspection of the property	Yes
Property Management Contract in place	No
Ground Lease Expiration Date	
Loan Purpose	Purchase
Purchase Price	\$ 1,900,000
Anticipated Closing Date	2/15/2002
Property is Owner-Occupied	No
Percentage of Subsidized Units	5
Adjacent to Sewage/Waste treatment facility	No
% Of Student Housing	
% Of Corporate Housing	
% Of Military Housing	
Laundry Rooms	
Pools	1
Club Houses	
Tennis Courts	
Exercise Rooms	
Playgrounds	
Security Gates	
Surrounding Land Use	Similar Residential

Notes

Building Information

Building Name	
Address 1	
Address 2	
City	
State	
Zip	
No. of Stories	3
Year Constructed	1996
Year Renovated	2001
Overall Appearance and Marketability	Average
Mircowave	Yes
Ceiling Fans	No
Fireplace	No
Air Conditioning	Yes
Flat Roof	No
T-111 Exterior	No
Gross Building Area	39,600 SF

Notes

Underwriting Comments

Loan Name

Borrower Name

Property Type Multifamily

LTV Margin	The proposed loan is constrained by the minimum Loan To Value (LTV) requirement. Assess the capitalization rate utilized in your analysis. Decreasing the capitalization rate may improve the underwritten LTV.
DSCR Threshold	Based on the current and projected Net Cash Flow, the property sufficiently maintains the DSCR requirement throughout the term of the loan. No DSCR deficiencies are noted.
Rental Income Trend	Based on a comparison of the Base Rent in the Current Year and the Base Rent in the Prior Year, the income is trending negatively. This variance may warrant normalization of underwritten income. Critically assess this variance.
Subsidized Units	If a rent subsidy contract (e.g. HAP or HUD) is present and expires during the term of the loan, consider underwriting the income based on the indicated Market Rent per Unit. You may also want to make allowances (or reserves) for extended vacancies and lease-up.
Property Location	Note whether the property is located in a Central Business District (CBD). Generally, properties located within a CBD have greater absorption as compared to properties located outside of a CBD. For properties located outside of a CBD, consider the economic effects of longer vacancy periods during times of lease expirations.
Property Condition	Consider the property's date constructed, last renovation, and the physical condition of the property. Provide comments regarding the property's condition as it relates to acceptable market standards. Note if any deferred maintenance items exist. If the property is in need of renovation, or if it exhibits deferred maintenance items, clarify these issues and assess this potential effect on the underwritten cash flow.
Property Management	If the property is professionally managed, comment on the quality of the property management company. Consider the company's qualifications and experience, ability to attract quality tenants, tenant mix, minimization of lease rollovers. If the property is self-managed, critically assess the qualifications and experience of the self-manager. Based on the complexity of the property being managed, a certain level of property management experience may be expected of the self-manager.
Net Worth	Consider the borrower's net worth. Generally, a higher net worth contributes to the quality of the loan.
Credit(FICO) Score	Consider the borrower's credit (FICO) score. Assess and comment on the payment history and the overall credit profile of the borrower.
Vacancy Issues	Examine the market and submarket to estimate the effects of new properties or similar space becoming available in the market. Consider the economic effects of proposed new construction on unit absorption.

Property Inspection

If you have completed a physical inspection of the property, carefully review your notations made during your inspection. Generally, a physical inspection of the property aids the underwriter in estimating the costs of replacement reserves and the presence of any deferred maintenance. If you have not made a physical inspection of the property, verify the quality and competitive aspects of the collateral by obtaining recent color photographs illustrating the property.

Photos



Side view of property facing north from Filmore Street.



View of courtyard area between Building A and Building B.