



OLD CAPITAL

P A R T N E R S

Multi-Family Guidelines

Underwriting Overview



- Flexible Terms and Conditions
- Aggressive Underwriting
- Quick Commitments
- Excellent Service

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Multifamily Overview (Debt)

Eligible Properties: Construction, Take-out, Acquisition and Refinance of both garden-style and hi-rise buildings multifamily/condo properties are acceptable. We will consider phased properties if phases can stand on their own.

Commercial space is limited to 20% of the total net rentable area. Properties with greater than 20% student or military tenancy will be considered though they typically require higher coverage and reserves. The minimum acceptable occupancy is the greater of 90% or sustaining occupancy.

Eligible Property Locations: Nationwide. Market areas with a stable current occupancy. Rent concessions will be underwritten cautiously and typically require higher coverage and reserves.

Loan Size: \$1Million - \$50 Million; Will also consider larger portfolio transactions with suitable project economics and sponsorship.

Debt Service Coverage: 1.20 x minimum

Loan-to-Value Ratio: Up to 80% for Fannie Mae DUS, Conduit and Life Company Programs, Up to 90% on FHA insured loan program

Loan Term: *Permanent Loan Terms:* 5, 7, 10, 15, 20, 30, and 35years
Construction Loan Terms: 12 – 36 months with extensions available for larger projects

Amortization: 35 years or less depending on age, quality of construction and market location.

Tenancy: Leases should be at least 6 months at initial occupancy of a tenant. Consider corporate-type, short-term leases at initial occupancy of a tenant. Consider corporate-type, short-term leases providing furniture and/or maid service on a case-case basis.

NOI Calculation: Strongly prefer to receive three full years of operating history. Underwrite rental revenues based on last three monthly rent rolls and trailing 12-month history with adjustments where appropriate. Other income, if sustained, on trailing twelve months basis. Generally underwrite expenses based on last full fiscal year, plus a 3% inflation factor subject to industry averages.

Vacancy Factor - The greater of 5%, local market average or the actual property for the most recent 12-month period (including all forms of economic rent loss).

Management Fee - The greater of 5% effective gross income, the actual management contract fee rate, or the industry average.

Capital Reserves - Generally ranging from \$150 to \$250 per unit, based on the final engineering report, physical inspection, tenancy and age of property.

Time Frames: Term Sheets within 48 hours, Commitments within 10 days of submitting Pre-Qual package, Closing within 60 days of commitment

Fees: Loan Fees: 0-2% of the loan amount
Good Faith Deposit: \$7,500 at application
Deposit for Third Party Costs: \$20,000.00 for Appraisal, engineering, environmental, legal, etc.



Multifamily Overview (Equity/Mezzanine)

- Eligible Projects:**
- Development
 - Recapitalizations
 - Renovations
 - Yield Plays
- Eligible Property Locations:** Nationwide. Preferably Tier I and Tier II Markets with strong market fundamentals in place.
- Deal Size:** \$15 - \$50MM total cap (\$3 - \$10MM per property). Properties should apply 70-80% leverage. Larger Transactions evaluated on a case by case basis
- Investment Amounts:** OCP will fund up to 95% of the required equity amount. We like to see sponsor contributions of between 5% and 10%
- Target Returns:** Depending upon project dynamics, sponsor suitability and deal structure OCP will target between 18% and 30% returns.
- Deal Structure:** Joint Venture Equity: Preferred Return: 8 -12%
Tiered Returns: Ownership splits based upon mutually established hurdle rates or benchmarks
- Mezzanine Debt: 15 -20% cost of funds with 12 – 36 month holding periods.
- Holding Periods:** 1 – 7 years based upon deal structure.
- Fees:** Loan Fees: 0-4% of the loan amount
Good Faith Deposit: \$7,500 at application
Deposit for Third Party Costs: \$20,000.00 for Appraisal, engineering, environmental, legal, etc.
- Other:** OCP can also provide construction and mini-perm, or forward commitments for your development projects.

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MULTIFAMILY PROPERTY

INITIAL UNDERWRITING CHECKLIST

1. If financing is for acquisition purposes, please provide a copy of the fully executed purchase and sale agreement.
2. If financing is for a refinance, please provide the original purchase price paid for the property, date of purchase and summary of current financing.
3. If financing is for construction purposes, please provide complete construction cost breakdown.
4. Detailed Monthly Income & Expense for past 3 years if available, as well as 2003 YTD and proforma by Month.
5. Most recent appraisal and/or complete property description including photos, site plan, floor plans and area location map. The description provided should include detailed description of amenities (i.e. parking, clubhouse/pool, laundry, workout, etc.)
6. Complete property breakdown by unit type, square footage amenities and rent
7. Current Rent Roll including:
 - a. Regulated Units (controlled, stabilized)
 - b. Apartment numbers
 - c. Room/Bathroom Count.
8. Detailed Use of Funds Statement
9. Detailed Capital Expenditures (Past, Present & Future)
10. Borrower Resume & Current Financial Statement
11. Property Management Company Overview
12. Copy of Standard Lease including tenant mix description (i.e. Students, military, controlled, subsidized, etc.)
13. Current Market Analysis (if available).

For More Information Please Contact:

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