



OLD CAPITAL

P A R T N E R S

Condo Loan Program Overview

Underwriting Overview

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

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Condo Loan Program Overview

Current market dynamics are such that many borrowers stand to have greater capital requirements on new condo construction or conversion opportunities because their first mortgage loan amount falls short of the true borrowing need. In order to respond to this market inefficiency Old (OCP) provides construction/mezz financing on both the development and conversion of condominium projects located throughout the United States.

OCP uses true supplemental mezzanine financing in conjunction with traditional construction financing to increase leverage up to 90% of a properties value. Our business model allows us to offer borrowers fast, simple and reliable condo financing without the usual headaches associated with procuring secondary financing.

Construction Loan Overview

Eligible Properties: We will consider both condo development and conversion projects/properties.

Eligible Locations: Nationwide. While we prefer Tier I and Tier II Markets with strong market fundamentals in place we often fund transactions in small markets where project economics and collateral are compelling. We prefer Central Business District (CBD) locations but will look at both suburban and destination locations where strong market dynamics exist.

Loan Amount: A maximum of 75% Loan to Cost with minimum total project costs of \$20MM. Minimum TPC can be waived for existing borrowers, or where a solid business case can be made for doing so.

Rate: Construction loans are priced off of LIBOR based spreads that range from 200 – 350 over the one month LIBOR. Most loans do not have a floor rate. Spreads and floor rates will be determined based upon strength of sponsor, market and overall project economics.

Term: Terms from 12 to 36 months (extension options available).

Deal Structure: First position in conjunction with an inter-creditor agreement with the junior mezz piece.

Underwriting: Will require typical third party documentation for legal, environmental, seismic, engineering, and appraisal. In secondary and tertiary markets a market feasibility study may be required.

In addition to requests containing solid project economics we also look for sponsors that have a successful track record in condo construction or conversion, or at a minimum have a project team in place that does.

Origination Fees: Origination Fees vary based upon loan term and project/credit strength. Typical Origination fees range for the construction component can range from par pricing to a maximum of 2.5%.

Time Frames: OCP can typically close and fund construction financing within 60 days of issuing a formal application. Time frames can be accelerated or decelerated based upon the availability of third party reports.

Mezzanine Loan Program Guidelines

Eligible Properties: We will consider mezz financing on both condo development and conversion projects/properties for the following types of investments: Development; Recapitalizations; Renovations; Yield Plays; Bridge Loans, and; Interim Funding needs.

Eligible Locations: Nationwide. While we prefer Tier I and Tier II Markets with strong market fundamentals in place we often fund transactions in small markets where project economics and collateral are compelling. We prefer Central Business District (CBD) locations but will look at both suburban and destination locations where strong market dynamics exist.

Loan Amount: ***Small Mezz Program:*** \$1,000,000.00 to \$5,000,000.00
Traditional Mezz Program: \$5,000,000.00 to \$50,000,000.00

Coupon: Depending upon project dynamics, sponsor suitability and deal structure rates will fall between 12% and 18% on a fixed rate, interest only basis. Pay rates and accrual structures negotiated on a case by case basis.

Term: Terms from 12 to 36 months (extension options available) to match the construction loan.

Deal Structure: True mezz debt secured by member/ownership interests inside or outside the LLC with a standard inter-creditor agreement. Non-recourse options available subject to sponsor suitability.

OCP will also consider alternative structures such as subordinated lease backs, full equity participation as evidenced by priority returns, or other creative structures providing increased leverage for the borrower. We will also consider many kinds of Standby Commitments, provide Letters of Credit, or provide Credit Enhancement via Loan Guarantee positions.

Underwriting: OCP will fund up to a maximum combined 90% LTV. A sponsor cash co-invest of 10% of total project cost is required.

Fees: ***Origination:*** Origination Fees vary based upon loan term and may be waived in lieu of equity/participation or increased coupon.

Time Frames: OCP can typically close and fund mezzanine debt inside of 60 days with some transactions able to be closed within a month.

Initial Underwriting Checklist

1. If the loan is for construction/renovation purposes, please provide complete construction cost breakdown.
2. Name and experience of General Contractor.
3. Detailed Monthly proforma including draw schedule and absorption forecast.
4. Most recent appraisal and/or market study to include complete property description including photos, site plan, and area location map.
5. Complete unit breakdown by type, square footage, base amenity package and sales price.
6. Detailed Use of Funds Statement.
7. Borrower Resume & Current Financial Statement.
8. Sales Team Overview.
9. Copy of Standard Reservation form and/or presales contract.
10. Phase 1 Environmental Survey.
11. Copy of any existing notes and deeds of trust.
12. Copy of ownership LLC and/or Partnership.

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