



OLD CAPITAL

P A R T N E R S

Mezzanine Loan Program Overview

Underwriting Overview

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

5051 Westheimer, Suite 700 Houston, Texas USA 77056

713.621.2050 Office

713.621.6432 Fax

Mezzanine Loan Program Overview

Current market dynamics are such that many borrowers stand to lose new deals or refinance opportunities because their first mortgage loan amount falls short of the true borrowing need. Banks, Life Companies, Pension Plans and particularly Conduit lenders have tightened underwriting standards which in turn shrink LTV/LTC ratios.

In order to respond to this market inefficiency Old Capital Partners (OCP) provides true supplemental mezzanine financing in conjunction with traditional first mortgage financing to increase leverage up to 90% of a properties value. Our business model allows us to offer borrowers fast, simple and reliable mezzanine debt without the usual headaches associated with procuring secondary financing.

Mezzanine Loan Program Guidelines

- Eligible Properties:** We will consider Multifamily, Retail, Industrial, Office, Residential Subdivision, Hospitality, and Condo 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.
- 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 10% and 18% on a fixed rate, interest only basis.
- Term:** Terms from 1 month to 36 months (extension options available).
- 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 with additional and/or cross collateralization.
- 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. There is no minimum debt coverage ratio, or minimum sponsor equity requirement. Each transaction is based upon OCP's valuation of all underlying collateral.
- Fees:** Origination Fees vary based upon loan term and may be waived in lieu of equity/participation or increased coupon. Standard third party reports may be required if not available from the senior lender.
- Time Frames:** OCP can typically close and fund mezzanine debt inside of 30 days with some transactions able to be closed within a week. Often times no appraisal is needed.

Mezzanine Comparison

	OCP Mezzanine	Conventional Mezzanine
Property Types:	All types.	Specific to Third Party Provider
Loan Amount:	\$1MM to \$50MM	Typically \$5MM to \$50MM
Term:	1 – 36 months with rollover options	3 – 5 years
Coupon:	10 – 18% Fixed rate, interest only often with significant accrual	15 – 20% floating over LIBOR, fully amortizing
Legal Fees:	Typically less than \$10,000	\$30,000 - \$50,000

Initial Underwriting Checklist

1. If the loan is for acquisition purposes, please provide a copy of the fully executed purchase and sale agreement.
2. If the loan is for a recapitalization, please provide the original purchase price paid for the property, date of purchase and summary of current financing.
3. If the loan is for construction/renovation 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.
6. Complete property breakdown by type, square footage, Current Rent Roll.
7. Detailed Use of Funds Statement.
8. Detailed Capital Expenditures (Past, Present & Future).
9. Borrower Resume & Current Financial Statement.
10. Property Management Company Overview.
11. Copy of Standard Lease including tenant mix description.
12. Current Market Analysis (if available).
13. Phase 1 Environmental Survey.
14. Copy of any existing notes and deeds of trust.
15. Copy of ownership LLC and/or Partnership.

For More Information Please Contact:
Ron Bearden
Direct: 713.621.2050
info@oldcap.com