



OLD CAPITAL

P A R T N E R S

Guidelines for Office Loans

Underwriting Criteria



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

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Office Loan Overview

Eligible Properties:	CBD and suburban multi-tenant office properties are eligible. Should have a stabilized income. Unacceptable candidates include physical or functionally obsolete buildings, buildings that cannot be converted to multi-tenant uses and economically obsolete properties.
Eligible Property Locations:	Nationwide; located on main roadways with good visibility and access, or in an established office park. Prefer locations in primary office market areas or with a demonstrated ability to compete and re-lease space at market rates. Require solid market strength as is determined by, among other factors, absorption and trends in population and employment.
Loan Size:	\$1 Million - \$30 Million; will also consider larger portfolio transactions.
Debt Service Coverage:	1.20 x minimum
Loan-to-Value Ratio:	Up to 80%
Loan Term:	5, 7 or 10 years
Amortization:	30 years or less depending on major lease terms and expiration, and property age.
Tenancy:	Prefer multi-tenant or credit-tenant properties. Loans for single tenant properties will normally be amortized over the remaining term of the lease and typically will require higher coverage and reserves.
NOI Calculation:	Strongly prefer to receive three full years of operating history (waived for new construction). Rent revenue is the lesser of the contractual base rents or current market rents. Expense recovery must reflect the stabilized operating history of the project. Minimum vacancy of 5% or sub-market average. Recoveries on NNN rents must be consistent with market.

Rent Roll - Prefer smooth lease expiration schedules so that the debt coverage ratio in any given year does not fall below break-even. May consider properties with significant rollover risk on a case-by-case basis. Tenants not occupying space and paying full rent for at least 3-months will require a seasoning reserve equal to 3-months' rent.

Management Fee - Minimum management fee of 5% of effective gross income. Single tenant buildings that are fully maintained and managed by the occupant can be underwritten at a 3% management fee,

Reserves - \$.10 to \$.25 per square foot for structural reserves depending on property age and condition and adjusted in accord with the engineering report. Determine Tenant Improvement and Leasing Commission reserves from the rollover schedule and market averages.

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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 the takeout of construction financing please provide information on the construction lender and current loan in place.
4. Detailed Monthly Income & Expense for 2003 YTD (actual and proforma)
5. Detailed Year-end Income & Expense for 2001 & 2002
6. Current Rent Roll including:
 - a. Detailed Lease Abstract to include: Escalations, commencement and expirations, add-ons, concessions, description of tenant and description of any added rent that tenant is responsible for.
7. Copy of most current appraisal
8. Detailed Use of Funds Statement
9. Detailed Capital Expenditures (Past, Present & Future)
10. Description of Sponsorship to include:
 - a. Description of Borrowing Entity; Borrower Resume; Current Financial Statement; 2 years tax returns.
11. Photos, Floor Plans, Site Plan and Area Location Map
12. Copy of Standard Lease
13. Property Description (i.e. age, construction material, nrsf, floors, parking ratio, acreage, etc.)
14. Current Market Analysis (if available).

For More Information Please Contact:

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