



OLD CAPITAL

P A R T N E R S

Guidelines for Special Use Projects

Underwriting Criteria



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

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Special Use Property Loan Overview

Eligible Properties:	We fund special use properties such as car lots, movie theatres, golf courses, etc. Property must be strong sales generator with a good reputation in the market. We will consider two-story buildings, but typically will underwrite the second story with income limitations. OCP requires current minimum economic occupancy of 85%. Prefer credit tenants with greater than five years remaining on the lease term.
Eligible Property Locations:	Nationwide; require direct access to major roadways and high visibility. Prefer infill locations in developed neighborhoods. Unanchored properties should be located in high traffic areas. Where direct competition exists, the property is required to exhibit a stronger market appeal than the competition or a history of retaining its tenancy, sales volume and competitiveness.
Loan Size:	\$2 Million - \$30 Million; will also consider larger portfolio transactions.
Debt Service Coverage:	Generally, 1.25 to 1.35 x, depending on the quality of the location of the market, the property and the existence and quality of anchor tenants.
Loan-to-Value Ratio:	Up to 70%
Loan Term:	7, 10, 15 and 20 year terms available
Amortization:	20 years or less, depending on major lease terms and expiration, and property age.
NOI Calculation:	Strongly prefer to receive three full years of operating history. Underwrite income using the lower of the actual rental income in place or average market rent for the first year of the loan. Percentage rent and actual step-ups occurring within 12 months of closing may be included on a case-by-case basis. Credit Tenants - Credit tenants (BBB- or better) with base lease terms exceeding five years beyond the final loan term typically may be excluded from vacancy, Tenant Improvement and Leasing Commission reserves. Expenses - Underwrite expenses using the greater of actual 12 months trailing, last two years historical, or the market/industry average. Expense recovery must reflect the stabilized operating history of the project. Vacancy - Will be the higher of actual or market with a minimum of 5%. A vacancy factor will be taken on all credit/anchor tenants if the lease term is less than the loan term. Management Fee - 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 the 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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