

Single Tenant Office Building Loan Quote Comparison

JULY 2016	Lender #1A	Lender #1B	Lender #2	Lender #3
Loan Amount:	\$5,500,000	\$6,500,000	\$6,500,000	\$6,500,000
Estimated Value:	\$10,000,000	\$10,000,000	\$10,000,000	\$10,000,000
Loan To Value:	55.0%	65.0%	65.0%	65.0%
Indicated Interest Rate	4.05%	3.85%	3.79%	3.60%
Interest Only?	None	None	None	None
Underwriting Criteria:				
Maximum LTV:	N/A	N/A	65%	65%
Minimum DSCR:	N/A	N/A	1.30	1.25
Fixed/Variable Term:	20 Yrs / 0 Years	15 Years / 0 Years	10 Years	10 Years
Variable Rate:	N/A	N/A	N/A	N/A
Variable Ceiling:	N/A	N/A	N/A	N/A
Loan Term:	20 Years	15 Years	10 Years	10 Years
Amortization Period:	20	15	30	25
Rate Lock:	Yes	Yes	No	Yes
Monthly Loan Constant:	0.6086%	0.7322%	0.4654%	0.5060%
Total Loan Fees (Lender/Mtg Broker):	1.00%	1.00%	0.50%	0.50%
Application Deposit	\$20,000 + 2%	\$20,000 + 2%	\$5,000	\$10,000
	2% refundable at closing	2% refundable at closing		
Are costs capped?	No	No	Yes	No
To be used for:	3rd Party Reports & Processing Fee	3rd Party Reports & Processing Fee	3rd Party Reports	3rd Party Reports Processing Fee
Third Party Reports Required				
Appiasal	Yes	Yes	Yes	Yes
Environmental	Yes	Yes	Yes	Yes
Property Condition Report	Yes	Yes	No	No
Survey	Yes	Yes	No	No
Deposit Relationship Required?	None	None	None	None
Other Costs				
Processing Fee/Site Visit	\$5,500	\$6,500	\$0	\$0
Lender's Legal Cost Estimate	\$0	\$0	\$0	\$0
Escrow Impounds				
Property Taxes	No	No	No	No
Insurance	No	No	No	No
Replacement Reserves	No	No	No	No
Prepayment Penalty				
Lock-Out Period	None	None	None	None
Method of Prepayment	Yield Maintenance	Yield Maintenance	Breakage Fee	Breakage Fee
Open Period	Last 90 Days	Last 90 Days	Last 60 Days	Last 90 Days
Recourse/Non-Recourse	Non-Recourse	Non-Recourse	Recourse	Recourse

Single Tenant Office Building Estimated Sources & Uses Statement

	Lender #1A	Lender #1B	Lender #2	Lender #3
<u>SOURCES</u>				
Loan Amount	5,500,000	6,500,000	6,500,000	6,500,000
Cash From Borrower	4,592,862	3,604,737	3,554,050	3,553,800
Total Sources	\$10,092,862	\$10,104,737	\$10,054,050	\$10,053,800
<u>USES</u>				
Cash To Borrower	0	0	0	0
Purchase Price	10,000,000	10,000,000	10,000,000	10,000,000
Repair Holdback	0	0	0	0
Financing Charges				
Financing Fee	55,000	65,000	32,500	32,500
Appraisal	4,500	4,500	4,500	5,000
Environmental Report	2,700	2,700	2,250	2,000
Property Condition Report	2,800	2,800	0	0
Survey	8,000	8,000	0	0
Processing Fee	6,500	6,500	0	0
Miscellaneous Lender Fees	0	0	0	0
Title Policy Insurance	11,062	12,937	12,500	12,000
Escrow	1,800	1,800	1,800	1,800
Miscellaneous Closing Costs	<u>500</u>	<u>500</u>	<u>500</u>	<u>500</u>
Total Financing Charges	92,862	104,737	54,050	53,800
Total Uses	\$10,092,862	\$10,104,737	\$10,054,050	\$10,053,800

Single Tenant Office Building Monthly Cash Flow After Debt Service

No. of sq.ft. 44,189

	Lender #1A	Lender #1B	Lender #2	Lender #3
INCOME				
1. Rental Income	\$715,862	\$715,862	\$715,862	\$715,862
2. CAM Reimbursements	\$48,000	\$48,000	\$48,000	\$48,000
3. Vacancy & Credit Loss	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
4. EFFECTIVE GROSS INCOME	\$763,862	\$763,862	\$763,862	\$763,862
EXPENSES				
5. Property Taxes	0	0	0	0
6. Insurance	14,200	14,200	14,200	14,200
7. Repairs & Maintenance	13,000	13,000	13,000	13,000
8. Elevator Maintenance	3,400	3,400	3,400	3,400
9. Utilities	6,150	6,150	6,150	6,150
10. Security	1,965	1,965	1,965	1,965
11. Landscape Maintenance	13,525	13,525	13,525	13,525
12. Management Fee @ 3%	0	0	0	0
13. Replacement Reserves @ 2%	0	0	0	0
14. TOTAL OPERATING EXPENSES	\$52,240	\$52,240	\$52,240	\$52,240
15. % Expense/Effective Gross Income	6.8%	6.8%	6.8%	6.8%
16. Expense Per Unit or Square Feet	\$1.18	\$1.18	\$1.18	\$1.18
17. CASH FLOW BEFORE DEBT SERVICE	\$711,622	\$711,622	\$711,622	\$711,622
18. Monthly Net Income	\$59,302	\$59,302	\$59,302	\$59,302
19. Loan Amount	\$5,500,000	\$6,500,000	\$6,500,000	\$6,500,000
20. Interest Rate	4.05%	3.85%	3.79%	3.60%
21. Amortized or Interest Only?	Amortized	Amortized	Amortized	Amortized
22. Amortization	20	15	30	25
23. Less: Mortgage Payment	\$33,474	\$47,593	\$30,250	\$32,890
24. CASH FLOW AFTER DEBT SERVICE	\$25,828	\$11,709	\$29,052	\$26,412

Single Tenant Office Building Before & After Tax Return on Equity

	Lender #1A	Lender #1B	Lender #2	Lender #3
<u>PROJECTED TAXABLE INCOME</u>				
NET CASH FLOW BEFORE DEBT SERVICE	\$711,622	\$711,622	\$711,622	\$711,622
Annual Interest Expense	219,391	244,527	244,302	234,000
Cost Recovery (Depreciation)	<u>290,880</u>	<u>290,880</u>	<u>290,880</u>	<u>290,880</u>
TAXABLE INCOME	\$201,351	\$176,215	\$176,440	\$186,742
<u>CASH FLOW BEFORE & AFTER TAXES</u>				
Net Operating Income	\$711,622	\$711,622	\$711,622	\$711,622
Annual Debt Debt Service	<u>401,688</u>	<u>571,111</u>	<u>363,003</u>	<u>394,682</u>
CASH FLOW BEFORE TAXES	\$309,934	\$140,511	\$348,619	\$316,940
Tax Liability @ 30%	<u>60,405</u>	<u>52,864</u>	<u>52,932</u>	<u>56,023</u>
CASH FLOW AFTER TAXES	\$249,529	\$87,647	\$295,687	\$260,917
<u>RETURN ON EQUITY</u>				
BEFORE TAX	6.9%	4.0%	10.0%	9.1%
AFTER TAX	5.5%	2.5%	8.4%	7.5%

<u>DEPRECIATION AND TAX ASSUMPTIONS</u>	
Estimated Value	\$10,000,000
Building Value as % of Total Value	80%
Depreciation Schedule	
Apartments	3.636%
Commercial Buildings	2.564%
Ordinary Income Tax Rate:	30%

Amortization Schedule

Lender #1A				
Original Mortgage Balance:		5,500,000		
Interest Rate:		4.050%		
Amortization in Years:		20		
Month	P&I	Interest	Principal	UPB
				5,500,000.00
1	33,474.00	18,562.50	14,911.50	5,485,088.50
2	33,474.00	18,512.17	14,961.83	5,470,126.67
3	33,474.00	18,461.68	15,012.33	5,455,114.34
4	33,474.00	18,411.01	15,062.99	5,440,051.35
5	33,474.00	18,360.17	15,113.83	5,424,937.52
6	33,474.00	18,309.16	15,164.84	5,409,772.68
7	33,474.00	18,257.98	15,216.02	5,394,556.66
8	33,474.00	18,206.63	15,267.37	5,379,289.29
9	33,474.00	18,155.10	15,318.90	5,363,970.39
10	33,474.00	18,103.40	15,370.60	5,348,599.79
11	33,474.00	18,051.52	15,422.48	5,333,177.31
12	33,474.00	17,999.47	15,474.53	5,317,702.78
		219,390.81	Total Interest Year 1	

Lender #1B				
Original Mortgage Balance:		6,500,000		
Interest Rate:		3.850%		
Amortization in Years:		15		
Month	P&I	Interest	Principal	UPB
				6,500,000.00
1	47,592.58	20,854.17	26,738.42	6,473,261.58
2	47,592.58	20,768.38	26,824.20	6,446,437.38
3	47,592.58	20,682.32	26,910.26	6,419,527.12
4	47,592.58	20,595.98	26,996.60	6,392,530.51
5	47,592.58	20,509.37	27,083.22	6,365,447.30
6	47,592.58	20,422.48	27,170.11	6,338,277.19
7	47,592.58	20,335.31	27,257.28	6,311,019.91
8	47,592.58	20,247.86	27,344.73	6,283,675.19
9	47,592.58	20,160.12	27,432.46	6,256,242.73
10	47,592.58	20,072.11	27,520.47	6,228,722.26
11	47,592.58	19,983.82	27,608.77	6,201,113.49
12	47,592.58	19,895.24	27,697.34	6,173,416.14
		244,527.15	Total Interest Year 1	

Amortization Schedule

Lender #2				
Original Mortgage Balance:		6,500,000		
Interest Rate:		3.790%		
Amortization in Years:		30		
Month	P&I	Interest	Principal	UPB
				6,500,000.00
1	30,250.24	20,529.17	9,721.07	6,490,278.93
2	30,250.24	20,498.46	9,751.77	6,480,527.16
3	30,250.24	20,467.66	9,782.57	6,470,744.58
4	30,250.24	20,436.77	9,813.47	6,460,931.11
5	30,250.24	20,405.77	9,844.46	6,451,086.65
6	30,250.24	20,374.68	9,875.56	6,441,211.10
7	30,250.24	20,343.49	9,906.75	6,431,304.35
8	30,250.24	20,312.20	9,938.03	6,421,366.32
9	30,250.24	20,280.82	9,969.42	6,411,396.89
10	30,250.24	20,249.33	10,000.91	6,401,395.98
11	30,250.24	20,217.74	10,032.50	6,391,363.49
12	30,250.24	20,186.06	10,064.18	6,381,299.31
		244,302.16	Total Interest Year 1	

Lender #3				
Original Mortgage Balance:		6,500,000		
Interest Rate:		3.600%		
Amortization in Years:		25		
Month	P&I	Interest	Principal	UPB
				6,500,000.00
1	32,890.18	19,500.00	13,390.18	6,486,609.82
2	32,890.18	19,500.00	13,390.18	6,473,219.65
3	32,890.18	19,500.00	13,390.18	6,459,829.47
4	32,890.18	19,500.00	13,390.18	6,446,439.29
5	32,890.18	19,500.00	13,390.18	6,433,049.12
6	32,890.18	19,500.00	13,390.18	6,419,658.94
7	32,890.18	19,500.00	13,390.18	6,406,268.77
8	32,890.18	19,500.00	13,390.18	6,392,878.59
9	32,890.18	19,500.00	13,390.18	6,379,488.41
10	32,890.18	19,500.00	13,390.18	6,366,098.24
11	32,890.18	19,500.00	13,390.18	6,352,708.06
12	32,890.18	19,500.00	13,390.18	6,339,317.88
		234,000.00	Total Interest Year 1	