



Underwriting Standards by Property Type

A. Multifamily Properties

- Minimum loan amount of \$1mm
- Loan/Value Ratio not to exceed 75%
- In loans to facilitate acquisition, loan amount is not to exceed the lower of 75% of purchase price or appraised value.
- Underwritten income will be based on YTD and previous years actual operating statements
- Debt Service Coverage Ratio minimum of 1.20 for purchase, 1.30 for refinance
- Replacement Reserves of no less than \$150/unit
- Occupancy levels greater than 90%
- Appropriate amenity package based on tenant profile
- Parking ratios at or exceeding Code Requirements
- Proven, competent management
- Operating expenses based on history, inflated as appropriate, and possibly adjusted per appraisal estimates
- Management underwritten at 5% of Effective Gross Income

B. Retail Properties

- Loan/Value Ratio not to exceed 75%. Owner occupied properties are eligible for up to 90% CLTV with subordinate financing via a second trust
- Minimum loan amount of \$750,000 for investment properties, \$250,000 for owner occupied properties
- Debt Service Coverage Ratio minimum of 1.20 for purchase or rate and term refinance, 1.30 for cash out refinance
- Minimum Replacement Reserves of \$0.15 to \$0.20/square foot, depending on age and condition
- In multi-tenant properties, tenancy to include diverse range of services appropriate to location
- Occupancy levels consistent with the surrounding market
- Leases with less than six months' remaining term may be eliminated or discounted.
- Rollover costs to be calculated at market levels for tenant improvements and leasing commissions
- Parking ratios at or exceeding Code Requirements
- Proven, competent management
- Management underwritten at 5%. Vacancy underwritten at the greater of actual or 5% to 10% depending on area.

C. Office Buildings

- Loan/Value Ratio not to exceed 75%. Owner occupied properties are eligible for 90% CLTV with subordinate financing via a second trust
- Minimum loan amount of \$750,000 for investment properties, \$250,000 for owner occupied properties
- In loans to facilitate acquisition, loan not to exceed the lower of 75% of purchase price or appraised value (90% for owner-occupancy as defined above)
- Debt Service Coverage Ratio minimum of 1.20 for purchase or rate and term refinance, 1.30 for cash out refinance
- Minimum Replacement Reserves of \$0.20 to \$0.25/square foot, depending on age and condition
- Occupancy levels consistent with the property's surrounding market
- Leases with less than six months' remaining term may be eliminated or discounted.
- Rollover costs to be calculated at market levels for tenant improvements and leasing commissions
- Parking ratios at or exceeding Code Requirements
- Proven, competent management
- Management underwritten at 5%. Vacancy underwritten at the greater of actual or 5% to 10% depending on area.

D. Industrial Properties

- Loan/Value Ratio not to exceed 75%. Owner occupied properties are eligible for up to 85% CLTV with subordinate financing via second trust
- Minimum loan amount of \$250,000
- Only owner occupied properties are eligible
- Debt Service Coverage Ratio minimum of 1.30
- Minimum Replacement Reserves of \$0.05 to \$0.15/square foot, depending on age and condition
- Tenancy appropriate to location and market
- Occupancy levels consistent with the surrounding market
- Leases with less than six months' remaining term may be eliminated or discounted.
- Rollover costs to be calculated at market levels for tenant improvements and leasing commissions
- Proven, competent management
- Management underwritten at 5%. Vacancy underwritten at the greater of actual or 5% to 10% depending on area.

E. Hotels and Motels

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- Franchise or chain affiliation required
 - Maximum loan size of \$4,000,000 (maybe higher if used in conjunction with a SBA 504 2nd)
 - Minimum loan amount of \$500,000
 - For refinancing, the Loan/Value Ratio is not to exceed 65%
 - For acquisition, subordinate financing is available via seller second or SBA second, combined Loan/value ratio is not to exceed 85%.
 - Debt Service Coverage Ratio minimum of 1.30 for trailing 2 tax years
 - Seasonal adjustments of income may be required
 - Underwritten Net Operating Income, Average Daily Rate, and Revenue Per Available Room supported by minimum of 2 years' history
 - Franchise Fee equal to minimum 5% of total underwritten revenue
 - Minimum Replacement Reserve equal to 5% of total underwritten revenue
 - Property should be performing at better than average against competitive set defined within STAR report.
 - Proven, competent management

F. Assisted Living, Day Care, Automotive, and other Special Use

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- Loan/Value Ratio not to exceed 65%
 - For acquisition, subordinate financing is available via a second trust not to exceed 85%
 - Underwritten income will be based on YTD and previous years actual operating statements
 - Property to have adequate mix of public and private-pay clients
 - Lender to arrive at thorough understanding of agency reimbursement policies and timing
 - Debt Service Coverage Ratio minimum of 1.30
 - Occupancy levels stable or improving, and consistent with market levels
 - Proven, competent management
 - Management underwritten at 5% of Effective Gross Income