

## NEW UNIQUE \$1MM to \$50MM CMBS WHOLESALE TABLE-FUNDING PROGRAM by UCS !

This Program not only shines in 'AA' deals, but also in '**B+**' to a few '**B-**' [**NOT C**] properties in similar grade areas at Low '**Big-10' Conduit Rates**, assuming Occupancy Historical's & Financial Historical's are 'A-' grade documentable 'cash-cows' or better. **Low FICO's OK** at no rate increase assuming a solid explanation is available! **No Rate Increases** for loans under \$2MM and **No Rent Roll Seasoning** needed if Leases & Tenants are in place at time of the Appraisal. It just doesn't get any better than that !

### ACCEPTABLE PROPERTIES TYPES AND LTV'S

**Multi-Family, Multi Tenant [and a few ST/OO] Commercial Properties & LTV's**  
Up to 80% LTV. However, Mezzanine Pieces are allowed yet Borrower must demonstrate 10% to 15% hard cash in the deal. All Mezzanine Pieces must be arranged by Banker / Broker for the moment while UCS develops its own Mezzanine Piece so the deal can be done as one transaction.

- Multi-Family [80%LTV], Office [75% to 80%LTV], Anchored Retail [75% LTV] & Unanchored Retail [generally 70%LTV], Industrial [Warehouse, Flex Building, etc (newer metal buildings permitted if built with brick & mortar on first floor ) [75% LTV], Self-Storage [75% to 80% LTV], Mobile Home Parks [80% LTV], Student Housing [80% LTV], Sr. Housing - Retirement Facilities - Assisted Living [75% LTV] also allowed but must have very limited care and no 'skilled medical' care.
- Single Tenant / Owner Occupied OK if they are Investment Grade start @ \$1MM, Non-Investment Grade ST& O/O start @\$6.5MM.
- Hotels: Limited and Full-Service Flagged Hotels: 65% to 70%LTV, see '**Qualification Notes on Hotels**' below on the right hand side.

### UNACCEPTABLE PROPERTIES [BUT NOT LTD. TO]

- Environmental risk properties such as vehicle repair, quick lubes, tire stores, etc
- Construction Lending
- Individual Commercial Condominiums
- Athletic Facilities, Restaurants
- Car Dealerships & Car Washes
- Convenience Store / Gas Station
- Section 8's over 10% of total Occupancy
- Franchises, Marinas, Special Purpose Bldgs.
- Owner Occupied Non-Investment Grade under \$ 6.5MM unless \$100MM in revenue
- Single Tenant Non-Investment Grade under \$6.5MM unless \$100MM in revenue
- Skilled-Medical & Congregate Care
- Properties w/ Underground Storage Tanks

**Pricing: Nobody Beats our lower** CMBS Conduit Pricing on 'B+' & "B-" as exemplified in our 'General Par Pricing' Sheet as enclosed.

**Premium Points:** Up to 2 Pts @ 15bp up-sell per 1Pt on 10 Yr deals, 20bp to 1 on 7 Yr deals, 25 to 1 for 5 Year deals; Not disclosed & paid @ closing.

**Table-Funding:** Yes, for better volume CMBS savvy Originators that can Pre-Underwrite deals to traditional CMBS specs prior to loan submission.

**Defeasance:** Yes **Yield Maintenance:** Yes; Policy Available Upon Request.

**Step-Down:** LO for 5 Yrs then 5,4,3,2,1 add 35bp; LO for 7 Yrs then 3,2,1 add 25bp

**Non-Recourse:** All loans are Non-Recourse **Amortization:** 25 to 30 years

**Terms:** 3, 5, 7,10 & some 15 Year Fixed; no Floating or Bridge Loans Available yet

**Deposit Fee's:** \$15,000 to \$20,000 for 3<sup>rd</sup> Party Reports, full loan Processing, and Underwriting. A Smaller-Balance Program [\$1MM to \$3MM] is now on the drawing board and will be approximately \$12,000 as soon as it is available.

**FICO's:** 640 and up if accompanied by solid explanation & no bankruptcies.

### Hotel Qualifications:

Premium Flagged Hotels as listed below with good STAR Reports are very desirable if they have a minimum occupancy averaging 60% and have been in business for one [1] year or longer. Any hotels that have outside corridors are NOT acceptable.

Marriot & Marriot Courtyard, Ritz, Four Seasons, Hyatt & Hyatt Place, Hilton & Hilton Gardens, Radisson, Ramada, Holiday Inn / Holiday Inn Express, Springhill Suites, Comfort Inn, Residence Inn, Hampton Inn, Fairfield Suites, Sheraton & Sheraton 4 Points/Loft and Renaissance,

Full Service Hotels w/ F&B, a 4% FF&E can be used for U/W. 'Limited' Service Hotels, use a 5% FF&E for U/W.

Last Updated: 10-01-07

## BASIC UNDERWRITING GUIDELINES

Item	(WITHOUT REGARD TO SPECIFIC PROPERTY TYPES & LOAN CHARACTERISTICS)
LTV'S, 85% & 90%	<b>Multifamily &amp; Mix-Use:</b> Up to 90% LTV [using 10% mezzanine piece] of purchase price or 80 to 85% loan-to-appraisal value, which ever is lower. <b>Commercial:</b> Up to 85% of purchase price [using 5% to 10% mezzanine piece] or 80% LTV of loan-to-appraisal, which ever is lower.
POTENTIAL BASE RENT	<b>Potential Base Rent:</b> Use leases in place with vacant space market to market. Leases 10% above market to be underwritten to market.
PERCENTAGE RENT	Using historical analysis allow 80%.
PARKING INCOME	In place rents, adjusted to reflect historical trend, if necessary.
PREPAY STEP-DOWN	<b>Fixed Rate Loans:</b> 3 Yr Lock Out, then 5//4//3/3/3/2/1 available on better quality – slightly lower leverage deals at 30bp to 50bp rate increase.
OTHER INCOME	Stabilized historical income from recurring sources. Other income should be capped at 15.0% of effective gross income.
VACANCY/CREDIT	Higher of actual or market, 5% to 7% min. depending on market.
REAL ESTATE TAX	Greater expense of current tax bill or fully assessed estimate.
INSURANCE	Actual insurance premium or trailing 12 months.
OPERATING EXP' S	Trailing 12 months adjusted for inflation.
MANAGEMENT FEES	3.0% to 5.0% of adjusted gross revenue dep. on property & location.
REPLACEMENT RESERVES	Tenant Improvement or Leasing Commission reserves collected. Use greater of engineer's estimate or \$0.10 psf for Industrial, \$0.20 for Office, \$0.15 psf for other property types.
IMPROVEMENTS	Higher of Actual or Market.
LEASING COMMISSIONS	Leasing Commissions based on Higher or Actual or Market.
Earn-Outs & Holdbacks	Earn-Outs not available, Holdbacks for immediate repairs are permitted.
BORROWER AND PRINCIPAL REQUIREMENTS	<ul style="list-style-type: none"> <li>▪ Liquidity assets need to be greater than 6 months of DCR</li> <li>▪ Liquid assets greater of one years debt service or \$150,000</li> <li>▪ No foreclosures, bankruptcies, criminal, or pending litigation</li> <li>▪ Borrowing Entity does NOT have to be USA-Domestic Entity</li> </ul>
PROPERTY REQUIREMENTS	<ul style="list-style-type: none"> <li>▪ Must have Operating Historicals &amp; Confirmation of Rent Roll / Occupancy %</li> <li>▪ Property must be stabilized 3 months at time of funding</li> <li>▪ Occupancy must be over 85% for a minimum of 3 months</li> <li>▪ Property must be 'C+' grade or better.</li> </ul>

**Secondary Financing Policy is as follows:**

A 5% to 10% Mezzanine Piece is permitted in order to get to a 90% LTV on Multi-Family & Mixed-Use Properties and 85% LTV's on Commercial Property Types but has to be arranged by Originator for now. Restrictions are as follows: Maximum 5 year loan term, 15-25 Year Amortization, Minimum DSCR of 1.15x. Borrower must fully document 10% or 15% balance in hard cash.

**More Specific Commercial Mortgage Underwriting Guidelines  
By Property Type for United Conduit's \$1MM to \$50MM  
'Wholesale / Table-Funding Programs' as of 10-01-07**

**I. Retail:**

**A. Specific Property Types**

1. Anchored Retail – 50,000 to 100,000 sq ft, primarily grocery stores; drug stores are considered junior anchor
2. Unanchored Retail – 25,000 to 50,000 sq ft, with complementary tenant mix and generic space
3. Shadow Anchor – Anchored Retail where anchor is not included in the subject property to be financed.
4. Free Standing Store – Credit Tenant with strong sales history in a good location.
5. Community Center – Min. size of \$100,000 sq ft with 2 anchored tenants (includes both “soft” goods, clothes, and “hard” goods, hardware and appliances).
6. Mixed Use – Retail space on lower level with multi-family units on upper floors.
7. Outlet Center – Min. 100,000 sq ft with primarily manufacturer operated retail stores

**B. Operating Performance** - Min occupancy of 85% - do not include leases expiring within 6 months unless they have signed renewals

**C. Loan Parameters**

1. DSC - Minimum 1.25x
2. LTV - Maximum LTV 75%.

**D. Reserves/Assumptions**

1. Management fee of 4%, 3% if four tenants or less
2. Replacement reserve of \$0.15/sf annually
3. TI Reserve typically \$5/sf new tenant, \$2/sf existing tenant with 60% probability of renewal
4. LC Reserve typically \$5/sf new tenant, \$3/sf existing tenant with 60% probability of renewal
5. Total TI/LC reserve should run around \$1.00/sf annually

**E. Underwriting Requirements** - Current rent roll, current and 2-years historical P&L, location, borrowers financials, pictures if possible.

**II. Multi-Family: A. Specific Property Types**

1. Low-rise garden style
2. Townhouse
3. Mid & High-Rise
4. Detached/attached complexes with 5+ units
5. Condos – borrower must have 51% ownership of the conduit association to qualify
6. Co-ops
7. Student & Military housing
8. Government Subsidized Housing – Can include up to 10% of 'Section 8' housing

**B. Operating Performance** – Min occupancy of 85% with max 10% for month-to-month leases

**C. Loan Parameters**

1. DSC – Minimum 1.30x
2. LTV – Maximum LTV 80%

**D. Reserves/Assumptions**

1. Management fee of 4%, if less than 100 units use 5%
2. Replacement reserve of \$250/unit, if age 15-20 years use \$300/unit, student housing \$350/unit.

E. Underwriting Requirements - Current rent roll, current and 2-years historical P&L, breakout of unit types, amenities, location, borrower financial statement and experience, pictures if possible.

### III. Industrial:

#### A. Specific Property Types

1. Warehouse (multi-tenant) – 50,000 to 100,000 sf with ceilings of 18' to 24'
2. Warehouse (single) – Credit tenant with lease that extends 2 years past loan term, amt period must be close to term.

3. Flex Space (multi-tenant)
4. Flex Space (single-tenant) – Credit tenant with lease that extends 2 years past loan term.

B. Newer steel / metal buildings permitted if first floor of building is built of brick / mortar.

C. Operating Performance – Min. occupancy of 85%

#### D. Loan Parameters

1. DSC – Minimum 1.25x
2. LTV – Maximum 75%

#### E. Reserves/Assumptions

1. Management fee of 4%, 3% if four tenants or less
2. Replacement reserve of \$0.15/sf annually
3. TI Reserve typically \$1/sf new tenant, \$0.5/sf existing tenant with 60% probability of renewal
4. LC Reserve typically \$5/sf new tenant, \$3/sf existing tenant with 60% probability of renewal
5. Total TI/LC reserve should run between \$0.20 to \$0.40/sf annually

F. Underwriting Requirements- Current rent roll, current & 2-years historical P&L, location, borrower financials & experience & pictures.

### IV. Office:

#### A. Specific Property Types

1. Class A – Min. 75,000 sf, mid and high-rise buildings in CBD or major suburbs, designed after 1980.
2. Class B – Min. 40,000 sf mid and high-rise buildings primarily in suburbs, designed post-1970 with at least 1 major renovation in last 10-15 years.
3. Class C – Not classified as A or B
4. Class A, B, C (single tenant) – Credit tenant with term of lease extending 2 years past maturity

B. Operating Performance – Min. occupancy of 80%

#### C. Loan Parameters

1. DSC – Minimum 1.25x
2. LTV – Maximum 75%, 80% on very strong deals on a case by case basis.

#### D. Reserves/Assumptions

1. Management fee of 4%, 3% if four tenants or less

- 2. Replacement reserve of \$0.20/sf annually
- 3. TI Reserve typically \$5/sf new tenant, \$2/sf existing tenant with 60% probability of renewal
- 4. LC Reserve typically \$5/sf new tenant, \$3/sf existing tenant with 60% probability of renewal
- 5. Total TI/LC reserve should run \$1.00/sf annually, if medical office between \$1.25 and \$1.50/sf annually
- E. Underwriting Requirements - Current rent roll, current and 2-years historical P&L, location, borrower financial statement and experience & pictures.

#### V. **Self-Storage Properties:**

- A. Specific Property Types – National or local brand
- B. Operating Performance – Min. occupancy of 75%
- C. Loan Parameters
  - 1. DSC – Minimum 1.25x
  - 2. LTV – Maximum 75%, 80% on case-by-case.
- D. Reserves/Assumptions
  - 1. Management fee of 4%
  - 2. Replacement reserve of \$0.10/sf annually
- E. Underwriting Requirements - Current rent roll, current and 2-years historical P&L, location, borrower financial statement and experience & pictures.

#### VI. **Mobile Home Properties**

- A. Specific Property Types
  - 1. 5 Star – Curved paved streets, sidewalks, street lights and signs, occupied by recent model double-wide and modular homes permanently affixed, typically in FL or CA.
  - 2. 4 Star – Each home permanently affixed, occupied primarily by double-wide homes with concrete patios or raised porches, paved streets
  - 3. 3 Star – Mix of double and single-wide units in good condition permanently affixed
- B. Operating Performance – Min. occupancy of 85%
- C. Loan Parameters
  - 1. DSC – Minimum 1.30x
  - 2. LTV – Maximum 75%
- D. Reserves/Assumptions
  - 1. Management fee of 4% up to 500 pads, 3.5% if 500+ pads
  - 2. Replacement reserve of \$50 to \$75/pad annually
- E. Underwriting Requirements - Current rent roll, current, 2-years historical P&L, breakout of pad types, location, borrower financial statement and experience, pictures.

#### VII. **Hotel Properties**

- A. Specific Property Types
  - 1. Acceptable Luxury / 1st Class Hotels: Ritz, Four Seasons, Hyatt's, Hilton's and Marriott's.
  - 2. Acceptable Mid-Tier Flags: Marriott Courtyard, Hampton Inn, Holiday Inn / Holiday Inn Express, Springhill Suites, Comfort Inns, Residence Inns, Fairfield Suites, Sheraton 4 Points/Loft, Hyatt Place Hotels, Hilton Gardens, Renaissance Hotels, Radisson, and Ramada's.
  - 3. All of the above mentioned hotels must meet the following criteria:

For 'full' service hotels with F&B, a 4% FF&E can be used for underwriting.

For 'limited' service hotels, a 5% FF&E should be used for underwriting.

Operating Performance – Minimum occupancy of 60% and at least 1-year in operation.

Loan Parameters: (1) DSC – Minimum 1.30x (2) LTV – Maximum 65%, 70% LTV on very strong deals on case-by-case basis.

Reserves/Assumptions (1) Management fee 4%. (2) Franchise fee 4% - 6% of total revenues. (3) FF&E Reserve 4% of total revenues.

Other Underwriting Requirements – a current STAR report is paramount, current and 2-years historical P&L, current 2-years historical occupancy / ADR / Rev-Par levels, good location such as airports, family destinations, major highways in populated areas, business centers, borrower financial statement and hotel management experience.

#### Definitions:

1. 'Full' Service Criteria – restaurant, meeting rooms, ballrooms, pool, fitness center.
2. Luxury/ 1<sup>st</sup> Class– cater to upper level business travelers.
3. Mid-Tier Hotels–Post 1980 construction catering to business, vacation and government travelers and only offer continental breakfast.
4. Convention – Draw significant revenues from group events or meetings.
5. Resort – Flagged 'full' service facilities in resort areas that include recreational amenities.
6. Limited Service – Limited range of services and amenities.

#### **VIII. Senior Housing Properties [allowed on an exception basis]**

1. Senior Housing - Retirement Facilities - Assisted Living Properties are permitted but must have very limited care and absolutely **NO** 'skilled-nursing' or **NO** congregate care or **NO** 'invasive' medical facilities.



## **Acceptable Hotel Properties & Qualifications**

[ aka, Industry Recognized Flagged Hospitality Properties]

### Definitions, Underwriting Specifics, & Property Types

1. 'Full-Service' Properties [aka, Luxury/ 1<sup>st</sup> Class Hotels]: must have restaurant(s), meeting and ballroom(s), pool, fitness center and catering to upper level business travelers. Acceptable Flags: Ritz, Four Seasons, Hyatt, Hilton, & Marriott.
2. 'Mid-Tier' Properties [aka, Hotels that cater to business, vacation and government travelers that generate significant revenues from group events or meetings. Acceptable Flags: Ramada's, Radisson's and Holiday Inn's.
- 3 'Limited Service' Properties – Limited range of services and amenities and 'post 1980 construction' offering only continental breakfast: Acceptable Flags: Marriott Courtyard, Hampton Inn, Holiday Inn / Holiday Inn Express, Springhill Suites, Comfort Inns, Residence Inns, Fairfield Suites, Sheraton 4 Points/Loft, Hyatt Place Hotels, Hilton Gardens, Renaissance Hotels.
4. 'Resort Properties' – must be 'Full-Service' and be in recognized resort areas and have upper-scale recreational amenitie(s).

**IMPORTANT:** All of the above mentioned hotels must meet the following criteria:

- A. For 'Full-Service' Hotels with Food & Beverage, a 4% FF&E [*furniture/ fixtures/ bedding, etc*] reserves should be used for underwriting.
- B. For 'Limited-Service' Hotels, a 5% FF&E should be used for underwriting.
- C. Operating Performance – Min. occupancy of 60% and at least 1-year in operation.
- D. Loan Parameters:
  1. DSC – Minimum 1.30x
  2. LTV – Maximum 65%, some 70% on very strong deals on a case by case basis.
- E. Reserves/Assumptions:
  1. Management fee 4%
  2. Franchise fee 4% - 6% of total revenues
  3. FF&E Reserve 4% of total revenues
- F. Other Underwriting Requirements – a current STAR report is very desirable if not paramount, plus current and 2-years Historical P&L's, current 2-years Historical Occupancy / ADR / Rev-Par [*reserve per available room*] levels, be in a good location, plus borrowers financial statements and positive hotel experience.

Last Up-Dated 10-01-07



## UNITED CONDUIT SECURITIES

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**PAR PRICING, LTV'S, AND PREMIUM PT. POLICIES ARE FOR GENERAL USE ONLY AND ARE SUBJECT TO SIGNIFICANT SWINGS DURING THIS TURBULENT MARKET and are Quoted Daily**

**NO significant spread increases for loans under \$2MM unlike the other 'Big-10' Conduits. Minimum 125-135 DSCR on reasonable quality deals.**

**2 Premium Pts Available at 15bp per 1Pt on 10 Yr, 20bp to 1 for 7 Yr & 25 to 1 on 5 Yr**

**WE ARE KNOWN TO GO TO CONSIDERABLE EFFORTS NOT BE UNDERPRICED, PARTICULARLY ON 'B+' and 'B-' deals [NO 'C-' DEALS], 5 Year & 7 Year also available!**

Multi-Family Complexes: 155-165 over the 10 Yr, 80% LTV pricing varies by quality.

Office Buildings: 170-180 over the 10 Yr, Multi-Tenant 75% LTV, some High Business Revenue S/T & O/O, 70% LTV, 140-155 & 75% LTV for Credit Tenant deals

Anchored Retail: 165-175 over the 10 Yr, 75% LTV to 80% LTV depending on quality.

Un-Anchored Retail: 165-185 over the 10 Yr, 70% LTV.

Mobile Home Parks: 160-165 over the 10Yr, 75% LTV

Industrial /Warehouse / Flex Buildings [Muti-Tenanted]: 70% LTV [newer quality metal bldings ok] 170-185 but must be \$6.5MM plus in loan size. Credit Tenant 140, 75% LTV

Self-Storage Facilities: 155-170 over the 10 Yr, 75% LTV to 80% depending on quality.

Hotels: Flagged [Full Service 160-175 & Ltd Service, 175-185 ] 10 Yr, 65% to 70% LTV

Assisted Living including Sr. Housing, Retirement Facilities, 165 over the 10 Yr [but **all must have very limited care, NO medical facilities or congregate skilled-nursing**] 65%-70% LTV.

### EARLY RATE LOCK POLICY:

2% for 30 days, 3% for 60 Days, 4% for 90 Days; Refundable at closing. **Updated: 10-01-07**

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