Credit Committee Presentation

Brookmere Apartments - Calder Ridge Holdings LLC - Sample Deliverable

RECOMMENDATION	
Action	**APPROVE WITH CONDITIONS**
Recommended loan amount	**$10,750,000**
Amount requested	$11,000,000
Variance to request	($250,000)
Risk rating	**2 of 5 (1 strongest)**
Governing constraint	DSCR on in-place income at 1.15x / 7.75%
Structure	Bridge acquisition, interest-only, 36 months

A strong sponsor with a documented rather than projected value-add thesis. Loss to lease of 19.5% is in the rent roll today. The underwriting supports $10,750,000 against the $11,000,000 requested, governed by in-place coverage. The deal refinances at full execution; the exposure is partial execution, and the sponsor balance sheet absorbs that case.

Transaction at a Glance

Item	Detail
Borrower	Calder Ridge Holdings LLC
Guarantor	Marcus T. Calder and Priya N. Calder (jointly and severally)
Property	148-Unit Value-Add Multifamily Acquisition
Location	Southeast MSA (Tier II), Southeastern United States
Business plan	148-unit 1987-vintage value-add; $15,000/unit renovation over 24 months
Total capitalization	$19,598,400
Sponsor equity	$8,848,400 / 45.1%
Term	36 months, interest-only

Sizing Summary

Constraint	Test	Maximum Loan
Loan to value	75.0% as-is	$11,989,567

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Loan to cost	75.0% of total cap	$14,698,800
DSCR - GOVERNING	**1.15x at 7.75%**	**$10,762,024**
Debt yield	8.50% minimum	$11,284,298
RECOMMENDED LOAN	**Rounded**	**$10,750,000**

Metric at recommended loan	In-Place	Stabilized
Net operating income	$959,165	$1,223,599
DSCR	1.151x	1.47x
Debt yield	8.92%	11.38%
Loan to value (as-is basis)	67.2%	n/a
Annual debt service	$833,125	$833,125
Equity requirement	**$8,848,400**	

Borrower Summary

Metric	Value
Verified net worth	$25,027,500
Net worth to loan	2.33x
Reported vs. verified variance	-19.8%
Post-close liquidity	$3,044,100
Months of subject debt service	43.8
Portfolio DSCR (9 assets)	1.46x
Portfolio LTV	62.2%
Global DSCR including subject	1.48x
Global cash flow at $0 subject NOI	**$409,975**
Total contingent exposure	$15,620,750

This is the strongest element of the file. Verified net worth covers the loan 2.33x, the portfolio runs 1.46x with every asset above 1.00x, and global cash flow carries the subject debt service with a $409,975 surplus even at $0 subject NOI. The in-house management company removes third-party manager risk on a renovation program where execution speed drives the outcome.

The Central Question for Committee

How much of the business plan must be achieved for the asset to refinance? Holding rate and DSCR constant, the breakeven is 76.4% of plan.

Scenario	Outcome
100% of plan	$578,442 surplus
90% of plan	$333,621 surplus
80% of plan	$88,801 surplus
76.4% - breakeven	**Takeout exactly covers the bridge**
70% of plan	($156,020) gap
60% of plan	($400,841) gap

At 60% execution the gap is $400,841 against post-close liquidity of $3,044,100. The downside is fundable from the sponsor balance sheet without a capital call. This is an execution-monitoring credit, not a capacity question.

Key Risks & Mitigants

1. **Execution dependency - refinance requires 76.4% of the business plan. Mitigant:** Global cash flow carries the subject at $0 NOI; post-close liquidity exceeds the downside gap. Rent achievement test at month 18.
2. **Thin in-place coverage at 1.151x DSCR at closing. Mitigant:** Stabilized coverage is 1.47x. Bound rate cap and interest reserve.
3. **1987-vintage asset with no property condition assessment - deferred maintenance unquantified. Mitigant:** $15,000 per unit is above typical interior-only scope, leaving room for building systems. PCA before closing with the capital plan reconciled to it.
4. **Tax reassessment risk - the deal was presented on the seller assessment. Mitigant:** Underwritten at reassessed basis, taking taxes from $248,000 to $392,000. Written confirmation of methodology required before closing.
5. **Guarantee maturing inside the subject term - Millbrook Retail, $1,597,750, matures 10/2027. Mitigant:** Asset current at 1.35x. Evidence of refinance or extension 120 days prior.
6. **Renovation scope unbid. Mitigant:** In-house management with direct renovation experience across 1,240 units. Contractor bids required before first draw.

Conditions of Approval

Consolidated from the Deal Underwriting and Borrower Credit memoranda. Numbering is for committee reference.

1. Loan amount not to exceed $10,750,000. The $11,000,000 request is not supported by in-place coverage.
2. Renovation escrow funded at closing, draws tied to unit completion and certificate of occupancy.

3. Rent achievement test at month 18: 70% of projected market rents on renovated units before any equity distribution.
4. Property condition assessment before closing, with the capital plan reconciled to it.
5. Written confirmation of reassessment methodology and timing from the county assessor.
6. Bound interest rate cap for the facility term, premium funded at closing.
7. Minimum liquidity covenant of $2,000,000 unrestricted, tested quarterly.
8. Contractor bids for the renovation scope received and satisfactory before the first draw.
9. Evidence of refinance or extension on the Millbrook Retail obligation 120 days prior to its 10/2027 maturity.
10. Executed LP subscription agreement for the $4,500,000 committed co-investment.
11. Quarterly reporting: rent roll, operating statement, renovation progress, contingent liability schedule.
12. Annual PFS, SREO, and tax returns prepared to a verification standard.

Policy Exceptions Requested

1. In-place DSCR of 1.151x is within but close to the 1.15x floor. No waiver requested; noted for committee awareness given the rate stress sensitivity.

Supporting Documents

Document	Status
Deal Underwriting & Debt Sizing Memorandum	Attached
Deal Underwriting Model (Excel)	Attached
Borrower Credit Underwriting Memorandum	Attached
Borrower Credit Workbook (Excel)	Attached
Open items requiring resolution before closing	12 items - see memoranda

Committee Action

Fernandes & Company recommends the action stated on page 1. The credit decision, the vote, and all lending authority rest with the committee.

Committee Member	Approve	Decline	Abstain	Date

Conditions modified at committee:

Conditions modified at committee: ____

Approved amount, if other than recommended: ____________________________

Independence & Limitations

Prepared by Fernandes & Company as an independent third party. Fernandes & Company has no economic interest in this transaction, no compensation contingent on its outcome, and no relationship with the borrower outside this engagement.

This package is an underwriting opinion prepared for credit decision support. It is not an appraisal and does not constitute a determination of market value. Review of borrower-supplied documents is not a certification, audit, or attestation as to their accuracy or completeness. All lending authority, credit decisions, closing, and servicing remain with the lender. Fernandes & Company does not vote and does not approve credit.

SAMPLE DOCUMENT - FICTIONAL TRANSACTION. Prepared to demonstrate deliverable format, analytical depth, and reporting standards. All parties, properties, and figures are invented.