

REQUEST FOR FINANCING

**Office Sample
\$1,700,000 Loan Request**

**Located At:
100 Beach Terrace
San Diego, California 90210**



Your Name
Your Company
Your Address Here

City, California
(818) 737-7050 x
(818)704-6300

Executive Summary: Office Sample

a. Executive Summary

The collateral is a 4-story office building located at the far northwest corner of Main Street at the intersection with Commerce Way. The requested loan amount is \$1,700,000 with a requested loan term of 10 years and a 25-year amortization schedule. The purpose of the loan is to refinance existing debt and to make improvements to the property.

b. Borrower / Sponsor Comments

The borrowing entity is Commerce Center LLC, which is wholly owned by Mr. Bond. Mr. Bond has owned the property since April 1991. Mr. Bond is a n experienced property operator and manager and manages several similar office properties in the San Diego area. Mr. Bond has a good credit history and a FICO score of 708 as of 9/21/01.

Financial Analysis Report

Property Information		Underwriting Constraints		Fees & Reserves		Note Rate Parameters			
Property Type	Office	Max LTV	80%	Min. Mgmt. Fee	3.50%	Curr. Index Yield	4.750%	Loan Term	10 Year
Loan Name	Office Sample	Min. DSCR	1.25%	Min. Vac Reserve	6.50%	Int. Rate Spread	2.75%	Amortization	25 Year
Borrower Type	LLC	Econ. Vacancy	5.18%			Final Note Rate	7.5%	Loan Purpose	Refinance
Requested Loan	1,700,000	Market Vacancy	7%			Int. Rate Index	10 Yr US Treasury	Existing Loan Balance	1,500,000
								Recent Appraisal Value	2,500,000

BuildingType	Office	TILC Reserve	\$.65	Replacement Reserve	\$.18
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Final Underwritten (Calculations Based on Final Underwriting)

Loan Parameters				Derived Results			
Max. Loan @ Min. DSC	1,766,683	DSC @ Proposed Loan	1.3	Proposed Annual Debt Svc	152,139	Est. Terminal LTV	62.8%
Max. Loan @ Max. LTV	1,718,552	LTV @ Proposed Loan	79.1%	Proposed Monthly Pymt	12,678	Requested LTV	79.1%
Max Allowable Loan	1,700,000	Direct Capitalization Value	2,148,190	Balloon @ Maturity	1,349,786	Cap Rate @ Appr. Value	7.91
Loan Request	1,700,000	Direct Capitalization Rate	9.20	Value at Market Cap	2,148,190	Loan Constant	0.0895

Originator Underwritten (Calculations Based on Originator Underwriting)

Loan Parameters				Derived Results			
Max. Loan @ Min. DSC	1,766,683	DSC @ Proposed Loan	1.3	Proposed Annual Debt Svc	152,139	Est. Terminal LTV	62.8%
Max. Loan @ Max. LTV	1,718,552	LTV @ Proposed Loan	79.1%	Proposed Monthly Pymt	12,678	Requested LTV	79.1%
Max Allowable Loan	1,700,000	Direct Capitalization Value	2,148,190	Balloon @ Maturity	1,349,786	Cap Rate @ Appr. Value	7.91
Loan Request	1,700,000	Direct Capitalization Rate	9.20	Value at Market Cap	2,148,190	Loan Constant	0.0895

Alternative Underwriting Scenarios

Appraisal (Calculations Based on Final Underwriting)

Loan Parameters				Derived Results		
Max. Loan @ Min. DSC		DSC @ Proposed Loan		Proposed Annual Debt Svc	Est. Terminal LTV	%
Max. Loan @ Max. LTV		LTV @ Proposed Loan	%	Proposed Monthly Pymt	Requested LTV	%
Max Allowable Loan		Direct Capitalization Value		Balloon @ Maturity	Cap Rate @ Appr. Value	
Loan Request	1,700,000	Direct Capitalization Rate		Value at Market Cap	Loan Constant	

Trailing 12 Months (Calculations Based on Final Underwriting)

Loan Parameters				Derived Results			
Max. Loan @ Min. DSC	2,781,942	DSC @ Proposed Loan	2.05	Proposed Annual Debt Svc	152,139	Est. Terminal LTV	39.9%
Max. Loan @ Max. LTV	2,706,152	LTV @ Proposed Loan	50.3%	Proposed Monthly Pymt	12,678	Requested LTV	50.3%
Max Allowable Loan	1,700,000	Direct Capitalization Value	3,382,690	Balloon @ Maturity	1,349,786	Cap Rate @ Appr. Value	12.45
Loan Request	1,700,000	Direct Capitalization Rate	9.20	Value at Market Cap	3,382,690	Loan Constant	0.0895

Year to date (Calculations Based on Final Underwriting)

Loan Parameters				Derived Results			
Max. Loan @ Min. DSC	3,094,246	DSC @ Proposed Loan	2.28	Proposed Annual Debt Svc	152,139	Est. Terminal LTV	35.9%
Max. Loan @ Max. LTV	3,009,948	LTV @ Proposed Loan	45.2%	Proposed Monthly Pymt	12,678	Requested LTV	45.2%
Max Allowable Loan	1,700,000	Direct Capitalization Value	3,762,435	Balloon @ Maturity	1,349,786	Cap Rate @ Appr. Value	13.85
Loan Request	1,700,000	Direct Capitalization Rate	9.20	Value at Market Cap	3,762,435	Loan Constant	0.0895

2000 (Calculations Based on Final Underwriting)

Loan Parameters				Derived Results			
Max. Loan @ Min. DSC	2,737,780	DSC @ Proposed Loan	2.01	Proposed Annual Debt Svc	152,139	Est. Terminal LTV	40.5%
Max. Loan @ Max. LTV	2,663,193	LTV @ Proposed Loan	51.1%	Proposed Monthly Pymt	12,678	Requested LTV	51.1%
Max Allowable Loan	1,700,000	Direct Capitalization Value	3,328,992	Balloon @ Maturity	1,349,786	Cap Rate @ Appr. Value	12.25
Loan Request	1,700,000	Direct Capitalization Rate	9.20	Value at Market Cap	3,328,992	Loan Constant	0.0895

1999 (Calculations Based on Final Underwriting)

Loan Parameters				Derived Results			
Max. Loan @ Min. DSC	2,627,844	DSC @ Proposed Loan	1.93	Proposed Annual Debt Svc	152,139	Est. Terminal LTV	42.2%
Max. Loan @ Max. LTV	2,556,252	LTV @ Proposed Loan	53.2%	Proposed Monthly Pymt	12,678	Requested LTV	53.2%
Max Allowable Loan	1,700,000	Direct Capitalization Value	3,195,315	Balloon @ Maturity	1,349,786	Cap Rate @ Appr. Value	11.76
Loan Request	1,700,000	Direct Capitalization Rate	9.20	Value at Market Cap	3,195,315	Loan Constant	0.0895

1998 (Calculations Based on Final Underwriting)

Loan Parameters				Derived Results			
Max. Loan @ Min. DSC		DSC @ Proposed Loan		Proposed Annual Debt Svc		Est. Terminal LTV	%
Max. Loan @ Max. LTV		LTV @ Proposed Loan	%	Proposed Monthly Pymt		Requested LTV	%
Max Allowable Loan		Direct Capitalization Value		Balloon @ Maturity		Cap Rate @ Appr. Value	
Loan Request	1,700,000	Direct Capitalization Rate		Value at Market Cap		Loan Constant	

Income/Expense Schedule:

Income:	1998	Change	1999	Change	2000	Change	YTD Annual	Trailing 12	Originator U/W	%	Appraisal	Final U/W	%
Base Rent		100%	725,311	7.02%	780,100	3.23%	806,104	764,498	810,100	83.85%		810,100	83.85%
Expense Reimbursements		100%	127,000	16.67%	152,400	2.31%	156,000	149,352	156,000	16.15%		156,000	16.15%
Percentage Rent		%		%		%				0%			0%
Parking Income		%		%		100%	1,500			0%			0%
Other Income		%		%		%				0%			0%
Vacancy & Coll. Loss		%		%		%			62,797	6.5%		62,797	6.5%
Effective Gross Income		100%	852,311	8.6%	932,500	3.23%	963,604	913,850	903,304	100%		903,304	100%
Real Estate Taxes		100%	124,000	10.45%	138,466	%	138,468	135,697	142,622	15.79%		142,622	15.79%
Property Insurance		100%	21,212	5.33%	22,406	6.64%	24,000	21,958	24,720	2.74%		24,720	2.74%
Utilities		100%	209,800	16.11%	250,090	-84%	248,000	245,088	257,593	28.52%		257,593	28.52%
Repairs and Maintenance		100%	54,600	2.36%	55,918	10.65%	62,580	54,800	64,457	7.14%		64,457	7.14%
Janitorial		%		%		%				0%			0%
Management Fees		100%	25,569	4.49%	26,772	%	26,772	23,237	31,616	3.5%		31,616	3.5%
Payroll and Benefits		100%	98,400	8.96%	108,080	1.75%	110,000	105,918	113,300	12.54%		113,300	12.54%
Advertising and Marketing		100%	1,234	16.68%	1,481	-15.7%	1,280	1,451	1,525	0.17%		1,525	0.17%
Professional Fees		%		%		%				0%			0%
General and Administrative		100%	327	-9%	300	16.67%	360	294	371	0.04%		371	0.04%
Other Expenses		100%	13,000	10.34%	14,500	-141.67%	6,000	14,200	14,935	1.65%		14,935	1.65%
Ground Rent		%		%		%				0%			0%
Total Operating Expenses		100%	548,142	11.31%	618,013	-.09%	617,460	602,643	651,139	72.08%		651,139	72.08%
Net Operating Income		100%	304,169	3.28%	314,487	9.15%	346,144	311,208	252,165	27.92%		252,165	27.92%
Leasing Commissions		%		%		%			42,705	\$0.65 /sf		42,705	\$0.65 /sf
Tenant Improvements		%		%		%				0%			0%
Cap Ex. (Repl. Reserves)		100%	10,200	-24.09%	8,220	%			11,826	\$0.18 /sf		11,826	\$0.18 /sf
Extraordinary Capital Exp.		%		%		%				0%			0%
Total Capital Items		100%	10,200	-24.09%	8,220	%			54,531	6.04%		54,531	6.04%
Net Cash Flow		100%	293,969	4.02%	306,267	11.52%	346,144	311,208	197,634	21.88%		197,634	21.88%

Notes to Financial Analysis

Property Name	Item	Note
Commerce Sample	Utilities	Includes Gas, Water, Sewer, Electricity

LOAN DETAIL REPORT :Office Sample

Loan			
Main Loan		Borrower	
Loan Name	Office Sample	Borrower Name	Commerce Center, LLC
Loan Amount	1,700,000	Borrower Type	LLC
Recourse Option	Non-Recourse	First Name	James
		Middle Initial	A
		Last Name	Bond
		Address 1	100 Main Street
		Address 2	
		City	Hollywood
		State	California
		Zip	90210
		Telephone	(818) 737-7050 x
		Fax	(818) 704-6300
		E-mail	jbond@bond.com
		Net Worth	1,350,000
		FICO Score	708
		Has borrower filed bankruptcy	No

Property			
Property Name	Commerce Sample	Office	
Property Type	Office	Property is Owner-Occupied	No
Property Sub Type	CBD Office	Property is Corner-Located	No
No. of Buildings	1	Property has Highway Access	No
Land area included with property (acres)	7.8	Property has Highway Visibility	No
Appraised Value	2,500,000	No. of Loading Docks	1
Property located in Central Business District	Yes	Dock Level	Dock Height
Did you make a physical inspection of the property?	Yes	Average Daily Traffic	Medium
Property Management contract in place	Yes	Surrounding Land Use	Class B Office
Property subject to Ground Lease	No		
Ground Lease Expiration Date			
Loan Purpose	Refinance		
Existing Loan Balance	\$1,500,000		
Loan Maturity Date	01/01/2002		
Current Interest Rate	8.10%		
Were Improvements Made	Yes		
Est. Cost of improvements made	\$32,400.00		
Can Improvement costs be documented	Yes		
Originator Notes			
a. Property Comments b. Location Comments c. Loan purpose Comments d. Management Comments			

Building		Building Component					
Building Name	Commerce Sample	Office		Lease Guidelines			
Address 1	100 Beach Terrace	Covered Parking Spaces Designated	Don't Know	Suggested Guideline	Originator Adjustments	Lender Default	Lender Adjustments
Address 2		Uncovered Parking Spaces Designated	80	Renewal Probability	60	65	
City	San Diego	Sprinkled	100 %	Rollover Probability	40	35	
State	California	HVAC	100 %	TI New	4	3.75	
Zip	90210	Elevators	4	TI Renew	1.25	1	
No of Stories	4	Escalator	0	LC New	4	2	
Year Constructed	1995	Gross Building Area	65,700	LC Renew	1.75	1.5	
Year Renovated	1998						
Overall Appearance and Marketability	Average						
Building-Originator Notes							
<p>a. Building Comments The subject property is a 4-story, masonry building with a flat roof.</p> <p>b. Market Comments Based on recent sales of similar buildings, the market appears to be stable.</p>							

Underwriter Information				
Field	Suggested	Orig. Override	Lender Default	Lender Override
Loan Term (yrs)	10			
Loan Amortization (yrs)	25	30		
Interest Accrual Method	Actual 360	Actual 360		
Interest Rate Rounding	No Rounding			
Interest Rate Index	10 Yr US Treasury	10 Yr US Treasury		
Current Index Yield (%)	5	4.75		
Interest Rate Spread (%)		2.75		
TI / LC Stress DSCR	1.1			
Rent Roll Start Date	11/19/01			
Avg. Lease Term (months)	66	60		
Loan Type	Fixed			
Max. LTV (%)	80			
Min. DSCR	1.25			
Min. Vacancy Reserve (%)	7	8		
Min. Management Fee (%)	4			
Capitalization Rate (%)	9.5			
Expense Growth Rate (%)	3			
Min. Repl. Res. (\$/SF)	0.2	.18		
Min. TI / LC Costs (\$/SF)	0.7	.55		

RENT ROLL: Office Sample

No.	Building Name	Property Type	Tenant Name	Leased Area	Lease Start	Lease Expire	Annual Rent	Annual Rent /SF/Yr	Est Market Rent /SF/Yr	Occupied Since	Notes
1.	Commerce Sample	Office	Vacant	4,000					\$10.50		
2.	Commerce Sample	Office	USA Bank	16,000	5/1/1998	5/1/2008	\$222,050	\$13.88	\$10.50	1998	
3.	Commerce Sample	Office	Telecom	20,200	9/1/1999	9/1/2004	\$242,500	\$12.00	\$10.50	1999	
4.	Commerce Sample	Office	Law Offices	5,300	1/1/1999	1/1/2009	\$73,000	\$13.77	\$10.50	1999	
5.	Commerce Sample	Office	Orion Capital	8,200	1/15/2000	1/15/2003	\$100,050	\$12.20	\$10.50	2000	
6.	Commerce Sample	Office	Computer Business Division	8,500	5/1/1999	5/1/2004	\$94,000	\$11.06	\$10.50	1999	
7.	Commerce Sample	Office	CA Media	3,500	6/1/1999	6/1/2005	\$36,500	\$10.43	\$10.50	1994	

Totals:

Net Rental Area (SF)	65,700
Occupied Area (SF)	61,700
Vacant Area (SF)	4,000
Physical Vacancy (%)	6.09%
Economic Vacancy (%)	5.18%
Avg. Overall Rent/SF *	\$ 11.69
Potential Gross Income	\$810,100

*Avg. Overall Rent/SF does not include income from vacant area.

Tenant Improvement and Leasing Commission Analysis

Loan Name	Office Sample	Borrower Name	Commerce Center, LLC	Borrower Type	LLC	Property Type	Office
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No.	Year	Total SF Expiring	NRA Expiring	Tenant Improvement Costs			Leasing Commissions			Total TI & LC Costs	DSCR Threshold Analysis		
				New	Renewal	Total \$	New	Renewal	Total \$		NCF after TI & LC	DSCR During Loan Term	Deficiency \$ to Threshold
1	2001	4,000	6%	6,400	3,000	9,400	3,696	2,425	6,121	15,521	224,818	1.48	.00
2	2002		%			0			0	0	240,339	1.58	.00
3	2003	8,200	12%	13,120	6,150	19,270	7,576	4,972	12,548	31,818	208,521	1.37	.00
4	2004	28,700	43.68%	45,920	21,525	67,445	26,518	17,402	43,920	111,365	128,974	.85	38,379.54
5	2005	3,500	5%	5,600	2,625	8,225	3,234	2,122	5,356	13,581	226,758	1.49	.00
6	2006		%			0			0	0	240,339	1.58	.00
7	2007	4,000	6%	6,400	3,000	9,400	3,696	2,425	6,121	15,521	224,818	1.48	.00
8	2008	24,200	36.83%	38,720	18,150	56,870	22,360	14,674	37,034	93,904	146,435	.96	20,918.54
9	2009	13,800	21%	22,080	10,350	32,430	12,751	8,367	21,118	53,548	186,791	1.23	.00
10	2010	23,700	36.07%	37,920	17,775	55,695	21,898	14,370	36,268	91,963	148,376	.98	18,977.54
11	2011		%			0			0	0	240,339	1.58	.00
	Total	110,100	%	176,160	82,575	258,735	101,729	66,757	168,486	427,221	2,216,503		78,275.62

Tenant Improvement Costs		Leasing Costs		TI & LC Costs		DSCR Threshold
Total \$/SF over Term	258,735	Total \$/SF over Term	168,486	Total \$/SF over Term	427,221	1.10
Avg \$/SF/Year	\$0.39	Avg \$/SF/Year	\$0.26	Avg \$/SF/Year	\$0.65	

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UNDERWRITER COMMENTS

Comment Title	Comment	Type
DSCR Threshold	Based on the current and projected Net Cash Flow, the property does not maintain the required DSC throughout the term of the loan. Consider a TI/LC reserve to mitigate this deficiency as illustrated in the TI/LC Analysis Report.	
Base Rent Variances	For leased units, consider the effects of potential lease rollovers and re-tenanting issues. A lower percentage of scheduled rollovers typically indicates a lower downtime and decreased overall loan risk. A higher percentage may indicate excessive downtime and increased overall loan risk. Critically assess the economic impact of extended vacancy upon projected lease expirations. Consider the property's 'Highest and Best Use' when assessing probable rollovers.	
Property Location	Note whether the property is located in a Central Business District (CBD). Generally, properties located within a CBD have greater absorption as compared to properties located outside of a CBD. For properties located outside of a CBD, consider the economic effects of longer vacancy periods during times of lease expirations.	
Property Condition	Consider the property's date constructed, last renovation, and the physical condition of the property. Provide comments regarding the property's condition as it relates to acceptable market standards. Note if any deferred maintenance items exist. If the property is in need of renovation, or if it exhibits deferred maintenance items, clarify these issues and assess this potential effect on the underwritten cash flow.	
Property Management	If the property is professionally managed, comment on the quality of the property management company. Consider the company's qualifications and experience, ability to attract quality tenants, tenant mix, minimization of lease rollovers. If the property is self-managed, critically assess the qualifications and experience of the self-manager. Based on the complexity of the property being managed, a certain level of property management experience may be expected of the self-manager.	
Credit(FICO) Score	Consider the borrower's credit (FICO) score. Assess and comment on the payment history and the overall credit profile of the borrower.	
Vacancy Issues	Examine the market and submarket to estimate the effects of new properties or similar space becoming available in the market. Consider the economic effects of proposed new construction on unit absorption.	
Property Inspection	If you have completed a physical inspection of the property, carefully review your notations made during your inspection. Generally, a physical inspection of the property aids the underwriter in estimating the costs of replacement reserves and the presence of any deferred maintenance. If you have not made a physical inspection of the property, verify the quality and competitive aspects of the collateral by obtaining recent color photographs illustrating the property.	

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Pictures



Commerce Sample
Photo of subject property looking west from Commerce Way.



Commerce Sample
Side view of subject property looking north from Main Street.

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