

MULTIFAMILY

Property Type:	78 Unit Multifamily
Property Address:	12345 Ocean Ave., Torrance, CA. 90505
Requested Loan Program:	2 Year I-O Bridge loan with option to extend for 6 months
Borrowing Entity:	XYZ LLC
Comments:	Bridge loan request for Added Value Multifamily

The purpose of this transaction is to provide Bridge loan financing for the acquisition of 78 units located in Torrance, CA. The guarantors are extremely experienced in multifamily thorough out southern California. Due to the rents being 42% below market, prevailing conventional loans would require 59% down and Bank bridge loans up to 75% LTC would require full 3rd party reports, interest reserves and rehab fund control.

The proposed project is presented with 42% rental upside including a budget of \$1,170,000; \$100k for cosmetic exterior and \$1,070,000 for interior to remodel 60 of the units. The estimated plan is to stabilize within 24 to 30 months and refinance with a conventional loan. Prevailing rates are 6.50% and In Place rents qualify for \$4,100,000 with 1.20 DCR. Market rents today would qualify for \$8,375,000. The borrower's projection to achieve market rents in 24 to 36 months. Rent control is AB 1482 which allows for 5% + CPI (10% max) and substantial remodel tenant relocation. Exit Strategy is to refinance after 30% to 41% rent increases; at stressed rates of 7.50% with 1.25 DCR's, a projected loan amount is \$6.3M (30% rent increase) \$7.2M (41% rent increase)

PURCHASE

Sales Price:	\$10,000,000	
Cash Down:	\$4,000,000	40.00%
1st Trust Deed:	\$6,000,000	60.00%
2nd Trust Deed:	\$0	0.00%
Total Financing:	\$6,000,000	60.00%
Total Cash Down Payment:	\$4,000,000	40.00%
Source of Down Payment:	Investor Savings	

Loan Amount: \$6,000,000 (60% LTV) As Is
 Rate: 9.50%
 Term: 24 to 36 months
 Prepay: N/A
 Loan Fee: 1%

Borrower Cash Injection: \$4M down payment (40%)
 Rehab Fund Control: Unrestricted \$1.2M
 Prevailing Rate Financing Options:
 Current In Place Rents: \$4.1M
 Market Rents Projection: \$8.3M (42% Increase)
 10% Rent Increase = \$5M; 20% Rent Increase = \$6M

Comments:

Estimated Amount of Rehab if Bridge Loan	\$1,170,000	Cosmetic exterior and full rehab upon 75% turnover.
Estimated Value after stabilization	\$13,000,000	
Estimated # months to stabilization	24	

MULTIFAMILY PROPERTY

Total Number of Units:	78	Monthly Income	\$70,000	(100% of SGI)
Year Built:	1957	Laundry Income	\$500	
Gross Building Area:	37,880	RUBS	\$1,000	
Pool:	Pool & Jacuzzi	Other	\$0	
Elevator:	No	Admin	\$0	
Gas Utilities:	Master	Total Monthly Income	\$71,500	
Electric Utilities:	Separate	Total Annual Income	\$858,000	
# of Vacant Units:	7	8.97%		

Built in 1957, the property consists of 37,880 square feet on a 1.54 Acre (67,082 Sq Ft) lot. The unit mix consists of fifty (50) studios at 441 Sq Ft, fourteen (14) studios at 375 Sq Ft and fourteen (14) one-bedroom/one-bathroom units averaging 540 Sq Ft.
APN #: 545-00-237

The property has 78 open parking spaces, an on-site laundry room, and is separately metered for electricity. Gas is master metered with Utility reimbursement. Heating and AC is electric and cooking is gas fired. There is a separate on-site office space for on site management. Amenities include gated entry, private balcony/patio, high speed internet access, laundry facilities, pool, storage, BBQ area in park like setting.

Rent Control: AB 1482 applies with 5% + CPI (10% max) with substantial remodel tenant relocation if applicable.

INCOME & EXPENSES

	Actual	Proforma
Gross Scheduled Monthly Income	\$70,000	\$100,000
Laundry Income	\$500	\$500
RUBS	\$1,000	\$1,000
Other	\$0	\$0
Admin	\$0	\$0
Gross Potential Monthly Income	\$71,500	\$101,500
Gross Potential Annual Income	\$858,000	\$1,218,000
Less: % Vacancy Allowance	10.00%	5.00%
Total Economic Vacancy	(\$85,800)	(\$60,900)
Effective Gross Income (EGI)	\$772,200	\$1,157,100
Less Operating Expenses	(\$394,774)	(\$394,774)
Net Operating Income (NOI)	\$377,426	\$762,326
1st TD Debt Service	(\$600,031)	(\$466,991)
DSCR 1st TD	0.63	1.63
2nd TD Debt Service	\$0	\$0
Combined Debt Service(1st & 2nd)	(\$600,031)	(\$466,991)
Combined DSCR (1st & 2nd)	0.63	1.63
Cash Flow	(\$222,605)	\$295,335

GRM (Gross Rate Multiplier)	11.66	10.67
Cap Rate	3.77%	5.86%
Average Rent Per Unit	\$897	\$1,282
Average Unit Size /Sq Ft	486	486
% Rental Upside		42.86%
Value per Unit	\$128,205	
Loan per Unit	\$76,923	
Value per Sq Ft	\$264	
Debt Yield	6.29%	12.71%
Interest Rate 1st TD	10.000%	6.750%
Interest Rate 2nd TD	0.000%	
Monthly Cash Flow	(\$18,550)	\$24,611

Annual Operating Expenses (Proforma)	
Real Estate Taxes	\$125,000
Other Taxes (Direct Assessment)	\$0
Insurance	\$28,410
Utilities / Trash	\$66,300
Repairs & Maintenance	\$52,650
Pool Maintenance	\$0
Landscaping / Gardening	\$3,200
Off Site Management	\$46,284
On Site Management	\$23,400
General & Administrative	\$28,080
Advertising	\$1,950
Payroll & Benefits	\$0
Other	\$0
Reserves	\$19,500
Total Operating Expenses	\$394,774
Expenses / % EGI (Proforma)	51.12%
Expenses / Per Unit	\$5,061
Expenses / % EGI (Actual)	51.12%

Proforma DCR Sizer Exit Strategy	
NOI	\$762,326
NOI for DS	\$635,272
Minimum DCR	1.200
Max Loan / DCR	\$7,497,691
Interest Rate	7.600%
Amortization	30
Loan to Value	74.98%

Debt Yield Sizer (Current Rents)	
Debt Yield Required	10.00%
Loan Amount	\$7,623,260

Borrower Profile

Borrowing Entity: XYZ LLC
 Guarantor(s): Mr. John Smith

Total Assets: \$110M
 Total Liabilities: \$50M
 Net Worth: \$50M
 Current Liquidity: \$10M
 Post Close Liquidity: \$4.7M +
 Credit Profile:
 Monthly Cash Flow excluding subject property: \$100,000
 Investor/Management Experience: 25 Years

Exit Strategy: Exit Strategy is to refinance after 30% to 41% rent increases; at stressed rates of 7.50% with 1.25 DCR's, a projected loan amount is \$6.3M (30% rent increase) \$7.2M (41% rent increase)

Borrower SREO shows \$100,000,000, consisting of 10 similar projects that are all stabilized and acquired in past 25 years. Overall portfolio is low leverage and high DCR.

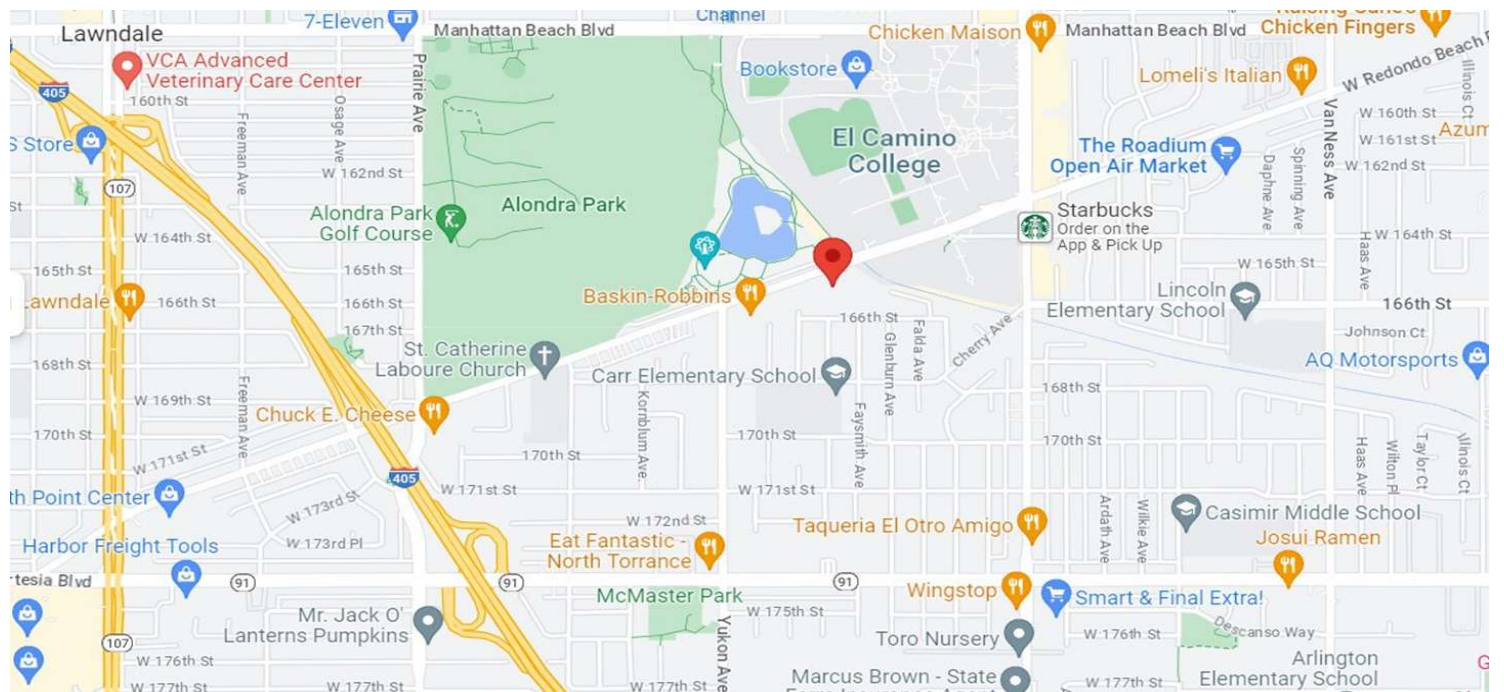
Photos



Maps / Location

The city of Torrance is an ocean oriented community located along the coastal edge of Los Angeles County approximately 20 miles southwest of downtown Los Angeles and 10 miles south of the Los Angeles International Airport. The city is situated within an area commonly referred to as the South Bay, which includes other ocean oriented communities such as Redondo Beach, Hermosa Beach and Manhattan Beach.

The city is a well balanced community with a population estimated at 147,067 as of the 2020 census and within a land area of 20.49 square miles. Torrance, which was incorporated in 1921 is the eighth largest city in Los Angeles County. It is conveniently situated between Los Angeles and Orange County and is bounded by the Pacific Ocean on the west



Summary

Unit #	Unit Type	Current Rent	Market Rent	Unit #	Unit Type	Current Rent	Market Rent
101	Studio (450 Sq Ft)	\$875	\$1,235	202	*Studio (450 Sq Ft)	\$1,225	\$1,235
102	*Studio (540 Sq Ft)	\$1,225	\$1,235	203	1 + 1 (540 Sq Ft)	\$1,050	\$1,535
103	Studio (450 Sq Ft)	\$905	\$1,235	204	Studio (450 Sq Ft)	\$1,205	\$1,235
104	Studio (450 Sq Ft)	\$1,076	\$1,235	205	Studio (450 Sq Ft)	\$1,100	\$1,235
105	Studio (450 Sq Ft)	\$1,050	\$1,235	206	Studio (450 Sq Ft)	\$1,195	\$1,235
106	*Studio (450 Sq Ft)	\$925	\$1,235	207	Studio (450 Sq Ft)	\$1,075	\$1,235
107	*Studio (450 Sq Ft)	\$925	\$1,235	208	Studio (375 Sq Ft)	\$995	\$995
108	Studio (375 Sq Ft)	\$875	\$995	209	Studio (450 Sq Ft)	\$1,076	\$1,235
109	Studio (450 Sq Ft)	\$1,050	\$1,235	210	Studio (375 Sq Ft)	\$1,020	\$995
110	Studio (375 Sq Ft)	\$968	\$995	211	Studio (375 Sq Ft)	\$775	\$995
111	Studio (375 Sq Ft)	\$875	\$995	212	Studio (450 Sq Ft)	\$1,220	\$1,235
112	Studio (375 Sq Ft)	\$829	\$995	213	Studio (375 Sq Ft)	\$875	\$995
113	Studio (450 Sq Ft)	\$850	\$1,235	214	Studio (450 Sq Ft)	\$1,152	\$1,235
114	Studio (450 Sq Ft)	\$1,076	\$1,235	215	Studio (450 Sq Ft)	\$995	\$1,235
115	Studio (450 Sq Ft)	\$1,077	\$1,235	216	Studio (450 Sq Ft)	\$1,025	\$1,235
116	Studio (450 Sq Ft)	\$925	\$1,235	217	Studio (450 Sq Ft)	\$1,175	\$1,235
117	Studio (450 Sq Ft)	\$1,105	\$1,235	218	1 + 1 (540 Sq Ft)	\$1,340	\$1,535
118	Studio (450 Sq Ft)	\$905	\$1,235	219	1 + 1 (540 Sq Ft)	\$1,375	\$1,535
119	1 + 1 (540 Sq Ft)	\$1,395	\$1,535	220	Studio (450 Sq Ft)	\$1,150	\$1,235
120	Studio (450 Sq Ft)	\$1,195	\$1,235	221	Studio (450 Sq Ft)	\$1,050	\$1,235
121	Studio (450 Sq Ft)	\$1,075	\$1,235	222	1 + 1 (540 Sq Ft)	\$1,425	\$1,395
122	1 + 1 (540 Sq Ft)	\$1,520	\$1,535	223	Studio (450 Sq Ft)	\$1,195	\$1,235
123	Studio (450 Sq Ft)	\$1,075	\$1,235	224	Studio (450 Sq Ft)	\$1,050	\$1,235
124	Studio (450 Sq Ft)	\$875	\$1,235	225	Studio (450 Sq Ft)	\$1,024	\$1,235
125	*Studio (450 Sq Ft)	\$925	\$1,235	226	Studio (450 Sq Ft)	\$1,195	\$1,235
126	Studio (450 Sq Ft)	\$1,076	\$1,235	227	1 + 1 (540 Sq Ft)	\$1,207	\$1,535
127	1 + 1 (540 Sq Ft)	\$1,395	\$1,535	228	1 + 1 (540 Sq Ft)	\$1,395	\$1,535
128	Studio (450 Sq Ft)	\$1,195	\$1,235	229	1 + 1 (540 Sq Ft)	\$1,300	\$1,535
129	1 + 1 (540 Sq Ft)	\$1,265	\$1,535	230	Studio (450 Sq Ft)	\$1,195	\$1,235
130	Studio (450 Sq Ft)	\$1,127	\$1,235	231	Studio (450 Sq Ft)	\$1,075	\$1,235
131	Studio (450 Sq Ft)	\$1,102	\$1,235	232	Studio (450 Sq Ft)	\$1,050	\$1,235
132	Studio (450 Sq Ft)	\$950	\$1,235	233	Studio (450 Sq Ft)	\$1,075	\$1,235
133	*Studio (450 Sq Ft)	\$925	\$1,235	234	Studio (450 Sq Ft)	\$1,195	\$1,235
134	Studio (450 Sq Ft)	\$800	\$1,235	235	1 + 1 (540 Sq Ft)	\$1,395	\$1,535
135	Studio (450 Sq Ft)	\$1,025	\$1,235	236	Studio (375 Sq Ft)	\$775	\$995
136	Studio (375 Sq Ft)	\$995	\$995	237	Studio (375 Sq Ft)	\$875	\$995
137	Studio (375 Sq Ft)	\$920	\$995	238	1 + 1 (540 Sq Ft)	\$1,312	\$1,535
138	Studio (450 Sq Ft)	\$1,205	\$1,235	239	Studio (375 Sq Ft)	\$942	\$995
201	Studio (450 Sq Ft)	\$829	\$1,235	240	Studio (375 Sq Ft)	\$995	\$995