Cedar Landing | Refinance Analysis and Financing Memorandum

Internal review draft | As of August 31, 2026 | Fictional evaluation material, not a credit commitment or legal opinion

Purpose and scope

This memorandum supports internal review of a proposed first-mortgage refinance of Cedar Landing, a 48-unit multifamily property described in the packet as located at 4800 Cedar Bench Drive, San Antonio, TX 78223. All property, sponsor, tenant and lender details are fictional. The analysis is dated as of August 31, 2026 and relies exclusively on five supplied documents: Lender-Terms.pdf, Property-and-Plan.pdf, T12-Statement.pdf, Rent-Roll.xlsx and Lease-File.pdf. No appraisal, market comparables, environmental report, sponsor track record or credit approval was supplied, and none has been assumed or created.

This is an internal-review financing memorandum. It is not a legal opinion, an appraisal, or a commitment to lend. The indicative lender terms dated September 1, 2026 are expressly nonbinding discussion terms.

Financing decision and recommendation

Recommendation: proceed to full credit review of a cash-out first-mortgage refinance sized at $6,407,490, the DSCR-binding maximum under the supplied lender constraints. At that principal the loan represents 56.91% of the indicative capitalization value, a 9.86% debt yield on underwritten NCF, and exactly 1.30x DSCR on amortizing debt service at the 6.50% sizing rate. Proceeds retire the $4,500,000 existing debt, fund a $64,075 origination fee and $65,000 of fixed closing costs, and return approximately $1,778,415 of cash to the borrower.

The recommendation is conditional. Sizing depends entirely on the supplied underwriting scenario (gross potential rent of $1,056,000 with a 7.00% combined revenue loss), which is materially above the trailing twelve-month result: underwritten EGI of $1,025,280 is 48% above T12 EGI of $691,200, and underwritten NOI before reserves of $647,395 is roughly double T12 NOI before reserves of $320,000. The gap is driven by the plan's assumption that the 15 currently vacant units are leased. Until leasing evidence is delivered, the sizing above should be treated as a scenario outcome rather than a proven supportable loan amount.

Property, occupancy and contractual rent (as of 2026-08-31)

Occupancy is measured from the dated rent roll. Vacant units carry market rent for context only and are credited with no contractual base rent.

Metric	Value	Source
Units / suites	48	Rent-Roll.xlsx rows 7-54
Occupied units	33	Rent-Roll.xlsx, Status column
Total rentable SF	43,200	Rent-Roll.xlsx, Area SF column
Occupied rentable SF	26,700	Rent-Roll.xlsx, occupied rows

Metric	Value	Source
Occupancy by count	68.75%	33 / 48
Occupancy by area	61.81%	26,700 / 43,200
Monthly base rent as printed	$56,025	(24 x $1,575) + (9 x $2,025)
Effective monthly base rent after authoritative amendments	$56,025	No signed amendment delivered
Annualized contractual base rent (point in time)	$672,300	$56,025 x 12; not used as underwritten revenue

Tenant and lease discussion (premises 101)

The only executed lease delivered is for premises 101 (Household 101, 700 SF), signed August 15, 2025 with commencement September 1, 2025. Base rent is $1,575 per month as of August 31, 2026, and the lease states that no base-rent increase applies before September 1, 2027. The security deposit is $1,200 and is expressly not prepaid rent or recurring income; it is therefore excluded from income and treated as a liability.

The initial term expires 2027-06-30, matching the rent roll for unit 101. The lease grants one conditional renewal option requiring no uncured default and written notice at least 180 days before expiration. No exercise notice, landlord acknowledgment or amendment is included in the packet, and the rent roll cover note repeats that no option exercise notice is included. Accordingly the authoritative current expiry remains 2027-06-30 and the option is treated as unexercised; the term was not extended on the strength of the option's existence.

The rent roll and the executed lease do not conflict for unit 101, so no amendment-driven adjustment to contractual rent is required. Lease documents for the other 32 occupied units were not delivered; their rents and expiries rest on the rent roll alone. Rollover is concentrated: 7 leases expire within the twelve months following the as-of date beginning 2026-09-30, and all delivered leases expire before the 60-month maturity.

Historical operations: T12 September 2025 - August 2026

The historical statement is actual cash accounting for the twelve months ended August 31, 2026. Reserves, capital improvements, loan principal and interest, and depreciation sit below operating income and are not treated as operating expenses. The owner's package may describe cash flow after reserves as "property NOI"; that reported line ($305,600) is preserved below as NCF after reserves and is distinct from NOI before reserves ($320,000).

T12 line (Sep-2025 to Aug-2026)	Amount	Source
Gross potential base rent	$1,036,800	T12-Statement.pdf p.2 Annual
Vacancy loss	($302,400)	T12-Statement.pdf p.2
Concessions	($64,800)	T12-Statement.pdf p.2

T12 line (Sep-2025 to Aug-2026)	Amount	Source
Bad debt	($8,400)	T12-Statement.pdf p.2
Other income / recoveries	$30,000	T12-Statement.pdf p.2
T12 EGI	$691,200	Sum of above
Operating expenses (excl. reserves/capex/debt/depreciation)	$371,200	Taxes 132,000; insurance 40,800; utilities 33,600; R&M 54,000; payroll 55,200; admin 27,600; management 28,000
T12 NOI before replacement reserves	$320,000	691,200 - 371,200
Replacement reserves	$14,400	T12-Statement.pdf p.2 (below NOI)
T12 NCF after reserves	$305,600	320,000 - 14,400
Below-cash-flow items (not expenses)	Capex $184,000; existing debt P&I $294,000; depreciation $180,000	T12-Statement.pdf p.2

Underwriting scenario: September 2026 forward

The following is the operating plan supplied in Property-and-Plan.pdf p.2. It is an underwriting scenario, not a lender-approved forecast, and is presented separately from history. Revenue loss of 7.00% is applied to gross potential rent, other income is added after the loss, the management fee is the greater of T12 actual ($28,000) and 3.50% of underwritten EGI, and reserves of $325 per unit per year are deducted after NOI.

Underwritten line (annual)	Amount	Basis
Gross potential base rent	$1,056,000	Plan p.2; supplied scenario, not inferred from T12
Combined revenue loss at 7.00%	($73,920)	1,056,000 x 7.00%
Net rental revenue	$982,080	1,056,000 - 73,920
Other income / recoveries	$43,200	Added after loss
Underwritten EGI	$1,025,280	982,080 + 43,200
Real estate taxes	$138,000	Plan p.2 UW (T12 132,000)
Property insurance	$45,600	Plan allowance (T12 40,800); see evidence note
Utilities	$33,600	T12 actual

Underwritten line (annual)	Amount	Basis
Repairs and maintenance	$42,000	T12 54,000 less 12,000 one-time casualty cleanup
Payroll / contract labor	$55,200	T12 actual
Administrative / legal	$27,600	T12 actual
Management fee (normalized)	$35,884.80	3.50% x 1,025,280 exceeds T12 actual 28,000
Underwritten operating expenses before reserves	$377,884.80	Sum of expense lines; 36.9% of EGI
Underwritten NOI before reserves	$647,395.20	1,025,280 - 377,884.80
Replacement reserves	$15,600	$325 x 48 units
Underwritten NCF after reserves	$631,795.20	647,395.20 - 15,600
Indicative capitalization value	$11,259,047	647,395.20 / 5.75% cap rate

Loan sizing under the three constraints

Definitions follow the term sheet exactly: value is underwritten NOI before reserves divided by the 5.75% cap rate; DSCR uses NCF after reserves over annual amortizing debt service at the sizing rate; and the debt-yield numerator is underwritten NCF after reserves. The sizing rate is the greater of the 6.25% contract rate and the 6.50% underwriting floor, i.e. 6.50%. The annual debt constant is twelve monthly payments on a 30-year amortization at 6.50%, or 0.07584816 per dollar of principal. Sizing uses unrounded intermediates; displayed figures are rounded for readers only.

Constraint	Formula	Maximum principal
LTV 60.00%	0.60 x $11,259,047	$6,755,428
DSCR 1.30x	($631,795.20 / 1.30) / 0.07584816	$6,407,490
Debt yield 9.00%	$631,795.20 / 0.09	$7,019,947
Maximum loan (binding constraint: DSCR)	Minimum of the three	$6,407,490

Debt service, credit metrics and sources / uses

Underwriting DSCR is measured on amortizing debt service even though the loan carries a 36-month interest-only period; first-year contractual debt service is interest-only at the 6.25% contract rate. The $85,528 difference between sizing and first-year debt service is a scheduled step-up the borrower absorbs in month 37, when annual debt service rises to approximately $473,424 at the contract rate. Maturity is 60 months, only 24 months after amortization begins.

Item	Value	Calculation
Maximum loan	$6,407,490	DSCR-binding
Sizing annual debt service (6.50%, amortizing)	$485,996	6,407,490 x 0.07584816
Sizing DSCR	1.300x	631,795.20 / 485,996
Sizing debt yield	9.86%	631,795.20 / 6,407,490
Implied LTV at maximum loan	56.91%	6,407,490 / 11,259,047
First-year contractual debt service (IO at 6.25%)	$400,468	6,407,490 x 6.25%; $33,372 per month
Post-IO annual debt service at contract rate	$473,424	30-year amortization at 6.25%
First-year DSCR on contractual IO debt service	1.578x	631,795.20 / 400,468
Existing debt payoff	($4,500,000)	Plan p.1
Origination fee 1.00%	($64,075)	1.00% x 6,407,490
Fixed closing costs	($65,000)	Plan p.1
Net cash to borrower (positive = cash out)	$1,778,415	6,407,490 - 4,500,000 - 64,075 - 65,000

Sensitivity and downside

The specified downside reduces underwritten EGI by 5% and increases the sizing rate by 100 basis points, recomputing the management-fee minimum while holding all other operating expenses and reserves constant. The valuation cap rate is unchanged in the combined downside. A separate cap-rate sensitivity of +50 basis points is shown for completeness. All cases are live in the delivered workbook (Sensitivity sheet).

Case	NOI before reserves	NCF after reserves	Maximum loan	Binding constraint
Base (6.50% sizing, 5.75% cap)	$647,395	$631,795	$6,407,490	DSCR
EGI -5% only	$597,925	$582,325	$5,905,781	DSCR
Sizing rate +100 bps only (7.50%)	$647,395	$631,795	$5,792,170	DSCR

Case	NOI before reserves	NCF after reserves	Maximum loan	Binding constraint
Combined: EGI -5% and rate +100 bps	$597,925	$582,325	$5,338,641	DSCR
Cap rate +50 bps (6.25%), base income	$647,395	$631,795	$6,214,994	LTV

Downside interpretation

In the combined downside the maximum loan falls by $1,068,848, or 16.7%, to $5,338,641. That amount still exceeds the $4,500,000 payoff, but after the 1.00% origination fee and $65,000 of closing costs the residual cash to the borrower narrows to roughly $720,255. Debt yield in that case is 10.91% with DSCR held at the 1.30x minimum, and the downside indicative value falls to $10,398,703 (57.5% LTV at the stressed loan). A +50 bp cap-rate move alone shifts the binding constraint to LTV at $6,214,994, a $192,496 reduction; a 100 bp sizing-rate increase alone reduces proceeds by $615,320. The sizing is therefore sensitive in a compounding way: DSCR-bound on income and rate, LTV-bound on valuation.

Key assumptions

The following assumptions come from the packet and were not altered: 6.25% fixed contract rate; sizing rate equal to the greater of the contract rate and the 6.50% floor; 30-year monthly amortization with annual debt service computed as twelve monthly payments; 36-month interest-only period; 60-month maturity; 60% LTV; 1.30x minimum DSCR on NCF after reserves; 9.00% minimum debt yield on NCF after reserves; 5.75% cap rate applied to NOI before reserves; 1.00% origination fee on actual initial principal; $65,000 fixed closing costs; $4,500,000 existing debt payoff; $325 per unit per year reserves; 7.00% combined revenue loss; and management fee at the greater of T12 actual and 3.50% of underwritten EGI.

No fee capitalization, interest reserve, cash sweep, earn-out or holdback is assumed. The $12,000 repairs adjustment is taken as a one-time casualty cleanup per the plan. The 48-unit count used for reserves is taken from the rent roll and is applied to the plan's per-unit reserve instruction. Security deposits are treated as liabilities, not income.

Unresolved evidence and limitations

Insurance evidence is unresolved. Property-and-Plan.pdf p.2 asserts a fictional insurer renewal confirmation dated August 25, 2026 at an annual premium of $45,600 and instructs its use in underwriting, but no insurer certificate, binder, quote or invoice is included in the packet. The $45,600 figure is therefore carried as a plan allowance, not an independently verified premium; the verified renewal premium is reported as unknown. T12 actual insurance was $40,800, so the allowance embeds an 11.8% increase that credit review should document before closing.

No renewal-option exercise is evidenced for premises 101, and no signed amendment modifying any rent schedule was delivered; the rent roll's printed rent therefore stands as the effective contractual rent. Leases for the other 32 occupied units were not provided.

The underwriting scenario implies lease-up of the 15 vacant 1,100 SF units. The packet supplies no signed leases, letters of intent, leasing pipeline or absorption evidence for that space, and the plan expressly states the scenario is not a lender-approved forecast. Underwritten gross potential rent of $1,056,000 also exceeds T12 gross potential rent of $1,036,800 by $19,200, indicating a modest rent-growth element in addition to occupancy gain. Annualized contractual rent from the rent roll ($672,300) sits between the two and was not substituted for either figure.

No appraisal supports the indicative value; it is a mechanical capitalization of scenario NOI at the term sheet's cap rate. No market comparables, rent survey, environmental or engineering report, property condition report, sponsor financial statements, guaranty, title or survey, tax bill, or completed credit approval was supplied, and none has been inferred. The T12 is cash-basis; no audit or bank-statement verification was available. The historical statement was not forced to reconcile to the point-in-time rent roll, consistent with the plan's instruction.

Risks

Lease-up dependency is the dominant risk. Underwritten NOI is roughly double T12 NOI before reserves, and the entire cash-out is a function of unproven absorption of 15 vacant units representing 38.2% of rentable area.

Payment step-up and refinance risk. Debt service rises from $400,468 interest-only in year one to about $473,424 annually after month 36, with maturity only 24 months later; the property must sustain the amortizing payment and support a takeout at maturity.

Rollover concentration. Seven leases on the rent roll expire within twelve months of the as-of date and all delivered leases expire before maturity, exposing the underwritten rent level to renewal and re-leasing risk. The unit 101 renewal option is conditional and unexercised.

Expense volatility. Insurance, carried at a plan allowance above T12 actual, and real estate taxes, underwritten $6,000 above T12 actual, are both exposed to further increase; the management fee scales with EGI and dampens but does not offset income shortfalls.

Valuation and rate sensitivity, as quantified in the sensitivity table above.

Prepayment friction. Prepayment costs 1% of outstanding principal if prepaid in years 1-2, with no stated bank penalty thereafter. No swap is assumed in this fictional scenario, so no swap breakage or termination payment is contemplated; a year-one prepayment at the maximum loan would cost roughly $64,075 of the then-outstanding balance plus accrued amounts.

Source references

Lender-Terms.pdf p.1: purpose, loan ceiling, 60% LTV, valuation convention, 1.30x DSCR, 9.00% debt yield, 6.25% contract rate, 6.50% sizing floor, 30-year monthly amortization, 36-month IO, 60-month maturity, 1.00% origination fee, prepayment and no-swap statement.

Property-and-Plan.pdf p.1: property, market, scenario address, sponsor, 2026-08-31 as-of date, $4,500,000 payoff, $65,000 fixed closing costs, occupancy and NOI-presentation instructions. Page 2: underwriting plan, revenue loss, other income, management-fee test, reserves per unit, insurance evidence statement, expense table and sensitivity instructions.

T12-Statement.pdf pp.1-2: monthly and annual actuals for September 2025 through August 2026, including below-NOI reserves and below-cash-flow capex, debt service and depreciation.

Rent-Roll.xlsx, worksheet "Rent Roll": header row 6; unit detail rows 7-54; notes at rows 57 and 59 regarding vacant premises and the absence of an option-exercise notice for unit 101.

Lease-File.pdf p.1: premises 101 parties, 700 SF, term commencing 2025-09-01 expiring 2027-06-30, $1,575 monthly base rent, $1,200 security deposit, conditional renewal option, and authority clause requiring a signed amendment to modify a rent schedule.

Deliverables

Accompanying this memorandum is an Excel underwriting workbook with eight sheets: editable Inputs, Rent Roll with live occupancy and rent totals, T12 Historical, Underwriting, Loan Sizing, Sources & Uses, Sensitivity, and a Map sheet locating every editable input and key output. Cap rate (Inputs!B7), sizing rate floor and increment (Inputs!B12 and Inputs!B13) and the EGI drivers (Inputs!B4 gross potential rent and Inputs!B6 other income, with the loss percentage held at Inputs!B5) can be changed and all values, constraints, binding-constraint labels, sources/uses and sensitivity cases recalculate through live Excel formulas. Historical and underwritten cash flows are kept on separate sheets and are never blended.