Juniper Flats — Internal Refinance Financing Memorandum

First-mortgage refinance | As of August 31, 2026 | Internal review only — not a credit commitment or legal opinion

1. Financing decision and recommendation

Recommendation: proceed to full credit review of a cash-out first-mortgage refinance sized at approximately $5,794,435, which is the lowest of the lender's three indicative constraints (Lender-Terms.pdf p.1). The binding constraint is DSCR at a minimum 1.25x on underwritten net cash flow after replacement reserves, tested against amortizing debt service at the 6.25% sizing rate.

At that principal, the loan repays the $3,300,000 existing debt, funds a 0.75% origination fee of $43,458 and $45,000 of fixed closing costs, and returns approximately $2,405,977 of net cash to the borrower. Proceeds therefore satisfy the sponsor's stated cash-out objective; no cash-in scenario is required at base-case underwriting.

This is an internal-review memorandum prepared solely from the supplied fictional packet. It is not a commitment, an appraisal, or a legal opinion. All conclusions are indicative and subject to credit approval, third-party reports and documentation.

Item	Amount / value	Basis
Underwritten NOI before reserves	$545,960	Scenario EGI less normalized operating expenses
Underwritten NCF after reserves	$535,160	NOI less $10,800 reserves ($300/unit × 36)
Indicative capitalization value	$9,494,957	$545,960 ÷ 5.75% cap rate
LTV constraint (65%)	$6,171,722	65% × $9,494,957
DSCR constraint (1.25x)	$5,794,435	($535,160 ÷ 1.25) ÷ 0.07388606
Debt-yield constraint (8.50%)	$6,296,000	$535,160 ÷ 8.50%
Maximum loan / binding constraint	$5,794,435 / DSCR	Lowest of the three
Sizing annual debt service	$428,128	Max loan × annual constant at 6.25%
First-year contractual debt service	$341,872	Interest-only, 24 months, at 5.90% contract rate
Net cash to borrower	$2,405,977	Loan − payoff − origination fee − closing costs

2. Period labels and the three separate income views

The packet supports three distinct income views that must not be conflated.

(a) Historical T12, September 2025 through August 2026 (T12-Statement.pdf pp.1–2, Annual column): gross potential base rent $840,000; vacancy ($42,000); concessions ($12,000); bad debt ($4,500); other income $39,600; EGI $821,100. Operating expenses excluding reserves, capital improvements, debt and depreciation total $307,800, producing NOI before reserves of $513,300. Replacement reserves of $10,800 are shown below NOI, giving NCF after reserves of $502,500. Capital improvements ($62,000), existing loan principal and interest ($294,000) and depreciation ($180,000) are excluded from operating expense. Where the accounting package labels post-reserve cash flow as 'property NOI', both measures are reported separately here (Property-and-Plan.pdf p.1).

(b) Current contractual position at August 31, 2026 (Rent-Roll.xlsx, 'Rent Roll' rows 7–42): 36 units and 31,800 rentable SF; 33 units and 28,950 SF occupied; 91.67% occupancy by count and 91.04% by area. Contractual monthly base rent as printed is $62,275 (19 one-bedroom units at $1,675 and 14 two-bedroom units at $2,175). Vacant units 109, 125 and 136 carry market rent for context only and no contractual rent. Annualized contractual rent ($747,300) is a point-in-time figure and is not used as underwritten revenue.

(c) Supplied underwriting scenario, September 2026 forward (Property-and-Plan.pdf p.2): gross potential base rent $864,000 less a 6.00% combined revenue loss ($51,840) plus $42,000 other income equals EGI of $854,160. Normalized operating expenses before reserves total $308,200, giving NOI before reserves of $545,960; less $10,800 of reserves, NCF after reserves is $535,160. This is a supplied scenario, not a lender-approved forecast.

Line	T12 actual (Sep-2025–Aug-2026)	Underwriting scenario (Sep-2026 forward)
Gross potential base rent	840,000	864,000
Revenue loss (vacancy/concessions/bad debt)	(58,500)	(51,840) at 6.00%
Other income / recoveries	39,600	42,000
Effective gross income	821,100	854,160
Real estate taxes	108,000	112,000
Property insurance	31,200	33,600
Utilities	28,800	28,800
Repairs and maintenance	46,200	40,200 (less $6,000 one-time casualty)
Payroll / contract labor	42,000	42,000
Administrative / legal	21,600	21,600

Line	T12 actual (Sep-2025–Aug-2026)	Underwriting scenario (Sep-2026 forward)
Management fee	30,000	30,000 (greater of T12 actual and 3% of EGI = 25,625)
Total operating expenses before reserves	307,800	308,200
NOI before replacement reserves	513,300	545,960
Replacement reserves	10,800	10,800 ($300/unit × 36)
NCF after replacement reserves	502,500	535,160

3. Loan sizing, debt service and net proceeds

Sizing follows the lender's stated definitions exactly (Lender-Terms.pdf p.1). Value is underwritten NOI before reserves divided by a 5.75% cap rate. DSCR uses NCF after reserves over annual amortizing debt service at the sizing rate. Debt yield uses NCF after reserves as the numerator over principal. The sizing rate is the greater of the 5.90% contract rate and the 6.25% underwriting floor, therefore 6.25%; the annual debt constant on 30-year monthly amortization is 0.07388606 per dollar of principal (12 × monthly payment).

At the $5,794,435 maximum, sizing annual debt service is $428,128, sizing DSCR is exactly 1.25x (the binding test), sizing debt yield is 9.24% (comfortably above the 8.50% minimum) and sizing LTV is 61.03% (inside the 65% ceiling).

Actual first-year contractual debt service is interest-only for the stated 24-month period at the 5.90% contract rate: $341,872, which is $86,256 lower than the $428,128 sizing debt service. First-year NCF coverage on the interest-only payment is 1.57x. When amortization begins in month 25, annual payments at the contract rate rise to approximately $412,427, or 1.30x coverage on current underwritten NCF. Maturity is 84 months, so the loan amortizes for roughly five years before a balloon repayment.

Net cash to the borrower is $5,794,435 less the $3,300,000 payoff, the $43,458 origination fee (0.75% of initial principal) and $45,000 of fixed closing costs, or $2,405,977 of cash out. No fee capitalization, interest reserve, cash sweep, earn-out or holdback is assumed.

Sources and uses at maximum loan	Amount
Source: new first-mortgage loan	5,794,435
Use: existing debt payoff	3,300,000
Use: origination fee (0.75%)	43,458
Use: fixed closing costs	45,000
Net cash to borrower (negative = cash in)	2,405,977

4. Downside testing

Per the plan's sensitivity instruction (Property-and-Plan.pdf p.2), reducing total underwritten EGI by 5% to $811,452 and re-testing the management minimum leaves the fee at the $30,000 T12 actual floor (3% of stressed EGI is $24,344), with all other operating expenses and reserves held constant. Stressed NOI before reserves is $503,252 and stressed NCF after reserves is $492,452. On that cash flow alone, at the unchanged 6.25% sizing rate, the maximum loan falls to $5,332,015 (DSCR-bound).

The combined downside adds 100 basis points to the sizing rate (7.25%, annual constant 0.08186115) while holding the 5.75% cap rate unchanged. Constraints become LTV $5,688,936, DSCR $4,812,559 and debt yield $5,793,553; the maximum loan falls to $4,812,559, still DSCR-bound, a reduction of $981,876 (16.9%) from base case. Even at that level, proceeds cover the payoff and costs with approximately $1,431,464 of residual cash out, so the transaction remains a cash-out refinance in the modeled downside.

A separate cap-rate-only test of +50 bps (6.25% cap rate, EGI and sizing rate unchanged) is supported in the workbook. Indicative value falls to $8,735,360 and the LTV constraint to $5,677,984, which is below the unchanged $5,794,435 DSCR constraint. The binding constraint therefore switches to LTV and the maximum loan falls to $5,677,984, a reduction of $116,451.

Scenario	NOI before reserves	NCF after reserves	Maximum loan	Binding
Base case (cap 5.75%, sizing 6.25%)	545,960	535,160	5,794,435	DSCR
EGI −5% only (sizing rate 6.25%)	503,252	492,452	5,332,015	DSCR
Combined: EGI −5% and sizing rate +100 bps	503,252	492,452	4,812,559	DSCR
Cap rate +50 bps only (6.25% cap)	545,960	535,160	5,677,984	LTV

5. Tenant, lease and rollover discussion

The asset is a 36-unit multifamily property with residential household tenancies; there is no single credit tenant and no commercial lease in the packet. The two unit types are 20 one-bedroom units of 750 SF at $1,675 per month and 16 two-bedroom units of 1,050 SF at $2,175 per month. Contractual rents equal the stated market rents throughout the rent roll, so no mark-to-market gain is evidenced.

Unit 101 is the subject lease with executed documentation (Lease-File.pdf p.1). Base rent is $1,675 per month as of August 31, 2026, matching the rent roll, so no amendment adjustment to contractual rent is required and effective monthly base rent equals the printed $62,275. The initial term commenced September 1, 2025 and expires July 31, 2027; no base-rent increase applies before September 1, 2027. The security deposit is $1,675 and is expressly not prepaid rent or recurring income.

Unit 101 holds 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 note at cell C47 confirms the same. The current expiry is therefore held at 2027-07-31 and the option is treated as not exercised; the existence of an option alone does not extend term.

Rollover is granular but front-loaded: one lease expires September 30, 2026, and nine more expire between October and December 2026, so roughly 28% of units roll within four months of the as-of date. Three units (109, 125, 136) are vacant, consistent with the 6.00% combined revenue loss underwritten against gross potential rent. Short residential terms mean leasing execution and renewal velocity, not single-tenant credit, drive cash-flow stability.

Unit 101 lease attribute	Authoritative value	Source
Current monthly base rent	$1,675	Lease-File.pdf p.1 §3; Rent-Roll.xlsx row 7
Current expiry	2027-07-31	Lease-File.pdf p.1 §2
Security deposit	$1,675	Lease-File.pdf p.1 §4
Renewal option exercised	No — no notice or amendment delivered	Lease-File.pdf p.1 §5; Rent-Roll.xlsx C47
Next scheduled rent change	None before 2027-09-01	Lease-File.pdf p.1 §3

6. Assumptions, limitations and unresolved evidence

Assumptions are taken verbatim from the packet: 5.90% fixed contract rate; sizing rate the greater of contract rate and the 6.25% floor; 30-year monthly amortization with annual debt service computed as 12 monthly payments; 24-month interest-only period with DSCR nonetheless tested on amortizing debt service; 84-month maturity; 65% LTV; 1.25x minimum DSCR on NCF after reserves; 8.50% minimum debt yield on NCF after reserves; 5.75% cap rate applied to NOI before reserves; 0.75% origination fee on actual initial principal; $3,300,000 payoff; $45,000 fixed closing costs; $300 per unit per year reserves; and management fee at the greater of T12 actual $30,000 and 3.00% of underwritten EGI (the T12 actual controls in every scenario tested).

Limitations: no appraisal, environmental or engineering report, sponsor track record, market comparables, or completed credit approval is supplied, and none is assumed. The indicative value is a capitalization arithmetic result, not an appraised value. No market rent growth, exit or takeout assumption has been introduced. Reserves are underwritten but no capital plan is provided; T12 capital improvements of $62,000 far exceed the $10,800 reserve run-rate, disclosed here as a monitoring item rather than an operating expense adjustment.

Unresolved / unknown evidence, deliberately not filled in: (i) verified renewal insurance premium — the plan cites a fictional insurer renewal confirmation dated August 25, 2026 for $33,600 and instructs its use in underwriting, but the confirmation document itself is not in the packet, so $33,600 is applied as the plan's scenario allowance and no independently verified premium is reported; (ii) no exercise of the unit 101 renewal option is evidenced; (iii) no appraisal or comparable data supports the 5.75% cap rate; (iv) the payoff figure is the plan amount, not a lender payoff statement, and no per-diem interest, escrow settlement or prepayment charge on the existing loan is modeled.

Reconciliation notes: T12 gross potential rent of $840,000 and scenario gross potential rent of $864,000 differ by design; historical income was not forced to a point-in-time annualized rent roll. Contractual rent of $747,300 annualized plus the three vacant units at asking rents ($6,700 per month) would be $827,700 at full occupancy, below the $864,000 scenario figure — the principal underwriting judgment embedded in the supplied plan. The scenario also assumes a $4,000 tax increase and a $2,400 insurance increase relative to T12 and removes $6,000 of one-time casualty repair cost.

7. Risks

Sizing is DSCR-bound at exactly 1.25x, so proceeds are highly sensitive to underwritten NCF: an EGI reduction of 5% alone lowers the maximum loan by $462,420, and the combined EGI −5% / +100 bps downside cuts it by $981,876. Any move of the gross potential rent assumption toward the T12 actual level would compress proceeds further.

Payment-shock and refinancing risk: first-year debt service is interest-only at $341,872, $86,256 below the amortizing sizing payment. Amortization at the contract rate begins in month 25 (approximately $412,427 per year, 1.30x coverage) and the loan balloons at 84 months with no assumed takeout.

Rollover and vacancy risk: roughly ten leases expire within four months of the as-of date and three units are vacant. The 6.00% combined loss assumption is tighter than the approximately 7.0% of gross potential rent absorbed by T12 vacancy, concessions and bad debt, so the scenario embeds both higher gross rent and lower loss than history.

Expense and capital risk: taxes and insurance are underwritten above T12 actuals, but the insurance amount rests on a renewal quote not itself included in the packet, and T12 capital spending well above the reserve run-rate suggests $300 per unit may understate ongoing capital needs. The management fee is held at the $30,000 T12 actual, which exceeds 3% of EGI; a change in the management contract would alter NOI and proceeds.

Prepayment friction: prepayment costs 1% of outstanding principal if prepaid in years 1–2, with no stated bank penalty thereafter. The term sheet states no swap is assumed, so no swap breakage or termination cost applies in this scenario. Friction is modest but falls in the interest-only period when principal is at its maximum — approximately $57,944 if the full base-case loan were prepaid in year 1 or 2.

Valuation risk: value is derived solely from a 5.75% cap rate applied to underwritten NOI before reserves. A 50 bps cap-rate increase reduces indicative value by $759,597 to $8,735,360 and makes LTV the binding constraint at $5,677,984; wider cap-rate movement would reduce proceeds materially and would also weaken maturity refinancing prospects.

8. Source references

Lender-Terms.pdf p.1 — purpose, LTV 65%, valuation convention (NOI before reserves ÷ 5.75%), DSCR 1.25x on NCF after reserves, debt yield 8.50% on NCF after reserves, contract rate 5.90%, sizing rate floor 6.25%, 30-year monthly amortization with annual debt service as 12 monthly payments, 24-month IO, 84-month maturity, 0.75% origination fee, prepayment 1% in years 1–2 and no swap assumed.

Property-and-Plan.pdf p.1 — as-of date 2026-08-31, $3,300,000 existing payoff, $45,000 fixed closing costs, cash-out objective with cash-in fallback, instruction to separate NOI before reserves from NCF after reserves, and exclusion of debt, capital improvements and depreciation from operating expense.

Property-and-Plan.pdf p.2 — $864,000 gross potential rent, 6.00% combined revenue loss, $42,000 other income, management fee greater-of test, $300/unit reserves, insurance renewal reference, expense-by-expense underwriting treatment, and the EGI −5% / sizing +100 bps / cap +50 bps sensitivity instructions.

T12-Statement.pdf pp.1–2 — monthly and annual actuals for September 2025 through August 2026, including below-the-line reserves ($10,800), capital improvements ($62,000), existing loan principal and interest ($294,000) and depreciation ($180,000).

Rent-Roll.xlsx, worksheet 'Rent Roll' rows 7–42 with notes at C45 and C47 — unit counts, areas, status, contractual and market rents, lease expiries, vacant-unit treatment and the direction to review executed lease evidence for premises 101.

Lease-File.pdf p.1 — premises 101 parties and 750 SF, commencement 2025-09-01, expiry 2027-07-31, $1,675 base rent, $1,675 security deposit, conditional renewal option with no delivered exercise notice, and the written-amendment authority clause.

Companion workbook (underwriting-v2.xlsx) — Assumptions sheet holds all editable inputs (cap rate B27, sizing rate increment B32, gross potential rent B5, other income B7); T12, RentRoll, Underwriting, Sizing, SourcesUses and Sensitivity sheets carry live formulas; the Map sheet lists every input and output address.