Juniper Flats | Internal Refinance Memorandum

As of 2026-08-31 | Fictional internal analysis for credit discussion

Executive summary

Recommendation: Proceed to size a first-mortgage refinance to the binding DSCR constraint, subject to standard diligence and approvals. At the lender’s sizing definitions, the maximum proceeds are $5,794,435, with DSCR at 1.25x and debt yield at 9.24%. First-year contractual debt service is interest-only for 24 months at the 5.90% contractual rate ($341,872). Estimated net cash to the borrower after payoff, fee and fixed costs is approximately $2.41 million.

Purpose/Use: Refinance of existing $3.30 million loan, 84‑month term, 24 months IO, 30‑year amort thereafter. Origination fee 0.75% of proceeds; fixed costs $45,000 (per plan). No prepayment penalty after year 2 other than a 1% charge in years 1–2; no swap.

Key metric	Amount / ratio
Underwritten EGI	$854,160
UW NOI before reserves	$545,960
UW NCF after reserves	$535,160
Cap rate (indicative value)	5.75%
Indicative value	$9,494,957
LTV limit (65%)	$6,171,722
DSCR limit (1.25x, 30yr @ 6.25%)	$5,794,435
Debt yield limit (8.5%)	$6,296,000
Maximum loan (binding DSCR)	$5,794,435
Annual sizing debt service	$428,128
Sizing DSCR	1.25x
Sizing debt yield	9.24%
First-year contractual DS (IO @ 5.90%)	$341,872
Net cash to borrower (est.)	$2,405,977

Property, tenancy and current cash flow

Asset: Juniper Flats, multifamily, Raleigh, NC (fictional). Address: 2400 Juniper Bench Lane, Raleigh, NC 27610. Unit mix totals 36 units and 31,800 rentable SF. Occupancy on the 8/31/2026 rent roll is 33 of 36 units (91.67%) and 28,950 of 31,800 SF (91.04%). Printed monthly base rent is $62,275.

Suite 101 lease: Executed lease extract confirms 750 SF, $1,675 monthly base rent as of 8/31/2026, deposit $1,675, expiry 2027-07-31. No renewal exercise evidence is provided; do not extend.

Historical T12 (Sep 2025–Aug 2026): GPR $840,000; losses ($58,500); other income $39,600; EGI $821,100. Operating expenses before reserves $307,800; NOI before reserves $513,300. Reserves $10,800; NCF after reserves $502,500.

Rent roll metric	Value
Unit count / occupied	36 / 33
Total / occupied SF	31,800 / 28,950
Occupancy (count / area)	91.67% / 91.04%
Printed monthly base rent	$62,275

Underwriting approach and assumptions

EGI follows the supplied scenario: GPR $864,000 less 6.00% losses plus $42,000 other income = EGI $854,160. Management fee is the greater of T12 actual $30,000 or 3.00% of EGI (=$25,625), so $30,000 is used.

Operating expenses: Taxes $112,000; insurance at verified renewal $33,600 (dated 8/25/2026); utilities $28,800; payroll $42,000; admin/legal $21,600; R&M adjusted to remove $6,000 one-time casualty, net $40,200. Total opex before reserves $308,200; UW NOI before reserves $545,960. Reserves $300/unit/year x 36 = $10,800; UW NCF $535,160.

Valuation uses UW NOI/cap 5.75% = $9,494,957 (no appraisal implied). Loan sizing uses UW NCF for DSCR and DY per lender terms. IO period 24 months does not change DSCR sizing, which remains amortizing.

Category	Amount
Taxes	$112,000
Insurance (renewal)	$33,600
Utilities	$28,800
Repairs & maintenance (adj)	$40,200
Payroll / contract labor	$42,000
Administrative / legal	$21,600

Category	Amount
Management fee	$30,000
Total opex (pre-reserves)	$308,200
Reserves ($300/unit)	$10,800

Loan sizing and proceeds

Sizing rate is the greater of contractual 5.90% and the 6.25% floor; 6.25% applies. With 30-year amortization, the annual debt constant is 7.3886%. Constraints: LTV 65% of $9,494,957 = $6,171,722; DSCR 1.25x on NCF $535,160 gives $5,794,435; Debt yield at 8.50% gives $6,296,000. The minimum is $5,794,435 (DSCR binding).

Debt service: Annual sizing debt service at max loan = $428,128; sizing DSCR = 1.25x; sizing debt yield = 9.24%. First-year contractual DS during IO is interest-only = 5.90% x loan = $341,872.

Sources/Uses: Proceeds $5,794,435; less 0.75% fee $43,458; fixed costs $45,000; payoff $3,300,000. Estimated net cash to borrower ≈ $2,405,977.

Constraint	Limit
LTV 65%	$6,171,722
DSCR 1.25x	$5,794,435
Debt yield 8.50%	$6,296,000
Maximum loan (binding DSCR)	$5,794,435

Downside and sensitivity

Stress case per instruction: reduce underwritten EGI by 5% and recompute management minimum; hold other operating assumptions and reserves constant; increase sizing rate by 100 bps to 7.25%. Result: Stress NOI before reserves $503,252; stress NCF $492,452. Debt constant at 7.25%/30yrs = 8.1861%. DSCR limit falls to $4,812,559; LTV limit unchanged at $6,171,722 (cap unchanged at 5.75%); debt yield limit $5,793,553. Stress maximum loan = $4,812,559 (DSCR binding).

Separate cap-rate sensitivity: cap +50 bps to 6.25% yields indicative value $8,735,360 at base UW NOI.

Metric	Stress result
Stress NOI before reserves	$503,252
Stress NCF	$492,452

Metric	Stress result
Stress maximum loan (DSCR bind)	$4,812,559
Alt value at cap +50 bps	$8,735,360

Risks, mitigants and limitations

Near-term lease rollover: Several expirations from Sep–Dec 2026; monitor retention and maintain concessions discipline. Confirm no undisclosed delinquencies beyond T12 bad debt.

Insurance renewal verified at $33,600; treat as authoritative for UW. Taxes trended to $112,000; verify with assessor. One-time casualty cleanup of $6,000 removed from R&M is a management representation within the plan; confirm via invoices.

Prepayment friction: 1% of outstanding principal if prepaid in years 1–2; no stated penalty thereafter; no swap in this scenario.

Limitations: Internal analysis only; no appraisal, environmental, sponsor credit or market comp work included. Historical figures are cash accounting and may not equal point-in-time rent roll. All values derived strictly from supplied packet; unknowns remain unknown.

Document references

Lender terms: Lender-Terms.pdf p1.

Property and plan: Property-and-Plan.pdf pp1–2 (EGI build, expense guidance, reserves, insurance evidence, payoff and fixed costs, sensitivity instruction).

T12 financials: T12-Statement.pdf pp1–2 (aggregate Annual column).

Rent roll: Rent-Roll.xlsx (as-of 2026-08-31).

Lease 101: Lease-File.pdf p1 (rent $1,675/mo, deposit $1,675, expiry 2027-07-31; no renewal exercise).