Meadow Commerce — Internal Refinance Memorandum

As of August 31, 2026 | Fictional evaluation material for internal review only

Executive summary and decision

Request: First-mortgage refinance of Meadow Commerce, a fictional industrial asset at 6100 Meadow Bench Parkway, Richmond, VA 23234.

Recommendation: Proceed to term-sheet negotiation for a loan sized to the binding LTV constraint at approximately $6.16 million, subject to full diligence and credit approval.

Rationale: Underwritten NOI before reserves of $666,860 and NCF after reserves of $652,460 support lender metrics (1.30x DSCR, 9.50% debt yield) at a higher amount than permitted by the 60% LTV limit. First-year debt service is interest-only at the 6.10% contractual rate; underwriting DSCR still uses a 30-year amortizing constant at the sizing rate per term sheet.

Item	Figure
Indicative value (NOI/cap @ 6.50%)	$10,259,391
Maximum loan (min of LTV/DSCR/DY)	$6,155,634
Binding constraint	LTV (60%)
UW NCF (after reserves)	$652,460
Annual amortizing debt service at sizing rate	$466,894
Sizing DSCR (UW NCF / sizing debt service)	1.40x
Sizing debt yield (UW NCF / loan)	10.60%
First-year contractual debt service (IO, 6.10%)	$375,494
Net cash to borrower (after 1% fee and $55k costs)	$2,439,078

Property, tenancy and rent roll

Asset: Meadow Commerce. Total rentable area 72,000 SF across three suites (101: 16,000; 102: 24,000; 103: 32,000).

Occupancy: 3 of 3 suites occupied as of 2026-08-31. Monthly contractual base rent totals $62,000.

Suite 101 lease: Tenant A LLC occupies 16,000 SF. Base rent is $12,800/month as of 2026-08-31. Initial term 2025-09-01 through 2028-08-31. Security deposit $25,600. No documented exercise of the renewal option. Base rent has no step until 2027-09-01 per lease extract.

The rent roll shows matching terms for Suite 101. No inconsistencies requiring adjustment were identified.

Metric	Value
Space count / occupied	3 / 3
Total SF / occupied SF	72,000 / 72,000
Physical occupancy (count / area)	100% / 100%
Monthly base rent (printed)	$62,000
Effective monthly base (after lease review)	$62,000
Suite 101 monthly rent	$12,800
Suite 101 expiry	2028-08-31
Suite 101 deposit	$25,600

Historical performance (T12)

Period: September 2025 – August 2026, cash accounting.

EGI: $882,000 comprised of $744,000 gross potential base rent less $18,000 concessions and $2,400 bad debt, plus $158,400 other income/recoveries.

Operating expenses before reserves: $212,400 (taxes $102,000; insurance $26,400; utilities $9,600; repairs/maintenance $19,200; payroll/contract $12,000; admin/legal $16,800; management $26,400).

NOI before reserves: $669,600. Replacement reserves: $14,400. NCF after reserves: $655,200.

Notes: T12 management fee equals $26,400 (3.0% equivalent on reported EGI). Replacement reserves and capital improvements are below NOI and excluded from operating expenses.

Line item	Amount
T12 EGI	$882,000
T12 operating expenses (pre-reserve)	$212,400
T12 NOI before reserves	$669,600
T12 reserves	$14,400
T12 NCF after reserves	$655,200

Underwriting assumptions and results

Underwriting plan per Property-and-Plan (Sep 2026 forward): GPR $756,000; combined revenue loss 3.00% of GPR; other income/recoveries $162,000 added after revenue loss; management fee is greater of T12 actual ($26,400) and 3.00% of underwritten EGI; reserves $0.20/SF/yr on 72,000 SF; expense line treatments as provided (taxes $108,000; insurance $36,000 provisional allowance; utilities $9,600; repairs/maintenance $19,200; payroll/contract $12,000; admin/legal $16,800). Insurance lacks a verified renewal quote; the $36k is provisional only.

Calculated UW EGI: $895,320. UW management fee: $26,859. UW opex before reserves: $228,460. UW NOI before reserves: $666,860. UW reserves: $14,400. UW NCF after reserves: $652,460.

Underwriting output	Amount
UW EGI	$895,320
UW management fee	$26,860
UW operating expenses (pre-reserve)	$228,460
UW NOI before reserves	$666,860
UW reserves	$14,400
UW NCF after reserves	$652,460

Loan sizing and proceeds

Valuation: $10,259,391 (NOI/cap at 6.50%).

Constraints per term sheet: 60% LTV, 1.30x DSCR using UW NCF and annual amortizing debt service at sizing rate, and 9.50% debt yield using UW NCF numerator. Sizing rate is the greater of current contractual rate and 6.50% floor; here 6.50% applies. Amortization 30 years monthly; interest-only for first 12 months, but DSCR still uses amortizing debt service.

Results: LTV limit $6,155,634; DSCR limit $6,617,070; Debt yield limit $6,868,004. Maximum loan is $6,155,634 (LTV binding). Annual amortizing debt service at sizing rate on the sized loan: $466,894; sizing DSCR: 1.40x; sizing debt yield: 10.60%. First-year contractual debt service (IO at 6.10%): $375,494.

Sources and uses: Net cash to borrower = Loan $6,155,634 less 1% origination fee ($61,556) and fixed closing costs ($55,000) and existing payoff ($3,600,000) = $2,439,078.

Constraint/Item	Amount
LTV limit (60%)	$6,155,634
DSCR limit (1.30x)	$6,617,070
Debt yield limit (9.50%)	$6,868,004
Maximum loan (binding)	$6,155,634

Constraint/Item	Amount
Amortizing debt service @ sizing rate	$466,894
Sizing DSCR	1.40x
Sizing debt yield	10.60%
First-year contractual debt service (IO, 6.10%)	$375,494
Origination fee (1%)	$61,556
Existing payoff	$3,600,000
Fixed closing costs	$55,000
Net cash to borrower	$2,439,078

Downside sensitivities

Combined downside per plan: reduce UW EGI by 5% and increase sizing rate by 100 bps; recompute management minimum, hold other opex and reserves constant, cap rate unchanged.

Results: EGI downside $850,554; management fee remains floored at T12 $26,400; NOI before reserves $622,554; NCF after reserves $608,154. Value at unchanged cap: $9,577,754; LTV limit $5,746,652. Annual debt constant at 7.50%: 8.3906%. DSCR limit $5,575,432; Debt yield limit $6,401,621. Combined-downside maximum loan $5,575,432 (DSCR binding).

Separate valuation sensitivity: Cap rate +50 bps to 7.00% reduces indicative value to $9,526,577 given unchanged NOI assumptions.

Downside metric	Result
Downside maximum loan (EGI -5%, sizing +100 bps)	$5,575,432 (DSCR binding)
Downside NCF	$608,154
Downside annual constant	8.3906%
Value (cap unchanged)	$9,577,754
Cap +50 bps value (separate)	$9,526,577

Assumptions, limitations and evidence

This is an internal analytical memo based solely on the provided packet.

Evidence and citations:

- Lender constraints, rate and definitions: Lender-Terms.pdf p1.
- Underwriting plan and closing costs: Property-and-Plan.pdf pp1-2.
- T12 amounts and period: T12-Statement.pdf pp1-2 (Annual column).
- Rent roll and occupancy: Rent-Roll.xlsx (Rent Roll sheet, rows 4-8).
- Suite 101 authoritative lease items (rent, expiry, deposit, renewal): Lease-File.pdf p1.

Limitations and unresolved items:

- Insurance: No renewal quote or binder. $36,000 is a provisional allowance only; verified renewal premium remains unknown.
- No appraisal, environmental report, or market comparables included.
- No evidence of renewal option exercise; do not extend current expiry beyond 2028-08-31.
- Historical T12 is cash accounting and will not equal a point-in-time annualized rent roll.

Prepayment: Per term sheet, 1% of outstanding principal if prepaid in years 1-2; no stated bank penalty thereafter; no swap assumed.