Juniper Flats — Financing Memorandum

Internal review | Cash-out refinance analysis | As of 2026-08-31 | Prepared 2026-09-06

Property	Juniper Flats (fictional; scenario materials only)
Address	2400 Juniper Bench Lane, Raleigh, NC 27610 (fictional; not geocoded)
Asset / Market	Multifamily / Raleigh, NC
Sponsor / Borrower	Juniper Flats Owner LLC (single-property owner, fictional)
Units	36 units — 20 x 750 SF + 16 x 1,050 SF | 31,800 rentable SF
Occupancy (as of 8/31/2026)	33 of 36 occupied (91.67% by count; 91.04% by area)
Purpose	First-mortgage refinance; cash-out if proceeds permit, cash-in evaluated if required
Existing debt payoff	$3,300,000
Fixed closing costs	$45,000

Financing recommendation

Advance the transaction. Under the lender's stated definitions, the maximum first-mortgage proceeds size to **$5,794,435**, bound by the **1.25x DSCR** constraint on UW NCF at the 6.25% sizing floor. Net cash to borrower after payoff, 0.75% origination fee, and $45,000 fixed closing costs is approximately **$2,405,977 (cash-out)**. First-year debt service equals $341,872 on an interest-only basis at the 5.90% contract rate; sizing DSCR at the amortizing sizing rate is 1.25x. LTV clears at 65.0% of indicative value against a 65% cap, and debt yield on UW NCF is 9.24% versus the 8.50% minimum.

Key figures

Metric	Value	Basis / period
T12 EGI (Sep-2025 – Aug-2026)	$821,100	T12-Statement
T12 NOI before reserves	$513,300	T12 EGI less operating expenses
T12 NCF after reserves	$502,500	T12 NOI less $10,800 reserves
Underwritten EGI (forward)	$854,160	UW GPR $864,000 – 6% loss + $42,000 other
Underwritten NOI before reserves	$545,960	UW EGI less UW OpEx
Underwritten NCF after reserves	$535,160	UW NOI less $10,800 reserves ($300/unit)
Indicative value @ 5.75% cap	$9,494,957	UW NOI (before reserves) / 5.75%
Sizing rate (annual)	6.25%	MAX(contract 5.90%, floor 6.25%)
Annual debt constant (sizing)	0.073886	30-yr amort, monthly
LTV constraint (65% x value)	$6,171,722	Non-binding
DSCR constraint (NCF / 1.25 / ADC)	$5,794,435	BINDING
Debt-yield constraint (NCF / 8.50%)	$6,296,000	Non-binding
Maximum loan	**$5,794,435**	**Minimum of the three constraints**
Sizing annual debt service	$428,128	Max loan × ADC
Sizing DSCR / debt yield	1.2500x / 9.24%	At maximum loan on NCF
First-year contractual DS (IO)	$341,872	Loan × 5.90% (24-mo IO)
Origination fee (0.75%)	$43,458	Deducted from proceeds

Net cash to borrower (cash-out)	**$2,405,977**	**Loan – payoff – fee – closing**

Historical (T12) vs. Underwritten

The T12 (Sep-2025 – Aug-2026) reflects actual cash accounting. The underwriting scenario is the sponsor-supplied forward view per Property-and-Plan p.2, not an approved forecast. Values below are shown separately per the packet's instruction; do not conflate the two.

Line	T12 (actual)	Underwritten	Notes
Gross Potential Base Rent	$840,000	$864,000	UW scenario ≠ T12 annualization
Combined revenue loss	$-58,500	$-51,840	T12 = vacancy+concessions+bad debt; UW = 6% GPR
Other income	$39,600	$42,000	Added after revenue loss
EGI	$821,100	$854,160	
Real estate taxes	$108,000	$112,000	UW increased per scenario
Property insurance	$31,200	$33,600	UW = renewal quote in packet
Utilities	$28,800	$28,800	UW = T12 actual
Repairs & maintenance	$46,200	$40,200	UW removes $6k one-time casualty
Payroll / contract labor	$42,000	$42,000	UW = T12
Administrative / legal	$21,600	$21,600	UW = T12
Management fee	$30,000	$30,000	UW = MAX(T12 $30k, 3% x EGI); floor binds
Total OpEx	$307,800	$308,200	Excludes reserves/capex/debt/depreciation
NOI before reserves	**$513,300**	**$545,960**	**Cap value uses UW NOI (before reserves)**
Replacement reserves	$10,800	$10,800	UW = $300/unit x 36
NCF after reserves	**$502,500**	**$535,160**	**Sizing DSCR/DY numerator = NCF**

Tenancy, rent roll & subject lease (unit 101)

Rent roll is dated 2026-08-31. Property is 33-of-36 occupied (91.67% by count; 91.04% by area). Occupied contractual monthly base rent totals $62,275 (equivalent to $747,300 annualized), well below the UW gross potential of $864,000 — the difference is a scenario-supplied gross-to-net gap, not an empirical bridge. Vacant units (109, 125, 136) are shown at market rent for reference only and carry no current contractual base rent.

The executed lease evidence supplied covers unit 101: base rent $1,675 per month, initial term expiring 2027-07-31, $1,675 security deposit. A conditional renewal option exists (§5) requiring ≥180-day written notice and no uncured default; the packet contains **no signed exercise notice, landlord acknowledgment, or amendment**. Consistent with the packet's own guidance, current expiry for unit 101 remains 2027-07-31. Lease base rent matches the rent roll; effective monthly base equals rent-roll monthly base (no authoritative amendment supersedes the rent roll).

Underwriting assumptions & lender definitions applied

- **UW GPR** $864,000 (supplied scenario; not derived from T12 annualization).
- **Combined revenue loss** 6.00% of UW GPR (vacancy + concessions + bad debt).
- **Other income** $42,000 added after revenue loss.
- **Management fee** greater of T12 actual ($30,000) or 3.00% of UW EGI ($25,625). The $30,000 T12 floor binds.
- **Insurance** the packet's renewal quote of $33,600 (dated 2026-08-25) is used; verified renewal insurance = $33,600.
- **R&M** T12 $46,200 less $6,000 one-time casualty cleanup → $40,200.
- **Reserves** $300/unit/yr x 36 units = $10,800 (deducted after NOI).
- **Valuation** UW NOI *before* reserves / 5.75% cap = $9,494,957 (no appraisal implied).
- **Sizing rate** greater of contract 5.90% and 6.25% floor = **6.25%**; ADC = 0.073886 (30-yr, monthly).

• **DSCR** uses *amortizing* debt service at the sizing rate even during the IO period. Numerator = NCF (after reserves).

• **Debt yield** numerator = NCF (after reserves) per lender convention.

• **First-year DS** uses contract rate and 24-mo IO — year one is interest-only.

• **Cash to borrower** = loan – existing payoff ($3.30M) – 0.75% origination fee – $45,000 fixed closing costs. Negative = cash-in.

Sensitivities

Combined downside (per packet): EGI –5% **and** sizing rate +100 bps; management recomputed; other OpEx unchanged; cap rate unchanged.

Metric	Base UW	Combined downside	Cap +50 bps (income unchanged)
EGI	$854,160	$811,452	$854,160
Management fee (recomputed)	$30,000	$30,000	$30,000
Total OpEx	$308,200	$308,200	$308,200
NOI (before reserves)	$545,960	$503,252	$545,960
NCF (after reserves)	$535,160	$492,452	$535,160
Cap rate	5.75%	5.75%	6.25%
Sizing rate	6.25%	7.25%	6.25%
Value	$9,494,957	$8,752,209	$8,735,360
LTV limit	$6,171,722	$5,688,936	$5,677,984
DSCR limit	$5,794,435	$4,812,559	$5,794,435
Debt-yield limit	$6,296,000	$5,793,553	$6,296,000
Maximum loan	**$5,794,435**	**$4,812,559**	**$5,677,984**
Binding constraint	**DSCR**	**DSCR**	**LTV**

In the combined downside, sized proceeds fall to **$4,812,559** (DSCR-bound), which is below the existing debt payoff of $3,300,000 plus fees — the loan would become a cash-in refinance in that scenario (approximately $-1,431,464 of borrower equity required, before considering any alternative fee structure). Under the isolated cap-rate +50 bps case, LTV becomes the binding constraint at $5,677,984.

Risks & limitations

• **No appraisal, environmental, PCA, sponsor track record, or market comps** are supplied. The capitalized value is a sizing-only indicative computation, not an opinion of value.

• **Lease-level evidence** is limited to unit 101 (one of 33 occupied). Rents and expiries on other units are as reported on the rent roll and not independently verified against executed leases.

• **Renewal option on unit 101** exists but is not evidenced as exercised in the packet; do not extend expiry on option existence alone.

• **Near-term rollover.** Twelve leases roll within the first 12 months of the analysis (through Aug 2027) at current rents equal to market rent per the rent roll; UW loss factor of 6% is the only downtime cushion applied.

• **Sensitivity to rate & income.** DSCR is the binding constraint in the base case with essentially zero cushion (1.2500x). Small negative variance in NCF or a modest upward move in the sizing rate compresses proceeds meaningfully (see combined downside).

• **Prepayment friction.** 1% of outstanding principal in years 1–2; none stated thereafter. No swap is assumed; therefore no swap breakage is modeled.

• **Interest-only period.** DSCR at year-1 contractual DS ($341,872 IO) prints materially higher than sizing DSCR; sizing still uses amortizing service — do not present the IO ratio as the qualifying DSCR.

• **Management floor.** The $30,000 T12 floor exceeds 3% of UW EGI ($25,625), so the lender floor is binding; a higher-EGI scenario would flip to 3% of EGI.

• **Fictional scenario.** All names, addresses, and lender terms are fictional and provided in the evaluation packet; no external data was researched or invented.

Source references

• Property-and-Plan.pdf p.1–2 — property snapshot, existing debt payoff, closing costs, UW plan, sensitivity instruction, insurance renewal quote.

• Rent-Roll.xlsx (sheet: Rent Roll) — unit count, area, status, contractual and market rents, lease expiries.

• T12-Statement.pdf p.1–2 — monthly and annual actuals (Sep-2025 – Aug-2026); reserves/capex/debt/depreciation shown below operating income.

• Lender-Terms.pdf p.1 — LTV 65%, DSCR 1.25x on NCF, DY 8.50% on NCF, contract 5.90%, sizing floor 6.25%, 30-yr amort, 24-mo IO, 84-mo term, 0.75% orig fee, prepay 1% in yrs 1–2.

• Lease-File.pdf p.1 — unit 101 lease: $1,675 monthly base, expiry 2027-07-31, $1,675 deposit, conditional renewal option (not evidenced as exercised).

This is an internal-review financing memorandum prepared solely from the supplied packet. It is not a legal opinion, appraisal, credit commitment, or offer to lend, and does not constitute advice. All property, sponsor, tenant, address, and lender details are fictional and used for evaluation purposes only.