Market Row — Refinance Financing Memorandum

Internal review only | Prepared September 1, 2026 | As of August 31, 2026 | All USD | Fictional evaluation material — no real transaction

1. Financing decision

Recommendation: Advance the refinance at an indicative maximum first-mortgage of **$5,327,928**. The loan is **DSCR-bound** at the lender's 1.25× minimum applied to underwritten NCF and the sizing-rate amortizing debt service. LTV and debt-yield tests are satisfied with cushion. After payoff of the existing $3,400,000 balance, a 1.00% origination fee, and $48,000 of fixed closing costs, net cash to the borrower is approximately **$1,826,648**, satisfying the sponsor's cash-out preference. The credit profile is conditional on evidence gaps identified in §7 and is presented for internal review only.

Metric	Value	Note
Property / market	Market Row — Retail, Columbus OH	Fictional; do not geocode
Transaction	Cash-out refinance	Cash-in fallback available if required
As-of date	2026-08-31	Rent roll date
Underwritten NOI (before reserves)	$544,218	Per §3
Underwritten NCF (after reserves)	$539,618	Per §3
Indicative value @ 6.50% cap	$8,372,588	= NOI / 6.50%
Maximum loan (DSCR-bound)	$5,327,928	1.25× NCF / ADC at 6.50%
Sizing DSCR	1.25×	At binding
Sizing debt yield	10.21%	NOI / loan; above 9.00% floor
Actual LTV at max loan	63.64%	= loan / $8,372,588
First-year contractual DS	$421,760	6.25% contract, 25-yr amort, IO = 0
Net cash to borrower	$1,826,648	After payoff, fee, closing costs

2. Property, rent roll and lease reconciliation

Market Row is a 23,000-SF retail asset with 8 suites, 7 currently occupied, held by Market Row Owner LLC (fictional single-purpose entity). Physical occupancy is 87.5% by count and 87.83% by area as of August 31, 2026. Suite 108 (2,800 SF) is vacant; market rent is shown on the rent roll for context but is not collected income.

Unit	Tenant	SF	Status	Rent Roll $/mo	Effective $/mo*	Lease Expiry
101	Tenant A LLC	1,800	Occupied	$7,000	$7,500	2031-08-31
102	Tenant B LLC	2,200	Occupied	$5,500	$5,500	2028-08-31
103	Tenant C LLC	2,500	Occupied	$6,000	$6,000	2029-08-31
104	Tenant D LLC	3,200	Occupied	$7,200	$7,200	2030-08-31
105	Tenant E LLC	4,000	Occupied	$9,000	$9,000	2031-08-31
106	Tenant F LLC	5,000	Occupied	$10,500	$10,500	2027-08-31
107	Tenant G LLC	1,500	Occupied	$3,400	$3,400	2028-08-31
108	Vacant	2,800	Vacant	—	—	—
Total / Occupied	**7 of 8**	**23,000**	**87.5% ct / 87.83% area**	**$48,600**	**$49,100**	

** Effective monthly rent reflects the executed First Amendment to the Unit 101 lease (signed by both parties July 20, 2026; effective August 1, 2026), which increases base rent to $7,500/month. All other lease terms are unchanged.*

Lease reconciliation — Unit 101 (subject lease)

Attribute	Rent roll (8/31/2026)	Executed docs (authoritative)	Adopted
Monthly base rent	$7,000 (stale)	$7,500 per First Amendment	$7,500
Lease expiry	2031-08-31	2031-08-31 (unchanged)	2031-08-31
Security deposit	n/a	$15,000	$15,000
Renewal option	n/a	One conditional; no exercise notice in packet	Not exercised
Unsigned 8/27/2026 broker proposal	n/a	Draft only; no signature	Ignored

The rent roll bears a manager note to reconcile Unit 101 to the executed amendment; the schedule had not yet been updated. The executed First Amendment controls current contractual rent. The August 27, 2026 broker proposal ($8,000/mo, extension through 2033) is unsigned and does not modify the executed agreement.

3. Financial analysis — historical vs. underwriting

3.1 Trailing-12 actuals (Sept 2025 – Aug 2026)

Line	T12 amount	Source
Gross potential base rent	$645,600	T12-Statement.pdf, Annual
Vacancy loss	($46,800)	T12
Concessions	($14,400)	T12
Bad debt	($3,600)	T12
Other income / recoveries	$142,800	T12
Effective Gross Income (EGI)	$723,600	Derived
RE taxes	$86,400	T12
Property insurance	$25,200	T12
Utilities	$19,200	T12
Repairs & maintenance	$28,800	T12 (incl. $4,800 one-time casualty)
Payroll / contract labor	$18,000	T12
Administrative / legal	$14,400	T12
Management fee	$24,000	T12
Total operating expenses	$216,000	Derived
NOI BEFORE reserves	$507,600	Derived
Replacement reserves (below NOI)	$9,200	T12
NCF AFTER reserves	$498,400	Derived

The historical accounting package describes cash flow after reserves as 'property NOI'. Per instruction, that line is preserved but NOI before reserves and NCF after reserves are separately identified above. Capital improvements, existing loan P&I;, and depreciation are memo items below NOI/NCF and are not operating expenses.

3.2 Underwriting scenario (September 2026 forward)

Line	UW amount	Basis
Gross potential base rent	$657,600	Plan
Less: combined revenue loss (6.00%)	($39,456)	Vacancy + concessions + bad debt
Other income / recoveries	$150,000	Plan; added after revenue loss
Underwritten EGI	$768,144	Derived
RE taxes	$90,000	Plan
Property insurance (renewal quote)	$27,600	Fictional renewal 8/25/2026
Utilities	$19,200	T12
Repairs & maintenance (normalized)	$24,000	T12 less $4,800 one-time casualty
Payroll	$18,000	T12
Admin / legal	$14,400	T12
Management fee (max of T12 & 4% EGI)	$30,726	= max($24,000, 4% × $768,144)
Total operating expenses	$223,926	Derived
Underwritten NOI BEFORE reserves	$544,218	Derived
Replacement reserves ($0.20/SF × 23,000)	$4,600	Plan
Underwritten NCF AFTER reserves	$539,618	Derived

4. Loan sizing — three constraints and binding maximum

Sizing per Lender-Terms.pdf: **25-year amortization, monthly payments; IO = 0; contract rate 6.25% fixed; sizing rate = greater of contract and 6.50% floor → 6.50%; annual DS computed as 12 monthly amortizing payments.** The loan ceiling is the lowest of LTV, DSCR and debt-yield constraints; there is no separate dollar cap.

Test	Definition	Result
Indicative value	UW NOI (before reserves) ÷ 6.50% cap	$8,372,588
Annual debt constant (sizing 6.50%)	12 × monthly PMT/$1 principal, 300 months	0.08102486
Max under LTV (65.00%)	Value × 65.00%	$5,442,182
Max under DSCR (min 1.25×)	NCF ÷ (1.25 × ADC) = $539,618 ÷ (1.25 × 0.08102486)	$5,327,928
Max under Debt Yield (min 9.00%)	NOI ÷ 9.00%	$6,046,869
MAXIMUM LOAN (min of three)	Binding: DSCR	$5,327,928
Sizing annual debt service (at 6.50%)	Loan × 0.08102486	$431,695
Sizing DSCR	NCF ÷ sizing DS	1.250×
Sizing debt yield	NOI ÷ loan	10.21%
First-year contractual DS (at 6.25%, IO=0)	Loan × ADC(contract)	$421,760
First-year contractual DSCR (informational)	NCF ÷ first-year DS	1.279×

DSCR binds because 1.25× NCF ÷ ADC at 6.50% yields the tightest principal. LTV and debt yield show comfortable cushion (actual LTV 63.64%, actual debt yield 10.21%).

4.1 Sources & Uses at maximum loan

	Amount
Loan proceeds	$5,327,928
Existing debt payoff	($3,400,000)
Origination fee (1.00% of loan)	($53,279)
Fixed closing costs	($48,000)
Net cash to / (from) borrower	**$1,826,648**

The sponsor's preference for a cash-out refinance is achievable with roughly $1.83MM of net proceeds at the DSCR-bound sizing. No cash-in scenario is required at these inputs.

5. Specified downside and sensitivity

5.1 Combined downside — EGI –5% AND sizing rate +100 bps; cap rate unchanged

Line	Base	EGI –5%	Combined
EGI	$768,144	$729,737	$729,737
Mgmt fee (recomputed at 4% floor)	$30,726	$29,189	$29,189
Other opex (unchanged)	$193,200	$193,200	$193,200
Total opex	$223,926	$222,389	$222,389
NOI before reserves	$544,218	$507,347	$507,347
Reserves	$4,600	$4,600	$4,600
NCF after reserves	$539,618	$502,747	$502,747
Sizing rate	6.500%	6.500%	7.500%
Annual debt constant	0.08102	0.08102	0.08868
Cap rate (unchanged)	6.50%	6.50%	6.50%
Indicative value	$8,372,588	$7,805,344	$7,805,344
Max LTV	$5,442,182	$5,073,473	$5,073,473
Max DSCR	$5,327,928	$4,963,882	$4,535,438
Max Debt Yield	$6,046,869	$5,637,193	$5,637,193
MAXIMUM LOAN	$5,327,928	$4,963,882	$4,535,438
Binding constraint	DSCR	DSCR	DSCR

Under the combined downside, DSCR remains binding and maximum loan compresses by approximately $792,489 (–14.9%). At $4,535,438 of proceeds, cash to the borrower after fees and payoff falls to approximately $1,042,084 — still cash-out positive.

5.2 Cap-rate sensitivity — +50 bps (separate case)

Line	Base (6.50%)	Cap +50 bps (7.00%)
Indicative value	$8,372,588	$7,774,546
Max LTV (65%)	$5,442,182	$5,053,455
Max DSCR (1.25×, sizing 6.50%)	$5,327,928	$5,327,928
Max Debt Yield (9%)	$6,046,869	$6,046,869
MAXIMUM LOAN	$5,327,928	$5,053,455
Binding constraint	DSCR	LTV

A 50 bps cap-rate expansion shifts the binding constraint from DSCR to LTV, reducing the maximum loan by roughly $274,473 (–5.2%).

6. Assumptions preserved from packet

- Revenue loss of 6.00% is applied to underwritten GPR; other income is added after revenue loss.
- Management fee is the greater of the T12 actual ($24,000) and 4.00% of underwritten EGI; for combined downside, the fee is recomputed on the reduced EGI and all other opex are held constant.
- Replacement reserves are $0.20/SF/year deducted after NOI (not an operating expense).
- Insurance uses the fictional renewal quote of $27,600 dated 8/25/2026; utilities, payroll, and admin use T12 actuals; R&M; removes the $4,800 one-time casualty cleanup.

• Sizing rate = greater of contract (6.25%) and 6.50% floor → 6.50%. Amortization 25 years, monthly, IO = 0. Annual DS is 12 monthly amortizing payments.

• Value = UW NOI (before reserves) ÷ 6.50% cap; no appraisal implied.

• DSCR numerator is NCF after reserves; debt-yield numerator is NOI before reserves.

• Sources & uses: existing payoff $3,400,000; fixed closing costs $48,000; origination fee 1.00% of actual initial principal. No fee capitalization, interest reserve, cash sweep, earn-out or holdback assumed.

• Prepayment friction: 1% of outstanding principal in years 1–2; none thereafter. No swap assumed.

• Sizing math uses unrounded intermediates; displayed dollars are rounded for readers only.

7. Limitations and unresolved evidence

• **No appraisal, environmental report, sponsor track record, or market comparables** have been supplied. Value is indicative only, derived from the lender's cap-rate convention.

• **No credit approval, term sheet execution, or underwriting sign-off** is in evidence. The lender terms used are the nonbinding indicative sheet dated 9/1/2026.

• **Unit 101 rent roll is stale** — the executed First Amendment ($7,500 effective 8/1/2026) controls and has been adopted. Other units' effective rent equals rent-roll rent.

• **Renewal option (Unit 101) is not exercised** in the packet. Adopted expiry is 2031-08-31; no extension is assumed.

• **Insurance premium of $27,600** is a fictional renewal quote — no bound policy or paid invoice is in the packet.

• **The 8/27/2026 broker proposal** (rent $8,000; extension through 2033) is unsigned and has not been used.

• **The T12 line labeled 'property NOI'** in the sponsor package is cash flow after reserves; NOI before reserves and NCF after reserves have been separately identified.

8. Key risks

• **DSCR-bound sizing** means small deterioration in NCF or rate compresses proceeds meaningfully (combined downside: –$792K, –14.9%).

• **Rate risk at maturity** (5-year term) — the current sizing rate equals the 6.50% floor; a higher-rate environment at refinance could pressure DSCR-based takeout.

• **Tenant concentration:** Unit 106 (Tenant F LLC — 5,000 SF, $10,500/mo, 21.6% of contractual rent) rolls 2027-08-31, inside the 5-year loan term.

• **Vacancy risk:** Unit 108 (12.2% of area) is currently vacant; underwritten revenue loss of 6.00% assumes economic vacancy — physical re-tenanting is unfunded in the sizing.

• **Insurance renewal:** the $27,600 renewal quote is unbound; premium creep would reduce NOI and, given DSCR-bound sizing, proceeds.

• **Prepayment friction:** 1% of outstanding principal for years 1–2 could reduce optionality on early refinance or sale.

• **Sponsor / track record:** Market Row Owner LLC is a single-purpose vehicle; no track record, guarantees, or financial statements were supplied.

9. Source references

Document	Used for
Property-and-Plan.pdf (p.1–2)	Transaction context; sponsor; underwriting scenario; renewal insurance quote; sensitivity inst
Rent-Roll.xlsx (Rent Roll sheet)	Unit count, area, status, rent roll rents, market rents, expiries; manager reconciliation note
Lease-File.pdf (p.1–2)	Unit 101 lease; executed First Amendment ($7,500 eff. 8/1/2026); renewal option (not exercis

Document	Used for
T12-Statement.pdf (p.1–2)	Monthly T12 line items and Annual totals; below-NOI items
Lender-Terms.pdf	Loan ceiling logic (LTV/DSCR/DY), rates, amortization, IO, maturity, fees, prepayment

10. Disclaimer

This memorandum is an internal-review financing analysis prepared from the supplied fictional packet. It is not a legal opinion, credit commitment, appraisal, or offer of financing. All property, borrower, tenant, lender, and address details are fictional. No external market data, comparables, or third-party verification has been performed. Figures are subject to change based on due diligence, third-party reports, and lender credit approval.