



Appraiser: McGraw Appraisal Co.

Approved Appraiser: Yes

Reviewed: Yes Accepted: Yes

Number of Lots: 75

Value Per Lot: \$62,333

Development Loan Alloc.: \$3,500,000

Loan Per Lot: \$46,667

Excess Land Alloc.: \$250,000

Combined Value: \$5,075,000

Original LTV: 73.9%

Excess Land LTV: 62.5%

Release Amount: \$58,000

Accelerated PayOff: 124%

Environmental Search: Phase I

Environmental Findings: No Rec's

Flood Search: N/A

Hazard Insurance: N/A

Liability Insurance: Yes

Amount: 1MM/1MM/2MM

Exp Date: 12/15/18

Mortgage/DOT Date: 09/20/15

Amount: \$3,750,000

Effective Recording Date: 09/22/15

Title Verification Type: Policy

Date: 09/22/15

Title Insurance Amount: \$3,750,000

**Current Update to: Phase I**

Most Recent Appraisal

Date: 03/15/17 Type: As-Is

Bulk Sale Vaue: \$2,289,000

Appraiser: McGraw Appraisal Co.

Approved Appraiser: Yes

Reviewed: Yes Accepted: Yes

Num Lots at Appraisal: 35

Value Per Lot: \$65,400

Current Number of Lots: 18

Current Lot Inventory Value: \$1,177,200

Development Loan Alloc.: \$581,500

Loan Per Lot: \$32,306

Combined Value: \$1,177,200

Updated LTV: 49.4%

Release Amount: \$60,000

Accelerated PayOff: 186%

Mortgage/DOT Date: 09/20/15

Amount: \$3,750,000

Effective Recording Date: 09/22/15

Title Verification Type: Policy

Date: 09/22/15

Title Insurance Amount: \$3,750,000

Lot Development: Phase II

**Appraisals**

Date: 03/15/17 Type: As-Completed

Bulk Sale Vaue: \$3,270,000

Appraiser: McGraw Appraisal Co.

Approved Appraiser: Yes

Reviewed: Yes Accepted: Yes

Number of Lots: 50

Value Per Lot: \$65,400

Development Loan Alloc.: \$2,250,000

Loan Per Lot: \$45,000

Phase II LTV: 68.8%

Release Amount: \$60,000

Accelerated PayOff: 133%

Mortgage/DOT Date: 09/20/15

Amount: \$3,750,000

Effective Recording Date: 09/22/15

Title Verification Type: Policy

Date: 09/22/15

Title Insurance Amount: \$3,750,000

SBLC's Issued: # 3

Exposure \$962,500

Comments: At 3/31/18, 57 lots had been released in Phase I, representing 9 lots/quarter since the recording of the Phase I plat. The 18 remaining lots in Phase I are under contract with Ryan Homes; the outstanding balance of the Phase I loan will be fully repaid by the release of 10 additional lots. The Phase II lots are also under contract with Ryan Homes at a price of \$70,000/lot, with a required minimum take-down of 6 lots/quarter upon the recording of the plat.

**Original LTV: 73.9%**

**Total Appraisal Value: \$4,447,200**

**Total Current LTV: 63.7%**

**Borrower/Co-Borrower Financial Analysis**

EIN: \*\*-\*\*\*\*4321

Name: S/D DEVELOPMENT LLC

Type: Operating Entity

Type of Financial: Tax Return - S Corp/Ptrshp Year: 2016

Signed: No

Current: Yes

Balance Sheet-Selected Entries('000)			
Assets		Liabilities	
Cash/MS	\$176	A/P & OCL	\$36
Inventory	\$3,110	CPLTD	
Total Current Assets	\$3,286	Total Current Liabilities	\$36
Fixed Assets - net	\$225	Term Debt	\$2,312
		Member Loans	\$950
Total Assets	\$3,650	Total Liabilities	\$3,298
Current Ratio	91.3 X's	Total Operating Leases	
Intangible Assets	\$15	Book Capital Equity	\$352
Due From Shareholder	\$0	Due To Shareholder	\$950
Net Due Shareholder	\$950	Adj Tangible Capital/Eq	\$1,287
Debt to Adj TNW Ratio	2.6 X's	Cash Distribution	

Income Statement-FYE	
Revenue	\$1,750
Gross Profit	\$393
Interest	\$92
Depreciation/Amort.	\$6
Ordinary Y/Pre-Tax Y	\$275
Non-Deduct Expense	\$47
EBITDA	\$373
Debt Service	\$213
DSCR	1.75 X's
Funded Debt/EBITDA	6.20 X's
Adj Cash Flow	\$326
Adj Cash Flow DSCR	1.53 X's

Bank Underwriting DSCR Calc	
Cash Flow/EBITDA	\$373
DSCR	1.75 X's

Loan Underwriter and Reviewer Generally Agree: Yes

Financial Performance Trend: Stable

Comments: Loan underwriting did not include the accrued unpaid interest of \$47M (shown as a Non-Deductible Expense above) to be paid on member loans that are subordinated to the A&D loan.

## Guarantor Financial Analysis

SSN: \*\*\*-\*\*-8125

Name: Adam Stafford

Type: Individual

Guaranty Type: Continuing Amount: Full

PFS Date: 12/31/17 Signed: No Current: Yes

PTR Year: 2017 Signed: No Current: Yes

Financial Statement-Selected Entries('000)			
Assets		Liabilities	
Cash	\$525	Cash Collateral Loans	\$50
Market Securities	\$2,100	Margin Loans	\$375
CVLI	\$125	Life Policy Loans	
Annuities/Retirement	\$276	Other Notes Payable	\$200
Residences	\$1,250	Residence Mortgages	\$425
Wholly-Owned RE	\$3,425	Wholly-Owned Mtge	\$1,075
Part Int/Closely Held	\$2,375	Related Mortgages/NP	\$1,470
Total Assets	\$11,125	Stated Net Worth	\$8,015
Unencum Liquid Assets	\$2,325	Adjusted Net Worth	\$4,751

Tax Return-Selected Entries('000)	
W2	\$170
Schedule B	\$72
Schedule C	\$232
Schedule D & Other Gains	\$835
Schedule E Net Rental Y	\$14
Schedule E - K-1's	\$415
Schedule F	(\$350)
Depreciation Sched C & F	\$185
Depreciation Sch E-Rentals	\$47
K-1 Distributions	\$325
Est Personal Cash Flow	\$754
DTI	26.6%

Bank Underwriting Calculation	
Personal Cash Flow	\$775
Total Debt Payments	\$201
DTI	25.9%
Global DSCR	2.25 X's

Credit Report - Yes	
Date	03/18/17
Score	770
Total Mo Payments	\$16,725

Loan Underwriter and Reviewer Generally Agree: Yes

Financial Performance Trend: Stable

Comments: 12/31/17 PFS is not signed and no financial certification on file.

SSN: \*\*\*-\*\*-1995 Name: David Simmons

Type: Individual

Guaranty Type: Continuing Amount: Full

PFS Date: 12/31/16 Signed: Yes Current: No PTR Year: 2015 Current: No

Financial Statement-Selected Entries('000)			
Assets		Liabilities	
Cash	\$235	Cash Collateral Loans	
Market Securities	\$2,640	Margin Loans	\$525
Annuities/Retirement	\$175	Other Notes Payable	\$325
Residences	\$1,850	Residence Mortgages	\$660
Wholly-Owned RE	\$3,550	Wholly-Owned Mtge	\$1,885
Part Int/Closely Held	\$2,660	Related Mortgages/NP	\$1,575
Total Assets	\$11,450	Stated Net Worth	\$5,910
Unencum Liquid Assets	\$2,350	Adjusted Net Worth	\$3,865

Tax Return-Selected Entries('000)	
Schedule B	\$93
Schedule C	\$645
Schedule D & Other Gains	\$1,130
Schedule E Net Rental Y	\$63
Schedule E - K-1's	\$522
Depreciation Sched C & F	\$48
Depreciation Sch E-Rentals	\$65
K-1 Distributions	\$425
Est Personal Cash Flow	\$1,441
DTI	16.2%

Bank Underwriting Calculation	
Personal Cash Flow	\$1,140
Total Debt Payments	\$215
DTI	18.9%
Global DSCR	2.25 X's

Credit Report - Yes	
Date	03/16/17
Score	765
Total Mo Payments	\$19,425

Loan Underwriter and Reviewer Generally Agree: Yes

Financial Performance Trend: Stable

Comments: 12/31/16 PFS and 2015 PTR on file are stale.

**Reviewer Calculation of Global Debt Service Coverage Ratio (in '000)**

Borrower Cash Flow	\$373	Borrower Debt Service	\$213
Ind. Guarantor(s) Discretionary Income*	\$1,170	Ind. Guarantor(s) Debt Service**	\$434
Global Available Cash Flow	\$1,543	Global Debt Service	\$647

\* Adjusted for estimated income tax and cost of living

\*\* Credit Bureau debt service

Reviewer Estimated Global Debt Service Ratio 2.38 X's  
 Bank Global Debt Service Ratio 2.25 X's

Loan Underwriter & Reviewer Generally Agree Yes

**Summary Analysis of Risks to Repayment**

Repayment

Priority	Source	Description	Metric	Value
Primary	Borrower Cash Flow	2016 BTR	DSCR	2.87 X's
Secondary	Guarantor Support	2016 & 2015 PTR's	Global DSCR	2.25 X's
Tertiary	Collateral Liquidation	3/15/17 "as-is" & "as-completed" bulk sale value	LTV	63.7%

Reg O Loan: No

Document Exceptions

No Document Exceptions

Financial Exceptions

Description: 12/31/17 PFS for Adam Stafford not signed or certified Critical: No Mitigated: No On Exception Report: No

Description: 12/31/16 PFS and 2015 PTR on file for David Simmons are stale. Critical: No Mitigated: No On Exception Report: No

Loan Policy/Underwriting Exceptions

No Policy/UW Exceptions

Financial Covenants

No Financial Covenants

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Loan Weaknesses: Residential real estate sales are subject to volatility risk over the projected 5-year life of the loan

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Loan Strengths: Lots are pre-sold to Ryan Homes, with a 2017 sales absorption rate of 8 homes/quarter in the subdivision and a 144% accelerated payoff for the remaining lots and loan. Global DSCR of 2.25 X's. Guarantors have combined liquidity in excess of \$4.5MM.

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Loan Underwriting presentation: Thorough

and the Financial Analysis of the source of Repayment: Acceptable

Loan Underwriting structural support: Moderate

Comments on Loan Underwriting: Repayment risk associated with a 5-year land development loan largely contribute to the overall Moderate loan structural support.

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Global Cash Flow Calc: Yes      Stress Testing: Yes      Level: Multiple-Level      Is Adequate: Yes

Bank Risk Grade: 3.50      CRC Rec Grade: 3.50      Credit Grade Outlook: Positive

Credit Risk Comments: The risk grade 3.5 is appropriate for the satisfactorily performing A&D loan that is subject to real estate industry risk.

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Significant Credit or Loan Structure Issues:      No