

Original LTV: 65.2%

Total Appraisal Value: \$1,150,000

Total Current LTV: 64.6%

Borrower/Co-Borrower Financial Analysis

EIN: **_****5888 Name: RE RENTAL PORTFOLIO LLC

Type: Multi-Asset RE Entity

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

Signed: No

Current: Yes

Balance Sheet-Selected Entries('000)			
Assets		Liabilities	
Cash/MS	\$32	A/P & OCL	\$22
Fixed Assets - net	\$5,655	Mortgage Debt	\$3,760
		Due to Shareholders	\$325
Total Assets	\$6,125	Total Liabilities	\$4,107
Intangible Assets	\$15	Book Capital Equity	\$2,018
Due From Shareholder	\$0	Due To Shareholder	\$325
Net Due Shareholder	\$325	Adj Tangible Capital/Eq	\$2,328
Debt to Adj TNW Ratio	1.8 X's	Cash Distribution	\$135
		Net Cash Distribution	\$135

Form 8825 -Selected Entries('000)	
Collateral Property	
Rent	\$130
Net Income	\$51
Interest	\$41
Rental Cash Flow	\$92
Debt Service	\$63
DSCR	1.46 X's
Aggregate Properties	
Rent	\$618
Net Income	\$74
Interest	\$208
Depreciation	\$86
Rental Cash Flow	\$368
Total Mortgage Debt	\$3,760
Mortgage Debt Yield	9.8%
Debt Service	\$285
DSCR	1.29 X's

Bank Underwriting DSCR Calc	
Cash Flow/EBITDA	\$79
DSCR	1.25 X's

Financial Performance Trend: Stable

Comments: The collateral property income statement above actually represents the pro forma NOI in the appraisal that would provide for a DSCR of 1.46 X's, while the Bank pro forma NOI of \$79M would provide for a DSCR of 1.25 X's. However, with the 1,500 s.f. center bay being vacant, Reviewer-adjusted current pro forma NOI of \$72M would provide for a DSCR of 1.14 X's. Borrower 2016 TR aggregate rental cash flow of \$368M provided for a satisfactory Mortgage Debt Yield of 9.8%, with a DSCR of 1.29 X's and excess cash flow of \$83M. The adjusted pro forma aggregate rental cash flow of \$440M would provide for a combined aggregate DSCR of 1.26 X's.

Guarantor Financial Analysis

SSN: ***-**-8442 Name: Linwood Matthews

Type: Individual

Guaranty Type: Specific Amount: Full

PFS Date: 12/31/17 Signed: Yes Current: Yes PTR Year: 2016 Signed: No Current: Yes

Financial Statement-Selected Entries('000)			
Assets		Liabilities	
Cash	\$145	Cash Collateral Loans	
Market Securities	\$261	Margin Loans	\$62
CVLI	\$33	Life Policy Loans	
Annuities/Retirement	\$420	Other Notes Payable	
Residences	\$700	Residence Mortgages	\$425
Part Int/Closely Held	\$3,800	Related Mortgages/NP	\$1,865
Total Assets	\$5,515	Stated Net Worth	\$3,045
Unencum Liquid Assets	\$377	Adjusted Net Worth	\$797

Tax Return-Selected Entries('000)	
Schedule B	\$22
Schedule C	\$45
Schedule E - K-1's	\$34
Depreciation Sched C & F	\$2
K-1 Distributions	\$42
Est Personal Cash Flow	\$111
DTI	33.8%

Bank Underwriting Calculation	
Personal Cash Flow	\$105
Total Debt Payments	\$37
DTI	35.2%
Global DSCR	1.28 X's

Credit Report - Yes	
Date	06/10/17
Score	801
Total Mo Payments	\$3,125

Loan Underwriter and Reviewer Generally Agree: Yes

Financial Performance Trend: Stable

Comments:

SSN: ***-**-1222 Name: James Harris

Type: Individual

Guaranty Type: Specific Amount: Full

PFS Date: 12/31/17 Signed: Yes Current: Yes PTR Year: 2016 Signed: No Current: Yes

Financial Statement-Selected Entries('000)			
Assets		Liabilities	
Cash	\$65	Cash Collateral Loans	
Market Securities	\$155	Margin Loans	
CVLI	\$18	Life Policy Loans	
Annuities/Retirement	\$200	Other Notes Payable	\$225
Residences	\$550	Residence Mortgages	\$223
Wholly-Owned RE	\$325	Wholly-Owned Mtge	\$276
Part Int/Closely Held	\$3,800	Related Mortgages/NP	\$1,865
Total Assets	\$5,475	Stated Net Worth	\$2,674
Unencum Liquid Assets	\$238	Adjusted Net Worth	\$262

Tax Return-Selected Entries('000)	
W2	\$65
Schedule B	\$12
Schedule C	\$60
Schedule E Net Rental Y	(\$12)
Schedule E - K-1's	\$34
Depreciation Sched C & F	\$7
K-1 Distributions	\$42
Est Personal Cash Flow	\$144
DTI	42.9%

Bank Underwriting Calculation	
Personal Cash Flow	\$156
Total Debt Payments	\$60
DTI	38.5%
Global DSCR	1.28 X's

Schedule E - Rental	
Gross Rent	\$42
Interest	\$15
Depreciation	\$20
Net Income	(\$12)
Cash Flow	\$23

Credit Report - Yes	
Date	06/10/17
Score	745
Total Mo Payments	\$5,150

Loan Underwriter and Reviewer Generally Agree: Yes

Financial Performance Trend: Stable

Comments:

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

Borrower Cash Flow	\$440	Borrower Debt Service	\$348
Ind. Guarantor(s) Discretionary Income*	\$166	Ind. Guarantor(s) Debt Service**	\$100
<i>* Adjusted for estimated income tax and cost of living</i>		<i>** Credit Bureau debt service</i>	
Global Available Cash Flow	\$606	Global Debt Service	\$448
Reviewer Estimated Global Debt Service Ratio	1.35 X's		
Bank Global Debt Service Ratio	1.28 X's		
Loan Underwriter & Reviewer Generally Agree	Yes		

Summary Analysis of Risks to Repayment

Repayment

Priority	Source	Description	Metric	Value
Primary	Rental Cash Flow	2016 BTR & Reviewer-Adjusted Pro Forma	DSCR	1.26 X's
Secondary	Guarantor Support	2016 PTR's	Global DSCR	1.28 X's
Tertiary	Collateral Liquidation	May 2017 "as-renovated" MV	LTV	65.2%

Reg O Loan: No

Document Exceptions

No Document Exceptions

Financial Exceptions

No Financial Exceptions

Loan Policy/Underwriting Exceptions

No Policy/UW Exceptions

Financial Covenants

Description: Minimum Borrower DSCR of 1.25 X's, commencing with the Tested: N/A In Compliance: N/A
FYE 2019 TR

Adequacy: Appropriate

Comments: The financial loan covenant would have been improved with a specified requirement to cure in the event of default.

Loan Weaknesses: With the center bay still vacant, the Collateral Property reviewer-adjusted pro forma DSCR is 1.14 X's.

Loan Strengths: Borrower 2016 BTR DSCR of 1.29 X's, with excess cash flow of \$86M, and a pro forma overall DSCR of 1.26 X's. Global DSCR of 1.28 X's. LTV of 65%.

Loan Underwriting presentation: Complete

and the Financial Analysis of the source of Repayment: Acceptable

Loan Underwriting structural support: Moderate

Comments on Loan Underwriting: The marginally adequate Reviewer-adjusted collateral property DSCR is mitigated by the historically satisfactory Borrower financial performance, and the structural support is further supported by an appropriate Financial Covenant.

Global Cash Flow Calc: Yes Stress Testing: Yes Level: Multiple-Level Is Adequate: Yes
Bank Risk Grade: 3.25 CRC Rec Grade: 3.5 Credit Grade Outlook: Insufficient
Credit Risk Comments: Due to the pro forma DSCR for the collateral property of 1.14 X's based on current leases, Reviewer recommends a risk grade 3.5 until the center bay is leased.

Significant Credit or Loan Structure Issues: No