

Original LTV: 75.0%

Total Appraisal Value: \$3,000,000

Total Current LTV: 74.0%

Borrower/Co-Borrower Financial Analysis

EIN: **-****6789 Name: CRE INVESTMENT PROPERTY LLC Type: Newly-Formed Entity

Year: 2017

Bank Pro Forma		Appraisal Pro Forma	
Gross Rental Income	\$315	Gross Rental Income	\$368
Effective Gross Income	\$300	Effective Gross Income	\$340
Operating Expenses	\$120	Operating Expenses	\$135
NOI	\$180	NOI	\$205
Debt Service	\$164	Debt Service	\$164
DSCR	1.10 X's	DSCR	1.25 X's

Loan Underwriter and Reviewer Generally Agree: Yes

Comments: The Creative Interior Design (owner-occupant) 10-yr. net lease for 12M s.f. at \$20/s.f. is below market, while the Piners Lock & Safe 5-yr. net lease is \$25/s.f. The Bank Pro Forma is based on actual lease terms, while the Appraisal Pro Forma is based on market rents. The Global Business DSCR of 3.48 X's below is based on Bank Pro Forma projected property NOI of \$180M plus Corp Guarantor Adjusted Cash Flow of \$818M; but when adding back prior occupancy rental expense, the actual pro forma Global Business DSCR would be 3.81 X's.

Global Business Cash Flow: \$998

Global Business Debt Service: \$287

Global Business DSCR: 3.48 X's

Guarantor Financial Analysis

SSN: ***-**-1895 Name: Ralph Tarrant

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	\$45	Cash Collateral Loans	
Market Securities	\$125	Margin Loans	\$20
CVLI	\$95	Life Policy Loans	\$25
Annuities/Retirement		Other Notes Payable	\$75
Residences	\$875	Residence Mortgages	\$310
Wholly-Owned RE	\$1,200	Wholly-Owned Mtge	\$760
Part Int/Closely Held	\$2,500	Related Mortgages/NP	
Total Assets	\$5,230	Stated Net Worth	\$3,975
Unencum Liquid Assets	\$220	Adjusted Net Worth	\$585

Tax Return-Selected Entries('000)	
W2	\$225
Schedule B	\$15
Schedule D & Other Gains	\$45
Schedule E Net Rental Y	\$15
Schedule E - K-1's	\$660
Depreciation Sch E-Rentals	\$19
K-1 Distributions	\$200
Est Personal Cash Flow	\$512
DTI	15.7%

Schedule E - Rental	
Gross Rent	\$122
Interest	\$38
Depreciation	\$19
Net Income	\$15
Cash Flow	\$72

Bank Underwriting Calculation	
Personal Cash Flow	\$450
Total Debt Payments	\$82
DTI	18.2%
Global DSCR	3.50 X's

Credit Report - Yes	
Date	04/15/17
Score	805
Total Mo Payments	\$6,688

Loan Underwriter and Reviewer Generally Agree: Yes

Financial Performance Trend: Stable

Comments:

EIN: **-**1122 Name: CREATIVE INTERIOR DESIGN LLC Type: Operating Entity**

Guaranty Type: Specific Amount: Full

Type of Financial: Tax Return - S Corp/Ptrshp Year: 2016 Signed: No Current: Yes

Balance Sheet-Selected Entries('000)				Income Statement-FYE	
Assets		Liabilities			
Cash/MS	\$320	A/P & OCL	\$675	Revenue	\$7,425
Trade A/R	\$1,156	N/P LOC	\$700	Gross Profit	\$2,205
Inventory	\$1,780	CPLTD	\$125	Interest	\$78
Total Current Assets	\$3,256	Total Current Liabilities	\$1,500	Depreciation/Amort.	\$85
Fixed Assets - net	\$760	Term Debt	\$470	Ordinary Y/Pre-Tax Y	\$675
		Member Loan	\$250	Rent	\$320
Total Assets	\$4,305	Total Liabilities	\$2,220	Discretionary Owner Comp	\$225
Current Ratio	2.2 X's	Total Operating Leases	\$225	Non-Deduct Expense	\$20
Intangible Assets	\$24	Book Capital Equity	\$2,085	EBITDA	\$838
Due From Shareholder	\$0	Due To Shareholder	\$250	Debt Service	\$123
Net Due Shareholder	\$250	Adj Tangible Capital/Eq	\$2,311	DSCR	6.81 X's
Debt to Adj TNW Ratio	1.0 X's	Cash Distribution	\$200	Funded Debt/EBITDA	1.55 X's
		Net Cash Distribution	\$200	Adj Cash Flow	\$818
				Adj Cash Flow DSCR	6.65 X's
				Adj EBITDAR	\$938
				FCCR	2.12 X's
				Operating Leverage Ratio	1.62 X's

Bank Underwriting DSCR Calc	
Cash Flow/EBITDA	\$838
DSCR	6.80 X's
FCCR	2.25 X's

Loan Underwriter and Reviewer Generally Agree: Yes

Financial Performance Trend: Improving

Comments: Creative Interior Design is a retailer & installer of cabinets, bath & kitchen fixtures, flooring, carpet, wallpaper, draperies and other housing accessories.

2016 TR adjusted cash flow plus eliminated occupancy rent of \$275M totaling \$1,093M would have provided for a DSCR of 3.81 X's for the combined global business debt service of \$287M. After adjusting EBITDAR of \$1,158 for non-deductible expense of \$20M and distributions of \$200M, adjusted EBITDAR of \$938M provided for a satisfactory FCCR of 2.12 X's and Operating Leverage Ratio of 1.62 X's.

SSN: *-**-1895 Name: Betty Tarrant**

Type: Joint/Spouse

Guaranty Type: Specific Amount: Full

Spouse provides joint PFS &PTR with Borrower

Credit Report - Yes	
Date	04/15/17
Score	810

Comments:

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

Borrower Cash Flow	\$180	Borrower Debt Service	\$164
Corp. Guarantor(s) Cash Flow	\$818	Corp. Guarantor(s) Debt Service	\$123
Ind. Guarantor(s) Discretionary Income*	\$232	Ind. Guarantor(s) Debt Service**	\$80
* Adjusted for estimated income tax and cost of living		** Credit Bureau debt service	
Global Available Cash Flow	\$1,230	Global Debt Service	\$367
Reviewer Estimated Global Debt Service Ratio	3.35 X's		
Bank Global Debt Service Ratio	3.50 X's		
Loan Underwriter & Reviewer Generally Agree	Yes		

Summary Analysis of Risks to Repayment

Repayment

Priority	Source	Description	Metric	Value
Primary	Rental Cash Flow	Pro forma based on the executed leases	DSCR	1.10 X's
Secondary	Guarantor Support	2016 PTR & 2016 BTR	Global DSCR	3.50 X's
Tertiary	Collateral Liquidation	Apr. 2017 "as-completed" MV	LTV	75.0%

Reg O Loan: No

Document Exceptions

Description: Title policy date precedes the date of recording of D/T Critical: **Yes** Mitigated: No On Exception Report: No

Comments: A Title Policy Endorsement reflecting an effective date of 6/16/17 should be obtained from the title company.

Financial Exceptions

No Financial Exceptions

Loan Policy/Underwriting Exceptions

Description: Borrower projected DSCR of 1.1 X's is Symbol: Identified: Yes Authorized Approval: Yes less than minimum UG of 1.2 X's

Mitigated: Yes Mitigation: Owner-occupant Guarantor provides for an FCCR of 2.12 X's. Justified: Yes

Financial Covenants

Description: Minimum DSCR of 1.25 X's for combined Borrower & Corp. Tested: Yes In Compliance: Yes Guarantor cash flow

Adequacy: Appropriate

Comments: The pro forma global business DSCR for 2016 was 3.81 X's.

Loan Weaknesses: Executed leases provide for a projected DSCR of 1.1 X's for the Borrower.

Loan Strengths: Borrower pro forma & Corp Guarantor cash flow (after adjusting for eliminated prior occupancy rent) provides for a projected global business DSCR of 3.81 X's. Global DSCR of 3.5 X's. LTV of 75%.

Loan Underwriting presentation: Thorough

and the Financial Analysis of the source of Repayment: Thorough

Loan Underwriting structural support: Moderate/Conservative

Comments on Loan Underwriting: The less than desirable primary source of repayment is satisfactorily mitigated by the Corp. Guarantor support (FCCR of 2.12 X's). The financial loan covenant requirement is appropriate and further supports the loan structure.

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

Bank Risk Grade: 3.00 CRC Rec Grade: 3.00 Credit Grade Outlook: Stable

Credit Risk Comments: The RG of 3.0 is satisfactorily supported by the Corp. Guarantor's FCCR of 2.12 X's for the 80% owner-occupied collateral property.

Significant Credit or Loan Structure Issues: No