

TIC Acquisition and Conversion Ratesheet for Developers

1) Financing the Acquisition and Conversion Costs

Below is the summary of the terms and guidelines for financing both the purchase of properties to be converted into TIC opportunities, and also the 'hard' and 'soft' costs of completing the conversion process. Exceptions can be made on a case by case basis with compensating factors. Please call me to discuss your project.

A. General Guidelines

- 1) Property Types: residential and mixed use (75% of property must be residential)]
- 2) Maximum number of units: approximately 12
- 3) Maximum dollars lent per property: \$6,000,000
- 4) Credit Scores: 680 or greater
- 5) "Full Documentation" only...must submit YTD P&L, 2 years tax returns & W-2's, asset and liability documentation, etc.
- 6) Exceptions can be made for compensating factors, case by case

B. Acquisition Financing (for properties to be converted)

- 1) Maximum Loan to Purchase Price: up to 80% (case by case)
- 2) Rate: Prime + 1.00%
- 3) Loan Origination Fee: 1.00%
- 4) Term: 12-18 months (additional 6 month extension for fee of .50%)
- 5) Prepayment Penalty: First 12 months – 1% exit fee on all prepaid principal
- 6) Cover Letter: required, to explain the transaction and the experience of the principals
- 7) Submit a detailed timeline budget (a template will be emailed to you when you call in with a scenario)
- 8) If Circle Bank is providing an improvement loan to finance a portion of the conversion costs, go to C; if not, then go to B9:
- 9) If Circle Bank is NOT providing a loan to finance the improvements, then the debt service for the term of the loan must be deposited with Circle Bank
- 10) Appraisal must support the purchase price.
- 11) Personal Debt to Income Ratios: not to exceed 50%
- 12) Exceptions can be made for compensating factors, case by case

C. Financing the Conversion Costs

- 1) This financing instrument is for experienced TIC Converters with strong balance sheets and positive net cash flow as demonstrated on their tax returns
- 2) LTC%(Loan to Costs): Up to 75% of the combined hard and soft costs
- 3) Balance of improvement costs to be deposited into Circle Bank and will be 'first out'
- 4) Term: matching the acquisition loan
- 5) Pricing: Prime + 1.50%
- 6) Loan Origination Fee: 2.00%
- 7) Prepayment Penalty: None
- 8) Fund disbursement: will be bank controlled
- 9) Appraisal must demonstrate that the total financed amount is no greater than 65% of Discounted Bulk Value of the As Completed TIC unit values
- 10) Debt to Income Ratios: not to exceed 50%
- 11) Exceptions can be made for compensating factors, case by case

D. Take-out financing with individual loans to the buyers

- 1) Payments: based on 30 or 40 year amortization, or interest-only (see Homebuyer loan program details).
- 2) Term: 15 years
- 3) Max LTV: 85% , 75% outside of San Francisco
- 4) Max combined LTV: 90%
- 5) Owner Occupancy: target 70%
- 6) Mixed Use and Commercial: acceptable
- 7) Program Types: 3 year fixed, and 5 year fixed
- 8) Buydowns of Interest Rate: for every .25% reduction in rate, there is a fee of 1.25% of the loan amount on the 5 year fixed, and a fee of .75% on the 3 year fixed.
- 9) Assumptions: 1% origination fee. Subject to credit underwriting guidelines and fees
- 10) Title Companies & appraisals: call for a referral
- 11) Call for other details and pricing
- 12) Exceptions can be made for compensating factors, case by case

Call for a confidential discussion of your TIC conversion project...I and my staff look forward to assisting you in financing all phases of your TIC property.

This information is current as of 1/1/2008. This form offers highlights of the loan programs, but is not comprehensive, and is subject to change without notice.