

This is a formal **Commercial Loan Risk Assessment & Business Case**. It is structured to be presented directly to a Loan Risk Officer or Underwriting Committee.

This document serves two purposes:

1. **Demonstrate Ability to Repay:** It validates that the cash flow from even the *conservative* model easily services the debt on the \$800k property.
2. **Mitigate Business Risk:** It proves that the "No Subscription" model creates a defensive moat in a high-interest-rate environment, making the revenue durable.

Business Case & Risk Assessment:

Acquisition of 455 Glen Iris Dr NE

Applicant: [Company Name] (4-Person Team + AI Integrated Stack)

Loan Request: Commercial Mortgage for Owner-Occupied Office

Property Value: \$800,000 (455 Glen Iris Dr NE, Atlanta, GA 30308)

Loan Amount: ~\$640,000 (Assuming 20% down)

Estimated Monthly Debt Service: ~\$4,600 (at ~7.0% Interest, 25yr Amortization)

I. Executive Summary: The "No-Opex" Disruption

The applicant operates in the Physical Security/Access Control market, specifically targeting the displacement of legacy providers (**DoorKing**) and high-opex incumbents (**ButterflyMX**).

The Core Value Proposition:

In an economic environment where property managers are cutting operational expenses (OpEx), this business offers a **Capital Expenditure (CapEx) only** solution using Ubiquiti (UI) hardware.

- **Incumbent Model:** High upfront hardware cost + perpetual monthly fees (\$3,000–\$30,000/yr per building).
- **Applicant Model:** Upfront hardware cost + **\$0 monthly fees**.

Thesis: The applicant leverages **AI-driven Operational Leverage** to perform outreach at the scale of a 50-person sales team with only 4 employees, ensuring high margins and strong Debt Service Coverage Ratios (DSCR).

II. Financial Model A: Conservative / "The Floor"

This model assumes the team operates at **minimum capacity** (500 targeted outreach attempts/mo) with standard industry conversion rates. This represents the "break-even" or safety scenario.

A. Operational Inputs

- **Outreach Volume:** 500 curated property managers per month (AI-Identified).
- **Value Proposition:** "Eliminate your \$4,000/year DoorKing phone bill" or "Cut your \$15,000/year ButterflyMX subscription."
- **Avg. Deal Size: \$15,000** (Hardware + Installation Labor + Margin).
- **Target:** Local Atlanta + Tri-State area (High density of DoorKing systems).

B. Funnel Performance (Monthly)

Stage	Rate	Volume	Notes
Outreach Sent	100%	500	Targeted Decision Makers (HOA/PMs)
Response Rate	6.0%	30	Slightly above avg due to "Cost Savings" hook
Meetings Booked	40%	12	AI Auto-scheduler handling
Qualified Opportunities	75%	9	Confirmed budget/need
Close Rate	22%	2	Conservative industry std. for qualified leads

C. Monthly Financial Output

- **Gross Revenue:** \$30,000 (2 deals x \$15k)
- **COGS (Hardware/Labor):** \$12,000 (40% Margin assumed)
- **Gross Profit: \$18,000 / month**

D. Debt Service Coverage Ratio (DSCR) Analysis

- **Net Operating Income (NOI):** ~\$12,000 (after paying 4 staff salaries + AI costs)
- **Loan Payment (P&I):** ~\$4,600
- **DSCR: 2.61x**
 - Bank Standard is 1.25x. This model shows the business can service the debt with a 100% safety margin even at low volume.

II. Financial Model B: The "Scaled" AI Model / "The Ceiling"

This model assumes the full utilization of the AI tech stack to reach **7,500 prospects/mo** (national or regional expansion). This represents the business's growth potential.

A. Operational Inputs

- **Outreach Volume:** 7,500 decision makers per month.
- **Technology:** AI Agents (Lindy/Regie.ai) handle initial contact; AI SDRs filter responses; Humans take only qualified Zoom calls.
- **Efficiency Drop:** We assume conversion rates *drop* slightly due to broader targeting.

B. Funnel Performance (Monthly)

Stage	Rate	Volume	Notes
Outreach Sent	100%	7,500	Automated AI Campaigns
Response Rate	3.5%	262	Standard "Cold" benchmark
Meetings Booked	30%	78	AI filters out "tire kickers"
Qualified Opportunities	60%	47	High volume leads
Close Rate	20%	9.4	~9-10 Deals Closed

C. Monthly Financial Output

- **Gross Revenue:** ~\$142,500 (9.5 deals x \$15k)
- **COGS:** \$57,000
- **Gross Profit:** \$85,500 / month

D. Implication for Loan Officer

- **Annualized Run Rate:** ~\$1.7 Million Gross Revenue.
- **Liquidity:** At this volume, the business generates enough free cash flow to pay off the entire \$800k building loan in **under 18 months** if desired.

IV. Risk Analysis (SWOT)

To approve a loan of this size for a small team, the risk officer must understand the potential failure points.

Strengths (Internal)	Weaknesses (Internal)
<p>Low Overhead: 4 staff + AI software cost (<\$10k/mo tech stack) vs. competitors with massive payrolls.</p> <p>Product Superiority: Ubiquiti hardware is "Apple-like" in quality but sells at a disruptive price point.</p>	<p>Dependency on Hardware: Supply chain issues with Ubiquiti (common in 2021-2023, resolved in 2025/26) could delay revenue recognition.</p>
Opportunities (External)	Threats (External)
<p>Recession Resilience: In a downturn, customers <i>must</i> cut monthly subscriptions. Our "No Monthly Fee" pitch becomes 2x more effective as interest rates stay high.</p>	<p>Incumbent Reaction: ButterflyMX could lower prices (unlikely due to VC pressure) or DoorKing could launch a "cloud" rival. (Mitigation: DKS moves slowly; BMX has high burn rate).</p>

V. Final Recommendation to Underwriting

The applicant presents a **low-risk profile** despite the small team size, due to three factors:

1. **High DSCR Floor:** Even in the "worst-case" conservative model (500 outreach/mo), the business generates **2.61x** the required debt service.
2. **Asset-Backed:** The loan is secured by prime Atlanta real estate (Glen Iris Dr NE) in a high-demand mixed-use corridor, minimizing collateral risk.
3. **Market Timing:** The business model (selling OpEx reduction) is counter-cyclical. As the economy tightens, demand for their solution *increases*.

Conclusion: The combination of AI-driven operational efficiency and a "No-Subscription" product creates a highly solvent business capable of easily servicing the requested facility.

Recommended Next Step:

Approve the loan subject to a review of the past 6 months of bank statements to verify the "Hardware Margin" assumptions.