



M O D I F I C A T I O N M E M O R A N D U M

DATE: **6/18/2024**
 TO: **Daniel Patrick, EVP, Senior Credit Administrator**
 FROM: **Daniel Chen, VP, Credit Department Manager**
 RE: **RE-AMORTIZATION OF REAL ESTATE TERM LOAN; LOAN #7000709400; CM #C011-2024 (COLLIER GROUP ASSOCIATES, LLC)**

Executive Summary

Transaction Overview:

Nano Banc (the "Banc") is recommending re-amortization of the monthly payments on the non-owner-occupied real estate term loan using the remaining amortization of 220-months beginning on 6/15/2024, and to allow Borrower to re-amortize the payments whenever at least three (3) units have been sold. The purpose of the re-amortization is to allow Borrower to reduce their monthly payments as their NOI decreases due to units being sold so that they are able to maintain their DSCR covenant of 1.20x. The loan was secured by a first (1st) trust deed on fourteen (14) medical office condominiums located at 25109 Jefferson Avenue, Murrieta, CA (the "Collateral" or "Property"). The Collateral is owned by Collier Group Associates, LLC (the "Borrower"). The managing member of the Borrower is Oak Grove Equities, in which Craig Schleuniger and Glen Daigle are the authorized officers. Glen Daigle, Jefferson Core Partners, LLC, Terra Cotta Partners, LLC, and Oak Grove Equities, Inc. (collectively the "Guarantor") all provide 100% guarantees on the loan. Craig Schleuniger was also a guarantor on the loan; however, he passed away recently, and now his wife, Roxanne Schleuniger, has taken over management of the related entities. Roxanne will be added as Guarantor and take the place of Craig as a part of this proposal. Recently, the Borrower sold units #220 and #225, on 2/23/2024, and received total paydowns of \$378,872.39 (\$199,867.70 for unit #220 and \$179,084.69 for unit #225), which is 110% of the par value. Additionally, the Borrower just sold unit #315 on 5/20/2024 and received a paydown of \$210,716.47. Lastly, the Borrower will be making an additional paydown to bring the outstanding principal balance down to \$1,680,000.

Collateral Overview:

The Collateral consists of fourteen (14) medical office condominiums within an eighteen (18) unit office building known as the Oak Grove Professional Building and is situated on a 2.18-acre lot. The building is comprised of three (3) stories with 39,057 SF with the Collateral located on all three (3) floors. With units ranging from 898 SF to 4,100 SF, the Collateral occupies about 79% (30,859 SF) of the whole building (39,057 SF). The building was constructed in 2007 by Mr. Daigle and Mr. Schleuniger and sold off a few of the units; however, Collateral was retained and leased out. The Collateral was owned originally by Jefferson Core Partners and Terra Cotta Partners which consolidated to create the Borrower under a 1031 Exchange. Jefferson Core Partners took a seller carry-back note in the amount of \$2.4MM and Terra Cotta took a seller carry-back note of \$487M, both at an interest rate of 2.55%, 30-year amortization. The carry-back notes are secured by second (2nd) trust deeds behind the Banc's 1st T/D. It should be noted that Banc obtained a Subordination Agreement on both carry-back notes should the Banc need to trigger a default on the payment stream under the second (2nd) trust deed notes and have payments stopped for any default under the Banc's loan. It should be noted that Borrower owns both sides of the carry-back note and controls when the interest is paid. Interest is only due if the Collateral meets the DSCR of 1.20x. The Banc's last appraisal for the Property was on 7/6/2017 concluding:

- **AT ORIGATION (14 units):**
 - "As Is" aggregate individual value of \$8,001,000 (\$259.28/SF), 37.9% LTV, 74.1% CLTV based a Loan of \$3.04MM.
 - "Bulk Sale" market value of \$7,210,000 (\$233.64/SF), 42.1% LTV, 82.3% CLTV based a Loan of \$3.04MM.
- **CURRENT PROPOSED (11 units remaining plus paydown)**
 - "As Is" aggregate individual value of \$6,588,000 (\$257.54/SF), 25.5% LTV, 68.4% CLTV based a Loan of \$1.68MM.
 - "Bulk Sale" value not used as individual condos have been sold affecting the valuation methodology.



Sponsor Background Overview:

Glen Daigle is the Director of Development for Oak Grove Equities and is a licensed Architect. His experience is in managing all aspects of developing raw property, estimates before any plans are developed, all based upon years of experience in projecting costs with an emphasis on site work costs. He also performs architectural design services primarily in small shopping centers and multifamily residential projects. Mr. Daigle also shares an active role in all of the entities that guarantee the loan. As noted previously Mr. Daigle moved to Braselton, Georgia in early 2015 and still maintains his business accounts and personal accounts with CBTV.

Terms Overview:

The loan is structured with principal and interest payments based on a twenty-five (25) year amortization period. The rate was fixed as 5.15% for five years, but the rate reset at the beginning of year six (6) at the 10-year CMT + 3.00%. The current interest rate of the loan is 6.83% until maturity in 10/15/2027. The loan had a prepayment penalty of 5% in year one (1), 3% in year two (2), 1% in year three (3), and none thereafter. The loan no longer carries a prepayment penalty, and the Borrower may prepay any amount at any time.

Loan Transaction History

The loan has been rated P3 – “Pass” since inception of the loan, and the Borrower has demonstrated a strong performance of repayment with no 30-day or more late payments or delinquencies. The Borrower has complied with all financial reporting requirements.

Financial Overview:

The Borrower generates sufficient cash flow to service the proposed debt. Based on the Banc underwriting the Borrower generates At funding, the Borrower generates net operating income (NOI) of \$362M annually, resulting in a debt service coverage ratio (DSCR) of 1.22x based on the contractual debt payments to the Banc and secondary debt. Historically, the Borrower generated sufficient cash flow to service the proposed debt in all periods reviewed (2021-2023). Additionally, Borrower has verified liquidity of \$1.06MM held in the Banc as of 6/18/2024 for compensating balance of 51.8%. It should be noted that \$364,644.05 of this will be used to pay down the line to the proposed \$1.68MM outstanding balance. After the paydown, there will be \$694M in deposits with the Banc resulting in a 41.3% compensating balance. Further the Guarantor reports combined Banc adjusted net worth (ANW) of \$4.2MM and a Global DSCR of 1.64x (see page 17 for additional detail).

Financial Covenants:

Financial Covenant		Requirement		UW-2022
Property DSCR	Must be greater than or equal to 1.20x	1.20x		1.22x



Terms Summary

	Existing Terms	Proposed Terms
Credit Action:	New Real Estate Term Loan	1) Re-amortize loan payments over the remaining 220-months (effective 6/15/2024); 2) Allow Borrower to re-amortize loan payments after the sale of three (3) or more properties; 3) Change product code and GL type; 4) Remove Craig Schleuniger as Guarantor; 5) Add Roxanne Schleuniger as Guarantor
Borrower (s):	Collier Group Associates, LLC	N/C
Guarantor(s):	Glen Daigle; Craig Schleuniger; Oak Grove Equities, Inc.; Jefferson Core Partners, LLC; Terra Cotta Partners, LLC	Glen Daigle; Roxanne Schleuniger ; Oak Grove Equities, Inc.; Jefferson Core Partners, LLC; Terra Cotta Partners, LLC
Guaranty Type:	Full Repayment	N/C
Guaranty Percentage:	100%	N/C
Loan Number(s):	7000709400	N/C
Loan Commitment Amount:	\$3,035,000.00	\$1,680,000.00
Initial Advance:	\$3,035,000.00	N/A
Outstanding Balance:	\$3,035,000.00	\$1,680,000.00
Origination Date:	10/12/2017	N/C
Maturity Date:	10/15/2027	N/C
Extension Options:	N/A	N/A
Extension Conditions:	N/A	N/A
Term Out Options:	N/A	N/A
Term Out Conditions:	N/A	N/A
Loan Type:	Real Estate Term Loan	N/C
Loan Purpose/Use of Funds:	Purchase Collateral	N/C
Amortization:	25 year (300 months)	18.3 years (220 months)
Rate:	5.15% (Fixed)	3.83% (10-year CMT as of 9/30/22)
Margin:	N/A	3.00%
Floor:	N/A	N/A
Fixed Period Ends:	10/12/2022	N/A
Default Rate:	Current Rate + 5.00%	N/C



Payment Reserve:	N/A	N/A
Repack Requirements:	N/A	N/A
Contractual Payment (Annual)	\$217,693.32	\$161,662.05
Payment Policy Max Amort (Annual)	\$217,693.32	\$161,662.05
Underwritten Annual NOI/NCF/EBDITA	\$527,202	\$361,952
DSCR (based on maximum amort and current rate)	1.48	1.22
Origination Fee:	N/A	N/A
Exit Fee:	N/A	N/A
Documentation Fee:	\$250.00	\$2,500.00
Prepayment/Minimum Interest:	5% year-one, 3% year two, 1% year three	N/A
Senior Debt:	N/A	N/A
Junior Debt:	\$2,897,040.00	\$2,828,998.00
Total Debt:	\$2,897,040.00	\$2,828,998.00
Collateral Description:	14-unit medical office condos	11-unit medical office condos
Collateral Value:		
If RE: "As-Is"	\$8,001,000.00	\$6,588,000.00
If RE: "Bulk Sale"	\$7,210,000.00	N/A
If RE: "As-Stable"	N/A	N/A
Valuation Source/Date:	7/6/2017	N/C
Cumulative Loan to Value (CLTV)		
If RE: "As-Is"	74.1%	68.4%
If RE: "Bulk Sale"	82.3%	N/A
If RE: "As-Stable"	N/A	N/A
Total Units	14	11
"As-Is" per Unit	\$571,500.00	\$598,909.09
Square Feet	30,859	25,580
"As-Is" per SF	\$259.28	\$257.54
Loan Basis Per Unit	\$216,785.71	\$152,727.27
Loan Basis Per SF	\$98.35	\$65.68
Total Cost	\$7,800,000	\$7,800,000
Cumulative Loan to Cost	38.9%	21.5%



Sources and Uses

Sources & Uses							
Total Sources	\$	Exposure	%	Total Uses	\$	PSF	%
Gross Loan Proceeds	\$	1,680,000.00	\$ 54 /sf #DIV/0!	Current Principal Balance	\$	1,680,000.00	\$ 54 /sf #DIV/0!
Total Deal Sources	\$	1,680,000.00	\$ 54 /sf #DIV/0!	Total Deal Uses	\$	1,680,000.00	\$ 54 /sf #DIV/0!

Repayment Sources

1. The primary source of repayment is derived from the subject Collateral's underwritten NOI of \$362M resulting in DCR of 1.22x including all debt. If only using Banc's 1st T/D actual debt, the DCR results in a 2.23x. (see Property analysis on page 10).
2. The secondary source of repayment will come from Guarantor support of \$126M available cash flow for debt service with an adjusted net worth of \$4.2MM. Including NOI from the Borrower, the global cash flow available for debt service is \$490M resulting in a DCR of 1.64x using all contractual debt of \$299M (see page 17).
3. The tertiary source of repayment will come from the sale or refinance of the Collateral Property appraised (see analysis on page 13-15).

Exit Strategies

1. Primary – Refinance of subject Collateral
 - a. The primary exit strategy is to refinance the subject debt at maturity. *See analysis on page 13 and 14.*
2. Secondary – Sale of Collateral
 - a. The secondary exit strategy is sale of the Collateral. *See analysis on page 15.*
3. Tertiary – Non-judicial Foreclosure of Collateral
 - a. The tertiary exit strategy is via the non-judicial foreclosure process. *See analysis on page 16.*



Credit Decision Highlights

Policy Exceptions:

Policy #	LP221: Commercial Real Estate Mortgages <ol style="list-style-type: none"> Minimum debt yield of 8.50% – Currently 8.0% Minimum DSCR for Office is 1.35x – Currently 1.22x
Mitigant(s)	<ol style="list-style-type: none"> Minimum debt yield calculated based on all outstanding debt. If only calculated on Banc's 1st T/D debt, the debt yield would be 21.5% DCR of 1.22x is calculated based on all outstanding debt. If only factoring in the Banc's actual debt service, the DCR becomes 2.23x. Additionally, the 2nd T/D note holders are the Guarantor on the loan.

Strengths

1	Banc underwritten NOI of \$362M resulting in a 2.23x DCR on Banc's 1 st T/D debt. When factoring all debt, the DCR remains a 1.22x DCR. The 2 nd T/D debt is owned by the Guarantor through a seller carryback note.
2	Collateral Value of \$6.6MM resulting in an LTV of 24.6% on the Banc's 1 st T/D. When including the 2 nd T/D, the CLTV remains at 68.6%.
3	Borrower has demonstrated a strong history of repayment with no 30-day or more late payments or delinquencies.
4	Borrower will be paying down an additional \$365M to reduce current outstandings to \$1.68MM.
5	Verified liquidity of \$1.06MM held in a non-interest-bearing business checking account at the Banc as of 6/18/2024 for compensating balances of 51.8%. It should be noted that \$364,644.05 of this will be used to pay down the line to the proposed \$1.68MM outstanding balance. After the paydown, there will be \$694M in deposits with the Banc resulting in a 41.3% compensating balance.
6	Adding replacement guarantor, Roxanne Schleuniger, in-place of her deceased husband, Craig Schleuniger.

Key Risks:

Risk 1)	If Borrower continues to sell off units, tenant turnover becomes a larger risk impacting property's cash flow to service debt as the Borrower's cash flow is solely derived from rental income. Lease rollover coupled with a weak economic environment could lead to a greater overall vacancy rate than one would experience either in a more stable market or with properties subject to longer term lease agreements. This could affect the Borrower's annual cash flow and ability to support this debt.
Mitigant(s)	<ol style="list-style-type: none"> The Borrower generates NOI of \$362M able to service Banc's debt at 2.23x which will be able to absorb some vacancy. Additionally, the 2nd T/D does not receive any interest payments unless the Banc's 1.20x DCR covenant is met as per the Guarantor. Property is lowly leveraged at 24.6% which leaves substantial equity in the Collateral. In the event the Banc had to foreclose, it would be likely that the Guarantor would protect their equity and try to payoff the proposed loan. Borrower currently has \$1.06MM in liquidity with the Banc in a non-interest-bearing business checking account. After the paydown, Borrower will still have \$694M in deposits with the Banc.



Final Recommendation and Risk Rating Support

RISK RANKING: P3 – Satisfactory/Pass

The Borrower has been a Banc client for over ten (10) years with a demonstrated history of financial performance with no thirty (30) day or more late payments. The proposed modification is a real estate secured first (1st) trust deed on eleven (11) unit medical office building located in Murrieta, CA. The Banc's primary source of repayment is the NOI from the Collateral of \$362M resulting in a DCR of 2.23x on Banc debt only, and 1.22x DCR on all debt which includes the seller carryback note second (2nd) trust deed.

The secondary source of repayment will come from Guarantor support of Glen Daigle, and new guarantor, Roxanne Schleuniger. Combined the Guarantor has \$128M cash flow available for debt service with an adjusted net worth of \$4.2MM. When including the Borrower's NOI, DCR results in a 2.99x on Banc debt only, and DCR of 1.64x when including all debt.

Tertiary sources of repayment are strong and come from the sale or refinance of the Collateral Property appraised "As-Is" for \$6.6MM resulting in an LTV of 25.5% or CLTV of 68.4%. Based on the foregoing, it is recommended the Banc approve this credit request.



Approval

DocuSigned by:
Daniel Chen
F28F97C7BF6E43D...

Recommended By: Daniel Chen, VP, Credit Department Manager

6/21/2024 | 2:06 PM PDT

DATE

DocuSigned by:
Daniel Patrick
CBED7268B8EF426...

Approved By: Daniel Patrick, Senior Credit Administrator, MLC Member

6/20/2024 | 4:10 PM PDT

DATE

Approved By: Andrew Meitzen, Chief Credit Officer, MLC Member

DATE

DocuSigned by:
Danelle Thomsen
72E0E20F02A94E2...

Approved By: Danelle Thomsen, Chief Financial Officer, MLC Member

6/20/2024 | 4:45 PM PDT

DATE

DocuSigned by:
Bill Wilson
B97BF10FE6D344B...

Approved By: Bill Wilson, Chief Risk Officer, MLC Member

6/20/2024 | 4:11 PM PDT

DATE

DocuSigned by:
Mary Lynn Lens
3E9FEADE705C453

Approved By: Scott Racusin, Chief Executive Officer, MLC Member

6/20/2024 | 4:55 PM PDT

DATE



Borrower Underwritten Cash Flow:

Borrower Financial Analysis:

25109 Jefferson Ave. Operating History								
	2021 TR		2022 TR		2023 OS		Banc UW	
	AMOUNT	\$/SF	AMOUNT	\$/SF	AMOUNT	\$/SF	AMOUNT	\$/SF
Revenue:								
Rental Income	\$712,834	\$23.10	\$727,583	\$23.58	\$802,124	\$25.99	\$711,930 1	\$27.83
Other	\$0	\$0.00	\$0	\$0.00	\$13,159	\$0.43	\$10,908 2	\$0.43
Less: Vacancy:	\$0	\$0.00	\$0	\$0.00	\$0	0	(\$35,597) 3	-\$1.39
Less: Collection Loss:	\$0	\$0.00	\$0	\$0.00	\$0	0	\$0	\$0.00
Effective Gross Income (EGI):	\$712,834	\$23.10	\$727,583	\$23.58	\$815,283	\$26.42	\$687,242	\$26.87
Expenses:								
Less: Operating Expense	(\$468,569)	-\$15.18	(\$575,718)	-\$18.66	(\$448,257)	-\$14.53	(\$183,664) 2	-\$7.18
Less: Insurance	(\$1,333)	-\$0.04	(\$3,277)	-\$0.11	(\$4,753)	-\$0.15	(\$3,837) 2	-\$0.15
Less: RE Taxes	(\$99,233)	-\$3.22	(\$90,684)	-\$2.94	(\$102,745)	-\$3.33	(\$86,373) 4	-\$3.38
Less: Management Fee	\$0	\$0.00	\$0	\$0.00	(\$62,000)	-\$2.01	(\$51,416) 2	-\$2.01
Add: Interest	\$175,152	\$5.68	\$150,409	\$4.87	\$199,702	\$6.47	\$0	\$0.00
Add: Depreciation	\$60,909	\$1.97	\$153,818	\$4.98	\$0	\$0.00	\$0	\$0.00
Add: Tenant Improvements	\$0	\$0.00	\$0	\$0.00	\$26,861	\$0.87	\$0	\$0.00
Total Expenses:	(\$333,074)	-\$10.79	(\$365,452)	-\$11.84	(\$391,192)	-\$12.68	(\$325,290)	-\$12.72
Net Operating Income (NOI):	\$379,760	\$12.31	\$362,131	\$11.74	\$424,091	\$13.74	\$361,952	\$14.15
<i>NOI Margin:</i>	53.3%		49.8%		52.0%		52.7%	
<i>Nano Debt Service (P&I)</i>	\$ 162,026		\$ 162,026		\$ 162,026		\$ 162,026 5	
<i>All Other DS</i>	\$ 135,648		\$ 135,648		\$ 135,648		\$ 135,648 6	
Debt Yield	22.6%		21.6%		25.2%		21.5%	
DSCR (P&I, Nano Debt Only)	2.34x		2.24x		2.62x		2.23x	
DSCR (P&I, All Debt)	1.28x		1.22x		1.42x		1.22x	

- 1) Rental income derived from eleven (11) tenants per Borrower's 9/2023 rent roll. The Banc excluded units #220, #225, and #315 for underwriting purposes as these three (3) units have sold.
- 2) Banc underwritten Other Income, Operating Expense, Insurance, and Management Fee calculated on a per square foot basis using Borrower's 2023 operating statement.
- 3) CoStar market data estimates a 4.90% vacancy rate. The Banc rounded up and used a 5.00% vacancy rate for Banc underwriting purposes.
- 4) Banc calculated property taxes using Riverside County Tax Assessor website to determine actual taxes paid for the remaining units.
- 5) Debt service on this proposed \$1.68MM facility is calculated based on P&I payments using a 6.83% interest rate and the remaining 220-month amortization period.
- 6) Borrower has payments on two (2) seller carry-back notes, in which they own through the Guarantor, of \$2.4MM and \$487M both at a 2.55% interest rate and 30-year amortization. The payments for the combined notes are \$11,575.88/month, and the carry-back notes have a 2nd T/D behind the Banc's 1st. It should be noted that Borrower has conveyed that they do not make payments on these notes unless the DSCR covenant has been met per the Business Loan Agreement.

The Borrower has 28% ownership in another property located at 4435 Florin Rd., Sacramento, CA with the other 72% owned by Oak Grove Equities. The property is pad located in a retail shopping center that is currently leased out to Jack In The Box for about \$14,583/month on a triple-net (NNN) lease. There is currently no bank debt on the property; however, there are intercompany loans from the Borrower to Oak Grove Equities, and to Wildomar Hub used as private debt replacement during 1031 exchanges. These noteholders share the same ownership as the Borrower. The Borrower has confirmed that the payments made to these intercompany loans are made from time to time. See Appendix B for the 2023 OS and 2024 proforma statement. The Banc has elected to exclude this property from analysis.

**Rent Roll/Lease Terms:**

Commercial Unit Mix								Borrower		Lender		
#	Type	Tenant	Lease Type	SF	% Total	Lease Comm.	Lease End	\$/SF/Mo	Monthly \$	\$/SF/Mo	Monthly \$	Comments/Assumptions
100	Office	Dr. William Cherry	FSG	4,100 SF	13.3%	4/1/2017	3/31/2027	\$2.98	\$12,230	\$2.98	\$12,230	Unit sold on 2/23/2024
110	Office	Oak Grove Equities	FSG	1,117 SF	3.6%	11/1/2015	12/31/2027	\$2.00	\$2,234	\$2.00	\$2,234	
120	Office	Expert Aesthetics	FSG	1,743 SF	5.6%	1/1/2019	2/29/2024	\$2.13	\$3,706	\$2.13	\$3,706	
125	Office	Tracy Hoyt	FSG	898 SF	2.9%	1/15/2019	1/31/2026	\$2.29	\$2,056	\$2.29	\$2,056	
200	Office	SBT Health	FSG	3,192 SF	10.3%	1/1/2023	12/31/2027	\$2.12	\$6,767	\$2.12	\$6,767	
205	Office	Davies Financial Services	FSG	2,783 SF	9.0%	9/1/2022	10/31/2027	\$2.08	\$5,784	\$2.08	\$5,784	
215	Office	Westside Real Estate	FSG	1,987 SF	6.4%	3/1/2022	3/31/2024	\$2.08	\$4,130	\$2.08	\$4,130	
220	Office	Shawn Anderson DDS	FSG	1,743 SF	5.6%	5/1/2014	4/30/2027	\$2.22	\$3,874	\$0.00	\$0	
225	Office	Dr. Anderson 2	FSG	1,549 SF	5.0%	5/1/2014	4/30/2027	\$2.09	\$3,237	\$0.00	\$0	
300	Office	Walters Management	FSG	3,192 SF	10.3%	3/1/2007	8/31/2027	\$2.23	\$7,127	\$2.23	\$7,127	
305	Office	Chicago Title Company	FSG	2,783 SF	9.0%	7/1/2020	7/31/2025	\$2.19	\$6,100	\$2.19	\$6,100	
310	Office	Mike Wasemiller	FSG	2,236 SF	7.2%	5/1/2019	3/31/2029	\$2.52	\$5,645	\$2.52	\$5,645	
315	Office	KLittle & Associates	FSG	1,987 SF	6.4%	9/22/2020	9/30/2023	\$2.12	\$4,213	\$0.00	\$0	
325	Office	Michael Bishop	FSG	1,549 SF	5.0%	3/1/2011	4/30/2024	\$2.29	\$3,548	\$2.29	\$3,548	Unit sold on 5/20/2024
Type	Quantity			SF	% Total			\$/SF/Mo	Monthly \$	\$/SF/Mo	Monthly \$	
Retail	0			0	0.0%			\$0.00	\$0	\$0.00	\$0	
Office	14			30,859	0.0%			\$2.29	\$70,652	\$1.92	\$59,328	
Industrial	0			0	0.0%			\$0.00	\$0	\$0.00	\$0	
Other	0			0	0.0%			\$0.00	\$0	\$0.00	\$0	
Total	14			30,859	0.0%			\$2.29	\$70,652	\$1.92	\$59,328	
								\$/SF/Yr	Annual \$	\$/SF/Yr	Annual \$	
								\$27.47	\$847,820	\$23.07	\$711,930	

Narrative Conclusions and Analysis:

The Borrower's rent roll as of 9/14/2023 shows 100% occupancy in its fourteen (14) total units; however, the Borrower has sold three (3) units: #220 and #225 on 2/23/2024, and #315 on 5/20/2024. As a result of the sales, the Banc has received \$589,588.47 in paydowns which was 110% of the par value of the properties. For underwriting purposes, the Banc has excluded rental income from units #220, #225, and #315 as they are no longer a part of the Collateral. With the remaining eleven (11) units, the property generates gross rental income \$59,328/month or \$711,930 annually. See appendix C for remaining Collateral and release pricing schedule.



DSCR Stress - Lender												
Lender NOI	\$361,952											
Baseline Interest Rate	6.83%											
Bank DSCR Requirement	1.20x	*Bank Covenant										
Amortization (years)	18.4	*Contractual										
		Interest Rates										
		6.83%	7.08%	7.33%	7.58%	7.83%	8.08%	8.33%	8.58%	8.83%	9.08%	9.33%
NOI	0.00%	1.22x	1.21x	1.19x	1.18x	1.17x	1.16x	1.15x	1.13x	1.12x	1.11x	1.10x
	-2.50%	1.19x	1.18x	1.16x	1.15x	1.14x	1.13x	1.12x	1.11x	1.10x	1.08x	1.07x
	-5.00%	1.16x	1.14x	1.13x	1.12x	1.11x	1.10x	1.09x	1.08x	1.07x	1.06x	1.05x
	-7.50%	1.13x	1.11x	1.10x	1.09x	1.08x	1.07x	1.06x	1.05x	1.04x	1.03x	1.02x
	-10.00%	1.10x	1.08x	1.07x	1.06x	1.05x	1.04x	1.03x	1.02x	1.01x	1.00x	0.99x
	-12.50%	1.07x	1.05x	1.04x	1.03x	1.02x	1.01x	1.00x	0.99x	0.98x	0.97x	0.96x

Narrative Conclusion and Analysis:

Above is a chart representing the performance of the Collateral Property under stress testing conditions using the Banc underwritten NOI for the Collateral Property. The interest rate on the Banc's proposed facility is increased in 25bps increments and the Collateral Property NOI is decreased in 2.50% increments. The Banc has included both the Banc's 1st T/D debt and the seller carry-back note 2nd T/D debt in this calculation.

The resulting DCR's of stressed variable are displayed in the charts above. When considering the Banc underwritten NOI for the Collateral Property under the most severe stress testing conditions that include a 8.33% increase in interest rate and 12.50% decrease in NOI, the Collateral remains able to service Banc's debt yielding a DSCR of 1.00x. It should be noted that the interest rate is fixed at 6.83% until the maturity of the loan as there was a rate reset on 10/12/2022 at the 10-year CMT + 3.00%; therefore, the stressed interest rate scenario would not be a factor until maturity of the loan. In this case where the interest rate remains at 6.83%, the NOI would need to decrease 18.25% for the debt service to be 1.00x.



Exit Strategies support and Sensitivity Analysis

Primary Exit Strategy:

Refinance the Subject Debt

Conclusion: The primary exit strategy to refinance the subject debt is viable as the stabilized cash flow from the leases and loan to value would support minimum Banc underwriting standards and industry acceptable underwriting criteria for the property type. It should be noted that the Banc included the 2nd T/D debt from the seller carryback notes as a part of this refinance test even though the Banc is in 1st position.

- **Refinance (LTV):** The as-is value as well as the future assume value would provide an attractive leverage point for permanent finance based on industry underwriting criteria for the property type. At loan maturity (3 years), the subject loan balance is expected to be \$1.5MM (based on 3-years of P&I payments required during the term of the Loan with 220-month amortization). Based on the 'As Is' value from the Appraisal (\$8MM), the CLTV on the Note would be 74.1% at loan maturity which is in line with the assumed future value (\$5.8MM) 74.8% CLTV.
- **Refinance (DSC):** The stabilized cash flow of the subject property is projected to be sufficient to support the debt based on the existing lease and stressed underwriting terms. A long-term takeout lender would likely utilize a 25-year amortization. Assuming a future rate of 7.50%, P&I payments would equate to \$270M/year. Given the aforementioned terms, the resulting Direct DSC ratio would be 1.34x, per the in-place NOI of \$362M.

The following table stresses key variables of the property and market conditions. Each variable is stressed from the base case. Each stress scenario is compounded in severity as all variables are stressed simultaneously. Based on the below analysis the property can withstand numerous adverse changes in operations and market conditions and remain an attractive refinance opportunity for a takeout lender. Given a 10 percent decline in gross rents, a 10 percent increase in vacancy, and an increase of 100 basis points to the interest rate, the NOI remains sufficient to provide a 1.00x DSCR and an 111% CLTV, inclusive of a 100 basis point increase to cap rates. Overall, the NOI can decline \$-25M before the DSCR would drop below 1.00x and the collateral value could decline \$380M before the CLTV would exceed the supervisory loan to value limit of 80 percent.

Refinance Stress Test							
Collateral Type	Office						
Loan Amount at Maturity	\$1,498,625						
Amortization (Market)	25						
Assumed minimum DSCR	1.35x						
Assumed maximum LTV (SLTV)	70%						
Component	Base Case	Stress Scenarios (change from base)					
	Stabilized						
Gross Rents/Revenue (decrease)		-2.5%	-5.0%	-7.5%	-10.0%	-12.5%	-15.0%
	\$722,838	\$ 704,767	\$ 686,696	\$ 668,625	\$ 650,554	\$ 632,483	\$ 614,412
Vacancy & Collect/COGS (increase)		2.5%	5.0%	7.5%	10.0%	12.5%	15.0%
	\$ (35,596.51)	\$ (36,486)	\$ (37,376)	\$ (38,266)	\$ (39,156)	\$ (40,046)	\$ (40,936)
Operating/SG&A Expenses (increase)		1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
	\$ (325,290.02)	\$ (328,543)	\$ (328,543)	\$ (328,543)	\$ (328,543)	\$ (328,543)	\$ (328,543)
NOI/NCf/EBITDA	\$ 361,952	\$ 339,738	\$ 320,777	\$ 301,816	\$ 282,855	\$ 263,894	\$ 244,934
Interest Rate (increase to market)		0.25%	0.50%	0.75%	1.00%	1.25%	1.50%
	7.50%	7.75%	8.00%	8.25%	8.50%	8.75%	9.00%
Annual Debt Payment (365/360)	\$269,765	\$272,756	\$275,774	\$278,819	\$281,890	\$284,986	\$288,107
DSCR	1.34x	1.25x	1.16x	1.08x	1.00x	0.93x	0.85x
Cap Rate (increase)		0.25%	0.50%	0.75%	1.00%	1.25%	1.50%
	6.25%	6.50%	6.75%	7.00%	7.25%	7.50%	7.75%
Assumed Value (NOI/CAP)	\$5,791,226	\$5,226,736	\$4,752,251	\$4,311,659	\$3,901,452	\$3,518,592	\$3,160,432
LTV	74.7%	82.8%	91.1%	100.4%	110.9%	123.0%	136.9%
Debt Yield	8.36%	7.85%	7.41%	6.97%	6.54%	6.10%	5.66%
Decline from Base							
Minimum NOI to DSCR at 1.35x	\$ 364,183	1%	\$ 2,232				
Minimum Value to Achieve 70% LTV	\$ 6,182,319	7%	\$ 391,093				



The below refinance test reflects the Refinance Stress Test based on only the Banc's 1st T/D:

Refinance Stress Test							
Collateral Type	Office						
Loan Amount at Maturity	\$1,498,625						
Amortization (Market)	25						
Assumed minimum DSCR	1.35x						
Assumed maximum LTV (SLTV)	70%						
Component	Base Case	Stress Scenarios (change from base)					
	Stabilized						
Gross Rents/Revenue (decrease)		-2.5%	-5.0%	-7.5%	-10.0%	-12.5%	-15.0%
	\$722,838	\$ 704,767	\$ 686,696	\$ 668,625	\$ 650,554	\$ 632,483	\$ 614,412
Vacancy & Collect/COGS (increase)		2.5%	5.0%	7.5%	10.0%	12.5%	15.0%
	\$ (35,596.51)	\$ (36,486)	\$ (37,376)	\$ (38,266)	\$ (39,156)	\$ (40,046)	\$ (40,936)
Operating/SG&A Expenses (increase)		1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
	\$ (325,290.02)	\$ (328,543)	\$ (328,543)	\$ (328,543)	\$ (328,543)	\$ (328,543)	\$ (328,543)
NOI/NCF/EBITDA	\$ 361,952	\$ 339,738	\$ 320,777	\$ 301,816	\$ 282,855	\$ 263,894	\$ 244,934
Interest Rate (increase to market)		0.25%	0.50%	0.75%	1.00%	1.25%	1.50%
	7.50%	7.75%	8.00%	8.25%	8.50%	8.75%	9.00%
Annual Debt Payment (365/360)	\$134,117	\$137,108	\$140,126	\$143,171	\$146,242	\$149,338	\$152,459
DSCR	2.70x	2.48x	2.29x	2.11x	1.93x	1.77x	1.61x
Cap Rate (increase)		0.25%	0.50%	0.75%	1.00%	1.25%	1.50%
	6.25%	6.50%	6.75%	7.00%	7.25%	7.50%	7.75%
Assumed Value (NOI/CAP)	\$5,791,226	\$5,226,736	\$4,752,251	\$4,311,659	\$3,901,452	\$3,518,592	\$3,160,432
LTV	25.9%	28.7%	31.5%	34.8%	38.4%	42.6%	47.4%
Debt Yield	24.15%	22.67%	21.40%	20.14%	18.87%	17.61%	16.34%
		Decline from Base					
Minimum NOI to DSCR at 1.35x	\$ 181,058	-50%	\$ (180,893)				
Minimum Value to Achieve 70% LTV	\$ 2,140,893	-63%	\$ (3,650,333)				



Secondary Exit Strategy:

Borrower to sell to Investor / Owner User

Conclusion: The secondary exit strategy is the Borrower to sell the subject property prior to loan maturity to an investor or owner user is a viable exit strategy. If the Borrower were to sell the Property shortly after funding, The Banc would be able to recapture the entire principal balance of the loan. Given the Borrower's substantial equity in the subject property the sponsor has significant economic incentive to support the credit and asset. It should be noted that the "Other Debt" is owned by the same Sponsors who own the Borrower.

The Banc has compiled the concluded "As Is" values for the Property from the Borrower, Appraiser, and Bank. All three valuations illustrate that the Borrower is expected to have sufficient equity remaining even if the value of the Collateral declines by more than 15%. The Please see the following table for full comparison of concluded Property values, and the corresponding impact of stressed reductions in value:

Equity Sensitivity Table									
Gross Loan Amount:		\$1,680,000							
Other Debts (Jr/Sr):		\$2,828,998							
Borrower Equity:		\$1,282,228							
% Decrease in Value	Sponsor Value			Appraised (As Is) Value			Bank UW Value		
	Value:	\$6,588,000		Value:	\$6,588,000		Value:	\$5,791,226	
	Less: Selling Costs	-6.00%	(\$395,280)	Less: Selling Costs	-6.00%	(\$395,280)	Less: Selling Costs	-6.00%	(\$347,474)
	Net Proceeds			Net Proceeds			Net Proceeds		
	\$6,192,720			\$6,192,720			\$5,443,752		
	Value	LTV	Remaining Equity	Value	LTV	Remaining Equity	Value	LTV	Remaining Equity
Baseline	6,192,720	68%	1,683,722	6,192,720	0.68442593	1,683,722	5,443,752	0.7786	934,754
-2.5%	6,037,902	75%	1,528,904	6,037,902	0.74678224	1,528,904	5,307,658	0.8495	798,660
-5.0%	5,883,084	77%	1,374,086	5,883,084	0.76643441	1,374,086	5,171,565	0.8719	662,567
-7.5%	5,728,266	79%	1,219,268	5,728,266	0.78714885	1,219,268	5,035,471	0.8954	526,473
-10.0%	5,573,448	81%	1,064,450	5,573,448	0.8090141	1,064,450	4,899,377	0.9203	390,379
-12.5%	5,418,630	83%	909,632	5,418,630	0.83212879	909,632	4,763,283	0.9466	254,285
-15.0%	5,263,812	86%	754,814	5,263,812	0.85660316	754,814	4,627,189	0.9745	118,191
-17.5%	5,108,994	88%	599,996	5,108,994	0.88256083	599,996	4,491,096	1.004	(17,902)
-20.0%	4,954,176	91%	445,178	4,954,176	0.91014086	445,178	4,355,002	1.0354	(153,996)
-22.5%	4,799,358	94%	290,360	4,799,358	0.93950024	290,360	4,218,908	1.0688	(290,090)
-25.0%	4,644,540	97%	135,542	4,644,540	0.97081692	135,542	4,082,814	1.1044	(426,184)
-27.5%	4,489,722	100%	(19,276)	4,489,722	1.00429336	(19,276)	3,946,720	1.1425	(562,278)
% Decrease to Impair Loan		-27%		-27%		-27%		-17%	



Tertiary Exit Strategy:

Non-judicial foreclosure

Conclusion: In the event the Borrower is unable to keep payment currents and the Banc is forced to protect its position through seeking full payment through the non-judicial foreclosure process the Banc's analysis supports full principal recapture based on a reasonable assessment of timing and costs.

After selling costs, paydown of the Loan proceeds disbursed, 12 months of Bank foreclosure costs, and third-party foreclosure fees, the Collateral would maintain \$3.4MM in equity based on the Banc estimated 'As Is' value. If the Collateral value is held constant the Bank would not suffer a loss on the transaction even if the time required to dispose of the asset took 135 months. Further, the value of the Collateral could decline in excess of 58% before the Bank would suffer a loss if sale of the asset occurred in 12 months or less. A combination of 'Time to dispose' of the Collateral and 'Decrease in the value' of the asset may yield a loss to the Bank as shown below. This case does not reflect the 2nd T/D debt as the Banc holds the 1st T/D and would be repaid first upon foreclosure. The 2nd T/D holder also has the potential to purchase the note from the Banc to protect their equity.

Lender Foreclosure Scenario Sensitivity Table

Baseline Assumptions

Appraised Value	0% Disc.	\$5,791,226
Selling Costs (%)	-6.00%	(\$347,474)
Net Proceeds		\$5,443,752
Senior Notes		\$ -
Lender's Basis		\$ (1,680,000)
Lender Foreclosure Costs	12 Months	(\$331,343)
Third Party Foreclosure Fees		(\$16,800)
Potential Remaining Value		\$ 3,415,609

Lender Foreclosure Costs (Monthly)

	\$
Default Interest	(\$16,562)
Lender Legal	(\$2,500)
Foreclosure Misc.	(\$2,500)
Taxes	1.15% (\$5,550)
Insurance	(\$500)
Total Expenses	\$ (27,612)

Excess Property Value

Time To Foreclose and Dispose

		12 Months	13 Months	14 Months	15 Months	16 Months	17 Months
% Price Discount	0%	\$ 3,415,609	\$ 3,387,997	\$ 3,332,773	\$ 3,249,937	\$ 3,139,490	\$ 3,001,430
	-5%	\$ 3,126,048	\$ 3,098,436	\$ 3,043,212	\$ 2,960,376	\$ 2,849,929	\$ 2,711,869
	-10%	\$ 2,836,486	\$ 2,808,875	\$ 2,753,651	\$ 2,670,815	\$ 2,560,367	\$ 2,422,308
	-15%	\$ 2,546,925	\$ 2,519,313	\$ 2,464,089	\$ 2,381,254	\$ 2,270,806	\$ 2,132,746
	-20%	\$ 2,257,364	\$ 2,229,752	\$ 2,174,528	\$ 2,091,692	\$ 1,981,245	\$ 1,843,185
	-25%	\$ 1,967,803	\$ 1,940,191	\$ 1,884,967	\$ 1,802,131	\$ 1,691,683	\$ 1,553,624
	-30%	\$ 1,678,241	\$ 1,650,629	\$ 1,595,406	\$ 1,512,570	\$ 1,402,122	\$ 1,264,062



Borrower & Guarantor Background

Global Analysis:

GLOBAL CASH FLOW				
CASH FLOW AVAILABLE FOR DEBT SERVICE				
YEAR END		12/31/2021	12/31/2022	Banc UW
Borrower NOI or Business EBITDA		\$379,760	\$362,131	\$361,952
Glen Daigle		\$128,920	\$126,253	\$102,478
Roxanne Schleuniger		\$40,659	\$71,393	\$25,380
TOTAL CASH FLOW AVAILABLE FOR DEBT SERVICE:		\$549,339	\$559,777	\$489,810
DEBT SERVICE				
Borrower - Proposed Nano Banc Debt Service		(\$162,026)	(\$162,026)	(\$162,026)
Other Borrower Debt Service (if applicable)		(\$135,648)	(\$135,648)	(\$135,648)
Glen Daigle		(\$960)	(\$960)	(\$960)
Roxanne Schleuniger		(\$588)	(\$588)	(\$588)
TOTAL DEBT SERVICE:		-\$299,222	-\$299,222	-\$299,222
CASH FLOW SURPLUS/(DEFICIT)				
Borrower/Property		\$82,086	\$64,457	\$64,277
Guarantor - Consolidated		\$168,031	\$196,098	\$126,310
GLOBAL CASH FLOW SURPLUS/(DEFICIT):		\$250,117	\$260,555	\$190,587
DEBT SERVICE COVERAGE RATIO				
Property DSCR		2.34x	2.24x	2.23x
Global DSCR (Contractual)		1.84x	1.87x	1.64x
Global DSCR (Stressed 1.00%)		1.77x	1.80x	1.57x
Global DSCR (Stressed 2.00%)		1.70x	1.73x	1.51x

Narrative Conclusion and Support:

Banc underwritten NOI of the Borrower is \$362M and Guarantor combined NOI is \$128M for a total of \$490M is cash flow available for debt service. With \$299M in global debt service, the resulting Global DCR is 1.64x and a cashflow surplus of \$191M. In a stressed case scenario where the loan's interest rate increases 1.00%, Global DCR is 1.57x, and when stressed at 2.00%, the Global DCR remains strong at 1.51x.



Guarantor Financial Analysis

Glen Daigle

STATEMENT TYPE YEAR END

	FN	PTR 2020	PTR 2021	PTR 2022	Banc UW 2023
TOTAL WAGES/SALARY	1	\$ 71,710.00	\$ 34,660.00	\$ 82,005.00	\$ 116,004.00
LESS: SOCIAL SECURITY TAX (6.2%) & MEDICARE TAX (1.45%)		\$ -	\$ -	\$ -	\$ -
OTHER INCOME (LOSSES) / ALIMONY	2	\$ 38,680.00	\$ 90,646.00	\$ 122,929.00	\$ 49,299.00
INTEREST & DIVIDEND INCOME	3	\$ 11,198.00	\$ 5,590.00	\$ 70.00	\$ -
FORM 1040 - SCHEDULE C		\$ -	\$ -	\$ -	\$ -
FORM 1040 - SCHEDULE D	4	\$ 129,387.00	\$ 8,458.00	\$ -	\$ -
FORM 1040 - SCHEDULE E	5	\$ (4,715.00)	\$ 44,556.00	\$ (15,926.00)	\$ -
K-1 INCOME (Partnerships/LLC's & S-Corps)		\$ -	\$ -	\$ -	\$ -
FORM 1040 - FEDERAL, STATE, REAL ESTATE TAXES	6	\$ (34,578.00)	\$ (18,990.00)	\$ (26,825.00)	\$ (26,825.00)
CASH FLOW BEFORE LIVING EXPENSES		\$211,682	\$164,920	\$162,253	\$138,478
Less: Living Expenses	7	\$ (36,000.00)	\$ (36,000.00)	\$ (36,000.00)	\$ (36,000.00)
CASH FLOW AVAILABLE FOR DEBT SERVICE		\$175,682	\$128,920	\$126,253	\$102,478
LESS: ANNUAL PERSONAL DEBT SERVICE	8	(\$960)	(\$960)	(\$960)	(\$960)
TOTAL PERSONAL CASH FLOW AFTER DS		\$174,722	\$127,960	\$125,293	\$101,518
PERSONAL DSCR		183.00x	134.29x	131.51x	106.75x

Footnote:

- 1) Total Wages/Salary derived from Borrower's PFS which states he receives a salary of \$7,667/month from his architect business and \$2,000/month from Thaxter Development.
- 2) Other Income derived by using previous year's IRA, Pension, and Social Security as Glen is over 65 years old.
- 3) Interest & Dividend Income given zero value.
- 4) Schedule D income was derived from the sale of two properties. Considered as non-recurring and adjusted to zero.
- 5) Schedule E income/losses are primarily derived from the passive and non-passive income/losses in Borrower and Guarantor. Banc has adjusted to zero as the losses would be taken from the entities' capital and no contributions were made to them.
- 6) Banc elected to use previous year taxes for conservative purposes.
- 7) Banc typically estimates 15% of cash flow for living expenses; however, Banc elected to use \$3,000/month or \$36,000 annually.
- 8) Banc obtained a soft pull credit report dated 2/8/2024 that reflected only credit card debt of \$80/month or \$960, annually.



Glen Daigle				
Personal Financial Date		3/21/2024		
Total Liquid Assets			\$0	
Total Real Estate Equity		\$1,795,733		
Total Adjusted Net Worth		\$1,789,392		

	FN	Stated	Adjustments	Bank Adjusted
CASH	1	\$17,000	(\$17,000)	\$0
MARKETABLE SECURITIES	1	\$298,827	(\$298,827)	\$0
IRA/SEP RETIREMENT ACCTS		\$0	\$0	\$0
		\$315,827	(\$315,827)	\$0
NOTES RECEIVABLE		\$0	\$0	\$0
INVESTMENTS IN CLOSELY HELD BUSINESSES		\$0	\$0	\$0
OTHER ASSETS	2	\$45,000	(\$45,000)	\$0
PERSONAL RESIDENCE	3	\$700,000	(\$4,235)	\$695,765
PERSONALLY (100% OWNED) PROPERTIES	4	\$0	\$285,000	\$285,000
RENTAL PROPERTIES (Schedule E)		\$0	\$0	\$0
REAL ESTATE INVESTMENT PROPERTIES	5	\$1,525,000	(\$710,032)	\$814,968
		\$2,270,000	(\$474,267)	\$1,795,733
TOTAL ASSETS		\$2,585,827	(\$790,094)	\$1,795,733
INSTALLMENT DEBT		\$0	\$0	\$0
REVOLVING DEBT	6	\$7,000	(\$659)	\$6,341
PERSONAL RESIDENCE DEBT		\$0	\$0	\$0
OTHER DEBT		\$0	\$0	\$0
		\$7,000	-\$659	\$6,341
TOTAL LIABILITIES		\$7,000	(\$659)	\$6,341
NET WORTH		\$2,578,827	(\$789,435)	\$1,789,392

Footnote:

- 1) Bank and brokerage statements were not provided so Banc adjusted to zero.
- 2) Unable to verify other assets. Provided zero value.
- 3) Personal residence located at 273 Belmont Park Dr, Canton, GA 30115. The property was purchased in April 2023. The Banc elected to use the purchase price of \$696M.
- 4) Secondary residence located at 312 Glenwood Dr., Jefferson, NC. The property was purchased in February of 2020. The Banc elected to use the purchase price of \$285M.
- 5) Real Estate Investment Properties is Mr. Daigle's estimate and valuation of the property. Based on the Banc's estimated value of \$5.9MM and Mr. Daigle's 13.86% ownership in the Borrower, the Banc adjusted value to \$814,968.
- 6) Banc obtained a soft pull credit report dated 2/8/2024 that reflected only credit card balances of \$6,341.


Roxanne Schleuniger
STATEMENT TYPE
YEAR END

<i>FN</i>	PTR 2021	PTR 2022	Banc UW 2023
1	\$ -	\$ -	\$ 60,000.00
	\$ -	\$ -	\$ -
1	\$ 24,975.00	\$ 46,272.00	\$ 24,000.00
2	\$ 7,524.00	\$ 30.00	\$ -
3	\$ 11,250.00	\$ 38,859.00	\$ -
	\$ -	\$ -	\$ -
4	\$ 50,580.00	\$ 44,852.00	\$ -
	\$ -	\$ -	\$ -
5	\$ (17,670.00)	\$ (22,620.00)	\$ (22,620.00)
	\$76,659	\$107,393	\$61,380
6	\$ (36,000.00)	\$ (36,000.00)	\$ (36,000.00)
	\$40,659	\$71,393	\$25,380
7	(\$588)	(\$588)	(\$588)
	\$40,071	\$70,805	\$24,792
	69.15x	121.42x	43.16x

INTEREST & DIVIDEND INCOME

FORM 1040 - SCHEDULE C

FORM 1040 - SCHEDULE D

FORM 1040 - SCHEDULE E

K-1 INCOME (Partnerships/LLC's & S-Corps)

FORM 1040 - FEDERAL, STATE, REAL ESTATE TAXES

CASH FLOW BEFORE LIVING EXPENSES

Less: Living Expenses

CASH FLOW AVAILABLE FOR DEBT SERVICE

LESS: ANNUAL PERSONAL DEBT SERVICE

TOTAL PERSONAL CASH FLOW AFTER DS
PERSONAL DSCR
Footnote:

- 1) Total Wages/Salary derived from Borrower's PFS which states she receives a salary of \$5,000/month from Oak Grove Equities, and \$2,000/month from Social Security.
- 2) Interest & Dividend Income given zero value.
- 3) Schedule C income was derived from Roxanne's husband who unfortunately passed away. Given zero value.
- 4) Schedule E income/losses are primarily derived from the passive and non-passive income/losses in Borrower and Guarantor. Banc has adjusted to zero as the losses would be taken from the entities' capital and no contributions were made to them.
- 5) Banc elected to use previous year taxes for conservative purposes.
- 6) Banc typically estimates 15% of cash flow for living expenses; however, Banc elected to use \$3,000/month or \$36,000 annually.
- 7) Banc obtained a soft pull credit report dated 5/7/2024 that reflected only credit card debt of \$84/month or \$1,008, annually.


Roxanne Schleuniger

Personal Financial Date	4/8/2024
Total Liquid Assets	\$0
Total Real Estate Equity	\$2,421,228
Total Adjusted Net Worth	\$2,420,640

	FN	Stated	Adjustments	Bank Adjusted
CASH	1	\$768,000	(\$768,000)	\$0
MARKETABLE SECURITIES		\$0	\$0	\$0
IRA/SEP RETIREMENT ACCTS		\$0	\$0	\$0
		\$768,000	(\$768,000)	\$0
NOTES RECEIVABLE		\$0	\$0	\$0
INVESTMENTS IN CLOSELY HELD BUSINESSES	2	\$2,433,570	(\$2,433,570)	\$0
OTHER ASSETS	3	\$121,000	(\$121,000)	\$0
PERSONAL RESIDENCE	4	\$2,200,000	(\$778,773)	\$1,421,228
PERSONALLY (100% OWNED) PROPERTIES	5	\$1,000,000	\$0	\$1,000,000
RENTAL PROPERTIES (Schedule E)		\$0	\$0	\$0
REAL ESTATE INVESTMENT PROPERTIES		\$0	\$0	\$0
		\$5,754,570	(\$3,333,343)	\$2,421,228
TOTAL ASSETS		\$6,522,570	(\$4,101,343)	\$2,421,228
INSTALLMENT DEBT		\$0	\$0	\$0
REVOLVING DEBT	6	\$0	\$588	\$588
PERSONAL RESIDENCE DEBT		\$0	\$0	\$0
OTHER DEBT		\$0	\$0	\$0
		\$0	\$588	\$588
TOTAL LIABILITIES		\$0	\$588	\$588
NET WORTH		\$6,522,570	(\$4,101,931)	\$2,420,640

Footnote:

- 1) Bank and brokerage statements were not provided so Banc adjusted to zero.
- 2) Investments in closely held businesses give zero value as Banc is not able to determine value on the businesses. It is likely that Craig Schleuniger's ownership in the Borrower of 18.86% was passed down to Roxanne; however, for conservative purposes, the Banc did not include.
- 3) Unable to verify other assets. Provided zero value.
- 4) Personal residence located at 20480 Via Palo Pinto, Murrieta, CA. The Banc found four (4) comparable sales in the area with an average price per square foot of \$379.50. Based on 3,745 SF, the Banc estimates the value to be \$1.4MM.
- 5) Secondary residence located at 165 Jahan, Mammoth, CA. The Banc found ten (10) comparable sales in the area which concluded an average price per square foot of \$553.20. The SFR has 1,848 SF of gross living area which results in a value higher than what was stated in the PFS. Banc used the lower of the two values for conservative purposes.
- 6) Banc obtained a soft pull credit report dated 5/7/2024 that reflected only credit card balances of \$588.



Collateral Valuation

Original Appraisal Analysis:

Christopher M. Wade, MAI of Herron Companies ("Appraiser") completed a third-party appraisal published on 8/3/2017. The Appraiser concluded an "As Is" Bulk value for the Property of \$7,210,000 (\$233.64/SF) based on an Income and Sales Approach.

Concluded Value (As Is, Individually Sold)	
Sales Comparison Approach	\$8,001,000
Concluded Value (As Is, individually)	\$ 8,001,000.00

Concluded Value (As-Is, Bulk Sale Value)	
Sales Comparison Approach	\$7,220,000
Income Capitalization Approach	\$7,210,000
Concluded Value (As Is, Bulk Sale Value)	\$ 7,210,000.00

After the sale of units #220, #225, and eventually, #315, the individual aggregate as-is decreases to \$6,588,000. The Bulk Sale Value should no longer be relied upon because the units sold affect the methodology and calculation.

Updated Banc Estimated Valuation:

The Banc analyzed CoStar market data to help determine a value for the subject Collateral. Per the market data in Q3 2017, the average market cap rate for Office in Riverside was 7.60% while the original appraisal estimated a 5.25% cap rate for the subject Collateral. As of Q1 2024, the average market cap rate is 8.40% which is a 0.80% (1.00% rounded for conservative purposes) increase since origination of the loan. The Banc assumed the same increase would correlate to the appraiser's cap rate of 5.25% resulting in an increase to a 6.25% estimated cap rate. Using Banc underwritten NOI of \$361,952 and a 6.25% cap rate, Banc determined an estimated value of \$5.8MM for the remaining eleven (11) units that results in an LTV of 26.0% or CLTV of 78.8%.

The Borrower had two (2) units that sold on 2/23/2024 for \$627,500 (Unit #220) and \$532,546 (Unit #225). Additionally, the Borrower just sold unit #315 on 5/20/2024 for \$645,775 and received a paydown of \$210,716.47. When comparing the current sales/sold prices and the 2017 "as-is" appraised values of these three units, the Borrower sold these units for well over their 2017 appraised value. Unit #220 was appraised at \$479M (\$149M net increase in value), Unit #225 was appraised at \$429M (\$104M net increase in value), and Unit #315 was appraised for \$505M (\$141M expected net increase in value). From this, the Banc can determine that the market values have at least not diminished, and likely higher since last appraised in 2017; therefore, the Banc has concluded the individual "as-is" values are still reasonable and a supported valuation for the Collateral. The aggregate "as-is" value of the eleven (11) units is \$6,588,00 which results in a 25.5% LTV or a 68.4% CLTV.

Bank Internal Analysis and Site Visit:

The Banc performed a third-party site visit which was completed by Spectrum Field Services on 5/6/2024. The subject comprises of one, three-story, medical office building. Parking is available on three sides of the building. There is construction across the street which affects the traffic flow in the area. The property is in good overall condition with some slight deferred maintenance regarding striping fading in the parking lot.



Maps and Photos





Compliance and Regulatory

Certification of Beneficial Owner(s)

N/A

OFAC and CIP Information

OFAC Watch Result

OFAC WATCH CHECK: PASSED	
Captured Data	
Name:	Collier Group Associates, LLC
Street Address:	
Street Address (cont.):	
City:	
State:	
Zip/Postal Code:	
Country:	
Account Number:	

OFAC Watch Result

OFAC WATCH CHECK: PASSED	
Captured Data	
Name:	Oak Grove Equities, Inc.
Street Address:	
Street Address (cont.):	
City:	
State:	
Zip/Postal Code:	
Country:	
Account Number:	

OFAC Watch Result

OFAC WATCH CHECK: PASSED	
Captured Data	
Name:	Jefferson Core Partners, LLC
Street Address:	
Street Address (cont.):	
City:	
State:	
Zip/Postal Code:	
Country:	
Account Number:	

**OFAC Watch Result****OFAC WATCH CHECK: PASSED****Captured Data**

Name: Terra Cotta Partners, LLC
Street Address:
Street Address (cont.):
City:
State:
Zip/Postal Code:
Country:
Account Number:

OFAC Watch Result**OFAC WATCH CHECK: PASSED****Captured Data**

Name: Glen Daigle
Street Address:
Street Address (cont.):
City:
State:
Zip/Postal Code:
Country:
Account Number:

OFAC Watch Result**OFAC WATCH CHECK: PASSED****Captured Data**

Name: Roxanne Schleuniger
Street Address:
Street Address (cont.):
City:
State:
Zip/Postal Code:
Country:
Account Number:



Documentation and Reporting

Covenants

Reporting Requirements:

Borrower:

- **Company's Financial Statements.** As soon as available, but in no event later than ninety (90) days after each December 31st, or fifteen (15) days after interim requests, Borrower to provide a balance sheet and income statement for the period ended, in form and content acceptable to Lender.
- **Tax Returns.** As soon as available, but in no event later than October 31st, or **fifteen (15)** days after filing, whichever occurs first, annual tax returns. Tax returns are understood to be federal personal returns (form 1040, 1041 or 1065) with all schedules, and federal tax returns for any and all entities reported on the tax returns or for related entities (form 1065 and K-1's for partnerships and LLC's, and form 1120S for Sub S Corporations).
- **Rent Roll.** As soon as available, but in no event later than forty-five (45) days after each December 31st, or fifteen (15) days after interim requests, Borrower to provide a current rent roll on the Collateral Property, in form and content acceptable to Lender.

Guarantor:

- **Tax Returns.** As soon as available, but in no event later than October 31st, or fifteen (15) days after filing, whichever occurs first, annual tax returns. Tax returns are understood to be federal personal returns (form 1040, 1041 or 1065) with all schedules, and federal tax returns for any and all entities reported on the tax returns or for related entities (form 1065 and K-1's for partnerships and LLC's, and form 1120S for Sub S Corporations).
- **Company's Financial Statements.** As soon as available, but in no event later than forty-five (45) days after each December 31st and June 30th, or fifteen (15) days after interim requests, Borrower to provide a balance sheet and income statement for the period ended, in form and content acceptable to Lender.
- **Rent Roll.** As soon as available, but in no event later than forty-five (45) days after each December 31st and June 30th, or fifteen (15) days after interim requests, Borrower to provide a current rent roll on the Collateral Property, in form and content acceptable to Lender.
- **Personal Financial Statement and Real Estate Schedule.** No less than once annually, or upon request, Borrower to provide a Personal Financial Statement ("PFS") and Real Estate Owned Schedule ("REO"), in form and content acceptable to Lender. PFS and REO to be signed and



dated by Borrower and include all properties owned either directly or as an investor in partnerships, including total debt, debt service and Borrower's share of debt for each property.

Financial Covenants:

- **Debt Service Coverage Ratio.** Borrower to maintain a minimum Debt Service Coverage Ratio ("DSCR") of greater than 1.15:1.00 on the Collateral Pool, to be tested annually using fiscal year end operating statements for the period ended. DSCR to be defined as follows: Using the Borrower's operating statement on the Collateral Pool, the Property Income less Operating Expenses, including taxes and insurance but excluding capital expenditures, would equate to the Net Operating Income ("NOI"). The NOI divided by the actual Lender debt service would equate to the DSCR for this financial covenant.



Loan Code Validation

Loan Information	
Loan Action	Modify
Loan Number	7000709400
Primary Borrower(s) Name	Collier Group Associates, LLC
Primary Borrower Address	25109 Jefferson Avenue, Suite 110
Primary Borrower City, State, Zip	Murrieta, CA 92562
County (CRA)	Riverside County
Borrower Legal Status	Limited Liability Corporation
Borrower NAICS Code	531120
Is Borrower/Guarantor a Shareholder?	No
Port Number	NB0220
CM Number	011-2024
CM Date	6/18/2024
Guaranty Type:	Full Payment
Guaranty Percentage:	100.00%
Loan Number(s):	7000709400
Loan Commitment Amount:	\$ 1,680,000.00
Initial Advance:	\$ 3,035,000.00
Outstanding Balance:	\$ 1,680,000.00

Question Form		
Loan Type?	Term Loan	
Secured By?	Real Estate	
Property Type?	Office Building	
Owner Type?	Non-Owner Occupied	
Lien Position?	1st Trust Deed	
Value Add?	No	
Storage Tank?	No	
Repayment Type?	Repayment from Real Estate Cash Flows	
Purpose Type?	Real Estate Purpose	
	SYSTEM CODE	SYSTEM DESCRIPTION
Application Code	CL	Commercial Loans
System Type	2	Commitment
GL Type	LN-05	COMM RE - NON OWNER OCC TERM
Purpose Code	190	R/E NON-FARM/NON RESIDENTIAL (1ST LIEN)
Product Code	C05	COMM RE NON OWNER OCCUPIED - TERM
Collateral Code	371	1ST TD OFFICE
Call Code	1E2	RE: Other NonFarm NonResidential
Borrower Industry (Spare Amount 5)	Not Required	
Collateral Code Output	371	1ST TD OFFICE


Lending Relationship Table

BANC LOANS RELATED TO: COLLIER GROUP ASSOCIATES, LLC																
Borrower Name	Loan Number	Relationship	Facility Type	Current Commitment	Current Outstandings	1486 Compliance	Maturity Date	Credit Risk Score	Payment Status	Client Guarantee %	Client Ownership of Borrower %	Commitment Attributable to Client - 1480	Outstanding Balance Attributable to Client - 1480	Commitment Attributable to Individual - Borrower Relationship Limit	Outstanding Attributable to Individual - Borrower Relationship Limit	Loan Relationship Comments
Unsecured Subtotal				\$ -	\$ -							\$ -	\$ -	\$ -	\$ -	
Collier Group Associates, LLC	7000709400	Borrower	RE TL	1,680,000	1,680,000	Yes - 1486(a)	10/15/2027	3 - Pass	Current	100%	100%	1,680,000	1,680,000	1,680,000	1,680,000	1st T/D on eleven (11) unit medical office building located in Murrieta, CA.
Secured Subtotal				\$ 1,680,000	\$ 1,680,000							\$ 1,680,000	\$ 1,680,000	\$ 1,680,000	\$ 1,680,000	
Related Debt Subtotal				\$ -	\$ -							\$ -	\$ -	\$ -	\$ -	
Total				\$ 1,680,000	\$ 1,680,000							\$ 1,680,000	\$ 1,680,000	\$ 1,680,000	\$ 1,680,000	

Total Banc Capital as of 5/31/24	\$ 159,908,971
Unsecured 1480 Legal Limit	\$ 23,986,346
Unsecured House Lending Limit	\$ 20,388,394
Secured 1480 Legal Limit	\$ 39,977,243
Secured House Lending Limit	\$ 33,980,656
Individual Relationship Policy Limit	\$ 51,870,814

Client Lending Limit Totals - 1480		Commitment	Policy Exception	Outstanding	1480 Violation
Unsecured - 1480 LEGAL LENDING LIMIT		\$ -	NO	\$ -	NO
Secured - 1480 LEGAL LENDING LIMIT		\$ 1,680,000	NO	\$ 1,680,000	NO
Total		\$ 1,680,000	NO	\$ 1,680,000	NO
Individual Relationship Policy Limit		Commitment	Policy Exception	Outstanding	Policy Exception
Total Individual Relationship		\$ 1,680,000	NO	\$ 1,680,000	NO



M3 Status

Commercial and Industrial Memorandum #3 Designation		
	Yes	No
A) Is the loan Secured by a deed of trust?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
B) Are loan funds used to finance a specific RE project or venture?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
C) Are over 80% of the Borrower's assets or revenue from RE?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
D) Does repayment come from RE cash flows?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
E) Is the Borrower's risk profile closely linked to the condition of the general CRE market?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Designation: Real Estate Secured: Not M3		

*Real estate purposes defined as: Acquiring, developing, or renovating real estate.

Note Department Entry Table

FOR NOTE DEPARTMENT ENTRY	Previous Value (Leave Blank if New)	Current Value	Horizon Field Name
Sponsor Net Worth		4,210,032	10 Char Spare Code 3
Sponsor Liquidity		-	10 Char Spare Code 4
Sponsor Cash Flow		126,310	10 Char Spare Code 5
Sponsor FICO		789.00	Current FICO
NOI: Nano Underwriting		\$361,952	Current EBITDA
DSCR: Current Amortizing		1.22x	Current DSCR
Date of Financial Statements for underwriting (IE 2019 TR, use 12/31/19)		12/31/2023	Spare Date 5
Date of Sponsor CF/NW Underwriting		12/31/2022	Spare Date 6
Date of Sponsor Liquidity			Spare Date 7
DSCR: Current IO			Spare Amount 5
DSCR: Origination Amortizing		1.22x	Spare Amount 6
LTV: Origination		39.8%	Spare Amount 7
Borrower Industry (4A/9B2 ONLY)			Spare Amount 8
Existing Consumer debt payment (include the annual payment of individual debt, such as CC, Mortgage, etc)		\$1,548	Spare Amount 14
Appraised Cap Rate (RE ONLY)			Spare Amount 15
Existing Commercial/Business Interest Rate		2.25%	Spare Amount 16
Existing Commercial/Business Debt		\$ 2,828,998.00	Spare Amount 17
Appraisal: "As-Is"		\$ 6,588,000.00	20 Char Spare Code 3
Appraisal: "As-Complete"			20 Char Spare Code 4
Appraisal: "As-Stabilized"			20 Char Spare Code 5
Appraisal: Land Value			20 Char Spare Code 6
Square Footage (RE ONLY)		25,580	Sq Feet
Amortization (Actual)		220	3 Char Spare Code 3
Amortization (DSCR Test)		300	3 Char Spare Code 4
Call Report Memo			2 Char Spare Code 3
Shareholder Loan - S if Shareholder			1 Char Spare Code 3



Appendix A – FFIEC Geocode



2023 FFIEC Geocode Census Report

Address: 25109 Jefferson Ave, Murrieta, California, 92562
 MSA: 40140 - RIVERSIDE-SAN BERNARDINO-ONTARIO, CA
 State: 06 - CALIFORNIA
 County: 065 - RIVERSIDE COUNTY
 Tract Code: 0498.00

Summary Census Demographic Information

Tract Income Level	Middle
Underserved or Distressed Tract	No
2023 FFIEC Estimated MSA/MD/non-MSA/MD Median Family Income	\$94,500
2023 Estimated Tract Median Family Income	\$93,338
2020 Tract Median Family Income	\$75,750
Tract Median Family Income %	98.77
Tract Population	4012
Tract Minority %	56.01
Tract Minority Population	2247
Owner-Occupied Units	688
1- to 4- Family Units	1162

Census Income Information

Tract Income Level	Middle
2020 MSA/MD/statewide non-MSA/MD Median Family Income	\$76,686
2023 FFIEC Estimated MSA/MD/non-MSA/MD Median Family Income	\$94,500
% below Poverty Line	10.76
Tract Median Family Income %	98.77
2020 Tract Median Family Income	\$75,750
2023 Estimated Tract Median Family Income	\$93,338
2020 Tract Median Household Income	\$59,701

Census Population Information

Tract Population	4012
Tract Minority %	56.01
Number of Families	973
Number of Households	1570
Non-Hispanic White Population	1765
Tract Minority Population	2247
American Indian Population	12
Asian/Hawaiian/Pacific Islander Population	249
Black Population	170
Hispanic Population	1584
Other/Two or More Races Population	232

Census Housing Information

Total Housing Units	1624
1- to 4- Family Units	1162
Median House Age (Years)	21
Owner-Occupied Units	688
Renter Occupied Units	882
Owner Occupied 1- to 4- Family Units	607
Inside Principal City?	NO
Vacant Units	54



Appendix B – 4435 Florin 2023 OS and 2024 Proforma

1:08 PM

4435 Florin Rd

Income Expense Statement

03/28/2024

January through December 2023

Accrual Basis

	<u>Jan-Dec 23</u>
INCOME	
JIB Rent	201,541.44
Total Income	<u>201,541.44</u>
EXPENSE	
Accounting Fees	2,685.00
Schleuniger Trust Loan	183,435.48
Taxes	800.00
Secretary of State Filing Fees	30.00
Bank Fee	78.00
Total Expense	<u>187,028.48</u>
Net Income	<u><u>14,512.96</u></u>

Projected 2024 Operating Statement
Florin Rd Property

Income	
JIB Rent to OGE LP	154,363
JIB Rent to Collier	33,905
Total Income	188,268
Expense	
Accounting Fees	2,685
Schleuniger Trust Loan	141,000
OGE LP Loan	31,936
Taxes	800
Sec State Filing Fees	30
Bank Fee	78
Total Expense	176,529
Net Income	11,739



Appendix C – Release Pricing Schedule

Remaining Collateral				
Unit #	Appraisal Value 7/6/2017 (Individual Values)	Weighted Value	Par Value	110% of Par Value
100	\$ 1,103,000.00	13.79%	\$ 418,398.33	\$ 460,238.16
110	\$ 293,000.00	3.66%	\$ 111,142.98	\$ 122,257.28
120	\$ 432,000.00	5.40%	\$ 163,869.52	\$ 180,256.47
125	\$ 253,000.00	3.16%	\$ 95,969.88	\$ 105,566.87
200	\$ 798,000.00	9.97%	\$ 302,703.41	\$ 332,973.75
205	\$ 699,000.00	8.74%	\$ 265,149.98	\$ 291,664.98
215	\$ 505,000.00	6.31%	\$ 191,560.43	\$ 210,716.47
300	\$ 798,000.00	9.97%	\$ 302,703.41	\$ 332,973.75
305	\$ 699,000.00	8.74%	\$ 265,149.98	\$ 291,664.98
310	\$ 610,000.00	7.62%	\$ 231,389.83	\$ 254,528.81
325	\$ 398,000.00	4.97%	\$ 150,972.38	\$ 166,069.62
Totals:	\$ 6,588,000.00	82.34%	\$ 2,499,010.12	\$ 2,748,911.14