[DOC ID: 002 | DEAL: Summit Ridge Apartments | TYPE: Underwriting Memo (Draft)]

Summit Ridge – 72-unit multifamily acquisition in Greenville, SC. Built 1984, same owner 27 years. Asking 9.4M. In-place rent avg 985/mo, 96 % occupied but leases all MTM.

Model highlights:

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NOI (in-place)    620,000
Debt svc          610,000
DSCR              1.02×
Cap rate (act.)   6.6 %
Loan amount       7.5M (80 % LTV)
Rate              7.9 % fixed / 5yr term
Equity IRR        =((NOI×5−debt int)/eq) −1 → ? model cell blank
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We're showing levered IRR 10.8 % but that assumes $75 rent bump and zero turnover cost. Unrealistic. Management fee 4 % vs. market 3 %.

Roofing and HVAC replacement line missing in broker OM (they said "roofs replaced 2012," but invoices say partial overlay). CapEx reserve bumped to 350k.

The pro forma assumes exit year 5 at 6.0 cap which seems way too tight; comps averaging 6.75–7.0 even for newer stock.
At a 6.75 exit, levered IRR drops closer to 8.5 %.

Seller credit of $100k for plumbing scope—could maybe hold DSCR above 1.0 first year. Bank comfortable if we structure as "bridge with extension."

Market check: Greenville occupancy trending down to 93 %; rent growth flat. This is a coupon clipper at best, not a value-add.

Memo for IC: Recommend proceed only if pricing adjusts to sub-9M or seller covers roof replacement. Otherwise, marginal.