### **Doc 012 | Riverbend Apartments – Refinance Proposal (long / formal underwriting)**

Riverbend Apartments, Dallas TX, 116 units built 1986. Sponsor requests a **$14.2 MM** refi to replace existing 12.7 MM loan. Property recently renovated (2022) with partial roof replacement and parking lot resurfacing.

**Table – Operating Summary**

| **Metric** | **Value** | **Comment** |
| --- | --- | --- |
| NOI (TTM) | 1.02 MM | post-renovation run-rate |
| Cap Rate (ask) | 6.5 % | market ≈ 6.8 % |
| LTV | 79 % | value 18 MM as claimed |
| DSCR Yr 1 | 1.06× | thin margin |
| IRR (5-yr proj.) | ≈ 10.2 % | sensitive to rent growth |
| Vacancy | 8 % | normalizing to 5 % target |

**Narrative** Broker model assumes annual rent growth of 4.5 %, double the five-year sub-market avg (2.2 %). Expense line “Admin + Other” shows same value two years running; inflation not applied → understates cost ≈ 60 k per year. Correcting this drops IRR ≈ 0.8 pp and DSCR to 1.02×. Lender should either cap loan ≤ 13.5 MM or require sweep until coverage ≥ 1.2×.

Location strong (beltline access + employment nodes), but debt service buffer too thin for rising rates. Recommend conditional approval with rate hike stress and escrow for roof final section (≈ $150 k).