

EXHIBIT A: SOLVING FOR THE LOAN AMOUNT BY HAND

ASSUMPTIONS:

Stabilized NOI: \$950,000

SIZING ASSUMPTIONS:

Loan to value 80%
DSC 1.25
Interest rate 7%
Amortization 30 years

CALCULATIONS:

Cash available to support the loan: $950,000 / 1.25 = \$760,000$

Loan Amount:

$N = 306$ (360 periods to include 30 year amortization)

$I = 7\%$

$PMT: 760,000 / 12 = \$63,333$

RESULT:

$PV = \$9,519,429 =$ The loan amount

****KEYPOINT:** Excel example loan = \$8,010,867 – difference is the underwritten NOI of \$779,325 vs. raw NOI of \$950,000.