

SUBURBIA SHOPPING CENTER

William Walters is a local real estate investor focusing on income producing properties in Mytown, VA. You have been the account officer handling this relationship for the past 3 years. The bank's relationship with William began 8 years ago when Walters sold his insurance company. Your bank (Mytown Bank) provided him financing to purchase and renovate 3 rental properties. Over the next several years, Walters expanded his real estate holdings to include a Family General Store and a Big City Bank branch. Both of these were financed by Big City Bank. This was right about the time that you took over the relationship.

Your first real financing opportunity came 3 years ago with Walters' acquisition of a small retail strip center on an outparcel of a grocery store. You won that deal and have been cultivating a relationship with William ever since. Now, Billy has come to you with an opportunity to finance an 11,000 square foot retail strip plaza just down the road in a recently developed Suburbia Area. This area has a mix of office, multi-family, restaurant and retail properties and is the up and coming area in Mytown. The market data currently shows only 3% vacancy in small retail space with lease rates exceeding \$20 per square foot.

Construction on the property was completed 3 years ago. The purchase price is \$3,100,000 and Walters has asked to you to provide 80% financing for a loan amount of \$2,480,000. Walters has provided you with current and projected rent rolls for the property along with an updated personal financial statement. He also indicated that he has provided the same information to Big City Bank.

Your challenge, working with others in your team, is to analyze the request, reach a decision and make a proposal on Friday morning. **At a minimum, your presentation should include the following:**

- 1) Summary of the loan request
- 2) Recommendation for loan structure
- 3) Financial analysis with an emphasis on both the property and the guarantor
- 4) Recommendation for covenants
- 5) Listing of strengths and weaknesses (risks) associated with this financing. Strengths and weaknesses should be both financial and non-financial.

If you choose not to make the loan, you must be prepared to defend your decision in light of the Bank's current focus on loan growth.

Suburbia Shopping Center
200 City Park Dr, Mytown, VA 55555
Rent Roll

2023

				12/31/2023	Lease	Lease	Renewal							
	Tenant	Sq. Ft.	Lease Type	Lease Rate	Origination	Expiration	Options							
Unit 1	Hair Cuts & More	2,000	NNN	\$20.91	06/01/22	06/01/27	Two - 3 year renewal options; 2% annual escalations							
Unit 2	Mattress Kings	2,500	NNN	\$20.00	05/01/22	05/01/27	Two - 5 year renewal options; 5% escalation in year 6							
Unit 3	Sub Shop	1,500	NNN	\$21.50	07/01/23	07/01/28	Three - 3 year renewal options; 3% annual escalations							
Unit 4	Japanese Grill	2,000	NNN	\$21.17	06/01/22	06/01/27	Two - 3 year renewal options; 2% annual escalations							
Unit 5	Just Shoes	3,000	NNN	\$21.00	05/01/22	05/01/27	Two - 5 year renewal options; 5% escalation in year 6							
Total		11,000												
		January	February	March	April	May	June	July	August	September	October	November	December	Total
Gross Rents														
Unit 1	Hair Cuts & More	3,416.67	3,416.67	3,416.67	3,416.67	3,416.67	3,485.00	3,485.00	3,485.00	3,485.00	3,485.00	3,485.00	3,485.00	41,478.33
Unit 2	Mattress Kings	4,166.67	4,166.67	4,166.67	4,166.67	4,166.67	4,166.67	4,166.67	4,166.67	4,166.67	4,166.67	4,166.67	4,166.67	50,000.00
Unit 3	Sub Shop	-	-	-	-	-	-	2,687.50	2,687.50	2,687.50	2,687.50	2,687.50	2,687.50	16,125.00
Unit 4	Japanese Grill	3,458.33	3,458.33	3,458.33	3,458.33	3,458.33	3,527.50	3,527.50	3,527.50	3,527.50	3,527.50	3,527.50	3,527.50	41,984.17
Unit 5	Just Shoes	5,250.00	5,250.00	5,250.00	5,250.00	5,250.00	5,250.00	5,250.00	5,250.00	5,250.00	5,250.00	5,250.00	5,250.00	63,000.00
Total		16,291.67	16,291.67	16,291.67	16,291.67	16,291.67	16,429.17	19,116.67	19,116.67	19,116.67	19,116.67	19,116.67	19,116.67	212,587.50
Pass-Through Expenses														
Unit 1	Hair Cuts & More	-	909.09	-	-	909.09	-	-	909.09	-	-	909.09	4,581.82	8,218.18
Unit 2	Mattress Kings	-	1,136.36	-	-	1,136.36	-	-	1,136.36	-	-	1,136.36	5,727.27	10,272.73
Unit 3	Sub Shop	-	-	-	-	-	-	-	681.82	-	-	681.82	1,718.18	3,081.82
Unit 4	Japanese Grill	-	909.09	-	-	909.09	-	-	909.09	-	-	909.09	4,581.82	8,218.18
Unit 5	Just Shoes	-	1,363.64	-	-	1,363.64	-	-	1,363.64	-	-	1,363.64	6,872.73	12,327.27
Total		-	4,318.18	-	-	4,318.18	-	-	5,000.00	-	-	5,000.00	23,481.82	42,118.18
Total Revenues		16,291.67	20,609.85	16,291.67	16,291.67	20,609.85	16,429.17	19,116.67	24,116.67	19,116.67	19,116.67	24,116.67	42,598.48	254,705.68
Expenses														
	Real Estate Taxes	-	-	-	-	-	-	-	-	-	-	-	25,200.00	25,200.00
	Insurance	-	-	5,000.00	-	-	5,000.00	-	-	5,000.00	-	-	5,000.00	20,000.00
	Commissions	-	-	-	-	-	-	4,500.00	-	-	-	-	-	4,500.00
	Professional Fees	-	-	-	1,500.00	-	-	-	-	-	500.00	-	-	2,000.00
	Other	-	-	-	-	-	-	-	-	-	125.00	-	-	125.00
Total		-	-	5,000.00	1,500.00	-	5,000.00	4,500.00	-	5,000.00	625.00	-	30,200.00	51,825.00
Net Operating Income		16,291.67	20,609.85	11,291.67	14,791.67	20,609.85	11,429.17	14,616.67	24,116.67	14,116.67	18,491.67	24,116.67	12,398.48	202,880.68

Suburbia Shopping Center
200 City Park Dr, Mytown, VA 55555
Rent Roll

2024

				12/31/2024	Lease		Lease		Renewal					
	Tenant	Sq. Ft.	Lease Type	Lease Rate	Origination	Expiration	Options							
Unit 1	Hair Cuts & More	2,000	NNN	\$21.33	06/01/22	06/01/27	Two - 3 year renewal options; 2% annual escalations							
Unit 2	Mattress Kings	2,500	NNN	\$20.00	05/01/22	05/01/27	Two - 5 year renewal options; 5% escalation in year 6							
Unit 3	Sub Shop	1,500	NNN	\$22.15	07/01/23	07/01/28	Three - 3 year renewal options; 3% annual escalations							
Unit 4	Japanese Grill	2,000	NNN	\$21.59	06/01/22	06/01/27	Two - 3 year renewal options; 2% annual escalations							
Unit 5	Just Shoes	3,000	NNN	\$21.00	05/01/22	05/01/27	Two - 5 year renewal options; 5% escalation in year 6							
Total		11,000												
		January	February	March	April	May	June	July	August	September	October	November	December	Total
Gross Rents														
Unit 1	Hair Cuts & More	3,485.00	3,485.00	3,485.00	3,485.00	3,485.00	3,554.70	3,554.70	3,554.70	3,554.70	3,554.70	3,554.70	3,554.70	42,307.90
Unit 2	Mattress Kings	4,166.67	4,166.67	4,166.67	4,166.67	4,166.67	4,166.67	4,166.67	4,166.67	4,166.67	4,166.67	4,166.67	4,166.67	50,000.00
Unit 3	Sub Shop	2,687.50	2,687.50	2,687.50	2,687.50	2,687.50	2,687.50	2,768.13	2,768.13	2,768.13	2,768.13	2,768.13	2,768.13	32,733.75
Unit 4	Japanese Grill	3,527.50	3,527.50	3,527.50	3,527.50	3,527.50	3,598.05	3,598.05	3,598.05	3,598.05	3,598.05	3,598.05	3,598.05	42,823.85
Unit 5	Just Shoes	5,250.00	5,250.00	5,250.00	5,250.00	5,250.00	5,250.00	5,250.00	5,250.00	5,250.00	5,250.00	5,250.00	5,250.00	63,000.00
Total		19,116.67	19,116.67	19,116.67	19,116.67	19,116.67	19,256.92	19,337.54	19,337.54	19,337.54	19,337.54	19,337.54	19,337.54	230,865.50
Pass-Through Expenses														
Unit 1	Hair Cuts & More	-	945.45	-	-	945.45	-	-	945.45	-	-	945.45	4,981.82	8,763.64
Unit 2	Mattress Kings	-	1,181.82	-	-	1,181.82	-	-	1,181.82	-	-	1,181.82	6,227.27	10,954.55
Unit 3	Sub Shop	-	709.09	-	-	709.09	-	-	709.09	-	-	709.09	3,736.36	6,572.73
Unit 4	Japanese Grill	-	945.45	-	-	945.45	-	-	945.45	-	-	945.45	4,981.82	8,763.64
Unit 5	Just Shoes	-	1,418.18	-	-	1,418.18	-	-	1,418.18	-	-	1,418.18	7,472.73	13,145.45
Total		-	5,200.00	-	-	5,200.00	-	-	5,200.00	-	-	5,200.00	27,400.00	48,200.00
Total Revenues		19,116.67	24,316.67	19,116.67	19,116.67	24,316.67	19,256.92	19,337.54	24,537.54	19,337.54	19,337.54	24,537.54	46,737.54	279,065.50
Expenses														
	Real Estate Taxes	-	-	-	-	-	-	-	-	-	-	-	27,400.00	27,400.00
	Insurance	-	-	5,200.00	-	-	5,200.00	-	-	5,200.00	-	-	5,200.00	20,800.00
	Commissions	-	-	-	-	-	-	-	-	-	-	-	-	-
	Professional Fees	-	-	-	1,500.00	-	-	-	-	-	500.00	-	-	2,000.00
	Other	-	-	-	-	-	-	-	-	-	200.00	-	-	200.00
Total		-	-	5,200.00	1,500.00	-	5,200.00	-	-	5,200.00	700.00	-	32,600.00	50,400.00
Net Operating Income		19,116.67	24,316.67	13,916.67	17,616.67	24,316.67	14,056.92	19,337.54	24,537.54	14,137.54	18,637.54	24,537.54	14,137.54	228,665.50

Suburbia Shopping Center
200 City Park Dr, Mytown, VA 55555
Rent Roll

Current 2025

				Current	Lease	Lease	Renewal							
	Tenant	Sq. Ft.	Lease Type	Lease Rate	Origination	Expiration	Options							
Unit 1	Hair Cuts & More	2,000	NNN	\$21.75	06/01/22	06/01/27	Two - 3 year renewal options; 2% annual escalations							
Unit 2	Mattress Kings	2,500	NNN	\$20.00	05/01/22	05/01/27	Two - 5 year renewal options; 5% escalation in year 6							
Unit 3	Sub Shop	1,500	NNN	\$22.81	07/01/23	07/01/28	Three - 3 year renewal options; 3% annual escalations							
Unit 4	Japanese Grill	2,000	NNN	\$22.02	06/01/22	06/01/27	Two - 3 year renewal options; 2% annual escalations							
Unit 5	Just Shoes	3,000	NNN	\$21.00	05/01/22	05/01/27	Two - 5 year renewal options; 5% escalation in year 6							
Total		11,000												
		January	February	March	April	May	June	July	August	September	October	November	December	Total
Gross Rents														
Unit 1	Hair Cuts & More	3,554.70	3,554.70	3,554.70	3,554.70	3,554.70	3,625.79	3,625.79	3,625.79	3,625.79	3,625.79	3,625.79	3,625.79	43,154.06
Unit 2	Mattress Kings	4,166.67	4,166.67	4,166.67	4,166.67	4,166.67	4,166.67	4,166.67	4,166.67	4,166.67	4,166.67	4,166.67	4,166.67	50,000.00
Unit 3	Sub Shop	2,768.13	2,768.13	2,768.13	2,768.13	2,768.13	2,768.13	2,851.17	2,851.17	2,851.17	2,851.17	2,851.17	2,851.17	33,715.76
Unit 4	Japanese Grill	3,598.05	3,598.05	3,598.05	3,598.05	3,598.05	3,670.01	3,670.01	3,670.01	3,670.01	3,670.01	3,670.01	3,670.01	43,680.33
Unit 5	Just Shoes	5,250.00	5,250.00	5,250.00	5,250.00	5,250.00	5,250.00	5,250.00	5,250.00	5,250.00	5,250.00	5,250.00	5,250.00	63,000.00
Total		19,337.54	19,337.54	19,337.54	19,337.54	19,337.54	19,480.60	19,563.64	19,563.64	19,563.64	19,563.64	19,563.64	19,563.64	233,550.15
Pass-Through Expenses														
Unit 1	Hair Cuts & More	-	963.64	-	-	963.64	-	-	963.64	-	-	963.64	5,381.82	9,236.36
Unit 2	Mattress Kings	-	1,204.55	-	-	1,204.55	-	-	1,204.55	-	-	1,204.55	6,727.27	11,545.45
Unit 3	Sub Shop	-	722.73	-	-	722.73	-	-	722.73	-	-	722.73	4,036.36	6,927.27
Unit 4	Japanese Grill	-	963.64	-	-	963.64	-	-	963.64	-	-	963.64	5,381.82	9,236.36
Unit 5	Just Shoes	-	1,445.45	-	-	1,445.45	-	-	1,445.45	-	-	1,445.45	8,072.73	13,854.55
Total		-	5,300.00	-	-	5,300.00	-	-	5,300.00	-	-	5,300.00	29,600.00	50,800.00
Total Revenues		19,337.54	24,637.54	19,337.54	19,337.54	24,637.54	19,480.60	19,563.64	24,863.64	19,563.64	19,563.64	24,863.64	49,163.64	284,350.15
Expenses														
	Real Estate Taxes	-	-	-	-	-	-	-	-	-	-	-	29,600.00	29,600.00
	Insurance	-	-	5,300.00	-	-	5,300.00	-	-	5,300.00	-	-	5,300.00	21,200.00
	Commissions	-	-	-	-	-	-	-	-	-	-	-	-	-
	Professional Fees	-	-	-	1,800.00	-	-	-	-	-	600.00	-	-	2,400.00
	Other	-	-	-	-	-	-	-	-	-	250.00	-	-	250.00
Total		-	-	5,300.00	1,800.00	-	5,300.00	-	-	5,300.00	850.00	-	34,900.00	53,450.00
Net Operating Income		19,337.54	24,637.54	14,037.54	17,537.54	24,637.54	14,180.60	19,563.64	24,863.64	14,263.64	18,713.64	24,863.64	14,263.64	230,900.15

Financial Statement

Date of Statement: December 31, 2024

Name of Applicant or Borrower William A Walters		Date of Birth 6/22/1963
Address 111 Oak St		Telephone #
City Mytown	State VA	Zip Code 55555
Occupation or Business Real Estate Investor		SS Number

Name of Co-Applicant or Co-Borrower Stepahie R Walters		Date of Birth 7/17/1967
Address 111 Oak St		Telephone #
City Mytown	State VA	Zip Code 55555
Occupation or Business Photographer		SS Number

ASSETS

Cash

In Banks	\$	958,000
Other Depositories	\$	-
Total Cash	\$	958,000

Equity in Business/Real Estate Investments

Business Investments	\$	-
Real Estate Investments	\$	1,825,000
Total Equity in Business/Real Estate Investments	\$	1,825,000

Investments (Schedule on back)

U.S. Government Securities	\$	-
Marketable Securities	\$	1,675,000
Tax Advantage/Retirement Accounts	\$	767,642
Total Investments	\$	2,442,642

Real Estate (Schedule on back)	\$	1,375,000
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Cash Value Life Insurance	\$	-
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Other Assets (Fair Market Value)

Household Furnishings	\$	100,000
Autos	\$	60,000
Other Assets	\$	-
Total Other Assets	\$	160,000

TOTAL ASSETS	\$	6,760,642
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LIABILITIES

Mortgage Notes Payable	\$	780,000
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Installment Notes Payable	\$	37,900
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Unsecured Revolving Notes Payable	\$	12,025
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Taxes Payable (Describe)	\$	-
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Other Liabilities (Describe)	\$	-
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Loans Against Life Insurance	\$	-
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Total Other Liabilities	\$	-
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Total Liabilities	\$	829,925
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Net Worth	\$	5,930,717
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I/We certify as a basis for credit that, to the best of my/our knowledge and belief, the information furnished and all representations made herein constitute the true and correct statement of my/our financial condition; that I/we have no assets or liabilities other than as shown on this statement; that all my/our assets are free of lien assignment except as shown herein and that there are no judgements outstanding or suits pending against me/us.

X _____

X _____

Schedules (Attach additional sheets if necessary)**Investments - Stocks and Bonds**

Description	Issued in name of	# of shares	Market Value per share	Total Market Value	Where traded	Other
Fidelity Investment Account	Joint			\$ 1,675,000		
Other Stocks/Bonds				\$ -		
Total				\$ 1,675,000		
401k	WDS			\$ 674,963		
IRA	JRS			\$ 92,679		
Total				\$ 767,642		
TOTAL				\$ 2,442,642		

Equity in Business/Real Estate Investment Entities

Entity	Description	Ownership	Gross Value	Loan Balances	Net Equity	Comments
			\$ -	\$ -	\$ -	
			\$ -	\$ -	\$ -	
Total Business Investments			\$ -	\$ -	\$ -	
Mytown FGS, LLC	Family General Store	100%	\$ 2,100,000	\$ 1,350,000	\$ 750,000	
Mytown BCB, LLC	Big City Bank branch	100%	\$ 1,900,000	\$ 1,325,000	\$ 575,000	
Mytown Strip, LLC	Strip Center	100%	\$ 1,750,000	\$ 1,250,000	\$ 500,000	
			\$ -	\$ -	\$ -	
Total Real Estate Investments			\$ 5,750,000	\$ 3,925,000	\$ 1,825,000	
TOTAL			\$ 5,750,000	\$ 3,925,000	\$ 1,825,000	

Real Estate Assets/Liabilities

Location and Description (size,type building, etc)	Title In Name of	Date of Acquisition	Cost	Current Mkt. Value	Tax Value	Mortgage Balance	Monthly Payment	Mortgage Holder
Primary Residence	Joint	Feb-15	\$ 425,000	\$ 675,000	\$ 450,000.0	\$ 350,000	\$ 2,100	Mytown Mtg
						\$ 50,000	\$ 350	Mytown Bank
Rental House (247 Apple Dr)	Joint	Mar-17	\$ 160,000	\$ 225,000	\$ 165,000.0	\$ 120,000	\$ 800	Mytown Bank
Rental House (251 Apple Dr)	Joint	Jun-17	\$ 180,000	\$ 250,000	\$ 190,000.0	\$ 140,000	\$ 900	Mytown Bank
Rental House (255 Apple Dr)	Joint	May-17	\$ 160,000	\$ 225,000	\$ 165,000.0	\$ 120,000	\$ 800	Mytown Bank
TOTAL			\$ 925,000	\$ 1,375,000	\$ 970,000	\$ 780,000	\$ 4,950	

Installment Notes

Creditor	Purpose	Collateral/Guaranty	Payment Amount	Unpaid Balance	Expected Payout Date
Honda	Purchase	2023 Honda Accord	\$ 525	\$ 13,250	11/26/2026
Nissan	Purchase	2023 Nissan Pathfinder	\$ 750	\$ 24,650	1/16/2027
			\$ -	\$ -	
			\$ -	\$ -	
			\$ -	\$ -	
TOTAL			\$ 1,275	\$ 37,900	

Revolving Notes

Creditor	Purpose	Collateral/Guaranty	Credit Line	Payment Amount	Unpaid Balance	Expected Payout Date
VISA	Credit Card	Unsecured	\$ 10,000	\$ 150	\$ 4,750	
Discover	Credit Card	Unsecured	\$ 15,000	\$ 250	\$ 7,275	
TOTAL			\$ 25,000	\$ 400	\$ 12,025	