

April 23, 2013

Client: Jeanmard Development Inc.

Underwriter: Mark Nash / MDN Capital

Underwriting and Assessment Report Multifamily Acquisition and Reposition – Baton Rouge, LA

A. Assessment of Transaction

Baton Rouge, LA Multifamily Purchase/Renovation

The borrower is a single-asset real estate holding entity called Jeanmard Development Inc.; which is financing a garden style multifamily community consisting of (2) Garden Style buildings with 44 units and an all 2BR 1BA unit mix. The property located at (TBD) has a year built of 1986 and sits on 1.2 acres in a nice subdivision. The property is known as The Meadows at Southern University.

The borrower is seeking bridge financing in the form of a purchase renovation loan on the property located in Baton Rouge, LA. The property was recently selling for \$250,000 and is now under contract by the borrower for \$200,000. The borrower has already opened title with \$1,500 certified earnest money funds and plans to execute the purchase transaction on approximately May 22, 2013 upon securing firm commitment of financing.

The Meadows at Southern University collateral is a Class C property that is presently completely vacant. It is the borrower's intention to reposition the property to a Class B student housing community since the property maintains an excellent location literally just feet from the campus of Southern University A&M Baton Rouge. The current owner is a Non-Profit organization who had intentions on converting the property to a state funded healthcare facility. The funding fell through some time ago and the property fell in to disrepair. The projected annual rental income generated by the property is \$356,400 with annual operating expense of \$143,042, resulting in an annual net operating income of \$195,538. Using a conservative 9.0% cap rate, the annual NOI produces a \$2,172,644 value, for a 39.3% ARV.

Therefore, the borrower is seeking bridge financing in the form of a purchase renovation loan for \$998,450. This loan amount includes \$200,000 (Purchase Price), \$700,000 (Renovation Cost) and approximately \$98,450 of the borrower's own funds for lender points, due diligence fees, and other closing fees. The loan will be secured by a 1st CREM on the subject property. The borrower is requesting a loan structure of a monthly Interest Only payment, based upon a 30-year amortization and 13% interest rate. The estimated monthly payment is \$9,469 (or \$113,628 annually). For the Renovation financing portion of the loan, the borrower is requesting a bi-weekly progressive payment for construction hard and soft cost including an interest reserve account. The time required to complete construction is projected to be 20-weeks.

B) Assessment of Management

Management Company

The property will be leased up by Greenwood Property Management and the borrower has elected to keep this management in place. They have a firm understanding of the market and an excellent track record having taken similar properties in Baton Rouge through a complete renovation and lease up. As a result, their occupancy rates average 96% and their collection rate averages 98%. All

tenants will be new credit tenants and crime will be zero.

Greenwood Property Management accepts all applications, rent, and maintenance request online via the company website, www.greenwoodllc.net Tenants have 24/7 access to account ledger, copies of leases, and status of work orders. They also provide free WIFI Access Points to all tenants to encourage this technology based approach to management.

Greenwood Property Management is the only management company in the area that allows property owners the ability to log into an “Owner Portal” and view monthly operating statements, deposit owner contributions, receive owner draws, review all accounting reports, as well as communicate with managers. This can be done by computer or smart phone and reduces preparing business tax returns to a few clicks. The system also allows owners to approve or deny any maintenance requests in advance. The entire tenant/owner portfolio is accessible 24/7 in real time through the web-based management system. This is a first of its kind and we feel the property will be in better hands because of it.

C) Exit Strategy
FHA 223(f)

The exit strategy of Jeanmard Development Inc. is to apply for and receive HUD approval of Firm Commitment to insure up to 65% of guaranteed long term low interest permanent financing via the FHA 223(f) loan program. This program is ideal for the borrower of the subject as it helps the borrower to overcome most of the transaction weaknesses including limited liquidity. The parameters of the program are specifically designed to allow for higher LTV constraints and lower debt service requirements to assist borrowers through underwriting. The borrower is also a good candidate for conventional financing having excellent personal and business credit. Additional strengths include the borrowers experience with developing and maintaining impeccable accounting practices all but ensuring accurate financials and tax returns will be available for refinancing. In addition, the borrower has enlisted the experienced and expert services of Mark Nash with MDN Capital of Dallas, TX. Mr. Nash has many years experience and FHA transactions to his credit and is excited about the prospect of assisting the borrower meet its financial goals and obligations.

29,250 SF multifamily apartment buildings located at Baton Rouge, LA 70818