

Signet Mortgage Corporation

Commercial Programs and Rates

Examples of Program Highlights

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for up-to-date rates and programs



April 16, 2009 Rates and Matrix Table of Contents

Programs	Page
Table of Contents	1
SBA 504 \$150K to \$4 million loan amounts to 90% LTV	2
SBA 7A \$250K to \$2 million loan amounts	3
Commercial Program A Owner and Non Owner Occupied \$150K to \$4 million loan amounts to 65% LTV to 85% CLTV	4
Commercial Program B Owner Occupied \$500K to \$5 million loan amounts to 75% LTV	5
Hotel or Motel \$150K to \$4 million loan amounts from 60% to 65% LTV	6
Construction, Expansions, Renovations and Tenant Improvements \$150K to \$4 million to 90% LTC and must qualify to roll over to our perm program	7
Bank Bridge and Rehabilitation \$2 million to \$10 million to 70% LTV	8
Hard Money Bridge and Rehabilitation \$2 million to \$50 million+ to 65% to 80% LTV	9
Multifamily 5+ Units \$750K to \$100MM Multifamily loan amounts to 75% to 80% LTV	10 -11

SBA 504

\$150,000 To \$4,000,000

Purchase

Maximum 90% LTV

Hotels, Motels, Medical, Dental, Mixed Use, Owner User

We'll consider any real estate transaction that is 51% Owner Occupied
 We typically have sufficient collateral and rarely, if ever take a position on a borrower's residence.

Purchase ONLY No Refinances No ground lease

Fixed Rate loans available to 90% LTV depending on property type
 25/25 Term/Amortization, Floor Rate 6.00%

First Mortgage up to 50% LTV Rates

O/O Multi-Use Add Ons for Special Use Properties

Programs	Rates
Prime Quarterly Adjust	6.00%
1 Year LIBOR Annual Adjust	6.20%
3 Year Fixed Recast	6.14%
5 Year Fixed Recast	6.71%
10 Year Fixed Recast	7.75%

Pre-Payment Penalty Options – Add to Rate

	<u>Prime/LIBOR</u>	<u>3, 5 & 10 Year</u>
Declining 5,4,3,2,1	0.50%	0.50%
Flat 5% for first 5 years	0.25%	0.50%
Declining 7,6,5,4,3,2,1	0.25%	0.50%
Flat 7% for 7 years	0.25%	0.50%
Declining 10,9,8,7,6,5,4,3,2,1	0.25%	0.25%
Flat 10% for first 10 years	Required	Required

Estimated CDC Second Mortgage up to 40% LTV Rates

Local CDC's Establish Rates

20 years fixed	5.25%
10 years fixed	5.25%

For a Letter of Interest go to [SBA Pre-Qualification Package](#) on the website and download

SBA 7A

\$250,000 To \$2 million

Small business term loans for the following uses and purposes:

- Owner occupied real estate purchases
- Equipment purchases
- Business Acquisitions - Franchises
- Partner buy-outs
- Permanent working capital
- Furniture, fixtures and leasehold improvements
- Refinance existing debt

Term:	7 to 25 years fully amortizing
Rates:	>15 years Prime base plus 2.75% = 6.00% <15 years Prime base plus 2.50% = 5.50%
Minimum Cash Injection:	Multi Purpose – 10% Special Use – 15% All Other – 20%
Prepayment Penalty	None on loans less than 15 years; step down 5,3,1 for loans more than 15 years
Fees:	Can be rolled into loan; amount depends on guaranteed portion of loan
Guaranty:	All 20% or greater owners
Collateral:	Business assets; personal assets as necessary If the collateral involved is not sufficient and/or if the bank deems it necessary we collateralize the borrower's residence.

Term Sheet Requirements

- Loan request summary - amount, purpose, sources and uses, etc.
- Small Business Concern financial information – prior two years, plus year-to-date
- Business Debt Schedule for the Small Business Concern
- Borrower financial information – Most Recent FY Personal Tax Return,
- Personal Financial Statement and Credit Report
- Property photographs

Commercial Program A

\$150K to \$4 million First Mortgage

Seller Carry Back or Other Institution Second Allowed up to 85% CLTV
 Industrial bldgs - No buildings built prior to 1950 and > 50,000 sq ft
 Minimum DSCR 1.25+ 1% Loan Assumability Minimum Score 650+
 Term/Amortization 20 or 25 Years - No Balloon Payment

***Tier I \$150K to \$4 million 65% LTV**

Industrial, Office Buildings, Office Condo, Single Tenant
 Medical Condo, Retail, Strip Malls, Warehouse

***Tier II \$150K to \$4 million 60% LTV**

Light Automotive Service Repair Facilities, Auto Tire and Brake Centers,
 Bed and Breakfast, Funeral Homes, Day Care, Auto Service,
 Assisted Living Care, Grocery Store, Self Storage

***Tier III \$150K to \$3 million 50% LTV**

Car Washes, Car Dealerships, Bowling Alleys, Ice Rinks, Movie Theaters,
 Aircraft Hangers, Golf Courses, Country Clubs and Special Use Real Estate

	Tier I	Tier II	Tier III	Restaurants 60% LTV
Prime- quarterly	6.00%	6.00%	6.00%	6.00%
1 yr fixed Quarterly adjustment	6.20%	6.70%	6.95%	6.96%
3 yr Fixed Recast	6.14%	6.64%	6.89%	6.88%
5 yr Fixed Recast	6.71%	7.21%	7.46%	7.47%

- 1) Borrower may make additional principal reductions without penalty up to 20% of the original note balance annually
- 2) Rate locks beyond 30 days are available up to 60 days with a deposit of \$3,500 or .75% of the permanent loan amt
- 3) Floor Rate 6.00%
- 4) No ground leases
- 5) Recast – At no cost rate is rolled over to new recast fixed rate based on fixed 1, 3 or 5 year LIBOR Swap index plus a margin. Borrower can eventually own the property with one closing.
- 6) Refinances of owner occupied add 0.25% to the rate on all Tiers.

Pre-payment Penalty Options – Add to Rate

Prepayment Penalty	Prime & 1-Yr	3-Yr & 5-Yr
Declining 5%, 4, 3, 2, 1%	0.50%	0.75%
Flat 5% for first 5 years	0.50%	0.75%
Declining 7%, 6, 5, 4, 3, 2, 1%	0.50%	0.75%
Flat 5% for years 1-6 and declining 4%, 3, 2, 1% for years 7-10	0.25%	0.50%
Flat 7% for 7 years	0.25%	0.50%
Declining 10%, 9, 8, 7, 6, 5, 4, 3, 2, 1%	0.25%	0.50%
Flat 10% for first 10 years	required	required

For a Letter of Interest go to Pre-Qualification Package on the website and download

Commercial Program B - Owner Occupied

\$500K to \$5 million

75% LTV, Purchase and Refinance (Cash Out and Rate and Term)

30 Year Amortization

Minimum Score 680+

Industrial, Office Buildings, Office Condo, Single Tenant
 Medical Condo, Retail, Office/Warehouse,
 Light Automotive Service Repair Facilities, Auto Tire and Brake Centers,
 (No underground bays allowed)

Buy Downs Available

5 – Yr Fixed Balloon	6.93%
7 – Yr Fixed Balloon	7.26%
10 – Yr Fixed Balloon	7.54%

Pre-Payment Penalty

5 Yr Fixed Flat = 5% for Five (5) years or 1% fee for 5,4,3,2,1

7 Yr Fixed Flat = 7% for Seven (7) years or 1% fee for 7,6,5,4,3,2,1

10 Yr Fixed Flat = 10% for Ten (10) years or 1% fee for 10,9,8,7,6,5,4,3,2,1

DSCR

Based on two methods and property must pass both

1. Minimum 1.25 DSCR based on the underwritten EBITA of the small business concern.
2. Minimum 1.00 DSCR based upon the underwritten NOI. The lower of actual vs. Market Rents and the greater of actual vs. market expenses will be used to develop the underwritten NOI.

For a Letter of Interest go to Pre-Qualification Package on the website and download

Hotel or Motel \$150K to \$4 million

- Maximum LTV 60% - 65% (see below) based upon the current or prospective market value of the subject property. Purchase and Rate and Term Refinance. No ground leases. Cash out for property improvements only.

“Excellent” Hotel	“Good” Hotel
Prime Quarterly Adjust 6.00%	Prime Quarterly Adjust 6.00%
1 Yr Fixed Adjust 7.03%	1 Yr Fixed Adjust 7.03%
3 Yr Fixed Recast 7.25%	3 yr Fixed Recast 7.25%
5 Yr- Fixed Recast 7.52%	5 Yr- Fixed Recast 7.52%
– Up to 65% LTV	– Up to 60% LTV
– Property built within the last 10 years	– Property built 11-20 years ago
– Flagged or Boutique in resort area	– Flagged or Boutique in resort area
– Limited Service	– Limited Service
– Interior Corridor	– Interior Corridor
– 125 units or less	– 125 units or less
– DSCR > 1.25x in most recent FYE and the interim & positive or stable trends	– DSCR > 1.25x in most recent FYE and the interim & positive or stable trends

- The borrower is required to make an equity injection equal to a minimum 20% of project costs or appraised value, whichever is less (15% equity permitted if done with SBA 504 program). Seller financing on full standby, in a junior lien position may be included in the 20% equity, provided the borrower’s cash injection is at least 10%.
- If the motel is proposed or a start-up, the borrower needs to have the ability to cover at least 50% of the new combined debt service from other independent sources of income.
- The borrowers are required to have prior motel management experience.
- The land shall be held in fee simple interest.
- All FF&E must be included as part of the collateral with a UCC-1 first lien position.
- A minimum DSC of 1.25x is required.

Other:

- ALC will also consider and evaluate existing motel properties with acceptable debt service coverage of the proposed debt with consistent or improving trends.
- ALC prefers motel properties that are part of a regional or national franchise.
- ALC will generally avoid motel properties that:
 - are greater than 20 years old without major renovations or have outdated exterior corridors
 - have a high number of units (approx. 100+) with a low ADR and average occupancy (i.e. < 40%)
 - have 10% or more of the rooms that are non-rentable
- ALC estimates hotel values as follows:
 - NOI @ approx. 35% of Gross Revenues with cap rates in the 11% to 12% range
 - Gross Room Revenues multiplied by 2.5 to 3.0 X.

For a Letter of Interest go to [Pre-Qualification Package](#) on the website and download



Construction, Improvement and Rehabilitation (Must qualify for our perm loan take out for programs on pgs 2, 4 or 6) **\$250K to \$4 million to 90% LTC First Mortgages**

We consider construction loans to include ground-up construction as well as purchase or refinances with renovations, expansions, or tenant improvements

Maximum Loan: \$4,000,000 (including 1st and interim 2nd financing)

Maximum LTC: 90% for multi-use properties (excludes start-up businesses) (per SBA 504 guidelines)

85% for special use properties (multi-use start up) 80% for special use properties that are start-up businesses.

No Multifamily or MHP's. *Subject to guidelines below

Interest Rate: Multi-use: Prime + 1%, with a 7% floor Special-Use: Prime + 1.5 - 2.0%, with a 7% floor

Fee Summary: The Construction Loan Fee is 1.50%, Documentation Fee is \$2,900. The Initial Project Review, Due Diligence, Fund Control and Guaranty are quoted on a case by case basis.

Eligible Properties: Multi-use properties and currently acceptable special use properties will be considered if the credit is sufficiently strong to justify the transaction. Must be located in an identifiable MSA. The project must be located in an area suitable for the intended use. Construction costs must be within acceptable norms (no unusual types of construction or elaborate improvements will be allowed). Borrower / Eligible Borrower / Operating Company must have generated a DCR of ≥ 1.25 for the proposed debt over the past two years Operating Company or have acceptable trends if a proposed expansion.

Borrower Requirements: Four years of operating history or equivalent ownership experience profitability, retained earnings / equity, and leverage, must all be equal to, or better than, the specific industry's average. Borrower / guarantors must demonstrate strong credit characteristics including cash flow and liquidity adequate to pay for possible cost overruns of 10% - 15% of hard costs after equity injection

Combined outside net worth of the Borrowers: 35% of the proposed loan amount

FICO score ≥ 700 : For all owners (with more than 20% ownership interest)

Bankruptcy: Ineligible if borrower, OC or principal has previously filed for protection under US bankruptcy law

Note: Borrowers that do not meet the above criteria may be considered for higher LTV financing by providing additional collateral / contingency or will be limited to a LTV $\leq 80\%$ for multi-use properties and $\leq 75\%$ for special use properties

Fund Control / Bond: ALC will select the fund control company.

Third Party Guaranty: Costs exceed \$500,000 (or 25% of total project cost) ALC requires a third party performance guaranty .

Permanent Loan: ALC permanent loan program (maximum LTV of 65% for multi-use properties; up to 60% for special use properties, etc.) remains in effect. Approval by the SBA will be required prior to the ALC construction loan closing.

Underwriting: In addition to the normal term loan underwriting requirements a Contractor Qualification statement acceptable to ALC.

Term Sheet Requirements

- Executive Summary / Business Plan
- Must qualify for our take out permanent program on pg 2, 4 or 6
- Last 3 yrs of borrower personal and business tax returns
- Personal financial statement of borrower(s)
- Borrower's credit report - mid score 700+
- Source and use of funds
- Construction contract
- Plans and specifications
- Building permits are required
- Color pictures of property

Bank Bridge and Rehabilitation

\$2 million to \$10 million

Property Types:	Office, Industrial, Multifamily, Retail, Self Storage, Assisted Living/Congregate, Manufactured Housing (Mobile Home Parks), Hotel/Motel, Special Use (Almost anything except outlet malls and land, especially if the sponsorship is financially strong).
Maturity:	Borrower must have clear exit strategy
Term:	12 to 36 months
Markets:	Nationwide major MSA's in cities with 50K populations
Loan Size:	Minimum \$2 million to Maximum \$12 million loan amounts
Pricing:	Prime Plus 2.75%
Floor Rate:	7.50%
Brokers Fee:	Broker adds to above pricing and we pay Broker after closing
Max LTV:	70% with minimum DSCR of 1.00+ Or any LTV with a DSCR of 1.40+ Purchases and Refinances we use LTV unless the property was acquired within the last year then we use what the cost was in determining value. We order an appraisal to make sure borrower didn't overpay which is extremely rare, but if borrower did we default to value. Existing hospitality max 50% LTV
Occupancy min:	70% occupancy and property must cash flow to 1.00% pre closing or if property cash flows to a min of 1.40+ DSCR then any occupancy applies
Exit:	Must underwrite to current conventional refinance guidelines at inception or at exit
Borrower Liquidity	Borrower must have 20%+ liquidity of the loan amount request pre closing Cash or marketable securities. Need strong financial strength. If borrower is not financially strong then review our Hard Money program on pg 11
Close Time:	30 - 45 days
Appraisal:	We order appraisal and all third party reports

Term Sheet Requirements

- Executive Summary of Project (Details with exit strategy)
- Color pictures of subject property or site
- Borrower Personal Financial Statement (Borrower must have 20%+ liquidity pre-closing and twice larger net worth than loan amount requested)
- Source and Use of Funds if applicable
- Current operating statement and Rent Roll if applicable
- Appraisal and or feasibility study if available

Hard Money Loan Parameters Bridge and Rehabilitation

\$2 million to \$50,000,000+

Lending Parameters Overview

- **Interest Rates:** 10% - 15%
- **Amortization:** Interest only
- **Flexible Lockup:** 0 – 12 months on most deals
- **LTV:** Up to 80% on income producing properties
- **CLTV:** Up to 85% on income producing properties
- **Origination Fee:** 3% - 5% taken at closing from the loan proceeds
- **Loan Terms:** 1 - 3 years
- **Closing times:** 2 to 3 weeks
- **Loan Size:** \$2,000,000 to \$50,000,000 +
- **Credit:** Greater than **600** Fico (Exceptions on strong collateral)
- **Allow Subordinate Financing:** Mezzanine, Cross Collateral, Seller held Seconds etc...
- **Cash Down:** Borrower needs at least 15% cash into project
- **Bridge and Rehabilitation** No ground up construction projects

Some Collateral types that we ARE interested in are:

- Apartment Buildings (up to 80% LTV)
- Mixed-use (up to 80% LTV)
- Light Industrial (up to 80% LTV)
- Warehouses (up to 80% LTV)
- Office Buildings (up to 80% LTV)
- Hotels (flagged and a 3 Star rating up to 65% LTV)
- Grocery Anchored Retail (up to 80% LTV)
- Student Housing (up to 80%)
- Parking Garages (up to 80%)

Some Collateral types that are NOT of interest are:

- Mobile Home Parks
- Land (outside of Manhattan and/or CBD considered)
- “White elephants” (very large vacant facilities)
- Theme/water Parks
- Golf courses
- Owner Occupied Properties
- Hospitals
- Daycare Centers
- Ground-up Construction (Manhattan and/or CBD considered)
- Heavy industrial facilities
- Assisted Living
- Gas Stations
- Marinas
- Casinos

Term Sheet Requirements

- Executive Summary of Project w/ Details of loan request and exit strategy
- Color pictures of subject property
- Borrower personal financial statement
- Source and use of funds if applicable
- Current operating statement and rent roll if applicable
- Appraisal if available



Multifamily 5+ Units, Mixed Use & Mfg Home Parks

\$750K to \$100+ million

\$750K to \$3MM to 75% LTV Purchase, Rate/Term & Cash Out Refinance

\$3MM+ to 80% LTV Purchase, Rate/Term & Cash Out Refinance

5 Yrs Fixed Balloon Yield Maintenance PPP Lasts 4.5 Yrs.	Min DSCR	Max LTV	Amortization	RATES	
				≤ \$3 million	≥ \$3 million
	1.25	75%	30	5.87	5.59
	1.35	65%	30	5.73	5.45
1.55	55%	30	5.53	5.29	

7 Yrs Fixed Balloon Yield Maintenance PPP Lasts 6.5 Yrs.	Min DSCR	Max LTV	Amortization	RATES	
				≤ \$3 million	≥ \$3 million
	1.25	75%	30	6.01	5.76
	1.35	65%	30	5.87	5.62
1.55	55%	30	5.67	5.46	

10 Yrs Fixed Balloon Yield Maintenance PPP Last 9.5 Yrs.	Min DSCR	Max LTV	Amortization	RATES	
				≤ \$3 million	≥ \$3 million
	1.25	75%	30	5.95	5.74
	1.35	65%	30	5.81	5.60
1.55	55%	30	5.61	5.44	

30 Yr. Fixed Yield Maintenance PPP Lasts 15 Yrs.	Min DSCR	Max LTV	Amortization	RATES	
				≤ \$3 million	≥ \$3 million
	1.25	75%	30	7.53	7.23
	1.35	65%	30	Call for quote	7.09
1.55	55%	30	Call for quote	6.93	

For a Letter of Interest go to [Pre-Qualification Package](#) on the website and download

Underwriting Highlights Multifamily 5+ Units, Mixed Use & Mfg Home Parks

Origination: Paid to Originator

Rates: PAR to Brokers

LTV \$750K to \$3MM: Maximum 75% for Purchase, Rate/Term and Cash Out Refinances

LTV \$3MM+: Maximum 80% for Purchase, Rate/Term and Cash Out Refinances

Credit Score: Middle Score 621+ with large net worth and high liquidity of borrower. 680+ for average borrowers.

Key Principal Experience: KPs will need a minimum of 2 years experience with two or more multifamily properties (5 units or more) or owned the subject property 5 years or more.

Construction / Rehab Operating History Need: Required 12 months of stabilized operating history to underwrite a deal coming off construction or substantial rehab (where occupancy fell below stabilization for an extended period)

Hybrid: Auto roll over to 6 MO LIBOR plus 2.65% to margin. Add 0.50% to Balloon rate. No supplemental Financing allowed on this product.

Occupancy Requirements: Minimum 90%+ for minimum of 90 days

Borrower Net Worth: Must be greater than the loan amount

Reserves: 6 months principal and interest

Third Party Reports: We order all third party reports

Loan Amounts: \$500,000 to \$100,000,000+.

DSCR: Minimum Debt Service Coverage Ratio is 1.20+

Recourse & Non Recourse: Recourse standard and non Recourse available in selected markets with carve outs

Seasoning for Cash Out Refi's using Appraised Value: 12 months

Population Requirement: Minimum 250,000 MSA population

Non-Profit Borrowing Entities: Allowed

Mixed Use: No more than 20% of income and square footage allowed from commercial component

Manufactured Home Parks: \$1 million min loan amount, min 50 pads, 50% plus doublewides, two car parking on all pads, all homes must be skirted, paved roads & maximum 10% park owned units.

Bankruptcies and or Foreclosures on credit report: Not allowed

Non recourse self directed IRA borrowers: Are allowed and are assumable

Out of State Borrower: Must be seasoned investor in the area the new property is being purchased if purchasing out of State property. Or, max LTV 65% with a 1.35 min DSCR on the property along with a seasoned management company

1-4 units on same legal adding up to 5 or more units of like kind: Must have tenants occupying property. We treat as multifamily.

Rate Lock: Rate locks are typically locked 10-15 days prior to loan closing. If the loan is \$3MM or less, the borrower can deposit a 1% rate lock fee that is refundable at closing. If the loan is over \$3MM the rate lock fee is 2%, of which 75% is refunded at closing and the remaining 25% is refunded within 45 days after closing. We also have the ability to "early rate lock" loans. That process typically takes two weeks, which is driven by the appraiser giving us an indication of the value of the property. Early rate lock adds 3 bps to the rate, adds 1% rate lock fee to the above scenarios, and requires the borrower to provide the information needed for underwriting in a very timely manner.

Definition of Yield Maintenance Pre-Payment Penalty

Yield Maintenance is a method of calculating pre-payment options. It is calculated by determining the difference in interest between the note rate and the rate at time of payoff. If the current market rate is greater than the note rate the pre-payment penalty is 1% of the outstanding loan amount. For example; if the current market rate is lower, you take the note rate less the current market rate times the remaining fixed term of the loan. Multiply that number times the remaining loan amount and you have arrived at the yield maintenance pre-payment penalty.

For example; a million dollar 10 year loan closes at 7% with 7 years remaining would have a pre-payment penalty of \$140,000 if the current market rate is 5%. $(7\% - 5\%) \times 7 \text{ years} \times \1 million .

The only way the borrower can get out of the pre-payment penalty is if a new buyer will assume his existing loan and then there is a fee of 1% paid to the servicer of the loan plus costs to do the loan. New buyer must also be credit worthy. Then the owner does not have to pay any pre-payment penalty.