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AGENCY READINESS VIEW · DRAFT

North Park Logistics — Class B Industrial Distribution

8410 Sam Houston Pkwy E · Houston, TX · 77078

PURCHASE PRICE \$4,000,000	GOING-IN CAP 10.27%	LTV 65.00%
DSCR 1.99x	IRR 25.21%	EQUITY MULTIPLE 1.85x

Executive Summary

PROPERTY	PROPERTY TYPE	ANALYSIS TYPE	RENTABLE SF
North Park Logistics — Class B Industrial Distribution	industrial	commercial	50,000

THESIS

- Asset meets Fannie Mae DUS / Freddie Mac conventional readiness thresholds at requested loan size.
- Pre-application package is materially complete; outstanding items are administrative.

STRENGTHS

- Long-duration income from XPO Logistics, Inc. with BB+ (S&P) credit profile.
- 10-year primary term with 2.0% annual escalations supports underwritten NOI growth.
- NNN with controllable CAM cap at 5% annual / 25% cumulative.

RISKS

- Single-credit / concentration exposure to XPO Logistics.
- Interest-rate sensitivity at refinance / exit if 10-year Treasury moves outside the underwritten range.
- Tenant rollover and downtime risk past primary term (modeled at 9 months absorption with 6 months free).

MITIGANTS

- Tenant credit rating monitored by ratings agencies; covenants on parent guarantee where applicable.
- Rate-lock available pre-close; interest-rate stress test holds DSCR > 1.20 in +150bp scenario.
- Reserves and TI/LC budgeted for releasing risk; market rents support a re-tenant at near in-place economics.

BASE CASE

DSCR of {{val.dscr}}, LTV of {{val.ltv}}, debt yield of {{val.debtYield}} — all clear the relevant agency floors for single-tenant industrial / distribution collateral. Tenant covenant and lease term support a 10-year fixed-rate amortizing structure.

Agency Readiness

FANNIE MAE DUS — CONVENTIONAL (FANNIE) PASS

CHECK	STATUS	MEASURED	THRESHOLD	EXPLANATION
DSCR (minimum 1.25x conventional)	PASS	1.99x	1.25x	Meets DUS conventional DSCR floor for single-tenant industrial / distribution.
LTV (maximum 75.0% conventional)	PASS	65.00%	75.0%	Conservative leverage; supports tier-2 pricing band.
Debt Yield (minimum 8.00% per DUS guide)	PASS	15.79%	8.00%	Above DUS conventional debt-yield floor; supports waiver-free pricing.
Amortization (\leq 30 years)	PASS	25 years	30 years	Standard agency amortization, well within program parameters.
Replacement Reserves Funded	PASS	\$250 / unit / yr	Agency-defined	Reserves sized per agency expectation; pre-funded at close from sources.
Sponsor Track Record	PASS	12 yrs / \$480M AUM	Demonstrated experience	Repeat DUS borrower; no agency delinquencies in trailing 60 months.

Agency readiness is preliminary. Final pre-screen and pricing tier are at the discretion of the DUS lender and Fannie Mae credit underwriting. Refer to current Fannie Mae DUS Mortgage Loans Term Sheet for the canonical thresholds.

SOURCE MATERIALS

Document Completeness

Inventory of source documents provided for this analysis. Document completeness is a measure of source-material coverage, not deal quality — see DEC-014.

DOCUMENT	STATUS	REQUIRED	NOTES
Purchase Agreement / LOI	verified_by_user	Yes	—
Current Rent Roll	verified_by_user	Yes	—
T-12 Operating Statement	verified_by_user	Yes	—
Executed Leases & Amendments	verified_by_user	Yes	—
Tenant Estoppels (Form 6413)	verified_by_user	Yes	—
Subordination, Non-Disturbance & Attornment (SNDAs)	verified_by_user	Yes	—
CAM / Operating Expense Reconciliation	verified_by_user	Yes	—
Property Tax Bills (latest 3 years)	verified_by_user	Yes	—
Property + Liability Insurance Certificates	verified_by_user	Yes	—
Lender Term Sheet / Application	verified_by_user	Yes	—
Property Condition Assessment (PCA)	verified_by_user	Yes	—
Phase I Environmental Site Assessment	verified_by_user	Yes	—
Submarket Comparable Set + Cap Rate Trade Data	provided	Optional	—
Tenant Improvement Work Letter	not_applicable	Optional	Single-tenant NNN — no TI work letter required for in-place lease.
Property Photography (Cover + Gallery)	provided	Optional	—

Methodology

Net Operating Income (NOI)

NOI represents the property's annual operating profit after all operating expenses but before debt service and income taxes. For single-tenant NNN per DEC-018: EGI = Base Rent (reimbursements offset expenses, not income), Operating Expenses = Management Fee only (2.00% × EGI per DEC-017).

NOI = Effective Gross Income - Operating Expenses

Capitalization Rate

The going-in capitalization rate measures the property's yield based on purchase price. Standard CRE metric for valuation and deal comparison. Range: 4-10% typically for stabilized retail.

Cap Rate = NOI / Purchase Price

Debt Service Coverage Ratio

Measures the property's ability to cover annual debt service from NOI. Lender threshold typically ≥1.20-1.25x for stabilized retail. Per DEC-018, NOI excludes reimbursements in the pro-forma for single-tenant NNN.

DSCR = NOI / Annual Debt Service

Debt Yield

Measures lender return if property forecloses. Lower debt yield = higher risk. Lender threshold typically ≥8-10% for retail. Inverse relationship with LTV.

Debt Yield = NOI / Loan Amount

Loan-to-Value Ratio

Measures first mortgage debt as percentage of property value. Per DEC-024, default LTV=65% for Phase 1A fixture. Lender thresholds: typically ≤65-75% for retail.

LTV = Loan Amount / Purchase Price

Cash-on-Cash Return

First-year pre-tax equity return. Equity = Purchase Price - Loan Amount. Per DEC-021, exit equity = Net Sale Proceeds - Remaining Debt.

CoC = (NOI - Annual Debt Service) / Equity

Annual Debt Service

Standard amortization formula: $M = P \cdot [r(1+r)^n] / [(1+r)^n - 1]$. Monthly rate $r = \text{annualRate} / 12$. Term in months. Per DEC-024: default rate=6.25%.

Annual DS = Monthly P&I × 12; Monthly P&I = $P[r(1+r)^n] / [(1+r)^n - 1]$

Terminal Capitalization Value

Per DEC-020: Terminal value uses Year N+1 (hold period + 1) forward NOI divided by exit cap rate. Year N+1 NOI = Year N NOI × (1 + escalation)^(N+1). Standard CRE Gordon Growth model.

Terminal Value = Year (N+1) Forward NOI / Exit Cap Rate

Net Sale Proceeds

Per DEC-021: Net sale proceeds = GTV minus selling costs (2.00% of GTV per DEC-019) minus remaining mortgage balance (balloon) at exit. This is the equity distributable to the investor after lender payoff.

Net Sale Proceeds = Gross Terminal Value - Selling Costs - Balloon Balance

Internal Rate of Return (IRR)

IRR is the discount rate that makes NPV of all cash flows equal zero. Phase 1A uses Newton-Raphson primary (100-iteration cap) with Brent zero-finding fallback. Per DEC-024: multiple sign changes produce warning + ambiguous_multiple_sign_changes status. Post-compute NPV residual check included.

NPV = sum(CF_t / (1+IRR)^t) = 0; solved iteratively via Newton-Raphson with Brent fallback

Modified Internal Rate of Return (MIRR)

Per DEC-024: Finance rate = 6.25% (loan rate), Reinvest rate = 8.00% (NPV target). Solves IRR's reinvestment assumption problem. Use when cash flow sign pattern is non-standard.

MIRR = (FV positive flows @ reinvest rate / PV negative flows @ finance rate)^(1/n) - 1

Net Present Value (NPV)

Per DEC-024: Target return = 8.00%. NPV measures the dollar value added by the investment above the hurdle rate. Positive NPV at 8% target = investment exceeds hurdle. Standard DCF metric.

NPV = sum(CF_t / (1+r)^t)

Equity Multiple (EM)

Equity Multiple is total cash returned to equity divided by total equity invested. EM = 1.0 means investor recouped capital with no profit; EM = 2.0 means doubled. Wall Street Prep canonical reference. Phase 1 (TRACK-K-BIS) emits all-equity multiple (LP+GP combined); LP/GP split lands in TRACK-K (waterfall).

EM = sum(distributions) / totalEquityInvested

Sources & Uses Statement

CRE capitalization table per Brueggeman & Fisher §12. Uses = purchase + closing costs + capex + financing fees + due diligence + reserves + working capital. Sources = equity + senior debt + secondary debt + seller financing + mezz + cash to seller. The engine validates the sum balances within ±\$1 and emits SOURCES_USES_IMBALANCED on miss. Equity is auto-derived as the residual when not explicitly provided.

Sum(uses) = Sum(sources); equity = residual when not specified

Disclaimers

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