

COMMERCIAL LOANS USA.com

Collateral Questionnaire

Property Address: _____

Date: _____ Prepared By: (Not to be completed by Mortgage Broker) _____

Preparer's Relationship to Transaction: _____

Prepared For & On Behalf of: _____ as Lead Applicant

The purpose of the questionnaire is to provide additional factual information regarding physical attributes, occupancy agreements and operational characteristics of the property for use in the appraisal and underwriting processes. The primary elements supported with the profile include:

- A. Qualification of the asset for a match to specified loan program standards;
- B. The identification of "realty business" characteristics introduced into the operating plan for the apartment property;
- C. Identification of elements that intensify the management requirements and costs or expand operational efforts and expenditures required or anticipated by the: (1) use, (2) velocity of tenant turnover, (3) building & project design; and
- D. Capitalization Rate (Risk) Analysis.

Section 1 – Physical Quantification / Building & Land

- Yes No 1A. Does the property contain less than 5 apartment units?
If yes, please describe: _____
- Yes No 1B. Does the property configuration contain more than one building structure?
If yes, please describe: _____
- Yes No 1C. Does the property have multiple building structures within the project that contain less than 4 dwelling units per building?
If yes, please describe: _____
- Yes No 1D. Does the property derive more than 33% of annual gross income from commercial (store or office) or units other than apartments and/or have more than 25% of the units by count as commercial or units other than apartments?
If yes, provide % breakdown of gross income and describe unit count allocation: _____
- Yes No 1E. Does the property have occupancy space that does not fit the definition of (1) an apartment unit (self-contained unit with at least kitchen, bath and living/sleep room) or (2) qualify as a self-contained commercial unit such as a store or office?
If yes, please describe: _____
- Yes No 1F. Does the property show evidence of having been converted from its initial intended and permitted use – such as from a house of from a motel?
If yes, please describe: _____
- Yes No 1G. Was the property a failed "For Sale" development that is now operated as rental property?
If yes, please describe: _____
- Yes No 1H. Does the property have any requirements to divide or split the subject property from a greater holding, or require a partition of the existing assessor parcel number in order to be considered a free standing apartment project entity? (excludes properties organized under a formal CIC agreement)
If yes, please describe: _____
- Yes No 1I. Does the property include land parcels that are not contiguous?
If yes, please describe: _____
- Yes No 1J. Does the property have more than one assessor parcel number?
If yes, please describe: _____
- Yes No 1K. Is the property being subdivided or "split up" from an existing legal or operating configuration in order to create the premises offered as collateral?
If yes, please describe: _____
- Yes No 1L. Is the property a part of a purchase contract, which includes other property?
If yes, please describe: _____

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Section 2 – Physical Quantification / Building Detail

- Yes No 2A. Does the property have building components built before 1978? (Issue is lead content in paint)
If yes, please describe: _____
- Yes No 2B. Does the property have building structures more than 50 years old?
If yes, please describe: _____
- Yes No 2C. Does the property have less on-site parking than one space per apartment unit?
If yes, please describe: _____
- Yes No 2D. Does the property operate with non-public water supply (well) and/or non-public sanitary effluent disposal system (septic)?
If yes, please describe: _____
- Yes No 2E. Does the property contain studio or efficiency units totaling more than 25% of the total number of units?
If yes, please describe: _____
- Yes No 2F. Does the property have units heated by space heaters?
If yes, please describe: _____
- Yes No 2G. Does the property have aluminum branch wiring service within the wiring of the apartment unit itself?
If yes, please describe: _____

Section 3 – Title Structure / Common Interest Issues

- Yes No 3A. Is the project a condominium or does the property exhibit evidence as being part of an actual or defacto CIC – Common Interest Community which includes planned unit developments or those developments with cross easements necessary for access, parking or for ordinary use of the property even though not legally defined as common area?
If yes, please describe: _____
- Yes No 3B. Does the property pay assessments to a CIC or condo association or both?
If yes, please describe: _____
- Yes No 3C. Does the property documentation exhibit inadequate operational wording & structure relative to the CIC or defacto CIC?
If yes, please describe: _____
- Yes No 3D. Does the property exhibit evidence of deferred maintenance at the CIC level of responsibility or do operations suggest the possible inability of the CIC to provide long term maintenance and replacement?
If yes, please describe: _____

Section 4 – External Public / Legal Issues

- Yes No 4A. Is the property subject to rent control restrictions either by public law or under any other agreement?
If yes, please describe: _____
- Yes No 4B. Does the property have subsidized rental occupancy?
If yes, please describe: _____
- Yes No 4C. Does the property have tenancy restrictions or conditions attached to the property based upon zoning, permit, HUD, municipality or other enablement agreements that set aside tenancy allocations?
If yes, please describe: _____

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Section 5 – Occupancy Questions

Yes No 5A. Does the project have a residential component occupancy that should be classified within a “social service market strata”, which typically includes uses such as assisted living retirement homes, “halfway houses”, nursing homes, or congregate care facilities?

If yes, please describe: _____

Yes No 5B. Does the property exhibit shared costs of “doubling up” occupancy arrangements (i.e. – where apartments contain more than two roommates per bedroom)?

If yes, please describe: _____

Yes No 5C. Does the property operate with seasonal occupancy?

If yes, please describe: _____

Yes No 5D. Does the property have rooming house tenancy (i.e. where initial lease occupancy terms are less than six months and/or rent paid more frequently than monthly)?

If yes, please describe: _____

Yes No 5E. Does the property have transient occupancy (High turnover – 50% or more of the units annually re-renting to new tenants)?

If yes, please describe: _____

Yes No 5F. Does the property have single room occupancy (Tenant occupies a single room without a kitchen)?

If yes, please describe: _____

Yes No 5G. Does the property have co-housing / community housing attributes?

If yes, please describe: _____

Yes No 5H. Does the property operate as furnished housing (Furniture provided by landlord)?

If yes, please describe: _____

Yes No 5I. Does the property operate as extended stay apartment suites?

If yes, please describe: _____

Yes No 5J. Does the property operate as housing for college students by design or operating plan?

If yes, please describe & what percentage are students: _____

Yes No 5K. Does the property rent space units where liquor, beer or wine is served and/or sold?

If yes, please describe: _____

Yes No 5L. Does the property have occupancy where environmentally hazardous materials are fabricated, stored, sold or used in a business process – such as dry cleaning processing/

If yes, please describe: _____

Section 6 – Leasing / Operational Issues

Yes No 6A. Has the property in the past 12 months offered: 1) net pay leasing arrangements, 2) rent concessions, or 3) other rent abatement techniques?

If yes, please describe: _____

Yes No 6B. Does the property offer month to month lease agreements at point of original occupancy?

If yes, please describe: _____

Yes No 6C. Does the property operate with a “No Security Deposit” policy in place or waive a security deposit requirements for more than occasional situations?

If yes, please describe: _____

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Section 6 – Leasing / Operational Issues – Continued

Yes No 6D. If security deposits are taken, does the aggregate security deposit liability account total less than 30% of the current monthly rent roll potential?

If yes, please describe: _____

Yes No 6E. Does the property operate with a non-refundable move in/out fee either in addition to or in lieu of security deposits?

If yes, please describe: _____

Yes No 6F. Does the property operate with weekly rental arrangements or permit more than one rent payment per month?

If yes, please describe: _____

Yes No 6G. Is the property master metered whereby the electricity and/or gas is paid by the landlord?

If yes, please describe: _____

Yes No 6H. Does the property provide maid service for units?

If yes, please describe: _____

Yes No 6I. Does the property have any master leased elements or utilize the leasing technique?

If yes, please describe: _____

Section 7 – Management Qualifiers

Yes No 7A. Will the borrower manage the project?

If yes, please briefly describe the management experience: _____

Yes No 7B. Will the project be managed by a professional management organization?

If yes, please describe the name & experience of the organization: _____

Yes No 7C. Will the borrower be a distant absentee owner? (Over 4 hours away by auto travel)

If yes, please describe: _____

Yes No 7D. Is the property leasing agent someone other than the property manager?

If yes, who is the leasing agent? _____

Yes No 7E. Does the borrower occupy or intend to occupy an apartment in the property?

If yes, please describe: _____

Yes No 7F. Do the current leases contain a written set of occupancy rules and understandings as part of the written leases?

If yes, please provide a copy of the occupancy rules & understanding.

Yes No 7G. Will any new leases, going forward, omit a written set of occupancy rules and understandings?

If yes, why? _____

Yes No 7H. Is a standard lease form used as part of the projects leasing program?

If yes, please provide a copy of the current occupancy agreement being used.

Yes No 7I. Are pets allowed?

If yes, please provide a copy of the pet limitation rules.

Yes No 7J. Do tenant files contain completed formal tenant application forms?

If yes, please provide a copy of the standard tenant application form.

Yes No 7K. Do existing tenant application forms contain employment information, social security number and bank account relationship?

If yes, where can the application and tenant files be reviewed? _____

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Section 7 – Management Qualifiers – Continued

Yes No 7L. Do existing tenant application files contain a credit report and/or Prospective Renter Verification Service Report (tenant financial screening) completed as part of the process for granting lease approval?
If yes, what company or companies performs this service? _____

Yes No 7M. Has the proposed borrower prepared a written business plan for the property management and operations?
If yes, please provide a copy of the business plan.
If no, applicant must complete an Apartment Operations Questionnaire and make it available.

Yes No 7N. If the property is partially or fully occupied by students, does the business plan for the property management fail to address the “window of opportunity” associated with the releasing cycle?
If yes, please describe: _____

Section 8 – Environmental Hazard Risk / Municipal Property Inspection

Yes No 8A. Has the borrower been made aware of any prior testing of the property for any of the following: (A) radon; (B) asbestos; (C) lead hazards; (D) chemical contamination of the soil or ground water; (E) underground subsidence risk; or (F) performance of a Level I environmental study?
If yes, please describe: _____

Yes No 8B. Has there been a history of environmental violations, administrative actions or lawsuits on the property or any hazard abatement program?
If yes, please describe: _____

Yes No 8C. If the property is subject to a contract for sale and proposed transfer of ownership, have any environmental representations of statements been made to the purchaser or has an environmental survey been ordered?
If yes, please describe: _____

Yes No 8D. Does the state or governing municipal jurisdiction have laws which require or impose on the seller a requirement for disclosure obligations to a purchaser?
If yes, what are those disclosures: _____

Yes No 8E. Does the state or governing municipal jurisdiction have laws which require a property inspection or property status certification, for any reason that must be completed and issued prior to the recording of any conveyance?
If yes, please indicate what those are: _____

Section 9 – Earthquake / Seismic Risk

Yes No 9A. Is the property with a Zone 3 or 4 as defined by the FEMA Seismic Zone Map?
If yes or do not know, please explain: _____

Yes No 9B. If the property is within a Seismic Zone 3 or 4, does any building structure on the property have a “soft” story i.e. “tuck under” parking or other pylon/caisson-type of construction configuration?
If yes, please describe: _____

Yes No 9C. If the property is within a Seismic Zone 3 or 4, are the habitable building(s) on the property developed with structural wood frame construction (as opposed to structural walls of masonry, reinforced masonry, poured concrete or precast concrete)?
If no, please explain (Risk 3 & 4 wood framed structures typically qualify for loans without extenuating analysis): _____