



Advanced Commercial Credit International (ACI) Limited

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With Offices in USA and Canada

Commercial Real Estate Investment Bankers

Real Value for Commercial Real Estate Owners

ACI New Financing Programs for 2012

As Revised January 2012

General Provisions For Property Financing

See Accompanying Special Promotions for HealthCare Property and other Promotions.

Property Types: (see Underwriting Guidelines)	Industrial or Distribution Warehouses Healthcare related properties – see attachment Anchored Retail Apartments Office Buildings Medical Office Buildings Build-to-Suit and/or Owner-Occupied Properties Self Storage Facilities Special Purpose Properties
Loan Investment Size:	\$2.0 - \$100.0 million
Mezz & Equity Investment Size:	\$ 5.0 - \$ 20 million
Investment Exit:	Unless MFR can also underwrite as rentals, no Condominium or For-Sale investment exit strategies
Property Age:	Effective Age of 20 years or less; greater Effective Age may be considered when justified by lower leverage, long term leases and/or more rapid amortization.
First Mortgage Loan to Value:	70% maximum. Higher LTV's considered on "Schedule D/Section L" loans.
Mezz Loan to Value:	Maximum of 95 %
Sponsor Commitment:	Typically no Cash-out Scenarios, Sponsor needs to demonstrate real cash equity remains in the deal. Cash out will be considered on transactions with realistic loan to values.
Recourse:	Negotiable; Carve-out provisions always apply.
Commitment Fee:	50 to 100 bps of loan amount (50% of deposit may be in form of a letter of credit). This amount is refunded at Closing.
Rates:	Bank rates

Construction Financing Available: Yes

Commitment/Closing Requirements

Escrows: Real Estate Taxes and Insurance - Negotiable on net credit lease or higher equity transactions.

Timing for Closing: Immediate - 45-120 days from approval of application. Extensions up to an additional 60 days may be granted if necessary to preserve the commitment.

Construction Loans - Available.

Legal Services: Outside counsel selected by ACI and paid by Borrower.

Third-Party Reports: MAI Appraisal, Phase I Environmental, Structural Engineer, Property Inspection (Refinance transactions may require less documentation.)

Closing Costs: Borrower pays all closing costs, including but not limited to title insurance, survey, legal, appraisal, environmental, structural, recording and travel expenses.

Insurance: Replacement Cost on Casualty, \$2 million minimum for Liability, Earthquake and Flood when appropriate. Terrorism coverage strongly preferred and monitored, provided that it remains commercially reasonably available to Borrowers.

Inspections: Inspections required per outlined policy which varies by loan size, tenant quality and loan rating. Borrower will reimburse inspection costs.

Business Sources / Network

Geographic Focus: Markets only in the Continental United States and Canada with the following characteristics:

- Near Metropolitan Statistical Area (MSA) of at least 100,000 people
- MSA suitable for multiple transactions
- Area economics comfortably support property type
- USA and Canada

High quality credit business and rollover loans may be considered in secondary markets.

UNDERWRITING GUIDELINES and PREFERENCES

Industrial or Distribution Warehouse

Property Size Limitations: minimum 25,000 sq. ft.; maximum 1,000,000 sq. ft.

Smaller properties should be occupied by larger creditworthy tenants.
Multiple Building packages within the same park preferred
Minimum 18' clear span ceiling
Dock-high loading, or combination of dock-high & surface loading capability
Minimum average tenant space 10,000 square feet
Adequate turning radius (100'+)
Staggered lease maturities
Concrete tilt-up or CMU, all metal construction discouraged
Maximum office build-out of 20% used in underwriting
Located in an industrial park or industrial neighborhood
Concrete loading pads preferred
Interstate access nearby
Sprinklered
Aggregate square footage will be considered on multiple transactions in the same sub market.

Retail

Free-Standing Credit Transactions:

Property Size Limitations: None where credit tenant is rated "BBB/Baa"(or equivalent) or better and amortizes debt below land value

Neighborhood and Community Centers:

Property Size Limitations: minimum 50,000 sq. ft.; maximum 250,000 sq. ft.

Power Center or Life Style Center Developments:

Property Size Limitations: minimum 150,000 sq. ft.; maximum 700,000 sq. ft.

Regional Malls considered on a conservative basis
Anchors should be BB/Ba (or equivalent) or better credit and have an outstanding sales history
Equity and/or amortization requirements may vary inversely with anchor credit strength Typical amortization of 25 years which may vary with effective age.
Adequate parking ratio
Avoid small rural communities
Outparcel development should not obstruct visibility of shop space signage
(Minimum 1.10 X debt service coverage ratio
Mixed use properties and two-story retail will be underwritten on a worst-case scenario
Disposable income level in 3-5 mile radius is extremely important

Apartments

Size Limitations: minimum 50 units; maximum 1,000 units

Low Density Garden Style - Usually 20 units/acre or less; High density considered in Urban locations.
High proportion of two and/or three-bedroom units
Adequate bathroom ratio
Sloped roofs preferred
Low maintenance exterior (i.e., masonry, stucco and/or vinyl)
Adequate sound insulation between units
Strong occupancy history
"New design" features (microwaves, washer/dryer, ceiling fans, 9' or vaulted ceilings, fireplaces)
Full amenity package - Clubhouse, Pool, etc.
1.70 parking spaces per unit
Separate utility meters for electricity and/or gas
1.25 X debt service coverage minimum, 30-year amortization maximum
Recourse negotiable
Underwrite with minimum of \$200/unit reserves
"C+" or higher quality
Location with good access to jobs, schools, shopping and entertainment
Modern Student Housing properties considered

Office

Property Size Limitations: maximum 700,000 sq. ft. minimum 50,000 sq. ft.;

Some 7 + year anchor leases preferred, but not required
High proportion of investment-grade tenancy with fixed expense stops or annual rent increases.
High proportion of larger corporate tenants preferred.
Multi-level with functional floor plates (~ 12,000 square feet).
Staggered lease maturities
Underwrite effective rent only
Located in an office park or office neighborhood
Effective age of 20-25 years or less
Parking ratio ~ 4.0/1,000 square feet for suburban buildings.
Adequate elevator capacity and fully sprinklered
≤ 70% loan-to-value ratio unless there is strong credit lease support
Minimum 1.20 DSC ratio after adequate capital reserves
"B+" or better quality
Aggregate square footage will be considered on multiple transactions in the same submarket

Medical Office Buildings

Property Size Limitations: minimum 50,000 sq. ft.; maximum 250,000 sq. ft.

Substantially owner-occupied a plus; however, 3rd party management and/or sponsorship is also desired.

If a hospital is involved it must be creditworthy and execute a long-term lease

Doctors must have significant equity or recourse at stake

Pro-rata liability considered

Maximum 25-year amortization; minimum 1.20 DSC ratio

Prefer newer projects, quality construction, multi-level

Centrally located elevator for every 25,000 square feet

Parking ratio \geq 4.5/1,000 square feet

Diversified medical specialty mix desired

On or near Hospital Campus preferred or Near market-dominant hospital(s)

Build-to-Suit and/or Owner-Occupied Properties

Property Size Limitations: minimum 50,000 sq. ft.; maximum 500,000 sq. ft.

Typical real estate considerations still apply

Minimum 7 -year lease term or direct corporate obligation

Significant amortization of principal during primary lease term (land value considered) Full or partial personal liability of partners, principals or primary shareholders of owner-occupied properties where tenant is "closely held"

Net worth for regional companies of at least 2 times loan request

Loan amount must be justified by market rents

Building preferably adaptable to multi-tenant use

Tight debt service coverage acceptable (1.05 X) on "net lease" situations with quick amortization.

Construction/Permanent Loan combination considered in some preferred markets.

Manufactured Housing Landlease Communities

200 or more lots which accommodate predominantly multi-section units (homes of at least 28' x 60' in dimension)

Club house and recreational amenity package similar to institutional quality apartment developments.

Strong homeowner's association with satisfactory neighborhood covenants.

Sunbelt locations preferred (i.e., Florida, Arizona) with development catering to age 55 and over (Senior Housing).

Units must comply with the National Manufactured Housing Construction & Safety Standards Act of 1974.

Manufactured homes should be skirted with block.

Self-Storage or "Mini-Warehouse" Facilities

Properties should have 400 or more units of which 40 percent or more provide climatecontrolled conditions.

Net rentable area has to be at least 40,000 square feet.

Structures should consist of masonry block or tilt-wall concrete construction with metal doors.

The property's effective age must be 15 years or less.

The Debt Service Coverage Ratio on a first mortgage must be no less than 1.3 times.

Special Purpose Properties

Loan amount, property type and business risk are to be justified by credit strength, recourse available and loan-to-value ratios.

Mezzanine Loans

Loans secured by a pledge of equity ownership (Mezzanine Loans) will be considered on all property types outlined above. Security generally encompasses the band of value between 50-70% leverage. Mezzanine debt is subordinate to any mortgage loans on the property. Pricing starts at minimum 400 basis points above the cost of conventional mortgage debt and varies with leverage, property type and expected cash flow available for debt service.

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Commercial Real Estate Investment Bankers

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