

F E N D

Tenant in Common (TIC) ScoreCard

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Name of Offering:

Name of Sponsor:

Description

*THE FOLLOWING INFORMATION IS ONLY INTENDED FOR REVIEW BY
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LLC MANAGER - SPONSOR

1. LLC Mgr. Experience
(# yrs in this business) _____

- a) 20 years or more (5 pts)
- b) 15 - 19 years (4 pts)
- c) 10 - 14 years (3 pts)
- d) 6 - 9 years (2 pts)
- e) 2 - 5 years (1 pts)

2. Net Worth Consideration (GAAP):
(Assumes 20% or more = liquid) _____

- a) Greater than \$15 million (5 pts)
- b) \$10 to \$15 million (4 pts)
- c) \$5 to \$10 million (3 pts)
- d) \$2.5 to \$5 million (2 pts)
- e) \$1 to \$2.5 million (1 pts)

3. Resale Activity:
(% of properties sold or refinanced) _____

- a) More than 30% (5 pts)
- b) 20% to 29% (4 pts)
- c) 10% to 19% (3 pts)
- d) Less than 10% (2 pts)
- e) None (1 pts)

OFFERING STRUCTURE

4. Compensation:
(mgmt fees/cash flow/RE comm/
sale profits) _____

- a) Fees subordinated in all 4 areas (5 pts)
- b) Fees subordinated in 3 areas only (4 pts)
- c) Fees subordinated in 2 areas only (3 pts)
- d) Fees subordinated in 1 area only (2 pts)
- e) Fees not subordinated (1 pts)

5. Load Factors: _____

- a) Less than 20% (5 pts)
- b) 20% to 21.9% (4 pts)
- c) 22% to 23.4% (3 pts)
- d) 23.5% to 25% (2 pts)
- e) More than 25% (1 pts)

6. Guarantees: _____

- a) Mgr. will advance fund to the LLC without creating debt to the LLC (5 pts)
- b) Mgr. will loan funds which are fully subordinated or other protection (4 pts)
- c) Mgr. provides a 3 yr or more operational guarantee (3 pts)
- d) Mgr. will loan funds, but they are not subordinated (2 pts)
- e) Mgr. makes no representation about funding (1 pts)

7. Self-Dealing: _____

(buying properties owned by the Mgr. w/mark-up: taking loans points; liability insurance or leasing commissions: unsubordinated real estate commissions)

- a) "arms length" transactions or none of the above (5 pts)
- b) Mgr. pays himself using 1 of the above items (4 pts)
- c) Mgr. pays himself using 2 of the above items (3 pts)
- d) Mgr. pays himself using 3 of the above items (2 pts)
- e) Mgr. compensates himself using all 4 of the above (1 pts)

8. TIC Owner's Rights: _____

(replace Mgr. amend LLC agreement; approve sale or refinance; permit the Mgr. to resign*)

- a) Majority vote only required on all key items (5 pts)

- b) majority vote on 3 key items; more on 4th item (4 pts)
- c) majority vote on 2 key items; more on items 3-4 (3 pts)
- d) majority vote on 1 key item; more on items 2-4 (2 pts)
- c) more than majority vote needed on all key items (1 pts)

PROPERTY ACQUISITION

9. Leverage: _____

(consistent with the quality of the property, tenants and the objectives of the LLC defined as loan divided by 3rd party purchase price.)

- a) All cash to 39% (5 pts)
- b) 40% to 50% (4 pts)
- c) 51% to 60% (3 pts)
- d) 61% to 70% (2 pts)
- e) 71% and above (1 pts)

10. Financing: _____

- a) Current pay loan due in 15 or more years (5 pts)
- b) Current pay loan due in 11-15 years (4 pts)
- c) Deferred pay loan due in 9-10 years (3 pts)
- d) Deferred pay loan due in 5-8 years (2 pts)
- c) Deferred pay loan due in less than 5 years (1 pts)

NOTE: Deferred pay = accrued interest or zero coupon loan

11. Valuation Ratio: _____

(MAI appraisal divided by the LLC consideration: p/c = debt + capital raised)

- a) MAI is greater than 100% of p/c (5 pts)
- b) MAI is 96% to 100% of p/c (4 pts)
- c) MAI is 90% to 95% of p/c (3 pts)
- d) MAI is 85% to 89% of p/c (2 pts)
- e) MAI is less than 85% of p/c (1 pts)

PROPERTY PERFORMANCE/COMPETITION

12. Assumptions: _____ (Forecasts/Projections)

- a) "Big 5 Forecast: Rent/Inflation increases at or under 3%; 7.5% - 8.0% loaded cap rates on acquisition sale (5 pts)

- b) Conservative forecast 3% - 4% Rent/Inflation increases 7.0% - 7.5% Ld. cap rates on acquisition and sale (4 pts)
- c) Conservative projections 4% - 5% Rent/Inflation increases 6.5% - 7.0% Ld. cap rates on acquisition and sale (3 pts)
- d) Aggressive projections 5% - 6% Rent/Inflation increases 6.0% - 6.5% Ld. cap rates on acquisition and sale (2 pts)
- e) Aggressive projections 6% or more Rent/Inflation increases 5.5% - 6.0% Ld. cap rates on acquisition and sale (1 pts)

13. Percentage of Supply to Demand: _____

- a) 90% (5 pts)
- b) 95% (4 pts)
- c) 100% (3 pts)
- d) 110% (2 pts)
- c) 120% (1 pts)

14. LLC Consideration per sq. ft. _____ vs Competition: (Loaded vs Unloaded)

- a) 105% (5 pts)
- b) 110% (4 pts)
- c) 115% (3 pts)
- d) 120% (2 pts)
- e) 125% (1 pts)

15. Risk Factors (% of normal risk) _____

- a) 80% (5 pts)
- b) 90% (4 pts)
- c) 100% (3 pts)
- d) 110% (2 pts)
- e) 120% (1 pts)

TOTAL POINTS

NOTE: A minimum of 52 points is required for consideration. Most of our approved programs fall between 55 and 60 points. However, a score of "1" in any category may cause the offering to be rejected.

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