

Sterling & York, Ltd.

Funding Facilitators

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FACTORS IN LARGE PROJECT FINANCING CHECKLIST

A primary focus of Sterling & York, Ltd. is to uphold and execute integrity throughout the entire funding facilitation process. We're happy to provide the following checklist to all who can benefit from it. Our only cautionary note is the following: Do not try to hide, manipulate or exaggerate any of the financial or project documents you submit for the loan due diligence process. Doing so will waste everyone's time (your time and the banks) ... it's simply not worth it. Be upfront and be honest and the investor may surprise you with a few solutions you've not thought engaged at present. Large Project financing is rarely if ever a smooth ride, but, when we work together with integrity in mind, we can make it through.

FACTORS YOU HAVE SOME LEVEL OF CONTROL OVER:

- Appraisal of property
- Length of loan
- Management experience
- Debt service coverage
- Loan amount
- Occupancy rate
- Income history of property
- Loan-to-value ratio
- Personal income/credit history

All of these factors work together, assessing the risk that you and/or your project pose. Always common is a risk associated with the borrower/developer as to the likelihood that the loan can be repaid. The lower the risk you pose, the more affordable the financing will be. Remember, these factors will impact the financing of a project and can determine approval as well as interest rates and overall costs of the financing.

ADDITIONAL FACTORS TO BE CONSIDERED:

Proven Management

The old adage still remains true today ... "*a business is only as good as its management.*" Because a large number of businesses fail because of poor management, investors will take a careful look at the management history of the project. If no management history exists, then you will have to seriously consider bringing on board a solid management team if you wish to obtain project financing. A good management history will help in the application process and lead to favorable interest rates.

High Traffic Location

LOCATION | LOCATION | LOCATION. If your project is new, the surrounding environment will be a significant factor in determining the property's potential cash flow. The better the location, the better your chances of gaining the interest of investors/financing.



Good Occupancy History

If you are looking for financing for an already existing property, the occupancy history of the project will be the most important variable in the financing equation. A strong, consistent history of occupancy means a strong, consistent flow of cash.

Recognizable Flagship Name

Large projects are dominated by franchises stemming from recognizable names. Most of the times, an investor will give your project a harder look if they see a name that they and consumers will recognize. Another positive with investors is the fact that franchises have nationwide marketing campaigns at their disposal. Together, all of this helps to increase the future profitability of your project. ***HOWEVER, this does not mean that your project is not obtainable without a "Flagship" name ... there is a solution to everything!***

UNCONTROLLABLE FACTORS:

It's important to understand going into a project that there are factors in which you have no influence. Nonetheless, these factors are important when it comes to determining the overall cost of your project.

- Bond market
- Current economic conditions (local and national)
- Expected future economic conditions (local and national)
- Lender portfolios
- Market capitalization rate

These factors evaluate the risk the environment poses to an investor, as well as the investor's ability to lend money. For example, most investors have a ceiling on the amount of money they can lend. As the investor gets closer to its ceiling, they become more stringent in the approval process.