

At maturity in Nov 2026, a new senior loan covers \$30.0M of the \$33.9M payoff. The \$3.8M gap is a capital markets problem: Operations beat the market, so the gap must be funded.

\$33.9M

Loan payoff at maturity

Matures Nov 1, 2026 (26 days)

\$30.0M

Max senior loan at refinance

DSCR test binds: 1.25x at 6.37% (loan: 3.84%)

\$3.8M

Capital gap at refinance

Max pref/mezz of \$4.3M covers it

2.16x

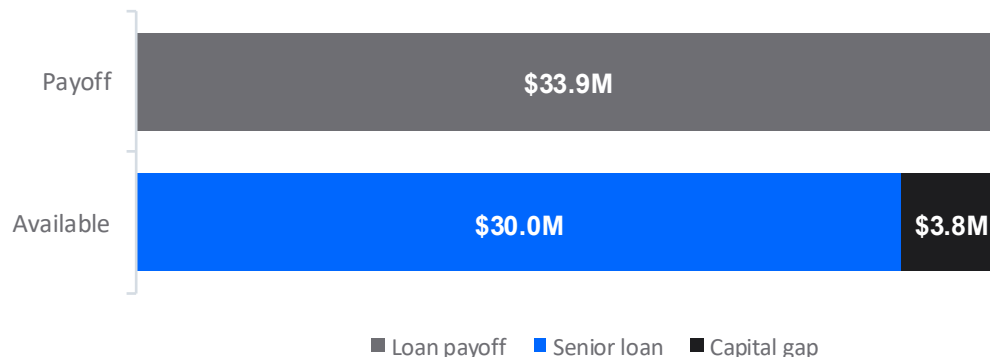
DSCR on current loan

NOI \$2.81M vs debt service \$1.30M

SITUATION

Acquired	Oct 2019 for \$54.2M (232 units, built 2017)
Loan	\$33.9M Solvent Affordable Mortgage Company, 3.84%, interest-only
Value at maturity	\$46.8M (\$2.81M NOI at 6.0% cap), \$7.4M below purchase
Debt cost	3.84% on the current loan vs 6.37% for new senior debt
Loan-to-value	72% at maturity. Value is not the problem; debt service coverage is.

LOAN PAYOFF VS. CAPITAL AT REFINANCE (NOV 2026)



OPTIONS AT REFINANCE (NOV 2026)

- ✗ Refinance** Max senior \$30.0M vs \$33.9M payoff. Short \$3.8M.
- ✓ Add pref / mezz** Max \$4.3M at 10%. Adds \$385K a year in current pay.
- ✓ Pay down** \$3.8M of owner equity, then refinance with senior debt alone at 1.25x.
- ✗ Sell** \$46.8M–\$48.9M at 5.75%–6.0% cap vs \$54.2M paid. Nets \$12.9M–\$15.0M before costs.

RECOMMENDED PATH

- 1 Start now** 26 days to maturity. Confirm figures with rent roll, T-12 and loan documents.
- 2 Close the \$3.8M gap** Pay down from owner equity or add pref/mezz (up to \$4.3M at 10%) if equity is tight.
- 3 Refinance at maturity** New senior loan of \$30.0M. Better terms cut the gap toward \$2.7M.

The property beats its market: 3.0% vacancy vs 8.7% in the submarket, rents within the comp range. The gap is a capital markets problem, not an operating one.

VACANCY: SUBMARKET VS. PROPERTY

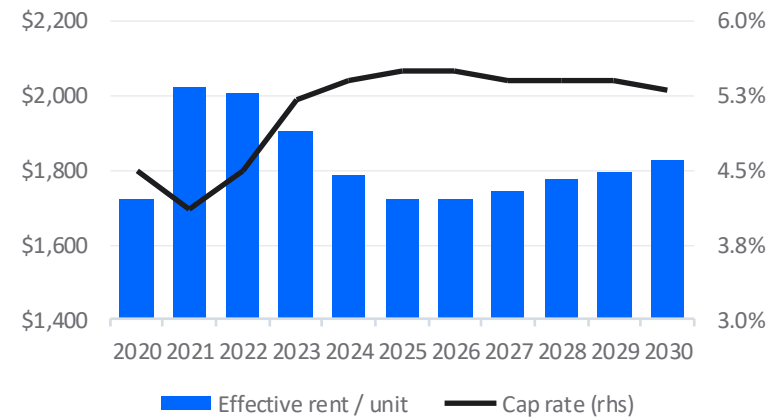


Supply wave is over. Deliveries fell from 2,281 units (2020) to 148 (2026) while absorption held at 471. Vacancy peaked at 23.4% in 2020 and is forecast at 9.0% for 2027. Market rent grows ~1.5% a year to \$2,041 by 2030. Cap rates hold at 5.3%–5.5%.

RENT COMPS (COSTAR)

Property	Built / reno	1-BR vac.	1-BR eff. rent	2-BR vac.	2-BR eff. rent	Concessions
Whispering Pines Estate	2025	8.7%	\$1,713	29.7%	\$2,303	19.3%
Cinderstone Manor	2024	9.0%	\$1,595	5.8%	\$2,109	16.7%
Meridian Reach	2016	5.4%	\$1,458	10.3%	\$2,063	15.4%
Bramblewood Cottage	2008	10.8%	\$1,299	21.5%	\$1,820	16.7%
Arbor on Tenth (subject)	2017	4.9%	\$1,503	5.7%	\$2,080	7.7%

EFFECTIVE RENT PER UNIT AND CAP RATE



PROPERTY VS. MARKET

	Property	Market
Vacancy in place; UW 5.0%	3.0%	8.7%
Opex ratio market benchmark	43.3%	44.9%
1-BR effective rent comp average	\$1,503	\$1,516
2-BR effective rent comp average	\$2,080	\$2,074
Concessions comps offering	8%	15%–19%

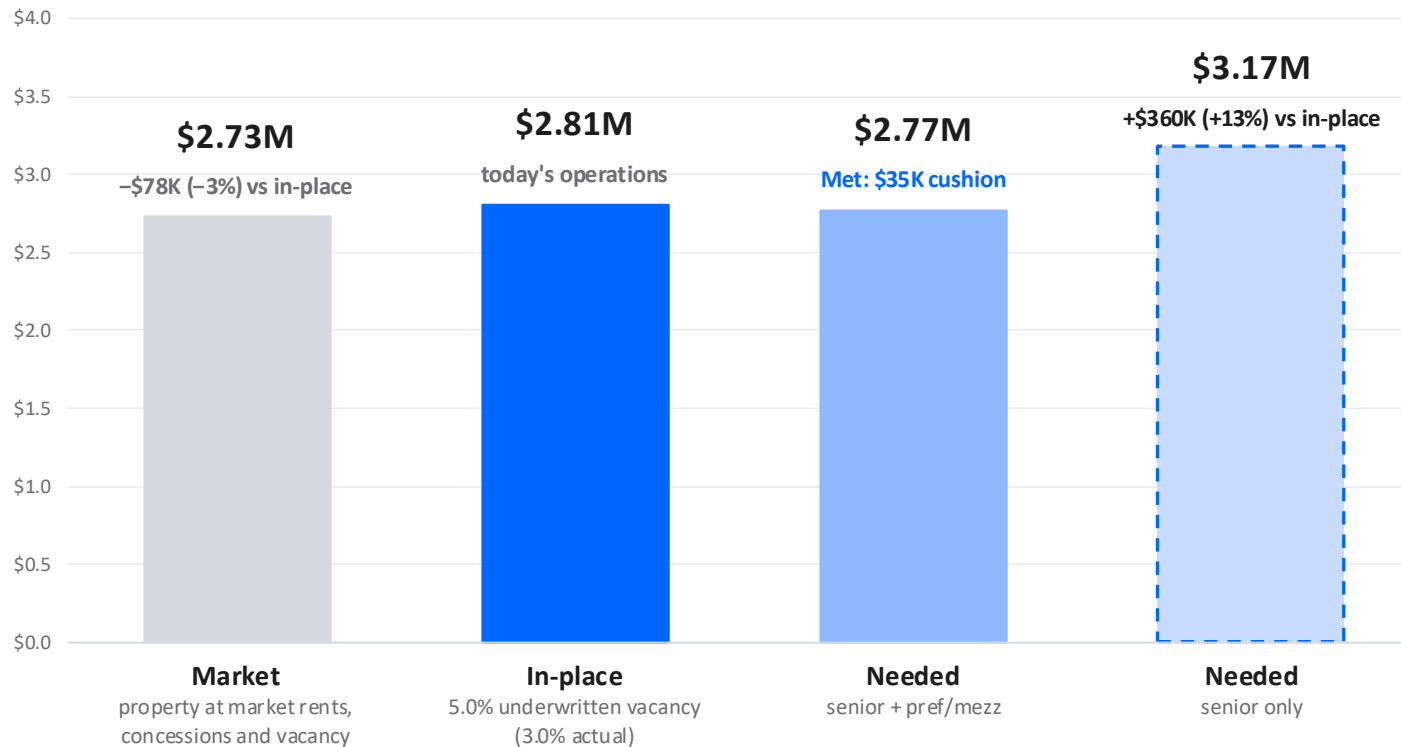
WHY IT IS A CAPITAL PROBLEM

- Debt cost reset: the loan was sized at 3.84%; new senior debt costs 6.37%. At 1.25x DSCR that caps proceeds at \$30.0M vs a \$33.9M payoff at maturity.
- Operations beat the market: vacancy 3.0% vs 8.7% in the submarket (underwritten at 5.0%); concessions at or below comps.
- Rents are within the comp range: 1-BR \$1,503 (comps \$1,299–\$1,713), 2-BR \$2,080 (\$1,820–\$2,303). Little room to push.

At market rents, concessions and vacancy, NOI would be \$2.73M, \$78K below in-place. The property already beats its market; operations cannot add the \$360K senior-only needs.

NOI AT MATURITY (NOV 2026): MARKET, IN-PLACE AND WHAT REFINANCING NEEDS

NOI (\$M)



Market = the property's in-place NOI with each driver moved to market (table at right): asking rent, concessions and vacancy to the CoStar 2026 submarket figures, other income and opex to the market case. NOI needed uses the senior and pref/mezz tests on page 1 at the \$33.9M payoff and 6.0% cap. Controllable opex: management, payroll, repairs, utilities, marketing, G&A, professional fees, other. Non-controllable: real estate taxes and insurance (taxes can be appealed). Opex is a market benchmark; actual expenses not available.

IN-PLACE VS. MARKET, BY DRIVER

Driver	In-place	Market	NOI
Asking rent per unit / month	\$1,817	\$1,926	+\$266K
Concessions of asking rent	7.7%	10.6%	-\$158K
Vacancy underwritten; 3.0% actual	5.0%	8.7%	-\$200K
Other income per unit / year	\$2,311	\$2,372	+\$14K
Controllable opex per unit / year	\$6,342	\$6,342	\$0
Non-controllable opex taxes, insurance	\$2,901	\$2,901	\$0

CAN OPERATIONS CLOSE THE GAP?

- Asking rents are 6% below the submarket, but concessions are lower (8% vs 11%). Net effect on NOI: +\$108K.
- Vacancy beats the market; moving to market costs \$200K.
- Upside at market: effective rent +\$108K, other income +\$14K. \$122K of the \$360K senior-only needs.
- Senior-only needs +\$360K (+13%): effective rents up 8%, or opex 17% below benchmark. Pref/mezz needs nothing more.

Operations are not the lever. The remaining gap is a capital markets problem.

Path: Close the \$3.8M gap at maturity with a paydown or pref/mezz. Paying down saves \$385K a year; better loan terms cut the gap to \$2.7M.

PAYDOWN NEEDED AT REFINANCE, BY RATE AND DSCR

Senior rate	1.20x DSCR	1.25x DSCR	1.30x DSCR
5.37%	\$2.7M	\$2.7M	\$2.7M
5.87%	\$2.7M	\$2.7M	\$3.4M
6.37% (model)	\$2.7M	\$3.8M	\$5.0M
6.87%	\$4.2M	\$5.4M	\$6.5M

Other tests held: 75% LTV caps senior at \$35.1M, 9.0% debt yield at \$31.2M. No rate or DSCR takes the paydown below \$2.7M (blue). 30-year amortization.

CAPITAL AT REFINANCE (NOV 2026): PAY DOWN VS. PREF/MEZZ

	Pay down	Pref / mezz
Senior loan	\$30.0M	\$30.0M
Pref / mezz	—	\$3.8M
Owner cash paydown	\$3.8M	—
Total = loan payoff	\$33.9M	\$33.9M
Debt service + pref pay / yr	\$2.25M	\$2.63M
Cash flow after debt / yr	\$0.56M	\$0.18M
Total DSCR	1.25x	1.07x

Paying down instead of using pref/mezz keeps \$385K a year of cash flow: a 10% return on the \$3.8M it replaces.

ROUTES AT MATURITY (\$33.9M PAYOFF)

Pay down + refi
\$3.8M
 Owner equity. New senior loan of \$30.0M at 1.25x.

Senior + pref/mezz
\$34.3M
 Covers payoff. 10% current pay.

Sale
\$47M–\$49M
 At 5.75%–6.0% cap. Nets \$12.9M–\$15.0M before costs.

NEXT STEPS WITH CAPITAL MRI

- 1 Verify** Rebuild the numbers from rent roll, T-12 and loan documents.
- 2 Shop the refinance** Banks, agencies, debt funds and life companies. Target terms that move the paydown toward \$2.7M.
- 3 Structure the balance** Paydown, pref/mezz or a mix, sized to your cost of capital.

BASIS OF ESTIMATES AND DISCLAIMER

- Prepared without access to property financials, rent roll or loan documents. All figures are estimates from public sources and must be reviewed against actual data.
- Loan payoff estimated from the \$33.9M original balance at 3.84% with interest-only terms.
- NOI at maturity uses in-place rents, concessions and other income, 5.0% vacancy (3.0% actual, lender minimum 5.0%) and a market opex benchmark; actual expenses not available. Values at 6.0% cap.
- Refinance terms are indicative, not a quote: 6.37% rate, 30-year amortization, 1.25x DSCR, 9.0% debt yield, 75% LTV; pref/mezz at 10%.
- For discussion only. Not an offer, a commitment to lend or invest, or a guarantee of terms or outcomes.

Appendix: Loan Readiness Self-Guide. What lenders and equity partners will ask for before a refinance, and where Radius West Midtown stands.

PROPERTY & OPERATIONS	DEBT & CAPITAL	VALUATION & MARKET	SPONSOR & TIMING
☐ Rent roll, current within 30 days	☐ Loan documents: maturity, extension options, prepayment	☒ Value at current cap rates	☐ Sponsor financial statement and liquidity
☐ T-12 and two prior years of operating statements	☒ Payoff amount at maturity	☒ Submarket vacancy, supply and rent forecast	☐ Schedule of real estate owned
☐ Occupancy, concession and bad-debt trend	☒ DSCR, debt yield and LTV vs lender tests	☒ Rent comps and concessions	☐ Entity documents and org chart
☐ Capex history and 12-month budget	☒ Pref/mezz capacity and cost	☐ Tax assessment and appeal status	☐ Third-party reports: appraisal, PCA, Phase I
☐ Property condition and deferred maintenance	☐ Equity available for a paydown	☐ Insurance renewal quote	☒ Start 6–12 months before maturity (26 days left)

☒ Covered in this Diagnose & Solve (estimated)
 ☐ Needed from the owner
 ☒ Behind schedule

Run the full Loan Readiness Checker online

Score each item for your asset and see what to fix before you go to lenders.

[Loan Readiness Self-Guide →](#)