

A 50-unit loft conversion: what the borrower's package actually supports

Three seller documents read end to end and tied against each other. Building name, location and tenants removed; the city is not named, and every money figure is scaled by one constant factor (ratios and ties unchanged). Every figure below carries the page or cell it came from.

Broker OM

Rent roll • January 2026 • 50 units

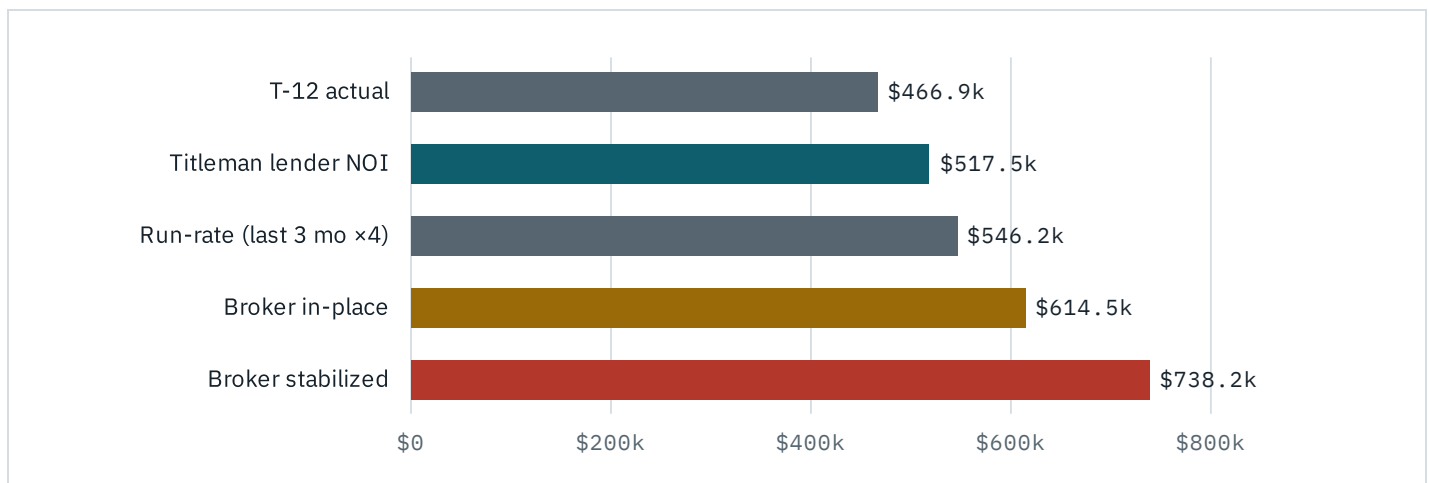
T-12 • Feb 2025 – Jan 2026 • accrual

BOTTOM LINE FOR CREDIT

The rent roll and the T-12 agree with each other and with the OM's in-place rent. The gap is in the pro forma: the OM's "in-place" NOI of **\$614,475** is **32% above** the trailing actual and **19% above** the NOI we would underwrite (**\$517,544**). Almost half of the lift is expense cuts that the T-12 itself does not support. At 1.25x DSCR that is about **\$1.0M** of loan proceeds riding on assumptions.

The NOI ladder

T-12 actual \$466,880 Feb 25 – Jan 26, includes lease-up	Titleman lender NOI \$517,544 run-rate income, 5.5% vacancy and credit, actual expenses + reserves	Broker "in-place" \$614,475 OM p.33
Broker stabilized \$738,161 post-renovation, OM p.33		



Where the broker's extra \$147,595 of NOI comes from

OM "in-place" column against the T-12 actual, line by line (OM p.32–33; T-12 totals).

LINE	T-12 ACTUAL	OM IN- PLACE	EFFECT ON NOI	SUPPORTED BY THE FILE?
Rental income (net)	\$774,170	\$838,833	+\$64,663	Mostly. OM figure is after 5% vacancy and 0.25% bad debt. Current rent roll annualises to \$848,772; T-12 is low because of lease-up early in the year.
Parking	\$30,641	\$43,587	+\$12,946	Partly. January billed \$2,980 = \$35,760 a year.
Insurance	\$98,583	\$60,907	+\$37,676	No. Assumes \$34,800 for liability and property against \$72,477 paid. Needs a bound quote.
Maintenance	\$58,356	\$32,625	+\$25,731	No. See finding 1: months after renovation run higher, not lower.
Contract services	\$41,742	\$23,925	+\$17,817	No. Same as above.
Management fee	\$40,862	\$27,267	+\$13,595	Only with a new manager at 3%. Current fee is 4.9% of income.
Electric	\$22,784	\$17,912	+\$4,872	Doubtful. Dec–Jan bills (\$2,714 and \$2,984) match Feb–Mar; the spike looks seasonal.
Payroll	\$15,377*	\$43,500	-\$28,123	Conservative. *The OM's "payroll" is leasing commissions (T-12 account 66010); there is

LINE	T-12 ACTUAL	OM IN- PLACE	EFFECT ON NOI	SUPPORTED BY THE FILE?
				no on-site payroll today.
Taxes	\$38,251	\$39,833	-\$1,582	See finding 3 on abatement.
NOI	\$466,880	\$614,475	+\$147,595	Revenue +\$77,609; expense cuts +\$69,986

Findings

HIGH

1. The expense cuts are not in the T-12

The OM halves maintenance and contract services (\$100,098 to \$56,550), saying February–May were inflated by renovating vacant units. In the T-12, repairs, turnover and contract lines average **\$8,242** a month in Feb–May and **\$9,286** a month in Jun–Jan. The months after the renovation cost more.

T-12 accounts 60000–63000, 65100 · OM p.31 note on electric, p.33

HIGH

2. Insurance is underwritten at a quote nobody has shown

Actual premium is \$98,583 (\$1,972 per unit). The OM uses \$60,907. Until a bound quote says otherwise, the actual premium is the number to underwrite.

T-12 account 70000 · OM p.31 insurance summary

HIGH

3. Taxes look abated

Real estate tax is \$28,014 a year (\$560 per unit) for a 50-unit building after its redevelopment. That level is consistent with a tax abatement. If it ends inside the loan term, taxes reset to the full assessment. Ask for the abatement certificate and its end date.

T-12 account 68010 · OM, redevelopment section

MEDIUM

4. 60% of leases roll in six months

29 of 48 leases expire by July 2026; 15 of them in April and May. Rents are in place, but the next six months decide whether the run-rate holds.

Rent roll, lease end column

MEDIUM

5. Security deposits above local limits

Deposits held total \$136,938, about 1.9 months of rent. Some units hold roughly two months; deposits above local limits on some units come to about \$39,000.

Unless part of it is pet or last-month money, it is a refund liability that transfers with the asset.
Rent roll, deposits held column

MEDIUM

6. The "below market" claim leans on new buildings

The OM adds \$103,878 of below-market leases. Its comp set averages \$1,565 for a one-bed, but the top of the set are recent new builds; the subject is an older building converted to apartments. Only 6 of 50 units carry a market rent in the rent roll, so loss-to-lease cannot be checked from the seller's own data.

OM p.26 rent comps · rent roll market rent summary

LOW

7. Collections are clean

\$2,399 owed across 8 units, one of them more than a month (\$1,720).
Prepayments of \$6,416. Concessions under 0.5% of rent.

Rent roll, balance due · T-12 account 41500

What ties out

Units and occupancy

50 units, 48 occupied (96%) in both the rent roll and the OM.

OM p.5 · rent roll summary

In-place rent

Rent roll \$70,731 a month on 48 units = \$1,474 average, the OM figure.

OM p.5 · rent roll total

Rent roll to T-12

January rental income \$70,731 equals the rent roll total.

T-12 Jan, account 41000

Parking in charges

Charges exceed rent by \$3,002; January parking income \$2,980.

Rent roll charges · T-12 account 40900

OM T-3 column

Effective gross income \$910,104 = last three T-12 months × 4.

OM p.32 · T-12 Nov–Jan

Total expenses

\$364,398 in both the OM T-12 column and the T-12.

OM p.32 · T-12 total

What the NOI supports

Loan size at 1.25x DSCR, 30-year amortisation, and a 9% debt yield. Rates are illustrative; swap in your own.

NOI BASIS	NOI	DSCR 1.25X @ 6.25%	DSCR 1.25X @ 6.75%	DEBT YIELD 9%
T-12 actual	\$466,880	\$5.06M	\$4.80M	\$5.19M
Titleman lender NOI	\$517,544	\$5.60M	\$5.32M	\$5.75M
Run-rate, last 3 months × 4	\$546,154	\$5.91M	\$5.61M	\$6.07M
Broker in-place	\$614,475	\$6.65M	\$6.32M	\$6.83M

Titleman lender NOI: full-occupancy rent \$882,180 less 5% vacancy and 0.5% credit loss, other income at the last-three-month run-rate (\$61,332), T-12 expenses as reported plus \$261 per unit of replacement reserves.

Questions for the borrower

1. Bound insurance quote for liability and property, and three years of loss runs.
2. Tax abatement certificate, assessed value with and without abatement, and the end date.
3. Invoices for the February–May 2025 unit renovations, split between capital and operating expense.
4. Leasing plan and current renewal offers for the 15 leases ending in April and May 2026.
5. Deposit ledger by unit, separating security, pet and last-month money.
6. Market rent by unit from the manager, to test the \$103,878 below-market claim.
7. Parking: spaces leased today against the spaces available.

Prepared by Titleman AI on behalf of the Titleman team. A sample run on a real marketed property. Building name, location and identifying details removed; figures come from the seller's documents, scaled by one constant factor so the property cannot be traced; ratios, percentages and ties are unchanged. Not verified against third-party records.

For a live file: send the package as it reached you, and the same read comes back with every figure linked to its page or cell.