

HOTELS

In the majority of cases wherever a building is being purchased from an investor, the building doesn't income, doesn't have historical info, and a lender-hired management company operates the building with targets solely on keeping doors open till the building is sold. To finance any building that's owned by an investor, lack of 3 years of tax returns of the building may be stipendiary by gathering alternative legal documents from several alternative sources however at the minimum, the building needs to be established to income for the planned loan quantity, most likely at an attractive debt coverage quantitative relation that successively interprets to the next CAP and lower price. It conjointly needs the sponsors to possess various sources of financial gain and income.

In mid-2008, because the economy began to stall and therefore the reality that a recession had already set in, forecasts for 2008 revenue per on the market arena (RevPAR) growth finally qualified from around third to third. solely in Jan 2009 was it discovered that even this flat RevPAR assumption was to a fault optimistic. Consistent with Smith Travel analysis knowledge, whereas RevPAR gains were seen within the initial 2 quarters of 2008, the last half of the year was definitely negative.

RevPAR (Yield) Index -- A RevPAR (Yield) Index measures a hotel's fair market share of their segment's (competitive set, market, submarket, etc.) revenue per available room. If a hotel is capturing its fair market share, the index will be 100; if capturing less than its fair market share, a hotel's index will be less than 100; and if capturing more than its fair market share, a hotel's index will be greater than 100.

| Rates | DSCR | FICO | Cap Rate |
|--------------------------|-------|------|----------|
| 4.5-6.0%-10yr/30am fixed | 1.40+ | 700+ | 6-8% |
| 8.0-10%-10yr/30am fixed | 1.25 | 640- | 9-12% |
| 10-12%-5yr/20am fixed | 1.25- | 640- | 12+ |

Rates are subject to change without notice.