



HOW TO GUARD AGAINST INTEREST RATE INCREASES



VÉRITÉ

TRUTH AND TRANSPARENCY



LOAN FACILITY IS BASED ON A \$1,000,000 ANNUAL PREMIUM AND A 10 YEAR LOAN COMMITMENT.

VARIABLE PRICING OF 30 DAY LIBOR + 1.75%, CURRENTLY 2.20%.

MECHANISM	COST	ALL-IN RATE	EXPLANATION
Rate Cap	Upfront fee of \$510,423 to be paid or capitalized into the loan	TBD	Initial rate starts at 2.20% will be a variable rate based on Libor but guaranteed not to exceed 5% for the 10 years. Other rates available and for example if the cap is set at 6%, the fee would be less
10 Year Fixed Rate	Secured though a SWAP which requires breakage to be collateralized at 10% of the total loan at the highpoint. In this example \$1M x 10 years = \$10X x 10% = \$1M in additional collateral	4.05%	The rate will be set at 4.05% on the outstanding loan amount for 10 years
10 Year Fixed Rate, Forward looking	Same as above	Variable for year 1-3 and 4.20% years 4-10	The rate is variable starting at 2.20% but switches to fixed in year 4 at the predetermined rate
Collar	No Cost	3.20%-5.00%	A collar is established and the rate will be variable with a floor of 3.20% and a cap of 5.00%. The only "cost" is the client paying 1.00% above the initial variable pricing

*The above figures are based on a previous example and actual pricing with depend on client underwriting and what that market allows that that time.