

WHAT A LOAN APPLICATION SHOULD CONTAIN

1. The Amount of Money Borrower requests to Borrow.
2. What the loan proceeds will be used for.
3. How the money will be Repaid (when the 1st Payment is to be Due, Term of Years required, Interest Rate, renewals required, Releases of Collateral, etc.)
4. Lists of Collateral supplied to secure the note.
5. Provisions that Banks should not Rely upon the Wife's Credit (prevents the Bank from making the loan Community Property and subjecting wifes assets to debt. This requires a Marital Property Agreement, which must be filed for record. **Warning:** Never ever let an amateur lawyer do this ... nor use only one lawyer for both Husband and Wife)
6. Always ask for more money than you actually NEED ... for you can't "go back to the well."
7. How the money should be drawn from the Lendor.
8. Always plan for and ask for an additional amount of money to be held in a **"HOLDBACK FOR UNSPECIFIED CONTINGENCIES"** ... **This is Vitrally Important.**

THIS ASSUMES THAT THE OTHER THREE PROJECTS WILL NEVER GO UNDER CONSTRUCTION AND THAT THE COLISEUM ROAD WAREHOUSE WILL BE CALLED ON TO SERVICE THE DEBT ON ALL FOUR TRACTS FOREVER

30 yr amortization schedule with \$16.300/mo x 12 = 195,604

Pre Tax Cash Flow, after Debt Service \$93,029

This assumes negotiated a replacement of the approximate \$500,000 8% note with Mutual of New York with Permanent Financing funded with the new permanent financing money at market interest rates of 14% and raising the existing 8% rate to 9.75%.

EXPERIENCE OF ROBERT JORRIE

CONSTRUCTION AND LEASING

Leases and manages 32,800 Square Foot Warehouse at 30 Essex Street since 1962 for Mrs. Robert Marx and Marilyn Jorrie.

Leases and Manages 53,800 Square Foot Warehouse at 1524 W. Poplar since 1962 for Mrs. Robert Marx.

Designed and will build a proposed 25,000 Square Foot warehouse on West Poplar Street for Mrs. Robert Marx.

Leases and Manages 35,000 Square Foot Retail Furniture store building since 1962 for himself.

Helped design and helped construct 45,000 Square Foot Retail Furniture store building.

Leased and manages 50,150 Square Foot warehouse at 1114 W. Commerce for self for many years. Disposed of by means of three-cornered tax-free exchange.

Helped design and helped construct and leases and manages 167,920 Square Foot Warehouse building at 943 Coliseum Road since 1969 for himself.

Leases and Manages 1006 S. W. Military Drive since 1963 for himself.

Owns, operates and leases 354 Acre Exotic Game Ranch on the Guadalupe River 2 miles West of Comfort since 1968.

EDUCATION

Graduate University of Texas, Bachelor's Degree in AeroSpace Engineering, 1962.

10 years experience operating and managing Jorrie Furniture Company including 5 large retail stores.

Graduate St. Marys University School of Law with a Juris Doctor, 1974.

Graduate New York University School of Law with Master's Degree in Taxation, 1975.

Practicing Attorney, San Antonio, Texas with heavy emphasis in matters of Real Estate, Taxation and Tax Planning.

LOAN REPAYMENT:

As soon as the building leases, Jorrie will obtain permanent financing --- but not longer than 24 months.

Funds will come out of Permanent Financing to be acquired upon leasing the Coliseum Road Building.

COLLATERAL SUPPLIED:

1. Mortgage and lien upon the Coliseum Road Building valued at \$4,250,000 in the amount of \$1,000,000. subordinated to MONY loan 99805-S. Principal balance about \$180,000 at 8%, payments \$6,200/month.
2. 4 acres in fee simple adjacent to Coliseum Road Building. \$304,920 FMV (\$1.75/sf) --- with no mortgage.
3. Assignment of up to half the rents on Coliseum Road (to the extent they exceed \$6,200/month to MONY.)
4. 5 acres of rail-served sprinklered land at 326 Old Seguin Road. FMV \$381,150 (\$1.75/sf)
5. Personal Guarantee of Robert Jorrie.

RELEASES OF COLLATERAL REQUIRED:

1. 8.37 acres of vacant land of the 15 Coliseum Road Acres.
2. Front 4 acres upon repayment of all funds expended from these funds.
3. Coliseum Road warehouse and the acreage it sits on upon repayment of all funds expended from these funds.
4. 5 acres at 326 Old Seguin Road upon repayment of \$61,200.

SPECIAL CONSIDERATIONS:

In order to have the ability to deduct interest, Jorrie requires a Battelstein-McAdams Provision under which the Bank will arrange for Jorrie to annually borrow the interest due from a 3rd party accomodating lender just prior to calendar year end ... the accomodating lender will advance money to Jorrie who will deposit it and then write a check to the bank in order to properly satisfy the meaning of the word "paid" and obtain the interest deduction. A few days after the new calendar year begins, the bank will pay off the accomodating lender out of the Hold Back and consolidate that sum to the loan balance. See Battelstein v. Commissioner, 632 F2d 1182. (CA-5-1980) and McAdams v. Commissioner, 15 TC 231 (1950).

EXHIBITS:

Robert Jorrle's Balance Sheet
Coliseum Road Brochure including Site Map showing 4 acres & Tom's Peanut Acre
Plat of Seguin Street tract
Description of Jorrle's Experience

PURPOSES:

To afford Interim Financing which will permit Jorrie:

1. To fund the purchase of a 1 acre tract from the Southern Pacific Railroad immediately adjacent to the Seguin Road tract while the Railroad is in desperate need for cash so as to keep acquisition costs down.

and to begin site work on both tracts for the approximate 118,000 square feet multi-tenant, sprinklered and Rail-served warehouse while construction costs are low so as to be prepared to begin pouring concrete and "get a Jump" on the market, when the boom begins again. See attached Sequin Road Plan.

2. To acquire 4 acres adjacent to existing Coliseum Road warehouse.

Current owner wants cash and is anxious to sell ...

and to acquire the 1 acre adjacent to the Coliseum Road warehouse and located behind Tom's Peanuts ... which will make the Coliseum site the only 20 acre rail-served and sprinklered high clear stack height NEAR DOWNTOWN building with tremendous expansion capacity in the Sun Belt. See attached Coliseum Road Rental Brochure.

Perfect for a highly desirable near downtown industrial park.

3. To replace the existing high interest note and mortgage in favor of Bexar County Savings with one at a more favorable interest rate.

4. To consolidate some personal notes and fund an addition to Jorrie's residence.

5. To fund temporary negative cash flow. and up to \$20,000 in repairs that will make the building more cosmetically attractive that will help rent the building, property taxes and \$6,200/month mortgage payment to MONY and \$3,400 a month to Sam Jorrie beginning April 1, 1983 until the Coliseum Road warehouse is rented, along with debt service upon the proposed loan from the Hold Back Funds. See attached Coliseum Road Pro Forma.

LOAN REQUIRED:

\$1,000,000 in funds to Jorrie plus a Hold Back for debt service on this Loan and on the MONY Loan 1-1/4 points over Prime, floating.