TriMont Valuation Methodologies
Lehman Brothers PTG and LLG Assets

General Guidelines

(Revision Date 7/1/2008)

Methodologies are adopted for each of the following categories:

Income-Producing Properties—Multi-Family

Income-Producing Properties—Hospitality

Income-Producing Properties—Office, Industrial, Retail, and Other

For Sale Properties—Land and Lots

For Sale Properties— Residential M-F or S-F or Commercial Condo

Pre-Development Properties

Exceptions to these guidelines may be necessary to capture unique situations and deal structures. Deviations should be discussed with the Team Leader before analysis is commenced and should be justified in the Assumption-Justification portion of the Report.

TriMont's standardized "IRR Model / Property Status Report" for Lehman assets is the required format for recording assumptions and calculations involved in the valuation process.

If a deal's collateral includes multiple properties, then appropriate methodologies should be applied to each respective property, and then ED combines to produce deal aggregate Current and Stabilized Values, Remaining Net Values or Total Net Values, and Exit Values.

REO Assets will have a Current and Exit Value and will be determined in accordance with an approved business plan.

From closing through the first 3 months of a deal unless market conditions dictate or a refined / revised business plan is available, all values except current value will be sourced from the NDFR or Underwriting Memo. Current value can be sourced from the NDFR until actual current capitalization figures are available. To the extent that an NDFR or any underwriting summary is not available, does not detail the values of the asset, or provides values that are materially different from an appraisal provided at closing, please contact via email the underwriter(s) to confirm the appropriate values.

Asset Managers and Financial Analysts are expected to collaborate on each valuation's assumptions and determine together the most appropriate sources of market information and comps. TriMont's Market Research Center is to be consulted for resources on file. All assumptions must have a basis in market comparison data, professional opinions of qualified third parties, or data compiled by credible publications.

Notes Applicable to all Methodologies

VALUES ARE TO BE ESTABLISHED IN ACCORDANCE WITH THE MOST RECENT BUSINESS PLAN FOR EACH PROPERTY.

Many potential sources of valuation information are allowed by these methodologies. It is acceptable under this standard to derive projected property sale amounts from valid and current appraised values, brokers' opinions of value, listing agreements and refinance amounts, as well as the preferred basis--actual contract amounts on either the subject or close market sales comps. Current Value of any operating property may be derived directly from such sources.

Current Value and Stabilized Value would be the gross sales price estimated for operating properties. Net Remaining or Total Net Values of for-sale properties would be net of anticipated sales expenses.

An *appraisal* can be an acceptable basis for TriMont's estimation of value provided its assumptions are reviewed and found consistent with market. *Brokers' opinions, listing agreements/prices, executed sales contracts, implied values resulting from a refinance, etc*. also may indicate new or revised assumptions for valuation calculations.

Each value determined by these standard methodologies should be tested for reasonableness compared with a market-derived value per unit, per square foot, per room, etc. as well as the value resulting from common multipliers and/or the going-in cap rate for operating properties.

Valuation Methodology

Income-Producing Properties -- Multi-Family

Current Value-Properties in Development Until Construction Completion: The lesser of 100% of Total Capitalization as of the Current Date or the NPV of anticipated future monthly Net Cash Flows at the selected Discount Rate (Property Under Development) over a period beginning on the Current Date and extending through the projected Stabilization Date. NPV includes a Reversion Value component derived by a Discounted Cash Flow Analysis extending 5 years past the anticipated Stabilization Date, using pro-forma lease-up NCF's.

Current Value-Properties in Operation: Apply a current-market direct capitalization rate to the estimated Pro-Forma Year One Cash Flows and reduce the resulting value by any immediate cap-ex or non-recurring expenses necessary to achieve the pro-forma revenues. *This is the current standard approach of investors valuing multifamily properties for acquisition purposes.* The resulting per unit value should be reconciled with value estimates by two or more brokers knowledgeable with the property and submarket, as well as recent sales comparables. If the derived value using the direct cap methodology is not representative of the property's value on a per unit basis, it is appropriate to utilize a per unit valuation. A 5 year Discounted Cash Flow Analysis utilizing the selected Discount Rate (Property In Operation) also is an acceptable valuation methodology. It may be employed when deemed more appropriate by the report preparer, reviewer, or the client. The chosen method will be applied as of the Current Date.

Stabilized Value: NPV of anticipated future Cash Flows at the selected Discount Rate (Property In Operation) over an Analysis Period beginning on the Stabilization Date. SV includes a Reversion Value component derived by applying the selected reversionary cap rate to Net Cash Flow of the Reversionary Year. Resulting value should be tested for reasonableness compared with a market-derived current value per unit as well as the resulting implied direct cap rate – stabilized year NOI divided by the Stabilized Value.

Exit Value: Same methodology as Stabilized Value but determined as of the Exit Date.

Also see: ***Notes Applicable to all Methodologies***

Total Capitalization - includes all currently outstanding loan and owning-entity equity, including borrower's cash or client-recognized imputed equity and/or invested capital. Total Capitalization also includes purchaser earnest money deposits actually spent to date for construction hard costs (as allowed in some states) used in building For Sale properties such as condos. Unspent purchaser earnest money deposits are not counted as capitalization. Total Capitalization also does not include deferred interest, capitalized interest, pref on equity, or exit fees for any LB PTG / LLG positions (superior or subordinate) but does include deferred interest, capitalized interest, and exit fees for all third party debt (including that from other Lehman lending groups such as the Mezzanine Fund).

Current Date - typically the first (1^{st}) day of the month of analysis. For instance, if balance information is through July 31, then the Current Date is August 1.

Construction Completion – the point in time when the last required certificate of occupancy is received.

Net Cash Flows – estimated, taking into account property performance, market rents, market trends, normalized expense inflation rates, lease comps, tenant finish expenses, leasing commissions, and discussions with knowledgeable sources within the property management and brokerage communities. Net Cash Flow when the property is in operation is before interest or pref. Until construction is complete, costs incurred (including interest) represent negative cash flows.

Analysis Period – 5 year holding period. For Current Valuations (Property In Operation), Year 1 of the Analysis Period typically ends in the 12th month following the Current Date. For Stabilized Valuations, Year 1 of the Analysis Period typically ends 12 months after the Stabilization Date.

Reversionary Year - the year following the end of the Analysis Period.

Reversion Value - the net lump sum benefit that an investor receives at the termination of an investment (i.e. at the end of the Analysis Period).

Stabilization Date - a future date on which the project will achieve a stabilized NOI consistent with the current business plan including any renovation. *Stabilized NOI* is determined by two primary factors--stabilized property occupancy date and rental rates. Stabilized property occupancy date is the date on which the subject property's occupancy will achieve a normalized market physical occupancy (taking into consideration historical sub-market results as well as forecasts) coupled with market-levels of material rent concessions. Stabilized rental rate is that average rental rate at which the subject property is anticipated to achieve maximum overall rental revenues through execution of the current business plan. Vacancy loss may be adjusted up or down to reflect the unique characteristics of the asset with regards to property, market, tenancy, etc. which would likely prevent the property from ever achieving market occupancy.

Discount Rate (Property In Operation) - the rate of discount applied to all future Net Cash Flows while a property is in operation is to be derived from rates implied by recent transactions or buyer sentiment for the property type. Such rates can be discovered using proprietary and published surveys, investor broker observations, and actual comps. Two or more independent sources should be used when possible.

Discount Rate (Property Under Development) - the rate of discount applied to all future Net Cash Flows while a property is under development/construction is to be derived from the 'Weighted Average Rate', a weighted average of rates in the committed capital stack for the project. The rate to be used for the equity component of capital will be 20% unless two independent sources substantiate a different required equity return based on perceptions of the risk inherent in that particular property type and stage of development as well as the confidence in revenue prospects for the operation (lease-up time and rates) or sale(s) timeframe and sales price(s).

Discount Rate (Special Cases) - in the special cases of lines of credit and equities placed with a non-profit development entity, the discount rate will be a weighted average of the preferred equity return(s) and debt rates on committed amounts, adjusted as appropriate.

Exit Date - the anticipated date of exit through sale/sellout, refinance/recap, or foreclosure. For properties with multiple units or components, this is the date of the last component's disposition, refinance/recap, or foreclosure.

Valuation Methodology
Income-Producing Properties -- Hospitality

Current Value-Properties in Development Until Construction Completion: The lesser of 100% of Total Capitalization as of the Current Date or the NPV of anticipated future monthly Net Cash Flows at the selected Discount Rate (Property Under Development) over an Analysis Period beginning on the Current Date and extending through the Stabilization Date. CV includes a Reversion Value component derived by applying the selected cap rate to Net Cash Flow of the Reversionary Year (typically the year following stabilization).

Current Value-Properties in Operation: NPV of anticipated future Cash Flows at the selected Discount Rate (Property In Operation) over an Analysis Period beginning on a Current Date. CV includes a Reversion Value component derived by applying the selected reversionary cap rate to Cash Flow of the Reversionary Year.

Stabilized Value: NPV of anticipated future Cash Flows at the selected Discount Rate (Property In Operation) over an Analysis Period beginning on the Stabilization Date. SV includes a Reversion Value component derived by applying the selected reversionary cap rate to Net Cash Flow of the Reversionary Year.

Exit Value: Same methodology as Stabilized Value but determined as of the Exit Date.

Also see: ***Notes Applicable to all Methodologies***

Total Capitalization - includes all currently outstanding loan and owning-entity equity, including borrower's cash or client-recognized imputed equity and/or invested capital. Total Capitalization also includes purchaser earnest money deposits actually spent to date for construction hard costs (as allowed in some states) used in building For Sale properties such as condos. Unspent purchaser earnest money deposits are not counted as capitalization. Total Capitalization also does not include deferred interest, capitalized interest, pref on equity, or exit fees for any LB PTG / LLG positions (superior or subordinate) but does include deferred interest, capitalized interest, and exit fees for all third party debt (including that from other Lehman lending groups such as the Mezzanine Fund).

Current Date - typically the first (1st) day of the month of analysis. For instance, if balance information is through July 31, then the Current Date is August 1.

Occupancy Rate –the ratio between the total number of rooms sold and the total number of rooms available. The number of guests also drives other revenue sources such as food, beverage, and telephone in addition to impacting variable expenses.

Average Daily Rate (ADR) - the average daily rate per room sold. The measure is calculated by dividing the total rooms revenue achieved during a specified period by the number of rooms sold during the same period. ADR is a weighted average of the different room rates offered by the hotel to accommodate the various market segments of business.

<u>Net Cash Flows</u> – estimated, taking into account property performance, market conditions, market analysis, normalized expense inflation rates, sales comparables, and discussions with knowledgeable sources within the management, and investment sales brokerage and investor communities. Net Cash Flow when the property is in operation is before interest or pref. Until construction is complete, costs incurred (including interest) represent negative cash flows.

<u>Analysis Period</u> – a 10-year analysis is deemed appropriate based on current market indications and results from respectable national investor surveys. For Current Valuations, Year 1 of the Analysis Period typically ends in the 12th month following the Current Date. For Stabilized Valuations, Year 1 of the Analysis Period typically ends 12 months after the Stabilization Date.

<u>Construction Completion</u> – the point in time when the last required certificate of occupancy is received.

<u>Reversionary Year</u> - the year following the end of the Analysis Period.

<u>Reversion Value</u> - the net lump sum benefit that an investor receives at the termination of an investment (i.e. at the end of the Analysis Period).

<u>Stabilization Date</u> - a future date on which the project will achieve a stabilized NOI consistent with the current business plan. *Stabilized NOI* is determined by two primary factors--stabilized property occupancy date and average daily rate. Stabilized property occupancy date is the date on which the subject property's occupancy will achieve a normalized market physical occupancy and ADR (taking into consideration historical sub-market results as well as forecasts). Stabilized ADR is that per room rate at which the subject property is anticipated to achieve maximum overall room revenues through execution of the current business plan.

<u>Discount Rate (Property In Operation)</u> - the rate of discount applied to all future Net Cash Flows while a property is in operation is to be derived from rates implied by recent transactions or buyer sentiment for the property type. Such rates can be discovered using proprietary and published surveys, investor broker observations, and actual comps. Two or more independent sources should be used when possible.

<u>Discount Rate (Property Under Development)</u> - the rate of discount applied to all future Net Cash Flows while a property is under development/construction is to be derived from the 'Weighted Average Rate', a weighted average of rates in the committed capital stack for the project. The rate to be used for the equity component of capital will be <u>20% unless two independent sources substantiate a different required equity return</u> based on perceptions of the risk inherent in that particular property type and stage of development as well as the confidence in revenue prospects for the operation (lease-up time and rates) or sale(s) timeframe and sales price(s).

Discount Rate (Special Cases) - in the special cases of lines of credit and equities placed with a non-profit development entity, the discount rate will be a weighted average of the preferred equity return(s) and debt rates on committed amounts, adjusted as appropriate.

Exit Date - the anticipated date of exit through sale/sellout, refinance/recap, or foreclosure. For properties with multiple units or components, this is the date of the last component's disposition, refinance/recap, or foreclosure.

Valuation Methodology

Income-Producing Properties – Office, Industrial, Retail and Other

Current Value-Properties in Development Until Construction Completion: The lesser of 100% of Total Capitalization as of the Current Date or the NPV of anticipated future monthly Net Cash Flows at the selected Discount Rate (Property Under Development) over an Analysis Period beginning on the Current Date and extending through the Stabilization Date. CV includes a Reversion Value component derived by applying the selected cap rate to Net Cash Flow of the Reversionary Year (typically the year following stabilization).

Current Value-Properties in Operation: NPV of anticipated future monthly Net Cash Flows at the selected Discount Rate (Property In Operation) over an Analysis Period beginning on the Current Date. CV includes a Reversion Value component derived by applying the selected cap rate to Net Cash Flow of the Reversionary Year.

Stabilized Value: NPV of anticipated monthly Net Cash Flows at the selected Discount Rate (Property In Operation) over an Analysis Period beginning on the Stabilization Date. SV includes a Reversion Value component derived by applying a selected cap rate to Net Cash Flow of the Reversionary Year.

Exit Value: Same methodology as Stabilized Value but determined as of the Exit Date.

Also see: ***Notes Applicable to all Methodologies***

Total Capitalization - includes all currently outstanding loan and owning-entity equity, including borrower's cash or client-recognized imputed equity and/or invested capital. Total Capitalization also includes purchaser earnest money deposits actually spent to date for construction hard costs (as allowed in some states) used in building For Sale properties such as condos. Unspent purchaser earnest money deposits are not counted as capitalization. Total Capitalization also does not include deferred interest, capitalized interest, pref on equity, or exit fees for any LB PTG / LLG positions (superior or subordinate) but does include deferred interest, capitalized interest, and exit fees for all third party debt (including that from other Lehman lending groups such as the Mezzanine Fund).

Current Date - typically the first (1^{st}) day of the month of analysis. For instance, if balance information is through July 31, then the Current Date is August 1.

Net Cash Flows – estimated, taking into account property performance, contractual revenues (leases), market conditions, normalized expense inflation rates, lease comps, sales comps, and discussions with knowledgeable sources within the leasing brokerage, investment sales brokerage and investor communities. Net Cash Flow when the property is in operation is before interest or pref. Until construction is complete, costs incurred (including interest) represent negative cash flows.

Analysis Period –10 year holding period. For Current Valuations, Year 1 of the Analysis Period typically ends in the 12th month following the Current Date. For Stabilized Valuations, Year 1 of the Analysis Period typically ends 12 months after the Stabilization Date.

Construction Completion – the point in time when the last required certificate of occupancy is received.

Reversionary Year - typically the year following the end of the Analysis Period. ARGUS allows for the Reversionary Year to be the same year as the last year of the Analysis Period.

Reversion Value - the net lump sum benefit that an investor receives at the termination of an investment (i.e. at the end of the Analysis Period).

Stabilization Date - a future date on which the project will achieve a Stabilized NOI consistent with the current business plan including any significant renovation. *Stabilized NOI* is determined by two primary factors--stabilized property occupancy date and rental rates. Stabilized property occupancy date is the date on which the subject property's occupancy will reach a normalized market physical occupancy (taking into consideration historical sub-market results as well as forecasts), all material lease concessions will have reached market levels, and lease-up leasing expenses will have been realized. Stabilized rental rate is that average rental rate at which the subject property is anticipated to achieve maximum overall rental revenues through execution of the current business plan. Vacancy loss may be adjusted up or down to reflect the unique characteristics of the asset with regards to property, market, tenancy, etc. which would likely prevent the property from ever achieving market occupancy. For ARGUS modeling purposes, this is typically accomplished by fully leasing subject property to 100% (unless the market or property dictates a lower than 100% maximum), allowing for burn-off of material lease concessions and then offsetting revenues by an assumed vacancy loss based on market vacancy. Vacancy loss should be adjusted up or down from the market vacancy to reflect the unique characteristics of the subject property and its likelihood of achieving market occupancy.

Discount Rate (Property In Operation) - the rate of discount applied to all future Net Cash Flows while a property is in operation is to be derived from rates implied by recent transactions or buyer sentiment for the property type. Such rates can be discovered using proprietary and published surveys, investor broker observations, and actual comps. Two or more independent sources should be used when possible.

Discount Rate (Property Under Development) - the rate of discount applied to all future Net Cash Flows while a property is under development/construction is to be derived from the 'Weighted Average Rate', a weighted average of rates in the committed capital stack for the project. The rate to be used for the equity component of capital will be 20% unless two independent sources substantiate a different required equity return based on perceptions of the risk inherent in that particular property type and stage of development as well as the confidence in revenue prospects for the operation (lease-up time and rates) or sale(s) timeframe and sales price(s).

Discount Rate (Special Cases) - in the special cases of lines of credit and equities placed with a non-profit development entity, the discount rate will be a weighted average of the preferred equity return(s) and debt rates on committed amounts, adjusted as appropriate.

Exit Date - the anticipated date of exit through sale/sellout, refinance/recap, or foreclosure. For properties with multiple units or components, this is the date of the last component's disposition, refinance/recap, or foreclosure.

Valuation Methodology
For Sale Properties – Land and Lots

Current Value–Under Development/Construction & Before First Closing Has Occurred: The lesser of 100% of Total Capitalization as of the Current Date or the NPV of anticipated Net Cash Flows at the selected Discount Rate over an Analysis Period beginning on the Current Date and ending with complete sellout.

Current Value-After The First Unit Sale Closing Has Occurred: The NPV of anticipated Net Cash Flows at the selected Discount Rate over an Analysis Period beginning on the Current Date and ending with complete sellout.

Remaining Net Value: Total Net Value minus net value of parcels or lots closed to date minus Costs to be Funded from Sales Proceeds.

Total Net Value: Total value of all project collateral (sold parcels or lots and contracted parcels or lots at contract prices, and not yet contracted units at estimated selling prices) net of actual or projected Closing Costs. Selling prices should be supported by market sales comps when available.

Also see: ***Notes Applicable to all Methodologies***

Total Capitalization - includes all currently outstanding loan and owning-entity equity, including borrower's cash or client-recognized imputed equity and/or invested capital. Total Capitalization also includes purchaser earnest money deposits actually spent to date for construction hard costs (as allowed in some states) used in building For Sale properties such as condos. Unspent purchaser earnest money deposits are not counted as capitalization. Total Capitalization also does not include deferred interest, capitalized interest, pref on equity, or exit fees for any LB PTG/LLG positions (superior or subordinate) but does include deferred interest, capitalized interest, and exit fees for all third party debt (including other Lehman lending groups such as the Mezzanine Fund).

Current Date - typically the first (1^{st}) day of the month of analysis. For instance, if balance information is through July 31, then the Current Date is August 1.

Closing Costs - include commissions and other standard transaction or closing costs.

Costs to be Funded from Sales Proceeds - include any costs needed to achieve sellout that will be funded from sales proceeds (other than closing costs).

Net Cash Flows - market value of lots/pads/acreage--as estimated at the time the properties will be available for closings--reduced by all remaining construction and soft costs including closing expenses from the Current Date through complete project sellout.

Discount Rate (Property Under Development and For Sale) - The rate of discount applied to all future Net Cash Flows while a property is under development or for sale is to be derived from the "Weighted Average Rate", a weighted average of rates in the committed capital stack for the project. The rate to be used for the equity component of capital will be 20% unless two independent sources substantiate a different required equity return based on perceptions of the risk inherent in that particular property type and stage of development as well as the confidence in revenue prospects for the operation (lease-up time and rates) or sale(s) timeframe and sales price(s).

Discount Rate (Special Cases) - in the special cases of lines of credit and equities placed with a non-profit development entity, the discount rate will be a weighted average of the preferred equity return(s) and debt rates on committed amounts, adjusted as appropriate.

Total, Current and Remaining Values - should be based on actual sales for closed units and projected prices for unsold units. Projected prices for unsold units should be based on the current list prices adjusted for market conditions and/or historical and projected trends.

Valuation Methodology
For Sale Properties – Residential M-F or S-F or Commercial Condo

Current Value-Before the first unit sale closing has occurred: The lesser of 100% of Total Capitalization as of the Current Date or the NPV of anticipated Net Cash Flows at the selected Discount Rate over an Analysis Period beginning on the Current Date and ending with complete sellout.

Current Value-After the first unit sale closing has occurred: The NPV of anticipated Net Cash Flows at the selected Discount Rate over an Analysis Period beginning on the Current Date and ending with complete sellout.

Remaining Net Value: Total Net Value minus net value of units closed minus Costs to be Funded from Sales Proceeds.

Total Net Value: Total value of all project collateral (sold units/homes and contracted units/homes at contract prices and not yet contracted units/homes at estimated selling prices) net of actual and/or projected closing costs. Selling prices should be supported by market sales comps when available.

Also see: ***Notes Applicable to all Methodologies***

Total Capitalization - includes all currently outstanding loan and owning-entity equity, including borrower's cash or client-recognized imputed equity and/or invested capital. Total Capitalization also includes purchaser earnest money deposits actually spent to date for construction hard costs (as allowed in some states) used in building For Sale properties such as condos. Unspent purchaser earnest money deposits are not counted as capitalization. Total Capitalization also does not include deferred interest, capitalized interest, or exit fees for any LB PTG / LLG positions (superior or subordinate) but does include deferred interest, capitalized interest, and exit fees for all third party debt (including other Lehman lending groups such as the Mezzanine Fund).

Closing Costs - include commissions and other standard transaction or closing costs.

Costs to be Funded from Sales Proceeds - include any costs needed to achieve sellout that will be funded from sales proceeds (other than Closing Costs).

Current Date - typically the first (1^{st}) day of the month of analysis. For instance, if balance information is through July 31, then the Current Date is August 1.

Net Cash Flows - market value of units as estimated at the time the properties will be available for closings reduced by all remaining construction and soft costs from the Current Date through complete project sellout.

<u>Discount Rate (Property Under Development and For Sale)</u> - The rate of discount applied to all future Net Cash Flows while a property is under development or for sale is to be derived from the 'Weighted Average Rate', a weighted average of rates in the committed capital stack for the project. The rate to be used for the equity component of capital will be <u>20% unless two independent sources substantiate a different required equity return</u> based on perceptions of the risk inherent in that particular property type and stage of development as well as the confidence in revenue prospects for the sale(s) timeframe and sales price(s).

<u>Discount Rate (Special Cases)</u> - in the special cases of <u>lines of credit and equities placed with a non-profit development entity</u>, the discount rate will be a weighted average of the preferred equity return(s) and debt rates on committed amounts, adjusted as appropriate.

<u>Total, Current and Remaining Value</u> - should be based on actual sales for closed units and projected prices for unsold units. Projected prices for unsold units should be based on the current list prices adjusted for market conditions and/or historical and projected trends.

Valuation Methodology
Pre-development Properties

Current Value-Business Plan for the deal is under review or proven not viable and must be changed: The lesser of 100% of Total Capitalization as of the Current Date or the NPV of anticipated monthly Net Cash Flows at the selected Discount Rate over an Analysis Period beginning on the Current Date and ending with exit through sale(s) of the land and its improvements (if any) as established from similarly entitled comps.

Current Value-Exact Business Plan is available and acceptable: Use methodology appropriate for Current Value before operating revenue has begun or first unit/lot sales closing has occurred (according to property type).

Total Value, Remaining Value, or Stabilized Value-Exact Business Plan not yet available: The lesser of 100% of Total Capitalization as of the Completion Date or projected market value, assuming exit through sale(s) of the land and its improvements (if any) as established from similarly entitled comps.

Total Value, Remaining Value, or Stabilized Value-Exact Business Plan is available and acceptable: Use methodology appropriate for future property type.

Also see: ***Notes Applicable to all Methodologies***

***Pre-development Properties* often will change scope or direction as plans are finalized and entitlements are established. Values should be based on the business plan as underwritten unless and until it is believed that a new plan has been established or the original has failed.**

Total Capitalization - includes all currently outstanding loan and owning-entity equity, including borrower's cash or client-recognized imputed equity and/or invested capital. Total Capitalization also includes purchaser earnest money deposits actually spent to date for construction hard costs (as allowed in some states) used in building For Sale properties such as condos. Unspent purchaser earnest money deposits are not counted as capitalization. Total Capitalization also does not include deferred interest, capitalized interest, or exit fees for any LB PTG / LLG positions (superior or subordinate) but does include deferred interest, capitalized interest, and exit fees for all third party debt (including other Lehman lending groups such as the Mezzanine Fund).

Current Date - typically the first (1^{st}) day of the month of analysis. For instance, if balance information is through July 31, then the Current Date is August 1.

Completion Date - the anticipated date of completion of expected pre-development or exit without development, as applicable to the situation. Frequently, this will be the maturity date of a pre-development loan.

Acceptable Business Plan - should identify the future property type, the size and scope of the project (SF, units, lots, etc), the full development budget of revenues and costs, and all elements and amounts of capitalization required for the initial phase, at a minimum.
