

Tasks to be completed by Lender

Loan File Review

1. Legal review of loan documents to assess our rights to access loan collateral such as LOCs and funds held in escrow accounts
2. Identify non-standard provisions that could impact workout negotiations
3. Update title status
4. Review original underwriting file and closing documents

Financial – Borrowing Entity / General Partners

1. Review financial statements for disbursements/contributions to/from borrowing entity
2. Identify additional sources of equity, if any

Financial - Property Operating Statements

1. Analyze operating statements to verify the Property is operating efficiently and the delinquency is not a contrived default
2. Review management fee for reasonableness and determine if other fees are being paid to the borrowing entity
3. Verify Borrower's accounting of cash flow

Physical Inspection

1. Inspect Property to verify extent of physical needs
2. Assess professional capabilities of on-site management
3. Assess Property's ability to compete in the market if improvements were completed
4. Environmental assessment of Property

Workout Plan

1. Review Borrower's management plan for reasonableness, may be an appropriate starting point
2. Develop workout plan, identify dollar value of contributions from each participant
3. Structure workout proposal and prepare pro forma showing viability
4. Determine cost of workout to Fannie Mae versus probable loss assuming foreclosure
5. Identify exit strategy