

Tom's Bank
Construction/Land Development Recap

Date: July 10, 2001

Officer: T. FitzGibbon Approved As Submitted _____ Approved Subject to _____
 Analyst: M. Y. Best Approval # _____
 Division/Cost Ctr.: Comm'l R/E / 152 Denied _____ Withdrawn _____ Tabled _____

<u>Borrower</u>	<u>Ownership</u>	<u>Percent</u>	<u>Title</u>
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Trump Enterprises or LLC to be formed
 Garrison Creek Apartments
 Kenosha, Wisconsin

Tax Type: LLC to be established	Next Review Date: August 2001
SIC: 6552	In Business Since: 1991
NAICS: 23331 Land Subdivision and Land Development	Customer Since: New
Risk Rating: 4	Published debt rating: N/A

<u>Credit Action</u>	<u>Purpose</u>	<u>Current Commitment</u>	<u>Current Outstanding</u>	<u>New or Increase / Decrease</u>	<u>Total New And Existing</u>	<u>Maturity</u>
Direct Commitments:						
New	1. Acquisition & Development	\$ 0	\$ 0	\$14,200,000	\$14,200,000	24 months
Indirect Commitments:						
None	1. North Plaza LP	\$330,000	\$60,000	\$ 0	\$ 330,000	07/05/02
					Gross Direct and Indirect	\$14,530,000
					Less: Outside Participation (s) Sold	None
					Net Direct and Indirect	\$14,530,000
Related Transactions:					None	
Subject to Legal Lending Limit					\$14,530,000	

1. CREDIT FACILITY: \$14,200,000 revolving construction loan to construct 6 apartment buildings with 42 units in each. The construction loan will be limited to four units under construction at any one time.

PRICING/FEEES: (1) LIBOR + 200, floating, adjusting every 90 days. No break fees or traunch limits, as rate structure is an indicative pricing. Current 90-day LIBOR rates stand at 6.74%.
 (2) Reference Rate minus .50% floating.
 0.50% of the loan amount (\$71,000), payable at closing on the construction loan.

TERM/AMORTIZATION: 24 months from closing on the construction loan with one six month extension available for no additional fee.

REPAYMENT PROGRAM: Interest is payable monthly from an interest reserve, which will be established within the construction budget. Principal due at maturity.

GUARANTEE (S): Donald Trump, unlimited

COLLATERAL: A first mortgage, assignment of rents and leases on the property located at 575 Park Avenue, New York City and UCC's on the Project.

LOAN-TO-VALUE: Not to exceed 80% of "As stabilized" Value

LOAN-TO-COST: Not to exceed 85% of development costs

Date: July 10, 2001

EXPANDED PURPOSE: Revolving construction loan used to fund hard and soft construction costs to complete six, forty-two unit, three story apartment buildings located in Chicago, Illinois. A mini-perm option will be available upon completion of the buildings and receipt of occupancy permits.

SOURCES AND USES:

Sources		Uses	
Loan	\$18,522	Land	\$1,260
Equity (15%)	<u>3,269</u>	Building Cost	15,600
		Garage Cost	619
		Hard Costs	2,000
		Soft Costs	1,779
		Interest Reserve	416
		Loan Fees	<u>117</u>
Total	\$21,791	Total	\$21,791

- The Bank will fund up to approximately \$18,522,000 in project costs through the \$14,200,000 revolving construction loan.
- Cash equity represents amounts funded directly by the borrower.
- Soft costs include legal fees, closing costs, permits, architectural, and engineering costs.
- At an average loan balance of \$8,520,000 (60%) and an interest rate of 8.76%; the interest rate will be adequate to fund the interest payments over the first year, prior to the first paydowns from the refinance of each building.
- Hard cost represent the total construction costs is for all six buildings (See Page 17 –Project Budget Construction Budget).

2. CREDIT FACILITY: Mini perm financing of six separate loans from lease up and occupancy

PRICING/FEEES: Option 1- Reference rate minus .50% fixed annually, or

Option 2 - 200 basis points over five year treasuries fixed for the term of the loan.

0.25% of the loan amount for each building approximately (\$7,708.00).

TERM/AMORTIZATION: Six separate loans each for 60 months from lease up and occupancy / 25 years

REPAYMENT PROGRAM: Interest only for each loan for the first six months and principal and interest due monthly for the remaining fifty-four months, paid directly by the borrower

GUARANTEE (S): Donald Trump, unlimited

COLLATERAL: A first mortgage, assignment of rents and leases on each property located 575 Park Avenue, New York City, Wisconsin and UCC's on the Project.

LOAN-TO-VALUE: Not to exceed 80% of the appraised value per building.

PREPAYMENT PENALTY: (1) None

(2) Yield Maintenance

EXPANDED PURPOSE: Permanent financing for completed project. Prior to converting the construction loan to term financing the project cash flow must achieve a 1.2x DSCR for three consecutive months.

EXCEPTIONS TO CREDIT POLICY:	Yes _____	No <u>X</u> _____	
PREVIOUS KNOWN BANKRUPTCY:	Yes _____	No <u>X</u> _____	
EXCEPTIONS TO REAL ESTATE POLICIES:	Yes _____	No <u>X</u> _____	N/A _____
IF YES: EXPLAIN AND PROVIDE MITIGATING FACTORS			

COVENANTS:

- The Bank must be in receipt of an occupancy permit prior to closing the mini-perm loan and each building must have a debt coverage ratio before funding of 1:1x with the debt coverage ratio to increase to 1:20x at the end of the first year of occupancy using the Banks underwriting guidelines.
- The construction loan will be limited to four buildings under construction at any one time.
- Signed personal financial statement of Donald Trump.

Approval: (Check for Required Approval Signatures)

<input checked="" type="checkbox"/>	Analyst	_____	Date	_____	<input type="checkbox"/>	President	_____	Date	_____
<input type="checkbox"/>	Lending	_____	Date	_____	<input type="checkbox"/>	Officers Loan	_____	Date	_____
<input checked="" type="checkbox"/>	Officer	_____	Date	_____	<input type="checkbox"/>	Committee	_____	Date	_____
<input type="checkbox"/>	Review	_____	Date	_____	<input type="checkbox"/>	Exec. Loan	_____	Date	_____
<input checked="" type="checkbox"/>	Manager	_____	Date	_____	<input checked="" type="checkbox"/>	Committee	_____	Date	_____
<input type="checkbox"/>	Div. Mgr/	_____	Date	_____	<input type="checkbox"/>	Board of	_____	Date	_____
<input checked="" type="checkbox"/>	B.Ctr.Pres	_____	Date	_____	<input checked="" type="checkbox"/>	Directors	_____	Date	_____

QUALIFICATIONS:

CONTROLS:

Statement program:

Fiscal year end: 12/31/XX Compilation _____ Review _____ Audit _____ Tax Return X
 Interim Reporting None X Monthly _____ Quarterly _____ Semiannual _____

Other (specify):

- The project operating account will be established at Tom” Bank Receipt of a current ALTA conforming plat of survey, with legal description.
- All updated engineering, soil reports environmental survey, permits or related third party due diligence as deemed necessary by the bank, must be obtained prior to closing/ funding.
- Evidenced of approved zoning. Plans and specs have been resented to the Village Trustees and various Planning departments and have been approved.
- Annual personal financial statements from the Guarantor- Donald Trump
- Annual federal tax returns from the Guarantor – Donald Trump
- Upon completion of each building the Borrower must submit a monthly rent roll until the building qualifies for the term loan option, and annually thereafter.
- All updated engineering, soil reports, environmental surveys/reports, permits or related third party due diligence as deemed necessary by the Bank, must be obtained prior to closing/funding.
- FIRREA approved appraisal, with Tom’s Bank lending on the lesser of either 85% of the detailed contractor statements costs basis or 80% of the appraised “As Stabilized” of the subject project (i.e. based on the net present value of the discounted revenue stream for the subject project).
- Our maximum advance against the costs denoted on the Sworn Contractor Statement & Construction Budget will not exceed 85% of the projects cost basis.
- Confirmation of equity placement terms and conditions.

LOAN MONITORING

- All draws will be disbursed through a construction escrow with payments made directly to the subcontractors.
- An independent inspecting architect is required to perform monthly inspections for each draw request.
- Receipt of a complete Owner’s Statement and Contractor Statement and final budget for review by the bank.
- Copies of all leases, as they are available.
- Upon completion of the each building the Borrower must submit a quarterly operating statement until the building qualifies for the mini-perm option, and then annually thereafter.

GUARANTOR/OBLIGOR(S):

<u>Name</u>	<u>Date of Statement</u>	<u>Equity in Borrower</u>	<u>Adjusted Net Worth</u>	<u>Liabilities</u>	<u>Cash And Mkt. Sec</u>	<u>Amount of Guarantee</u>
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Date: July 10, 2001

Tom Trump	02/28/01	N/A	\$57,750,230	\$62,548,870	\$2,833,000	Unlimited
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Personal Financial Statement of Donald Trump, Sr.

ASSETS

Cash	\$ 5,033,000
Marketable Securities	800,000
Non-Marketable Securities	1,485,000
Cash Value Life Insurance	15,000
Residential Real Estate	116,362,600
Partnerships/PC Interest	437,500
Personal Property	250,000
Misc. Corps & Investments	166,000
TOTAL ASSETS	\$126,549,100

LIABILITIES

Taxes Payable	\$ 100,000
Mortgage Debt	59,698,870
Letter of Credit	2,750,000
TOTAL LIABILITIES	\$ 62,548,870

NET WORTH:	\$ 64,000,230
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TOTAL LIABS & NET WORTH	\$126,549,100
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DEVELOPER:

A. Resume

Trump & Associates

Donald Trump, Sr., Chairman and C.E.O. of Trump Enterprises, the Trump Group, Inc., and other related companies, is a native of Chicago, Illinois. He received his bachelor's degree in architectural engineering from the University of Illinois, in 1959. Prior to forming his own companies in 1962, he worked for the Department of Public Works at the Great Lakes Naval Training Center and for Jones Associates, an architectural firm in Chicago, Illinois. Currently, Mr. Trump is a member of the Chicago Board of Realtors, the Chicago Country Club, and belongs to several sailing organizations.

Since its inception in 1962, Trump Enterprises has grown from one employee to its current staff of 40 employees. The company is a multi facet company with the ability to develop, construct, lease, manage and maintain its properties with a philosophy of constructing a high quality project with the intention of being a long term holder of its projects.

Trump Enterprises has been responsible for numerous developments over the past several years. It has developed 50 apartment and condominium projects in Chicago Illinois, and San Francisco, California. In addition, it has developed five office complexes located in Chicago, Illinois, Milwaukee, Wisconsin, helped to establish new building standards for the City of Milwaukee, both in their newly adopted Sign Ordinance and quality of design and building elements. NorthPlaza was recognized with the "1997 City Development Director's Award" presented on behalf of the City of Milwaukee for outstanding overall development. Immediately beside the shopping center, Trump Enterprises completed a 24-screen theater to help serve the community entertainment needs.

B. Previous Projects

	<u>Year</u>	<u>Type</u>	<u>Location</u>	<u>Status*</u>
1.	1963	30 unit apartment building	1520 Main Street, Chicago, IL	D, H
2.	1965	9 unit apartment building	2604 Main Street, Chicago, IL	D, H
3.	1965	19 unit apartment building	2620 Main Street, Chicago, IL	D, H
4.	1967	36 unit apartment building	550 Grand Avenue Square, Chicago, IL	D, H
5.	1968	18 unit apartment building	605 Smith Road, Cicero, IL	D
6.	1969	17 unit condominium building	2425 Main Street, Chicago, IL	D
7.	1970	17 unit apartment building	2610 Main Street, Chicago, IL	D
8.	1971-75	425 unit apartment building	4200-4400 First Avenue, Aurora, IL	D, H
9.	1974	350 acre farm – Pleasant Pastures	Rice Lake, Wisc	P
10.	1976	17 unit condominium building	2501 Main Street, Chicago, IL	D
11.	1978	21 unit condominium conversion	1730 Homan Avenue, Aurora, IL	D
12.	1979	21 unit condominium conversion	1740 Glickman Avenue, Springfield, IL	D, H
13.	1979	24 unit condominium building	1100 Michigan & 1518 Elm, Chicago, IL	P
14.	1979	34 unit condominium building	901 Homan Avenue, Chicago, IL	D
15.	1980	69 unit condominium building	1501-03 Elm Street, Chicago, IL	D
16.	1982	Offices/Stores/Apartments	2114 Main Street, Chicago, IL	P, H
17.	1983	24 unit apartment building	1447 Howard, Chicago, IL	P
			1505-1515 Madison St., Chicago, IL	

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A	1	1	775	6	4,650	4	3,100	4	3,100
B1	2	2	1,028	4	4,112	4	4,112	4	4,112
B or split B	2	2	1,028	0	0	2	2,056	2	2,056
B1	2	2	982	2	1,964	2	1,964	2	1,964
C	3	2	1,174	<u>2</u>	<u>2,348</u>	<u>2</u>	<u>2,348</u>	<u>2</u>	<u>2,348</u>
				14	13,074	14	13,580	14	13,580

Description of apartment units

<u>Unit Type</u>	<u>Square Feet</u>	<u>Price / Sq. Ft.</u>	<u>Monthly Rent</u>	<u>Units / Building</u>	<u>Gross Monthly Rent</u>
A	775	\$1.13	\$875	14	\$12,250
B1	1,028	1.02	1,050	12	12,600
B or split B	1,028	1.02	1,050	4	4,200
B1	982	1.03	1,010	6	6,060
C	1,174	0.99	1,160	6	6,960
				42	\$42,070

Square Footage per Building

Gross Building Size

First Floor:	16,464
Second Floor:	16,464
Third Floor:	<u>16,464</u>
	49,392

Leasable Square Footage

First Floor:	13,074
Second Floor:	13,580
Third Floor:	<u>13,580</u>
	40,234

Total Square Footage for Six Buildings

Gross Building Size:	296,352
Leaseable Square Footage	<u>241,404</u>
Non Leaseable Area:	54,948

Total Square Footage per Unit

<u>First Floor</u>		<u>Second Floor</u>		<u>Third Floor</u>			
<u>Unit Number</u>	<u>Square Feet</u>	<u>Unit Number</u>	<u>Square Feet</u>	<u>Unit Number</u>	<u>Square Feet</u>		
101	982	201	982	301	982	East Garages:	93
102	1,174	202	1,174	302	1,174	West Garages:	<u>79</u>
103	1,028	203	1,028	303	1,028	Total Garages:	172
104	775	204	1,028	304	1,028		
105	775	205	775	305	775		
106	775	206	775	306	775		
107	775	207	775	307	775		
108	775	208	775	308	775		
109	1,028	209	1,028	309	1,028		
110	1,028	210	1,028	310	1,028		
111	1,028	211	1,028	311	1,028		
112	1,028	212	1,028	312	1,028		
113	982	213	982	313	982		
114	<u>1,174</u>	214	<u>1,174</u>	314	<u>1,174</u>		
	13,074		13,580		13,580		

Location:



GENERAL PROJECT INFORMATION AND DESCRIPTION:

A. Land Acquisition

The land is owned by Trump Enterprises, which is valued at \$1,260,000.

B. Site Data

The subject site is a 140-acre property located south of 40th street and west of Green Bay Avenue in the City of Kenosha, and the town of Somers, Wisconsin. The topography of the site is rolling, sloping downward from the site boundaries toward the center of the parcel. A detention pond is located at the south end of the site, which is connected to an underground pipe system draining to the southwest. To the north of the site are residential properties, to the south is the Tinseltown Theatre, to the east is North Plaza and to the west vacant land and a Milwaukee Road railroad track. The site has been farmed since 1887 as part of a 617-acre horse farm. In 1987 the original farm was subdivided and parcels sold with the use remaining farming. In 1989 Donald Trump bought the subject site as part of a 250 acre parcel for \$.08 a square foot.

C. Site Assessment

The subject site is a 736,164 sq. ft. parcel of property located in the City of Kenosha, Wisconsin.

D. Site Engineering

Illinois Engineering Services, Inc. on October 8, 2000 performed a Phase I Environmental Site Assessment on the subject site. At the present time, all underground storage tanks have been removed. There is evidence of a septic system in the area where the older wooden building use to stand. An updated Phase I was been ordered by Trump Enterprises.

E. Utility Availability

The site is fully improved and has access to all utilities, which include municipal water sewer service, electrical service, natural gas service and telephone.

CONTRACTORS AND CONSULTANTS:

Date: July 10, 2001**A. Title Insurance**

To be determined

B. Consulting Engineer

JWC and Associates, Inc.

C. Architect

Beitler Architects, Ltd.

D. Bank's Inspecting Architect/Engineer

To be determined

E. General Contractor

Walsh, Inc.

F. Insurance Company

To be determined

G. Structural Engineer

Erin Engineering Corporation

H. Recommended Appraiser

Myguess & Company, Inc. – Tom Myguess is scheduled to visit the site on August 16, 2001.

MARKET DATA:

Kenosha, Wisconsin, a historic lakeside city offers many diverse opportunities for residents and visitors to enjoy. The city has a rich history offering three National registers Historic Districts. The city has supported the ongoing renovation of the Harbor Park to create a new civic and cultural focal point which includes museums, parts retail development and establish new residential neighborhoods by developing condos and townhomes along the mile-long lakefront. Kenosha is also known for its outlet malls, represented by most nationally known retailers.

Kenosha is located in the far southeastern corner of the state of Wisconsin, only 10 miles north of the Illinois border. Interstate 94 and local highways 31, 32, 50 and 158 service the area. The area rail lines provided rail freight service by the Chicago Northwestern Transportation company and also commuter service to from Kenosha to Chicago. Air service to is provided through General Mitchell located 32 miles to the north in Milwaukee and Chicago's O'Hare Airport 50 miles to the south. The city of Kenosha provided both fixed route and specialized transit service to residents. Commuter rail service is provided between Kenosha and Chicago over Metra's Chicago lines.

The population has grown significantly over the past thirty years, from 67,000 in 1960 to 87,000 by 1999 representing over 10,000 new households. Currently the median sale price of a home is \$127,205. Owner occupied real estate represents 63.1% of the population, 28.6% is renter occupied and 8.3% other.

KEY COMPETITORS:

A market survey was completed in October/November of 1999, updated in 2000 and has provided us with detailed information on key competitors of the subject site. The following is a list of competitors:

- Hidden Oak Estates – 8715 82nd Street in Pleasant Prairie
- Lexington Village – 8720 Lexington Place in Pleasant Prairie
- Villa Royal – 5418 Washington Road in Kenosha
- Riverwood Apartments – 10922 75th Street in Kenosha

The above apartment buildings were built between 1997 and 1999. The above listed developments range in size from 120 units to 324 units. They all currently have a combined occupancy average of 97.25%. The four properties range between 2 miles to 4 miles in distance from the proposed new multifamily development. A majority of the units located in each of the comparison properties are two bedroom, two bath units. The rents range between \$774-\$1025 for one, two and three bedroom units. The price per square foot currently captured for all four properties range from \$.70 to \$.97 per square foot. Another important piece of information is the fact that Hidden Oak Estates is pre-leased on three bedroom apartments. Hidden Oak Estates is the only apartment development included in the targeted "key competitors" that has three bedroom units while Riverwood Apartments is the only development that has one bedroom units.

Out of the four competitors mentioned above, the two that are the direct competition are Hidden Oak Estates and Villa Royal.

<u>Name of Complex</u>	<u>Year Built</u>	<u># of Units</u>	<u>Occ %</u>	<u>Rental Rates</u>	<u>Clubhouse</u>	<u>Garage Pool</u>	
Hidden Oak Estates	1999	324	98-99%	\$875-\$1,025	Y	Y	Y
Villa Royal	1999	184	96.5%	\$900-\$975	Y	Y	Y
Subject	2000-2001	252	N/A	\$775-\$1,174	Y	Y	Y

SALES AND MARKETING:

The borrower plans on aggressively marketing this project. Marketing will start with the onset of construction. Kenosha is a rapidly growing city and it is anticipated that the project will lease quickly and stabilize at the area occupancy of 97.25%.

PROJECT COSTS:

- **Land Costs:** See Attached Worksheet
- **Indirect Costs:** See Attached Worksheet
- **Lot Improvement Costs:** See Attached Worksheet
- **Construction Costs:** See Attached Worksheet
- **Loan Related Costs:** See Attached Worksheet
- **Comm./Closing Costs:** See Attached Worksheet

RISK IDENTIFICATION:

This relationship is risk rated a "3".

Primary Risk Factors:

Construction Risk:

Mitigators

- The guarantor has extensive experience in real estate development, which includes building this product type over the past 30 years.
- Donald Trump has personally been involved with the development of 20 apartment/condominium projects and 5 office complexes over the past 30 years.
- Trump & Associates, owned by Donald Trump, will be hired as general contractor and will execute a fixed price contract with the to be formed LLC.

Market and Leasing Risk:

Mitigators

- According to the recent market study the Kenosha area has a high demand and low supply for rental housing.
- Market has an exceptionally low vacancy rate of 2.5% for multifamily housing in the Kenosha area, which indicates a very active leasing market.
- Donald Trump has extensive experience in developing these types of buildings. He has successfully constructed 20 apartment/condominium projects and 5 office complexes over the past 30 years.

Interest Rate Risk:

Mitigators

- The construction budget includes a \$416,000 interest reserve, which would service the debt for one year based on an average loan outstanding of \$8,520,000 or 60% of the total loan.
- If the necessary debt service coverage was not attained by the maturity of the construction loan, the guarantors would need to repay the loan from outside sources.
- The guarantor has liquid assets of \$2,833,000 to service a shortfall or paydown the loan.

Management:

Mitigators

- Donald Trump has personally been involved with the development of 20 apartment/condominium projects and 5 office complexes over the past 30 years.
- Mr. Trump has a strong management team including his niece, Chrissy Hefner.

Evaluation of Repayment Sources:

A. Primary:

- During the construction loan the interest will be paid through an interest reserve established in the project budget.

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- Upon completion of the project the cash flow is expected to provide a 1.20 x DSCR. (See cash flow on page 7).

B. Secondary: Refinance of debt

C. Tertiary: Liquidation of collateral and enforcement of personal guarantee

STRENGTHS AND WEAKNESSES /COMPELLING FACTORS:

Strengths:

- Guarantors have 30 years experience developing, managing and leasing commercial real estate in the Chicago, New York City and California market.
- Strong multifamily market in Kenosha, Wisconsin, which is currently undeserved.
- 1.20x DSCR expected at completion of the project.
- Guarantor has an adjusted net worth of \$60,000,000.00 and liquid assets totaling \$5,833,000.00.

Weakness: (See Primary Risks)

- Construction risk
- Market and Leasing risk
- Interest rate risk

OFFICER COMMENTS:

Tommy FitzGibbon was instrumental in bringing this credit to the Bank. After the initial introduction, Mr. Trump brought the subject construction project to the Real Estate Construction department for consideration. Based on Mr. Trump's past projects, his 30 years of development experience, along with managing and leasing experience and the strong rental market in Kenosha approval is recommended for this credit.

VARIANCES FROM UNDERWRITING GUIDELINES:

None

ATTACHMENTS:

Personal financial statement of Donald Trump: Pages 12-15

Project costs worksheets: Page 16

Pricing model: Pages 17-20

REAL ESTATE COLLATERAL SUMMARY

	Property 1
Property Description:	
Address	6516 Greenbay Rd Kenosha, Wisconsin
Description	Apt. Buildings
Valuation Source	Cap. Rate 8.15%
Value	\$ 25,819,264
Purchase Price	\$ -
Down Payment	\$ -
Loan to value calculation:	
Gross Value	\$ 25,819,264
Advance Rate	80%
Net Value	\$ 20,655,411
Senior Debt:	
This Bank	-
Other Lenders	-
Loanable Value	20,655,411
This Debt	20,655,411
Excess (shortage)	\$0
Loan to Value	80%
Cash Flow/Debt Service Coverage:	
SOURCE:	Projected
Gross Annual Receipts	\$ 3,248,090
Less:	
Vacancy Factor (4%)	129,924
Management	-
Maintenance/Repairs	-
Utilities	-
Taxes	-
Insurance	-
Total Expenses (31%)	1,013,897
Total Expenses	1,143,821
Net Cash Flow	2,104,269
Annual P&I Payments	1,755,465
Excess (shortage)	\$ 348,804

The above chart demonstrates that when the subject project is completed it will generate sufficient cash flow to service the debt. We have conservatively used a 9% fixed interest rate on a 25-year amortization resulting in a DSCR of 1.20x.