

\$10,000,000 Permanent Loan Request

GREYSTONE



45 River Road
8 Somerset Lane (a. k. a. 45 River Road)
Edgewater, NJ 07020

Executive Summary

On behalf of Joseph Daibes, Collette Daibes, and Alexander Daibes (collectively, the “Sponsor”), Greystone & Co., Inc. is pleased to present the opportunity to provide \$10MM in loan proceeds for the refinance of 45 River Road (the "Project" or “Property”), a newly constructed 78-unit apartment complex located in Edgewater, New Jersey. The Property was completed in 2021 and is currently 100% occupied. Based on the current rent roll, the Property has a current in-place UW NOI of \$763,531 (a 7.6% debt yield). Cushman & Wakefield appraised the Property in June 2022 and concluded on an as-is value of \$16.7MM or a 60% LTV on the requested loan amount. The Property benefits from a tax abatement and is subject to affordability requirements which requires the Sponsor to maintain at least 50% of the units at or below low-income (50% AMI) and the remaining units at or below moderate-income (80% AMI). The Sponsor financed the construction with cash and there is no debt currently encumbering the Property. The Borrower is seeking a 10 year, fixed rate, non-principal recourse loan to refinance the property. Loan proceeds will be used to pay closing cost and return approximately \$9.8MM of cash to the Sponsor.

Sources and Uses				
<u>Sources</u>	<u>Total \$</u>	<u>\$ / Unit</u>	<u>\$ PSF</u>	<u>% of Total</u>
New Senior Mortgage	\$10,000,000	\$ 128,205	\$ 176.58	100.0%
Total Sources	\$10,000,000	\$ 128,205	\$ 176.58	100.0%
<u>Uses</u>	<u>Total \$</u>	<u>\$ / Unit</u>	<u>\$ PSF</u>	<u>% of Total</u>
Closing Costs	\$230,000	\$ 2,949	\$ 4.06	2.3%
Return of Equity	\$9,770,000	\$ 125,256	\$ 172.52	97.7%
Total Uses	\$10,000,000	\$ 128,205	\$ 176.58	100.0%

Loan Information	
Borrower	45 River Road Urban Renewal Associates, LLC
Key Principals / Guarantors	Fred A. Daibes Family Trust, Joseph Daibes, Colette Daibes, Alexander Daibes
Recourse Type	Non-Recourse with carve outs
Requested Loan Amount	10,000,000
Loan Purpose	Refinance
Loan Type	Fixed
Loan Term	10 Years

Property Information	
Property Type	Multifamily
Property Sub Type	Garden
UW Net Cash Flow	763,531
Units	77
Total SF	56,630
Year Built	2021
Appraisal Firm	Cushman & Wakefield
Appraisal Date	06/22/2022
Appraised Value	16,700,000
Appraiser's Cap Rate	5.3%
Loan to Underwritten Value	60.0%
Loan Underwritten Value per Unit	216,883
Loan Amount per Unit	129,961
Loan Amount per Square Feet	177
In-Place UW Debt Yield	7.6%

Property Information

Address 1	8 Somerset Lane (a. k. a. 45 River Road)	Property Type	Multifamily
City, State Zip	Edgewater, NJ 07020	Ownership Interest	Leased Fee
County	Bergen	MSA	Bergen-Passaic
Gross Building Area	70,700	Gross Land Area (acres)	1.34
Net Rentable SqFt	56,630	Construction Type	Reinforced concrete, wood and steel stud frame
Number of Units	78	Roof Type	Flat
Number of Floors	6	Roof Material	Sealed membrane
Number of Elevators	2	Exterior	Brick on grade with EFIS on upper floors
Open Parking Spaces	89	Sprinklers	Yes

Affordability Requirements:

The Project contains a Financial Agreement Pursuant to The Long Term Tax Exemption Law, which has created financial requirements for the Project and allows it to pay reduced taxes. If conditions in the Agreement are met, the Project is considered 100% Tax Exempt but is required to pay an annual service charge. Additionally, certain language outlined in the Financial Agreement requires that 76 units be rented and maintained for low and moderate-income units. Further restrictions include those provided by the Borough of Edgewater Ordinance and Council of Affordable Housing ("COAH"), which is governed by the Uniform Housing Affordability Council Statutes. According to the statutes outlined in these documents, the Project is required to have at least 50% of the units at or below low-income units (50% AMI) and the remaining units at or below moderate-income units (80% AMI). Additionally, the statutes state that the maximum rent shall be no more than 60% AMI, the average rent for low- and moderate-income units must be no more than 52% AMI, and Borrower must have 10% of all low- and moderate-income units no more than 35% AMI.

UW In-Place NOI		
Line Item	Amount	Comment
Gross Potential Rent	1,215,480	Rent Roll as of 09/01/22
Less Physical Vacancy	0	
Less: Concessions	0	
Less: Bad Debt	-12,155	
Additional Adjustments	-60,774	5% Vacancy Factor
Total Economic Vacancy	1,142,551	
Net Rental Income	1,142,551	\$96,226 monthly NRI
Total Other Income	26,836	Per Annualized T-6 Other Income. Supported by Appraisal Comps
Commercial Income	12,000	Per in place commercial lease - in place through 2027
Commercial Vacancy	-1,200	10% Vacancy Factor
Total Income (EGI)	1,180,187	
Management Fee	35,406	Actually management agreement is at 2.5%, but Uw to 3% per market
Taxes	74,116	Per Abated Taxes at 6.28% EGI
Insurance	69,500	Per actual final Insurance Premium
Utilities	85,734	Per Annualized T-6 Other Income. Supported by Appraisal Comps
R & M	50,700	Per Appraisal Comps, well above T-6 expenses
Payroll	62,400	Per Appraisal Comps, well above T-6 expenses
G & A	23,400	Per Appraisal Comps, well above T-6 expenses
Total Expenses	401,256	
Replacement Reserves	15,400	Per Actual PCNA Report Conclusion
Total Expenses + Cap Ex	416,656	
Expense Ratio (w/CapX)	35.30%	
NCF	763,531	

Unit Mix and Lease Up Schedule

Unit Label	Number of Bedrooms	Number of Baths	Total # of Units	# of Vacant Units	Average Unit SqFt	Total SqFt	Actual				Market			
							Avg Rent Per Unit	Avg Rent Per SqFt	Total Rent	Annual Rent	Avg Rent Per Unit	Avg Rent Per SqFt	Total Rent	Annual Rent
1BR - Low (30% AMI)	1.0	1.0	8	0	728	5,824	\$598	\$0.82	\$4,785	\$57,420	\$2,275	\$3.13	\$18,200	\$218,400
1 BR - Mod (60% AMI)	1.0	1.0	30	0	727	21,810	\$1,187	\$1.63	\$35,617	\$427,403	\$2,275	\$3.13	\$68,250	\$819,000
1 BR - Mod (80% AMI)	1.0	1.0	37	0	728	26,936	\$1,527	\$2.10	\$56,507	\$678,086	\$2,275	\$3.13	\$84,175	\$1,010,100
2 BR - Mod (60% AMI)	2.0	1.0	1	0	1,040	1,040	\$1,231	\$1.18	\$1,231	\$14,772	\$2,700	\$2.60	\$2,700	\$32,400
Super Unit	2.0	1.0	1	0	1,040	1,040	\$0	\$0.00	\$0	\$0	\$2,700	\$2.60	\$2,700	\$32,400
Total/Average (excludes Super Unit)			77	0	4,263	56,650	\$909	\$1.15	\$98,140	\$1,177,681	\$2,445	\$2.91	\$176,025	\$2,112,300

Lease Up Schedule									
	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22
Total Units (excl. Super Unit)	77	77	77	77	77	77	77	77	77
Vacant Units	42	38	35	25	19	19	6	0	0
Occupied Units	35	39	42	52	58	58	71	77	77
Occupancy %	45.45%	50.65%	54.55%	67.53%	75.32%	75.32%	92.21%	100.00%	100.00%

Collateral Overview

The Project is located in Edgewater, NJ and recently completed construction in 2021. The Project is one six-story building consisting of 78 units including 76 one-bedroom units and 2 two-bedroom units, which totals 56,630 in net rentable area or 726 average sqft per unit. Additionally, one of the units is currently being used as a commercial space (Unit 100).

Unit amenities include standard appliances, wood cabinets, vinyl wood flooring in living areas, tile in bathrooms, and wall in AC units. Common amenities include on-site laundry, parking on-site, and secured access to entry into building.

Surrounding uses include multifamily apartments, commercial and retail stores, restaurants, parks, and variety of other establishments.

The Project is located in Flood Zone AE, which indicates the Project is located in a flood zone. The Borrower's insurance will include flood coverage.

Complex Amenities

On-site laundry and on-site surface parking.

Market Information

Market Occ. %	94.20%	Submarket Occ. %	93.50%
Median Home Price	\$366,566	Median Household Income	\$86,845

Market MSA Summary

The Northern New Jersey region is located in the northern portion of the State of New Jersey, directly west of New York City and comprised of six counties: Bergen, Essex, Hudson, Morris, Passaic and Sussex. Northern New Jersey spans approximately 1,583 square miles and is home to a population of almost 3.6 million, according to Experian Marketing Solutions, Inc. 2021 estimates. The region is aptly named the "gateway region" for its position across the Hudson River from Manhattan and is located at the western end of several transportation portals to New York City including a bridge, two auto tunnels, two rail systems and several ferry operations. Newark is the largest city in the State of New Jersey, with an estimated population of 283,664 residents, and is considered the cultural, financial, and transportation hub of the state.

Northern New Jersey's demographics represent a similarly aged, highly affluent, and well-educated population that holds an average annual income \$35,305 higher than that of the United States. The region's concentration of high value-added industries supports higher level of educational attainment, with 41.9% of its population having a bachelor's degree or higher versus 31.6% for the nation. Additionally, the Northern New Jersey region has a below average share of low-wage households, with only 30.6% of its homes earning less than \$50,000 compared to the nation's 38.6%. The region's strong labor pool and affluence will continue to support economic recovery through the near term.

The Northern New Jersey regional population growth has trailed national population growth, averaging 0.1% annually from 2011 through 2021. During the same time, Northern New Jersey's population growth has trailed national population expansion by an average of 50 basis points and is forecast to increase to an average annual growth rate of 0.2% through 2026. Over the decade, Northern New Jersey's population grew at a lower rate compared to the nation due to weak performance from the following counties: Sussex (-0.6%), Morris (-0.1%) and Passaic (-0.1%).

Gross Metro Product (GMP) is defined as the market value of all final goods and services produced within a metropolitan area, and when compared to the nation's Gross Domestic Product (GDP), can determine shifting economic trends in each region. Economic growth in Northern New Jersey has trailed national economic expansion over the decade, averaging 0.9% annually from 2011 through 2021. Over the decade, Northern New Jersey GMP has trailed national expansion by an average of 110 basis points and is forecast to increase to an average annual growth rate of 2.7% through 2026.

The Trade, Transportation & Utilities sector dominates Northern New Jersey as the largest employment sector with roughly 22% of the regional workforce, compared to 18.7% on the national level. Northern New Jersey offers a diverse mix of industry employment with the Education & Health Services and Professional & Business Services sectors accounting for 17.6% and 17% of total employment, respectively. Together, these three industries comprise 56.6% of the region's share of employment.

The following table lists Northern New Jersey's largest employers:

Largest Employers Northern New Jersey		
Company	No. of Employees	Business Type
Samsung Electronics, America, Inc.	26,000	Retail
Newark Liberty International Airport	24,000	Aviation
Metbenale Holdings Corporation	20,000	Hospitality
New Jersey Commission On Higher Education	16,500	Education
Arch Parent Inc.	12,900	Manufacturing
Realogy Intermediate Holdings LLC	11,400	Real Estate Brokerage
Corcoran Group LLC	9,000	Real Estate Brokerage
Hudson Ltd.	8,600	Hospitality
Volvo Financial Services, LLC	5,100	Banking
At&T Communications Americas, Inc	5,000	Communications

From 2011 through 2021, the Northern New Jersey regional employment growth has trailed national expansion, averaging -0.1% annually. During the same time, Northern New Jersey's employment growth has trailed national expansion by an average of 110 basis points and is forecast to increase to an average annual growth rate of 0.6% through 2026. Over the decade, Northern New Jersey's employment grew at a lower rate compared to the nation due to weak performance from the following counties: Passaic (-0.9%), Essex (-0.5%), Sussex (-0.4%) and Bergen (-0.3%).

From 2011 through 2021, the Northern New Jersey regional unemployment rate decreased at an average annual rate of 1.2%, compared to the nation's unemployment rate which decreased at an average annual rate of 5%. Northern New Jersey's unemployment rate is forecast to decrease by an average annual rate of 4.8% between 2022 and 2026. The following counties contributed to the decrease in Northern New Jersey's unemployment rate over the decade: Sussex (-2.6%), Essex (-2.0%) and Morris (-1.8%).

Submarket/Local Area

The subject property is located in Edgewater, a borough in Bergen County. Edgewater contains approximately 2.46 square miles and is bordered by Fort Lee to the north, Cliffside Park to the west, North Bergen to the south and the Hudson River to the east.

Edgewater, like the name implies, is a 3.5-mile-long, half mile-wide municipality that is bordered to the east by the Hudson River. On the western edge of Edgewater is the Palisades, which is an escarpment that runs north/south along the Hudson River basin from Hudson County to New York State. The Palisades effectively separate the "Gold Coast" portion of Hudson and Bergen Counties from the balance of New Jersey. Communities along the Gold Coast have significantly higher income levels and associated higher rents than communities that are on top, or west of the Palisades.

Edgewater has good access to Manhattan, the primary regional employment center, via bus or ferry service. There is no parking at the ferry terminal, so the municipality supplies free shuttle service to the Edgewater Ferry Terminal, as well as free shuttle service to the local shopping centers Tuesday, Thursday, and Saturday from 11 a.m. to 7 p.m. In addition, there is extensive NJ Transit bus service along River Road, which is the primary north/south thoroughfare below the Palisades.

The subject is adjacent to River Road, which is the primary local retail corridor in the area. Retailers here include several grocery-anchored shopping centers and a lifestyle center. There is a wide variety of nationally recognized retailers such as Target, Michaels, Acme Markets, Trader Joe's, Whole Foods Market, Home Goods, CVS, GAP, Banana Republic, Express, Carter's, Loft, Chico's, Ulta Beauty, The Vitamin Shoppe and chain restaurants including Fleming's Steakhouse

In summary, Edgewater is an upper middle-income area that is well located for residential use due to its proximity to Manhattan and views of the Hudson River. The subject property has close proximity to quality public transportation offering services to local employer and retail centers. The submarket has an above average public school system, public schools in the subject's area are rated 6 to 8 out of a high score of 10 by [greatschools.org](https://www.greatschools.org). Overall, Edgewater is a stable residential market that will remain so for the foreseeable future given a balanced recovery from the pandemic and world-event induced economic instability.

Summary of Rent Comparables									
45 River Road / Address	Year Built	Occ. %	Dist. From Subj.	Building Size (Units)	Gross Building Size (Sq.Ft.)	# Units	SqFt	Rent / Month	Rent / SqFt
1 Bed									
45 River Road / 8 Somerset Lane (a. k. a. 45 River Road)	2021	100%	0.0 miles	77	70,700	8	728	\$598	\$0.82
45 River Road / 8 Somerset Lane (a. k. a. 45 River Road)	2021	100%	0.0 miles	77	70,700	30	727	\$1,187	\$1.63
45 River Road / 8 Somerset Lane (a. k. a. 45 River Road)	2021	100%	0.0 miles	77	70,700	37	728	\$1,527	\$2.10
The Pinnacle / 69 Main St	2020	96.5%	0	142	142,331	0	716	\$1,208	\$1.69
Liberty Place at Fort Lee / 101 Cedar St	2003	100.0%	0	60	47,900	0	615	\$1,007	\$1.64
Liberty Place at Fort Lee / 101 Cedar St	2003	100.0%	0	60	47,900	0	615	\$1,221	\$1.99
Sylvan Ridge / 2150 N Central Rd	2017	100.0%	0	44	50,110	0	761	\$2,333	\$3.07
The Sugar Factory / 840 River Rd	1920	97.5%	0	40	29,500	0	750	\$2,200	\$2.93
Vreeland Terrace / 1 Vreeland Ter	2015	97.4%	0	39	33,802	0	773	\$615	\$0.80
Vreeland Terrace / 1 Vreeland Ter	2015	97.4%	0	39	33,802	0	773	\$1,026	\$1.33
Vreeland Terrace / 1 Vreeland Ter	2015	97.4%	0	39	33,802	0	773	\$1,231	\$1.59
The Edge / 461 Palisades Blvd	2017	100.0%	0	25	26,275	0	875	\$2,400	\$2.74
The 2301 / 2301 Lemoine Ave	2020	91.7%	0	24	20,200	0	800	\$2,500	\$3.13
Winterburn Apartments / 774 River Rd	2015	0.0%	0	21	19,399	0	666	\$615	\$0.92
Winterburn Apartments / 774 River Rd	2015	0.0%	0	21	19,399	0	666	\$1,231	\$1.85
Sole / 448 Palisade Ave	2012	97.6%	0	18	20,616	0	926	\$2,000	\$2.16
2 Bed									
45 River Road / 8 Somerset Lane (a. k. a. 45 River Road)	2021	100%	0.0 miles	77	70,700	1	1,040	\$1,231	\$1.18
45 River Road / 8 Somerset Lane (a. k. a. 45 River Road)	2021	100%	0.0 miles	77	70,700	1	1,040	\$0	\$0.00
Wesmont Station / 100 Johnson Dr	2015	100.0%	0	104	99,608	0	972	\$1,392	\$1.43
Liberty Place at Fort Lee / 101 Cedar St	2003	100.0%	0	60	47,900	0	865	\$1,209	\$1.40
Sylvan Ridge / 2150 N Central Rd	2017	100.0%	0	44	50,110	0	1,250	\$2,957	\$2.37
The Sugar Factory / 840 River Rd	1920	97.5%	0	40	29,500	0	1,100	\$2,500	\$2.27
The Edge / 461 Palisades Blvd	2017	100.0%	0	25	26,275	0	1,150	\$2,800	\$2.43
The 2301 / 2301 Lemoine Ave	2020	91.7%	0	24	20,200	0	1,050	\$2,900	\$2.76
Sole / 448 Palisade Ave	2012	97.6%	0	18	20,616	0	1,208	\$2,600	\$2.15
3 Bed									
Liberty Place at Fort Lee / 101 Cedar St	2003	100.0%	0	60	47,900	0	865	\$1,466	\$1.69

Summary of Sales Comparables

45 River Road Address	Sale Date	Sale Price	Year Built	Occ. %	Building Size (Units)	Gross Building Size (Sq.Ft.)	Avg. Unit Size	Dist. From Subj.	Exp. /Unit	Exp. Ratio	Sale Price /Unit	NOI /Unit	Adj. Sale Price /Unit	Sale Price /Sq.Ft.	Adj.Sale Price /Sq.Ft.	Cap. Rate	Gross Income Multipl.
<i>8 Somerset Lane (a.k. a. 45 River Road) Edgewater, NJ</i>	N/A	\$16,700,000	2021	100.00	77	70,700	736	N/A	\$4,911	31%	\$216,883	\$10,340	N/A	\$236.21	N/A	5.25%	14.41
Medford Landing Medford, NY	12/05/2021	\$17,000,000	2002	0%	112	102,256	913	0	\$0		\$151,786	\$6,433	\$0	\$166.25	\$0.00	4.24%	
Centennial Court Wharton, NJ	12/22/2017	\$8,750,000	1997	99%	101	62,620	620	0	\$0		\$86,634	\$4,713	\$0	\$139.73	\$0.00	5.44%	
Highland Avenue Senior Apartments Yonkers, NY	08/18/2021	\$15,700,000	2008	97%	88	57,450	653	0	\$0		\$178,409	\$7,762	\$0	\$273.28	\$0.00	4.35%	
Eagle View Apartments Monroe Township, NJ	11/22/2021	\$7,000,000	2019	100%	48	54,000	1,125	0	\$0		\$145,833	\$8,385	\$0	\$129.63	\$0.00	5.75%	
Heritage at Piscataway Piscataway, NJ	09/08/2019	\$3,200,000	2014	100%	30	22,620	754	0	\$0		\$106,667	\$5,333	\$0	\$141.47	\$0.00	5.00%	

Comments

Medford Landing: This is the sale of a LIHTC, age-restricted, garden apartment complex that featured kitchens with white appliances that included refrigerators, stove/ovens and dishwashers, laminate countertops, wood cabinets, carpeting in living areas and bedrooms and bathrooms with tub/shower inserts and vanity sink tops. Community amenities include a clubhouse with a community kitchen and community room and outdoor courtyard space with table seating.

Centennial Court: This is the sale of a senior living affordable housing apartment complex in Wharton, NJ. The capitalization rate noted was based on in-place income. The property was 99% occupied at the time of the sale and benefits from a PILOT agreement.

Highland Avenue Senior Apartments: The subject property is an income-restricted multi-family residential complex containing 88 residential apartment units including one superintendent's unit. The subject property's construction was partially financed with Low Income Housing Tax Credits (LIHTC) and is presently governed by a long-term Regulatory Agreement between ownership and the New York State Housing Finance Agency, Housing Trust Fund Corporation. All revenue-generating units are rented to senior households in which at least one member is 55 years or older with incomes at or below 60 percent of the AMI for Westchester County. There is a Payment in Lieu of Taxes (PILOT) agreement in place through 2032, which is reflected in the reported capitalization rate.

Eagle View Apartments: This is the sale of the affordable component of a new market-rate Hovnanian development that is leased to very low, low and moderate income families. The property contains one-, two-, and three-bedroom units that are rent-restricted in an effort to meet the township COAH obligations. Unit amenities include white appliance kitchens with refrigerators, electric ranges and dishwashers, vinyl wood plank floors, one bath per unit, in-unit washer/dryers and central heat and air. Property amenities include free surface parking. The property does not benefit from a PILOT agreement.

Heritage at Piscataway: This is the sale of an age-restricted (55+), affordable elevator apartment complex that is leased to very low to moderate income tenants. The complex was built adjacent to a for sale, single-family home development as the affordable housing requirement. The property previously traded on March 26, 2019 for a consideration of \$2,450,000 with a reported capitalization rate of 6.65%.

Units feature standard kitchens with range/ovens, refrigerators, and dishwashers, laminate counter tops, vinyl flooring in kitchens and foyers, carpeting in living areas, tile baths with cultured marble vanity sinks and patios or balconies in each unit. Property amenities include on-site surface parking. It appears that this property does not have a PILOT agreement.

Photos



8 Somerset Exterior



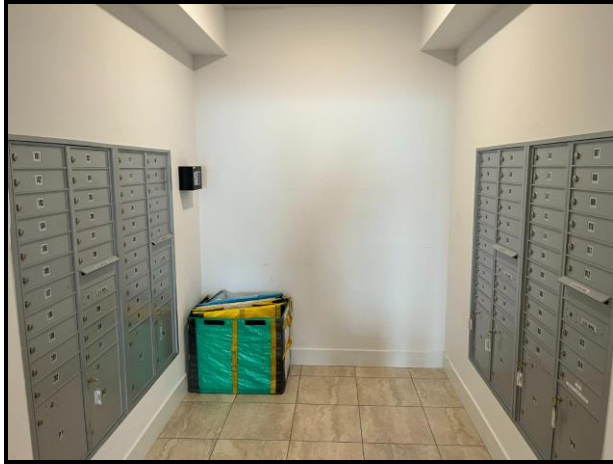
8 Somerset Exterior 1



8 Somerset Exterior 2



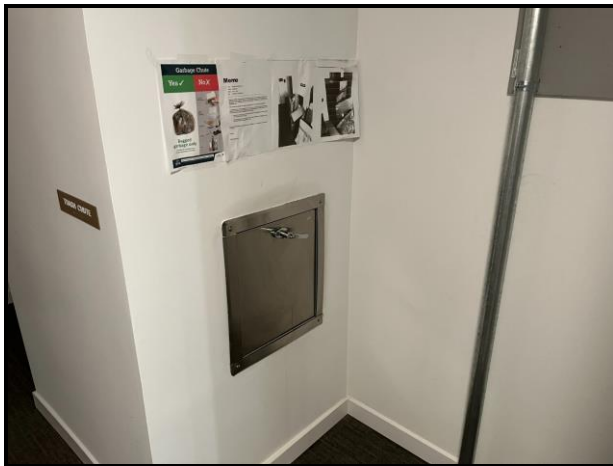
8 Somerset Parking 1



8 Somerset Mail Room



8 Somerset Lobby



8 Somerset Trash Chute



8 Somerset Trash Room



8 Somerset Mechanical 2



8 Somerset Mechanical 1



8 Somerset Laundry 2



8 Somerset Laundry 1



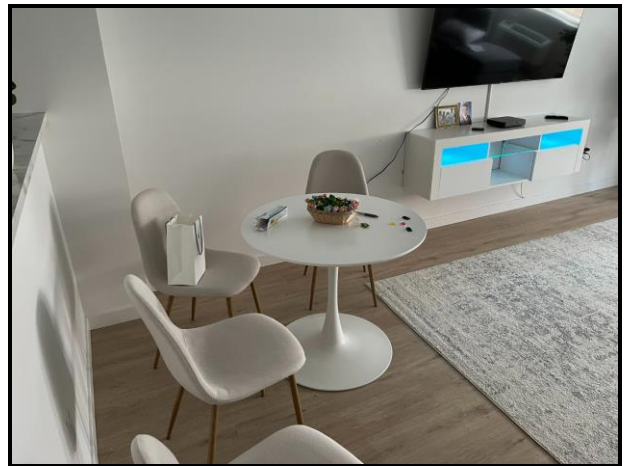
8 Somerset Interior



8 Somerset 213 Living



8 Somerset 213 Kitchen



8 Somerset 213 Dining



8 Somerset 201 Bath



8 Somerset 201 Living



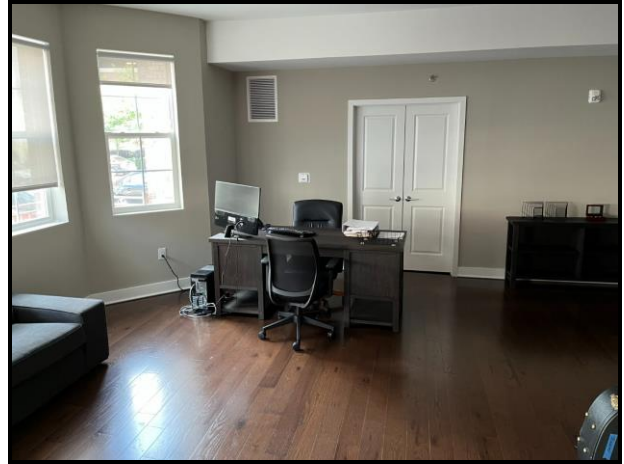
8 Somerset 201 Kitchen



8 Somerset 201 Bed



8 Somerset Commercial Bath



8 Somerset Commercial 1



8 Somerset Commercial 2



8 Somerset Commercial 3

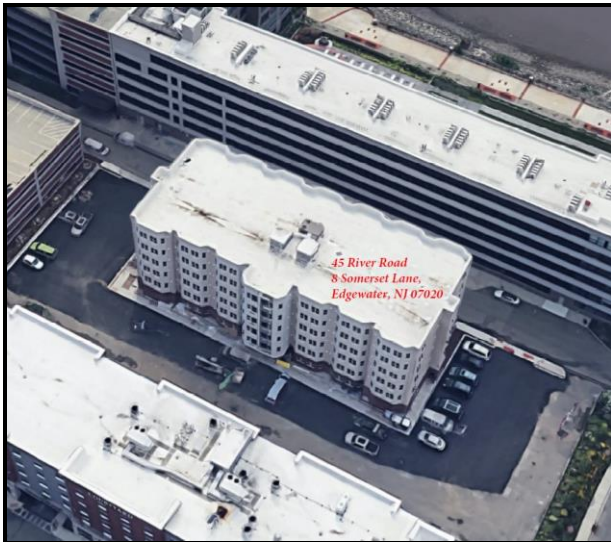


8 Somerset Commercial 4

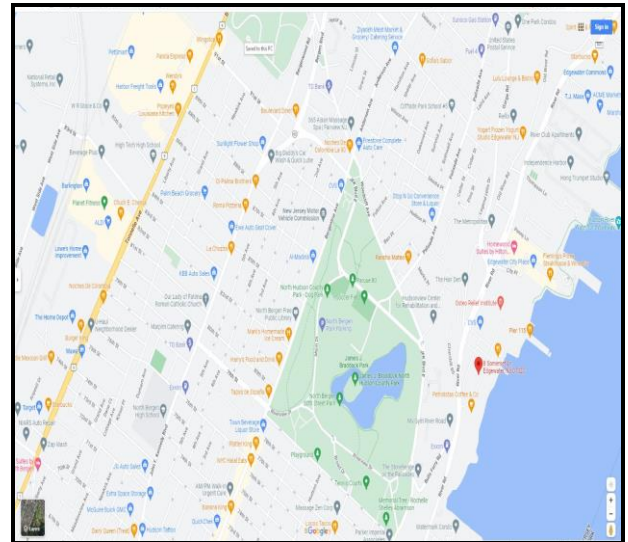


8 Somerset Commercial 5

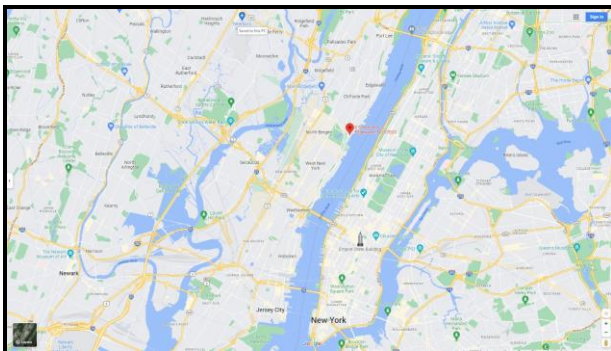
MAPS



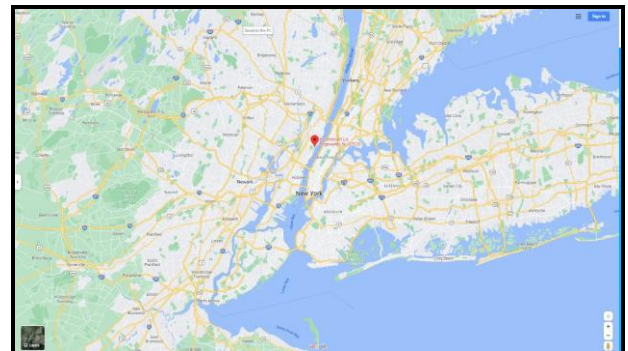
Aerial Map



Neighborhood Map



Local Map



Regional Map