

Contents

Preface	vii
Foreword	x
Acknowledgments	xii
I BACKGROUND	1
1 Characteristics of Real Estate	3
2 Different Types of Business Organizations	17
3 Negotiation	43
II THE DEVELOPEMENT PROCESS START TO FINISH	65
4 The Development Process: An Overview	67
5 Market Studies, Site Feasibility Analysis, and Selection	93
6 Creating the Project Pro Forma	106
7 The Appraisal	138
8 Sources of Financing, the Loan Application Process, and Term Sheets	167
9 The Commitment	190
10 Closing the Loan: The Note, Mortgage, Construction Loan Agreement, and Unconditional Guaranty	217

iv Contents

III	EVOLUTION OF THE DEVELOPMENT PROCESS	241
11	Joint Ventures	243
12	Condominiums and Condominium Conversions	266
IV	CASH FORECASTS AND THE TIME VALUE OF MONEY	329
13	How to Forecast Cash Needs During Construction	331
14	Basic How-to-Do-It Time Value of Money Calculations	342
	APPENDIX A	384
	Exhibit A-1 Real Estate Promissory Note	384
	Exhibit A-2 Mortgage and Security Agreement	396
	Exhibit A-3 Construction Loan Agreement	426
	Exhibit A-4 Real Estate Unconditional Guaranty	444
	Exhibit A-5 September 2000 Market Reports, Orlando and San Jose	454
	APPENDIX B	460
	Exhibit B-1 Hidden Lake	460
	Exhibit B-2 Apartment Complex Put On Hold	461
	Exhibit B-3 Hidden Lake Gets Approval	462
	APPENDIX C	464
	Exhibit C-1 Letter of Intent	464
	Exhibit C-2 Letter of Intent	465
	Exhibit C-3 Letter of Intent	466
	Exhibit C-4 Letter of Intent	469
	Exhibit C-5 Letter of Intent	471

Contents v

Exhibit C-6 Letter of Intent	478
Exhibit C-7 Letter of Intent	482
Exhibit C-8 Letter of Intent	486
Exhibit C-9 Letter of Intent	488
Exhibit C-10 Converted Condos Offer Additional Space, Storage Areas	490
APPENDIX D Interest Tables	492
APPENDIX E End-of-Chapter Answers to Questions	517
Index	529

