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# GROVE STREET

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## COMPANY OVERVIEW

[www.grove-st.com](http://www.grove-st.com)

**CONFIDENTIAL MATERIALS**

# GROVE STREET

## OVERVIEW

Grove Street ([www.grove-st.com](http://www.grove-st.com)) is a real estate financial services firm supporting Residential and Commercial Real Estate (CRE) advisory, due diligence/underwriting, data analytics, mortgage modeling and asset management. Founded in 2004 and headquartered in Arlington, Virginia, Grove Street's growth qualified for the Inc. 500 in 2017 and subsequently for the Inc. 5000.

Our growth stems from responsiveness to client requirements with a nimble and entrepreneurial mindset. Our clients in the private and public sector benefit from Grove Street's hands-on management and quality control.

Our focus upon recruiting and training top talent allows us to pivot with innovative ideas and new technologies when tasked with challenges. Financial models, databases and reporting tools have been created to address various client needs, allowing us to expand our services.

**CRE & Residential  
Advisory**

**Due Diligence and  
Underwriting**

**Data Analytics and  
Mortgage Modeling**

**Asset Management**

# GROVE STREET

## CRE & RESIDENTIAL ADVISORY

Grove Street's advisory projects range from assisting public sector agencies, GSEs, private equity funds and restructuring firms. To illustrate the scope of advisory assignments, a brief description of both Residential and Commercial Real Estate (CRE) projects is provided.

**Note Structuring Advisor:** Post-2009 amidst the financial crisis, Grove Street was selected to advise the FDIC on optimal equity/debt structures while ensuring a 100% recovery to the FDIC Note Guarantee on an \$845.4 million portfolio comprised of 1,800 loans including Single Family Residential (SFR), CRE, Acquisition Development & Construction (ADC) and Commercial & Industrial (C&I) loans. In addition, Grove Street recommended financing amounts, working capital reserve structures and transaction waterfalls.

FDIC	Note Structuring	FDIC	Note Structuring	FDIC	Note Structuring	FDIC	Note Structuring
<b>\$359,300,000</b>	Unpaid Principal Balance	<b>\$181,600,000</b>	Unpaid Principal Balance	<b>\$203,500,000</b>	Unpaid Principal Balance	<b>\$101,000,000</b>	Unpaid Principal Balance
FDIC 2011-2 CRE 311 Loans		FDIC 2011-2 ADC 100 Loans		FDIC 2011-2 SFR 1,367 Loans		FDIC 2011-2 SIP 62 Loans	
Cash Flow Valuation and Equity / Debt Structuring		Cash Flow Valuation and Equity / Debt Structuring		Cash Flow Valuation and Equity / Debt Structuring		Cash Flow Valuation and Equity / Debt Structuring	
Commercial Real Estate (CRE)		Acquisition, Development & Construction (ADC)		Single Family Residential (SFR)		Small Investor Program (SIP)	
Grove Street	12/2011	Grove Street	12/2011	Grove Street	12/2011	Grove Street	12/2011

# GROVE STREET

## CRE & RESIDENTIAL ADVISORY

**Residential Loan Mortgage Technology:** Grove Street was approached by a GSE to assist in the customized design and implementation of a residential mortgage conduit program for approximately 50 regional banks as there was no adequate commercially available technology. This project required three distinct phases, of which Phase Three is currently in-process:

- Phase One - feasibility analysis of a mortgage program, unique to the client, which required board approval to advance;
- Phase Two – program design including process flows, RFP for technology and service providers, structure of the credit sharing aspect and 10-year cost/profit analysis which required both board and regulator approval;
- Phase Three - implementation of technology and processes: negotiating contracts, implementing technology, hiring staff, developing protocols such as the Servicing and Selling Guide for the product and assisting the client as-needed until the technology is launched for member banks.

# GROVE STREET

## CRE & RESIDENTIAL ADVISORY

**CRE Debt Fund Asset Management Platform:** an Alternative Investment Software Consultant required assistance to survey the marketplace and identify an appropriate CRE Asset Management platform for a major debt fund. Grove Street was enlisted to support this search and analysis.

The client desired superior asset management software to manage the fund's existing and new partners' portfolio, as it was being managed via Excel. This assignment required a "walk-thru" of the current workflow process to document areas for improvement and to identify a potential technology solution.

Subsequently, an RFP and a scoring methodology were developed to objectively assess commercially available products. The potential technologies were narrowed to three possible platforms. After scoring the responses, the final deliverable was a Gap analysis on the selected technology before installation.

**Residential Servicer Restructuring:** a restructuring firm required residential servicing expertise for the unsecured lenders in the major servicing bankruptcy. This firm was chosen to represent the unsecured creditors and enlisted Grove Street as a team member based on servicing expertise.

Though the consensus initially indicated no available recovery funds for unsecured creditors, after months of analysis and negotiation, unpledged assets were discovered which allowed for a recovery greater than anticipated, allowing our client to return funds to lenders.

# GROVE STREET

## DUE DILIGENCE AND UNDERWRITING

**Private Sector Underwriting:** Our private sector underwriting focuses on acquisition and refinanced loans across all property types – hotel, office, retail, etc. -- including construction/development. We complete site visits, prepare financial models, review third-party reports and write investment committee memos for clients.

**Public Sector Underwriting:** Our clients include HUD FHA and the GSEs for Multifamily and Senior Housing loans. Our teams review lender packages, identify and remedy deficiencies, analyze property fundamentals and loan financials, summarize strengths/risks, present to the client with recommendation for approval or rejection, and close approved loans as needed. To date, over 3,500 Multifamily loans with \$76 billion in Unpaid Principal Balance (UPB) and 750 Senior Housing (Skilled Nursing, Assisted Living, Memory Care, etc.) loans with \$8.0 billion UPB have been underwritten and closed.

Multifamily Loan Count & UPB		
Year	Loan Count	UPB (\$)
2015	192	2,193,096,500
2016	1,007	17,709,215,554
2017	1,046	23,749,594,267
2018	1,079	22,803,423,849
2019	633	9,887,781,459
<b>Total</b>	<b>3,957</b>	<b>\$76,343,111,629</b>

Healthcare Loan Count & UPB		
Year	Loan Count	UPB (\$)
2015	14	146,076,500
2016	176	1,433,736,500
2017	198	1,920,539,300
2018	241	2,487,717,900
2019	205	2,352,345,900
<b>Total</b>	<b>751</b>	<b>\$8,340,416,100</b>

From Aug 2015 to Oct 2019

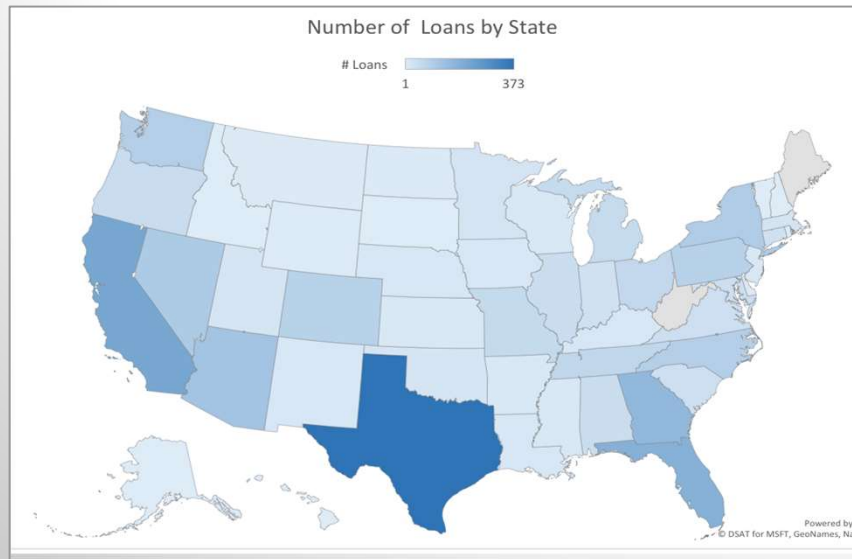
# GROVE STREET

## DUE DILIGENCE AND UNDERWRITING

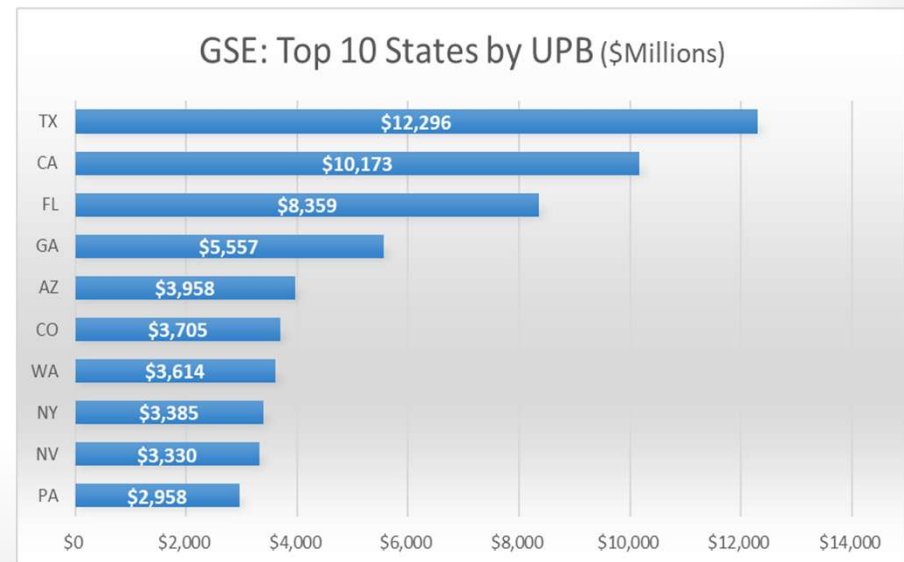
We support GSE Multifamily Underwriting and Asset Summary Report Reviews since 2015, underwriting over 4,722 loans and \$88 billion UPB. Loan types include Conventional Multifamily, Condominium and Co-operative Developments, Targeted Affordable Housing (TAH) and Tax-Exempt Loans (TEL), Student Housing, Workforce Housing, Manufactured Home Communities, Green Energy, Senior Housing and Small Balance loans.

Total UPB and Count		
Year	Loan Count	Current Balance (\$)
2015	192	2,193,096,500
2016	1,007	17,709,215,554
2017	1,040	23,565,894,267
2018	1,073	22,599,223,846
2019	1,213	18,974,560,983
2020	197	3,281,608,000
	<b>4,722</b>	<b>\$88,323,599,150</b>

\* From August 2015 through April 2020



National market coverage of Grove Street underwritten loans from 2015-2020.



# GROVE STREET

## DATA ANALYTICS AND MORTGAGE MODELING

**FDIC Loss Share Loan Valuation** - Grove Street has been engaged by the FDIC for loan valuation assignments since 2012. We analyze loan files, value underlying collateral and determine probabilities of default to price all loans comprising a bank portfolio including Residential, CRE, Commercial/Industrial and Land for performing, non-performing, and foreclosed assets.

Grove Street’s valuation model requires data analytics to ensure data is complete and categorized prior to pricing the entire portfolio. Over 27,500 loans, equating to \$3.7 billion UPB, have been valued. Detailed model metrics and asset-level pricing along with a comprehensive report detailing methodology and loan summaries are delivered for each bank reviewed.

FDIC: RBOA Completed Task Orders		
Year	Total UPB	Total # Task Orders
2012	640,456,937	6
2013	929,508,000	6
2014	951,986,777	12
2015	550,084,482	5
2016	475,107,103	9
2017	162,400,176	6
	<b>\$3,709,543,475</b>	<b>44</b>

FDIC: Grove Street Total Loan Balance and Count					
Pools	Loan Balance (\$)	% Total	Loan Count	% Total	Average Balance (\$)
Commercial Real Estate	1,270,798,889	34.26%	2,791	10.15%	455,320
Residential Real Estate	1,262,489,617	34.03%	14,503	52.74%	87,050
Comm/Industrial (C&I)	324,106,102	8.74%	2,338	8.50%	138,625
Other Commercial	217,407,977	5.86%	462	1.68%	470,580
Construction (ADC)	185,907,417	5.01%	435	1.58%	427,373
OREO	138,345,784	3.73%	552	2.01%	250,626
Govt Guaranteed	87,875,145	2.37%	269	0.98%	326,673
Consumer	73,945,314	1.99%	4,487	16.32%	16,480
Land	56,588,305	1.53%	323	1.17%	175,196
Agricultural	42,850,127	1.16%	149	0.54%	287,585
Paid in Full	41,117,594	1.11%	165	0.60%	249,198
<b>TOTAL</b>	<b>\$3,709,543,475</b>	<b>100.00%</b>	<b>27,497</b>	<b>100.00%</b>	<b>\$134,907</b>

\* Based on work from 2012 through December 2017

# GROVE STREET

## DATA ANALYTICS AND MORTGAGE MODELING

**FHA Model Validation** – Grove Street has been selected to review and validate HUD FHA Single Family Residential and Commercial Mortgage Models. This requires the review of source/input data, program codes, supporting model documents, methodology, risk management/governance policies and any other documents covering the modeling processes.

Financial models are reviewed including default/claim, prepayment, claim transition, and cash flow models. Our assessment incorporates five key modeling components: model design and theory; model inputs and outputs; model mechanics; model performance; and governance, documentation, and ongoing monitoring.

### 6 Default/Claim Models

- Multifamily Unassisted NC/SR Default Model (B1)
- Multifamily Unassisted Refinance Default Model (B2)
- Multifamily Assisted NC/SR and Refinance Default Model (B3)
- Healthcare (Section 232) Unassisted NC/SR Claim Model (B8)
- Healthcare (Section 232) Unassisted Refinance Claim Model (B9)
- Hospital (Section 242) Claim Model (B13)

### 6 Prepayment Models

- Multifamily Unassisted NC/SR Prepayment Model (B5)
- Multifamily Unassisted Refinance Prepayment Model (B6)
- Multifamily Assisted NC/SR and Refinance Prepayment Model (B7)
- Healthcare (Section 232) Unassisted NC/SR Prepayment Model (B10)
- Healthcare (Section 232) Unassisted Refinance Prepayment Model (B11)
- Hospital (Section 242) Prepayment Model (B12)

### 1 Claim Transition Model

- Multifamily Claim Transition Model (B4)

### 1 Monte-Carlo Simulation Model

- Monte-Carlo simulations run using output from B1-B13 models (B14)

### 2 Cash Flow Models

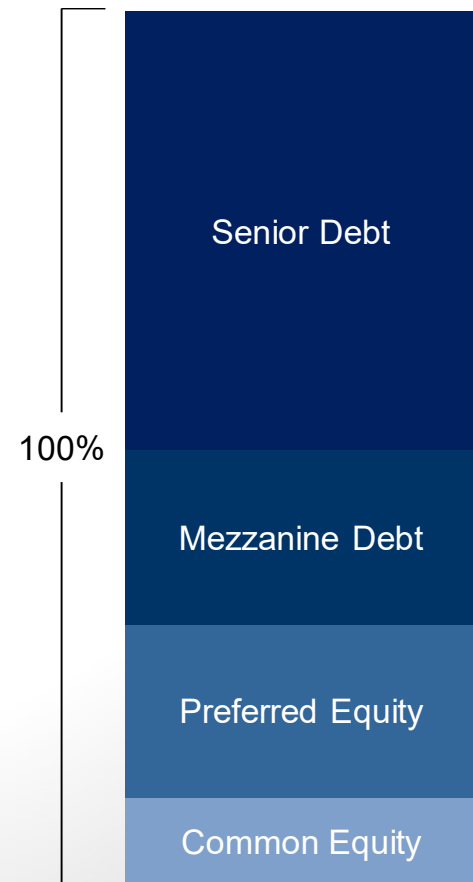
- Cash Flow Model for LLG (B15)
- Cash Flow Model for LLR (B16)

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## ASSET MANAGEMENT

**Loan Asset Management:** Grove Street reviews and updates models and reports for stabilized, bridge/transitional and construction loans. We analyze risk rankings, re-value properties, re-price loans, quantify losses given default (LGD) and determine if further action is required to achieve the best resolution. As we have an extensive network of credit-trained professionals, we have asset managed various loan products throughout the capital stack.

For construction loans, we determine the adequacy of project funding for a project to be built and completed on time/budget, and develop resolution strategies designed to maximize recovery for various phases of development.



# GROVE STREET

## GROVE STREET CERTIFICATIONS

Grove Street has certifications as an SBA 8(a) firm and GSA Professional Services Schedule for federal projects.

- **SBA 8(a)** certified through 2023
- **SBA 8(m)** Economically Disadvantaged Woman-Owned Small Business (EDWOSB)
- **M/WBE** New York State & City; (Contract: MWCERT2017-372)
- **GSA FABS** Financial and Business Solutions (Contract: GS-23F-060AA)

Grove Street Contract #GS-23F-060AA Financial and Business Solutions (FABS) SINS			
SIN 520-1	Program Financial Advisor	SIN 520-11	Accounting
SIN 520-2	Transaction Specialist	SIN 520-13	Complementary Financial Mgmt Svcs
SIN 520-3	Due Diligence and Support Services	SIN 520-14	Audit & Financial Training Svcs
SIN 520-4	Debt Collection	SIN 520-15	Outsourcing Recurring Commercial Activities for Financial Mgmt Svcs
SIN 520-5	Loan Servicing & Asset Management	SIN 520-16	Business Information Services
SIN 520-9	Recovery Audits	SIN 520-21	Program Management Services

