

A magnifying glass is positioned over a bar chart. The chart displays data for four quarters: Q1, Q2, Q3, and Q4. Each quarter has two bars, one blue and one green. The blue bars are consistently taller than the green bars. The magnifying glass is centered over the Q2 and Q3 data points. The text 'Underwriting: Stress Testing' is overlaid in white on a dark blue background across the center of the image.

# Underwriting: Stress Testing

# Reasons for Stress Testing

- Credibility with Lenders and Investors
- Margin of Safety
- You Can't Know Everything
- Not a Substitute Accuracy
- Base Case Should be 90%+ Confidence

# 5 Things to Stress Test

1. Vacancy Factor
2. Rent Growth
3. Rehab Cost
4. Debt Terms
5. Exit Cap Rate

