

# Pro Forma Detail · Power Church · UA Theater

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## Power Church plus UA Theater: Three-Scenario Pro Forma

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**Prepared for:** Power Church Building Committee **Date:** 2026-05-04 **Property:** 8275 W Amarillo Blvd, Amarillo TX. Former United Artists movie theater. **Building:** 83,422 sq ft. Vacant 2.5 years. **Listing:** \$5.5M (\$66/sq ft) by Deeter Prater, Llano Realty. **Banker on file:** Amarillo National Bank (ANB) — commercial lending department.

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### TL;DR for committee

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1. **Lead with Scenario A (seller carry plus construction loan).** Cleanest exit math. Only structure where the refi appraisal has to clear a number that's plausible for an 83K sq ft special-purpose building.
2. **Fall back to Scenario C (master lease plus construction loan).** Operationally safer because the church can walk if the deal goes sideways. Refi exit is harder, requires \$1M to \$1.5M of pledge capital at closing or an appraisal at the top of range.
3. **Reject Scenario B (full \$4M term loan plus fundraiser during).** \$25K/mo net cannot service \$4M of amortizing debt while also raising \$2M for renovation. Numbers don't pencil at the base case.

The single most decisive next step is a **15-minute call to Deeter Prater**. Two questions: will the seller carry, and will the seller master-lease. The answer collapses two scenarios to one and saves a week of committee debate.

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## Inputs (flag any that are wrong)

Input	Value	Notes
List price	\$5,500,000	Llano Realty listing
Negotiated purchase (A, B)	\$4,000,000	Implies \$1.5M concession off list
Master lease buyout (C)	\$3,800,000	Per your stated agreed price
Renovation cost	\$2,000,000	Placeholder. \$24/sqft for 83K sqft is on the low side for theater-to-sanctuary conversion. Real number could land \$2.5M to \$3.5M once you have a GC bid.
Church gross	\$100K/mo	Verbal. No P&L on file in vault.
Church net	\$25K/mo	\$300K/yr deployable.
Bank rate (term)	7.5%, 25-yr amort	Amarillo National Bank (ANB) small-commercial benchmark
Bank rate (construction IO)	8.0% interest-only	Standard CRE construction
Seller carry rate	6.0% IO, 24-mo balloon	Typical commercial carryback
Master lease rate	\$3/sqft annual gross	\$20,856/mo all-in. Range tested \$2 to \$4/sqft.
Construction timeline	12 months base	Range 9 / 12 / 18 mo
Vacant-shell carrying cost	\$5,000/mo	Utilities, security, insurance during reno
SE 10th Ave existing carrying	\$5,000/mo	Placeholder. Confirm with treasurer.
Property tax (post-occupancy)	\$0	Texas Tax Code Sec. 11.20 exempts 501(c)(3) religious property. Applies ONLY if borrower is the church entity, NOT if a for-profit LLC owns and leases to the church. Big decision.

## Scenario A: \$2M Seller Carry plus \$2M Bank Construction Loan

**Capital stack at close:** - Seller carryback: \$2,000,000 IO at 6%, 24-month balloon - Bank construction loan: \$2,000,000 IO at 8% during build - Cash needed at close: \$0 to \$50K (closing costs, appraisal, earnest money)

### Construction-phase monthly burden (12 months):

Line item	Monthly
Seller carry IO at 6% on \$2M	\$10,000
Bank construction IO at 8% on \$2M	\$13,333
Vacant-shell carrying	\$5,000
SE 10th Ave existing	\$5,000
<b>Total burden</b>	<b>\$33,333</b>
Church net	\$25,000
<b>Construction-phase deficit</b>	<b>(\$8,333)/mo for 12 months = (\$100K total)</b>

**How to close the construction-phase deficit:** - Pre-close construction reserve fund of \$100K. Cleanest path. Single ask, single donor or capital campaign. - Negotiate accrued (non-cash-pay) interest on the seller carry. Drops \$10K/mo of cash burden, eliminates the deficit, adds about \$120K to the \$2M balloon at month 24. Easy ask if seller is motivated. - Negotiate construction-loan IO deferral until certificate of occupancy. Some commercial construction lenders will do this on tenant-improvement deals.

**Refi exit at month 13:** - Permanent loan target: \$4.0M debt + \$120K closing = \$4.12M - ARV needed at 75% LTV: **\$5.49M** - ARV reality range: replacement cost basis is roughly \$87/sqft x 83,422 = \$7.26M. Special-purpose discount (church real estate is hard to repurpose) typically pulls 20% to 30% off, putting ARV at **\$5.08M to \$5.81M**. - **Verdict: feasible if appraisal lands middle-to-top of range.**

**Permanent-loan steady state (post-refi):** - \$4.0M at 7.5% / 25-yr P&I: \$29,565/mo - Plus insurance escrow (no property tax if church-owned): \$3,000 to \$5,000/mo - All-in: roughly **\$33,000/mo** ongoing - vs \$25K net at base case: **deficit \$8,000/mo ongoing**

**The honest flag on Scenario A:** the construction-phase math works, but permanent debt service requires either church net to grow about 30% post-occupancy (typical for relocations into bigger buildings, but not guaranteed), OR the SE 10th Ave campus to be sold and proceeds applied at refi to lower the permanent balance, OR a 30-year amort negotiated with Amarillo National Bank (ANB) commercial lending (rare, possible).

**Risk ranking: MEDIUM.** Hinges on (a) seller agreeing to carry, (b) appraisal clearing \$5.5M, (c) post-occupancy giving lift OR SE 10th Ave sale.

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## Scenario B: \$4M Bank Term Loan plus Fundraise \$2M During

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**Capital stack at close:** - Bank term loan: \$4,000,000 at 7.5%, 25-yr amort - Cash needed at close: \$400K to \$800K (10% to 20% commercial down) - Construction funded over time by pledged donations

### Monthly burden post-close, pre-construction:

Line item	Monthly
\$4M P&I at 7.5% / 25-yr	\$29,565
Insurance escrow	\$4,000
Vacant-shell carrying	\$5,000
SE 10th Ave existing	\$5,000
<b>Total burden</b>	<b>\$43,565</b>
Church net	\$25,000
<b>Pre-construction deficit</b>	<b>(\$18,565)/mo</b>

**Plus:** the church needs to raise \$2M for construction during this period. Standard 24-month fundraise is \$83K/mo of NEW pledged income on top of existing \$100K/mo gross, while running an \$18.5K/mo cash deficit.

**Effective gap to close in 24 months:** -  $24 \times \$18,565$  deficit = \$446K - Plus \$2M reno target = \$2,000,000  
- **Total: \$2.45M raised in 24 months while servicing debt**

**For this to pencil:** - One or more major donors commit \$1.5M to \$2M up-front before close, OR - SE 10th Ave campus is sold for \$1M+ and proceeds reduce debt at close OR fund initial reno phase, OR - Giving base grows 40%+ within 12 months without a new building to point to (very hard)

**Verdict: structurally fragile.** The committee may push this scenario because it's the simplest to explain, but the math says it carries the highest blow-up risk. A 6-month delay in fundraising or a single bad month of giving puts the church in default territory on a brand-new \$4M loan with zero revenue from the asset yet.

**Risk ranking: HIGH.** Recommend not proceeding unless major-donor capital (\$1M+) is locked pre-close.

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## Scenario C: Master Lease plus \$2M Construction Loan plus Refi Buyout at \$3.8M

**Capital stack at signing:** - Master lease: 12 to 15 month term with option-to-buy at \$3.8M - Bank construction loan: \$2,000,000 IO at 8% - Cash needed at signing: \$50K to \$100K (lease security deposit, construction loan closing, contingency)

**Construction-phase monthly burden (12 months base case, NO rent abatement):**

Line item	Monthly
Master lease (\$3/sqft gross)	\$20,856
Construction loan IO at 8% on \$2M	\$13,333
SE 10th Ave existing	\$5,000
<b>Total burden</b>	<b>\$39,189</b>
Church net	\$25,000
<b>Construction-phase deficit</b>	<b>(\$14,189)/mo</b>

**The negotiation lever that fixes the construction-phase deficit: rent abatement during build-out.**

This is standard practice when a tenant does substantial improvements that add value to a landlord's asset. A vacant theater being converted to a sanctuary by a stable nonprofit tenant is a textbook abatement scenario. Realistic ask: 6 to 12 months full abatement.

**With 6 months of full rent abatement:** - Months 1 to 6: \$13,333 IO + \$5K SE 10th Ave = \$18,333/mo.

**Surplus \$6,667/mo for 6 months.** - Months 7 to 12: full \$39,189/mo. Deficit (\$14,189)/mo for 6 months. - **Year-1 average burden: \$28,761/mo. Average deficit: (\$3,761)/mo.**

**With 12 months of full rent abatement:** - Entire construction year at \$18,333/mo total. Surplus \$6,667/mo throughout. - Lease starts at certificate of occupancy. - **Net surplus during construction year: roughly \$80K cash positive.**

**Refi exit at month 13 (or whenever option is exercised):** - Permanent loan target: \$3.8M purchase + \$2M construction + \$180K closing = **\$5.98M** - ARV needed at 75% LTV: **\$7.97M** - ARV reality range (special-purpose, post-renovation, 83K sqft): \$6.5M to \$7.0M for an improved/leased-up asset is plausible, \$5.08M to \$5.81M is the unimproved replacement-minus-discount floor - **Refi gap at midrange ARV: \$1.0M to \$1.5M short**

**To close the refi gap:** church brings \$1M to \$1.5M of pledged capital to the refi closing. Same fundraising mechanics as Scenario B, but on a much easier timeline: - Construction is finished, building is occupied,

congregation is energized by the move - A specific dollar target with a specific deadline (“we need \$1.2M by January 2027 to close on the building we’re already worshipping in”) is the easiest fundraising ask in the church world - Worst case: lease is extended 6 to 12 months while fundraise completes

**The walkability advantage:** if reno cost overruns, congregation doesn’t grow, or appraisal disappoints, the church walks from the lease without a \$4M deficiency on a special-purpose asset that’s hard to repurpose. This is a real risk-control feature that Scenarios A and B don’t have.

**Permanent-loan steady state (after exercising option and refi):** - \$5.98M at 7.5% / 25-yr: \$44,196/mo P&I + \$5K escrow = roughly \$49,200/mo all-in - vs \$25K net: **deficit \$24,200/mo ongoing** at base case - This is a much harder permanent state than Scenario A - Mitigants: (a) bringing \$1M to \$1.5M pledge capital reduces the permanent balance to about \$4.5M (\$33K/mo PITI, deficit roughly \$8K/mo, similar to Scenario A), OR (b) congregation grows to \$35K to \$40K net post-occupancy

**Risk ranking: MEDIUM-LOW operationally, MEDIUM-HIGH on refi-completion.** Front-end is the safest of the three. Exit is the hardest.

## Sensitivity (the variables that actually move the answer)

### ARV at refi (the biggest single swing)

ARV	Scenario A: needs \$5.49M	Scenario C: needs \$7.97M
\$5.0M	A short by \$493K	C short by \$2.97M
\$6.0M	A clears by \$510K	C short by \$1.97M
\$7.0M	A clears by \$1.51M	C short by \$0.97M
\$8.0M	A clears by \$2.51M	C clears at ceiling

**This is the strongest single argument for Scenario A.** A clears refi at any ARV at or above \$5.5M. C requires ARV at or above \$8M, which is roughly at replacement cost with no discount. Hard to bank on.

## Renovation cost (single biggest unknown until you have a GC bid)

Reno cost	A all-in cost	C all-in cost (post-refi)
\$1.5M	\$5.5M	\$5.3M
\$2.0M	\$6.0M	\$5.8M
\$2.5M	\$6.5M	\$6.3M
\$3.0M	\$7.0M	\$6.8M

A real GC bid for theater-to-sanctuary conversion is the input you most need. \$2M is a placeholder.

## Church net (post-relocation lift)

Net	A perm deficit	C perm deficit (with \$1.5M pledge)
\$25K	(\$8K)/mo	(\$8K)/mo
\$30K	(\$3K)/mo	(\$3K)/mo
\$35K	breakeven	breakeven
\$40K	\$7K surplus	\$7K surplus

Either scenario needs the church to grow to roughly \$35K net post-occupancy to be self-sustaining on permanent debt. That's a 40% lift. Plausible with a new building, not guaranteed.

## Master lease rent (Scenario C only)

\$/sqft NNN	Monthly	Construction deficit (no abatement)
\$2/sqft	\$13,904	(\$7,237)
\$3/sqft	\$20,856	(\$14,189)
\$4/sqft	\$27,807	(\$21,140)

Scenario C is very rent-sensitive. Negotiating \$2/sqft instead of \$3/sqft saves \$7K/mo throughout the lease.

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## What you need to confirm before this goes to committee

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1. **Borrower entity.** Power Church 501(c)(3) directly, or a separate church-controlled LLC that the church leases from? Materially affects bank product, tax treatment (church-owned is tax exempt; LLC-owned is fully taxable, easily \$80K to \$120K/yr), and donor-pledge mechanics. Recommendation is direct 501(c)(3) ownership for full property-tax exemption.
2. **The “\$1M approved” figure** you mentioned. Is that the same as Amarillo National Bank (ANB) commercial lending’s existing pre-approval, or a separate church-level approval at a different bank? I want to know the actual ceiling and which institution.
3. **Power Church 2024 and 2025 P&L statements.** Commercial banks need 2 to 3 years for underwriting. Right now \$100K/\$25K is verbal and won’t fly with an underwriter.
4. **SE 10th Ave existing building.** Owned outright, leased, or mortgaged? Annual carrying cost? Drives the dual-building burden line in every scenario. Possible third option: SE 10th Ave is sold concurrent with refi, and proceeds apply directly to the permanent loan balance. This dramatically improves Scenario A and C math.
5. **Has anyone on the committee already pre-asked Deeter Prater** about carryback or master-lease willingness? If yes, what was the response?
6. **Theater-to-sanctuary GC bid.** \$2M is a placeholder estimate. Need a real bid. The Building Committee will solicit at least two qualified contractor bids. Any related-party bidder (committee member’s affiliated company) will be disclosed in writing and bid against an independent comparable.

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## Recommended sequence

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1. **This week:** Call Deeter Prater. 15 minutes, two questions:
    - “Would seller entertain a \$4M effective price with \$2M seller carryback IO and 24-month balloon?” (unlocks Scenario A)
    - “Would seller entertain a master lease at \$3/sqft gross with 12 months rent abatement during construction and option to buy at \$3.8M?” (unlocks Scenario C)
  2. **Within 2 weeks:** Get real GC bids on theater-to-sanctuary conversion. Two qualified contractors minimum. Pick the lowest qualified number.
  3. **Within 30 days:** Pull Power Church 2024 and 2025 P&L into clean format for bank submission.
  4. **Concurrent:** Draft a pre-close major-donor ask. A single \$500K to \$1M lead gift transforms every scenario from MEDIUM-HIGH risk to LOW-MEDIUM risk.
  5. **After Deeter’s answer:** This pro forma collapses to one scenario. Bank submission package goes to Amarillo National Bank (ANB) commercial lending with a clean capital stack and a real GC bid.
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## Appendix: math reconciliation

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**Scenario A construction-phase deficit calculation:** - Seller IO:  $\$2,000,000 \times 0.06 / 12 = \$10,000.00$  ✓ -  
Bank IO:  $\$2,000,000 \times 0.08 / 12 = \$13,333.33$  ✓ - Vacant-shell + SE 10th:  $\$5,000 + \$5,000 = \$10,000$  ✓ -  
Total:  $\$33,333$  ✓ Deficit vs  $\$25K = (\$8,333)/\text{mo}$  ✓

**Permanent loan PMT formulas:** -  $\$4.0\text{M}$  at  $7.5\%$  /  $25\text{-yr}$ :  $\text{PMT} = 4,000,000 \times [0.00625 \times (1.00625)^{300}] / [(1.00625)^{300} - 1] = \$29,564.79/\text{mo}$  -  $\$5.98\text{M}$  at  $7.5\%$  /  $25\text{-yr}$ :  $\text{PMT} = 5,980,000 \times [0.00625 \times (1.00625)^{300}] / [(1.00625)^{300} - 1] = \$44,194.43/\text{mo}$

**ARV at 75% LTV thresholds:** - A:  $\$4.12\text{M} / 0.75 = \$5.493\text{M}$  - C:  $\$5.98\text{M} / 0.75 = \$7.973\text{M}$

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**Scope:** This memo is the pro forma analysis only. The seller-conversation, the GC bid, the bank submission package, and the committee presentation deck are downstream deliverables that follow once the seller's answer narrows the scenario set.

**File companions:** - xlsx workbook with sensitivity grids: `power-church-ua-theater-proforma-2026-05-04.xlsx` (same directory) - Build script (durable, replays the model):  
`~/openclaw/workspace/scripts/build_power_church_proforma.py`