

MMCC LOAN ORIGINATOR GOES THE EXTRA YARD TO CLOSE DIFFICULT TRANSACTION

Challenges:

- Needed to educate relatively unsophisticated borrowers.
- Ground lessor was uncooperative.
- Both the property and the borrower had “red flags.”
- Borrower was involved in a 1031 exchange, so time was of the essence.

Results:

- Secured the cooperation of all parties in the transaction.
- Overcame obstacles to source a desirable fixed-rate loan.
- MMCC loan originator’s persistence resulted in a 75% loan-to-value ratio.

This was a challenging loan transaction on several fronts. The private investor had targeted a 5,856-square foot single-tenant retail property (leasehold interest) in Arlington, Texas, as the downleg in a 1031 exchange, so the clock was ticking. The borrowers were relatively unsophisticated and the ground lessor was uncooperative. The degree of difficulty was compounded by the strict notice provisions in Texas, which could have resulted in both the borrower and lender losing all of the money they had invested in the transaction. Several lenders stated the loan could not be structured at all, nevermind at a 75 percent LTV. The borrowers also wanted the debt structure to be fixed since the property had a

triple-net lease with rental increases every five years.

The MMCC loan originator sourced a credit union that could meet the borrowers’ needs, and then he used tact, poise and reason to motivate all parties to work together and move the transaction forward. By thinking outside the box, the loan originator secured optimal financing and terms, and he achieved the necessary document language that each party required for the Subordination Non-Disturbance and Adornment Agreement. Through expertise and perseverance, the loan originator successfully closed a \$1.36 million loan at a fixed rate of 6 percent, with a five-year term and a 25-year amortization.