

## OBSTACLES OVERCOME TO PRODUCE SUCCESSFUL MULTI-FAMILY PURCHASE

### Challenges:

- Property had low B rating and was purchased out of receivership at a price equal to 37 percent of new purchasing price.
- No historical financial records were available.
- Buyer had limited cash reserves and one guarantor left the country before closing.

### Results:

- MMCC loan officer stayed in close contact with buyer and lender to ensure transaction remained on schedule.
- Loan officer made extra effort to ensure successful document execution stage.
- Loan closed on last day of rate lock before rate would have jumped 50 basis points.

Vista Del Sol Apartments is a multi-family community in Cleveland, Ohio. Built in 1972, the complex has 90 units and was purchased out of receivership. The seller placed the property on the market at a price nearly twice his purchase price, although the property still maintained a B rating and had no historical financial records available.

The buyer approached a MMCC loan officer and the loan officer began an evaluation of the property, its projected potential, the terms and conditions of the proposed transaction and the buyer's financial position. The lack of financial records meant that underwriting was based only on the new rent roll and projections. In addition, the buyer had limited cash reserves and wanted the transaction structured as a purchase of an LLC entity rather than a property purchase. The lender struggled with this concept and was cautious in reviewing entity documents. A final challenge came when the buyer's wife, a guarantor,

left the country before the closing and the lender would not accept power of attorney authority.

The MMCC loan officer maintained constant contact with the buyer, his wife overseas and the lender. He made special effort to ensure that the document execution stage was successfully completed and that the loan documents were delivered to the wife overseas in a timely manner. The signed documents returned on the 60th day and last day of the rate lock, before the rate would have jumped 50 basis points. The result was a \$1,960,000 loan at 6.04 percent with a 30-year term and 30-year amortization. Seven years of the loan were fixed and the loan-to-value ratio was 80 percent.

Overcoming unusual challenges and making the extra effort is what distinguishes Marcus & Millichap Capital Corporation.