

# Robert T. Gibney & Associates

Commercial Real Estate Financing from \$200,000

"Selecting the lender is as important as choosing the loan program"

LENDING UPDATE 1/29/07



## Deal Summary

<b>Central Marketplace</b>		
62,000 Sq Ft Anchored Retail – SW Valley		
Year built - 2005		
Original Purchase Price: \$11,000,000	\$177/Sq Ft	December 2005
Refinance - \$8,000,000 Permanent Financing to pay off floating rate bridge financing obtained when the property was purchased by the current owner in December 2005.		

## Underwriting Issues

**Lease-Up** – The property was 80+% occupied at loan closing, with several prospective tenants in lease negotiations. As a result, the property did not meet the required debt coverage ratio required for conventional permanent financing. 90% occupancy is anticipated by July 2007.

**Operating Statement** – 2006 year-end operating statement reflects lease-up activity, rent abatement, and operating expense that were not reimbursed by tenants. Most lenders require an operating statement based on stabilized occupancy prior to funding the permanent loan.

**Annual Debt Service** – The current rental income supports an interest-only payment

**Expected Hold-Time** – 10 Years or more. The owner was interested in securing fixed-rate permanent financing before the property reached stabilized occupancy in order to avoid possible interest rate increases.

## Financing Solution

We structured a loan designed for this situation using the following underwriting criteria:

- Interest-only payments for 1<sup>st</sup> year – then 25-year amortization for remaining loan term
- Loan Term – 6 years
- 6-Year fixed rate priced at 200 basis points over the 5-Year Treasury – 6.7%

## Borrower Testimonial

"I want to thank you again for all your impressive work to secure our permanent financing for Central Marketplace. Your knowledge of the property and the overall project that made the process go successfully. Your fine reputation with local and regional lenders was a valuable asset to us. We look forward to future dealings with you." - AH

Similar loans are available that may help you to negotiate your next real estate transaction.

I invite you to call or email me to discuss your client's financing needs.

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