

Robert T. Gibney & Associates

Commercial Real Estate Financing from \$200,000

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

LENDING UPDATE 1/15/07



Deal Summary

Silver Tree Apartments		
98 Units - West Valley		
Sales Price:	\$5,578,000	\$57,000/Unit
Loan Amount:	\$3,853,000	69% LTV

Underwriting Issues

Lease-Up – The 2006 operating statement reflected below-market occupancy in the first half of 2006 during property renovation. Occupancy reached 90% during the 4th quarter of 2006.

Property Repairs – The sellers completed minor property repairs during escrow.

Non-Recourse Financing – The 4 investment partners formed a new LLC and requested non-recourse financing.

Expected Hold-Time – 3-5 Years. The owners requested fixed-rate financing with interest-only payments and a flexible prepayment penalty.

Financing Solution

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

- Underwriting based on 4th quarter 2006 rental income
- Interest-only payments for 5 years – then P&I based on a 30-year amortization
- 5-Year fixed rate priced at 6.5%
- Prepayment Penalty – 3,2,1,1,1
- Non-Recourse Loan with Carve-outs
- Loan Term – 30 years

Broker Testimonial

"HRN Realty's success is the result of a strong team of professionals, who work together to meet the needs of our clients. Robert T. Gibney & Associates is a key part of that team. The successful closing of the Silver Tree Apartments transaction is the result of Bob's ability to choose the appropriate lender, structure the loan to fit the needs of the buyer, and coordinate the activities of all parties during the underwriting process."

Thom Khaler

Designated Broker & Managing Member

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.

Robert T. Gibney & Associates
4300 N. Miller Road, Suite 212
Scottsdale, Arizona 85251

Phone (480) 429-3642

Mobile (602) 315-5671

Fax (480) 422-7377

Email RGibney@AzCommercial.Biz

www.AzCommercial.Biz

Mortgage Broker Lic. MB0904411

Instructor: Commercial Real Estate Institute
Director: Arizona Commercial Mortgage Lenders Association
Member: Mortgage Bankers Association
Affiliate Member: Scottsdale Association of Realtors, CCIM