

ROBERT T. GIBNEY & ASSOCIATES COMMERCIAL REAL ESTATE FINANCE

(480) 429-3642

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

LENDING UPDATE 3/29/07



Deal Summary

Pebble Creek Mixed-Use Project 20,000 Sq Ft Office and 6,500 Sq Ft Retail West Valley

Construction Loan Amount: \$5,800,000 80% of Project Cost (land and development/construction)
Interest-Only – prime minus ¼%
Loan includes \$500,000 interest reserve

Underwriting Issues

Proforma Operating Statement – There were limited rent and sales comps in the sub-market.

Increased Value of Land – The land value increased since the original acquisition date based on property re-zoning, site plan approval, and other entitlements.

Lot Split – The developer plans to sell the office building and retain the retail building as a long-term investment.

Off-Site Development Agreement – The road-widening and utility installation are being completed with the cooperation of adjoining property owners.

Financing Solution

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

- Lender and appraiser used available data to establish property value.
- Construction loan funded 100% of development and construction costs. The increased land value was used as 100% of the developer's required equity investment
- Loan includes a partial release provision for the sale of the office building.
- Lender approved the joint-development agreement used to complete the road and utility project.

Broker Testimonial

"March Development Co. trusts Robert Gibney & Associates to provide thorough service and the best possible financing terms for all of our projects." **Michael Van Pelt – March Development 623 337-8810**

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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