The CRITTENDEN REPORT® Real Estate Financing

*The Nation's Leading Newsletter on Real Estate Finance*

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## TOP CONDO LENDERS/EQUITY PROVIDERS
(PROJECTED 2014 ORIGINATIONS)

| LENDER/EQUITY INVESTOR | FULL-YEAR PROJECTIONS | DETAILS |
|---|---|---|
| **Canyon Capital Realty Advisors** | $400M+ | Projects with strong pre-sales and deep track record sponsors; MSAs with strong market dynamics, including New York City, San Francisco, Los Angeles, Miami |
| **Madison Realty Capital** | $200M | Funded $100M YTD; deals with a viable exit; up to 80% LTC; strong major markets such as New York City, Miami |
| **Bank of the West** | $200M | $15M to $30M loans for projects with 20 to 100 units, phased development for large deals |
| **UC Funds** | $100M+ | Conversions, construction; major and secondary metros such as Dallas, Houston, Atlanta, Chicago, New York City, Orlando, Fla., Nashville, Tenn., Baltimore, Pittsburgh |
| **Sabal Financial Group** | $100M | Deals with less than 100 units and projects that can be bought and sold within a three-year period; NC, TX, AZ, CA, Seattle |
| **Builders Bank** | $40M | Funded $23.5M YTD; ground-up construction; New York City, Los Angeles |
| **Emerald Creek Capital** | $40M | Funded $23.5M YTD; $1.5M to $20M loans for condo inventory, construction |
| **Amalgamated Bank** | $25M | Funded $12.5M YTD; bulk residential condos; Tri-state area |
| **Forman Capital** | $25M | Funded $12.5M YTD; low basis, strong sponsors, prefer pre-sales and deposits; primary, strong secondary and tertiary markets |
| **Avant Capital** | $20M | Funded $13M YTD; construction, conversions; Northeast U.S. |
| **TMC America** | $10M-$20M | Equity only; deals that need $2M to $5M equity investments; coastal CA markets |

**Other Active Condo Lenders**: **Pembrook Capital Management**, $5M to $40M bridge loans and $5M to $15M mezz loans for ground-up, conversions, existing inventory; **INCA Capital**, $500K to $10M loans for broken condos, conversions; **Associated Bank**, $10M to $25M loans for construction; Midwest; **California United Bank**, $2M to $10M loans; Ventura, Los Angeles, Orange County, Calif.

### TERMS IMPROVE FOR SPECIAL USE…

*Continued from Page 1*

**Revere Capital** originates 50% to 65% leveraged loans with 9% to 14% rates. Any property will be considered, providing it has a credible story, committed and experienced borrower and reliable/predictable source of repayment. Terms will be 12 to 24 months; most deals will be interest only. Revere prefers at least partial recourse or burn-down provisions. **StoneTree Financial** originates $400K to $6M first and second loans for all special-purpose properties, with a focus on owner-user assets in populated areas. Leverage will reach 65%. Rates will be 8.75% to 12% with 3 to 5 points. StoneTree also provides one- to five-year terms, interest only.

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## DEALMAKER DATABANK

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|---|---|
| Cohen Financial<br>227 W. Monroe St., Suite 1000, Chicago, IL 60606<br>Don Trossman, Managing Director<br>(312) 803-5724<br>dtrossman@cohenfinancial.com | Cohen finalizes $5.75M for the refinance of a 227,000-s.f. industrial center in Niles, Ill., with a CMBS lender. The LTV was 63%. The loan has a 10-year term and 20-year amortization. The conduit liked that the property was fully leased. |
| George Smith Partners<br>10250 Constellation Blvd., Suite 2700, Los Angeles, CA 90067<br>Gary Tenzer, Principal/Managing Director<br>(310) 867-2903<br>gtenzer@gspartners.com | George Smith Partners closes a $70M cash-out refi for a Class A multifamily complex in downtown Los Angeles with an offshore bank. The LTV was 65%. The loan has a five-year term, interest only. The lender liked the operating history and strong sponsor. |
| Marcus & Millichap Capital Corporation<br>7200 Wisconsin Ave., Suite 1101, Bethesda, MD 20814<br>Keith Bauer, Director-Capital Markets National Hospitality Group<br>(202) 536-3716<br>keith.bauer@marcusmillichap.com | Marcus & Millichap arranges financing for the construction of a Marriott-branded hotel in the Portland, Ore., area that includes a non-recourse senior loan at 65% LTC and institutional equity of 32.5% of total project cost. |
| NorthMarq Capital<br>3500 American Blvd. W., Suite 500, Minneapolis, MN 55431<br>Dan Trebil, SVP-Managing Director | NorthMarq secures a $10M acquisition loan for an industrial portfolio located in Minnesota with a life company lender. The borrower liked that the LC |

## BANKS, LENDERS & EQUITY PROVIDERS

(Supplemental to the Directory)

Associated Bank: 525 W. Monroe St., Suite 2500, Chicago, IL 60661. James Pape, SVP/Head of For-Sale Housing, (312) 544-4649. james.pape@associatedbank.com

Bank of the West: 2527 Camino Ramon, Third Floor, San Ramon, CA 94583. Alfred Timpson, Managing Director/Division Credit Manager-Real Estate Industries Division, (925) 843-4661. al.timpson@bankofthewest.com

BankUnited: 2201 W. Hillsboro Blvd., Deerfield Beach, FL 33442. Christopher Hynes, VP, (954) 427-8635. chynes@bankunited.com

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## LENDERS OPEN TO SUB-$5M INDUSTRIAL

As lenders look to diversify portfolios before year's end, expect increased competition and looser underwriting for sub-$5M industrial loans. Older and smaller buildings with multiple tenants will easily obtain financing in the coming months. Life companies and conduits will be the most active with 60% to 75% leverage. Borrowers will see 4% to 5.25% rates. Look for 1.20x to 1.25x DSCs and 8%-plus debt yield. Lenders will want to see at least 80% occupancy, but 90% will be preferred. Anticipate lenders to underwrite the higher vacancy: market or property. Keep an eye out for more available construction capital to go toward small spec industrial buildings in strong markets.

With the current count of active CMBS lenders up to 42, more conduits will dip below $5M in order to compete. **Guggenheim** will fund industrial deals through its new small-balance program. Other conduits **Wells Fargo**, **KeyBank**, **Bancorp.**, **CCRE**, **Redwood Trust** and **Freedom Mortgage** will also target sub-$5M deals. CMBS will be the best option for older, well-located generic properties and assets with short-term leases. Conduits will provide up to 75% leverage and target debt yield as low as 8%.

Life companies such as **Sun Life**, **Advantus**, **Ameriprise**, **Aetna**, **Ameritas** and **American United Life Insurance** will be active on deals with 60% to 70% leverage. Watch for **Symetra** and **Stancorp.** to have $1M minimums and require at least 25% recourse. LCs will want a 9% minimum debt yield based off net cash flow. Rates will be around 4%. Life companies will look closely at the age of the property and lease term in order to establish an amortization schedule. Older, single-tenant facilities and properties without long-term leases will receive shorter amortization schedules. Life companies will want 25% to 100% recourse on full leveraged deals; sub-50% leveraged loans will see non-recourse options.

Conduits and life companies target markets with major distribution centers. Count on lenders to look for market rental and sale comparables that support the underwritten rent, as well as broad enough locales to indicate there are many potential users for the property. Lenders will look closely at rent roll and will not want to see poor credit or lumpy lease rollovers. Flex deals will need tenants with favorable operating histories.

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