The **CRITTENDEN REPORT®** **Real Estate Financing**

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TOP LAND LENDERS

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mercial Capital	$2M	will consider land types from unentitled to large tracts 30% max LTV; 14% interest-only rates for up to one year with extensions, 5 points

Other Active Land Lenders: **StoneTree Financial**, $800K+; funded $2.7M throughout three deals in 2014; up to $1M loans, prefers entitled, considers unentitled; one- to five-year terms; 9% to 12% interest-only rates, 4 points; metro markets. **Parse Capital**, one or two deals; $8M+ loans for lots without entitlement risk; 50% to 75% LT one- to two-year bridge loans and Parse must participate in vertical construction financing; Denver, Seattle, Phoenix, Salt Lake City, Las Vegas, CA. **Natixis**, selective land and predevelopment financing.

DEAL OF THE WEEK

Property Type: Upscale Hotel
Loan: $17M Bridge
Lender: **Resource Real Estate Funding/Resource Capital Corp.**
Leverage: 75%
Rate: 30-day, Libor-plus 6[illegible]0

The dual-branded hotel had a maturing construction mini-perm loan that needed to be refinanced, which would allow the borrower to avoid paying extension fees and a high interest rate. The property opened during the last recession and stabilization was delayed due to water damage caused by a leak in the building's standpipe. Resource Real Estate was comfortable underwriting the loan based on operating numbers from a combination of actual and pro-forma months. The strength of the sponsor and experience of the management company were key factors in the lender's decision. The final loan amount reflected a debt yield of 9% based on underwritten NOI.

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LEVERAGE SHOWDOWN...

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Conduits deduct fees when calculating NOI, including tenant improvements, lease rollover and leasing commission dollars, while LCs do not deduct any extra dollars from the cash flow, leading to similar proceeds in the end. Many times leverage plateaus at 70% with 30-year amortization from CMBS, banks and debt fund lenders. Conduit loans can stretch to 75% leverage, but often with shorter 25-year amortization, so the payoff is the same.

CMBS lenders require heavy, restrictive documentation. If something is not in the original documents, conduits won't make changes such as borrower transfers. Conduits also tend to have higher third party and legal costs. Borrowers need to be aware that CMBS lenders are subject to material adverse change (MAC) clauses, which allows conduits to back out of a deal if some disruption such as a default occurs. CMBS lenders hire third-party appr[illegible]

BANKS, LENDERS & EQUITY PROVIDERS

(Supplemental to the Directory)

Cornerstone Real Estate Advisers: 1 Financial Plaza, Hartford, CT 06103. Andrew Williams, Chief Investment Officer-Equity, (860) 509-2300. dwilliams@cornerstoneadvisers.com

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DEALMAKER DATABANK

C4 Financial
6355 E. Kemper Road, Suite 275, Cincinnati, OH 45241
James Huff, President/Founder
(513) 247-7859

C4 Financial closes a $5.7M loan for a Fairfield Inn & Suites in Sharonville, Ohio. Rialto provided the CMBS loan with a 10-year fixed term and 30-year amortization. The leverage was 75% of cost (70%

B-PIECE BUYERS CONTROL HOTEL CMBS

Lending parameters tighten slightly for hotel CMBS loans primarily due to B-piece buyers. Conduits no longer control the market as they did three to six months ago when B-piece buyers accepted any loan. While CMBS loans are non recourse, at the end of the day, some lenders will add partial recourse with burn