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Dealmaker of the Day

Tucker, Michael—Jan. 21, 2014

Continental Funding Group, Los Angeles, placed cash-out refinancing totaling \$16.1 million on four commercial assets in greater Sacramento County, Calif.

CFG's J.M. Grimaldi represented the sponsor, a local owner-operator.

Grimaldi refinanced three assets—an office, an industrial and a retail property totaling 153,000 square feet—in a pool transaction. He also arranged refinancing for Fairway Commons, a 64,000-square-foot neighborhood shopping center in Roseville, Calif.

“With the pool transaction, the client’s request was for a bridge-like structure with a conventional rate and flexible prepay,” Grimaldi said. “Given a blended occupancy rate of 62 percent, CFG was able to structure a competitive mini-perm by cross-collateralizing all three properties and ultimately met all the client’s needs.”

The total loan commitment for the three-property pool consisted of \$11.15 million—70 percent of the total stabilized value. Initial funding equaled \$9 million with \$2.15 million available for earn-out as new tenants sign leases. The five-year, *Wall Street Journal* Prime-based loan floats at 1 percent over Prime with a floor of 4.25 percent.

Fairway Commons’ non-recourse refinance loan has a 10-year term and a fixed interest rate. Big Lots anchors the center with dollar-store 99 Cents Only, which recently signed a new 10-year lease, Grimaldi said. “On this property we were able to maximize leverage with an aggressive debt yield through one of our conduit correspondents,” he said. “The \$5.025 million loan came in at 65 percent of value and was priced at 220 basis points over the 10-year swap.”

Grimaldi said CFG closed more than \$300 million in debt and equity transactions last year.