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THE DAILY NEWSLETTER OF THE MORTGAGE BANKERS ASSOCIATION

Dealmaker: Continental Partners Secures \$19M in Ventura County, Calif.

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March 02, 2017

Continental Partners, Los Angeles, secured \$19.2 million for a 256,000-square-foot industrial property in Ventura County, Calif.

Zalmi Klyne, Director with Continental Partners, arranged the owner-user financing.

"In this current lending environment, there is plenty of liquidity in the market and banks are hungry for new deals," Klyne said. "With the potential repeal of Dodd-Frank, which could serve as a catalyst for financial deregulation, lenders will have greater flexibility and more opportunities to originate loans, making now a good time to finance commercial assets."

Klyne noted that the sponsor, a manufacturing firm that produces electronic devices, requested a high loan-to-cost, long-term fixed-rate product to purchase an industrial facility for its new headquarters in Moorpark, Calif.

"This transaction was complex, requiring a unique financing solution to secure the most competitive terms for the borrower," Klyne said. "The sponsor wanted to own and occupy this industrial building for its operations, but had already withdrawn two Small Business Administration 504 loans in its name and maxed out the SBA financing allowance."

In addition to the SBA restriction, the asset's occupancy rate presented another initial challenge, Klyne said. "The sponsor was relocating from a 50,000-square-foot facility to this 256,000-square-foot warehouse, meaning it would initially only occupy about 20 percent of the building," he said. "But to qualify for many owner-user financing products, the subject property must be at least 51 percent owner occupied."

Continental Partners approached several lenders that would originate a competitive loan based on the borrower's requirements and secured a \$13.7 million first trust deed from an international portfolio lender. It also utilized a small business "green" program, allowing the sponsor access to an additional \$5.5 million in a second trust deed.

The first trust deed is a 25-year fixed rate, 60 percent loan-to-cost fully amortized loan priced at 4.53 percent, Klyne said. The second trust deed is a \$5.5 million, 20-year fully amortized loan that floats until the green energy upgrades are completed.

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