

STRAIGHT FROM THE MARKET

(Deals done within the past 90 days.)

Type of Loan	Location	Lender	Amount	Rate	Fee	Term	Amortization	Loan to Cost/Value
Condominium Conversion	Boca Raton, Fla.	Conduit	\$91.7M	Var.	Par	12 mos.	N/A	90% LTV

Features: CWCapital wrote this condo conversion loan for a 522-unit complex on 35-acres of land. The property consists of 34 buildings, including an apartment tower that dates back to 1973. The lender liked the location of the complex as well as the overall condition of the grounds that feature four lakes, three pools and two tennis courts, as well as volleyball and basketball courts. Tenants of the 85%-leased complex are offered first crack at the condos at a discount rate to generate early sales on the heavily leveraged project.

Type of Loan	Location	Lender	Amount	Rate	Fee	Term	Amortization	Loan to Cost/Value
Industrial Permanent	South Portland, Maine	Conduit	\$3.12M	5.56%	Par	7 yrs.	25 yrs.	80% LTV

Features: Arbor Commercial Mortgage funded this deal for a 21,066 s.f. office-warehouse building. It is leased to a single government tenant. One of the unique aspects of the deal, which was rate locked at application, is that the tenant has the option of vacating the property but would still pay a reduced rent. The borrower was a repeat client for Arbor. The greater Portland, Maine, area continues to show demand for this type of real estate in light of limited supply.

Private Lenders Write Distressed Hotel Loans

Distressed full-service hotels are getting attention from private lenders ready to ride to the rescue. Entrepreneurs looking to turn around struggling properties are tapping hard-money sources who are more than willing to make deals, especially when a combination of a strong market, a good management team and a favorable location factor into the makeover. **Mercury Capital, Hall Financial** and **MeeCorp Capital Markets** are all closing full-service hotel deals and have appetites for more.

In some cases, lenders are looking beyond the balance sheet when sizing up these hotel plays. They're digging a little deeper to find value and a reason to make the loan. Sometimes a property is not operating at a high occupancy or average daily room rate, or is in a market or neighborhood that's showing signs of economic life. When time is of the essence in executing an acquisition/renovation play, including buying properties in foreclosure or at auctions, look for borrowers to tap the hard, fast dollar.

MeeCorp recently closed a 36-month, \$4M bridge loan for an 11-story, 249-room, full-service hotel in Kansas City, Mo. The airport hotel had struggled post 9/11 and gone through a variety of franchises before eventually shutting down. The property had a lot of deferred maintenance, such as inoperable elevators, and cosmetic issues. MeeCorp funded the acquisition of the hotel out of foreclosure. The loan also covers about \$800T in renovations and reflagging the property into a Howard Johnson Plaza Hotel. Part of the loan was earmarked to cover interest payments for 11 months while the hotel gets up and running. Mee-

corp priced the interest-only loan at 12% with an 82% LTV. Factoring in fees, MeeCorp's all-in rate is generally between the low and high teens. It will consider deals sizes of \$1M and up. MeeCorp is looking to put out \$250M in capital in 2005.

Mercury recently closed a \$4.25M full-service hotel deal in Charlotte, N.C. The 430-room property, which includes a 50,000 s.f. conference center, was purchased through an auction. A group had purchased the property out of foreclosure, but decided to sell it off for \$5.9M, 72% of which was financed through Mercury. The private lender feels the property is worth significantly more than its appraised value, especially after some rehab work and maybe a new flag. Mercury likes the sponsor, a group of savvy operators who Mercury believes can make the turnaround pay off. The lender sees the Charlotte hospitality market on a comeback course, after having been the victim of a one-two combination: overbuilding and post-9/11 trauma. The interest rate was 12% and the lender charged a 4% fee, which is typical for Mercury's hospitality program. Deal size ranges between \$1M and \$20M, with the sweet spot between \$3M and \$8M. The lender will exceed \$100M in loans in 2005.

Hall will consider all markets depending on the story. Hall is generally regarded as a bridge lender but will provide a three- to five-year mini-perm. For a 75% to 80% LTC, Hall will price the deal in the vicinity of 7% over the 30-day LIBOR index. It charges a 2% commitment fee with an 18- to 24-month lockout. Deal size starts at \$6M. The lender is on track to originate \$75M in commercial loans in 2005.