

Multifamily

Cohenfinancial

REAL ESTATE INVESTMENT BANKING

\$12,650,000



Promenade Crossing ORLANDO, FLORIDA

CLIENT

Passco Companies, LLC

LENDER

Government Sponsored Entity

PROPERTY

Class A apartment complex
212 Units

ASSIGNMENT

Arrange low-rate, long-term, fixed-rate acquisition financing with Delaware Statutory Trust (DST) as the borrowing entity.

CHALLENGES

- Recent problem loans with DST borrowing entities resulted in restricted leverage and debt service coverage by agency lenders for these types of loans. Maximum leverage for DST structures were further reduced by the lender shortly after the application was executed.
- The complexity of the ownership structure and the various Internal Revenue Service procedures related to DST ownership structures resulted in lengthy loan document negotiations prior to rate-lock.
- Softening conditions in the Orlando apartment market and the property's recent performance impacted the underwriting significantly.
- Tightened Freddie Mac underwriting standards after application executed resulted in valuation issues.

RESULT

- Leverage level was "grandfathered in" and loan proceeds delivered as per the application.
- Agency-wide spread reduction passed along to Sponsor resulted in spread reduction of 45 basis points.
- Rate-lock executed and critical loan document language negotiated within 50 days of application execution .
- Negotiated 50 basis point "buy-down" of interest rate.