

EXTRA EFFORT SECURES FULL AMOUNT FOR BORROWER

Challenges:

- Collections for the trailing three months come in lower than previous six months.
- New assessment will increase tax bill by \$12,000.
- Concessions and debt are more significant than presented originally

Results:

- Lender agrees to accept changes to improving rental collections up to close of escrow, giving required loan amount to borrower.
- Loan officer examines engineering report to reduce reserve fees from \$75,000 to \$32,000.
- Deadline for paying existing Fannie Mae loan is met, allowing financing to close.

A borrower and his Marcus & Millichap broker approached Marcus & Millichap Capital Corporation (MMCC) to arrange financing on an apartment community in Seattle, Wash. The property presented several challenges, including recently poor revenue collections, an increasing tax liability, and concessions and debt that were higher than originally presented. The existing Fannie Mae loan had to be paid on the last day of the month, which meant the funding had to be in place on that date or the buyer would lose the transaction. In addition, the lender wanted a significantly higher amount retained for upfront reserves for property condition assessments.

The MMCC loan officer convinced the lender that better management would address the issues of rental collection, concessions and debt. This persuaded the lender to accept changes to the improving income stream up to close of escrow, enabling the borrower to receive the full amount required to fund the purchase. The agent also examined the engineering report line by line to reduce the reserve fees by nearly 60 percent.

Only an MMCC loan officer could leverage relationships with the lender and broker to overcome significant obstacles and direct a successful outcome.