

## DEDICATED FOCUS ON EXECUTION SAVES BORROWER \$400,000

### Challenges:

- Lender hesitates on Kmart-anchored shopping center with potential competition from Wal-Mart.
- Seller has termination fee and limited payoff dates, with late payment penalty.
- Sears/Kmart policy requires 30 days to process estoppel.
- Outstanding engineering issues could cost borrower \$400,000.

### Results:

- MMCC loan officer provides convincing data to support positive Kmart performance despite Wal-Mart.
- Strong relationship with lender expedited loan process to meet seller's deadline to pay termination fee.
- Tight management of estoppel process ensures completion in three days.
- New engineering evaluation persuades lender not to require \$400,000 on repairs.

The client approached Marcus & Millichap Capital Corporation (MMCC) seeking to finance the purchase of a Kmart-anchored retail center in a small town. The MMCC loan officer understood that the transaction had to close on a certain date to meet the seller's requirements for paying a termination fee on an outstanding loan. The loan officer ensured that due diligence happened upfront in order to meet the deadline. However, it soon became known that Wal-Mart might move into the area, the estoppel had not been completed and there were engineering concerns about the shopping center's roof.

With little time remaining, the MMCC loan officer addressed each issue efficiently and effectively. Data

was produced to convince the lender that Kmart's performance would be favorable, allowing the borrower to meet debt requirements. The estoppel process was monitored closely and a 30-day process was compressed into three days. A second engineer was asked to evaluate the roof. The two engineers making evaluations agreed that immediate repairs were not necessary, saving the borrower \$400,000 in repair expenses. The transaction was completed four days before the seller's loan termination fee deadline, allowing the seller to meet deadline and save \$200,000.

MMCC leveraged the relationships with the lender and the broker to overcome seemingly impossible obstacles and reach a successful outcome.