



FINDING A LENDER TO MEET CLIENT'S DEMANDS

Issue/Challenge

- Client required acquisition financing without additional recourse
- Property was being renovated and repositioned by seller
- Client requested fixed-rate loan

Resolution

- MMCC anticipated loan transaction issues
- MMCC professionals found a local lender that met all demands of the client
- Timely transaction close with a competitive long-term rate

A family trust approached Marcus & Millichap Capital Corporation (MMCC) to secure difficult acquisition financing of a garden apartment complex known as Nisqually Village, located in the Greater Tacoma/Seattle area of Washington. The property was being renovated and repositioned by the seller, with rents being increased more in line with the market. The client sought a competitively priced, 80 percent fixed-rate loan, but was unable to offer any additional security in the form of recourse, additional collateral or a warm body for nonrecourse carve-outs.

With a thorough understanding of the loan process, from application to close, MMCC was able to anticipate and respond to loan transaction issues, ensuring a smooth process and a timely close while putting the client in control. The client selected the financing proposal generated by Marcus & Millichap Capital Corporation. We underwrote the transaction

and presented the opportunity to several pre-qualified capital sources. Agency lenders were interested, but loan proceeds were limited due to the property's high percentage of military tenants—more than 35 percent—working at nearby Fort Lewis. The events of Sept. 11 resulted in layoffs at Boeing and troop deployments to wage the war on terrorism. It became apparent to us that a lender with local market knowledge was required in order to address these hurdles.

MMCC determined that a 10-year fixed-rate loan of \$5,280,000, exactly 80 percent of purchase price, would be the best strategy. The acquisition loan funded 51 days after application, satisfying the client's time-constrained IRS Section 1031 trade requirement. The end result was a timely closed transaction that met all of the demands of the client, including a competitive long-term fixed-rate.