DEAL OF THE WEEK

Property Type: Land Acquisition in Parkland, Fla.
Loan: $2M
Lender: **Lion Financial**
Leverage: 50% LTC/35% LTV
Rate: 12% Fixed

Hard money lender, Lion Financial, provides financing for the purchase of 63.47 acres of raw land for single-family development. Lion was comfortable with this loan due the location and conservative loan request, along with the borrower's equity contribution and previous track record of entitling land. The property was purchased for $3.5M and the borrower contributed $3M in equity.

This is a two-year, full-recourse loan. Loan proceeds will go toward acquiring the land, paying interest and zoning work. The buyer plans to rezone the property for 125 single-family homes and sell to a national homebuilder.

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SENIOR HOUSING LENDING ARENA WIDENS

Expect construction financing to crack open this year for senior housing, especially memory care facilities. Construction deals will see 70% to 75% leverage and 4% rates. Be on the lookout for **HUD** lenders to start to refinance hospitals, something the market has never seen. More borrowers will turn toward HUD this year for refis, as the GSE provides 35-year amortization and low 3% rates. Borrowers were wary of HUD during the past couple years because of its long timetables, but execution has become more predictable in recent months. Leverage will go up to 80% with HUD lenders and rates will begin at 3.3%.

For construction deals, lenders will want to see developer experience in opening, leasing and managing. Borrowers without previous new construction experience will have a tough time. HUD will be cautious of assisted living projects in California, Nevada, Arizona, Florida, Michigan and Ohio. Markets stocked with new development and occupancy at or below 85% will keep construction lenders at bay.

Berkadia will provide construction loans through HUD, with a focus on independent and assisted living, along with skilled nursing. The lender works with any size borrower, including regional operators with five to 10 existing properties. Loans will land in the $7.5M to $15M range. Leverage will be between 70% and 80%, depending on the program. **Oak Grove Capital**'s average loan will be $10M to $15M per property and leverage will max out at 75%. The lender works with borrowers with at least three existing properties and 10 years of experience. Oak Grove will lend through **Fannie Mae, Freddie Mac** and construction loans through HUD.

Watch for **Walker & Dunlop** to originate construction dollars for skilled nursing and assisted living. The primary focus will be on independent, assisted and skilled nursing for refis and acquisitions with all size borrowers. The average loan will be $7M to $10M. Leverage will be 75% to 80%. **Lancaster Pollard** allocates construction loans for assisted, Alzheimer's care and skilled nursing facilities. Loans average $8M to $8.5M per property, but could go much larger for a portfolio. Lancaster's niche will be deals with small to mid-sized developers but large players could be on the docket as well. Three to five years of experience and two to three properties will be preferred.

CBRE HMF will lend through FHA, including new construction loans, with a $7M to $25M typical range. **Centerline Capital** provides loans under $5M, while **Beech Street Capital** will go below $10M. **GE Capital, CapitalSource** and **Capital One** will also be active and partner with agency lenders. Compelling demographics could bring new lenders to the game.

Continued on Next Page