

Example: Securitized Residential Building Investment

The Deal:

A commercial and residential real estate manager and developer is requesting funds for investment in another residential building in midtown Manhattan and for working capital.

Terms of the borrowing facility are:

The deal consists of a \$4 MM line of credit at LIBOR + 50 BP with a daily floating rate, a 50 BP financing fee, an appraisal fee of \$1,000, plus legal fees. Repayment of the loan will come from corporate cash flow. Assignment of the contract for sale on the new building is being taken as recourse with an exercise price of \$6.85 MM. The bank is also requiring the personal guarantee of the principal and interest payments.

For tax purposes, the bank has decided to add the loan into a securitized pool which it is selling to a REIT. The bank will retain the servicing. The pool yield is targeted at LIBOR + 75 BP and while the majority of borrower payments on the loans in the pool are due and passed through to the REIT on the 5th and 10th of each month, all remaining payments due are paid to the REIT at month end.

AFS Capabilities:

To learn more about AFS Capabilities for loan function, syndication and collateral, please fill out our Contact Us form and you will be contacted with more information.

Deal Features:

- ◆ LIBOR Processing
- ◆ Fees
- ◆ Collateral
- ◆ Property Info
- ◆ Collateral Exposure
- ◆ Real Estate Valuations
- ◆ Pool Pending
- ◆ Pool Lock
- ◆ GL reclassification
- ◆ Custodial Cash Collections
- ◆ Servicing Fees
- ◆ Reconciliation
- ◆ Pool Transfers
- ◆ Loan Repurchase
- ◆ Pending Sale Tracking

AFS Products Used:

- ◆ Commercial Real Estate
- ◆ Loan Origination