

Example: Syndicated Government-Assisted Residential Housing

The Deal:

The commercial development arm of a diverse real estate firm has applied for working capital to develop a project. The firm specializes in developing government-assisted residential housing projects throughout of the country. The client company has more than 130 projects, providing attractive tax-sheltered investments for individual investors. Its newest project will be located on a 35-acre tract adjacent to the center of a small town and the property will be leased, not owned.

Terms of the borrowing facility are:

- ◆ A \$10.8 MM revolving line at LIBOR +1% floating daily with a one year maturity
- ◆ A financing fee of 50 Basis Points (BP) due at closing
- ◆ Principal and interest due at maturity
- ◆ A fee on the unused portion of the line which must be paid quarterly at a rate of .25%.

The bank decided to syndicate the deal and has created a syndicate consisting of itself as agent retaining 20% of the deal in a syndicate with ten other institutions. Five institutions are each taking 10% portions; three are taking 5% portions; and the remaining two each have 7.5% portions of the deal. Included in the agreement is the opportunity for short term financing facilities in addition to the line which will be placed through the syndicate on a bid basis. The term loan will have prepayment penalty fee of 1% on the outstanding balance.

Collateral consists of assignment of leases and a personal guarantee from the managing partner for full payment.

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:

- ◆ Fees
- ◆ EDF
- ◆ Pricing Grid
- ◆ Syndications
- ◆ Collateral
- ◆ Guarantors
- ◆ Property Info

AFS Products Used:

- ◆ Commercial Real Estate
- ◆ Loan Origination