

Example: Working Capital Loan with Multiple Takedowns and an Adjustable Rate Mortgage

The Deal:

A manager and developer of commercial real estate in a large northeastern city with a net worth of over \$200 MM, has requested a line of credit in order to invest in an office building and to obtain some working capital with four buildings as collateral all located in the center of the city

Terms of the borrowing facility are:

The lender has agreed to extend two facilities: A \$120 MM advised, revolving working capital line for use both for the investment and for working capital, and a second mortgage of \$1 MM for the Market Street property only.

The line of credit has a .25% accrual fee based on the unused amount. It is being extended in three portions or takedowns as follow:

- ◆ Portion #1: \$50 MM @ Prime + 1% floating monthly basis with a 50 BP financing fee, an appraisal fee of \$1,000 and legal fees
- ◆ Portion #2: \$50 MM @ a fixed 6% rate for 60 months and a handling fee of \$2,500
- ◆ Portion #3: \$50 MM @ LIBOR + 1.25% daily floating with a handling fee of \$1,750 plus legal fees

The mortgage is set at an adjustable rate with an initial interest rate of 4.625%. However, each month thereafter the rate will be tied to Prime plus .539% and rounded to the nearest 1/8 of 1%. Five months later and monthly thereafter, the payment amount will be adjusted to reflect the rate put into effect on the first day of the previous month. The initial payment will be \$7,500 and will be based on a 6 year maturity with a 20 year amortization. In addition there will be periodic caps of no more than 5% with an annual upward limit of 1% and downward limit of 2%.

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:

- ◆ Multi-purpose Facility
- ◆ Fees
- ◆ Pricing Grid
- ◆ Scheduled Balance Accruals Reamortization
- ◆ Adjustable Rate Processing
- ◆ Collateral Information
- ◆ Margining
- ◆ Property Information
- ◆ Collateral Exposure

AFS Products Used:

- ◆ Commercial Real Estate
- ◆ Loan Origination