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Career Opportunities are available with Bond Street. Please Contact Ned Hosken (818) 336 4107 - for further information.

Rates

Prime Rate	4.5%		5 Year T	3.13%
1 Month Libor	4.14%		10 Year T	4.00%
3 Month Libor	4.32%		5 Year swap	3.92%
6 Month Libor	4.02%		10 Year Swap	4.31%

And What About Us.....?

With the global meltdown of the stock market at the forefront of the news, it's very hard not to be disheartened if not downright frightened. The media continues to report that credit is not available for cars, consumer purchases, business loans and even student loans. Is it finally time to say that there is more than fear we have to fear?

Has capital fled the commercial real estate market as well as the consumer sector? Is there any money still available in our world?

I am pleased to report (trumpets please) that we still have over **two dozen** capital partners and lenders ready, willing, and able to lend money. Money is available.....for now.

Now for the rules.....

I spoke to a lender the other day who was dumbfounded that with all of the news and information about tightening credit, he still gets customers of his bank trying to bargain on rates on marginal deals. He patiently tries to explain that his funding budget a year ago was about \$35 million dollars a month. Today, he is lucky if he can get \$5 million dollars allocated. And yet, despite all of this, there are some customers who refuse to see what is right in front of them. **Capital is scarce.**

So, we take time out with each customer to get the rules of the game clearly defined up front. Given how challenging it is to do deals, it's in everyone's best interest if we do a reality check. Now, more than ever, deals requires careful underwriting and close management.

First, other than the government programs, **low leverage is the name of the game.**

Most lenders are capping their programs at **65% to 70%** LTV. Now it's important to note that we are talking about 65% based upon today's appraised values which are typically 10% or more below last year's values at this time.

For example, the borrower looking for an 80% loan an anchored retail deal can forget it. Lenders in general, are frightened about the fragile financial conditions of the nation's retailers. Food and drug anchored centers are better bets than big box retailers. (Circuit City, for example has lost 95% of its peak value this year and is currently trading at (get this) fourteen cents per share. That's **fourteen cents per share.** Can you say "bankruptcy?")

There is a very small amount of money available for construction loans. Construction money for commercial properties requires pre-leasing, substantial equity and the perfect borrower. The perfect borrower is an experienced developer, with a major track record, with perfect credit and with huge liquidity.

By the way, we have one more new wrinkle for the construction loan borrower; "compensating balances." The smaller banks that are still providing construction loans but want compensating balances. One bank asked out client to put up deposits (not secured by the deal) equal to 1/3 of the loan amount.

We have money for many property types but in general, now borrower credit and liquidity are critical. With money so tight, borrowers need to focus on one issue and one issue only. It's not about rates or other terms. It's all about "certainty of execution."

Even in these terribly difficult times, there is money available. As we said a year ago, get it while it's "hot!"

-Joe Forman, CEO and President

MultiFamily and Mobile Home Park Small Balance Program **Sample Rates (80% LTV / 1.20 DSCR)**

5 yr - 5.95%

7 yr - 6.09%

10 yr - 6.18%

Program Features:

- Loan Amounts to \$5,000,000
- 30 year amortizations
- 80% maximum loan to value
- 5, 7, & 10 year fixed-rate terms
- Tertiary markets are acceptable
- Replacement/Capital reserves underwritten, but not collected