

SKYLINE TERRACE | MONTEREY, CALIFORNIA

\$10,850,000 | FANNIE MAE, FIXED RATE | 12 YEARS, 6 YEARS I/O | 45 DAYS CLOSE

PROPERTY DESCRIPTION:

Built in 1974, Skyline Terrace is a unique apartment community located in Monterey, CA. The Property is entirely comprised of two-bedroom, two-bath townhouse loft units with 24 foot ceiling heights which offer panoramic ocean and forest views. Of the 40 units, 32 are market rate units and 8 are designated as Below Market Rate ("BMR") units. Unit amenities include completely remodeled kitchens with new appliance packages including microwaves, refrigerators, electric ranges, dishwashers and garbage disposals and granite countertops for the market rate units. Other unit amenities include private garages, patios/balconies, full sized in-unit laundry hook-ups, floor to ceiling windows.



Skyline Terrace

The property underwent extensive interior and exterior renovations in 2009 and 2010 at a total cost of \$5.7 million. Interior renovations included new kitchen and bathroom cabinets, new kitchen appliances (stainless steel or black appliances in market rate units, white appliances in below market rate units), spacious double vanities in the bathrooms, tiled showers, new stair railings, upgraded plumbing and electrical, and new interior paint. Exterior renovations included painting, adding additional parking spaces, asphalt repairs and resurfacing, upgraded landscaping, new trash enclosures, addition of retaining walls, and better site drainage. The property also underwent a seismic retrofit in 2015.

CHALLENGES:

The purpose of the transaction was to retire the existing bridge debt that was utilized by the sponsor to acquire the project in December 2014. The sponsor requested permanent financing at the maximum proceeds and lowest interest rate available. The sponsor asked to complete the transaction in less than 12 months from acquiring the property in order to take advantage of the low interest rate environment.

RESULTS:

Bellwether Enterprise was able to refinance the property less than 12 months after acquisition and was able to secure a waiver to exceed 75% LTC/LTV to maximize loan proceeds. To achieve the Sponsor's needs for the permanent debt, Bellwether Enterprise was able to secure negotiated pricing reductions, floor and LTV waivers and a significant period of interest only during the 12 year loan-term. In addition, the transaction was completed in 45 days from application to closing.

Bellwether Enterprise was able to recognize the strength of the sponsor, superior property quality, and excellent location of the property to negotiate favorable financing terms that suited the Sponsor's plan to reposition the project's operations by increasing rent levels to market and maximizing loan proceeds at the lowest possible interest rate with maximum interest only.