

CARRIAGE HILL APARTMENTS | SAN ANTONIO

\$21,257,000 | FANNIE MAE SARM | 2.366% NOTE RATE | 10 YEARS, 5 YEARS I/O

PROPERTY DESCRIPTION:

Carriage Hill is newly constructed 240 unit, luxury apartment complex conveniently located near restaurants, entertainment, shopping and medical options, in the heart of northwest San Antonio. The complex is a gated community, with lush landscaping including park settings, BBQ's, Dog Park and dog washing station and a resort style pool. There is also 24 hour state of art fitness center and community lounge.

CHALLENGES:

Carriage Hill was new construction that was stabilizing during the underwriting process. BWE was able to work with Fannie Mae to



Carriage Hill Apartments

approve rate lock based on a rent roll and supported at close by actual T1 collections. Additional waivers to the Fannie Mae SARM program were needed to accomplish the sponsor's goals. BWE negotiated spread reduction, Fannie Mae DSCR floor waiver, loan size below minimum \$25MM, Libor Cap term reduction, and waiver of the replacement reserve impound.

Additionally Carriage Hill was a recapitalization of debt. The sponsor had invested in the development in 2013 in exchange for a pre-negotiated purchase price upon completion. The sponsor exercised their option in mid-2015 and brought in additional entities creating a tenant in common ownership structure. The pre-negotiated purchase price was below current 2015 value.

This created a challenge to use market appraised value when determining the Fannie Mae LTV parameter versus the actual purchase price.

Finally, the assessed value had been disproportionately raised above market levels. The sponsor was in the appeal process with the local assessor's office. If BWE underwrote to the proposed tax level, loan proceeds would have been significantly affected.

BWE was able to recognize the strength of the sponsor, superior property quality, and excellent location of the property to negotiate favorable terms that suited the sponsor's plan to recapitalize the property with maximum proceeds at the lowest possible interest rate with maximum interest only. This was all accomplished with an accelerated time frame. Signed app was received on 6.12.15 and loan was closed on 7.30.15

SARM executions are typically permitted for experienced, repeat Fannie Mae sponsors only. The Borrower structure was a tenant in common with two TIC's. Although, the TIC structure included an acceptable Fannie Mae sponsor, this was the first transaction for the primary sponsor. The primary sponsor will be a significant player in the multifamily landscape. BWE and Fannie Mae worked together to meet the complex sponsor requirements with a very positive outcome.