

RIA Case Study

Commercial Real Estate (CRE) Line of Credit

RIA Client Profile | **Seasoned Real Estate Investor**

Utilizing the **Community Capital (CCT) Loan Marketplace**, the CCT team help and RIA and their client to find an acquisition line of credit for their real estate investment portfolio



THE CHALLENGE

Client needed real-time ability to expand real estate investment acquisitions capability without financing pre-approval



THE RESULTS

- ✓ Peace of mind for Client in their property acquisition strategy, with loan terms that provide greater flexibility and efficiency to pursue new opportunities
- ✓ New financing partner that understands the Client's real estate portfolio & business requirements to support future growth
- ✓ Advisor develops broader insights into the Client's financial portfolio and deepens the advisory relationship

An RIA Client approached their Advisor to discuss financing for their growing portfolio of real estate investments. The Client had built a portfolio of a dozen investment properties over the years. Some of the properties were single and multi-family properties coupled with a few retail properties. The Client was continuing to grow the portfolio but was frustrated with losing out on bidding for new properties while waiting for acquisition financing to be arranged.

The RIA contacted Community Capital ("CCT") to discuss options for their Client. CCT and the RIA studied the Client's portfolio and identified three properties that were unencumbered by debt and worth close to \$3.5MM. CCT recommended offering the three properties as collateral for a revolving line of credit to be used for the acquisition of new properties when new property opportunities arise. CCT estimated that the Client could ask for a loan of approximately \$2.6MM (~75% loan-to-value) and provided context for interest rates and loan terms and conditions recently seen in the market.

CCT's Transactions Team and the RIA scheduled a meeting with the Client to explain potential options and to list the Client's loan opportunity on the CCT Loan Marketplace, which offers access to more than 1,100 lenders. After posting the opportunity on the Marketplace, the Team also helped to prepare the Client for lender due diligence by indicating data and information requests that a lender make to review the Client's loan request. *Note: All loan opportunities are listed anonymously on the Marketplace, and the identity of potential borrowers are only revealed to a bank after the bank indicates interest and the potential borrower requests an introduction to the interested bank.*

Over twenty banks indicated interest in the loan on the Marketplace, and the Client requested to be introduced to five of the banks. Two of the banks then submitted written term sheet to the Client for consideration. After some negotiation, the Client settled on a term sheet with one of the banks, a local bank in their Florida market. The proposed loan gave the borrower the ability to bid on new properties without a financing contingency. The bank moved forward with formal loan underwriting and closed the revolving line of credit for the client within a month.

For more information about the **Loan Marketplace**, powered by Community Capital, please contact:

Brandon Severino

Creative Planning Lending

☎ (913) 742-7291

✉ brandon.severino@creativeplanning.com