



Akron, OH

LOAN HIGHLIGHTS

Loan Type:
Bridge Loan

Loan Amount:
\$32,480,000

Loan Type:
Office

Loan Term:
3 years

Amortization:
Interest Only

Recourse:
Recourse

LTV:
30%

Lien Position:
1st Trust Deed

Money360 Case Study

Heavy Lift Components

- The lift elements in this financing included significant underwriting for lease up costs for new office tenancy – when we issued the LOI for Phase I, the collateral was about 25% leased; by the time we had the LOI signed, the complex had a lease commitment from one tenant for another 172,000 square-feet, for 15 years, with annual rent increases. This brought tenancy to over 60% and an additional \$3 million in rental income once the large tenant is in place and paying rent – expected by year end 2019 to first quarter 2020.
- The lift included non-physical issues too, such as managing the presence of tax credits in the capital stack, Federal, State, as well as monies advanced by the city to be repaid over 10 years for infrastructure improvements. Asbestos remediation was a component of the lift, primarily work done before we funded the loan.
- There was a heavy lift element in the interior reconfiguration of the century old buildings, such as common areas, building lobbies, elevators and windows.
- The collateral includes approximately 450,000 square-feet of office space in buildings that date to the early 1900's as the original corporate headquarters for Goodyear Tire & Rubber in Akron, Ohio.

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Reasons We Chose This Deal

- The sponsor has a successful track record completing projects like this. He has 40+ years experience converting industrial properties in retail buildings.
- The sponsor is a nationally recognized leading force behind the adaptive reuse of commercial and industrial real estate throughout the country.
- There were several leases signed from reputable tenants including Volkswagen and Ernst and Young accounting firm.
- We have the proper protocols in place to ensure the progress and successful completion of the project.

Loan Structure

This loan is a 3 year floating rate loan with two 12 month extension options. The second loan amount we advanced was for approximately \$3.5 million for pre-development costs incurred by the developer to ready the property for the large tenant build-out. As mentioned above, the capital structure includes complex tax credit financing, Federal and/or State, as well as capital advanced by the city of Akron for the overall re-development of East End, an amount to be repaid interest free over 10 years. The loan structure also included/includes partial and declining pro-rata recourse from the two principal individual sponsors and a sponsor trust as the deal reaches stabilization.

Challenges / Solutions

- In addition to understanding the challenges of a smaller market (Akron), how this project would compete against other office space options, both in the CBD as well as suburbs, we were dealing with a borrower who is top 1% sophisticated, savvy, experienced, and demanding.
- A challenge was making sure the sponsor and his team believed Money360 could and would deliver for them – what they expected and when they expected it. This sponsor expects no hiccups – its stature and its projects prove that out. Its success affirms that statement. We were challenged with a complex assignment – physically and structurally – and a legitimate competitor for the business.
- Money360 capitalized on the relationship with the broker who's advice to the borrower carried weight. Our management took the time to understand the deal as well as meet the lead principal face to face. We did what we said we would do, and now we have one more piece to go.