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FBT Assists Lender with Permanent Mortgage Loan and Mezzanine Loan Financing for Florida Apartment Project

Two related limited liability companies jointly own a 510 unit apartment project in Volusia County, Florida whose value had depreciated in with the real estate market downturn. The outstanding indebtedness on the project exceeded its appraised value, and the LLC members were personally liable for the loan.

The borrowers obtained a commitment for permanent mortgage financing from two affiliated lenders, our clients, for \$35,625,000 in May, 2011. The mortgage loan was to be secured by a mortgage, assignment of rents and leases, and non-recourse guaranties. The borrowers' pro forma financials for the project included additional mezzanine financing by a private equity company in the amount of \$6,350,000. In July, 2011, the private equity mezzanine financing fell through. However, the Lender negotiated terms and committed to provide mezzanine financing as well, which was finalized with a commitment by the Lender dated September 22, 2011 for a \$6,350,000 mezzanine loan to be secured by a pledge of the borrowers' members' LLC interests, an assignment of rents and leases, and limited guaranties from the members.

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