

## Case Study - Easy Street

This is a story on how we recently closed one of our Condo Corp Loans.

A couple of months ago we made contact with a property manager that serviced over two dozen properties. We took the management team to lunch and asked them how they feel about executing a special assessment and the stress it causes everyone.

After hearing many of their stories we presented the option of having the buildings corporation finance the \$ needed instead of the unit owners. Then all the building has to do is slightly increase the monthly condo fees to pay the loan over 5 to 10 years. It's a much simpler concept than sticking the unit owner with a large invoice.

"The concept is quite simple", said one of the senior property managers. "I've done this before in the past - however we always have to bring the corporations reserve fund and business account to the lender we are getting a loan from and that's why *we never pursue this option because it's an administrative nightmare*".

The senior manager seemed stumped when I replied: "I knew this was one of the main problems and that's why I found a work around. Condo by-laws support loans provided to corporations and protect the lenders funds in a non-traditional way. This protects the investment which then allows the current corporation accounts to stay where they are".

Once I had their attention, they provided a deal to me on the spot. It was a \$900,000 shortfall on a building that required new windows.

They were offered a condo loan through their current bank with a rate over 1.50% higher than what we quoted. They took my rate and we charged a 1.50% broker fee. Our broker fee never came into question as over the 5-year term they were going to save \$54,000.

***Lenders that have the condo's current book of business (deposits and reserve accounts) know it's hard to leave so they over price the condo loans which make you look like a champion when submitting your proposal.***

Within 1-week we collected the required documents, received a term-sheet, presented our proposal and received a signed commitment. We made \$13,500 commission and the deal from start to finish took 3 months. Because of this one deal, this untapped niche market opened the door to many more files that we are currently working on.

