



Property owner leverages Emerald Creek loan into success

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In today's volatile credit and real estate market, a number of lucrative properties are available to opportunistic buyers. Banks continue to dispose of their distressed properties, presenting attractive upside for those with cash on hand. One such opportunity presented itself recently to David Houghtaling of Aurora Properties LLC, a real estate investment firm out of Aurora, IL. Using a one-year bridge-loan from Emerald Creek Capital the firm was able to acquire a commercial property at a local Sheriff's sale at a significant discount.

"We had 40 days to buy the property out of foreclosure," said Houghtaling. As a successful owner of commercial real estate, Aurora Properties knew that this new building was too good to pass up. Yet, the firm did not have enough cash on hand for the bid. Houghtaling was also worried about other investors swooping in: "I didn't know if someone else would bid for the property."

To take advantage of the purchase opportunity, the real estate firm was willing to put up two apartment complexes in Aurora, IL as collateral. Both of these properties were stabilized assets with no existing liabilities; both were 90% occupied, in very good condition, and with little or no deferred maintenance. Additionally, Houghtaling's credit score was excellent, with assets far exceeding his liabilities. Yet, even with his excellent credit history and high net worth, it would take his investment firm a prohibitively long period of time to get a conventional bank loan.

Emerald Creek Capital, on the other hand, was able to sidestep the lengthy regulatory process of conventional lenders by focusing on the value of the real-estate collateral while drawing on a large pool of their own discretionary capital. The bridge-loan from Emerald Creek closed in a few weeks, in time for the Sheriff's sale. Houghtaling was most impressed with Emerald Creek's speed: "Mark Bahiri, managing partner of Emerald Creek Capital, came in, evaluated our properties and put together the loan really quickly... finished with five days to spare."

Emerald Creek Capital does not charge an early repayment penalty. The borrower was thus able to repay the loan in full after only two months, when he obtained a seven-year mortgage from a conventional lender secured solely by his previous portfolio. The result pleased Houghtaling. "Now we are good for seven years and have that foreclosure property in our portfolio.... free and clear."

The favorable terms of the Emerald Creek loan allowed the borrower to negotiate the conventional mortgage from a position of strength. "Lack of a pre-payment penalty was certainly significant," recounts Houghtaling. It freed Aurora Properties from paying most of the interest on the Emerald Creek loan, further increasing the profile of the new acquisition.

Because of the quick financing by Emerald Creek Capital, Aurora Properties was able to increase its portfolio with a bargain-price property. It also avoided being tied-up for the duration of the loan, as would be the case with some other bridge lenders. For Houghtaling's firm, Emerald Creek's bridge loan worked exactly as designed: providing a quick and easy bridge to a conventional loan with no lock-up period. "It was a good experience for us; with Emerald Creek, it just worked," said

Houghtaling. "If someone needed a loan like that, I would definitely recommend Emerald Creek."
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