



Avatar Financial Group provides \$12.4 million financing for two high-end single-family homes

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Southampton, NY Avatar Financial Group LLC (Avatar) provided \$12.43 million in financing for a pair of high-end single-family homes that are under construction and 80% complete. The bridge loan will provide 100% of the capital needed to retire the existing construction loan, complete the development, carry the project until sale and cover closing costs.

The interest-only loan carries an 11.99% rate, 18-month term, and represents 62% of the assets' estimated gross sale price. The sponsor is a developer that has built and sold more than \$60 million worth of homes. Repayment of Avatar's loan will be through the proceeds from the sales of the properties.

“This transaction is a perfect example of the dilemma facing a lot of real estate investors whose asset-level business plans may require more capital or time in the current environment,” said Jeffrey Weingart, Avatar’s sr. VP of originations. “It’s not only banks that are restricting their lending activity; many other capital sources are also pulling up their stakes, reducing their exposure to real estate, or finding minor — and sometimes questionable — reasons not to fund draws on existing loans.”

All of this puts the project and sponsor in a bind which is exactly the situation our sponsor faced. Recognizing the inherent value of the assets at completion, and the developer’s strong track record, Avatar covered 100% of the costs for the sponsor to execute its business plan.”

When its existing construction lender stopped funding construction draws midway through development, the sponsor was forced to fund out-of-pocket construction and project-level expenses, putting cash flow pressure on its other investments. “Avatar’s loan will fund not only the remaining cost of the renovation budget as well as interest and carry costs, but it also allows the borrower to recapture more than \$340,000 of additional equity it was forced to invest to keep the project moving,” commented Bluestone Group’s founding principal, Richard Cooney II, who brought the lending opportunity to Avatar. “From term sheet through funding, this was one of the most efficient, smoothest and fastest loan closings I’ve ever been party to—and it comes just in time to get these houses on the market for this summer’s selling season.”

The luxury residences are in close proximity to the celebrated beaches and attractions of the Hamptons, a popular and affluent seaside destination on Long Island’s East End. The properties include a 9,100 s/f, five-bedroom, 6.5-bathroom residence in Wainscott, and a 12,900 s/f home with eight bedrooms, 7.5 baths, an in-ground pool and three-car garage in the town of Bridgehampton.

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