



These days, a common topic of conversation amongst CMBS Industry participants is the “Coming Wave of Maturities”. Approximately \$600 Billion of CMBS loans will mature during 2015, 2016 and 2017. At the current rate of issuance, it is estimated that there could be a shortfall of available CMBS financing for as much as \$250 Billion during those three years.

Looking back at CMBS loans that were closed in 2005, 2006 and 2007, it is obvious that loans were underwritten “loosely” while rents, NOI and values were at their peak. Since that time, rents and values have returned to pre-peak levels, leaving many properties worth less, in some cases MUCH less than the outstanding principal balance of the existing loan.

Borrowers who are in this situation are faced with the impossible proposition of bringing significant equity to the table to cover the gap between payoff amounts and available takeout financing, or, handing the property back to the lender. In other words, they are singing the “I’ve got the Maturing Loan Blues.”

What many borrowers haven’t considered are other possible alternatives. In some cases, what a borrower really needs is more time: Time to make additional improvements to the property, time to continue lease-up or time to exercise other value-add strategies, any of which could make the difference between refinancing out of their existing loan, or not.

What those borrowers should consider is a loan extension. Contrary to popular convention, Special Servicers DO agree to loan extensions, if for no other reason than the fact that they CAN’T foreclose on EVERY property that doesn’t pay off at maturity. Borrowers that can provide evidence of a solid exit plan and increase the chance of repayment of the existing loan, if given more time, have a reasonable chance of getting a loan extension (or forbearance). Now, in the interest of full disclosure, an extension transaction is not painless for the borrower. The Special Servicer wants to know that the borrower is truly committed to their plan and is not just stalling the inevitable. But, if you know how to present the plan in the right way and make the appropriate requests (e.g. Don’t ask for a 6 or 8 year extension, it ain’t gonna happen!), they can get done.

That’s where we come in. 1st Service Solutions has the CMBS expertise and the experience in working with all Special Servicers to help you get your deal closed, and minimize the pain as much as possible.

There are other strategies to think about as well. We have many sources of bridge loan and equity funding that we can connect you with.

If you have a maturing loan and suspect, or know, that you won’t be able to fully refinance your loan, you should be thinking about your options as much as one year in advance of your maturity/ARD date.

Please contact us today for your no cost, no obligation consultation. We are happy to discuss your options, and how we can help you resolve your loan/property troubles.

We can get you started on the road to singing a happier tune TODAY!