

# Custom Coastal Case #9: Balloon Payment Blow-out



## ALLIANCE ROPES A RESIDENCE INTO A COMMERCIAL DEAL... BROKER SECURES HIGH POINTS!

- SITUATION:**
- A COMMERCIAL PROPERTY OWNER WANTS TO PULL CASH OUT FOR BUSINESS EXPANSION
  - PRIME REAL ESTATE: 5K SQUARE FOOT SMALL COMMERCIAL PROPERTY IN IRVINE
  - WELL SECURED: \$650K OWED ON 1ST TRUST DEED, PROPERTY IS VALUED AT \$1.2 MILLION

- CHALLENGE:**
- WITH THE ADDITIONAL \$200K CASH OUT, THE LOAN-TO-VALUE RATIO IS TOO HIGH FOR THE ALLIANCE PORTFOLIO LENDING GUIDELINES

- SOLUTION:**
- ALLIANCE CREATED A \$200K 2ND TRUST DEED BY CROSS-COLLATERALIZING THE OWNER'S DANA POINT RESIDENCE VALUED AT \$1.1 MILLION, WITH AN EXISTING 1ST TRUST DEED OF \$650K
  - TOTAL VALUE OF BOTH PROPERTIES WAS \$2.3 MILLION WITH A SENIOR DEBT OF \$1.3 MILLION
  - THE NEW LOAN RATE WAS 13.99%, WITH A 6 POINT FEE

- RESULT:**
- OWNER GOT \$200K CASH OUT FOR BUSINESS EXPANSION
  - BROKER GOT 3 POINTS ON THE TRANSACTION



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Ask for Jim Perry, President & CEO.

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