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## Preparation for financing readiness

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While the capital markets continue to open and underwriting continues to become a bit more flexible, there is a great opportunity for borrowers to use time and energy both of their own and of others to good advantage.

With the Treasury Indexes and Libor Rates remaining somewhat steady, from day to day, an owner/developer with an eye on (re)financing, coupled with an intent to capture lower rates before they inevitably increase, but while still having a property not quite ready/stabilized, can advance the process by engaging, and have prepared "in draft" form, all third party due diligence reports. With these reports ready for finalization, once a sought after lease/tenancy level/completion is achieved a property will be then ready and the borrower will be truly prepared to have its (re)financing campaign launched. With these reports done, borrower can move quickly to move forward on a good quote/application and lock with the intent of closing rapidly.

The third party reports which can be readied are:

- \* MAI Appraisal
- \* Phase I Environmental Report
- \* Structural Engineering Report
- \* ALTA survey

Most of these reports will not become stale for a couple of months after being written and so the preparation of them represents a good value in terms of time saved and readiness for an expeditious closing.

A consideration to be weighed, relative to the preparation of an appraisal, is that there is currently some downward pressure on various capitalization rates, in certain property and market sectors and therefore perhaps an "as is" as well as an "as stabilized" value would be useful. Since it is recommended that the appraisal be done 'in draft' an adjustment for further lowering cap rates can be made by the appraiser, if there is change before finalizing the draft.

The ordering and early preparation of a Phase I Environmental Audit, as well as that of the Structural Engineering Report, will provide the borrower with a look ahead at any potential issues or conditions that might need to be discussed, evaluated, addressed, and/or corrected prior to closing and therefore give an advance time for cure.

Sometimes one of the longest lead time items for closing is the ALTA survey. Putting the wheels into motion to secure the survey can be a definite advantage to a borrower seeking a timely closing.

The lender working on a financing for which all reports are prepared will have added assurances that efforts made to quote and move forward on a deal will be fruitful and the borrower will close quickly. This is important as the capital markets are increasing the frequency in which they go to market.

Good luck in reaching your financing goals this year!

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