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## **In tough times, its time to act for owners, renters and sellers**

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Given the current economic climate and likelihood of a tumultuous fourth quarter, here's some advice based on a number of years of experience in real estate.

During these extraordinary times, owners and potential buyers need to stay focused, and be proactive in obtaining and achieving their long-term objectives. Although daily we are informed by the media and economic gurus of ups and downs in interest rates and various economic indicators, the fact remains that interest rates are at historically low levels. Check with your commercial banking representative, as if your interest rate is higher than those presently available, now is the time to seek to seek a modification or outright refinance your business loans.

**LLC, Corporate and Limited Partnership Owners:** Every owner who maintains ownership of commercial properties, one should check the terms of their note, repayment options, current interest rate, and refinance capabilities. If you are intent upon retaining ownership for the long term, ensure that: (1) You have the best possible rate, and are not currently paying essentially a premium above the interest rate you could possibly secure today; and (2) That your rate is "fixed" and not subject to significant incremental increases if rates begin to creep upward. In this volatile economy, even Libor and other calculated stable rates may experience unforeseen and greater increases over time. Depending upon your existing pre-payment terms, any closing costs associated with a refinance or loan modification may be more than offset by bottom-line savings to your investment portfolio.

**Commercial Rental Tenants:** If you are a small business operator or proprietorship, you are paying, essentially, someone else's commercial mortgage. Now is the time to consider any options available to enter the commercial ownership market. Landlords are always looking towards increasing rental rates, and further take advantage of commercial tenants who have little alternative to remaining in their location given the costs and disruption of business relocation. The Small Business Association, cities, towns, and many banking institutions offer many creative programs to help qualified businesses and their principals get into ownership status. With commercial rates still relatively low, your business monthly payments often will be similar to, or only slightly more than rental payments. What's more, with available tax deductions, as an owner, your business entity will often be ahead of the game financially. In the current business climate, any profitable business that is supporting itself and paying monthly rental fees should consider seeking creative lender programs and do whatever it takes to enter the ownership market.

**Commercial Property Sellers:** Have you been considering selling off assets and holdings to graduate to larger projects, newer buildings, or realize much needed liquidity? You should consider not delaying further, and get your properties on the market with a qualified real estate agent's assistance. Although waiting for the perfect market may be beneficial during certain times, right now with qualified buyers eager for deals, if you want to sell, don't wait. Waiting for the perfect market is a luxury not all can afford. Rates are now very favorable, allowing you to maximize your profit

potential. A qualified commercial real estate broker will assist you in pricing your real estate portfolio correctly in order to obtain the best return given all current conditions and considerations.

Of course, with any real estate related transaction, in which significant monies are negotiated with critical contractual obligations, always seek the assistance and guidance of an experienced and qualified real estate attorney.

John Ruggieri is a member of the Looney & Grossman LLP Business Practice Group, Boston, Mass.

New England Real Estate Journal - 17 Accord Park Drive #207, Norwell MA 02061 - (781) 878-4540