

RECAPITALIZATION SUCCESS STORY

Client:

Lamar East Atriums
1601 E. Lamar Blvd.
Arlington, TX

Lender:

CUNA Mutual Life Insurance Co.

Servicer:

NorthMarq Capital

Size:

56,367 SF Office building



The Problem:

Lamar East Atriums is a two story office building located in the heart of the North Arlington office submarket. The property was owned by a closed end real estate fund, which had sold the majority of its assets and was near the end of its' investment term. After losing a large tenant in 2005, the building was 45% vacant and deferred maintenance was a major barrier to leasing the empty space. Entering 2006, the property was not covering debt service and the owner was not willing to infuse additional funds to cover the shortfall or to improve the property.

The Solution:

An investment partnership formed by an SCM affiliate negotiated with the existing owner and the lender to acquire the property and assume the existing note. The new owner escrowed substantial funds with the lender to cover the deferred maintenance and the cost for tenant improvements and commissions to fill the vacancy.

The Results:

Lender and borrower both benefited from a very short assumption process. The prior owner avoided the black mark of imminent foreclosure and received nominal proceeds. The lender went from a non-performing loan on capital intensive collateral to an active owner and the additional protection of escrowed funds. The new owner's capital infusion and hands on effort increased occupancy from 55% to 80% in less than a year. Within two years of the loan assumption and recapitalization, the improved property attracted a new purchaser, resulting in the full payoff of the loan.