



809 N. FIRST ST HAMPTON, VA



Asset Type: Single Family Rental Ground Up Construction

Start Date: Nov. 2023 **End Date:** Jan. 2025 **Duration:** 13 Months

LOAN TERMS

Spectra received 2.5% in interest reserve per month for 12 months, and a 2.5% origination fee.

WHY THIS BORROWER CHOSE SPECTRA

Lender backed out at the last minute as ground up construction is sometimes viewed as risky by traditional lenders. Borrowers had only a few days to close on the land, and Spectra able to close in that short-time frame. Additionally, the pro forma profit was large enough to make a higher interest rate less meaningful to the borrowers.

WHY SPECTRA PROVIDED THE LOAN

Borrowers had extensive ground up construction experience with 7 new construction builds in the last 36 months, all without any problems. Additionally, each of the borrowers had strong credit scores of 750, 723, and 723 respectively. Borrowers put cash into the deal up front providing extra security and alignment. The Hampton Roads market in Virginia was attractive due to its stability.

LTV

Loan Amount:
Up to **\$788K**

Collateral Value At
Origination: **\$1.38M**

Deal LTV:
57%

BACKGROUND

Borrowers were experienced developers with a solid track record in ground up construction. They had secured a loan with a traditional lender to build a single family rental unit in Hampton, Virginia. Borrowers had a strong balance sheet and individually had very strong credit scores.

MARKET OVERVIEW

The Hampton Roads MSA is located in the southeastern part of Virginia and includes cities such as Virginia Beach, Norfolk, and Hampton. The population of roughly 1.7 million residents has been stable due to significant military presence and is projected to grow steadily in the near term. Unemployment in the area is lower than the average in Virginia as well as the national average. This property specifically was located in a nicer part of Hampton where construction and development were pivoting to.

RESULTS

Construction started in Spring 2024. However, early in the construction process the governing HOA started giving the borrowers significant problems, eventually getting an court-ordered injunction against building in August 2024. From day 1 of construction, Spectra kept in close contact with the borrowers to understand the challenges. Spectra sought common ground with the borrowers for a win-win solution while always keeping investors' interests the top priority. Eventually the borrowers determined selling the property only partially constructed would yield the best results and they were able to pay Spectra in full on January 29, 2025. It was great to see that even when things don't go according to plan, Spectra's process, procedures, and communication can still deliver a win for investors.