



4325 S. LEE ROAD BUFORD, GA

Asset Type: Medical Office

Start Date: 4/04/24 **End Date:** 9/26/24 **Duration:** 6 Months

UW Collateral Value at Origination: **\$1.13M**

Loan Amount: **\$733K**

LTV

Deal LTV:
65%

LOAN TERMS

Spectra received 2.5% in interest per month for 3 months, and a 2.5% origination fee.

WHY THIS BORROWER CHOSE SPECTRA

The borrower had a very promising investment opportunity that needed to be funded immediately. Since his long-term funding needed 60 - 75 days to procure, he was less interest rate sensitive and found the our loan attractive knowing Spectra could close fast, especially given the short nature of the loan.

MARKET OVERVIEW

The Atlanta MSA is the 6th largest in the USA. At the time of the loan, the unemployment rate in Atlanta was avery low 2.8%, per the Bureau of Labor Services. In general, market values for medical office buildings within the subject's market area appear to have increased in the recent past. Sale prices in the general vicinity ranged from \$535,000 to \$2,070,000 or from \$203-\$262 psf. Buford has long been regarded as a primary neighborhood in which to live and conduct business. The subject property was well located within relatively close proximity to area business and shopping districts.

BACKGROUND

The borrower was a licensed chiropractor whose LLC owned the whole subject property. The borrower wanted to use the appreciated equity for investment purposes and was looking to make an investment immediately but his long-term financing was not yet available. The Spectra loan, with a 3 month term, was intended to bridge the gap of 60 - 75 days when another more permanent source of financing was expected to be obtained. The interest-only loan had favorable DSCR metrics based on the income generated by the chiropractor business.

WHY SPECTRA PROVIDED THE LOAN

Based on underwritten NOI and the borrower's purchase price, there was significant cushion in a default scenario. Given the property's location in the Atlanta MSA, as well as the cap rates presented by the appraiser, it was evident that there was strong demand for the asset type. Cap rates ranged between 5.36 and 6.99%. Spectra underwrote the loan to a 6.65% cap rate, in line with the most recent cap rate comp. These cap rates represent a tight spread between permanent loan rates, which demonstrated strong demand, especially for long-term holders and owner-users.

Additionally, the borrower had owned and operated the asset as a chiropractic office for 9 years and was the official team chiropractor of the Atlanta Falcons.

RESULTS

Borrower made on time ~\$2k payments for each of the 3 months, but as a busy chiropractor less savvy on debt financing had not secured more permanent financing as planned by the loan end date on July 1. The loan had to be extended 3 times (July 1, August 1, August 27). Spectra understood the borrower's situation and realized it would be better for everyone if Spectra stepped in to assist with finding long-term financing. Spectra found the new lender, negotiated with new lender on the borrower's behalf, and secured the loan. Spectra received all promised interest and principle. This demonstrated Spectra's unique ability to find creative solutions and leverage its network.