



Business Success Today

Business Insights Brought to You by Your Real Estate Professional

Everest Commercial Real Estate Services

Successful Real Estate Solutions

The Everest Group was recently involved in several notable transactions.

- ▲ Karen Duesing represented the Buyer in purchasing the 6,864 SF former Arloi Dee Restaurant located at 4920 Socialville Foster Road in Mason, Ohio, for a selling price of \$1.1 million.
- ▲ Frank Torbeck, SIOR, represented the Seller in the sale of the 17,500 SF office/warehouse building located at 1150 Ferris Road in Amelia, Ohio.
- ▲ Mark Freiberg, CCIM, represented the Landlord in leasing 2,900 SF of office space at the Mariemont Square located at 3908 Miami Road in Mariemont, Ohio.
- ▲ John Thompson represented Goody's Family Clothing Stores in leasing 22,000 SF at the former 67,000 SF Kroger located at 1235 Columbus Road in Lebanon, Ohio. Goody's signed a 10 year lease with a lease value of \$2.033 million.
- ▲ Adam Simon represented the Landlord and Tenant, Tri Health, in leasing 4,200 SF of office/warehouse space at 4410 Carver Woods in Blue Ash, Ohio.
- ▲ Mark Richter and Mark Freiberg, CCIM, represented the Seller in the sale of the 9,650 SF office building located at 9888 Reading Road in Evendale, Ohio.
- ▲ Chris Nachtrab represented the Seller in the sale of the 65,800 SF office/warehouse building located at 8764 Beckett Road in West Chester, Ohio, for a selling price of \$3.45 million.
- ▲ Frank Torbeck, SIOR, represented the Buyer in purchasing the 67,500 SF industrial building located at 4293 Mulhauser Road in Fairfield, Ohio, for a selling price of \$1.795 million.
- ▲ John Thompson represented the Landlord in leasing the former CarQuest on Colerain Avenue to Gilligan Oil. The former CarQuest site is a ½ acre parcel with a building to be demolished that is located at 9780 Colerain Avenue, Cincinnati, OH. Gilligan Oil and will be expanding into that site with a new facility. They signed a 20 year lease with a lease value of \$1,508,325.
- ▲ Sonny Saeks represented the Seller and Frank Torbeck represented the Buyer in the sale of the 8,400 SF industrial building that sits on 3 acres located at 401 Lawton Road in Monroe, Ohio.
- ▲ TC Bartoszek represented the Tenant, Mathnasium, and Chris Nachtrab and John Thompson represented the Landlord in leasing 1400 SF at the Marketplace at University Pointe in West Chester, Ohio.

REAL ESTATE

Seller Default: It Happens, So Prepare in Advance

It doesn't happen that often, but when a seller backs out of a transaction, it can create havoc for the commercial property investor. There are remedies for the buyer scorned.

Sales contracts

Most standard contracts include provisions that clearly spell out what will happen in case either party defaults after the conditional period. The prudent investor should ensure that an experienced real estate lawyer draws up the agreement and that it includes penalties against the seller should he or she default.

Also, your lawyer likely will recommend including a timely closing clause with penalties in the event it doesn't occur. This way the process won't drag on, which again can create havoc for the purchaser.

Penalties

Defining penalties in the agreement has two benefits: They become part of the negotiation process and, by spelling out the penalties of defaulting; the seller is given an incentive to bring the transaction to a close.

In most states, if the seller defaults you will be able to take him or her to court, seeking an order for specific performance, which effectively requires the party to adhere to the terms of the contract.

The order may force the seller to transfer the property to the buyer once the buyer has paid the agreed-upon price to the seller or be found in contempt of court.

Of course, there is no guarantee that the court will find in your favor, and you would be wise to consult in advance with an experienced real estate lawyer.

Debt Refinance, Equipment Purchase, and Commercial Real Estate Acquisition

OVERVIEW:

The borrower is a manufacturer that is growing and in need of additional equipment and a larger facility to meet demand. The company is currently saddled with high monthly payments for rent and the existing equipment loans. Because of these sizable payments, the company does not believe that they can afford both the new equipment and the larger facility.

OBJECTIVE:

The borrower needs to purchase additional equipment, refinance existing equipment debt, and purchase real estate for the growth of business

operations. To access the capital needed for the new equipment and real estate, the borrower must find a way to reduce their monthly debt service and increase their overall borrowing limits.

SOLUTION:

Refinance the existing equipment debt of \$450,000; add the new equipment loan of \$450,000; add the new purchase of real estate for \$1,000,000. Utilize a SBA 7 (a) loan from Certus Bank which provides a longer amortization and lower down payment. This will reduce the borrower's monthly debt service and provide the needed capital to grow the business.

RESULTS:

With a low total down payment for the equipment and real estate of \$200,000, the company is able to roll all its debt into one loan that reduces its total monthly debt service by \$20,363. This provides an annual savings of \$244,356. With greatly improved cash flow, the company is able to hire additional employees to operate the new equipment and help increase sales.

LOAN COMPARISON			
	<u>Loan Amount</u>	<u>Monthly Payment</u>	
Original Equipment Loan	\$450,000	\$18,000	(remaining loan balance of original note)
New Equipment Loan	\$450,000	\$6,500	
Rent		\$7,500	
TOTAL		\$32,000	
Certus Bank Loan	\$1,777,000	\$11,363	(Refi of original equipment note, new equipment loan, and real estate mortgage)
MONTHLY SAVINGS		\$20,363	

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