

Newcastle Financial Helps Restaurateur Purchase Two Sites

Asheboro, NC—Newcastle Financial, a leading nationwide commercial mortgage lender, has provided funding for the purchase of two free-standing restaurant buildings in Asheboro, North Carolina.

The two buildings, which total 20,000 square feet, became vacant after national franchisor Ryan's Steak House Restaurant decided to sell some of their locations due to a recent merger with another company. The sites are in a prime location in a rapidly growing area of Asheboro, and were not destined to stay vacant for long. "The borrower was very anxious to seize the opportunity to secure these properties," said Victoria Alberto, Managing Director at Newcastle. "After seeing the commercial success and potential of the area, we did everything we could to successfully lock down a deal for them."

The borrower did have some experience owning and operating a restaurant in the area, but it was on a much smaller scale, and they had only one year of operating history. "Borrowing the \$2.11 million required would be a big leap for them, and they were having some difficulty finding a lender willing to consider their proposal," added Ms. Alberto.

Newcastle was able to provide the \$2.11 million necessary for the property and equipment, and on attractive terms. Working through Newcastle's New Jersey office, the borrower found the Newcastle officers very open to hearing about the property's potential, despite the existence of several circumstances that had worked against them with other lenders. The borrower was seeking 90 percent financing, a difficult LTV ratio for a borrower that lacks an extensive track record. Also, there were several other issues, including limited documentation on the source of equity, and some environmental issues with the property that would have to be resolved.

Besides having less than perfect prior financial statements from their short run in the restaurant business, they were nonetheless able to demonstrate several successes in their previous projects. "The restaurant business is a difficult one to be in, even during a booming economy, and a lot of lenders tend to avoid these types of deals," said Ms. Alberto. "The borrowers were able to overcome this negative perception, first by documenting the enormous potential of the location. Secondly, over the course of our discussions, we were able to see that the borrower was very knowledgeable about the restaurant business, and had a keen sense of what it takes to be successful. Again, a lot of borrowers just look at the bottom line, and discount the know-how and initiative of the borrower. But we at Newcastle saw an opportunity, and were able to gain a level of confidence in this borrower that tipped the scales in their favor."

Newcastle had to act quickly in the face of several challenges, because the borrower was at risk of losing the deal to a competing bidder with much better financials. Newcastle underwriters were able to fund the deal in short order, providing the \$2.11 million requested on a 25 year term and at an attractive interest rate. "We're thrilled that we were

able to get to work quickly on this project, and help one of our clients beat a more prosperous competitor to the punch,” concluded Ms. Alberto.

Newcastle Financial is able to fund projects that other lenders may not be able to take on, due to its innovative and personal approach that goes beyond the bottom-line numbers. Newcastle Financial can be reached at 877-877-0946, or by email at info@newcastlefn.com.

About Newcastle Financial:

One of the most innovative nationwide commercial real estate lenders in the business, Newcastle Financial cuts through the complexities and gets to the heart of the deal. Newcastle’s experienced staff understands that each situation is different, and requires a flexible approach. While Newcastle’s underwriting experts take advantage of the latest technology, they also take the time to look at what’s behind the numbers, and understand every aspect of a project. Newcastle Financial offers competitive financing for multi-family investment properties, and commercial properties in all 50 states. Newcastle Financial can be found on the web at <http://www.newcastlefn.com>.