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Terra Capital and Bank of America Finance Marriott Warner Center Deal

BY DAMIAN GHIGLIOTTY | 8/21 4:00PM

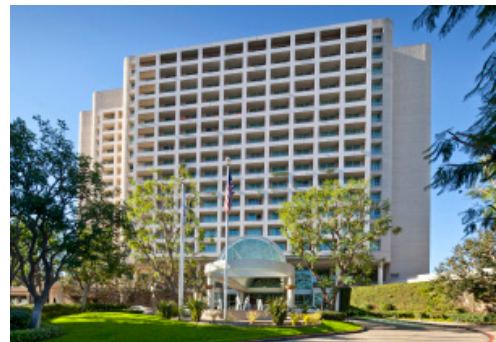
Terra Capital Partners provided \$22 million of preferred equity to Los Angeles-based **Laurus Corporation** to help fund the development firm's acquisition and renovation of the **Marriott Warner Center** hotel in Woodland Hills, Calif., the mezzanine lender told *Mortgage Observer*.

Terra worked together with **Bank of America**, which provided \$74.5 million in first mortgage financing towards the \$110 million project. Both the senior loan and the preferred equity carry three-year terms with two one-year extension options.

The transaction required Terra to complete its underwriting and due diligence in just 20 days, according to the New York-based firm.

"Terra not only satisfied the borrower's tight time frame, but also put together a creative solution to address the complexities of the transaction," said **Doug Vikser**, director of Terra's Los Angeles office, who led the transaction. "The Marriott is a dominant hotel in the San Fernando Valley, and the renovation plan along with Laurus' extensive management expertise, will increase the competitiveness of the property and ensure that it retains a dominant position."

The privately held Laurus Corporation acquired the 16-story, 474-room hotel in the Los Angeles suburb for \$100 million in July and laid out plans for a \$10 million interior upgrade to the property.



The Marriott Warner Center

“This was our second transaction with Terra and, based on our previous experience, we were confident they could move quickly and put together a creative structure to facilitate our business plan,” said **Austin Kahn**, chief investment officer of Laurus Corporation. “We look forward to working with Terra on future opportunities.”

The firm’s co-founder and chief executive office, **Bruce Batkin**, recently told *Mortgage Observer* that Terra is increasingly focusing on “transitional” properties—properties requiring renovation, re-leasing and repositioning—in addition to pre-development financing so that developers can “acquire parcels, prepare plans and obtain approvals prior to securing construction financing.”

The mezzanine shop fills the gap between first mortgages and borrower equity by funding up to 85 percent of the value of the underlying property, according to Mr. Batkin. The firm’s pricing on already-developed properties, such as the Marriott Warner Center, runs between 10 and 15 percent.