

FOR IMMEDIATE RELEASE:

CONTACT: Linda Pellegrino (978) 283-9208

lpellegrino@rockportmortgage.com

Recent Closing \$13,120,000



Elizabeth Oaks Apartments

- ❖ CLOSED: July, 2003
- ❖ WHERE: Santa Cruz, California
- ❖ PROPERTY TYPE: 126 Unit Apartment Complex
- ❖ FINANCING: \$13,120,000

Elizabeth Oaks Apartments is a 126-unit apartment complex for families and elderly/handicapped households. The property's original 20-year Section 8 contract covered 100% of the units and reached its initial expiration in January 2003. The borrower's objective was to (i.) increase the gross rent potential at the property (ii.) break the limited dividend restriction and (iii.) refinance the existing 12% Section 221(d)(4) mortgage at today's low interest rates to generate proceeds to fund some capital improvements and provide for equity take-out.

Working with Rockport Mortgage, the borrower was able to renew the Section 8 Contract for a five-year term at market comparable rent levels under HUD's Mark Up to Market Program. By doing so, the borrower's gross rent potential increased by 38% and the limited dividend restriction was lifted; the borrower is now able to distribute 100% of surplus cash. With the new rents in place and increased market value, Rockport Mortgage refinanced the 12% mortgage under HUD's MAP section 223(f) Loan Program. The owner was able to pay off the existing debt, lower the interest rate by almost seven basis points, and fund transaction costs and rehabilitation costs. The remaining \$5.7 million in Section 223(f) loan proceeds was distributed to the owner in the form of equity. The San Francisco HUD office processed the MAP loan in approximately 60 days.