



LUMENT

SECURING FANNIE MAE FINANCING FOR A TIME-SENSITIVE MULTIFAMILY BUY

It was a time-sensitive multifamily deal that called for quick and strategic negotiations. **StoneRiver Company** beat out several competing sponsors to acquire Concord Ridge Apartments—a 336-unit market-rate community in the metro Charlotte area—and wanted to rate lock a loan with favorable terms as quickly as possible. The Birmingham, Alabama-based investment team knew that an agency loan would provide the best terms. They also knew who to call for the right solution: **Chad Hagwood, senior managing director and southeast regional manager at Lument**, aided by his top-flight originations and support teams.



CHARLOTTE | NORTH CAROLINA

MULTIFAMILY CASE STUDY



THE CHALLENGE

Securing Favorable Terms in the Face of Rising Rates

On July 26, 2023, Federal Reserve Chairman Jerome Powell announced the latest U.S. interest rate hike to 5.5%, a 22-year high. For five- to 10-year multifamily mortgages, that increase brought the cost of many loans to 7% or higher. With the U.S. still battling inflation, Powell indicated that more rate hikes could follow.

Against that backdrop, timing was absolutely crucial for StoneRiver. With rates showing increased volatility, **President and Chief Investment Officer Joseph Welden** said his firm wanted to rate-lock as quickly as possible to finalize its acquisition of Concord Ridge.

“As we were going into contract, we saw significant upward movement in rates,” said Welden. “Being able to move quickly and rate lock before things got to a point where they became unattractive for us was critical.”

“Chad and his team do a fantastic job of communicating, being upfront about the challenges, and finding creative ways to deliver the best on the financing side. He always overdelivers and that’s why we keep coming back to him.”

JOSEPH WELDEN

President & Chief Investment Officer



CHAD HAGWOOD
Senior Managing Director and
Southeast Regional Manager



THE SOLUTION

Using Agency Expertise to Score Great Terms for a Valued Client

The Concord Ridge acquisition and financing required close teamwork between Lument and StoneRiver as well as strategic negotiations with the agencies. Hagwood's long-running relationships with the GSEs and their staffs would prove vital and do far more than just get a foot in the door. But all parties involved in the financing needed to act promptly.

The teams at Lument and StoneRiver went over all of the necessary documents, protocols, and back-up plans in the face of rising rates and other economic pressures and were able to rate lock a \$43.72 million loan within 30 days.

"Days matter in these situations and the teams understood that," Hagwood said. "Every day you don't know where the Treasury is going to be, so you need to get into a position to act as quickly as possible."

Having worked closely with Hagwood on more than a dozen transactions over nearly two decades, Welden said he could rely on Lument's track record of speed and certainty of execution. At the same time, StoneRiver's

own stellar sponsorship and portfolio also made speed a possibility.

"Fannie and Freddie both went to the mat for StoneRiver and they were both very competitive," Hagwood noted.

"The agencies knew this is an operator, sponsor, and property worth fighting for." Both Freddie Mac and Fannie Mae made individual loan offers, with Fannie coming to the table with the most favorable terms.

StoneRiver's strong track record as a long-time borrower allowed Hagwood and his team to negotiate a favorable interest rate and amortization, as well as interest-only periods on the five-year, fixed-rate loan.

The Fannie Mae deal was a triple win for StoneRiver, Lument, and Fannie and further solidified a long-standing relationship built on trust and shared interest in supporting the Southeast multifamily market.

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THE IMPACT

Fueling a Key Fund and Future Investments

Concord Ridge is a highly stable cash-flowing asset that will further solidify StoneRiver's market presence in the Southeast and bolster the firm's fundraising for future acquisitions. The acquisition marks the fifth for StoneRiver Investment Fund II. StoneRiver Property Management, a wholly-owned subsidiary of StoneRiver, now manages the three-story community.

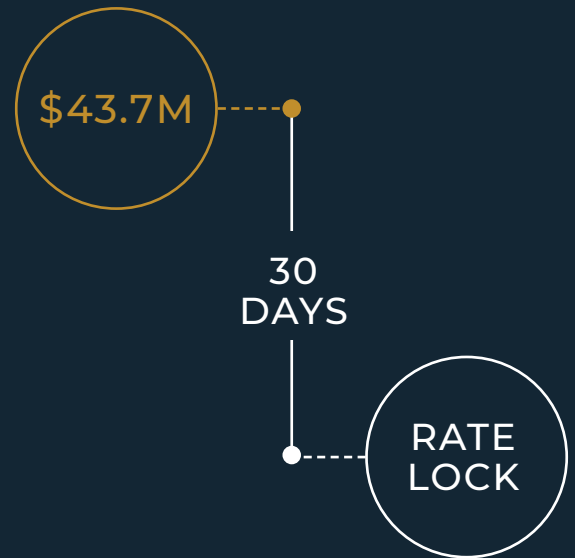
The five-year loan from Fannie Mae gives the company plenty of time to ponder future financing options, as Welden and his colleagues execute their business plan and perform light upgrades to increase the property's value.

"Sometimes you need to act fast to get the best terms on a deal," Hagwood said, "but the patient money always wins in the long run."

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CHAD HAGWOOD

Senior Managing Director,
Southeast Regional Manager



\$43.7M

FANNIE MAE FINANCING

Fixed-rate

Five-year term

Four years interest-only

