

Credit and Liquidity Crunch in the Real Estate Business? Not at HedgeLender.

When Sam Ward entered the office of his financial advisor in St. Paul Minnesota, he had several financial puzzles to solve. A commercial developer, his \$20 million office complex was ready to break ground -- except for one problem. His usual credit lines at Bank of America and St. Paul Trust had dried up. They were asking for an additional \$3 million down payment before they'd release construction funds. Months of planning would go down the tubes without the additional cash.

He wanted to know what to do. He held \$5 million in stock -- only half of what it was worth when he bought it given the downturn in the economy, and he hated to sell it outright at a loss. But it seemed that was the only way to go.

Mark, who had recently become an Authorized Affiliate of HedgeLender LLC of Philadelphia, returned three term sheets to Sam. The first one gave him 80% of today's value of the stock portfolio - \$4M in a nonrecourse, interest-accrued HedgeLoan cash. The second was the same but gave him 85% and a slightly higher fixed interest rate. The last one was for 90% of his portfolio's value, interest-paid quarterly. Sam chose the 80% offer, and with the additional \$1M Sam he chose, on Mark's recommendation, to enter a high-yield CD and used the interest to help with incidental personal expenses.

If the stocks fell in value, for whatever reason, Sam could have chosen to default and forfeit the stocks as full satisfaction of his loan obligation, with no negative effect on his credit. But that never happened: Three years later, when his HedgeLoan matured, the economy had improved and his portfolio was now once again worth over \$10M. He asked the lender to sell enough stocks to pay off the loan, regained the remaining shares, had his project completed, and an additional \$1 million on top of it - a win-win around the table in a difficult economy.

For more information on HedgeLender financial solutions, please [visit the HedgeLender website](#) or [request more information](#).