

## HEMET VALLEY PARTIALLY COMPLETED SUBDIVISION

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Capstone created and implemented an asset management plan for the acquisition of an A&D and Construction loan totaling \$12.6 million. The loan was collateralized by four model homes, two standing inventory units, 88 finished single-family detached lots (14 of which have slabs) and 71 partially finished single-family detached lots.

During this engagement, Capstone designed and implemented a full-service plan that included the following:

- Legal entity structuring to move the loan to a new entity for maximum legal protection
- Managed the trustee sales process, including setting credit bid strategy
- Foreclosed out all debt, including \$4 million of subordinate debt and mechanic liens of \$4.2 million
- Managed litigation with guarantor
- Handled remediation of significant environmental issues affecting standing inventory
- Conducted city negotiations to secure certificates of occupancy for standing inventory
- Repaired and completed construction of standing home inventory
- Secured and preserved the remaining lots
- Placed adequate and appropriate insurance
- Worked with legal counsel to draft appropriate disclosure documents
- Selected and hired resale agent to handle sales of standing inventory

As part of the engagement, Capstone held extensive meetings with the city to negotiate items to be completed in order to obtain certificate of occupancies for the nearly completed houses. The city had an extensive list of open items dating back to the original developer they wanted finished before they would issue any certificates. Capstone negotiated with the city and eventually reached an agreement where the lender was allowed to stage the work that needed to be done so it followed the closing of the units, minimizing additional capital outlays.