

## Dealmakers

### Mortgage broker helps secure loan for Met 2

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Dealmaker: Mortgage broker Mel Roth

**The Deal:** Roth helped secure a \$250 million construction loan to complete Met 2 Financial Center, a 750,000-square-foot office tower under construction in downtown Miami. He represented the developer, a partnership of Miami-based MDM Development Group and New York-based MetLife.

The banks that participated in the loan syndication are Bank of America, Wachovia, HSBC Bank, RBC and Bank of Scotland. The deal closed Oct. 17.

**Details:** It was South Florida's largest construction loan this year. In September, a company associated with Miami developer Ugo Colombo obtained a \$172 million construction loan to build the luxury Cipriani Ocean Resort and Club Residences in Miami Beach.

Roth has been working on the Met 2 deal for more than a year. In mid-2007, Roth enlisted Bank of America and Wachovia to lend \$354 million. But by the time the developer was ready to close in late 2007, the financial markets were radically different, with anxious lenders applying stricter lending standards. By the end of 2007, Bank of America and Wachovia would no longer do the deal on their own, Roth said.

"So they brought more lenders in syndication," he said. The group agreed to lend \$250 million with the condition the developer secure tenants for 40 percent of the building. The lenders were concerned at the prospect of about 1.6 million square feet of office space simultaneously coming on line in downtown Miami and along Brickell Avenue.

"The lenders wanted to see that Met 2 had market acceptance," he said.

In July, Greenberg Traurig signed a lease to occupy 150,000 square feet at Met 2. The law firm will be one of Met 2's signature tenants. Earlier this month, Miami-based Business Centers International signed a lease to occupy 24,378 square feet.

Deloitte, the giant auditing, consulting and financial advisory firm, is negotiating a lease, sources familiar with the deal said.

The loan will help the developer continue construction of the 47-story office tower, which now stands as high as 24 floors. The tower is scheduled to be finished by February 2010. The construction cost of Met 2 is about \$500 million and will include the office tower and a 42-story JW Marriott Marquis hotel together with Hotel Beaux Arts, with 45 super luxury suits.

The construction loan has a three-year term with two one-year extensions. The credit crunch has driven up interest rates and the cost of borrowing, making the loan more expensive for MDM and MetLife, Roth said. He declined to give details but said the

borrower was satisfied with the terms.

“The interest rate was higher than what we had initially negotiated but [still] it was an extremely competitive rate in the market that we have,” Roth said.

The syndicate required a lower loan to cost ratio, down to about 60 percent from an estimated 80 percent before turmoil took hold of the credit markets.

Roth said completing the deal was a challenge, despite a borrower with a strong financial backing, a proven record and lease commitments for more than 40 percent of the building. He said South Florida — with one of the highest residential foreclosure rates in the country — is perceived by big money-center banks as being a risky area in which to fund projects of all types.

The developer’s legal team was comprised of Peter Lopez, George Pincus and Rick Schatz of Stearns Weaver Miller Weissler Alhadeff & Sitterson in Miami.

Brendan Barry with Shutts & Bowen in Fort Lauderdale represented the syndicate.

Quote: “Getting financing in South Florida is being done, but it is extremely difficult,” Roth said. “I don’t think the effects of the \$700 billion bailout will be felt until the beginning of next year,” when lenders may relax lending criteria.

Background: Mel Roth is president of International Mortgage & Equity Advisors of Florida in Parkland. Roth acquired the company in 1987. Before that, he was a banker at North Palm Beach’s First American Bank and Trust and Miami’s Flagler Federal Savings and Loan.

— Paola Iuspa-Abbott