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Quantum Completes Refinance in 10 Days

By **Kelsi Maree Borland** | Los Angeles

LOS ANGELES—L.A.-based developers **Illusion Holdings** and **Ocean Blue Investments** have secured $33 million to refinance the **Medallion**, a mixed-use multifamily and retail complex in Downtown Los Angeles. The funds were secured by **Quantum Capital**, which was able to complete the transaction in 10 days—from application to funding—before the borrower's existing debt reached maturity.

"Timing was our biggest challenge," **Jonathan Hakakha**, a managing director at Quantum Capital Partners, tells GlobeSt.com. "Prior to identifying a lender, Quantum's team along with the sponsors worked to put together a comprehensive debt book that summarized the financing opportunity. We scoured the market to identify the appropriate lender. Once a lender was identified and the loan was under application, we worked with the lender's dedicated team to expedite the appraisal, environmental, estoppels, SNDAs, and other due diligence items. It took the commitment and teamwork of everyone involved – from the sponsors, to Quantum, to the lender—to meet the tight timeline." Hakakha secured the funds on behalf of the borrower along with Quantum Capital managing director **Mike Yim**.

Located at Fourth and Main Streets in Downtown Los Angeles, the property is in an ideal location where several lenders are looking to place capital for development projects. The 96-unit property has a mix of studio, one- and two-bedroom apartment homes, as well as 80,000 square feet of ground-floor retail. The loan also covers an adjacent development site, which is currently being used as a parking lot. The developers plan to build an additional 300 multifamily units on the site.

Although timing was the biggest challenge in securing the loan, the property also had some stablization issues. The multifamily portion of the site is 97% leased; however, the retail portion of the site has struggled with tenancy. As a result, finding a lender willing to refinance the existing debt on the project was difficult. Still, there were several lenders willing to take on the lease-up risk. “There were many lenders interested in financing the property but only one that was capable of closing it in 10 days. Certainty of execution was determining factor when choosing this lender," says Hakahka. "Our lender offered a quick close that’s typical of hard moneylenders with a significantly lower interest rate." The borrowers plan to wait to begin development on the adjacent lot until the retail portion of the current complex is stabilized.