

Hotel Financing – Funding for Hotels – Construction Finance for Hotels

Excellent pricing for Hotel finance. Despite global economic woes and tightening or freezing of most private equity capital markets, financing for the hospitality industry remains viable.

Nov. 17, 2008 - [PRLog](#) -- Despite global economic woes and tightening or freezing of most private equity capital markets, financing for the hospitality industry remains viable. Financing for the purchase, refinance, or development of hotels is very strong. SBA programs and private funding are available for a large range of financing.

As a specialist in hospitality finance, Marcus Savage of Private Capital Resource keeps extremely busy with his hotel projects. “We are funding projects of all sizes. Purchase or refinances in the \$5 million to \$20 million range and development projects from \$10 million and higher. We have private capital for the high end projects as well.”

Different amounts of principal contribution are required for different sized projects. “The key component to hospitality financing is the capital contribution of the principal(s), says Marcus Savage. “For transactions up to \$15 million, we can obtain 90% financing at 6.50% to 6.75% depending on the overall strengths of the transaction and principal(s). Financing request higher than \$15 million will usually require 20% capital contribution by the principal(s). We are currently working on the construction finance of a chain of 20 hotels at a cost of \$22 million each. My construction rate is Prime + 2% with a permanent conversion rate of Prime – 1%. Currently, that is 6% for construction and 3% for permanent financing. This is amazing pricing considering the level of the Prime Index.”

Experience of the principal(s) is a must in this market. “While our pricing and loan-to-values or loan-to-costs are still excellent, only principal(s) with significant experience are obtaining approvals from traditional lenders, as well as, private capital” per Marcus Savage of Private Capital Resource. “Financing is still aggressive, but only for those that have proven success. A significant capital contribution by the principal(s) of a project will help offset some lack of experience.”

Choosing the right lender is crucial for efficiency and speed of the transaction. “We spent years developing relationships with lenders that specialize in different types of financing.” Rates vary greatly among lenders depending on their ability to fund and service the loan. Only a few lenders are approved by SBA or other traditional wholesale channels to fund and service hotel financing with the intention of selling the loan at a future date. We know which lenders will provide the best financing and service for your project.”

For more information, please contact:

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