



BONNEVILLE MULTIFAMILY CAPITAL

[SUCCESS STORY]

JAKE DURTSCHI

RIVIERA APARTMENTS

IDAHO FALLS, ID

LOAN SUMMARY:

Amount

\$2,200,000

Location

Idaho Falls, ID

Type

Acquisition

Leverage

70% LTV

Date Funded

1/2/2019

LOAN OFFICERS:

Paul Winterowd

801.323.1050

Brian Hansen

801.323.1053

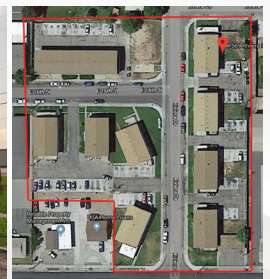
Jake Durtschi is an investor and the owner of a property management company in Idaho Falls, Idaho. With 15 years of experience, he's well-versed in the world of real estate. But when it came to moving forward with his long-term investment strategy and taking on bigger properties, Jake found there were some roadblocks.

"This has been a problem for me, finding lenders who can work on these types of deals and provide non-recourse debt," Jake says, referring to larger commercial properties. "Most people are terrified because they don't understand it, so it's just hard to put deals together."

Jake had mostly invested in smaller properties with his team—single-family homes, duplexes and fourplexes. But he wanted to do a bigger deal, a deal that could help him house more tenants in one place. Luckily, a friend referred him to Bonneville Multifamily Capital.

The team at Bonneville knew how to facilitate a unique lending situation. Idaho Falls is a smaller, tertiary market. Although it's the largest city in Idaho outside of the Boise area, its population is still only just above 60,000. Investing in a smaller market has its own particular considerations.

Plus, the property Jake was interested in had some of its own issues. The 60-unit apartment complex hadn't been well-maintained and needed a decent amount of work to deal with some deferred maintenance.



NAVIGATING THE LOAN PROCESS: “THEY’RE FACILITATORS”

Navigating the loan process came with its own challenges. “There are all these communication challenges on deals. There are so many people you’re trying to match up,” Jake notes.

In this case, those people included the title-holders, the federal government, the legal team of the property’s owners, Jake’s legal team, the lender, and, of course, the team at Bonneville. “We had some gaps to bridge between our legal work and the lender,” Jake says. “[The Bonneville team] helped us bridge those. They’re facilitators.”

Throughout the loan process, Jake felt confident he could rely on Bonneville, and on Paul in particular. “Paul was pretty much my guy, and Paul was awesome. Basically, when there were lags in the deal, he was the one who kept it moving. He kept rattling the chains. He just kept it alive.” When there were communication issues with the title company and the seller, Paul was the one who stayed on top of those relationships to make sure everyone was in the loop.

Paul helped Jake explore loan possibilities so he could get the best deal. In the end, they decided on a 70% loan-to-value Fannie Mae SBL option for \$2.2 million. Using the “Green Rewards” program, meaning he would implement energy-saving options at the property, helped Jake get a lower rate on the loan.

Jake’s legal counsel insisted the debt on the property to be non-recourse. There are a limited number of providers of non-recourse debt for Idaho Falls so Bonneville had to work with multiple lenders to get the non-recourse loan at the leverage Jake required. “I want to do more deals, not just with Paul, but with the people Paul connected us with,” Jake says.

CLOSING HIS BIGGEST INVESTMENT DEAL

The Riviera Apartments complex is the biggest deal Jake and his team have ever done. “This was a big deal for us, and they helped us bridge this commercial gap we haven’t done before.”

Bonneville’s multifamily expertise was key to a successful deal. “They know what they’re doing,” Jake says. “You don’t find many commercial lenders that know multifamily. This is their specialty, and they know it really, really well.”

Although the property will be undergoing repairs and construction for the next 18 months, Jake is already looking forward to the difference it will make in his local community. He not only works and invests in Idaho Falls but lives there, too.

“My goal is to make positive impacts on communities, and pay for it, and this does that. This was a really crappy property, and we’re going to be able to make a huge impact on that street, because it’s looked terrible for 20 years. That’s what I get excited about.”

Since the successful Riviera Apartments deal, Jake feels more comfortable investing in bigger commercial properties, and now he says, “I know who to call and I know who to partner with.” That’s because he’s forged a lasting relationship with the Bonneville team, one that will provide the resources for many more positive and profitable investments.

“Paul came up and met me and we went fishing,” Jake remembers. “It’s a long-term game for him. It’s not a transaction, it’s a relationship. For me, it means a lot that you can create and have that relationship, because that’s a lot more useful than just closing one more transaction.”

Jake plans to work with the Bonneville team as he continues to invest in bigger, more complicated properties in Idaho Falls, revitalizing his community—one investment at a time.

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