



Richard Hanna's Cash Flow Forever Newsletter

February 2011

AlbuquerqueOfficeLeasing.com

\$5.00

Our mission is to profitably support our customer's vision for an effective location at which to do business.



We've Got Money Now!

New Year and New Ventures! This month, January 2011, Hanna Commercial is starting a mortgage brokerage or capital markets service line. The new company is Hanna Commercial Capital, LLC.

Brandon Curtis will be heading this new venture up for us. Real estate is about finding good sources of money, and this has been a problem in the market for the last two years.

The service is provided by a working agreement with Columbus, Ohio-based Lighthouse Commercial Mortgage, a mortgage company that provides financing for office, retail, multi-family/apartment and also special-use properties such as franchised restaurants (Olive Garden, McDonald's, etc), gas stations with a mini-mart or a convenience store attached and certain HUD apartment projects.

This will allow Hanna Commercial to be able to offer the same services as some of the larger companies but retain its independent and personal service orientation since its establishment in 1999.

To bring this service line to the company, Brandon Curtis, a licensed real estate broker who also worked at a branch of a Miami based commercial mortgage company, New World Commercial lender, helped develop the plans and developed the contacts with Lighthouse Commercial Mortgage to be able to use Lighthouse's existing mortgage lender relationships and processes as a platform to provide capital markets services to Hanna Commercial's buyers or sellers.

His experience with both real estate brokerage and mortgage lending is a great help as he can appreciate all sides and perspectives of a commercial real estate transaction and he will be Hanna Commercial Capital's commercial loan originator and analyst.

Through Lighthouse Commercial Mortgage, Hanna Commercial Capital can not only provide funding for buyers but can also provide bridge and mezzanine financing for owners and buyers and can provide refinancing for property owners currently on a Real Estate Contract or seller mortgage that is coming due.

While the capital markets service line is primary to Hanna Commercial and its clients, Hanna Commercial Capital will also provide assistance and financing to outside brokers,



Brandon Curtis heads up our new venture, Hanna Commercial Capital.

Time is too slow
for those who
wait, too swift for
those who fear,
too long for those
who grieve, too
short for those
who rejoice, but
for those who
love, time is
eternity.

~Henry Van Dyke

Nine Tips For Assessing The Value Of Commercial Real Estate

I'm thinking that we are getting close to the bottom of the market here in Albuquerque for property values. So I thought that it might be a good time to review some basics about how to buy with the market down, properties are on sale.

If you glance down to the bottom of the article, you will see I can't count since there are only four tips. The next five will be in next month's newsletter.

There are significant differences between the assessment of commercial property and residential property. Once you decide where you want to start or relocate your business is committed and diligent to these steps to ensure a successful lease or purchase.

Tip One

Examining the legal conditions begins with understanding that there is no standard agreement for commercial leases. A good broker can assist you with the specifics of a creating an agreement that both protects your interest and secures the best possible contract for you as a client.

Signing a lease for your business is one of the most important documents you'll ever create. Take the time to learn the clauses you should expect to see in any commercial lease and what those clauses mean.

Tip Two

Research local markets and absorption rates to cover all the most important factors that affect the price of commercial real estate. The most important is the local job market is strong and growing.

Research the health of the local job market before making an investment decision. Examine the local unemployment rate and compare it to the averages for the state and nationally. The absorption rate is the measure at which rentable space is filled.

Two types of absorption are gross absorption as a measure of the total square feet leased over a specified period.

The other type to consider is net absorption measured as equal to the amount occupied at the end of a period minus the amount occupied at the beginning of a period and takes into consideration space vacated during the period.

Tip Three

Compare properties considering the factors that comprise rents and the many ways to quote rents. Locate suitable properties that are similar to your business needs and physically evaluate the sites selected if possible or make a comparison through your broker.

Evaluate the condition of existing property make allowances for repairs based on what is represented by the seller in comparison to what is actually seen by you or your representative.

Ensure that is operational condition for your needs or the seller may have distorted its actual condition. Find out how much repair is needed to get the property up to operational standards.

Tip Four

Check the local requirements of your chosen geographic area by exploring the city's web site for business relocation assistance, as well as the zoning laws for your industry or market. Make allowances for the time it will take for processing paperwork.

Environmental issues that require a permit for use of the land in the way your business operates if you are an industrial firm or creating products that affect the environment.



A commercial lease for your business is one of the most important documents you will ever sign.



Make sure you have all required permits in place.



Feedback? Send your questions, comments, suggestions and submissions to RHanna@RichardHanna.com or call **505-332-0522**

A Small Business Owner's Secret To Wealth

Fully occupied or owner occupied commercial real estate to a bank is about as good a risk as can be found in today's economy. As we watch the commercial real estate go through its up and downs, there is much more upside potential as the economy continues to pull out of the recession.

Aligning this with the unusually large supply of buildings, and banks aggressively competing for this type of business, a business owner has a real opportunity at this time to acquire space to grow their business. A small business owner is in a unique position to take advantage of the market because financing is available to them more than investors right now.

Here's how to take advantage of this opportunity by being prepared and organized to get an SBA loan. To be prepared in any scenario, the take the time to present your information to make the process less complicated.

Don't be rushed in to a deal because the owner wants to. If you are a borrower, present your own Personal Financial Statement (PFS) to demonstrate to the lender what your personal assets and liabilities are. The SBA Personal Financial Statement is a form that can be used as a template.

A credit report from all three agencies is necessary for the lender to evaluate your payment history for late payment behavior or items that are negative. It will go a long way with a lender if you have written explanations for each item ready for the lender to show that you take your credit seriously.

Lenders will want to know if you have experience with the property type you are seeking to finance and in the industry or market the space will be used for. This is where a resume would be sufficient to list any other real estate you have owned or businesses you have run in the past or currently to show your experience. Add your business history to your resume with a page that discusses

how you started what your goals are, explanations about how you address competitors, and the plan for increases or a decline in revenue and profits.

Demonstrating to the lender that you know your business and industry goes a long way to gain their confidence and see you as a good risk as a borrower.

At least three years of tax records to show your personal financial history along with bank statements is a good item to include when preparing to sit with a lender. Include business tax returns along with financial statements that show profit and loss and a balance sheet.

Some lenders will be sure to request YTD financial statements up the last month of operation with a debt schedule. Having this ready ahead of time will show a lender that you are organized and have control of your business records.

As of September 2010, President Obama signed the Small Business Jobs Act of 2010 also known as the "Small Business Jobs Act". The purpose of this legislation is to provide an additional \$505 million to the Small Business Administration to support as much as \$14 billion in lending to small businesses. I've worked with two loan brokers that specialize in SBA loans for years and I will be happy to get you in touch with them.



When President Obama signed the Small Business Jobs Act, an extra \$505 million was made available to the SBA to lend to small businesses.



'Toon of the Month



"To the most open-minded girl on eCompromise..."

*Richard Hanna's
Cash Flow Forever Newsletter*

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How Obama's Signature Could Save Your Business (See Page 3)

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Featured Property

*Great Uptown Location
Menaul NE West of Coronado
Mall*



*For Sale or
Lease*

Features Include:

2 Suites— 5811–3085 SF
5815–4338 SF

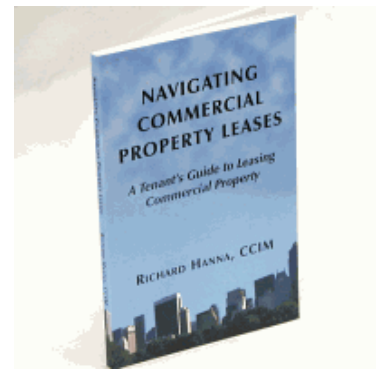
Minimum 3 Year Term
Owner Will Provide Tenant
Improvement Allowance
5811- \$9,000+ NNN
5815- \$11,000 + NNN
Over 40,000 Cars Pass By This
Location Daily!
C-2 Zoning

\$950,000

**For More Information: Contact Richard Hanna, CCIM
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Richard Hanna literally wrote the book on Commercial Leasing. *Navigating Commercial Property Leases: A Tenant's Guide to Leasing Commercial Property* is jam-packed with 119 pages of everything you need to know! Call 505-332-0522 RIGHT NOW and say, "I want my FREE book!"



Richard Hanna's FREE book *Navigating Commercial Property Leases* is available in hard-copy form or as a 4-week e-course.