MHCapital Exec Leads $15M Refinancing for Caribbean Resort

Samantha Joseph, Daily Business Review

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A West Palm Beach executive helped extend a capital markets-based real estate lender's international reach with a $15.2 million loan to a hotel operator in the U.S. Virgin Islands.

Don Stevens, who leads loan origination for MHCapital Funding LLC, spearheaded the nonrecourse first mortgage financing for Emerald Beach Resort, a 90-room resort on Lindbergh Bay in St. Thomas.

The transaction provided a 10-year, fixed-rate instrument that refinanced an existing regional bank loan. It reduced borrowing costs for hotelier Louis de Lyrot and funded a capital improvement program to transition the property from a Best Western franchisee to an independent boutique hotel.

"Many lenders would have been intimidated by the challenges of a changing flag and the U.S. Virgin Islands' location," MHCapital CEO Jordan Paul said.

But Stevens capitalized on MHCapital's experience arranging $3 million to $50 million nonrecourse mortgages secured by income-producing properties including office, retail, multifamily, warehouse, self-storage and hotels.

In this case, the borrower's holdings included four multistory buildings with hotel rooms and amenities for vacationers and business travelers. It features a pool, waterfall, deck, waterfront dining, tropical gardens and 1,200 square feet of corporate meeting space.

"Given MHCapital's experience with the property type and the region as a whole, we understand the location, local laws and business culture within the Caribbean along with the unique revenue drivers specific to the property," Stevens said.

The refinancing and planned upgrades would allow the resort to seek higher returns that capitalize on its proximity to historic landmarks, an international airport and the island's newest cruise port for mega cruise ships.

"We were very pleased to be able to provide financing for an established property with a strong
reputation and leading market position," Stevens said.

The deal is among the latest for MHCapital, which in July provided $11.25 million in mortgage financing to Spruce Creek Professional Center & Terrace Shoppes in Summerfield.

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