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Big lenders sign in at Manhattan House

Two banks agree to supply mortgages for condo conversion, and Fannie Mae says it will back loans in some of the block-long complex, which was once home to Grace Kelly.

By [Amanda Fung](#)

The pool of potential buyers just got a lot bigger at Manhattan House, a block-long Upper East Side complex.

O'Connor Capital Partners, the developer that has been converting the landmark 1950s-era rental complex to luxury condos, said MetLife Bank and Gibraltar Private Bank and Trust have pre-approved the building and will provide conventional and jumbo mortgages to qualified buyers in the complex, where Grace Kelly once lived. Both banks were named preferred lenders on the project.

Additionally, Fannie Mae will back loans secured by condos in a portion of the 575-unit complex—specifically condo units located on floors 11 through 17, according to Brian Fallon, partner at O'Connor Capital Partners. Fannie Mae has conditionally approved the rest of the building—meaning that it will buy loans secured by condos located on the other floors once the developer meets specific pre-sale requirements.

"This eliminates any question on the part of buyers and brokers about the ability to finance a purchase at Manhattan House," Mr. Fallon said. "We look forward to receiving Fannie approval on the rest of the residences."

Mr. Fallon declined to provide the latest sales statistics for Manhattan House. He noted that with the additional financing options available to buyers, he expects sales to outpace last year. So far, most of the deals that have closed at the white-brick complex were all-cash deals, he said. Other buyers had relationships with private banks, which were willing to hold the loans on their books until Fannie Mae approved the property. In July 2010, Mr. Fallon told *Crain's* that 137 apartments had been sold or were in contract at that time.

According to Manhattan House's website, one-bedroom apartments start at about \$1.2 million, two-bedroom units start at roughly \$1.9 million and three-bedroom spaces start at \$3 million. There is also a 3,025-square-foot, four-bedroom apartment for \$5.5 million. Corcoran Sunshine Marketing Group is Manhattan House's exclusive sales and marketing agent.

The complex, located at 200 E. 66th St., has had a troubled past. O'Connor began what was one of the most expensive condo conversions in the city, a \$1.1 billion effort, in 2007. Until 2009, the developer had to deal with lawsuits and skirmishes with rental tenants who claimed that the developer had tried to push them out the door to convert the units to condo. One last pending lawsuit, involving 22 market-rate tenants, is still awaiting a state appellate court date, according to the tenants' attorney, Adam Leitman Bailey.

Mr. Fallon said the complex's amenities, which include a 10,000-square-foot rooftop, are done and "our sponsor obligations are completed."

"We will continue to do elective upgrades to landscaping and some interior design of the common areas."

Last year, the project got an extension for its \$750 million construction loan, giving O'Connor more time to complete its conversion and sell units. Its loan, which was provided by Germany-based HSH Nordbank, now matures in December 2013.