

Lending Insights

Commercial Real Estate (“CRE”) Loans

CRE Loans | Financing for Commercial Real Estate Properties

Leveraging the [Creative Planning Loan Marketplace](#), powered by [Community Capital](#), the Creative Planning Lending Team can help clients source financing for their Commercial Real Estate needs.

CRE LOAN TERMS	
Variable	Typical Terms
\$ Amounts	\$250,000 and up
Interest Rate Type	Fixed or Floating Rate
Interest Rate Base	Prime or SOFR <i>(floating)</i> US Treasuries <i>(fixed)</i>
Loan Type	Term Loan or Line of Credit <i>(for construction finance)</i>
Collateral	Mortgage on Real Estate Property
Loan Term	Up to 10 years <i>(up to 25 years in some cases)</i>
Amortization Term	Up to 25 years <i>(up to 30 years for multi-family)</i>
Loan-to-Value	75% or less
Debt Service Coverage Ratio	1.25x or higher
Personal Guaranties	Generally required of owners
Loan Fees	Typically 1% + closing costs; vary by lender

CRE loans are secured by a mortgage on a commercial real estate property and are typically used to finance property acquisition or construction, or to refinance existing debt. They are different from Commercial & Industrial (C&I) loans, which are loans to businesses typically secured by a lien on all corporate assets.

There are several types of CRE properties, most commonly:

- ✓ Multi-Family
- ✓ Retail
- ✓ Office
- ✓ Hospitality
- ✓ Industrial

Loan terms, conditions, and pricing often vary by CRE property type and the purpose for the loan.

CRE loans can have either floating or variable interest rate payments depending upon the loan purpose and borrower preference. Construction financing is typically structured as a 12-24 interest-only loan at a floating interest rate with multiple loan “draws” to coincide with stages of a project. “Mini-perm” or “permanent” CRE finance is a term loan with a term typically between 3-10 years, and amortization term of up to 25 years (or 30 years for multi-family properties).

[Key Questions for Clients Interested in CRE Lending](#)

- Does the client have experience with CRE lending?
- What is the loan purpose & \$ amount?
- What is the client’s timeline for loan closing?
- Does the client have an existing bank relationship?
- Does the client need help preparing an underwriting package to share with a potential lender?

[Typical CRE Loan Underwriting Needs](#)

- 3-years of financial statements for the property
- Any recent real estate appraisals for the property
- Construction plan & budget (for construction finance)
- Personal financial statement for the guarantor(s)
- 3-years of tax returns for the guarantor(s) (incl. K-1s)

For more information about the [Loan Marketplace](#), powered by [Community Capital](#), please contact:

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