

Lending Insights

Commercial Real Estate ("CRE") Loans

CRE Loans | *Financing Commercial Real Estate Properties*

Leveraging the **Rockefeller Loan Marketplace**, powered by *Community Capital*, the Rockefeller Team can help clients find SBA 7a financing for their small businesses needs.

CRE TYPICAL LOAN TERMS

Variable	Terms
\$ Amounts	\$250,000 and up
Interest Rate Type	Fixed or Floating Rate
Base Interest Rate	Prime or SOFR (floating) US Treasuries (fixed)
Loan Type	Term Loan or Line of Credit (for construction finance)
Collateral	Mortgage on real estate property
Loan Term	Up to 10 years (up to 25 years in some cases)
Amortization Term	Up to 25 years (up to 30 years for multi-family)
Loan-to-Value	75% or less
Debt Service Coverage Ratio	1.25x or higher
Personal Guaranties	Typically required of owners
Loan Fees	Vary by lender, typically 1% + closing costs

A CRE loan is secured by a mortgage on a commercial real estate property. CRE loan purposes range from property acquisition, to construction financing, to the refinance of existing debt. CRE loans 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; multi-family, retail, office, hospitality, and industrial are the most common. The loan terms, conditions, and pricing often vary by CRE property type and the purpose for the CRE loan.

CRE loans can have either floating or variable interest rate payments depending upon the purpose for the loan and the borrower's preference. CRE 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 construction 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).

If you are working with a client who has a need for a CRE Loan, the JMG Lending Team can help.

Key Questions For Clients Interested in CRE Lending

- Does the client have experience with CRE lending?
- What is the purpose for a CRE loan?
- What is the requested CRE loan amount?
- What is the client's timeline for loan closing?
- Does the client have an existing bank relationship?
- Does the client need help pulling together 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) (including K-1s)

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CAPITAL MANAGEMENT

For more information about the **Loan Marketplace**, powered by *Community Capital*, please contact:

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