

## LENDING INSIGHTS

## Commercial Real Estate (CRE) Loans

## CRE Loans | Financing Commercial Real Estate Properties

Leveraging **Osaic CapitalHub**, powered by *Community Capital*, the Capital Solutions Team can help clients find CRE loans for their commercial property financing needs.

CRE Loan Terms	
Variable	Typical 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 Commercial Real Estate (CRE) loan is a type of financing secured by a mortgage on a commercial property. These loans serve various purposes, incl. property acquisition, construction financing, and refinancing of existing debt. Unlike Commercial & Industrial (C&I) loans, which are typically secured by a lien on all corporate assets, CRE loans are specifically tied to real estate assets. CRE properties come in several categories, the most common are multi-family, retail, office, hospitality, or industrial properties. The terms, conditions, and pricing of a CRE loan often depend on both the property type and the specific purpose of the loan.

CRE loans can have floating or fixed interest rates based on the borrower's needs and the loan's objective. Construction financing is generally structured as an interest-only loan with a floating interest rate, often lasting 12-24 months, with funds disbursed in stages as the construction progresses. For longer term financing, "mini-perm" or permanent loans are available. These typically have 3-10 year terms, with an amortization period of up to 25 years (or up to 30 for multi-family properties) which helps borrowers manage payments over an extended period while still securing necessary capital for their real estate investments.

#### Key Questions For Clients Interested in CRE Lending

- Does the client have experience with CRE lending?
- What is the purpose for the loan and target \$ 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) (incl. K-1s)