

Mezzanine Loan Program

Mezzanine financing is available for the acquisition or refinance of multifamily properties with a conventional fixed rate DUS loan of between \$3 million and \$25 million.

Loan to Value Maximum	The maximum combined LTV of the conventional DUS loan and the mezzanine loan is 80%
Minimum DSC	The minimum combined DSCR of the conventional DUS loan and the mezzanine loan is 1.10x
Amortization	Up to 30 years; Interest-only options are available subject to certain restrictions
Accrual Basis	30/60 and Actual/360
Loan Term	Mezzanine loans may have a term of up to 10 years consisting of a 5-year term followed by an automatic extension for an additional 2 years, followed by up to three additional 1-year extensions subject to the property producing a 1.00x DSCR; However, the mezzanine loan must be coterminous with the underlying DUS loan; The underlying DUS loan may be for any standard term
Interest Rate	The mezzanine loan has a fixed rate for the first 5 years and then converts to a variable rate based on a predetermined fixed spread to 3-month LIBOR; The spread remains constant for the automatic 2-year extension as well as for any subsequent 1-year extensions; The underlying conventional DUS loan must be fixed-rate
Rate Lock	Extended Rate Lock feature is available for the conventional DUS loan, allowing the borrower to lock a rate 45 to 365 days in advance of closing; The mezzanine loan can be committed and rate locked up to 4 months in advance of closing
Origination Fee	1% origination fee
Pre-Payment Provisions	The mezzanine loan may not be prepaid during the first year; After the 1-year lockout, there is a declining prepayment premium schedule beginning at 2% in year 2, 1.5% in year 3, 1% in year 4 and 0.5% in year 5; No prepayment premium is charged during the final 90 days of the fixed-rate period or during the variable-rate extension periods; The conventional DUS loan may use any applicable prepayment option
Recourse	Lender will have recourse to Borrower if the mezzanine or mortgage borrower declares bankruptcy; The conventional DUS loan will also be recourse to the mortgage borrower and any Key Principal if the mortgage borrower declares bankruptcy
Escrows	Replacement reserve, tax and insurance escrows are required
Third Party Reports	Standard third-party reports – Appraisal, Phase I Environmental Assessment, and Physical Needs Assessment – are required
Application Fee	\$15,000 to cover third party reports and processing/underwriting costs
Legal Fees	\$20,000-\$25,000