

Advantages

- Excess proceeds if looking for FHA or Agency permanent debt but need short-term mezzanine financing
- Typically combined with a third-party (non-Greystone) first mortgage bridge loan
- Generally, no exit fee if permanent financing originated via Greystone

Loan Purpose

This program is designed for properties that are either stabilized or are in need of minor to moderate renovation or other value-add strategy where the client needs leverage above a first mortgage bridge loan.

Our short-term mezzanine loan program can be used to finance stabilized properties while Greystone underwrites the permanent financing or fund moderate rehabilitation or re-tenanting where the Borrower requires short-term debt to finance renovations to complete a value-add strategy and secure permanent financing through an FHA, Fannie Mae, or Freddie Mac Permanent Loan.

Eligible Properties

Multifamily and healthcare (SNF, AL/IL)

Loan Amount

\$1,000,000 - \$15,000,000 (larger upon request)

Collateral

Pledge of the equity of the first mortgage borrower, secured by UCC filing. Intercreditor agreement with first mortgage lender required.

Loan Term

Typically, up to 3 years (including extensions). Coterminal with First Mortgage Loan

Amortization

Generally, interest-only (some amortization may be required after first two years of term)

Interest Rate

Fixed or floating rate. 12-15% coupon varying with LTV, DSCR, market and sponsor

Loan Commitment Fees

1%-2%

Application Fees / Deposits

\$15,000 per property non-refundable processing fee (approximate; actual fee depends on loan size and complexity) plus approximately \$20,000 per property expense deposit to cover costs and expenses of Lender for legal, third-party reports, travel, and due diligence.

Prepayment / Exit Fees

Generally the loan will be open to prepayment after one year subject to the payment of an exit fee calculated on the combined First Mortgage and Mezzanine loan amounts. Generally, the exit fee may be partly or wholly waived if Greystone provides permanent financing. Mezzanine loan cannot be prepaid before First Mortgage Loan.

Borrower Recourse

Typically, non-recourse with standard carve-outs for environmental, bankruptcy, fraud and misapplication of funds, etc.

Recourse guaranty and/or operating deficit and completion guaranty may be required for properties undergoing more significant renovation.

Maximum LTV

Combined maximum LTV of the First Mortgage and Mezzanine Loan is up to 90.0% of current value/costs and 80% of stabilized values.

Minimum Debt Service Coverage

The loan amount is sized such that the DSCR will provide a minimum coverage of 1.05x - 1.25x at the actual "interest only" rate, depending upon property type.

Equity Requirements

Typically, not less than 10.0-15.0% cash equity

Third Party Reports

MAI Appraisal (expanded or separate market study may be required for properties with a value-add component); Environment Phase I and Engineering/Structural Report prepared by Lender-approved professionals. Mezzanine loan may rely on Lender-approved First Mortgage Loan Third Party Reports.

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