Multifamily Construction Takeout

GREYSTONE | MONTICELLO

Developer Solutions

This program is designed for developers seeking an additional few years of financing before going to market with recently constructed properties. Its primary objective is to furnish developers with the necessary funds until they can obtain permanent financing or execute a sale. This program targets loans from $15 – $100 million (larger upon request) with terms up to three years, with extensions.

Eligible Borrowers

Sponsor must have experience with new construction and/or lease- up properties, and generally have strong financial capability and real estate management expertise with good performance and credit history.

Eligible Property Types

Well-constructed properties exhibiting strong lease-up trends in strong submarkets.

Stabilization expected within 12 - 18 months of closing depending on the market.

Loan Term

Typically, up to 24 months plus a possible extension option. Extensions are subject to debt yield and loan-to-value (LTV) requirements and fees are typically in the 0.25% - 0.50% range.

Equity Requirements

Typically, not less than 20% cash equity-net of any borrower acquisition fees.

Loan-To-Value / Loan-To-Cost

First mortgages up to 70% of current value and 65% of stabilized value and up to 80% of approved costs.

Interest Rate / Rate Index

Floating rate, priced between 3.50% - 4.00+% over SOFR floor. SOFR floor to be no less than SOFR on the day of closing / 1-Month CME Term SOFR. Depending on deal strength, the loan spread may have the ability to step-down during the loan term based on certain credit metrics.

Amortization

Interest-only

Loan Commitment Fees

1.0%

Net Worth and Liquidity Requirement

Typically carve-out guarantor's net worth requirement shall be 100% of the total loan amount. The liquidity requirement shall be between 10% - 20% of the total loan amount (deal dependent).

Minimum Occupancy/Leasing at Closing

This requirement is evaluated on a case-by-case basis through an assessment of the submarket, sponsor's experience, and business plan.

Minimum occupancy/leasing at closing is 10%/20% (deal and market dependent).

Certificate of Occupancy

Full receipt of Certificate of Occupancy is required prior to closing.

Prepayment / Exit Fees

Generally, the loan will be open to prepayment after six months subject to the payment of an exit fee. The exit fee is typically 0.50% - 1.0%. Partially or fully waived upon Greystone's permanent financing (deal dependent).

Borrower Recourse

Typically, non-recourse with standard carve-outs for environmental, bankruptcy, fraud and misapplication of funds, etc.; partial recourse may be required during the term of the loan.

Escrows

Taxes, insurance, and replacement reserves.

Minimum Sizing Requirements

Loan amount is sized based on sufficient evidence that stable rents/NOI can be achieved to provide support for a minimum debt yield upon maturity of the bridge loan. Exit debt yields are deal-by-deal, but typically are in the 8.50% - 9.0%+ range (deal dependent).

Fannie Mae Compliant Preferred Equity

Allowed, based on individual deal characteristics.

Minimum Stabilized Debt Coverage Ratio / Interest Reserve

Typically, an interest reserve is required during the lease- up/stabilization period. The interest reserve sizing is based on a shortfall analysis determined on a case-by-case basis.

Interest Rate Management

Borrower must purchase an interest rate cap for the duration of the initial loan term at strike rate to be determined during due diligence. Counterparty must be rated A2/A.

Earnout Structure

If bridge loan proceeds fall short of borrower's expectations, an earnout structure may be considered based on the attainment of particular debt yield hurdles upon stabilization.