



		Availability			Current Terms				
Financing Structure	Explanation	Requirements	Req'd Credit *	Sources	Pricing	Financing Level	Term (Yrs)	Amort	Comments
<b>DEBT TRANSACTIONS</b>									
<b>Construction Loan</b>	A loan used to fund construction of new facilities.	Required equity and sources of repayment will vary depending upon corporate credit quality.	A,B,C,D	Mostly banks.	LIBOR +225bp to 375bp with floor plus fees.	Up to 100% of project cost or takeout amount.	Tied to project completion.	Interest Only	Available with or without a takeout. See construction with permanent loan and build-to-suit options.
<b>Construction with Permanent Loan</b>	A single loan with construction loan features converting upon completion to a fixed rate amortizing term loan	Required equity and sources of repayment will vary depending upon corporate credit quality.	A,B,C,D	Banks and Insurance Companies.	Construction pricing similar to above. Long term loan tied to spread over comparable treasury, swap or FHLB rate plus fee.	Best credits up to 80% of value.	5-25 years	15-25 years commencing upon conversion	Single source financing for new facilities. Early rate lock option available.
<b>Interim Loan</b>	Short term loan for acquisition or refinancing of an existing facility	Ample blend of credit and real estate value.	A,B,C,D	Mostly banks and some insurance companies.	Typically spread index between LIBOR +225bp to 375 bp, fixed options available plus fee.	Best credits up to 80% of value.	Less than 5 years	15-30 years	Most suitable for borrower seeking maximum flexibility. Loan covenants typically required by banks.
<b>Insurance Company Loan</b>	Typically fixed rate medium to long-term loan held in portfolio of originator	High quality general purpose real estate assets and strong credit.	A,B,C	Primarily insurance companies and some pension funds.	Rates currently at high 5's to low 7's, depending on term.	Best credits up to 75% of value.	5-25 yrs	15-30 years	Unlike most bank loans, no corporate covenants required; results in expanded credit capacity with line bank.
<b>Bank Loan</b>	Fixed rate medium term loan	General purpose real estate assets.	A,B,C	Primarily regional and community banks; few national banks are currently active.	Rates currently at mid 5's to high 6's.	Best credits up to 80% of value.	5-10 years	15-30 years	Unlike insurance companies, covenants are typically required. Loans with closely held companies may require personal recourse.
<b>Private Placement</b>	Fixed rate medium to long-term loan, with nominal reliance on real estate asset.	Loan terms may require financial covenants such as fixed interest charges, minimum net worth and change in ownership.	A	Insurance companies, pension and bond funds.	Spread indexed between 125bp and 225bp over comparable treasuries.	Up to 100% of value.	10-30 years	20-30 years	Highest leverage available; loans largely underwritten based upon the creditworthiness of the borrower.
<b>EQUITY TRANSACTIONS</b>									
<b>Sale / Leaseback (existing facilities)</b>	Property is sold by corporate user and leased-back on a long-term basis. Utilized by companies that want to free up capital invested in real estate assets.	Generally restricted to single-user type facilities. Strong corporate credit quality and a willingness to sign a long term lease are also required.	A,B,C	Buyers are pension funds, REIT's and private investment funds.	Lease capitalization rates set to yield return on cost between 8% and 12%.	100% of value	Minimum lease term usually 10 years, with options.	NA	Credit quality determines pricing. For favorable financial statement treatment, transaction must be carefully structured to comply with FASB regulations.
<b>Build-to-Suit (new facilities)</b>	A facility is built to a user's specifications with a medium to long-term lease commitment upon completion.	For users that have specific facility needs which are not available in the marketplace.	A,B,C	Buyers are pension funds, REIT's and private investment funds.	Lease capitalization rates set to yield return on cost between 9% and 13%.	100% of cost with extent of leverage tied to length of lease.	Minimum lease term usually 10 years, with options.	NA	Credit quality determines pricing. For favorable financial statement treatment, transaction must be carefully structured to comply with FASB regulations.
<b>PUBLIC FINANCING PROGRAM</b>									
<b>Tax Exempt Bonds</b>	Private placement or public bonds issued through a state agency such as HEFA. Interest earned by lenders is non taxable.	Primarily for not-for-profit borrowers, governmental agencies and municipalities and smaller qualifying industrial firms.	A,B,C,D	Private placements through banks and insurance companies or public sale of bonds.	Mid 3's to mid 5's.	Usually up to 80% of value for most credits; up to 100% of cost for investment grade credits or equivalent.	5-30 years	15-30 years	Many bond issues were formerly enhanced by letters of credit or insurance company guaranties. More issues are now private placements with banks or sold as public issues based on the credit strength of the borrower.
<b>SBA Loan</b>	Term loan for equipment and real estate acquisitions partially guaranteed by the SBA (Small Business Administration, a U.S. Government Agency).	Loans are designed to provide small businesses with expansion capital. There are strict guidelines on size of borrower, size of loan, use of proceeds and personal guaranties.	A,B,C,D	Banks partner with local certified development companies.	Rates currently in the mid 4's to low 6's depending on term. Generally, project size (with some exceptions) cannot exceed \$10mm .	Up to 90% of project cost.	10-20 years	10-20 years	These loans can be attractive to small business that can meet SBA restrictions and provide maximum leverage for borrowers. Personal guaranties are required.

**CREDIT DEFINITIONS**

**A-** Investment Grade Credit (Rated debt with minimum Moody's Baa3 or S&P BBB- or unrated equiv.)  
**B-** Strong Credit (Moody's Ba, S&P BB, or equivalent, or large cap with solid trends)  
**C-** Middle Market Companies (Companies deserving of unsecured bank credit)  
**D-** Higher Leveraged Companies (With solid operating history and trends)

In recent years, the sources of real estate debt and equity have expanded and changed significantly. As a consequence, it is difficult even for real estate finance professionals to fully understand the focus of the many different capital sources. The intention of the "Sources Matrix" is to list all of the participants in the real estate finance and investment arena. In a sense, it is intended to provide a global view of real estate finance. ALTHOUGH THIS INFORMATION IS PREPARED CAREFULLY, FANTINI & GORGA CANNOT GUARANTEE ITS ACCURACY.