

Featured Product: Mezzanine Debt

Overview:	The mezzanine debt market has returned, to fill the gap between first mortgages and borrower equity. Numerous capital sources have creative offerings both for acquisitions and for refinancing highly leveraged properties.
Loan Amount:	\$500,000 to \$30,000,000
Terms:	1 to 10 year terms
Amortization:	Usually I/O, if the senior debt is amortizing.
Property Profile:	All classes of apartments, office, industrial, retail and hotels. Lower quality assets and secondary locations typically command premium pricing. However, certain lower tier assets/locations, which match the requirements of socially or economically targeted funds, can be placed at attractive yields when they meet the “mission” criteria of these funds.
Underwriting Criteria:	Typically low to mid teens yield. However certain investors will price into the high single digits if the asset/location match a targeted mission or the underwriting is particularly conservative
Interest Rates:	Typically low to mid teens yield. However certain investors will price into the high single digits if the asset/location match a targeted mission or the underwriting is particularly conservative
Rate Lock:	Some lenders will lock the rate at application.
Prepayment:	Varies widely. However, lenders usually require higher yields or exit fees for those loans with a shorter duration or open prepayment flexibility.
Lender fees/costs:	Fees and costs vary greatly. They should be weighted within the context of the overall loan package / transaction offered.
Recourse:	Both recourse and non-recourse offerings may be available depending upon the particular circumstances.
Observation:	Borrowers who have an opportunity to buy out their existing loans at an attractive discount can tap mezzanine debt to make up most of the difference between a new senior loan and the negotiated payoff.