

## PRIVATE DEBT ORIGINATION

# Construction lending

Principal Real Estate Investors' construction program is seamless, and time tested. It features one source of funds, one set of documents, one closing, all with one institutional lender.

## Property types

- Multi-family
  - Industrial
  - Office\*
  - Anchored Retail\*
- \*Typically requires material pre-leasing.

## Loan sizing

- \$20 million and above

## Loan terms

- 2- to 30-year terms
- **Fixed rate** locked at application.
- **Variable rate** options up to 5-year terms are also available
- Interest only, which typically accrues during construction period; amortization thereafter (transaction specific)
- One set of loan documents that allow a smooth, seamless transition to convert to a permanent loan; interim construction loans also available
- No tri-party agreements required
- Acquisition/rehab transactions selectively underwritten
- Completion/carve-out guaranty required; ability to do non-recourse with regards to repayment

## Geographic location

- Major metropolitan areas throughout the US, plus some select secondary markets

## Loan to cost/value

- 35% equity typically required during construction (transaction specific)
- Current fair market value of land may be credited toward required equity contribution
- 60% or less loan to value upon completion, depending upon transaction
- Underwriting focused on pro-forma stabilized value

## Fees/deposits

- 1% origination fee
- 2% good faith deposit

## Reports

- Phase I environmental
- Seismic (as needed)
- MAI appraisal
- Construction consultant

## Closing

- Typically done in-house (subject to capacity) at a fixed fee with local counsel review

## Prepayment provisions

- Yield maintenance last 90 days at par
- Flexible prepayment provisions available

## Draws

- Monthly draws administered in-house



We open the door to an abundant number of deal structures.

**So, the next time you are looking for a full-service, reliable lender, look to us**

The information in this document has been derived from sources believed to be accurate as of August 2022.

Real estate investment options including commercial mortgage lending, private debt, leveraged loans, middle market debt, and second liens are subject to risks associated with credit, liquidity, interest rate fluctuation, adverse general and local economic conditions, borrower default, cash flow, and decreases in real estate values and occupancy rates. Terms, conditions, fees, expenses, pricing and other general guidelines and provisions are subject to change. As a general matter, commercial mortgage lending entails a degree of risk that is typically only suitable for sophisticated institutional and professional investors for whom such an investment is not a complete investment program and who fully understand and are capable of bearing the risks associated with such strategy.

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