2026 EDUCATIONAL GUIDE

COMMERCIAL FINANCING FOR REALTORS & INVESTORS

Practical guidance for recognizing, organizing,
and presenting business-purpose opportunities.

GREATHOUSE FARMS CAPITAL

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ABOUT THIS GUIDE

Welcome to the Opportunity

Bring the opportunity. We will help organize the path.

For Realtors

Commercial financing can help you serve investors, business owners, and property sellers without becoming a commercial underwriter. Your value is recognizing the opportunity, gathering a useful first set of facts, and connecting the client with a financing resource early.

Our Approach

Greathouse Farms Capital helps organize business-purpose scenarios and connect qualified borrowers with potential funding sources. We focus on clear communication, practical next steps, and honest expectations.

For Investors

A successful financing strategy begins before the offer. Understanding cash flow, property type, documentation, timing, and exit strategy can make your negotiations stronger and reduce surprises during underwriting.

Important

This guide is educational. It does not advertise guaranteed rates, approvals, leverage, closing times, or lender commitments. Programs and requirements change, and every transaction is evaluated on its own facts.

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CHAPTER 1

Commercial Lending Opens New Doors

Commercial real estate is not one product. It is a broad market where property performance, borrower strategy, and lender appetite come together. Realtors and investors who understand the basic language can recognize opportunities earlier and communicate them more effectively.

- **Investment property**
- **Owner-occupied business property**
- **Commercial refinance and cash-out**
- **Equipment and growth capital**

Commercial vs. Residential

Commercial lending rewards preparation, clarity, and a complete story.

The Property

Residential valuation often relies heavily on comparable home sales. Commercial valuation may consider income, replacement cost, comparable sales, tenant quality, location, occupancy, and the property’s specific use.

The Terms

Commercial structures vary widely. A loan may have a shorter term than its amortization, a balloon maturity, fixed or adjustable pricing, prepayment provisions, or recourse requirements.

The Borrower

Residential underwriting focuses heavily on personal repayment ability. Commercial underwriting may evaluate the property, operating business, guarantors, ownership entity, experience, liquidity, credit, and business purpose together.

The Timeline

Third-party reports, leases, entity documents, environmental review, and property-specific questions can extend the process. Early preparation and accurate information are essential.

Why Realtors Should Care

You do not need every answer. You need to recognize the right questions.

Protect More Opportunities

When financing becomes difficult, a knowledgeable referral can keep a transaction alive. The goal is not to promise an approval; it is to help the client find the next responsible step.

Reach Business Owners

A business owner may want to purchase the building they lease, refinance an existing property, or acquire equipment. Commercial conversations can create listings, purchases, and long-term relationships.

Serve Investor Clients

Rental owners frequently need purchase, refinance, cash-out, bridge, fix-and-flip, and portfolio financing. Learning their strategy improves your ability to find and present suitable properties.

Build Referral Partnerships

Attorneys, accountants, title professionals, property managers, appraisers, contractors, and insurance professionals all encounter financing needs. Helpful, permission-based collaboration can create a durable referral network.

CHAPTER 3

What Motivates Commercial Borrowers

Borrowers rarely begin with a loan product. They begin with a goal, a deadline, or a problem. Understanding the motivation helps identify which facts matter most and which financing paths may deserve review.

- **Purchase a rental or commercial property**
- **Refinance a maturing loan**
- **Access equity for growth**
- **Exit bridge or renovation financing**

Common Borrower Motivations

Start with the borrower's goal, then build the financing story around the facts.

Purchase the Building

A business owner may want control over occupancy costs, the ability to improve the property, and the opportunity to build equity instead of continuing to rent.

Solve a Maturity Problem

Commercial loans may mature before they fully amortize. A borrower facing a balloon needs time to evaluate property performance, payoff, documentation, and available options.

Move Beyond a Bank Decline

A decline may relate to documentation, credit, property type, leverage, stabilization, or policy. A different lender category may evaluate the same facts differently, but no alternative guarantees approval.

Grow an Investment Portfolio

An investor may be acquiring a first rental, adding units, entering a new property type, or consolidating multiple assets into a broader strategy.

Unlock Equity

A qualified cash-out refinance may provide capital for improvements, another acquisition, equipment, or business needs. The requested use of proceeds should be clear and supportable.

Transition From Short-Term Debt

Bridge or rehab financing is designed around a planned exit. As renovations finish or occupancy stabilizes, the borrower may seek longer-term financing that matches the next phase.

CHAPTER 4

Property Types You Will Encounter

Commercial property is diverse. Each category has its own operating drivers, risks, valuation considerations, and lender preferences. Correct classification is one of the first steps in reviewing a scenario.

- **Multifamily and mixed-use**
- **Retail, office, and industrial**
- **Self-storage and mobile home parks**
- **1-4 unit business-purpose rentals**

Core Property Categories

The label is only the beginning. Use, income, condition, and location complete the picture.

Multifamily

Properties with five or more residential units are generally treated as commercial multifamily. Review unit mix, rent roll, vacancy, operating history, expenses, and deferred maintenance.

Retail and Restaurant

Location, visibility, traffic, tenant stability, business performance, lease structure, and specialized improvements can materially affect value and financeability.

Self-Storage and Parks

Self-storage and mobile home parks are operating properties. Underwriters examine occupancy, collections, expenses, utilities, management, condition, and market position.

Mixed-Use

Mixed-use buildings combine commercial and residential space. Underwriting considers the balance of uses, tenant mix, leases, income concentration, and whether the property fits program limits.

Office and Industrial

Office, warehouse, automotive, flex, and light-industrial properties vary greatly. Confirm actual use, zoning, occupancy, environmental considerations, and market demand.

1-4 Unit Rentals

Non-owner-occupied single-family homes, duplexes, triplexes, and fourplexes may fit DSCR or portfolio programs when the transaction is eligible and business-purpose requirements are met.

Property Eligibility Questions

Accurate property facts prevent wasted time and mismatched expectations.

Use and Occupancy

What happens at the property today? Is it investor-owned, owner-occupied by a business, vacant, partially occupied, or under renovation?

Location

Urban, suburban, and rural properties can receive different lender interest. Population, access, surrounding uses, economic base, and market liquidity matter.

Ownership

Who owns or will own the property? Identify the individual, LLC, corporation, partnership, trust, or other entity and the guarantors behind it.

Condition

Is the property operational as-is, or does it require material repairs? Major rehabilitation, code issues, or environmental concerns may change the appropriate financing category.

Income Stability

How long has current occupancy and income been in place? Recently completed leasing or renovations may require a lender comfortable with limited seasoning or recent stabilization.

Business Purpose

Confirm that the transaction is for an eligible commercial or business purpose. Rental-property programs discussed here are for non-owner-occupied investment use unless a lender expressly provides otherwise.

CHAPTER 5

Match the Financing to the Strategy

The best financing structure is the one that supports the business plan, timing, property, and exit strategy. Rate matters, but so do proceeds, documentation, certainty, speed, flexibility, and total cost.

- **Purchase**
- **Rate-and-term refinance**
- **Cash-out refinance**
- **Bridge, fix-and-flip, or equipment**

A Practical Financing Map

The lowest advertised rate is not automatically the best execution.

DSCR Rental Financing

Designed for eligible non-owner-occupied rentals, with qualification focused primarily on property cash flow rather than traditional employment income. Credit, value, liquidity, reserves, and documentation still apply.

Bridge and Fix-and-Flip

Shorter-term financing for acquisition, renovation, stabilization, or another defined transition. The borrower needs a credible budget, timeline, and exit strategy.

Working Capital

Potential term loans, lines of credit, receivables, purchase-order, inventory, or other business-capital solutions based on the company’s profile and need.

Commercial Real Estate

Potential financing for multifamily, mixed-use, retail, office, industrial, self-storage, mobile home parks, and other eligible income-producing or owner-occupied business properties.

Equipment Financing

Financing for eligible income-producing tractors, implements, trailers, work vehicles, construction machinery, and other business equipment.

SBA and Growth Programs

Longer-term programs may support eligible owner-occupied real estate, equipment, acquisition, franchise, or expansion needs. Structure and eligibility vary by program and lender.

Understanding DSCR

DSCR is a starting measurement, not a promise of approval.

The Basic Idea

Debt Service Coverage Ratio compares qualifying property income with the required property debt payment. A ratio above 1.00 indicates that measured income exceeds measured debt service.

What Still Matters

DSCR is not a no-standards loan. Lenders may consider credit, value, property type, occupancy, lease status, reserves, liquidity, experience, title, entity documents, and appraisal results.

Purchase Planning

Before making an offer, estimate market rent and the proposed property payment. A stronger cash-flow relationship can improve options, but never present an estimate as an approval.

A Simple Illustration

If qualifying monthly rent is $2,400 and the qualifying monthly property payment is $2,000, the simplified ratio is 1.20. Actual lender calculations may use different income and expense treatments.

Short-Term Rentals

Some programs may consider eligible short-term rentals, but revenue documentation, market rent, property location, reserves, management, and program rules can differ from long-term rental analysis.

For Realtors

A rent-ready listing package can help: current lease or market-rent support, tax and insurance estimates, HOA information, unit count, and property-condition details.

CHAPTER 7

Equity, Refinance, and Timing

Refinancing is often driven by more than rate. Borrowers may need to address a maturity, improve payment structure, access equity, replace short-term debt, or align financing with a new business plan.

- **Know the current payoff**
- **Explain the requested cash use**
- **Document improvements and occupancy**
- **Start before the deadline becomes urgent**

Refinance and Cash-Out Strategy

A refinance request becomes stronger when the past, present, and next step all make sense.

Rate-and-Term

The borrower seeks to replace existing debt without a material equity withdrawal. Review current balance, maturity, rate, payment, prepayment requirements, property performance, and desired structure.

Recent Improvements

If the property has been renovated or re-tenanted, provide dates, costs, before-and-after details, current leases, occupancy, and operating results. Recent value creation needs evidence.

Maturing Debt

A balloon deadline changes the risk of delay. Begin early, order payoff information, identify documents, and discuss realistic alternatives before the borrower loses negotiating time.

Cash-Out

The borrower wants proceeds beyond payoff and costs. Clearly state the amount requested and business purpose, such as improvements, equipment, reserves, acquisition, or operating needs.

Seasoning and Title

How long the borrower has owned the property can affect program eligibility and value treatment. Provide the acquisition date, price, financing source, and any relationship between buyer and seller.

Bridge Exit

A successful bridge exit connects the original plan to current facts: completed scope, stabilized occupancy, improved income, updated value, and a sustainable long-term payment.

Beyond the Interest Rate

Compare the transaction as a whole: proceeds, payment, timing, flexibility, and risk.

Proceeds

A lower rate may be less valuable if the structure does not provide enough proceeds to complete the purchase, pay off debt, or execute the business plan.

Timing

Closing speed matters when there is a contract deadline, maturity, auction, renovation schedule, or business opportunity. Fast still requires accurate documents and responsive parties.

Amortization and Term

The amortization controls scheduled principal repayment; the loan term controls maturity. A long amortization with a shorter term can lower payments while still creating a future balloon.

Certainty

A realistic approval path can be more valuable than an attractive quote that depends on facts the borrower cannot document or a property the lender ultimately will not accept.

Prepayment

Commercial loans may include prepayment penalties, yield maintenance, declining schedules, lockouts, or other provisions. Borrowers should understand how the terms fit their hold period.

Fees and Reserves

Appraisal, environmental, legal, lender, title, escrow, and reserve requirements can affect cash needed and total economics. Compare the complete structure, not one number.

CHAPTER 9

Qualify the Scenario Before You Sell It

A productive first conversation gathers enough information to identify likely paths and obvious obstacles. It does not require a complete underwriting package, but it should be specific and accurate.

- **Property**
- **Purpose**
- **People**
- **Performance**
- **Timing**

The Five-Fact Review

1 **Property**

Address, type, use, unit count, occupancy, condition, size, location, and estimated value or purchase price.

2 **Purpose**

Purchase, rate-and-term, cash-out, bridge exit, renovation, equipment, or working capital - plus the business goal.

3 **People**

Borrowing entity, ownership percentages, guarantors, citizenship or residency where relevant, experience, and approximate credit range.

4 **Performance**

Rent roll, leases, revenue, expenses, occupancy, business bank statements, operating history, and recent changes.

5 **Timing**

Contract date, closing deadline, maturity, payoff, appraisal status, urgency, and any event that could affect execution.

6 **Request**

Desired loan amount, available equity or down payment, cash-out need, proposed use of proceeds, and preferred structure.

Never collect Social Security numbers, bank-account numbers, or highly sensitive personal data through casual email, text, or social media.

Initial Document Checklist

1 **Transaction**

Purchase agreement, current mortgage statement or payoff, requested loan amount, purpose, and timing.

2 **Property**

Photos, current use, unit mix, leases, rent roll, tax bill, insurance, HOA data, repair scope, and environmental history.

3 **Income**

Operating statements, trailing income and expenses, lease deposits, business bank statements, and supporting schedules.

4 **Borrower**

Entity formation documents, ownership schedule, experience summary, identification through secure channels, and credit authorization when requested.

5 **Liquidity**

Bank, brokerage, retirement, or other eligible asset documentation showing funds for closing and post-closing reserves.

6 **Business**

For owner-occupied or working-capital requests: business history, revenue, debt schedule, bank statements, financial statements, and use of proceeds.

7 **Equipment**

Invoice or purchase order, equipment description, year, make, model, condition, seller, and intended business use.

8 **Explanation**

Short written explanations for credit events, occupancy changes, ownership transfers, unusual deposits, liens, or other material issues.

Requirements vary. Wait for the actual document request before sending sensitive information, and use secure delivery methods.

How to Read a Rent Roll

A rent roll is not just a list of tenants. It is a snapshot of the property's operating engine.

Unit and Tenant

Confirm each unit or space, tenant name or identifier, unit size, lease status, and whether any units are owner-used, vacant, model, employee, or offline.

Lease Dates

Review start and expiration dates, renewal options, month-to-month status, rent increases, and concentration of expirations in one period.

Market Position

Compare in-place rents with credible market support. Below-market rents may suggest upside, but projected income is not automatically treated as current qualifying income.

Rent and Collections

Compare scheduled rent with actual collections. Note concessions, delinquency, non-rent charges, security deposits, and whether rents include utilities or services.

Occupancy

Physical occupancy and economic occupancy are not always the same. A unit can be occupied while rent is unpaid, discounted, or otherwise not producing expected income.

Reconciliation

The rent roll should make sense alongside leases, deposits, bank activity, operating statements, and the borrower's explanation of property operations.

NOI and Cash Flow

Strong decisions use sustainable income and realistic expenses - not the most optimistic projection.

Gross Potential Income

The income a fully occupied property could generate at stated rents before vacancy, concessions, collection loss, and operating expenses.

Effective Gross Income

Potential income adjusted for vacancy and collection loss, plus eligible other property income. The exact treatment depends on the property and analysis.

Operating Expenses

Common categories include taxes, insurance, utilities, repairs, maintenance, management, payroll, landscaping, and replacement reserves. Debt service is generally not an operating expense.

Net Operating Income

NOI is effective property income minus operating expenses before debt service, income taxes, depreciation, and certain capital items. Lenders may normalize unusual or unsupported figures.

Debt Service

Scheduled loan payments used in the coverage calculation. Depending on program, analysis may use proposed principal and interest or a broader qualifying housing/property payment.

Stress Testing

Investors should examine what happens if vacancy rises, expenses increase, rent growth slows, or refinancing becomes more expensive at maturity.

CHAPTER 12

How Commercial Property Is Valued

Commercial appraisal is property-specific. The appraiser may use several accepted approaches and reconcile them based on the asset, available evidence, and market behavior.

- **Income approach**
- **Sales comparison approach**
- **Cost approach**
- **Market and property-specific reconciliation**

Three Value Approaches

Value is supported by evidence - not by the loan amount the borrower hopes to receive.

Income Approach

Value is analyzed through the income a property can sustainably produce. The capitalization rate, stabilized NOI, tenant risk, market conditions, and growth expectations can influence the conclusion.

Cost Approach

The appraiser estimates land value plus the cost to reproduce or replace improvements, less depreciation and obsolescence. This can be useful for newer or specialized improvements.

Price vs. Value

A contract price reflects what parties agreed to pay. Appraised value reflects the appraiser’s supported opinion under the assignment. They may differ.

Sales Comparison

Recent sales of reasonably similar properties are adjusted for location, size, condition, use, tenancy, income characteristics, and other differences. True commercial comparables can be limited.

Reconciliation

The final opinion is not necessarily a simple average. The appraiser weighs the relevance and reliability of each approach for the property being valued.

Investor Discipline

Before ordering an appraisal, pressure-test value assumptions using realistic income, expenses, market evidence, condition, and the intended business plan.

Commercial Appraisal Readiness

A complete property package helps the appraiser understand the asset without advocacy or guesswork.

Access

Make sure the appraiser can access all units, spaces, mechanical areas, and relevant improvements. Missed access can create delays or assumptions.

Condition

Disclose deferred maintenance, code issues, water intrusion, roof or mechanical concerns, environmental history, and incomplete work. Surprises rarely help.

Market Support

Useful market data may include credible rental comparables, recent property sales, occupancy trends, and the borrower’s operating history. Do not pressure an appraiser toward a predetermined value.

Property Package

Provide accurate rent roll, leases, operating history, tax and insurance data, surveys or plans when relevant, renovation details, and contact information.

Improvements

Document capital improvements with dates, costs, permits, invoices, photos, and a clear description of how they affected condition, income, or marketability.

Review

If a report contains a factual error, identify it precisely and provide support. A value disagreement alone is not evidence of an appraisal error.

CHAPTER 13

From Scenario to Funding

Commercial transactions move through a series of decisions. Each step depends on accurate information and may reveal new requirements. Clear communication keeps the parties aligned.

- **Initial review**
- **Indicative structure**
- **Application and third parties**
- **Underwriting and conditions**
- **Closing and funding**

The Transaction Process

Preliminary terms describe a possibility. Final documents define the transaction.

1. Initial Review

The borrower shares the core facts. The financing professional identifies possible program categories, missing information, obvious conflicts, and a realistic next step.

2. Indicative Terms

A preliminary discussion or letter may outline a possible structure based on unverified information. It is not the same as final approval or a commitment to lend.

3. Application

The borrower authorizes the process, provides required documents, and may pay third-party or other applicable fees. Exact steps vary by lender and transaction.

4. Third-Party Reports

Appraisal, title, environmental, survey, inspections, property-condition, zoning, insurance, or other reports may be required.

5. Underwriting

The lender evaluates borrower, property, income, credit, collateral, ownership, documentation, and compliance with program requirements. Conditions may be issued and revised.

6. Closing and Funding

After approval and satisfaction of conditions, closing documents are prepared, funds and insurance are confirmed, documents are signed, and the transaction funds according to lender and closing-agent procedures.

Closing Readiness

1 Track Conditions

Maintain one current list of open conditions, responsible parties, due dates, and submitted items.

2 Confirm Funds

Verify required cash to close, reserves, fees, payoff amounts, deposits, and acceptable source-of-funds documentation.

3 Insurance

Bind the required coverage and confirm lender, property, entity, and loss-payee information early.

4 Title and Entity

Resolve liens, judgments, ownership discrepancies, entity status, signatures, and authority before documents are drawn.

5 Review Terms

Borrowers should understand rate, payment, maturity, amortization, prepayment, recourse, reserves, covenants, and closing costs before closing day.

6 Stay Available

Borrower, realtor, title, insurance, attorney, lender, and financing contact should remain responsive as final figures and documents are completed.

7 Avoid New Problems

Do not change ownership, incur major new debt, move unexplained funds, alter the property, or withhold material information during underwriting.

8 Protect Security

Use verified contact information and secure portals. Confirm wiring instructions independently before sending money.

Missing or inconsistent documentation is one of the most common causes of avoidable delay.

CHAPTER 15

The Realtor Referral Playbook

A strong referral is permission-based, fact-focused, and transparent. The realtor remains the property expert while the financing professional organizes potential funding paths and communicates the next requirements.

- **Ask permission to connect**
- **Share verified facts**
- **Avoid quoting unapproved terms**
- **Keep the borrower and referral partner informed**

How to Make a Strong Referral

A valuable referral is a warm introduction supported by accurate facts - not a promise.

Identify the Opportunity

Listen for investor purchases, expiring balloons, cash-out needs, business owners leasing their buildings, bank declines, renovation projects, equipment needs, and portfolio growth.

Set the Right Expectation

Explain that the request will be reviewed for potential business-purpose programs. Do not promise an approval, rate, leverage, proceeds, or closing date.

Stay Connected

Ask how the financing professional will communicate milestones. Respect confidential borrower information and do not request documents you do not need.

Gather the Basics

Property address and type, purchase price or value, loan purpose and amount, rent or operating income, occupancy, approximate credit range, down payment or equity, and timing.

Make the Introduction

With permission, introduce the client by email or text and include a brief factual summary. Copy the client so they control the conversation.

Keep Building

After closing or a helpful review, ask what worked and what could improve. Consistent, professional follow-up creates trust and repeat referrals.

Investor Offer Readiness

A disciplined offer connects price, income, costs, financing, and exit strategy before the contract is signed.

Define the Plan

Is the goal to hold, renovate and sell, stabilize and refinance, operate a business, or reposition the property? Financing must fit the plan.

Build the Expense Picture

Include taxes, insurance, management, maintenance, utilities, HOA, vacancy, repairs, reserves, and property-specific costs.

Protect the Timeline

Allow time for lender review, appraisal, title, insurance, environmental or other reports. Contract contingencies should reflect the actual transaction.

Estimate the Income

Use current leases and credible market evidence. Separate existing income from projected improvements, and document assumptions.

Know the Capital Stack

Identify available down payment, closing costs, renovation funds, reserves, seller financing, partner equity, and requested debt.

Plan the Exit

For short-term financing, identify how and when the debt will be repaid. Test the plan against slower leasing, higher costs, lower value, or a more expensive refinance.

Illustrative Scenarios

RENTAL PURCHASE

An investor is considering a four-unit rental. The preliminary package includes purchase price, leases, market-rent support, taxes, insurance, HOA data, estimated payment, liquidity, and credit range. The review focuses on property cash flow, value, reserves, and transaction structure.

Lesson: review the cash flow before the offer becomes difficult to change.

BUSINESS PROPERTY

A business owner wants to purchase the light-industrial building currently leased by the company. The package explains business history, occupancy, purchase terms, business financials, guarantors, property use, and funds available.

Lesson: tell both stories - the real estate and the operating business.

BRIDGE EXIT

An apartment owner completed renovations and improved occupancy. The refinance package documents acquisition, scope, costs, new leases, current rent roll, operating results, payoff, and requested cash out.

Lesson: evidence must connect improvements to current performance and value.

EQUIPMENT GROWTH

A contractor needs an excavator for signed and anticipated work. The package includes equipment details, invoice, seller, business history, bank statements, revenue, ownership, and intended use.

Lesson: explain how the equipment supports productive business activity.

Scenario Submission Worksheet

1

Property

Address, city/state, property type, units or square feet, current use, occupancy, condition, and rural/suburban/urban setting.

2

Transaction

Purchase, refinance, cash-out, bridge, fix-and-flip, equipment, or working capital. Include requested amount and business purpose.

3

Numbers

Purchase price or value, current payoff, down payment or equity, rents or revenue, expenses, renovation budget, and requested proceeds.

4

Borrower

Individual or entity, ownership, experience, approximate credit range, recent major credit events, liquidity, and citizenship/residency where relevant.

5

Timing

Contract date, closing deadline, maturity, appraisal status, renovation timeline, or other critical event.

6

Documents

List what is available now: contract, rent roll, leases, operating statement, bank statements, entity documents, equipment quote, photos, and payoff.

7

Challenges

Bank decline reason, recent stabilization, title seasoning, tax lien, vacancy, repairs, rural location, unusual property use, or documentation limitation.

8

Goal

Describe the successful outcome in one sentence and identify the preferred next step or decision needed.

Send only non-sensitive summary information during the first review. Use secure channels when documents or personal information are requested.

Questions for the First Conversation

The first conversation should reveal the opportunity, the evidence, and the next decision.

Property

What is the address and current use? How many units or how much space? Is it occupied? What condition issues should we know about?

Numbers

What is the price or estimated value? Current payoff? Requested loan? Down payment or equity? Monthly rent or operating income?

Timing

Is there a contract, maturity, closing date, auction, equipment delivery, or other deadline? What happens if the date is missed?

History

When was the property acquired? What improvements were completed? Were there recent ownership, occupancy, or income changes?

Transaction

Are you purchasing, refinancing, taking cash out, completing renovations, buying equipment, or seeking business capital?

Borrower

Who will own the property or asset? What experience do the principals have? What is the approximate credit range?

Documentation

Are tax returns, business bank statements, leases, rent rolls, operating statements, entity documents, and proof of funds available?

Exit

If the request is short-term, what is the repayment plan? What conditions must be achieved before sale or refinance?

Commercial Finance Glossary

Amortization

Schedule used to repay principal over time.

Balloon

Remaining balance due at maturity.

Bridge Loan

Short-term financing tied to a defined transition or exit.

Cap Rate

NOI divided by value or price, used as an income-property measure.

Cash-Out Refinance

New financing that may provide proceeds beyond payoff and costs.

Debt Service

Required principal and interest or other qualifying property payment.

DSCR

Qualifying property income divided by qualifying debt service.

LTV

Loan amount divided by property value.

NOI

Property income minus operating expenses before debt service and certain other items.

Prepayment Provision

Terms governing early payoff.

Recourse

The extent to which guarantors may be personally liable.

Rent Roll

Schedule of units or spaces, tenants, rents, leases, and occupancy.

Seasoning

Time since acquisition, ownership, financing, or another event.

Stabilized

A property operating at supportable occupancy, income, and expenses.

Term

Time until the loan matures.

Underwriting

Evaluation of property, borrower, collateral, documentation, and risk.

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