

# **Navigating Commercial Real Estate Lending**

Presented by  
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## **Personal Background**

- Construction industry summer jobs
- Education
- Banking industry

## **Banking Industry Today**

- Deposit activity
- Lending overview
- What are the general goals in building a community bank?
- What is valued in the financial markets?

## **Income Property Lending Overview**

- Establishing lending criteria and loan programs
  - Be specific
  - Stay with your expertise
  - Avoid the “WYT” challenges
  - Seismic considerations
  - Environmental risks and Asbestos
- Understanding the collateral
- Know your borrower
- Engaging and reviewing the appraisal
- Shock test the cash flows at escalated interest rates and cap rates

## **Multi Family Considerations**

- Turn-over and make-ready rates
- Actual vs. Market vs. Pro-forma rents
- Excessive occupancy loads
- Property condition report – Utility metering
- Deferred maintenance – Holdbacks

## **Office Special Considerations**

- Mechanical & roof conditions, other code and condition issues
- Parking – Reciprocal agreements
- Term of leases, FSG vs. NNN
- Major tenants
- Notice of Attornment, Right to Quiet Enjoyment, Estoppel Certificates.
- Recorded leases
- ADA compliance

**Retail Properties**

Reciprocal easements and reciprocal use agreements  
CAM charges, Tenant Associations  
Major tenants – The draw  
“Go Dark” prohibitions  
Unconventional tenants  
Over-improved spaces  
Restaurants  
Dry Cleaners

**Industrial Properties**

Environmental Issues – Hazardous Material Generator  
Manufacturing  
Auto Repair  
Single purpose buildings  
Food processing  
Self-storage

**Mobile Home Parks**

Age of park, Age of coaches  
Know the parks standards  
Rent Control  
Know the local or state laws on abandoned coaches  
Right to sublet issues

**Business Real Estate**

Restaurants  
Health Clubs  
Hospitality  
Sporting (Golf, Archery, Shooting Gallery, Tennis, etc)

**Health Care**

Medical Office  
Specialty Clinics  
Assisted Living Facilities  
Skilled Nursing Facilities  
Surgical and ER Centers  
Hospitals  
State Licensing requirements  
Certificate of Need required?  
Hazardous Generator?  
Medicare Dependant?