

Mezzanine Financing

Typically used in medium to large scale commercial financing, but can also be used in residential development financing. Provides financing for real estate investors to cover the gap between their equity and the senior debt; it lowers the amount of required equity an investor needs to receive funding



Commercial Development



Financing

Product Features

| Property Type | N/A |
|---------------|---|
| Rate | <ul style="list-style-type: none">• Mezzanine debts have higher interest rates than senior debts• Instead of having the principal amortized over the life of the loan amount, Mezzanine loans can be interest-only |

Qualifications

- This type of financing has similar qualities to a 2nd mortgage with some very distinct differences:
 - Mezzanine financing goes behind a 1st mortgage but is NOT registered against the property as a 2nd mortgage
 - In case of a default, the Mezzanine lender's debt is converted into equity interest in ownership
- They usually aren't secured by collateral.
- Lowers the amount of equity needed for certain projects or deals.
- Increases the return on equity investment for the borrower.

