



Commercial Mortgage Advisors

605 East Robinson Street, Suite 500 • Orlando, FL 32801
www.cmacapital.com • Fax: 407-420-9589

Credit Tenant Lease (CTL) Brief CTL Financing for BBB- Investment Grade Rated Tenants

For CTL transactions with an Investment Grade rating of BBB- (or higher), the permanent lender issues their loan commitment and funds the full loan amount using their standard CTL underwriting criteria on the following basis:

For Existing CTL Properties: Permanent Loan:

- Maximum LTV using the lender's formula is 100%, but a lower LTV is available as well.
- For NNN leases the maximum loan amount is determined by: $\text{NOI/DCR}-1.01/\text{Constant}$.
- For NN leases the maximum loan amount is determined by: $\text{NOI/DCR}-1.05/\text{Constant}$.
- Annual Constant is determined by the current market rate and loan term. Loan Term must be the term of the CTL term.
- Loan Amortization must be the term of the CTL term so that it is self-liquidating.
- No balloon payments or Rate adjustments.
- Non-Recourse, except for standard carve-outs.
- No Permanent Lender's Loan Fee. Funding is at Par.
- CMA Loan Fee is typically 1%, subject to transaction size, portfolio lending, etc.

For Proposed CTL Properties: Construction Funds are provided by the Permanent Lender:

For proposed BTS CTL properties, all the above criteria applies to the permanent lender's standard CTL underwriting criteria, but the permanent loan (to avoid rate risk) is funded into the developer's bank account on the following basis:

- The permanent Lender issues their Commitment letter at the current interest rate, which is the long term fixed rate for the permanent loan without a balloon or rate adjustment, with interest only during construction period.
- The permanent lender charges a \$2,500 inspection fee with their application, along with a 1% refundable application deposit. An additional 1% refundable deposit is due upon acceptance of their commitment. The 2% deposit is refunded after the closing.
- The borrower provides a Letter of Credit to the permanent lender for the loan amount from an approved bank using the permanent lender's funds as collateral. There may be a bank fee for the Letter of Credit.
- The permanent lender funds the full loan amount into the developer's bank account, thereby collateralizing the bank's Letter of Credit. The bank pays interest to the developer on those funds.
- The bank disburses the permanent lender's funds on a monthly basis and may charge a servicing fee.
- Upon project completion and issuance of the C/O, tenant acceptance of the premises and rent commencement, the Letter of Credit is cancelled and amortization of the permanent loan begins.

A more comprehensive summary is available upon request