

REAL ESTATE INVESTMENT STRATEGIES

Preferred Equity Financing Overview

Lument Real Estate Investment Group is a proprietary lending arm of Lument Real Estate Capital Holding, LLC. This group procures competitive, fixed cost of capital preferred equity for borrowers seeking additional leverage in addition to traditional agency first mortgages.

ADVANTAGES

- Provides “gap” capital with prepayment flexibility and can be replaced with future, supplemental proceeds from the underlying agency lender.
- Lower minimum dividends allow for stronger combined debt service coverage and more favorable last dollar preferred equity LTVs.

INVESTMENT AMOUNT	\$2 million and up
TERM	Coterminous with underlying agency mortgage
PREFERRED RETURN	~ 11% – 15% with flexible pay and accrue structures
CURRENT PAY	Negotiable, generally a minimum of 5%; Soft and hard pay structures available depending on senior lender
TARGET LTV	80% - 85%
MINIMUM DSCR	1.05x based on amortizing senior mortgage + current pay
AMORTIZATION	Interest only
PREPAYMENT	Open subject to minimum interest
FEES	Negotiable
RECOURSE	Non-recourse subject to market standard carve-outs
GEOGRAPHY	Primary and Secondary U.S. MSAs
SUPPLEMENTAL MORTGAGE	Fannie Mae and Freddie Mac Supplemental loans can be used to redeem the Preferred Equity as well as provide future, additional leverage

For more information, please contact:

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