



How Do Commercial Real Estate Loans Work?

Whether you're ready to expand your current business operations, move locations or simply renovate the building you occupy, finding the correct financing is essential. That's why commercial real estate loans are the best way to fund the growth of your small business.



Loan Basics

Commercial real estate loans are used for businesses and organizations. These loans are what you would use to purchase office space, build a new commercial building, or remodel an existing one.



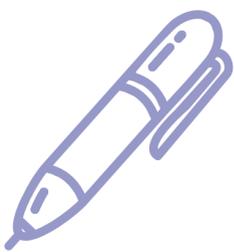
How Do They Work?

A commercial real estate loan is secured using liens on the commercial property and a down payment. The amount you'll pay up front depends on your creditor, but generally most require 20 to 30% of the total price of the property.



Interest Rates

Commercial real estate loans tend to have higher rates than other types, such as residential. The creditor will determine your interest rate based on a variety of factors, including the type of business, business' credit, and business' financial health.



Terms and Repayment

The two most common types of terms for commercial real estate loans are intermediate-term loans, which are three years or less, and long-term loans, which are for anywhere from five to over 20 years.



There are also two types of loans: amortized loans or balloon loans. Amortized are the most familiar and are repaid on a schedule in fixed installments with interest. With a balloon loan, you pay fixed installments until the end of the term, and one large sum is then due to cover the remaining principal.



Fees

A small portion of your repayment will be fees. These fees cover items such as your application costs, loan origination, real estate appraisals and surveying costs.

Finding the right loan for your business requires the help of someone with experience. If you're ready to purchase commercial real estate or are looking for information, let Chris Falk guide you through the process from beginning to end.

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