

Business Real Estate Financing

How to choose between a commercial real estate equity loan or line of credit

We want to help small business owners and commercial real estate investors understand the credit options available when leveraging the equity in your commercial property.

Loan

Equity loans distribute funds in one lump sum and are typically used for a single business-related event.

Repayment of the loan is based on the term and interest rate, and has a set schedule with a certain number of payments.

At the end of the term, the loan is either paid in full or if it is a balloon loan, there will be an outstanding balance to be refinanced or paid off.

Uses:

- Business expansion
- Property improvements
- Purchase large equipment, vehicles, or additional property

Benefits:

- Wide variety of terms with both fixed and Prime-based adjustable options
- Payment does not change on a monthly basis; however, if the interest rate is variable, your monthly payment will be adjusted annually, resulting in fluctuation of the monthly payment from year to year¹

Features:

- Fixed or adjustable interest rate
- Predictable monthly payment
- Funds are disbursed in a lump sum at booking

Line of credit

A revolving credit option that provides the flexibility of unlimited draws as needed, up to a specific credit limit.

The Commercial Equity Line of Credit utilizes equity with a 5-year, Prime-based revolving equity line after which the balance converts to an adjustable 15-year amortized loan for a total term of 20 years.²

Uses:

- Property improvements
- Business expansion
- Purchase of commercial real estate or large equipment, vehicles, or additional property

Benefits:

- Convenient access to funds
- No annual fee the first year³
- Interest accrues only on the portion of the line that is in use (disbursed)
- Funds are available for unexpected opportunity

Features:

- Adjustable interest rate
- Variable monthly payments based on the outstanding balance
- After the 5-year draw period, the balance converts to an adjustable 15-year amortized loan for a total term of 20 years

Click [here](#) to get more information about the loans and line of credit available through Business Real Estate Financing.

1. The interest rate will adjust when Prime changes, but the monthly payment will only adjust annually.

2. The monthly payment will adjust whenever there is a change in the Prime Rate during the draw period. During the 15/15 loan period, the interest rate will adjust when Prime changes, but the monthly payment will only adjust annually.

3. After the first year, an annual fee of 0.25% of the line amount will be assessed during the 5-year draw period (with a minimum of \$250 and maximum of \$1,000).

