



## **Commercial Construction Development Worksheet**

This is not a comprehensive list but will help you understand the point of view of a lender that is looking at your construction development project.

### **Property and Project**

- permits and approvals - from all levels of government
- zoning – is the proper zoning in place or will it be
- environmental report – is it needed – past use of property
- property taxes paid and up to date

### **Construction Planning and Costs**

- construction budget – is it detailed – is it realistic
- architectural drawings – are they complete – are they approved
- time to complete – what could affect the schedule

### **Exit Strategy**

- pre sales and/or leases – is any space leased or interested parties to buy
- time to full occupancy or sale – any market research or documents to support
- bank financing will want at least 75% occupancy and 1.2 debt service

### **Security**

- collateral available – other properties – other assets
- experience – company started when – some projects that have been completed
- references – are they available
- credit – company and personal

### **Cash Flow During Construction**

- equity or cash being put into project – liquid cash for this project – developer's cash goes in first, lender's second
- cash flow to carry construction – construction money is 1% or more per month

### **Income After Construction**

- appraisal will be required – commercial property valuations are based on revenue
- what will the property lease for per square foot - what costs are there
- what are other similar properties leasing for now
- what will the gross revenue per year be
- what will the net income be to service debt