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# INNOVATIVE MORTGAGE SOLUTIONS FOR CANNABIS ENTREPRENEURS

NATIONAL CANNABIS FESTIVAL



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# Real Estate Financing Solutions for Cannabis Industry Clients

Emerald Mortgage Capital (EMCAP) is your ultimate cannabis real estate financing companion, here to make your dreams a reality! Say goodbye to the headache of expensive properties and banks turning you away. EMCAP has your back!

Think of us as your personal concierge, tirelessly scouring the market to uncover the best financing options tailored specifically for the cannabis industry. Whether you're eyeing traditional real estate loans, alternative financing, or seeking flexible capital, we've got the magic touch! ✦

We'll handle all the legwork, leaving you free to focus on what you do best – growing your business! And the best part? Our top-notch service comes at absolutely no cost to you! That's right, zero dollars out of your pocket.

Our experienced lenders are laser-focused on one thing: securing you the deal of a lifetime quickly and efficiently. With a plethora of credit, revenue, and asset-based financing options boasting GREAT rates and generous terms, the possibilities are endless!

Looking to snag some new land, purchase a commercial property, or expand your existing facility? If it's for your business, we've got the funds to make it happen!

Worried about drowning in a sea of phone calls from eager lenders? Fear not! We'll pair you with the perfect lending partner, ensuring you receive top-notch service without the hassle of endless inquiries.

Ready to take the next step towards financing your cannabis real estate dreams? Reach out to us today for a complimentary, no-obligation consultation by simply filling out our short form. We're standing by, eager and excited to serve you!

# Cannabis Industry Real Estate Loan FAQ's

**Q: What options do I have for finding financing for my cannabis, hemp or CBD business?**

**A:** Current options fall into a few general categories. Although there are a smattering of banks, credit unions and private equipment lenders the majority of financing comes from hedge funds, family office funds & private investors, hard money lenders, development companies, management companies and high net worth individuals.

**Q: How do I qualify for cannabis financing?**

**A:** Overall, funding sources look for the same things lenders in traditional industries are looking for. A combination of revenue and net income that can service the debt, with personal guarantors that can service the debt with or absent company revenues, with collateral to back the deal up in the event the first two pillars fail.

You'll need at least two of the three pillars to open some doors. Or if only one pillar is present, it would need to be incredibly strong. For example, a PG with enough income and cash reserves to stroke a check, but they prefer to finance. Or a \$10MM in valuable collateral where you only need \$1MM in financing against it. Or plenty of revenue and net income that demonstrates you can easily service the debt.

Almost every cannabis funding source will require a personal guarantor that can demonstrate they can back up the financing. If your pillars of revenue, net income and collateral are strong you don't always have to personally guarantee the financing. But if you don't, it will affect your rate and term as well as close some doors that might be open otherwise.

**Q: If banks and credit unions are lending to the cannabis industry, how come I can't find them anywhere?**

**A:** Most banks and credit unions did not start as pure cannabis lenders and are still regulated by the federal government. As traditional institutions move into the industry they are quiet about it and don't really advertise. We have to find them via direct contact or through our network of partners.

**Q: How does the Emerald Mortgage Capital (EMCAP) process work?**

**A:** Unlike other services, we believe inundating you with phone calls and emails from numerous lenders simultaneously isn't ideal. That's why we carefully assess your information, identify your top initial option, and connect you with one choice at a time. If the first option doesn't work out, we persist in finding alternatives, presenting them to you sequentially until all possibilities are explored. It's worth noting that our network welcomes new partners monthly, ensuring a continually expanding array of options.

**Q: What do I need to get qualified for financing for my cannabis, hemp or CBD based business?**

**A:** It depends on the type and amount of financing you are looking for. You can use the following information as a general guideline. Programs usually require a personal guarantor but not in every situation.

- Non-secured cannabis loans: You need a minimum of 6 months time in business, 3 months of bank statements and \$12,000 per month in revenue.
- Cannabis equipment financing: You need a minimum of 6 months time in business, 3 to 6 months of bank statements and above average credit.
- Real estate financing: You need a minimum of 6 months time in business, 3-6 months of bank statements, above average credit and the loan to value must be 65% or lower.

**Q: What type of documents will I need to apply for financing?**

**A:** Required documents vary depending on the type of financing your company is seeking. For a list of the documents related to your request, along with helpful templates you can download, visit our [Cannabis Financing Documents & Templates](#) page. Also, our partners may require that you fill out their official application if they are interested in funding your project.

**Q: We are a pre-revenue startup in need of financing. Can you help?**

**A:** Sometimes. We do have partners that will look at startups. But you will still need to have a combination of personal guarantors and collateral that demonstrates your ability to service and securitize the debt being requested.

**Q: Do you work with brokers or just direct lenders?**

**A:** Our partner network includes both direct lenders and brokers. If you are a broker that needs help financing your clients we are happy to help. If you are a broker with cannabis lenders and would like to join our partner network, contact us today to get the conversation started.

Have a question that you don't see here?



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# Alternative Loan Options:

## **FICO Based Cannabis Financing**

For small cannabis financing requests around \$50K and over, there is a personal financing program available. It is based on an individual's credit score, income, debt to income and debt utilization ratios. If you have at minimum of a 680 credit score, can demonstrate sufficient income, a monthly debt to income ratio of 40% or less and a debt utilization ratio of 20% or less you might qualify for the program.

The term option cannabis financing rates range from 8.9% to 19.9% and repayment terms range from 5-7 years. Applicants can be approved for up to \$600K per and multiple owners can apply. This also has the 9.9% origination fee on the back end.

These can be used in combination as well, and are great for smaller dollar asks and can be faster than other financing. Pre-qualification can happen in 1-3 business days with funding in 10-15 business days.

## Private Investor Funds

These sources of cannabis industry financing are the closest to what would be considered traditional debt financing. They provide equipment and real estate financing as well as unsecured capital.

Cannabis equipment financing caps out at around 75% LTV on average. Although programs may be advertised starting at 8%-10% for grade A paper, 12% is truly the average. I've seen a little lower and I've seen much higher. Terms are 3 years on average with some extensions and longer in some cases.

Where equipment gets interesting is that some lenders like lighting and some don't. Some consider HVAC a building improvement, some consider it equipment. No one loves fertigation and irrigation equipment due to the difficulty in extracting it, its non-durable value and small secondary market. Rolling trays and low value equipment are also not desirable but can be funded if small part of a larger request. The easiest cannabis equipment to

finance is any that is easy to repossess, has durable value and a large secondary liquidation market.

Cannabis real estate financing caps out around 65% LTV on average, with rate ranges similar to equipment. Terms are 5 years on average and usually interest only, although structures vary and are sometimes negotiable. Sources vary on whether they will finance land, building renovations and ground up construction.

One important issue to note is valuations. We always recommend getting a commercial and cannabis use appraisal on your building or renovation/construction plans. Lenders generally use the commercial value, but if they are close, there may be some room for negotiation. However, if your cannabis real estate is appraised at \$1MM commercial use and \$5MM cannabis use, you can bet on it being valued at the \$1MM to the lenders.

When it comes to cannabis real estate as collateral, brick and mortar rules, metal and concrete is ok but plastic and metal structures are generally not great collateral. Location also matters, the closer to an urban area the more desirable it becomes. Lenders don't want to own a piece of property in the middle of nowhere if things go bad.

Unsecured capital for cannabis companies is usually based on revenue or a combination of revenue, POs and strength of personal guarantors. Rates can range from 15% to 40% and terms are generally 90 days to 18 months. It is the most expensive short term money where the opportunity needs to outweigh the cost of capital for it to make sense.