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Launch Your Client Relationships

Lead clients through the loan process to ensure smooth underwriting and closing

MANY COMMERCIAL MORTGAGE BRO-kers know that the days when loans were underwritten solely based on the ability of properties to generate income are over. Gone are the times when underwriters gave borrowers' qualifications a cursory nod. The challenge mortgage brokers and loan originators face today is that many borrowers continue to hold onto the belief that their abilities and credentials are not an important part of underwriting criteria.

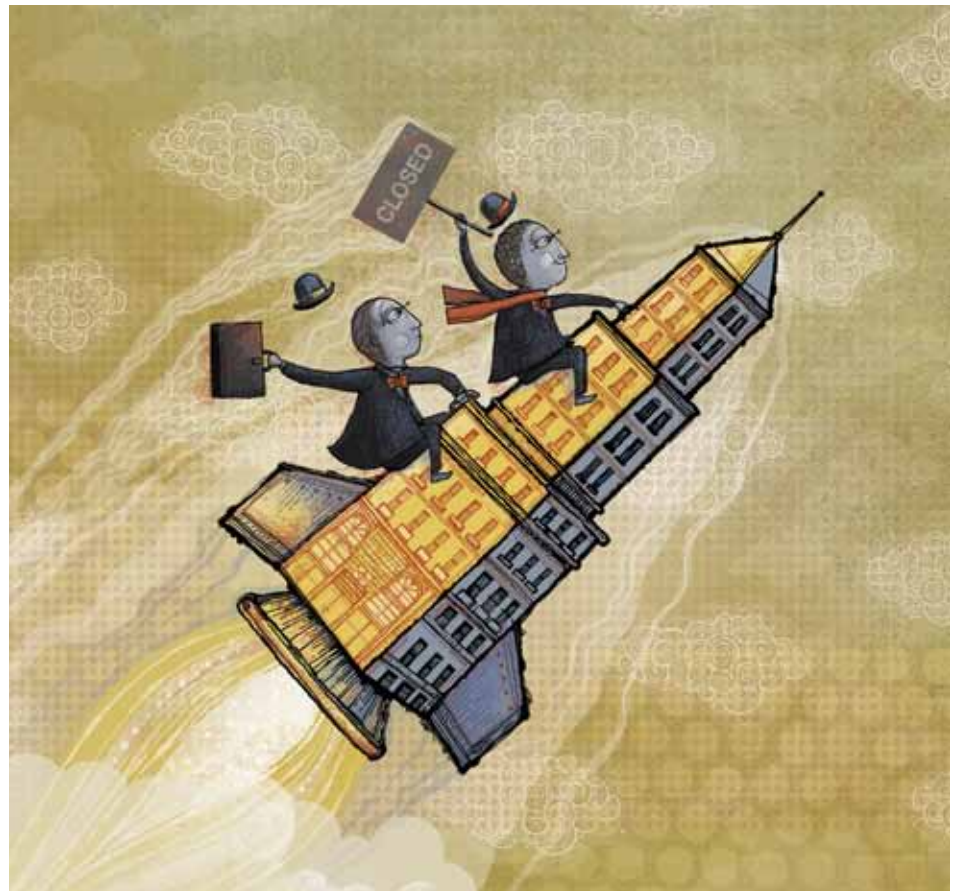
It's the job of commercial mortgage brokers to help borrowers understand how lenders take a cautious approach when financing today's deals. Lenders look at a property's performance, scrutinize the income and assets of the guarantor, and also question the borrowers' ability to successfully operate the property.

Brokers who understand how borrowers and lenders perceive mortgage deals, take the time to educate clients' about today's realities, and gain clients' trust and cooperation can achieve a status that's nothing short of best-in-class among their peers. The following strategies can make the task of funding deals easier, faster and more rewarding.

Manage expectations

By understanding borrowers' perceptions of financing, brokers can develop property-marketing strategies for their loan products. Brokers can manage clients' expectations by letting borrowers know exactly what is required to successfully complete the application process.

It's important for borrowers to understand that they and their brokers are on the same team. Brokers are there to get the job done, not to create problems for borrowers. By setting the scene, brokers can change



their borrowers' perception of the process. A pre-underwritten loan package can:

- **Create a competitive environment on behalf of the borrower**
- **Test the market for funding**
- **Reveal issues that should be fixed**
- **Increase the likelihood of success in closing a transaction**

In addition, commercial mortgage brokers should give their clients a checklist of documents and other preliminary items that are needed to start underwriting. From

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day one, brokers can show clients that each step in the process makes it easier for lenders to analyze the loan proposal. The result is a timely underwriting process that will allow borrowers to carry out their business plans.

Communicate

Reliable commercial mortgage brokers are worth their weight in gold. Brokers provide an important buffer between borrowers and lenders that are focused on retaining and cultivating their best customer relationships. Let your borrowers know that by having a successful record, they can demonstrate their ability to close a deal.

When brokers understand the advantages of building and growing relationships built on mutual trust, they provide better services to their clients. It's the brokers' job to lead borrowers to this understanding.

Brokers also should communicate to clients that they have strong relationships with lenders, which can help smooth the way to seeing deals close. It's easier to negotiate and to effectively enter into a constructive dialog when solid working relationships exist.

Understand fears

Often what brokers perceive as uncooperative clients are just people who have doubts or fears about their ability to qualify for financing. They simply may be unaware of the typical due-diligence items on an underwriter's checklist.

Brokers should educate their borrowers about problems that can arise in the due-diligence process. In uncovering those issues, brokers and borrowers are presented with the opportunity to correct any weaknesses in the loan proposal early in the loan process.

Some clients may be inexperienced. Some may not like being told what to do, and others may be looking for something for nothing. But smart borrowers come to the table knowing that brokers can look at deals critically and leverage opportunities. Again, it's the duty of brokers to communicate the many advantages and services that they provide. Good brokers can turn what might be a missed opportunity into a closed deal.

Be specific

Much of the loan process is hand holding. It's a reality in doing business with new and experienced borrowers alike. For example, expect borrowers to deliver three documents when asked for seven. Borrowers often underestimate the amount of work and due diligence that is required on their behalf to get the job done right. This often is caused by a lack of experience combined with a lack of education, which causes most of the difficulties.

Once methods of communication are established between brokers and their borrowers, the prospects of closing the loan are enhanced greatly by having a definite understanding of what is required to satisfy

loan-underwriting requirements. Borrowers are better served by brokers who tell them at the outset exactly what is needed and when.

With that in mind, brokers must initiate a system for exchanging information and documentation that works well for both parties. For instance, in addition to providing borrowers with a clear checklist of required documents, brokers can outline specific delivery dates and specific methods for delivery.

Provide knowledge

Loans can become moving targets. Fannie Mae and Freddie Mac are reducing their share of the market, and private money, local financiers and banks are returning to the market — all clamoring for the opportunity to fund commercial transactions. Commercial mortgage brokers should be able to navigate the complexities inherent in various loan programs and frequently get better rates and terms than borrowers can get straight off the street.

Brokers should make it clear to clients that they can provide valuable industry knowledge and insight into the world of commercial lending — information that borrowers typically might not know or deal with. This type of insider knowledge of how the game is played can present borrowers as serious contenders and separate them from the competition in lenders' eyes. When the game is played well, deals close. And when deals close, brokers get paid. ●