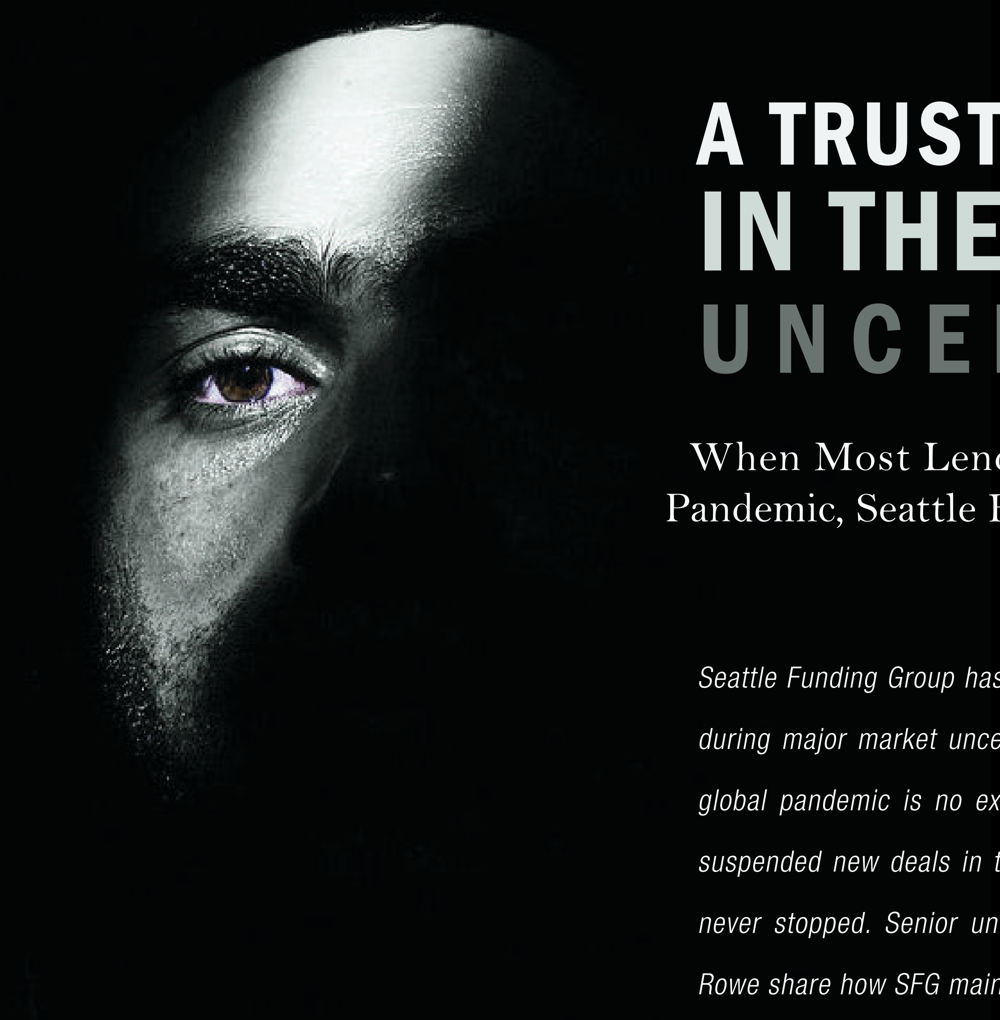

A TRUSTED LENDER IN THE FACE OF UNCERTAINTY

When Most Lenders Paused During the Pandemic, Seattle Funding Group Leaned In

IN ITS 32-YEAR HISTORY,

Seattle Funding Group has never once stopped lending, even during major market uncertainties like the dot.com crisis. A global pandemic is no exception. While most other lenders suspended new deals in the early stages of COVID-19, SFG never stopped. Senior underwriters Rodd Wagner and Kent Rowe share how SFG maintains its strong lending program.

This spring, as the early stages of the COVID-19 pandemic caused instability in just about every sector, Rodd Wagner watched the news roll in from colleagues across the private lending industry. One by one, most sent word that, for the time being, they were suspending their lending programs.

> “Most construction projects were at a standstill and no one knew what was going to happen with the economy. Everyone was frantically looking for information,”

recalls Rodd, a forty-year veteran to the commercial real estate field who now serves as senior underwriter for Seattle Funding Group’s Arizona branch.

Rodd Wagner | Sr. Underwriter

“The easiest thing to do when you aren’t sure is to just take a pause.”

While other lenders took a wait-and-see approach, Rodd and the rest of the team at SFG jumped into action, funding new deals even as the rest of the industry stood still. This might seem like a bold choice, but to anyone familiar with SFG’s 32-year history in the business, it comes as no surprise.

An All-Weather Machine

Lending during times of uncertainty is not new to Seattle Funding Group. Just ask Kent Rowe, vice president and a senior underwriter who has been with SFG for 22 of its 32 years. He helped the company weather the dot.com crisis, the 2008 recession, and every market fluctuation in between.

“SFG has been in business longer than just about any other private lender,” Kent points out.

“When you’ve been around as long as we have, you learn a great deal about managing uncertainty and maintaining strong lending practices no matter what scenario the market sends your way.”

Kent Rowe | VP & Sr. Underwriter

Rodd echoes this sentiment.

“Not too many lenders can say they’ve seen all of the scenarios we’ve seen. Having this long-term view helps us stay grounded and maintain perspective.”

Responsive Lending is Business-as-Usual for SFG

Both Rodd and Kent are quick to point out that SFG’s time tested approach to underwriting is one of the company’s most important strategies for weathering uncertainty. Pre-pandemic, many private lenders were comfortable underwriting loans with a 80% or even 90% loan-to-value ratio to borrowers with little depth to weather market shifts. Underwriters at Seattle Funding Group underwrite loan requests at leverage levels that accomplish the borrowers’ objectives without putting the deal in a position where a rising market is mandatory. This careful approach, fine-tuned over the years, helps ensure the success of a loan even if market factors suddenly change, like they did this spring.

John Odegard | Greg Elderkin
Fund Managers

SFG Fund managers regularly point out,

“it’s exercising appropriate disciplines in good markets that protect capital in untimely down markets.”

Seattle Funding Group did make a few adjustments in response to the pandemic. With so many other lenders sidelined, construction loan requests to SFG rose substantially. The company adjusted its construction lending model to make sure new borrowers demonstrated capacity to carry the project a few extra months if needed. But by and large, it was business as usual.

"We design each of our loans to succeed, no matter what circumstances a borrower faces,"

says Rodd.

"Most of the things a lender needs to do to protect itself during a time of crisis are standard practice for us."

Consistent Capital and a Nimble Approach

"Unlike many private lenders, Seattle Funding Group has 100% discretionary control of its funds."

This was another important factor, especially during the earliest days of the pandemic. Lenders who are funded through hedge funds or investor groups do not have this level of control. In early spring, many external funding sources simply put a freeze on money for three to six months while they evaluated their risk exposure. Private lenders were left with little choice but to sit and wait.

Because Seattle Funding Group is a fund-based lender, it maintains full control of its capital. This is crucial. It allowed the company to continue lending in the spring, on its own terms. It also gave underwriters like Rodd and Kent the ability to remain nimble, quickly adjusting to the market. As Rodd points out,

"Because of this, we have the flexibility to fine tune or custom craft each loan to best fit a particular borrower."

If Seattle Funding Group's long history as a trusted lender is any indication, this custom, borrower-centered approach is more important now than ever. Trying times call for a lender that knows how to weather any storm and come out stronger on the other side. And on that count, SFG's 32-year lending record speaks for itself.