



THE SOURCE

BUSINESS EDITION



Capture a Quick Response

Strategies for Successful Email Loan Requests

By John Odegard, CEO, Seattle Funding Group

At Seattle Funding Group, we take great pride in getting back to all email requests quickly, usually within just a few minutes. However, *there is a strategy to make the process faster and smoother* for everyone involved, while building your reputation as a great communicator. Smart communication always breeds positive business relationships, leading to referrals and profits. Three of the most common personality types of emailed loan requests are:

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The Deal Maker

Short and concise initial request that leads to follow up information and usually a phone call. Fast and efficient communication leads to a quick “not our deal” or “let’s move on this quickly.” *The Deal Maker* is a smart communicator who builds strong lender relationships.

Five brief points deal makers include with their initial email requests:

- **Property type.** Be as specific as possible. If the securing property is an office building, include size, class and general age. (Example: 30,000 sq.ft., built mid 80’s, class B building.) If you are not sure of the age or quality, send a photo. In fact, a photo always helps.
- **Location.** Be reasonably specific so the lender can relate to the sub-market dynamics of the securing property.

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- **Borrower quality.** It's okay to be somewhat general, but don't mask the truth. Is it a strong borrower with great credit, a "C" credit borrower with a strong partner, a non-recourse request but a highly credible borrower? Just give the lender a rough but accurate idea so they can better qualify the request.
- **Borrower's cash in the deal.** How much?
- **Reason for the loan,** and intended exit plan. Example: Borrower plans on improving, leasing and selling the property for a profit in the next 12 to 18 months. Keep it simple for now.

By including as much of the above mentioned information as possible, your lender can get a "deal at a glance" feel for the request and give you a quick preliminary level of interest and pricing expectations. Your objective as a broker should be to become a skilled and ethical deal maker and communicator. That's where the business is fun, rewarding and profitable.

The Amateur



Generalized request missing key deal points for discussion, such as location, borrower quality and borrower's cash contribution. This requires the lender to email back several more qualifying questions before even giving a general answer. Many times these email requests have minimal contact information from the sender. If you are a legitimate beginner in the industry, that's okay. We've all been there. Most credible lenders want to help you. Leave your phone number so they can call you and talk through the deal request. Together you may gain some strategies for capturing the business. It will save time from endless emails and should help grow your knowledge base. Ultimately you will learn and become a skilled and efficient deal maker.

The Lazy



The Lazy requester assembles, or somehow gets their hands on, an elaborate package of information on a transaction, sends it to a multitude of lenders with the comment "let me know if this is something you can do." What? Now the lender must open up all the files and sift through them to determine the deal points. Location, securing property description, borrower's cash contribution are all buried in a maze of data. The file dump request usually doesn't win friends or positively influence people. Visualize a co-worker walking into your office and dumping a huge file on your desk while you are on the phone, saying, "Let me know what you think," and then he/she goes to lunch. If the sender is too lazy to assemble an initial overview of the deal points, it must not be a real deal with a time clock attached. As business philosopher Brian Tracy would espouse, "This is not for you." You want to build a reputation as an honest deal maker with good communication skills. Being lazy won't serve you well. It's quickly detected and hinders early rapport.

All successful closings begin with good communication and fluid information flow. Get to know your lenders and work with them to accomplish a mutually desired result in a way that's most efficient for you and them. Working together is how great business is done.

At Seattle Funding Group, we serve everyone as quickly and responsively as possible, regardless of market status. The information above is just designed to assist brokers in facilitating the best service possible with whichever lender they choose. We hope it is helpful. Happy deal making!



Builder Skill: Paramount in the Success of Construction Loans

After many years of portfolio construction lending, and hundreds of construction loans funded, managed and serviced over the last two decades, two things stand out above all others when measuring a loan's success: the character and skill of the builder. When the market is frothy hot, everyone wants to be a builder and the numbers are easy to spin. Such was the case from 2005-2007. Yet when the market suddenly slipped into reverse, flaws of the amateurs were exposed and their lenders took huge losses. It is for this reason wise lenders must consider, at a deeper level, the builder's history, skill set and credit before loan approval. Even asset-based lenders should heed this advice, or inherit the many insidious risks the amateur builder (borrower) manifests. Below are some of the most common.

- Contractors not being paid due to disputes, which is many times due to poor project management by the builder.

- Project not complete on time, which leads to cost overruns, missed selling seasons and drained interest reserves.
- Poor construction quality. This is huge and can lead to substantial devaluation, especially in the Pacific Northwest or mountain resorts where water problems can come at an enormous expense.
- Project over budget due to inexperience. This can lead to shortcuts in building quality or pressuring (green-mailing) the lender for more money to complete the project.
- Eccentric finishes and interior design that are inconsistent and limit market appeal.

Good builders know their market well and create a product buyers want, and get maximum value. An amateur builder can undo all otherwise good underwriting, and send a deal spinning in the wrong direction. At Seattle Funding

Group, we have been fortunate that our greatest exposure to these mistakes was many years ago when the numbers were small. Since the late 1990's we brought all construction loan review and management in house. This has not only helped us avoid unnecessary risks, it has allowed us to serve our brokers better with faster answers and develop lasting, high quality builder relationships spanning a multitude of successful projects.

In summary, when underwriting construction loans the overall quality and skill of the builder is not an ancillary issue, it's primary. Yes the numbers and LTV must make sense. Yes the location and projected price point are critical. But don't overlook the importance of who you are doing business with. Because even with all the right ingredients, an inexperienced or poor character builder can create problems and losses, where none should exist.

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The Deal-hoarder vs the Deal-maker

Have Confidence in Your Value to the Transaction

Think back to your years as an adolescent starting the dating process. You meet the perfect person, quickly fall in neophyte love and then you can't sleep, eat or think straight. You want things to work out and the thought of losing this person fills you with fear. Due to your insecurity and obsessiveness, you start acting weird and lose the relationship. Looks like obsessive love and jealousy wasn't the answer.

Ultimately you learned how to act appropriately and build relationships based on value and trust. You learned to believe in yourself and the value you bring to the other person. Your self confidence

made you attractive and positive relationships developed around you....
The same is true for deal making.

From time to time we receive calls from brokers with what seem like viable transactions. However, we're not completely sure because they won't give the securing property address to anyone. They fear someone might steal the deal from them, so they only give bits and pieces, unless someone signs their five page "Non-Compete for 100 years" agreement. No thanks. Much like the jealous adolescent lover whose insecurity ultimately manifests the feared outcome, the deal stagnates due to information

constipation. The borrower becomes the victim of poor service and ultimately finds another broker whose confidence and cooperative attitude fosters fluid communication, solid relationships and steady deal flow.

Get to know your borrower and lenders well. Understand that if you are good, your future business and service means more to them than any one deal. Good lenders today are busy. Remember, a cup of milk is not worth killing the cow. Build good relationships, focus on service rather than commissions, and the profits will inevitably develop.

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Favorite Quotes:

"Education is learning what you didn't even know you didn't know."

– Daniel J. Boorstin

"I am always ready to learn although I do not always like being taught."

– Winston Churchill

"The first principle is that you must not fool yourself and you are the easiest person to fool."

– Richard P. Feynman

"If I see an ending, I can work backward."

– Arthur Miller

"In matters of style, swim with the current; in matters of principle, stand like a rock."

– Thomas Jefferson

"The most important thing in communication is hearing what isn't said."

– Peter Drucker

"What I don't like about office Christmas parties is looking for a job the next day."

– Phyllis Diller



SEATTLE FUNDING GROUP, LTD.

Corporate Headquarters

188 – 106th Avenue NE, Suite 600, Bellevue WA 98004 • 425.455.1733

www.SeattleFundingGroup.com

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