



Serving the Real Estate Community DURING A GLOBAL PANDEMIC

How Seattle Funding Group (SFG) Drew on Creativity and Collaboration to Close a Complex Deal Remotely

When the global pandemic shut down much of the world, SFG was in the middle of a complex, international lending deal. Instead of hitting the pause button, the company quickly pivoted, drawing on creativity, collaboration and long-standing relationship-based practices to close the deal remotely. Senior underwriter Ron Lorentsen and senior loan processor Denise Tallman share how the team rose to the occasion and the lessons they learned that will carry through even after the pandemic ends.

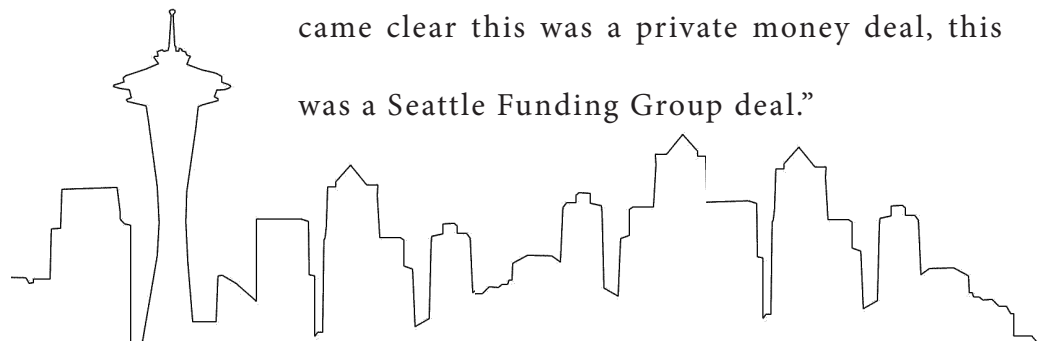
Even under normal circumstances, the \$4.25M lending deal was complex. A foreign national borrower; a 3-unit luxury condo development leased out by a vacation club; multiple existing related party liens on the property; an owner asking for the future ability to recapitalize debt and sell individual units.



“It’s a complicated deal,” says Ron Lorentsen, a senior underwriter at Seattle Funding Group. “High quality, but complex. These complexities are not in a traditional lender’s wheelhouse, especially when time is of the essence.”

The team at SFG first learned about the transaction through a mortgage broker in Hawaii, where the property is located. As is often the case, the broker brought his client to SFG specifically because of the deal’s complexities. He closed a number of transactions with the private lending group in the past, so he knew they were up to the challenge.

“As we got into the details,” says Ron, “it became clear this was a private money deal, this was a Seattle Funding Group deal.”



After more than 30 years in business, and a team of seasoned professionals on hand, SFG has pretty much seen it all. Ron and the team knew they had the expertise and deal-making capacity to handle the transaction's many nuances. But then, just as they began to dig into the details, COVID-19 emerged and everything changed.

A Creative Approach Lets SFG Pivot Quickly

The team at SFG planned for inevitable hurdles during the course of this transaction; every real estate deal comes with its fair share of unexpected challenges. But they never planned for a global pandemic. In a matter of days, international borders closed, Hawaii— where the condos are located— stopped accepting visitors without a 14-day quarantine, and businesses across the country shut their doors as millions of Americans sheltered in place.

Senior loan processor Denise Tallman sums up the challenges of assembling paperwork and signatures to close the deal:

“Everyone was scattered in different locations...The borrower is a foreign national based in Canada, but he couldn't fly here to sign the documents. It was hard to find a notary in Canada to witness the documents in person...The US Embassy had longer wait times... It's all been hard.”





Luckily, Denise was up to the challenge of making it happen remotely. With persistence, she found an attorney approved by the Canadian consulate willing to witness the documents. Before the notarized documents could leave the country, the attorney had to clear them with the US embassy, which took a few days longer than usual. Once cleared by the embassy, the documents were Fedexed to Hawaii for approval and recording then sent back to Denise.

“It took a lot of communication and creativity,”

says Denise.



Relationships Make All the Difference

And yet, in the midst of these hardships, SFG continued to show its strength. Before Denise closed the deal, it had to be underwritten. Under normal circumstances, at least one person from SFG would fly to Hawaii and see the property to help confirm value after their underwriting, but travel restrictions made that impossible. Luckily, the company has been lending in Hawaii for many years, so they have a large, trusted network of local appraisers and real estate professionals.



Value: \$9,000,000
LTV: 47%

“We always call on local realtors to help us with market analysis,” says Ron. “But in this case, we leaned on our contacts a little more.”

This included calling on their local network to walk the property, take photographs, and provide on-the-ground support in vetting of the project. For Ron, this experience was an important reminder that in the world of private lending, relationships make all the difference.

“You can’t just have Joe Blow off the street go do this for you, especially when you’re talking

about a multimillion dollar deal,” he points out.

“It needs to be someone who is vetted, someone who is trusted. In this case, we had several long standing relationships with experts to pull from. That doesn’t happen overnight. We have done a lot of business in Hawaii. They are relationships we’ve developed over years and years.”

This experience served as a valuable reminder about the importance of nurturing a strong network.

“These relationships are what made this possible.”



Looking to the Future

As we all are, Denise, Ron and the entire SFG team look forward to the day everything returns to normal. But in the meantime, they say, they are confident they can rely on the collaboration and creativity of their colleagues, both within SFG and in their larger network.

Says Denise, “At first, we all had to figure out how to conduct business not sitting in an office with team members down the hall and a huge conference room for meetings.” But everything gets smoother by the day, and she knows SFG is up to the challenge, however long it lasts. “It takes a collaboration from all of us to make these remote deals happen. Very few people could do it, but we can.”

About the writer: Allison Vrbova writes about business, technology, and innovation for freelance publications nationwide. She is based in Bellingham, WA.