SFG
SEATTLE FUNDING GROUP LTD
SFG INCOME FUNDS

THE SOURCE

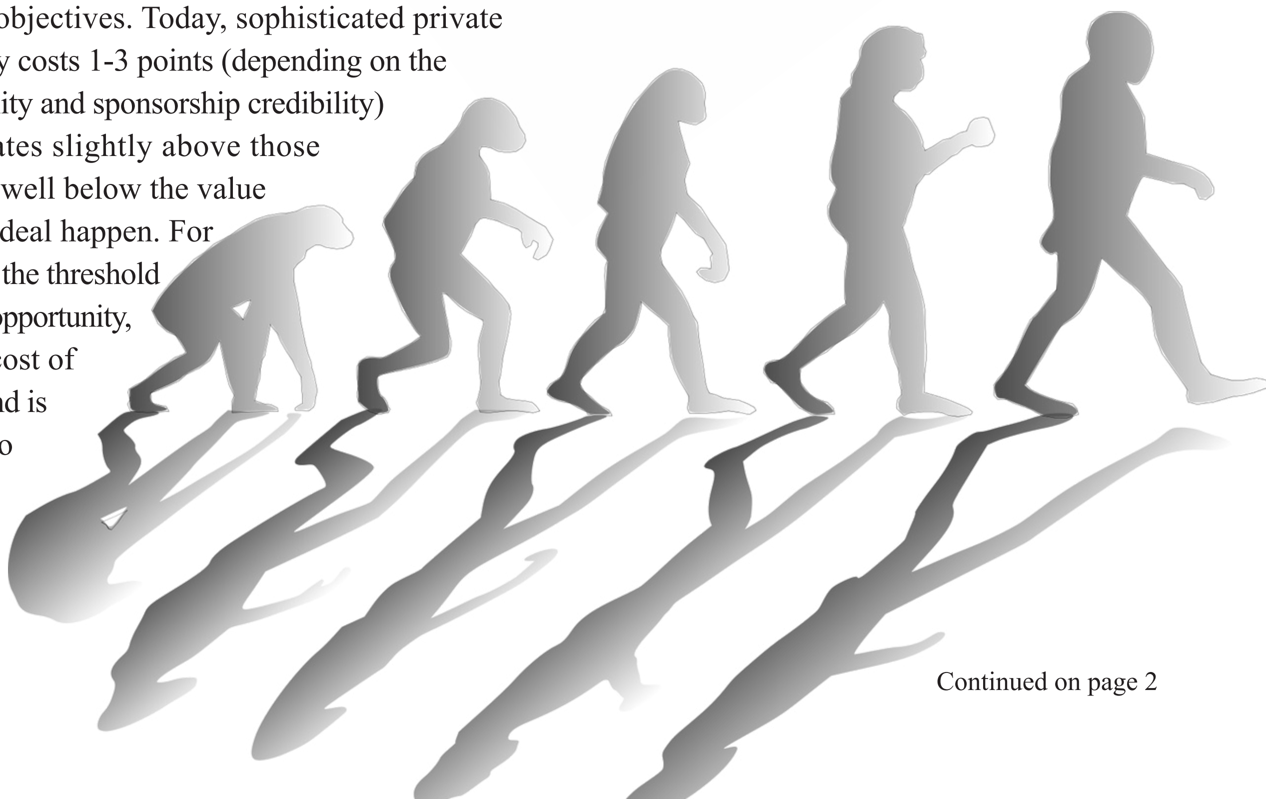
PRIVATE MONEY OR THE BANK?

Answer: Both. It's a one-two punch.

HERE IS WHY... Private money has evolved immensely over the last 10-15 years, especially since the Great Recession. The value private lenders bring to a transaction is much greater than in years past - pricing is substantially lower and a broader base of top-level customers is being served. If you still perceive private lending to be what it was ten years ago, you have missed an enormous transformation and one of the most prolific tools in the sophisticated real estate investor's arsenal.

1. MAJOR PRICING IMPROVEMENTS:

Private money is substantially less expensive than it was 10-15 years ago, and private lenders are much more sophisticated. Now, high-level private lenders design loans that work for the borrower, not just for the lender. To accomplish this, pricing must be reasonable while maintaining the "quick serve" mentality needed to achieve "speed of business" objectives. Today, sophisticated private money pricing usually costs 1-3 points (depending on the transaction's complexity and sponsorship credibility) and offers interest rates slightly above those offered by banks but well below the value added in making the deal happen. For borrowers standing at the threshold of a substantial profit opportunity, a slight premium in cost of capital is negligible and is typically factored into the purchase price.



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In the modern market, top echelon private lenders are all "fund based" lenders. Gone are the days of private lenders looking for investors to fund your deal. That model is too inefficient to compete in today's dynamic real estate climate, and the costs are too unpredictable as well. Today's fund-based private money lenders have dramatically changed the pricing and efficiency models within the real estate lending marketplace. Small, old school private lenders can't compete with the better pricing offered by fund-based lenders, and banks can't compete with the flexibility and speed at which fund-based lenders make deals happen. These days, sophisticated fund based lenders and banks work together synergistically to better serve the needs of the borrowing community.


SFG Corporate Headquarters

Employees of the SFG Team

Sophisticated fund based lenders & banks work together synergistically
to better serve the needs of the borrowing community.


Ron Lorentsen & Eric Benzel

2. PRIVATE LENDERS MAKE BORROWER PROFITS HAPPEN:

A substantial amount of current real estate deals, occurring in the most dynamic cities in the country, are "value add" opportunities. A small syndicate of investors, typically led by a sponsor, buys an undervalued asset, fixes it up (or perhaps repurposes the asset), raises rents and/or re-tenants the property to higher caliber tenants, and then sells for a substantial profit. Or, they may decide to refinance, based on the new much higher net operating income (NOI), and hold for a longer term. For transactions, such as this, a proven private money lender can be a far superior choice because of inherent flexibility in deal design, sponsorship structures, and the need for deal certainty early in the process. If the transaction strategy is designed to be successful, credible private lending firms will recognize this and give the sponsor a streamlined close, whereas banks would likely still be stuck in the minutia. However, once the asset is stabilized, the NOI is at optimal levels, and time is no longer a key factor, a bank refinance at the lowest long term rate is the best choice when "buy and hold" is the strategy.

Private lenders currently not only offer greater flexibility and speed than traditional borrowing sources, they also want the same high level borrowers as banks. This is where private money separates itself from hard money. In the modern real estate market-place, the lending model of top echelon private lenders is designed to be attractive to the same borrower and deal sponsors as bank clientele. Since private money pricing will always be a premium above bank financing (although less today than ever before), private lenders have found their niche in offering high level clients exceptional speed of underwriting, flexibility where needed, and the invaluable component of deal certainty. Knowing onehas the capacity to close on a purchase, with certainty, inside of a week or two, gives investors an extremely profitable competitive advantage.

Working together, banks and modern private lenders offer real estate investors and developers innovative opportunities to seize profit at a higher level than ever before.

Private Lenders offer greater flexibility & speed
than traditional borrowing sources.

Proven. Trusted. Reliable. Since 1988.

Ready to Fund? *We are!*

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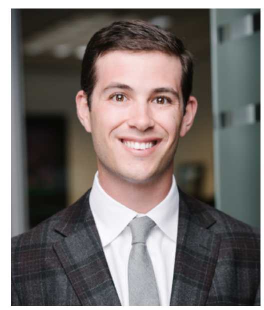

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