

Lending REPORT

Trends in commercial and residential mortgage lending

Unique Residential-Style Loan Approach Serves ‘Underserved’ Commercial Loan Market

The small balance commercial loan market has been underserved by traditional lending institutions and largely shunned by residential brokers who have viewed the process as overly complicated, risky and relatively low paying. Yet with the end of the residential refinancing boom, many brokers have found themselves seeking additional revenue streams, making commercial mortgage lending much more attractive – particularly when it has been streamlined, simplified and made profitable.

“By throwing out many preconceived notions about small balance commercial loans, we’ve been able to eliminate several negative attributes, such as lender points, yield maintenance, mandatory lockouts and loan committees, which are commonly associated with these lending programs,” said Mike Boggiano, Senior Vice President and National Sales Manager for Silver Hill Financial, a leading national commercial real estate lender. “We have developed a process that can help brokers execute these loans successfully, improve their profitability and serve customers effectively.”

Miami-based Silver Hill Financial developed an easy-to-use residential style of underwriting focused on commercial loans from \$100,000 to \$1 million. The process has dramatically

reduced paperwork, streamlined approvals and eliminated many of the uncertainties associated with commercial real estate lending. The result: a once-unruly process has been transformed into something that is quick, consistent and broker-friendly.

The unique underwriting model provides a great deal of flexibility, which results in a win-win situation for both the broker and the borrower. With Silver Hill Financial managing the appraiser, title company, environmental evaluations and insurance, loans are closed in a rapid 30 to 45 days.

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SENIOR VICE PRESIDENT AND NATIONAL SALES MANAGER
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This predictable process mirrors residential-style closings. What’s more, brokers are able to earn substantial amounts on fees and commissions with virtually none of the hassles associated with commercial lending. The company also provides extensive support for brokers to facilitate the lending process.

For brokers, Silver Hill Financial’s program makes the transition from residential to commercial lending easy. At the same time, building strong broker relationships is driving Silver Hill Financial’s growth, according to Boggiano, who cites several examples, including:

- *The addition of e-learning modules to train brokers who work with or want to establish a relationship with Silver Hill Financial*
- *Over 200 “Silver Sessions,” held across the country for brokers to meet Silver Hill Financial’s experts and be trained on the program*
- *Web-based presentations for convenient online broker training*

“We are proud of the growth we have achieved since the company was founded in 2003,” said Boggiano. “We believe that our strong growth will continue as more brokers see the benefits of our residential-style approach to commercial loans and join our organization. Clearly, we have tapped a market that needed servicing and in so doing built a business that has benefited us and those we serve.”