

Lending REPORT

Trends in commercial and residential mortgage lending

Commercial Lending Redefined

Innovative program with flexible features makes small-balance commercial deals easier, more lucrative

During the past two years, mortgage brokers from California to Rhode Island have discovered just how worthwhile it can be to take an objective, second look at small-balance commercial loans. A streamlined program that brings a residential-style approach to commercial lending for deals from \$100,000 to \$1 million is capturing the attention of both residential and commercial brokers. Many of these individuals previously viewed such transactions as too complicated, overly risky and not worth the investment of their valuable time.

"The unique approach we initiated in 2003 is prompting brokers across the country to rethink small-balance commercial loans," said Mike Boggiano, Senior Vice President and National Sales Manager for Silver Hill Financial, a growing, national commercial real estate lender. Unlike most other commercial lenders, Silver Hill focuses its underwriting process on the personal financial strength of the borrower, as opposed to evaluating property cash flow.

"Our residential-style approach is the core of our competitive advantage over other commercial real estate lenders," Boggiano said. "We recognize that most brokers and borrowers are more comfortable with the residential mortgage process than they are with commercial, so we've designed a program that mirrors residential." Silver Hill offers attractive program features such as a high LTV program and lending to B credit borrowers, while also allowing brokers to accumulate rewards points for closing loans through the Silver Star Rewards program. These points are redeemable for merchandise, weekend getaways and many other items available in an online catalog.

EASY, PROFITABLE AND FAST

"The process is easy, with only five pages required for deal submission; and fast, with closings in 30 to 45 days," said Boggiano. Acceptable property types include multi-family, mixed-use, office, retail and more.

Silver Hill's program is ideal for borrowers with:

- 600+ middle score
- Low debt relative to income
- Willingness and ability to fully document their income
- At least two months of principal-and-interest payments in liquid assets

In addition to the obvious benefits of a streamlined, residential-style process, the Silver Hill program is profitable, enabling brokers to:

- Diversify their revenue stream
- Increase income potential – earn up to four points on each deal
- Leverage existing client base
- Encounter less competition when compared to residential loans
- Earn rewards points for closing loans

- Seller financing permitted up to 95 percent CLTV
- Fixed or adjustable-rate loans
- Unlimited cash-out
- Owner-occupied or investor transactions
- All types of entities considered, allowing borrower to close as a trust
- All loans are assumable to qualified borrowers, at no cost
- No seasoning required
- No mandatory lockouts
- No depository relationship required
- No loan committees
- Easy online loan applications available

Within 48 hours of a broker filing a completed loan application, Silver Hill will issue a Conditional Pre-approval Letter (CPL) for the borrower's signature, Boggiano said. The CPL will include detailed loan terms, a list of documentation that must be collected and conditions that must be met prior to closing.

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MIKE BOGGIANO

SENIOR VICE PRESIDENT AND NATIONAL SALES MANAGER
FOR SILVER HILL FINANCIAL

Brokers earn money three ways through the Silver Hill program: by charging up-front points (two maximum); through yield-spread premium up to two points; and by charging fees to the borrower. In addition, brokers who meet volume thresholds are eligible for preferential pricing; a dedicated internal team for processing, underwriting and closing; individualized marketing support and specialized services.

Program features include:

- 15, 20 and 30-year terms and amortizations
- Up to 90 percent LTV
- B credit borrowers allowed

Boggiano went on to explain, "When we receive the signed CPL, the approval process continues. Silver Hill orders the appraisal and title and underwrites the loan to verify that all relevant information used in making our pre-approval decision is accurate." Once a loan receives final approval, Silver Hill prepares

the closing documents and sends them to the closing agent. Loans are funded 24 to 48 hours after closing, with the entire process usually completed in a speedy 30 to 45 days.

"Throughout this process, the broker's role is simple: Maintain ongoing client communication and facilitate the document collection process," Boggiano said. "We'll handle the rest."

For more information, contact Silver Hill Financial at 888.988.8843, or via the web at www.silverhillfinancial.com.