



People's Choice Mortgage

----- *Commercial Lending* -----

(800) 637-7737

www.mycommercialloanadvisor.com

A Good Commercial Mortgage Broker Should Be The 1st Person On Your Team

Why do you need a Commercial Mortgage Broker?

Do you want the best rates on your loans? Do you want help in structuring your deal?

Then you need to have a Commercial Mortgage Broker on your team. And not just any mortgage broker...but a *GOOD* one!

While it is true that you can contact your local banker friend, you know the one that you play golf with on the weekends, and get a commercial mortgage. But what you might not know is that a good Commercial Mortgage Broker can obtain more attractive and more suitable financing (e.g., long term, fixed rate financing), at a more competitive rate.

What makes a Good Commercial Mortgage Broker?

A good Commercial Mortgage Broker should be experienced, but more importantly, should understand your needs, be able to perform risk analyses and should have a strong knowledge of the underwriting process. This will ensure that the Commercial Mortgage Broker can advise you wisely and offer you several financing options.

What is the process for working with a Commercial Mortgage Broker?

Before you even look for your property, you should have interviewed and identified the Commercial Mortgage Broker that you want to work with. This broker understands commercial finance (be careful not to pick a residential mortgage broker...underwriting guidelines are completely different for commercial properties) and is responsive to you.

After you have located your property, you are now at the point where you need the services of your broker. What information will your broker need in order to get a firm LOI or rate quote?

- Property operating statements and/or tax returns.
- A current rent roll and copies or abstracts of the leases.
- Enough information to create a brief executive summary describing the loan request.
- Digital images of the property.
- A signed fee agreement between you and the broker (more about fees below)

Your broker may need additional information prior to closing but this is enough to submit to the lenders. At this point your broker should ask you questions regarding your desires for your loan request, such as term, amortization, etc.

Why do you need a fee agreement?

A signed fee agreement protects both you and the broker. You don't want to get to the closing table and find out you owe your broker more than you thought. Likewise, your broker doesn't want to spend a lot of time analyzing and securing lenders for your project, then to have you go to another broker or lender.

This fee agreement is between you, the borrower, and the Broker and most lenders want to have a copy before they issue a LOI. Why? Because the broker fee is typically paid at closing by the lender. The fees range is based upon the complexity of the deal, the time needed for proper analysis and securing loan quotes from lenders. Fee amount typically ranges from 0.50 point to 3 points.

The Broker fee is different than the other loan fees. There are other loan fees that you will have to pay either at acceptance of the quote and/or at closing. Typically, fees that are paid at time of quote include origination fee, appraisal, engineering, environmental and credit. Be wary of having to pay a large sum of money up-front. Other common fees that are paid at closing include legal, underwriting/administrative, processing, document preparation, recording, etc.