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Time is the Enemy of Your Deal!!

If you are working on a commercial deal and wait to get the documents together, if you wait to present a loan offer to a client, if you wait to press the borrower to move ahead with a deal, you are enabling Time to kill your deal.

On 6/3/2008 we delivered a loan offer to a loan officer. The borrower's credit score was 734 at the time. As of this writing 7/10/2008 the borrower wants the deal. His credit is now 670. The deal requires a 680. The borrower inherited the property and wants to refinance. (We can close it and disregard the lack of seasoning issue). We have several other loan offers with the exact same results.

In April we delivered a loan offer to a loan officer. By the time the borrower signed the approval in July, the rate was 0.25 higher but still closeable.

We have loan officers coming back to us all the time: "the borrower wants the deal now". Sometimes it's too late as the credit score has dropped, the appraisal has expired, LTVs have dropped, requirements tightened etc.

STOP WAITING! STOP SHOPPING!

WORK ON GETTING YOUR BORROWER TO ACCEPT THE DEAL ON THE TABLE!!

In the past few months LTVs have been reduced with virtually all lenders. We had a deal in which the loan officer vehemently disagreed with an appraisal. Instead of getting the borrower to take the deal he shopped the deal everywhere. By the time he came back 90 days later on July 1 saying the borrower would take the deal, no deal was possible due to LTV reduction and borrower credit dropping from 740 to 680. (we could have closed a loan but the cash out would have been too low).

STOP FIGHTING APPRAISALS! WORK ON GETTING YOUR BORROWER TO ACCEPT THE APPRAISED VALUE AND THE DEAL!!

It's ok to disagree with the value, however if you want to get a value changed provide a real comparable with a like property. It's commendable to be an advocate for the borrower however today it's a strategy that is unproductive. Instead of working to get the borrower to accept the value and close the deal, it delays the process. Delays are the enemy of the deal; the borrower won't appreciate you fighting for him if the deal doesn't close.