

COMMERCIAL LOAN FAQ's

Commercial Lender Questions

Dear Broker,

As the Director of Commercial Loan Division, I am showing some of the most asked questions I receive, regarding commercial loans and their various niches. .

1) What are your best niches, where you can provide the best rates and terms for my clients who come with various scenarios and needs?

*GMC Hard Money is a hard money commercial lender. We only lend up to 65% LTV and will only lend on existing properties such as office, retail, warehouse, storage, multi-family and hotels/motels. We will **NOT** lend on land, new development, or anything relating to construction or rehab. Borrower credit score is not our primary concern as we are totally asset based and apply common sense tactics to our investment decisions. Our terms are very short in nature, ranging from 1-2 year balloons with floating rates and lender fees/points at closing.*

2) Can I price a scenario with you prior to submitting loan application and/or supporting documents? I.e., can you at least give me a ball park rate & term over the phone or by e-mail just from basic information I give to you (mid-FICO, Property Cash Flow, LTV, etc.)?

All of our loans are priced the same, however we will not issue a letter of interest without first receiving the core initial documents needed for review:

- *Executive summary*
- *MAI Appraisal (if available, if not- color photos are required)*
- *Commercial Questionnaire*
- *Sources & Uses of Funds*

3) If a borrower commits to your Conditional Letter of Approval and pays the deposit fee to engage an appraiser, and then you deny the loan after the appraisal is done, how do you insure that the appraisal is released to a new lender, and how quickly do you get it released? Will the appraiser cooperate with changing the “for” line of the appraisal, and how much extra will it cost my client?

We require a current MAI appraisal. If there is not already one in the file, we will order and the borrower is responsible for the charge. If there is an existing MAI appraisal, we order a third-party MAI review, which the borrower is also responsible for. We select MAI appraisers based on location, availability and price and therefore, cannot state if they will cooperate in re-endorsing the appraisal to another lender if we deny the loan. We always release the appraisal to the broker and borrower.

4) Do you pay yield spread, is it disclosed on the Settlement Statement, and do you pay it at closing?

There is no YSP paid on any of our loans. Your fees must go on the HUD

5) How quickly do you return phone calls and e-mails, even if you don't have new information?

As soon as we are available.

6) How experienced is your AE? I want to know how much I can trust what he tells me will be an accurate reflection of what your underwriter is actually going to approve.

Gregory Freedman is the Managing Partner of the firm and is responsible for all commercial transactions. The AE will solely be just the initial point of contact and will involve Gregory Freedman from the onset. All communication would go through Gregory Freedman from that point forward.

7) How large a pool of appraisers do you have to choose from in Colorado? How long does it normally take you to get the appraisal done?

We select appraisers from the MAI designated website at www.appraisalinstitute.org

8) Once you've received all information you need from me as the broker, how long does it take to get a Conditional Pre-approval Letter?

24 hours or less, however before issuing an LOI, a conference call with the borrower and broker is required

9) Do you as lender take some of the Loan Origination Fee or is it all for the broker?

As a hard money commercial lender, we charge our own origination fees ranging from 3-5%. The broker's fees are separate.