

CENTER STAGE WITH FAIRVIEW COMMERCIAL LENDING

Your source for nonconventional commercial loans

BY THE NICHE REPORT



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When talking to Glen Weinberg, the COO for Fairview Lending, I got an overwhelming feeling of just how savvy he is regarding commercial/hard money lending. Glen offers us a glimpse of this insight as well as grounded advice for those of us pushing through these turbulent times.

Tell me a little about Fairview?

Fairview Commercial Lending is a privately funded national hard money (private money) commercial lender. We have been in business for over 25 years specializing in non conventional commercial loans. The partners have over 100 years of commercial real-estate lending experience and have been lending since 1975. We have offices in Atlanta, GA and Denver, CO and are able to lend nationwide (loan sizes range from \$250,000 to \$3,000,000). We strictly lend our own funds and hold all of the loans in our portfolio and service them in house after the closing. This depth of knowledge and experience allows us to fund loans quickly that many others would never consider.

What is Fairview's niche?

Fairview specializes in non-conventional commercial real estate loans. Our objective is to create a product that is between the hard money lenders and the stated programs. Typical hard money lenders issue very short term loans (less than one year) and charge steep fees up front (many times greater than \$10,000). On the other hand, many of the prior stated lenders charged rates higher than banks with very steep penalties for exiting the loan. Fairview's objective is to provide loans with

maturities of 1-5 years with reasonable rates and no fees prior to commitment. This will allow borrowers ample time to stabilize their credit and transition into traditional long term financing (bank loan, SBA, etc...). For the client, we feel this is the best option for their continued success.

What is the typical borrower profile for a hard money loan?

I am commonly asked this question by brokers. When we first began lending, I had many preconceptions of what the typical hard money borrower would be like; all of them have been wrong. In our portfolio, our average borrower is a very well educated professional (doctor, lawyer, small business owner, etc...). The borrower needs to go with a non-conforming lender for various reasons (working capital, back taxes, new ventures, etc...). The underlying themes for each transaction are speed and flexibility. Fairview is able to understand what the borrower is trying to accomplish, structure the deal to fit the situation, and close the loan quickly.

How is Fairview different than other lenders?

Most lenders require appraisals and non-refundable deposits up front for due-diligence; these fees can run upwards of thousands of dollars. Fairview Commercial Lending does not require any fees up front prior to issuing a preliminary commitment. All loans are held in our portfolio so we are able to structure the terms of each loan to fit the unique situations of the borrower. Furthermore, since we are privately funded, we can respond quickly and efficiently to loan requests. There is no loan committee to delay our approval process. Most preliminary commitments are issued within as little as 24 hours.



Above you mention that Fairview does not require appraisals prior to funding, how are you able to do that?

Since Fairview is privately funded and we strictly utilize our own funds. We are able close loans without this requirement. All of the Fairview partners are “hands-on” throughout the loan process which allows us to internally determine the value of the property and then fund quickly.

Without an appraisal, how does Fairview determine the value of the property?

The owners of Fairview are real estate experts. Each partner has experiences in both lending and owning commercial real estate and is considered an expert in commercial real estate valuation. Each Fairview partner typically reviews more deals in a month than most commercial appraisers review in 12 months. We have developed tools and internal models to value commercial property throughout the country. Finally, after a commitment is issued, one of the partners personally inspects each property prior to funding. The internal valuation and property inspection are both key to the success of Fairview.

What are some tips you can provide to brokers transitioning into commercial lending?

It is important to make certain you fully understand the transaction. What is the collateral, rent rolls, net income, etc...? What is the borrower trying to accomplish? What is their credit score? What loan-to-value (LTV) do the borrowers need? By answering these questions, you will be able to determine if there is a possible deal and where it could be placed.

It is also critical to understand the borrower’s expectations and be able to manage these effectively. For example, if the borrower has a 520 credit, he/she is not going to be able to qualify for a conforming loan.

Finally, brokers need to be cautious that they are not wasting time on deals that will never close. For example, I got a call yesterday from a broker who had a great apartment purchase; the borrower wanted a loan of 120% of the purchase price and had no money to put down. No lender in their right mind would close this deal and yet the broker has wasted days working with this borrower.

What opportunities do you see for mortgage brokers in this market?

I am a firm believer that in every market cycle opportunities are created for those willing to recognize the needs of their clients in each cycle. Now is an excellent time for brokers to market a non-prime commercial product. In today’s market environment banks have substantially pulled back from funding loans and many have decided to even sell their portfolios to raise much needed capital. This liquidity squeeze provides a great opportunity for brokers to be able to close loans for borrowers that are unable to get funding with traditional sources.

Where can I learn more about hard money commercial lending?

Fairview has created a website, www.FairviewLending.com, dedicated solely to small balance commercial lending. There are over a hundred FAQs, articles, guides, and a blog all dedicated to commercial lending.

