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How an Underwriter Can Make Your Commercial Real Estate Loan Application Experience More Pleasant for You? by [Edmund Brunetti](#)

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In today's dynamic environment it is considerably more difficult to finance a commercial real estate transaction. Securing commercial real estate loans from lending institutions can be a challenging task since most lending institutions are wary of the fluctuating market conditions today. Other factors such as loan rates, borrower's management experience, credit worthiness of the sponsor, etc. are important factors to consider when it comes to securing commercial real estate loans. Even if you are successful in finding a lender, the application process and the stringent terms and conditions imposed by the lender can be a frustrating experience for most people. These unpleasant experiences can be improved by working with a credit underwriter who can guide you through the process.

A credit underwriting firm specialized in commercial real estate lending practice would know the underwriting guidelines of the financial institutions who the firm maintains close relationships with. Unlike a brokerage firm, a credit underwriting firm generally works with selective group of investors and it acts like a correspondent to the investors. When a file is received by the underwriting firm, it will be screened by its underwriter to make sure the file meets the lending guidelines and it has a potential to be qualified under the guidelines. Next, the underwriter will proceed to structure the file based on the investors' guidelines. The required financial analysis and stressed tests will be performed by the underwriter to determine the feasibility of the file and if the file passed the tests, then a preliminary approval can be generated. While the underwriter is working on the file, simultaneously, the file is also shared with the investor so the approval process can be shorten. Once the file receives its preliminary approval, the underwriter will then generate a comprehensive documentation / due diligence checklist to the borrower. This checklist will be used as a guideline for the borrower to complete the due diligence process. There is no guess work involved and the borrower would have the comfort to know exactly where he stands in the process.

In many cases, the borrower maybe in a situation when a quick closing is required or the property involved may required a short period of stabilization, an experienced underwriter should recognize these scenarios and place the loan application under a bridge loan program whether it is an institutional bridge loan or a private equity type bridge loan. Bridge lenders often prefer to limit their lending practice to the four basic property types:

- \* Multifamily
- \* Office
- \* Retail
- \* Industrial

Some bridge lenders focus on hospitality properties and will have funds specifically allocated for this type of properties. Although the general guidelines may look the same, each lender has its own unique requirements in its underwriting and this knowledge is shared with the underwriting firms who the lenders maintain a close working relationship with.

A good underwriter should be able to provide its borrower a comprehensive solution to the project and not just a short term cure of the issues involved. For instance, when underwriting for a bridge loan scenario, the underwriter should also provide an analysis on the exit strategy. An exit for a

bridge loan can either be a refinance to a permanent loan program or a sale. This analysis will require knowledge on both the bridge loan programs and the permanent loan programs.

The frustration a borrower may experience in the commercial real estate loan application process is not knowing the process or what to expect after the loan application is filed. Hiring an underwriting firm to work with you on the loan application will eliminate the "unknown" factors in the process; it will enhance the application experience by "knowing" exactly where you are in the process.

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