Getting Pre-qualified for a commercial real estate loan

-A lot of borrowers see programs and they just think since they meet all of those requirements they 100% qualify for the program.

-No one lists all the program requirements but our product sheet is very detailed so we try to way more than the lenders do.

-This is why we do our lender calls.

-Borrowers have to understand that commercial lenders are subjective and sometimes they don’t want to lend on a property type that month or they don’t want to lend in that town and state another month, or they are staying away from an area due to high crime or even the pandemic, rioting.

-Business lending is a risk factor, it is way different lending than residential lending.

-Non-arms length transactions can disqualify borrowers. Past records, mortgage lates, credit issues of course.

-Expired Leases or leases under 6 months is becoming an issue on rental loans.

-To really qualify someone for a commercial real estate loan we need an accurate loan submission and then all the documents they submit after that need to back up what they are saying on the loan submission.

-Example: Experience has to match if it is a construction or rehab loan. If the property is a 4-unit rental, we need 4 current leases and the rental income has to match.

-Property has to of course appraise

-Title has to issue a free and clear title report or show us what has to be paid off. Any liens on title should have been disclosed on the loan application.

-Proof of property insurance

-Lender needs to review the full loan file again and make sure the borrower is worthy of the loan.

-Lender issues a clear to close, and then we can schedule a closing with the title company.