

COMMERCIAL LOAN APPLICATION INTRODUCTION LETTER

Thank you for applying for your commercial loan financing needs. We have enclosed a commercial loan application, supporting documents, our agreements etc. for your review, completion and submission.

We understand that most of our clients are unfamiliar with the commercial loan process and the amount of paperwork required in order to secure your loan. Commercial real estate and/or business loans are very different from residential home purchases in several ways.

Depending on the type, size and scope of the transaction you should expect to pay between 1 to 2 discount points. Appraisal costs are also several times larger than with residential loans.

Secondly, although you as the borrower/guarantor will be evaluated for credit and financial worthiness, commercial lenders place more weight on the property itself and whether or not that property produces enough income to support the debt than on your individual income.

Third, terms on commercial mortgages vary greatly from residential mortgages. Most residential 30 year fixed rate mortgages are sold on Wall St. as MORTGAGE BACKED SECURITIES however that is not the case on commercial transactions. Generally, the terms for commercial financing are shorter in duration (usually 5-10-20 amortizations), the best rates are usually in the form of ADJUSTABLE RATE MORTGAGES with fixed periods of 2-3-5 and 7 years and some may even have balloon payments due at the end of the term with the option (usually the banks) to extend and/or recast the mortgage.

Our job is to help you gather, consolidate and present your financing request package to the most appropriate investor in order to obtain the best possible rate, fees and term on your transaction.

One final note, most commercial transactions are lengthy and require constant interaction between you the borrower and our firm. We have completed very easy commercial transactions in approximately 30 days however the more difficult or intricate financing deals may take longer. Your expectations should be set for a window of 45-65 day time period from application (submission of all completed documents) to closing.

Thank you again for your business.