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# With Loan Mods, Partnerships Pay

For some borrowers, commercial loan-modification companies are a worthy option

**MORTGAGE BROKERS MAY SOON FIND** themselves inundated by requests from clients looking for help avoiding foreclosure.

Commercial loan delinquencies increased between the second and third quarters of 2009, according to the Mortgage Bankers Association's Commercial/Multifamily Delinquency Report.

Industry analysts expect delinquency rates to increase further through this year and to peak in 2011. Further, Deutsche Bank estimates that around \$2 trillion in commercial mortgages is expected to come due within the next four years.

How do you deal with this potential new business via distressed borrowers? Partnering with a loan-modification company may help.

Short of a loan modification, commercial property-owners may suffer the consequences of losing their income-producing asset, which subsequently will produce unwanted repercussions on the economy. Lending institutions will feel the effects severely if they have nonproducing assets in a market flooded with foreclosed properties.

The logical solution is for banks and commercial borrowers to agree on a beneficial modification. There are various modification methods a bank can take. One way is for banks to decrease their rates permanently or temporarily, which can help borrowers avoid foreclosure. A fractional drop in interest rate may eliminate tens of thousands of dollars from a property-owner's annual debt burden.

The point is to give borrowers time to turn their property back into a positive-cash-flow business. Alternately, banks might extend the maturity dates on loans. This would push back untenable

balloon payments and keep the borrower in business.

Because of the technical and legal aspects involved with restructuring a commercial loan, many property-owners may ignore their position and accept foreclosure rather than save their investment. Commercial loan-restructuring companies exist, however, and at times can help stressed property-owners navigate the complex procedures, negotiations and nuances associated with a successful loan modification.

These full-service loan-restructuring companies often have experienced and educated business executives who know their way around a business plan, as well as lawyers, accountants and real estate professionals on staff. They could provide comprehensive and individualized restructuring programs.

By leveraging these professionals' combined experience, knowledge and industry relationships, these companies often can guide commercial property-owners through a loan modification. With a successful loan modification, property-owners can avoid foreclosure, increase their cash flow, weather market changes and be in a stronger position when the economy recovers fully.

A commercial loan-restructuring company will advise borrowers and negotiate on their behalf during the process. The best loan-restructuring companies typically do all the work and negotiation while communicating what is happening to the property-owner at each step of the process.

Mortgage brokers looking to help and develop long-term ties with their commercial property-owner clients should consider establishing a relationship with

a reputable commercial loan-modification company. Clients who face foreclosure likely will not forget the broker who helped them find help in a time of financial crisis. In addition, some commercial loan-restructuring companies have referral programs for established brokers.

When facing a potential foreclosure, a property-owner may find a loan modification to be the best solution. The process is rigorous and labor-intensive and requires people with the tenacity, skill and experience to deal with banks, lawyers and real estate professionals. As such, mortgage brokers with commercial property-owner clients in the pre-foreclosure stage or clients heading into turbulent times may find a worthy option in a professional loan-restructuring company that focuses on commercial loans. ●

**Jamie Sene** is a commercial mortgage analyst and vice president of marketing for Guardian Solutions. With help from in-house staff, legal counsel and other real estate professionals, Sene provides information and assistance to business-owners needing commercial loan-modification assistance. Guardian Solutions is backed by years of loan-restructuring experience and provides a safe, private way to get business-owners the information and help they need. Reach Sene at (877) 390-6458, at [jvs@guardiansolutions.org](mailto:jvs@guardiansolutions.org) or via [www.guardiansolutions.org](http://www.guardiansolutions.org).

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