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## **Mortgage banker in the middle - Why pay the middleman, the mortgage banker?**

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A favorite hotel client (call him "Mr. Big") was refinancing a trophy property I financed years earlier that was now maturing. (We had done a prior loan for him with a Japanese Trust Bank, no small coup for someone who doesn't like to eat sushi at business lunches.) It was a pretty good size deal in a tertiary market, over \$20 million, but he said he didn't need any help with the refinancing as his own bank was going to do it. Since he was about to accept a fixed rate loan at 6% when floating rates were hovering at 3% during a time when the "yield curve" was relatively flat, I shared how he could finance long term with an interest rate cap instead, assuring him of the 'best of all possible worlds'. We closed his new loan on a LIBOR float basis (his rate is currently 2.75%) using a rate cap hedge at 6% (at the time that cost was about \$300,000 up front) and since closing he has saved nearly \$2 million in interest expense, no small potatoes.

This is what commercial real estate mortgage bankers do: Structure financing for borrowers in the best possible ways, bringing capital and debt or equity structuring ideas to the table tailored to your deal. Then they help you get your financings done. Mortgage bankers are in the capital markets all the time, keeping up constantly with lenders far and near. They know a wide range of loan productsâ€”not just one bank's programs and good lenders seek them out for business. (Currently, for example, they'd know who has \$1 billion to invest this year in real estate mortgages, who is angling to make multi-family loans inside I-128 at rates 50 b.p. lower than anyone else, or which lender has cheap 10 year fixed rate money available for mortgages with flexible pre-pay terms for single tenant & owner occupied properties.)

As a former commercial real estate lender at John Hancock and GE Capital I have gotten to meet and work with some of the very best Boston mortgage bankers in New England markets. Though not household names outside industry press and smaller investors have rarely heard of them, they are the capital 'heros' and 'sheros' of all you see on the horizon from Portland to Providence. These "lender's lenders" are often members of NAIOP, ICSC, NEWIRE, CCIM, RHA, MBA, HELP and other top organizations dedicated to the commercial real estate markets, with info you can tap and capital access that can drive your transaction. To serve your needs they will underwrite your deal first, helping guide your debt and equity choices before your bankers tell you why they cannot lend you money (and hopefully so they don't!)

Like others we work for a wide array of real estate clients: trail blazing multi family developers pushing the envelopeâ€”we find local lenders who 'get it'. We work for international investors acquiring trophy assets who don't know the most aggressive local playersâ€”we bring them banks that can close loans in 20 days. We handle healthcare developers reinventing senior housing optionsâ€”bringing them high leverage capital stacks at low rates. Single family rental investors? We bring them national lenders offering non recourse long term fixed rate programs. Hotel owners

dreaming of new hospitality concepts redefining the marketplace? Sign us up. Small new developers and investorsâ€”we are effectively your partners in capital markets. And like all mortgage bankers, we help finance the retail, office, industrial, multi-family, self storage, medical office, specialty, and hospitality property financings (large and small) that are a large part of our economy.

All good mortgage banker do one thing very, very well for their clients:

**ADD VALUE.**

So find a professional mortgage banker with experience, who works hard, and who will treat your deals as if their own. They will complement your in-house financing team by bringing you capital sources and good advise on available terms in the market plus new loan structures. They will introduce you to lenders you don't know and would never have found. Why the mortgage banker "middleman?" It's worth it!

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