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# INTRODUCTION

Welcome to GET Your Loan Closed, 10 secrets that lenders do not want you to know. Now more than ever, this book is a necessity for anyone who is trying to finance a loan in the United States. The principals that surround the tenets of this book are sound and proven; as they have been tested in various locales, and at various times throughout the years.

Getting a loan approved today is much more difficult than it has ever been. Lenders are leaving the lending community as we speak. However, with the lenders that are leaving, new lenders are taking their place. This has become a positive because new lenders do not have the “baggage” that the older lenders have, and therefore can be more aggressive in their financings.

It's this “baggage” that has caused the upheaval in the lending community. From the option arms to the variable rates to the 95% loan to value loans, we have seen it all. The days of highly leveraged property acquisition are hopefully gone forever. It's now time to take a scientific approach to getting your loan closed. If you apply the principles taught in this book you should have a higher percentage of closing ratios.

With any scientific approach there is always a hypothesis, an application and a stated conclusion. Each chapter in this book will share with you a common hypothesis, follow through with the application and hopefully deliver the desired results. From the initial conversation with a lender and or broker, to the final signing of the loan documents and funding, GET Your Loan Closed will take you through the entire loan process.

Each of the 10 secrets, along with all the supporting documentation will be thoroughly analyzed in order for you to follow the suggested procedure. Whether you are a sophisticated loan broker or a new investor, there will be plenty of information conveyed that will be both new and different.

At the conclusion of each chapter there will be a question and answer section that will allow you to test yourself on the knowledge that you acquired in that chapter. In addition, there will be thought provoking hypothetical situations for you to ponder and resolve. It is our hope that some of these scenarios will ring true with you. By taking the information that you will learn from these scenarios, you should become a more educated consumer as it relates to financing your loan.

The book is broken down into 10 chapters, with each chapter representing a single secret. Throughout the book, you will see a light bulb, which signifies a very important concept. Don't just skim over these points, take a pencil and piece of paper and write them down, so that you can refer to them often. It is our

hope that you can then utilize each one of these bright ideas in the various loan scenarios that you encounter in your business environment.

Each one of these 10 chapters can be read in any order that is appropriate to your scenario. However, this is not to say that you should not read the entire book, chapter by chapter. But we are giving you the leeway to pick and choose the chapters that are appropriate to your particular situation.

As a suggestion from the author, we highly recommend that you read the book thoroughly once to get the flavor and the intent of the author. After reading through the book you can then go back and pick and choose the chapters that are appropriate to you. Once you have read the book in its entirety, each particular chapter will make even more sense.

Please do not hesitate to contact me at [Harlan@loanforbiz.com](mailto:Harlan@loanforbiz.com) to offer any suggestions, questions, or feedback as it relates to this book. I greatly appreciate you taking the time to enjoy this book as I have enjoyed writing it for you.

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# SECRET 1

## Understanding The Loan Approval Process In Today's Economy

### Your First Step to GET Your Loan Closed

If you do not understand what is going to happen to your loan application the likelihood is that NOTHING will happen to your application. How many times have you heard your lender tell you "It's in Underwriting"?

When a lender has no idea what is going on with your loan they always say the same thing, "it's in underwriting".

The first question that has to be asked is what is underwriting? Underwriting, according to Webster's dictionary means the following:

*transitive verb* 1: to write under or at the end of something else 2: to set one's name to (an insurance policy) for the purpose of thereby becoming answerable for a designated loss or damage on consideration of receiving a premium percent : insure on life or property; *also* : to assume liability for (a sum or risk) as an insurer 3: to subscribe to : agree to 4 a: to agree to purchase (as security issue) usually on a fixed date at a fixed price with a view to public distribution **b**: to guarantee financial support of <*underwrite* a project>*intransitive verb*

As you can tell from the above definition - underwriting as it applies to loans is a work of art. However, you can get the gist of the definition by looking at point number two, which states to set one's name to an insurance policy for the purpose of thereby becoming answerable for a designated loss or damage, or consideration of receiving a premium percent.

The key point is that someone is putting up their name and making a determination as to liability for loss. Therefore, one can assume that the term underwriting has to do with issuing an approval of a financial or pecuniary obligation. The person that is putting their name to the approval process is known as the underwriter. You must be aware that the underwriter is not a person or the committee that gives final approval to your loan.

The underwriter's responsibility is to go through your loan package with a very fine "tooth comb" and make sure that all the information that is provided is current and correct. After the initial review is completed, then and only then does the

underwriter start to evaluate the information as to whether the loan is a good credit risk for the financial institution to undertake at this point in time.



You must understand from the outset that unless you presented your loan to the president of the bank, the person who you submitted your loan to has absolutely ZERO say if it is going to be approved.

After you submit your application to the lender's representative they typically will smile, nod and tell you that the application looks great, and that you shouldn't worry about the loan getting approved. They will then end with a casual don't call us we will call you.

Then what...

You wait...And wait...

Finally, after getting tired of waiting for that return call you pick up the phone and nervously you contact your supposed "friend" at the bank. You politely but firmly ask the status of your loan. If the person even remembers you, they will likely stall, pull up the loan status spreadsheet on their computer, track down your name and the physical location of your file. Then you get the inevitable response that your loan is "In Underwriting."

Frustrated you respond can I get a better status, can I talk to the underwriter, can I just know if and when my loan is to be approved. Reluctantly your "friend" says that no one can talk to the underwriter and you just have to wait and be patient.

### **There has to be a better way!**

Well, we are getting way ahead of ourselves, lets slow down and start at the beginning of the loan process, and after all, we have ten secrets to share with you, not just one.

The loan approval process is a series of mini-approvals which eventually, if done correctly by both lender and client, will yield the coveted final approval.

You must remember two things when beginning the loan approval process:

1. Banks have to lend money to survive
2. Banks hate to lose money on any loan

With these two points in mind you can win the approval process! What I try to do as a financial broker is put myself in the place of the banker and ask the following very important question.



“Would I lend them my personal money for this project?” If I can say yes to this question then I am almost assured of being able to convince a lender to approve the loan. However, if in the future, the facts change and the positive aspects of the loan request start to deteriorate then my answer may also change.

Within these reports you will learn the critical components of the loan proposal which must be satisfied by the lender/underwriter in order to advance through what I refer to as the series of mini-approvals.

But again we are still getting ahead of ourselves.

By now I hope you have a greater understanding of the type of information that I will be sharing with you in this e-book. The following is a summation of the approval process. At the conclusion of the list you will be presented a detail discussion of all points covered below.

Back to these mini-approvals...

1. After the loan is preliminarily packaged and the banker has looked at the details and has become comfortable with the loan they will then issue a Letter of Intent or a LOI.

This Letter of Intent is exactly that and no more. The Lender intends to take your loan forward. This is not an approval! Many unsuspecting borrowers rejoice at this stage, only to get the loan denied as the loan underwriting process continues.

2. After step one the banker will request, in writing, from the client that the client wants to proceed. This is done by having the client execute the LOI and the bank requesting a deposit to take the loan to the next step.

The Borrower's Deposit will pay for all the reports and studies that the bank needs to do in order to determine the feasibility of the loan request. Reports included will consist of the subject property appraisal, collateral property appraisal if any, environmental reports such as preliminary reports or a Phase one and any other reports that are directly associated with the underwriting request.

3. Step three is a massive collection of paperwork from the borrower regarding financials, tax returns, projections, cash flow analysis, bank statements, verifications of deposits, employment, certification of tax returns (4506's), etc. etc..

4. Step four of the mini-approvals process will be the complete review of all the reports that were requested in step two. Each one of the reports has to be approved so the loan can continue on its trajectory towards approval.

5. Step five is the final packaging of all the documentation and the underwriters “write up.”

The write up is the underwriter’s both independent objective and subjective analysis of the loan proposal. The write up only occurs after all documentation has been requested and received, and the underwriter has reviewed the entire file. Part of the review process may be conversations with the prospective borrower, or the prospective seller, or both. As mentioned above the write up is both totally objective and subjective to the underwriters gut feeling about the loan - supported by the comprehensive data of all the reports and findings.

After all these mini-approvals have been accomplished your completed loan package is then, and only then, submitted to an underwriter. The role of the underwriter is to verify all the submission reports that the Business Development Officer has presented to underwriting. These reports can include the appraisal, credit, profit and loss statements, balance sheets, interim financials, etc. The underwriter will then package the loan with their recommendation and submit it to Loan committee.

6. Step six is submission for final credit approval, also known as the loan committee.

“To Be Continued....”