

Commercial Modification Program Overview



Training, Leads, Support



Commercial Mod Program

The Commercial Modification Program Is A Cash Machine!

- The Fed Has Raised Rates 7x Since March 2022
- Borrowers Are Feeling the Pinch Heading Into 2023 as Payments Increase
- Over 4 Trillion in CRE Debt Outstanding with Over 800 Billion Maturing by 2025

ADVANTAGES:

- Speed - No Need to Find New Funding. You're Dealing With The Current Lender
- No Special Licensing or Regulations in Any State Other Than AZ
- No Experience Necessary – We Provide All You Need Including Case Support
- Earn Huge Commissions Now – 1% - 3% of Outstanding Loan Balance
- **Get Cash In The Door by Next Week** – Mod Clients Pay Up Front!
- Help Distressed Borrowers and Do Business With Them Twice!
(First Help With A Mod Proposal Then Refinance When Things Stabilize Later)
- Turn Your Current Commercial Refinance Declines Into Instant Cash!



Modification Business Overview

Current Market Conditions for Commercial Mortgage Modifications

- 4.2 Trillion Dollars in Commercial Debt Outstanding.
- Delinquency Expected to Surge Through 2023
- 70% of All Commercial Loans Held by Local and Regional Banks.
- No Regulation in Any State
- Treasury Buying Mortgage Securities To Prop Up Market
- FDIC Issued Commercial Mod Guidelines
- IRS Rule Change (proc 2020-26) Eliminates Tax Liability for Investors.
- All Major Banks Currently Modifying Commercial Loans
- Property Owners Not knowledgeable on Procedure for Packaging Modifications.
- Average Commission for C-Mods >
Portfolio Loans = \$34,000.00
CMBS Loans = \$56,000.00
- 98% Renewal Rate On This Program Since 2008
- Very Little Competition Nationwide

Earn Huge Commissions While Helping Distressed Borrowers



Commercial Modification - Benefits

Strategic Benefits To Doing Commercial Workouts / Mods

- Little Competition (it won't remain this way for long)
- Modification Process is Relatively Simple.
- Client Fees Are Paid Up Front!
- No Regulation for Commercial In Any State Other Than AZ
- Process Requires Little Time to Complete Post Evaluation
- Larger Loan Amounts vs. Residential = Larger Commissions
- Every Client Becomes a Dual Prospect. Modification followed by Refi Later.
- **Immediate Cash Flow** – Download, Evaluate, Contact and Get Paid.
- Most Clients Own Multiple Properties Presenting Multiple Opportunities



Modification – The Process

The Modification Process is Simple, Direct and Profitable For All Parties.

You are acting on the property owner's behalf and negotiating with the current lender to help save an investment for the owner, jobs and a defaulted loan for the lender.

Basic Process:

- Interview Client – You are trying to fully understand their loan situation and timing.
- Gather Docs – You need certain documents to build a case.
- Contact Lender / Servicer – Make initial contact to establish an open-door policy.
- Evaluate Financials vs. Current Loan – Must know past and current DCR, NOI and Vacancy Rate
- Prepare Proposal to Lender – 1 Sheet Summary
- Send Proposal with Supporting Docs to Lender
- Follow Up Phone Call – confirm receipt and establish viability of offer.
- Lender Response – Note: Any response = fulfillment of your obligation. After their response should you continue to work on the file to persuade the lender towards a better mod that is a choice.
- File Close Out Letter – Sent to client to establish completion under the agreement.



Questions:

Questions That Need to be Answered Up Front:

- 1) Loan Amount Outstanding?
- 2) Type of Loan – Portfolio, CMBS etc...
- 3) Have They Tried to Refinance? If so, what was the reason for the decline?
- 4) Is the Loan Current? If not, how far in arrears and what is owed now?
- 5) Is the Current Cash Flow Enough to pay the loan if it were to be extended?
- 6) Is the Borrower A Single borrowing Entity? If not, who are the other parties?
- 7) How Long Have They Had The Property?
- 8) Do They Own Any Other Commercial Property? (if yes how many and are they current?)
- 9) Who is The Current Lender (Name of company or servicer for this loan)?
- 10) Office / Retail – Are there any credit tenants? How much lease time remains for them?
- 11) Have They Tried to Sell The Property? If so who is or was the Realtor.
- 12) Owner or Tenant Occupied and what is the vacancy rate?
- 13) If Owner Occupied – What is that business and is it profitable?
- 14) Recourse or Non-Recourse Loan?



Training / Prospects / Materials

A Turnkey Solution:

Exclusive Commercial Mortgage and or Mod Leads

Referred by Realtors, CPAs and Others Trying to Find Help for a Client Returnable for No Contact or If Borrower Signs Elsewhere Guaranteed – 2 Deals Closed or Your Money Back!

Mod Training / Materials Included:

- Comprehensive Training PowerPoint / PDF
- Sample Agreement To Establish Servicer / Client Relationship
- Sample Script, Proposal, Case Studies
- Strategy Overview and Details
- Knowledge Base for Portfolio vs. CMBS loans.
- External Resources for Growth
- Document Evaluation
- Proposal Preparation and Presentation
- Fee Schedule – Suggestions
- Interacting Both Clients and Lenders
- Follow Up For Refinance Opportunities
- Back End Processing
- Initial Mod Analysis / Evaluation



CMod Program Metrics, Stats & FAQs

Commercial Mod Program Metrics:

- **98% Renewal** Rate on the program
- **Avg Commission** on Portfolio loan= **\$34,000.00**
- Avg Commission on CMBS loan = \$56,000.00
- Avg Time to First Deal Closed = 2.5 weeks For Portfolio Loans
- Common Property Types = Hotels, Restaurants, Retail, Office, Apartment
- Avg Loan Type = Portfolio (70%)
- Avg ROI within 60 days = **34x investment**



FAQs

Frequently Asked Questions:

1. **Can a Lead Be Sold More Than Once?** A = NO - All leads are exclusive. 1 download per
2. **What is Provided In The Training and Materials?** A = Comprehensive Step by Step How to for Commercial Mods with Sample Docs and Agreements. Telephone Training and Support.
3. **How Long Until I am Ready to Make Money?** A = You can start pulling leads on the first day.
4. **Does The Client Pay Up Front or When Mod is Done?** Client fees are paid up front.
5. **Does CREF Xchange Charge Any Other Fees or Receive Part of My Commission?** A = NO
6. **Where Do the Leads Come From?** A = Referred by Our internal network.
7. **What is the Return Policy?** A = Return for No Answer or Borrower Signs Elsewhere.
8. **Is There Any Guarantee?** A = 2 Deals Done or Your Money Back
9. **Can I Control What Leads I See and Take?** A = YES – You control all filters / change any time.
10. **Are There Any Other Marketing Services?** A = YES – Custom Email Marketing Tools, 1st Alert to let you know when new leads are loaded, Directory Listing in the system of over 300k Industry Users and more..
11. **Licensing or Regulatory Issues?** A = There is no licensing / regulation(s) for commercial.
12. **Which Banks Are Actively Doing Mods for CRE?** A = ALL U.S. Banks Are Offering Workouts
13. **Are There Any Federal Guidelines for Commercial Mods as There is on the Residential Side?** A = FDIC issued a “Policy Statement on Prudent Commercial Loan Workouts”. While they are NOT guidelines as on the residential side, they did layout a framework for banks to model.



Conclusion

There are rare times when we are made aware of an opportunity few know of and even fewer take advantage of. Commercial Modification is one of them.

Looking forward through 2023 there will be hundreds of billions in commercial loans coming due.

At present there is no solution for the fact that the economy is slowing with more rate hikes on the way and no one knows exactly how the recovery from inflation will play out.

For those who get in now, establish themselves and treat clients fairly, the opportunity to earn millions is virtually unlimited.

The ability to earn tens if not hundreds of thousands in a short window is well within range for anyone that invests in this program.

We look forward to helping you are available if you have further questions.