

(08/12/08)

**Subject: LOST Commercial LENDERS – WHY???**

## **Lost or Restricted Lenders – Lehman's, Indy-Mac, Impac, Interbay, Greenpoint and Even MORE to Come?**

(Read Below for the FULL STORY)

The past several months have wreaked havoc on wholesale lenders offering Commercial and Residential mortgages. Why???

**Wall Street has Panicked** – plain, pure and simple. The rating companies (Fitch, Moody's along with S. & P. especially) have downgraded all Wall Street purchased Bond Debt that's secured by mortgages of any kind. For residential, some of it was truly junk ("Liar Loans" – Stated Everything; 100% LTV for FICO's in the 500's; Non-Owner-Occupied with high LTV's; Neg.- Am.Loans; Big Bump ARM's; Prime-Plus HELOC's; and on and on), but, Commercial Lenders are getting "killed" through "guilt-by-association" – virtually everyone we've seen "fold-their-tent" was running within Industry Commercial Lending Average Default Rates, their deals were paying-down and providing month-to-month income.

**Just recently we've lost several Top-Notch Commercial Lenders** including our genuine friends at Impac Commercial Credit, Greenpoint and the people at Indy-Mac Commercial. Now we understand that the Lehman's and Bayview lines are being trimmed dramatically (drastically?) – Interbay, Beacon and others that relied on Wall Street backed bonds have had to severely tighten their terms, substantially raise their rates and in many cases, they've suspended funding the majority of the deals already submitted to them by brokers across the country.

**It seems almost Senseless** – for all of these companies that have struggled or folded, their Commercial Loans were financed by bonds and syndicates purchased by Wall Street investors. For all of them (and the few remaining "survivors" still trying to "hang-on") their Commercial Loans were virtually impeccable as an investment – strongly underwritten, well secured and very, very minimal "troubled" loans (even fewer than was originally "budgeted" or "promised" to Wall Street).

**BUT – IF Wall Street** unilaterally decides, given their "herd mentality", that a particular investment "vehicle" (or company, or market, or industry) is "too risky" or "under-performing", then most all available investment capital "dries-up" immediately and suddenly. All of the lenders listed above were "smeared" by the same brush that collapsed some of the Largest Residential Lenders such as National City, Indy-Mac, Greenpoint, Magnus, FNBA and many, many others that you could list.

How do YOU avoid spending hours, weeks and months on a Commercial Deal only to have the lender "suspend funding" (as Lehman's did last month) just before closing (and Commissions)?? It's Simple – **Stick with a Commercial Lender that depends on Banking Deposits for ALL of its Funding Activity (such as Freedom Capital, LLC)!!**

We're part of a Major Regional Bank's National Real Estate Group. Every loan we fund is placed in this bank's portfolio. It is NOT shoved into a bond with a bunch of other loans that's "bid-out" to Wall Street or off-shore money markets in order to fund pending loans in the Lender's pipeline.

Yes – we're "**Full-Doc ONLY**", our LTV's are lower than some of our "Missing-in-Action" compatriots listed above, our interest rates are no more competitive than most banks, BUT, we do not depend upon the "Fickle Winds of Wall Street" so that we can best serve our Broker Associates (YOU) and YOUR Borrowers!!

**Please** – call or e-mail us with any comments, issues or ideas!

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