Welcome to:

Overcoming Objections:

SELLING NON-CONFORMING COMMERCIAL MORTGAGES

Presented by
APEX Mortgage Corp.
Learn how to sell non-conforming commercial mortgages to your borrower using tried and true methods that will help overcome legitimate objections.
Why is the rate so high?

The appraisal costs how much?

There's a penalty to pay off early?
THE SALES PROCESS STARTS AT THE BEGINNING
A potential borrower with a commercial mortgage need asks,

“What rate can you get me?”

What do you say?
A. Rates are in the 4’s today.
B. Commercial is higher than residential, so I can probably get you something between 6-7.
C. I have no idea.
I will get you the best rate that you qualify for. Rates for commercial mortgages can be between 3% and 23%. It depends on many factors.
I can talk about all the different factors that will affect what kind of rate I can get you. For example...
WHAT WILL DETERMINE RATE?

- Tax returns
- Personal Credit
- Business Credit
- Collateral
- Loan size

- Guarantees
- Use of proceeds
- Need for Speed
- Experience
- Market Conditions
Don’t commit to a rate - out of the gate

Let your borrower know that you will get them the best rate available. It is very difficult to sell a higher rate, when you promised another one.
APEX SALES LAW #2

Keep their eyes on the prize!
Be crystal clear on what your borrower is trying to accomplish.

- Own a building
- Increase cash flow
- Lower rates
- Purchase supplies/equipment
- Payoff balloon
- Payoff taxes
APEX SALES LAW #2

Keep their eyes on the prize!

Don’t trip over the pennies...

This sales law can apply to all pricing objections that will come up throughout the process.
Go to great lengths – to sell the strengths

- Rate
- Terms
- Structure
- Loan Amount
- Ease of closing
Don’t just give them the news – Let ‘em choose

Always try to give your borrower two options.
Don’t just give them the news – Let ‘em choose

- Adjustable and Fixed.
- Short and Long term.
- Higher and Smaller loan amounts
- W/ structure - W/O structure.
- Fast closing and Slow closing
APLEX SALES LAW #5

If he has a problem with a feature – You gotta be a teacher

Pre Payment Penalty

WARNING!

BEFORE YOU BEGIN ADDRESSING THIS OBJECTION YOU MUST ASK THIS QUESTION...

Why are you concerned about the pre-payment penalty?
If he has a problem with a feature – You gotta be a teacher

Pre Payment Penalty

Answer #1: I plan to sell.

Reply #1: **Begin** with calculating the cost of the pre-payment penalty at the time of the future sale, and show borrower how small the penalty is compared to his expected gain when property sells. Finish with getting the borrower’s eyes back on the prize.
Pre Payment Penalty

Answer # 2: I hope to refinance soon.

Reply #1: Begin with calculating the cost of the pre-payment penalty at the time of the refinance, and show borrower how small the penalty is compared to how much he will save when he gets the lower rate (i.e. “you will make that penalty back in 6 months when you refinance”). Finish with getting the borrower’s eyes back on the prize.
Commercial appraisals are not cheap.

Begin with setting the proper expectation up front. Know the cost of commercial appraisals in your market.

**Appraisal Fee**

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**Appraisal Fee**

If borrower objects, ask borrower to shop for a commercial appraisal himself. Generally the prices are consistent in the markets.

When people realize they’re paying a fair market price, they are generally more willing to proceed.
Everybody knows how to sell payment, not rate. And, that concept applies to commercial mortgages even more so.

The business man needs to know his monthly payment to manage his business. This should be much more important than the rate.

But if you need more...
APEX SALES LAW #5

If he has a problem with a feature – You gotta be a teacher

Rate

Know your borrower.

Know why the borrower is getting the rate he is getting.
  Â Is it tax returns?
  Â Is it property type?
  Â Is it credit?
  Â Is it loan amount?
  Â Is it speed?
In order to sell a higher rate, you must have properly followed Sales Laws #1 and #4.

If you’ve told the borrower that they will set their own rate, and you’ve given them 2 options, and you’ve explained to them why they don’t fit any lower rate product... then you should be able to guide the borrower through this objection.
#1 Don’t quote rate out of the gate
#2 Keep their eyes on the prize
#3 Go to great lengths to sell the strengths
#4 When you give the news, let ‘em choose
#5 Problem with a feature? Be a teacher
CONCLUSION

Webinar

Web-based seminar - live online educational presentations. Viewers can submit questions, see slides while the speaker and the audience participate in interactive elements - the advantages of this format.
CONTACT US

1-800-262-2739