



## Letter of Intent - Bridging the Gap

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I'm sure the vast majority know that the primary purpose of bridge loans are to act as short-term, temporary financing between the acquisition and/or development of a property and a permanent loan. Bridge loans are short-term loans that by definition are not the type of loan product or origination source, but the use of the loan itself. Bridge loans can be procured from various lenders, ranging from REITs to debt funds to private lenders, and with that comes a large spectrum of interest rates.

Bridge loans have become the answer to real estate investors and developers' prayers. The bridge loan is a concept not considered by many real estate investors until recently, mostly because until recently, the money was far too expensive to make sense. But, as more and more borrowers begin to jump on board to the concept of the bridge loan, the market has become increasingly competitive, and rates have begun to drop significantly. In addition to the rapidly falling rates, bridge loans can very often be tailored to the specific needs of the borrower, and can generally be closed within two weeks.

Michael Korine, managing director of the Finance & Capital Markets Group at Berko & Associates, said, "For even the most intricate and convoluted deals, we haven't pursued any lenders offering financing with interest rates above ten percent. For some, we have been able to procure bridge financing at four percent with LTV's of 75%." As a brokerage with a notably large lender network, we have the unique ability to sort through some of the more avaricious lenders and only address lenders willing to work with us at below market rates. With this in mind, a good finance professional has the ability to procure only the most optimal financing for their clients, and it is absolutely necessary for a finance professional to seek out the correct match for their borrowers. Certain lending groups are only attracted to specific assets, while others offer a broad array of products. Although it borders on the impossible to track the aggregate amount of bridge loans in N.Y.C. over the past couple years due to private lenders and international funds dispensing funds so quickly, I can, due to my own observations, see that interest rates have declined close to 35%, and continue to trend downward.

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