



## **Short-term loans are a savvy financial strategy in current market conditions**

November 19, 2007 - Financial Digest

There is a phrase, attributed as an ancient Chinese proverb (but unknown to the Chinese except as an American expression) that says, "May you live in interesting times." Regardless of origin, there is inscrutability to the phrase in that no one ever quite knows if it is a blessing or a curse.

With the recent turbulence in the subprime mortgage and capital markets, commercial real estate professionals are, indeed, living in interesting times. Whether blessing or curse very much depends on where a company fits in the finance equation: lender or borrower, holder of mortgage-backed securities or portfolio lender, residential or commercial.

For BRT Realty Trust, a public mortgage REIT traded on the New York Stock Exchange (NYSE:BRT), these interesting times have led to increased demand for the firm's services as a nationwide leader in short-term lending.

Bridge loans have always been a sound financial strategy in numerous real estate scenarios. But with the current credit crunch, borrowers are finding great appeal in, and are increasing demand for, short-term, pre-payable terms offered by unconventional lenders.

The change in the finance market came on fast with a real lack of liquidity for the first time in over ten years. As a result, we are seeing significant increases in inquiries from property owners who had pre-existing commitments, then suddenly found themselves being retraded or having their loans pulled, as well as prospective clients who don't want to lock into long-term financing at current rates. Numerous borrowers are seeking short-term loans to wait out market uncertainty and for longer-term interest rates to stabilize.

In the current market, there are definitely increases in work-outs, bankruptcies and foreclosures that should continue for some time. These create opportunities, which haven't been around for years due to appreciated markets, for borrowers to buy properties at discounted prices, which a short-term lender like BRT can swiftly finance.

We are also seeing many more requests for vacant land financing, most often from owners who have held land for a period of time and are seeking finance or acquisition loans for both the land and soft costs to allow them to get into a position in the near future to refinance in a better market.

Borrowers, which include many high net worth clients, turn to short-term lenders because they find themselves in unusual positions, which include time-sensitive opportunistic acquisition, the need for immediate capital for an owned property in duress, to buy out a partner, reposition a property, refinance at higher loan-to-value than conventional banks on stabilized properties, or to fend off foreclosure or bankruptcy.

Situations like the above are currently on the rise. As borrowers who find themselves dealing with unusual circumstances do not have the option of rejection from traditional lenders, nor the luxury of time it can take to obtain a green light from less flexible and responsive financing sources, a

short-term lender's ability to provide immediate response is critical.

Founded in 1972, BRT brings over 30 years experience, a core competency of creative financing skill sets, the ability to be flexible and entrepreneurial in lending and a commitment to excellence with regard to customer service, to every transaction. Another distinguishing benefit borrowers find at BRT, often lacking with other lenders, short-term or traditional, is the understanding of real estate from an owner/operator perspective, adding to BRT's ability to react quickly.

Always a savvy strategy in numerous real estate scenarios, unconventional, short-term loans are a sounder financial strategy than ever in today's turbulent market conditions.

There are, of course, vast differences among unconventional lenders. Borrowers unfamiliar with or hesitant about working with short-term lenders should research rates, terms, penalties, operating philosophies, customer service, ability to fund transactions and industry reputation.

With all BRT loans, for example, appraisals are not required and brokers are protected. BRT has no prepayment penalties, lockout or exit fees, all of which, in addition to a platinum reputation and offering absolute integrity, have contributed to a current high level of business in a commercial real estate market that has very swiftly undergone profound change.

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