

Construction Lending Myths—Busted!

With refinances tapering off and less real estate inventory available to your potential loan clients, opportunity in the construction loan market expands every day. In the past, construction lending was seen as extremely risky and time-consuming. With technology and the right strategy, however, you can make construction lending very profitable. The following are the three biggest construction lending myths—busted!

MYTH (x) **CONSTRUCTION LENDING IS PAINFUL**

Construction lending requires piles of paperwork, spreadsheets, numerous phone calls, emails, faxes, and meetings with borrowers, builders, and inspectors.

REALITY (✓) Digital draw management is already in use by lenders all across the country and taking the pain and stress out of the draw management process. Draw management software saves your lending team time so they can focus on new business. A digital draw process saves time and stress with:

- Real-time connectivity between all parties (lenders, borrowers, builders, and inspectors).
- Administrative efficiency giving your team the ability to manage more loans in less time.
- Streamlined processes resulting in more interest income for you and quicker draw turnaround times for your builders.

MYTH (x) **CONSTRUCTION LENDING IS TOO RISKY**

Construction loans present countless known and unknown pitfalls for lenders. This includes draw discrepancies, inspection oversights, compliance errors, miscalculations, miscommunications, and many more—all while your credit department spends invaluable time trying to manage your entire construction loan portfolio.

REALITY (✓) Construction lending automation and digital draw management reduces the human errors commonly associated with the old way of managing loans in spreadsheets and stacks of paper. Using technology to manage your construction lending portfolio you:

- Get complete portfolio transparency with ease, allowing you to generate accurate, up-to-date reports with a click of a button.
- Reduce the chance for human error by automating and streamlining numerous post-closing processes including draw requests, disbursements, and inspections.
- Provide disbursement controls with proactive alerts and notifications to make your credit department immediately aware of any possible problems within a portfolio such as construction scheduling or a loan which has gone stale.

MYTH CONSTRUCTION LENDING IS A LOSS LEADER

Construction loans are often viewed as a cheap way to acquire lifelong clients. In other words, many construction loans are done as loss leader loans, meaning a loss is acceptable in order to secure future profits.

REALITY

Digital draw management software provides many ways to make construction lending an easy money maker, while securing future income from borrowers who are highly satisfied with their construction loan process.

- Best-in-class user experience helps attract and retain the best builders, borrowers, and draw inspectors.
- With greatly reduced construction lending risk, digital draw automation software allows lenders to operate with reduced price sensitivity.
- Builders working through a construction lending software platform enjoy the expedited draw process, which allows them to speed up the time required on a job, reduce their own costs, and increase profits. Builders satisfied with the automated draw process will lead to lasting builder-lender relationships and future business.
- Borrowers who are pleased with their construction loan process will be more likely to request that permanent financing remain with the same lender, increasing your company's fee income and long-term mortgage portfolio.



MODERNIZED CONSTRUCTION LENDING

Construction lending is not what it used to be. With the right tools, you can safely grow your construction loan portfolio while avoiding the high risk, time-consuming, paperwork headaches that used to go hand-in-hand with construction lending. After adopting construction loan automation software, your credit department, lenders, borrowers, builders, and profits will thank you.

Visit getbuilt.com to schedule a demonstration.