

OCMBC Commercial March -19-2026 Objection to Approval



WEBINAR HOSTS

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AGENDA

- Welcome- identify common lenders objections.
- Industry Overview: What is currently happening in the CRE marketplace.
- Who is this webinar for(Brokers, Investors, Loan Originators)
- Reframe deals to meet underwriting guidelines
- Real Case Studies
- Commercial Loan Objections Solutions

Here is where most deals die and most people walk away.

Today we're going to cover something every commercial real estate professional faces — **loan objections.**

If you've ever heard:

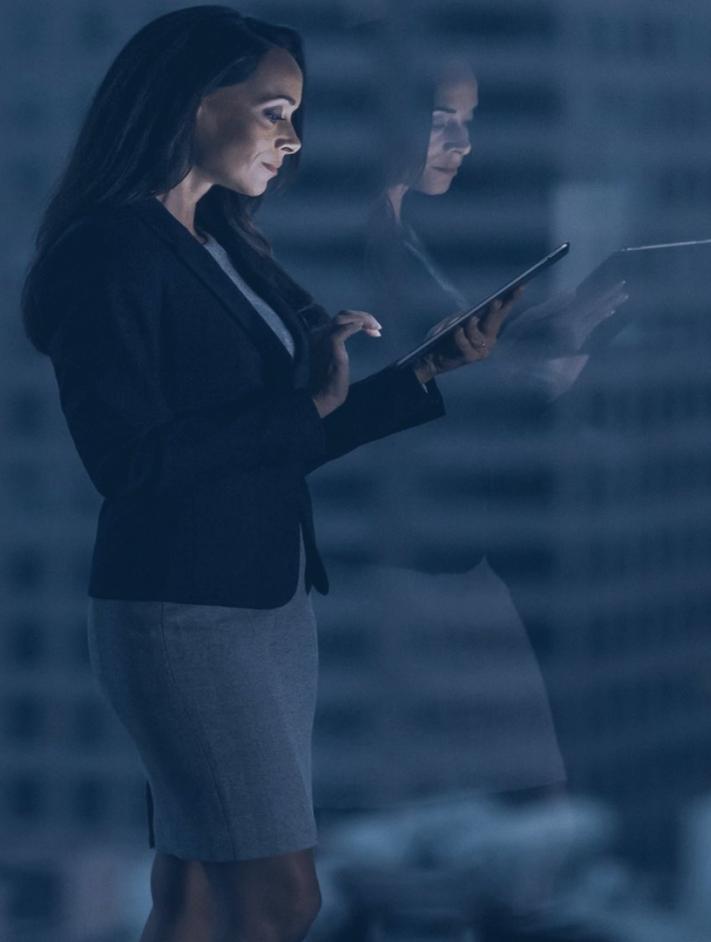
- 'The DSCR is too low'
- 'The borrower lacks liquidity'
- 'The property isn't stabilized' or property performance
- 'The leverage is too high'
- Borrower's experience

Then you already know how frustrating this process can be.

But here's the truth:

Most deals don't fail because they are bad deals.

They fail because they are structured incorrectly.



MAIN OBJECTIVES OF TODAY'S PRESENTATION

1. Understand what we are saying as Lender
2. Diagnose the true objection
3. Repackage the deal to meet the underwriting guidelines
- 4. Ask an expert for help.**
5. Make the time to quiet your mind and gather your thoughts to think about solutions. Most of them are at your fingertips.

**What is our perspective as a lender?
The job is simply risk management and the focus is
on five core metrics for the most.**

1. The business Cash flow

2. Loan to Value

3. Borrower's Liquidity/Borrower Strength

4. Borrower's experience

5. Property Stability

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The Objection Framework

When a lender objects to a deal, Use this simple framework:

Step 1– Diagnose the Real Issue, ask questions such as : what is the real reason for the decline?

Step 2–Adjust the structure– the million dollar question most people don't ask : What do you recommend on how this would work? What do you think would work?

Step 3– Reduce the lender's risk– assess amount owed versus the loan amount requested and the value? Can your borrower live with a lesser loan amount if needed.

Step 4–Re-present the deal.

Case Study # 1- Retail Center Purchase

- Purchase Price: \$5.0 Million
- Loan Request \$4.0 Million
- NOI- \$260K
- Required DSCR: 1.25 VS Actual: 1.12 – Lender declines the deal and 90% Brokers stop here. The experienced broker does this:
- Reduces the loan size to meet standards for Retail shopping center, owner vs investment. Negotiates a better rate or reduces the loan amount to \$3.7 Million and the DSCR increase to 1.27%
- Tip- Learn LTV's desired by industry- it will save you time.

Case Study # 2 Liquidity Issue

- Loan Requested is \$ 2.5 Million
- Required Liquidity \$250K
- Borrower's current liquidity \$120K
- The lender is worried the borrower can't survive unexpected issues.
- Solutions: add a partner with liquidity – not switch – add, cross collateralize another property which has liquidity ask if you could hold back from the proceeds and create a lender reserve account.

Case Study # 3- Multifamily

- ✓ Borrower has no experience
- ✓ Below debt Ratio required
- ✓ Solution: Hire a property manager
- ✓ Do a seller carry
- ✓ Use a schedule E from seller to show rents
- ✓ Use a bridge lender- we are bridge lenders.



Case # 4 Complex Case-Law Firm-California

Underwriting basics- **Request \$6 Million Purchase Price**

- Analysis of location and rental demand **Vegas- Property**
- Evaluation of tenant demographics and income levels.- **Projections used.**
- Assessment of property condition and potential for rent growth – **20,000 sq ft warehouse.**
- Owner use VS Investment- **Owner**
- Borrower's experience- **Excellent**
- Cash Flow of the asset by industry benchmarks. **Cash flow failed**
- Credit- **good credit**
- Loan to Value- **100% – that's correct.**
- Source of funds – **Borrowers Business Income**

Built Projections

Revenue	January	February	March	April	May	June	July	August	September	October	November	December		
Revenue	\$ 14,500,000.00	\$ 1,438,166.00	\$ 1,438,166.00	\$ 1,438,166.00	\$ 1,438,166.00	\$ 1,438,166.00	\$ 1,438,166.00	\$ 1,438,166.00	\$ 1,438,166.00	\$ 1,438,166.00	\$ 1,438,166.00	\$ 1,438,166.00	\$ 30,319,826.00	\$ 19,819,826.00
Less Rev. Share	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Rev.	\$ 14,500,000.00	\$ 1,438,166.00	\$ 1,438,166.00	\$ 1,438,166.00	\$ 1,438,166.00	\$ 1,438,166.00	\$ 1,438,166.00	\$ 1,438,166.00	\$ 1,438,166.00	\$ 1,438,166.00	\$ 1,438,166.00	\$ 1,438,166.00	\$ 30,319,826.00	\$ 19,819,826.00
Expenses														
Compensation														
Owner 1	\$ 50,000.00	\$ 50,000.00	\$ 50,000.00	\$ 50,000.00	\$ 50,000.00	\$ 50,000.00	\$ 50,000.00	\$ 50,000.00	\$ 50,000.00	\$ 50,000.00	\$ 50,000.00	\$ 50,000.00	\$ 1,000,000.00	\$ 1,000,000.00
Owner 2	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Salary EE	\$ 220,000.00	\$ 220,000.00	\$ 220,000.00	\$ 220,000.00	\$ 220,000.00	\$ 220,000.00	\$ 220,000.00	\$ 220,000.00	\$ 220,000.00	\$ 220,000.00	\$ 220,000.00	\$ 220,000.00	\$ 2,700,000.00	\$ 2,700,000.00
Owner 4	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total comp	\$ 270,000.00	\$ 270,000.00	\$ 270,000.00	\$ 270,000.00	\$ 270,000.00	\$ 270,000.00	\$ 270,000.00	\$ 270,000.00	\$ 270,000.00	\$ 270,000.00	\$ 270,000.00	\$ 270,000.00	\$ 3,700,000.00	\$ 3,700,000.00
Overhead														
Payroll taxes	\$ 22,000.00	\$ 22,000.00	\$ 22,000.00	\$ 22,000.00	\$ 22,000.00	\$ 22,000.00	\$ 22,000.00	\$ 22,000.00	\$ 22,000.00	\$ 22,000.00	\$ 22,000.00	\$ 22,000.00	\$ 264,000.00	\$ 266,000.00
Health Benefits	\$ 9,500.00	\$ 9,500.00	\$ 9,500.00	\$ 9,500.00	\$ 9,500.00	\$ 9,500.00	\$ 9,500.00	\$ 9,500.00	\$ 9,500.00	\$ 9,500.00	\$ 9,500.00	\$ 9,500.00	\$ 114,000.00	\$ 116,000.00
Rent	\$ 47,000.00	\$ 47,000.00	\$ 47,000.00	\$ 47,000.00	\$ 47,000.00	\$ 47,000.00	\$ 47,000.00	\$ 47,000.00	\$ 47,000.00	\$ 47,000.00	\$ 47,000.00	\$ 47,000.00	\$ 564,000.00	\$ 564,000.00
Phone/Internet	\$ 2,500.00	\$ 2,500.00	\$ 2,500.00	\$ 2,500.00	\$ 2,500.00	\$ 2,500.00	\$ 2,500.00	\$ 2,500.00	\$ 2,500.00	\$ 2,500.00	\$ 2,500.00	\$ 2,500.00	\$ 30,000.00	\$ 32,000.00
Office Exp	\$ 20,000.00	\$ 20,000.00	\$ 20,000.00	\$ 20,000.00	\$ 20,000.00	\$ 20,000.00	\$ 20,000.00	\$ 20,000.00	\$ 20,000.00	\$ 20,000.00	\$ 20,000.00	\$ 20,000.00	\$ 240,000.00	\$ 260,000.00
Loan Exp (NON-LOB debt)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounting	\$ 7,000.00	\$ 7,000.00	\$ 7,000.00	\$ 7,000.00	\$ 7,000.00	\$ 7,000.00	\$ 7,000.00	\$ 7,000.00	\$ 7,000.00	\$ 7,000.00	\$ 7,000.00	\$ 7,000.00	\$ 84,000.00	\$ 84,000.00
Legal	\$ 330,000.00	\$ 330,000.00	\$ 330,000.00	\$ 330,000.00	\$ 330,000.00	\$ 330,000.00	\$ 330,000.00	\$ 330,000.00	\$ 330,000.00	\$ 330,000.00	\$ 330,000.00	\$ 330,000.00	\$ 4,200,000.00	\$ 4,400,000.00
Equipment	\$ 5,000.00	\$ 5,000.00	\$ 5,000.00	\$ 5,000.00	\$ 5,000.00	\$ 5,000.00	\$ 5,000.00	\$ 5,000.00	\$ 5,000.00	\$ 5,000.00	\$ 5,000.00	\$ 5,000.00	\$ 60,000.00	\$ 65,000.00
Website	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
B/D Affiliation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Travel	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 12,000.00	\$ 12,000.00
Client Entertain	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Marketing	\$ 220,000.00	\$ 220,000.00	\$ 220,000.00	\$ 220,000.00	\$ 220,000.00	\$ 220,000.00	\$ 220,000.00	\$ 220,000.00	\$ 220,000.00	\$ 220,000.00	\$ 220,000.00	\$ 220,000.00	\$ 2,640,000.00	\$ 2,750,000.00
Total Overhead	\$ 664,000.00	\$ 664,000.00	\$ 664,000.00	\$ 664,000.00	\$ 664,000.00	\$ 664,000.00	\$ 664,000.00	\$ 664,000.00	\$ 664,000.00	\$ 664,000.00	\$ 664,000.00	\$ 664,000.00	\$ 8,208,000.00	\$ 8,549,000.00
Total Expenses	\$ 934,000.00	\$ 934,000.00	\$ 934,000.00	\$ 934,000.00	\$ 934,000.00	\$ 934,000.00	\$ 934,000.00	\$ 934,000.00	\$ 934,000.00	\$ 934,000.00	\$ 934,000.00	\$ 934,000.00	\$ 11,908,000.00	\$ 12,249,000.00
Total LOB Loan Payments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Surplus (Deficit)	\$ 13,566,000.00	\$ 504,166.00	\$ 504,166.00	\$ 504,166.00	\$ 504,166.00	\$ 504,166.00	\$ 504,166.00	\$ 504,166.00	\$ 504,166.00	\$ 504,166.00	\$ 504,166.00	\$ 504,166.00	\$ 18,411,826.00	\$ 7,570,826.00

PROCESS RECAP

Credit Issues   (Very High)

Cash Flow (DSCR)   (Very High)

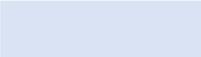
High Leverage   (High)

Collateral Weakness   (Moderate)

Limited History   (Moderate)

Industry Risk   (Medium)

Incomplete Documentation   (Common but fixable)

Management Concerns   (Lower, but important)

Fix Strategies to Consider:

Fix Strategies

If DSCR is too low

- Lower loan amount
- Increase NOI
- Interest-only period

If LTV is too high

- Increase equity
- Seller carryback
- Preferred equity

Key Points to consider:

If the borrower lacks liquidity

- Add partner
- Cross collateralize
- Reserve accounts

If the property not stabilized

- Bridge loan
- Lease-up reserve
- Pre-leasing agreements

If borrower lacks experience

- Co-sponsor
- Third-party management
- Smaller loan program

Solutions : Income & Cash Flow

- **Income & Cash Flow**
- **DSCR too low**
Solution: reduce loan, increase equity
- **Income unstable**
Solution: provide trailing 12-month financials
- **Short operating history**
Solution: use pro-forma underwriting
- **Tenant concentration**
Solution: diversify or show long-term leases
- **Expiring leases**
Solution: provide renewal letters

Solutions : Property Issues

- **Property Issues**

- High vacancy

Solution: lease-up reserve

- Deferred maintenance

Solution: renovation budget

- Poor property management

Solution: professional manager

- Environmental concerns

Solution: Phase 1 report

- Location risk

Solution: market analysis

Solutions : Borrowers Issues

- **Borrower Issues**

- Low liquidity

Solution: add partner

- Weak net worth

Solution: guarantor

- No commercial experience

Solution: co-sponsor

- Credit issues

Solution: alternative lenders

- Overleveraged borrower

Solution: pay down other debt

Solutions : Structure Issues

- **Structure Issues**
- LTV too high
Solution: increase equity
- Loan size too small for lender
Solution: use community bank
- Loan size too large for borrower
Solution: syndication
- Construction risk
Solution: staged funding
- Interest rate risk
Solution: rate cap

Solutions : Documentation Issues

- **Documentation Issues**
- Missing financials
Solution: CPA statements
- Appraisal gap
Solution: renegotiate price
- Lease verification issues
Solution: estoppel certificates
- Insurance concerns
Solution: updated coverage
- Incomplete borrower package
Solution: full loan package

Solutions : Title Issues- Senior Liens

- **Title Issues**

- Subordinate a senior debt
- See if the Lien is enforceable
- Check the Statue of Limitations for that state
- Borrowers post a bond on disputed title, title insures over it.
- Incomplete borrower package

Solution: full loan package

NEW CONSTRUCTION PROJECTS

- Description of the project
- Have permits been issued
- Construction Budget
- Horizontal Budget- Months to build Horizontal
- Vertical Budget- Months to build Vertical
- Property Value upon completion
- Borrower Experience- # units built in the last 18 and 36 months
- Who is doing the construction-Self or contractor
- What is the Borrower's Exit Strategy

YOUR SUBMISSION, BEST TO INCLUDE...

- Rent Roll or T-12.
- Expenses for the property: taxes, insurance, utilities, management fees, repairs.
- Percentage of occupancy- it's very important. Maybe the property is fractured.
- Personal Financial Statement if possible.
- Schedule of Real State Debt
- Appraisal if it's a construction project or a decline from an institutional bank.
- Construction Budget- Horizontal and Vertical Costs

FINANCING OPTIONS

- **What determines the structure of the loan: The Risk Below:**
- Loan to Value, Credit Score, Location, Supply and demand , overall risk.
- Conventional, Bridge Loans, Participation Loans, Mezzanine Financing, CMBS.
- Multifamily Financing 3 types of loans, Lowest rates at 1.25%+ DSCR, Below 1.15% middle of the road rates, below 1% DSCR- higher rates. Or maybe a fractured property.
- SBA, Construction Loans.
- DSCR based on industry Benchmarks.
- Bridge Loans.
- Take out loans to permanent financing.

MANAGING THE BORROWER RELATIONSHIP

- Building Trust
- Better Understanding of the borrower and their loan scenario request
- Increased pull through by knowing your borrower's needs and objectives
- Risk Management- understand the objection and how to mitigate the risk.
- Enhanced communication- consistent and often- and open.
- Building your brand with your borrower by building trust.
- Long term partnerships by pricing right and not killingg the borrower on 1 loan.

SAMPLE MATRIX

Typical Maximum LTV and Capitalization Rates

Matrix	Multifamily	Retail	Industrial	Hopitality	Construction
LTV's Purchase	70%-80%	65%-75	70%-100%	65%-75%	90% LTC
LTV's Ref CO	70%-75%	65%-70%	65%- 70%	Varies/ Flagship	N/A
Owner Use	Not Applicable	65%-100%	70%-100%	Yes/No	Yes/No
Investment	Yes	Applicable	Yes	Yes/No	Yes/No
Cap Rate	4%-6%	5%-8%	5%-7%	4%-8%	Varies
Debt Yield	5% min	Varies	Varies	Varies	VARIABLES
Reserves	6-9 months	6-9 months	6-9 months	Varies	Project Based

QUALITY OF THE ASSET AND WHAT IT MEANS

Asset Category	Class A	Class B	Class C	Class D
Age (Years)	0-15	15-30	30-40	40+
Quality	High	Moderate	Low	Very Low
Risk Level	Low	Moderate	High	Very High
Typical Uses	Prime locations, high demand	Good condition, decent areas	Older, may need upgrades	Distressed, poor condition

KEY TAKE AWAYS



- ✓ The more you know about the what your client's need is the better chances we have to help you. The Who, the What, When and the How and sometimes the Why.
- ✓ Don't be afraid to ask your borrower's questions it's for their benefit
- ✓ DSCR- is only one component of any commercial real estate loan including multifamily.

PROCESS RECAP

- 1st Loan Scenario Worksheet or email. Property address, credit score, loan amount, type of loan, borrowers. CMLO gets back to you asap.
- We will provide you a quote if we have enough information from you.
- If your borrower likes the quote, we will send you a broker agreement.
- After the broker agreement is signed, the LOI is released.
- We open escrow.

QUESTIONS

Intended for Mortgage/Real Estate Professionals

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THANK YOU

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