



Lima One Ramps Up Loan Volume with Mission-Critical Multifamily Lending Software and Support from CREModels

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Up to
10X
reduction in time
required to size a loan

100s
of hours saved annually
on providing new quotes

\$600M
in new multifamily
loan originations

Five years ago, the Greenville, S.C.-based private lending company—founded by two U.S. Marines and named for their call sign—had closed less than \$10 million in multifamily loans. As of October 2023, that cumulative figure stood at about **\$1.6 billion**.

"We focus on smaller, middle-market projects," noted Andrew Shook, Lima's Head of Commercial Real Estate Lending. "Over the past 12 months, we have done almost \$600 million in new multifamily loan originations."

In 2018, Lima hired Shook to scale its multifamily lending business. His successful pursuit of that mission (multifamily is now the highest-productivity division at Lima, which also provides new construction and fix-and-flip financing) was supported by a cloud-based loan-sizing platform from CREModels.

"CREModels has been a very important part of why we've been able to grow," said Shook, who has more than 20 years of experience in real estate and finance. "If it takes 10 minutes to size a deal versus two hours, think of the number of projects you can look at in a day."

'A CHUNKY SIMULTANEOUS EQUATION'

Prior to deploying the underwriting tools in CREModels' CRE Suite platform, Lima sized loans using its own, internally built spreadsheet. As is often the case among fast-growing private lenders, this manual approach started to show its limitation with higher deal volume.

Generating quotes using the old methods was time-consuming, and agents struggled to maintain accurate and up-to-date credit parameters and deal-sizing



metrics in their quotes for prospective borrowers. On occasion, discrepancies made it past quality control, creating a need to quickly rectify the issue. "You cannot scale and run your business with an unsophisticated and inadequate sizer," Shook said. "It just doesn't work."

The situation grew more challenging in 2022 when the Fed started raising rates. That is when Shook began searching for a more efficient approach to quoting Lima's growing volume of \$1 million to \$10 million multifamily loans. The financier wanted a tool that could handle the full array of parameters involved in today's deals, from "as-is" and "as-stabilized" variables, to those related to sponsors, the market, renovations, the property manager or macroeconomic trends. "With multifamily loans, it is a pretty chunky simultaneous equation that you have to screen for as a lender," Shook explained. "Every deal is a unique snowflake."

BENEFITS OF CRE SUITE FOR MULTIFAMILY LENDING

Lima is now able to efficiently add, remove or change loan-level pricing adjusters for its salespeople. In this more centralized approach, CREModels quickly adjusts the loan sizing parameters, per Lima's instructions, for all agents at once, freeing up salespeople to





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Andrew Shook
Lima One
Head of Commercial Real Estate Lending

do more deals. “We can have that sizer back in Lima’s hands very quickly,” explained CREModels Managing Director Mike Jaworski. “After we confirm that the revisions are exactly as required, we push the updated sizer out to all the sales agents, giving Lima a fully consistent quoting tool.”

Today, Lima is better able to adapt to and capitalize on changing market conditions, with major improvements in data accuracy and consistency. In addition to streamlining the loan-origination process, the learning curve for newly hired agents is much gentler. “The nature of the CRE Suite makes it painlessly scalable,” Shook explained. “You just add a user, they install the software, and you are good to go.”

Lima and CREModels collaborated to streamline the loan evaluation process in the software. It allows a salesperson to see at a glance which elements of the deal are in bounds or out of bounds. “If you have flagged a potential deal-killer, you can do things like reduce leverage or make structural adjustments to create a custom solution for the customer’s problem,” Shook explained.

Customer service improved due in part to this early warning system. “It allows us to be more accurate and identify the questions that need to be asked earlier in the process,” Shook said. “Our salespeople are more plugged into their transactions now than they have ever been.”

Greater data accuracy and consistency improves customer relations in other ways as well, adds Jaworski. “You’re transferring the model results directly into custom reports that agents can easily edit in Microsoft Word before sending those quotes to clients,” he explained. “It’s all at-scale, not just one user, and without any need for manual re-entry, which can introduce costly errors.”

This approach bolsters the lender’s own performance, because that same data trail can go into a full credit memorandum, used internally to approve or deny loans.

LEVERAGING HISTORICAL DATA

Historical data stored in the system can be useful as well: Open up a transaction from 2021, and the CRE Suite multifamily loan sizer loads with the original



credit and deal parameters—a convenient record for auditors or for an after-action debrief focused on the performance of a particular loan. “If, God forbid, you’re looking at a material default situation, you don’t have to go back and reconstruct history,” Shook noted. “You can say, ‘What did this loan look like on the front end?’ The historical information you need is all there.”

As lenders generate and store more historical data, they can use the platform to run backward-looking performance analyses and explore questions related to loan and customer performance or the effectiveness of their responses to various macroeconomic shifts. “Building that reserve of accurate and accessible historical data is a prerequisite for more predictive analytics that can feed into your go-forward strategy,” Jaworski said.

HIGH-TOUCH SERVICE

Over the course of his career, Shook has encountered technology vendors that, in his words, “do bad work, charge exorbitant fees for small changes and know they have got you over a barrel.” He lauded CREModels’ commitment to high-touch customer service. “This has been a complicated project and CREModels has done a great job,” he concluded. “They are literally the best vendor I’ve ever worked with. I say that very sincerely.”

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