

Scotsman Guide Magazine

October 2026



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Contributing Author, Mortgage, Private Lending

Why certainty matters more than price in private lending

The lenders and brokers best positioned for what comes next are those building trusted relationships, executing consistently and creating value beyond the closing

By Michael Vandenberg

Private lending has always been a relationship business. But over the past 12 to 18 months, those relationships have been tested by the challenges of today's macroeconomic environment and housing market, leaving many brokers asking: Why does every deal feel harder to win?

Interest rates are certainly one part of the story, but deal compression has become one of the defining characteristics of today's market. While fewer deals are moving through the pipeline, competition hasn't eased. Lenders are competing more aggressively for brokers' business, and brokers must work harder to win borrowers, who have more financing choices than ever.

That dynamic creates pressure across the entire lifecycle, reshaping the economics of the broker business. In today's market, losing a deal is more than just frustrating — it has become significantly more expensive.

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Execution matters most

Competitive pricing will always matter, but it's no longer enough to stand on its own. In a market where every deal matters, brokers are placing greater value on certainty, working with lending partners they trust to communicate clearly, solve problems quickly and close loans on time and without surprises.

The lenders earning repeat business aren't always the cheapest. More often, they're the ones brokers trust to deliver a transparent, consistent experience. In fact, brokers will often accept a slightly higher rate with a reliable lender to close a deal. In a tighter market, certainty is the product.

That certainty comes from doing the fundamentals well: responding quickly, communicating clearly and delivering a consistent process from application through closing. A fast term sheet doesn't mean very much if the loan can't close on time. Likewise, the cheapest loan isn't always the best loan if unexpected issues surface late in the process. Pricing still matters, but today it's more of a tiebreaker than a deciding factor.

The lenders earning repeat business today are the ones making it easier for brokers to deliver on the promises they've already made to borrowers.

Diversify your relationships

Market conditions have also changed how successful brokers manage lender relationships. Building a business around a single lender is risky. Every lender adjusts credit policies from time to time, but markets change, priorities shift and product offerings evolve. If you've built your business around one relationship, those changes can quickly become your roadblocks. Brokers need options.

The strongest brokers usually have relationships with between three and five reliable lenders. Keeping a small but strong set of lending partners gives savvy brokers flexibility to place deals with the right lender while insulating their business from changes that may occur at any single institution.

At the same time, diversification doesn't mean treating every relationship equally. Volume still creates leverage. When brokers consistently bring quality loans to a lender, they're often able to negotiate better economics, earn dedicated support and build relationships that help solve problems faster. Additional lender relationships provide flexibility when a deal falls outside a primary lender's credit box, resulting in a business built on both depth and optionality.

Create value after funding

Competition is also raising the bar for what borrowers expect from their broker, which means closing a loan is no longer the finish line. The brokers creating the strongest businesses stay engaged throughout the life of the loan, helping borrowers navigate construction draws, answering questions before they become larger issues and maintaining relationships between projects instead of waiting around for the next transaction to appear.

That ongoing involvement strengthens every relationship in the transaction. Borrowers receive better guidance, lenders benefit from stronger communication and brokers position themselves to earn repeat business when the next opportunity comes along. That's a much stronger long-term strategy than treating every transaction as a one-time event.

Scarcity also creates another temptation: chasing every opportunity. Not every deal is a good deal, and disciplined brokers understand that. They are becoming more selective. The strongest brokers know their borrowers, evaluate the property's viability and recognize whether a deal fits a lender's credit box before submitting it. That discipline saves everyone time. And more importantly, it builds trust.

Lenders remember brokers who consistently bring well-qualified borrowers and deals. Over time, those relationships become stronger because both sides know what to expect from each other.

Technology should remove friction

Technology has become one of the biggest battlegrounds in private lending. Most brokers don't use technology for technology's sake. Rather, they look for tools to help serve borrowers more efficiently by spending less time chasing paperwork and status updates and more time advising clients.

Digital pricing tools, real-time loan tracking, workflow visibility and automated communication reduce friction throughout the lending process while giving brokers greater confidence in the information they're sharing with borrowers. As more lenders invest in technology, those capabilities are becoming increasingly important points of differentiation, because they make good service easier to deliver.

The housing market will continue to evolve. Transaction volumes will eventually recover. But the lessons emerging from this cycle are likely to outlast the current market. Strong lender relationships, disciplined deal selection, consistent execution and a commitment to delivering value after closing aren't simply strategies for a down market — they are key to building a durable business, regardless of the macroeconomic cycle. The brokers that execute well today are setting themselves up for success tomorrow.

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