

Diversification and Strong Leadership Guide Constructive Capital to New Heights

By Nick Georgandis, Contributing Writer for *Originate Report*



Ben Fertig
President, Constructive Capital

“The beauty of empowering others is that your own power is not diminished in the process.”

— Andrew Carnegie

If major players in private lending have learned anything in the past few volatile years, it's that the only thing you can count on is change. 2022 was known as the year of the skyrocketing interest rate, and this year has presented its own challenges. The companies who are not only surviving but thriving in this environment all exhibit similar characteristics: a product array that addresses the needs of the industry and a leadership mindset that can help their teams stay the course.

“Our market remains challenging because of the fact that important factions of liquidity are going to, for the most part, stay on the sidelines,” said Ben Fertig, President

at Constructive Capital. “What you are seeing is a lot of the fixed income or bond-related liquidity not coming back to a healthy level. That's not exactly a new story, but a story that has been seemingly refreshed throughout the year. Everyone had thought the rate environment was going to taper, but that's not what we've been looking at.”

These recent events have led to the dissolution or consolidation of several prominent companies in the space. While the market has taken its toll on the industry, there are many players who have found opportunities to diversify and grow – one being Constructive Capital.

Originate Report recently had the opportunity to speak to Ben Fertig, President at Constructive Capital, to talk about his firm's true source of differentiation.

Industry-Leading Moves

Since coming on as president of Constructive Capital in September 2017, Fertig has learned that the only consistent thing in the industry is the lack of consistency. Their answer to that challenge has been to make sure they are never caught holding just one position. Almost adverse to “status quo,” Constructive is continuously pushing boundaries to see what it can accomplish.

“In 2021, we diversified our sources of capital and liquidity,” Fertig says.

“It started with diversifying our capital sources for debt service coverage ratio (DSCR) loans. That allowed us to lock in our cost of capital for extended time periods.”

Today, Constructive offers three main products:

- Rental loans in the form of long-term financing for single-family and multi-family rental properties and portfolios,
- Short-term financing (Fix and Flip loans) for the purchase and rehabilitation of single-family and multi-family properties, and
- Lines of credit for clients who are interested in frequently fixing and flipping homes.

Constructive offers wholesale and correspondent loans. After the company funds the loan, it may sell it on the secondary market to investors who package it with other mortgages to sell as mortgage-backed securities or to a life insurance portfolio. This essentially turns Constructive into a financial intermediary, which greatly assists in making money available in the market for new mortgages and increases liquidity. Constructive also services the loans through collecting mortgage payments and maintaining escrow accounts. This ecosystem creates a nice synergy with Constructive's third-party, white-label funding business.

Constructive's diversification efforts have propelled the company forward in recent years, solidifying it as a market leader.

An Environment of Empowerment

Being one of the largest players with a great product offering might seem like a built-in advantage to Constructive's success during uncertain times, but a closer look at the company and the market suggests an equally important reason lies in the leadership mindset found at all levels throughout the firm.

Leadership can take many forms in the dynamic business world. For Constructive, their industry-leading status was developed from the inside out. Because Fertig and his management team confidently lead their staff on a daily basis, there is a foundation to lead their clients through the private lending process. Managing Director Alex Offutt, Senior Vice President Tess Siwa, and Vice President Darryl Shelton are all critical members of the management team that inspires and leads Constructive daily.

“My belief is that leadership and management are two distinct systems of action. It's very difficult to guide a team through a tough market through just management. You need to be a leader,” Fertig says. “From a leadership standpoint, we focus on ensuring the right talent is in the right seats and empowering them.”

Constructive, with its 115 staff members, averages 700+ loans per month. Fertig emphasizes that hiring employees capable of this level of

Constructive Capital: Continues on pg. 26

efficiency in a niche market like private lending is no easy task.

“We built our company to outperform when the market is really difficult,” Fertig says. “Our team utilizes innate critical thinking skills to adapt and succeed in the most difficult times.”

Continuous improvement and innovation coupled with the desire to build strong, lasting relationships with their clients allows Constructive to deliver an exceptional experience from beginning to end.

Leadership Through Tech

A diverse offering is not only where Constructive leads the charge. The company offers an all-in-one client-facing portal tailored to each client’s individual needs and the feedback they provide. This document management system is fully integrated with Constructive’s loan origination system and is powered by ICE Mortgage Technology’s Encompass software, an end-to-end digital mortgage solution. This platform helps ease new clients into the headspace of working with a private lender.

While leveraging technology to minimize errors and expedite the application-to-approval cycle is a crucial aspect of Constructive’s business model, Fertig believes that automation will never fully replace the value that people bring to the process.



Ben Fertig

“There is always going to be an analog element to loans in our business,” says Fertig.

“We focus on technology to support our clients and our products, but we’re never going to be a fintech company that fails to prioritize earnings and relationships. That just hasn’t worked in our space.”

What’s in a Name?

Constructive Capital chose its name for several reasons, chief among them being its connection to the Latin word “constructus,” which means organizing parts in a particular place and order. This perfectly reflects the challenges faced in the ever-changing world of private lending. Under the guidance of Fertig and an impressive leadership team, Constructive

continues to push the envelope in both the quantity and quality of loans in the private lending sector, with no plans of slowing down.

“Constructive has grown and picked up market share as the conditions have gotten more difficult,” Fertig says. “I think that our relative performance has a positive correlation to how difficult the market is. It’s not easy for anyone, but we are still going strong.”

Spoken like a true leader in the industry.



For more information, please visit: <https://www.constructiveloans.com/>

CONSTRUCTIVE CAPITAL

DSCR RENTAL CAPITAL

FIX & FLIP CAPITAL



- Stable, reliable capital with unmatched execution

STABILITY



- 85% of our 1Q fundings closed within 20 days of application

SPEED



- Rental and fix & flip loan products in a variety of term lengths

FLEXIBILITY



- Competitive rates and a 21-day rate lock

PRICE LEADERSHIP

Let's Connect

833-208-1442 — [ConstructiveLoans.com](https://www.constructiveloans.com)



Constructive Loans, LLC, d/b/a Constructive Capital. Advertisement is intended for mortgage professionals. All terms subject to credit approval. All loans must be solely for a business or commercial purpose and secured by a non-owner occupied property.

