

ZINC

FINANCIAL, INC

Lending Worth its Metal

By Charles Peckman, Contributing Writer for *Originate Report*

Todd Pigott
President, ZINC Financial, Inc.



When Todd Pigott, the President of ZINC Financial, was working in the facilities management business over 20 years ago, a utility vehicle accident almost took his life and the lives of his three children. At that moment, Pigott decided that life was too short to work in a field he had no passion for, and ZINC Financial was born. The investment rehab lender, which is headquartered in Fresno, California, specializes in private money rehab loans and helps investors leverage capital to acquire and rehab properties for investment purposes.

Looking back on that fateful day, Pigott, who sat down with *Originate Report* to discuss the ins and outs of deal flow and what sets ZINC Financial apart from the competition, said he challenges those around him to use otherwise tragic events as a source of strength and growth. “We all ended up in the trauma unit after the accident, and I almost lost my life and my leg. I was in a wheelchair for months and had six surgeries to recover,” Pigott described. “When you are in a wheelchair and going through surgeries and laying on hospital beds, you reevaluate things very quickly.” This reevaluation, he stated, laid the groundwork for the formation of ZINC Financial. Transitioning from facilities management to real estate, he added, was a welcome challenge. “Like so many budding companies, I learned so much from the early days of ZINC,” Pigott noted. “One of the

main lessons I learned is that you can fix bad properties, but you cannot fix bad people. When we delved into the poor credit, subprime, or second position loans with less-than-stellar people, those transactions were exceptionally unprofitable for us. Today, we center our model around customer service and being there for our borrowers. But most importantly, choosing to work with good people.”

When thinking about ZINC’s end of the equation – and more specifically what causes borrowers to come back time and time again – Pigott emphasizes that the deal flow formula remains paramount. What this formula centers around, he added, is one simple question: ‘what does it take to make sure my deal is going to flow through with the path of least resistance?’ In his mind, the recipe ZINC employs to maintain healthy deal flow comes down to four distinct elements: working with your own cash, ensuring the creditworthiness of borrowers, focusing on LTP, and striving for a property with a strong value-add. “We have our own cash on hand, and we fund our own deals. We push our own red button for the wires and send it all from right here at ZINC,” he mentioned. “The number one rule for deal flow out there today, in my opinion, is finding a real lender with their own capital; 85 percent of them are not, and that 85 percent is relying on capital markets over their own sources of capital.”

Securing capital – especially when thinking about rehabbing a distressed asset – is part of the ZINC Financial DNA. But when the housing market begins to cool off – or when periods of inflation venture outside the realm of transitory – Pigott commented that framing deals through the lens of viability and profitability remains critical. “The question I always ask myself is this: ‘how do I know that my project is really going to be viable?’ The answer to this is that you truly must add value. You cannot rely on market lift, which was the case previously. I remember when you could buy a house, put in carpet, and hold it for six months at 12 percent appreciation year over year. We do not have that today and need to adjust our collective toolkit accordingly,” he observed. This toolkit adjustment, from his perspective, has been in full swing over the past few years – especially when considering the relationship between changes in the housing market and the COVID-19 pandemic. “The real estate market has been doing very well, and we are happy that our space is doing well. By the same token, we have had complexities such as the disruption of supply chains and working with governmental regulations. Throughout the pandemic, we have been able to lend more and expand and are exceptionally active right now.”

Navigating difficult periods aside, Pigott said ZINC Financial works tirelessly to ensure the group stands out from the crowded lending space. “I

think what separates us from the competition is that we have control of all our decisions right here,” he expressed. “We are a cradle-to-grave lender, and very few lenders are. We do our own servicing, underwriting, and processing. What we try to impress upon potential borrowers is that we are the real deal.”

Standing out as a true performer in the space, Pigott admitted, can be difficult because of the lore surrounding ‘fix and flips’. ZINC Financial, on the other hand, has a proven track record in having borrowers’ backs and following through on countless transactions, he told us. To date, ZINC has fixed and flipped over \$100 million in real estate and has conducted far more than 1 billion in lending on fix and flip projects. “I think the key to success, and I try and tell my kids this, is that you have to set your alarm, get up early, exercise, and get at it – you are going to have a lot of setbacks and a lot of lessons,” Pigott insisted. “At the end of the day, it is going to take a lot of work and a lot of energy, and that mantra is a large factor in how ZINC has been successful.”



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