



Mortgage Trader Launches Loan Brokerage Platform

Commercial Real Estate Direct Staff Report

Barry Smith, a seasoned commercial mortgage trader, has launched LoanSaleCorp.com, an online commercial real estate loan brokerage platform.

Smith has been trading commercial mortgages - buying them from banks and other financial institutions and reselling them opportunistically - since the early 1990s through his Compass Capital Corp. Not too long ago, as financial institutions started recognizing the scope of their mortgage problems, Smith decided to help them market their loans to a broader universe of potential investors, without taking a principal position in them.

He hopes to differentiate his platform from those of his competitors by effectively enlisting property brokers, who can register to review loan documents on the new Web site and can represent prospective investors. LoanSaleCorp.com, which is based in Scottsdale, Ariz., gets paid a fee by the selling institution, while its broker partners would be paid by the investor.

"The best execution comes from local developers and local real estate guys who know the assets," Smith said.

Instead of conducting live auctions, which have become the norm on other online loan-sales platforms, such as those run by DebtX and First Financial Network, LoanSaleCorp.com will try to conduct negotiated sales. The online platform is used predominantly to allow investors to conduct due diligence. After reviewing loan files, prospective investors make an offer through LoanSaleCorp.com, which the seller can then accept or reject and make a counter-offer.

The site is currently listing five loans with a combined balance of \$33.1 million on behalf of a bank client. The loans are all subperforming and are backed largely by apartment and condo properties in Southern California. One, with a balance of \$10.5 million, is backed by a 172,624-square-foot office property in Brookfield, Wis.

Smith plans to pursue brokerage assignments for what could be classified as middle-market commercial mortgages - loans with balances of \$2 million to \$20 million.

Comments? E-mail [Orest Mandzy](#) or call him at (215) 504-2860, Ext. 211.

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