

Small-Business Lender Enlarges Focus

A commercial real estate lender that originates **Small Business Administration** loans and other debt for small and mid-size companies has expanded its bridge-loan program to include non-recourse offerings.

Liberty SBF, which has been writing full-recourse bridge loans since 2013, funded its first non-recourse financing under that program in November and has two more deals slated to close this month. The Los Angeles lender expects the sum of its private-label originations in both categories to range from \$250 million to \$300 million in 2022, representing about half of its total projected lending volume for the year.

Liberty set up the middle-market lending initiative to write non-recourse bridge loans similar to those provided by commercial real estate CLO lenders. They will range from \$5 million to \$15 million, with terms of two or three years, maximum leverage of 75% to 80%, and coupons of 450 bp to 550 bp over one-month Libor.

The firm lends on a variety of asset types nationwide, including multi-family, industrial, self-storage and hotel properties. Its non-recourse bridge loans, pegged to properties with existing cashflows, can be structured so borrowers can use up to

20% of the proceeds to finance capital improvements and construction. Up to half can be deployed for such purposes under the terms of Liberty's full-recourse bridge loans, which do not have initial cashflow requirements.

"With increasing competition for assets and a need for financing opportunities for the middle market, our new bridge-loan product presents [commercial real estate] investors with a remarkable opportunity to secure short-term financing and seize opportunities fast," said Liberty CEO **Alex Cohen**.

Liberty's seven-member bridge-loan team is led by **Alex Prombaum**, the firm's president and head of credit. Plans call for adding 10 seasoned staffers to that unit in the near future, split evenly between originators and underwriters.

In addition to bridge loans, Liberty writes private-label mortgages and SBA loans on owner-occupied properties. Most of its lending activity this year has been tied to the federal Paycheck Protection Program, through which it originated about \$750 million of loans during the first three quarters. The firm expects to close on roughly \$50 million of fourth-quarter bridge loans, including about half stemming from the non-recourse lending effort.

Liberty was founded in 2011. The "SBF" in its name stands for small business funding. ❖



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