

Bridge-Loan Shop Inland Eyes CLO

Inland Mortgage Capital is eyeing a securitization exit strategy for its small-balance bridge loans, with its first CLO likely to hit the market by the end of next year.

The Oak Brook, Ill., unit of Inland Real Estate rolled out its bridge-lending platform late last year to focus on what it saw as an underserved niche: floating-rate loans of between \$3 million and \$12 million on transitional properties that need to be repositioned or leased up before qualifying for long-term, fixed-rate financing.

The firm set out with a target of \$100 million of originations in its first year, and is on track to meet that goal, said Inland Mortgage president **Art Rendak**. "Our deal flow is good, our portfolio is growing, and we think we'll be in good shape for a CLO-style deal sometime next year," he said. A CLO would typically be backed by at least \$150 million of loans.

Rendak also said Inland might eventually set up a fund to raise additional capital, but at the moment it relies on a line of credit from a bank with which it has a longstanding relationship. "We can fund our operation organically right now, and have access to plenty of capital," he said.

Dan Schmitz, vice president of originations, said that most of the firm's loans were for \$10 million or less. "The response has been great at that level," he said, "and there is less competition from the big bridge-lending shops in that range."

In many cases, the borrowers have been property owners facing maturity of loans they lined up from commercial MBS shops toward the end of the last cycle. Some are overlever-



aged and unable to qualify for new conduit loans, prompting them to seek short-term financing. ❖