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Velocity Is Growing in Tight Times

By Brad Finkelstein

Velocity Commercial Capital, a small-balance commercial lender here, is taking advantage of the opportunities in the marketplace by lending on a wide variety of property types, according to a company executive.

Joseph Cowell, senior vice president, production, noted Velocity is seeing applications to finance such properties as multifamily, office/retail and even restaurants.

The firm, he added, is a bit more aggressive than other lenders in this space. It is seeing its demand pick up even as some of its competition is pulling back.

Approximately 80% of its product comes from residential mortgage brokers. It uses a limited documentation application process similar to the residential loan origination process that these brokers are familiar with.

The company places more of an emphasis on the real estate in its underwriting process, making its loan "very much" an asset-based decision. Mr. Cowell said that given the current conditions in the marketplace, "now it is vital that lenders get the real estate right."

Still, like other companies, it has moved to tighten credit standards, but he reiterated Velocity is "still very aggressive in the market."

Typical loan amounts range from \$100,000 to \$3 million. Many of the properties it lends on are fallout from the more traditional commercial lending sources.

Besides its office here, the privately held company has offices in Stamford, Conn., Rosemont, Ill., and San Francisco. Having offices in each of these locations allows it to service mortgage brokers better because they are talking with someone in their own time zone. It has been in business since July 2004.

A recent transaction as described on the company's website was for a 10-unit multifamily property. The loan amount was \$617,000, and it was stated-income cash-out refinance. "Although the borrower came to Velocity with a 640 credit score, he possessed strong experience as a real estate investor (with six additional rental properties) and stable employment (eight years in law enforcement)," according to the website. The company also noted the mortgage broker who sourced the deal received a commission of \$15,437. ■