

'Home' Run: Paladin Offers Socially Responsible Mortgage Fund

There are plenty of ways to take advantage of the struggling real estate industry, however one firm is looking to put its money to work in a way that provides strong returns while also benefitting the community.

Paladin Strategic Partners has launched the socially responsible Home Saver Fund designed to assist homeowners that are struggling to make monthly mortgage payments through forbearance plans, repayment plans, loan modifications and financially-assisted short sales. The strategy's mission is to work with the individuals to get them back on track and ensure they can stay in their homes.

"It is not a fund to take your house...it's a fund to keep your house," said Carl Webb, president of the firm. "We will find a way to help you stay in your house."

Paladin began with a seed fund in August 2008 funded with partners' capital to show institutions that the process can provide strong returns and is repeatable.

The firm is looking to raise \$250 million to \$350 million and currently has \$25 million on the table of its own money. The firm will look to typically acquire mortgages in the \$200,000 to \$250,000 range, Webb said.

Lloyd Ucko, executive v.p. and head of capital raising for the firm, said that the fund offers a private solution to a public problem.

"It is very intense, the amount of due diligence we need to do," Ucko said, explaining that the firm will look to invest its capital in \$50 million pieces every 4-6 weeks.

Webb, who has over 28 years of experience in the resi-

dential mortgage industry, including time as a former managing director at MBIA Insurance Corp. in the global real estate and secondary markets group, said the experience of the team allows loans to be sourced from long-standing bank relationships.

Jason Barrett, executive v.p. and head of marketing, said recent figures show 35% of Americans are underwater, a figure that is projected to go up to 45%, creating an environment that requires loan-level due diligence of these owner-occupied loans. Overall, the U.S. residential mortgage market comprises approximately \$11.2 trillion of assets.

Barrett said the firm focuses on individuals who have shown a willingness and ability to pay their loan in less challenging times, but may have experienced recent hardships such as unemployment or medical issues.

"This is a person you want to save," he said, adding, "We are going to do the right thing every time."

To ensure that mission, the firm also has a governance committee that examines the question, "did we do everything possible" before moving into foreclosure, Webb said. "We are not in this thing to foreclose. That is just one more level that we feel is very important."

Barrett said public pension funds need only look in their own backyard to see why the strategy makes sense.

"We think that based upon our strong mission, we have a competitive advantage," he said. "We are helping the average person...in many cases the constituents of the plan sponsors."



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