SCAN FOR MORE CRE NEWS

HEBRON
REALTY

WHAT ARE **SECURITIZED LOANS** AND HOW DO THEY WORK?

Hebron Realty is a Brooklyn-based, **family-run commercial real estate firm** led by Rob and Robert—second and third-generation CRE brokers with deep roots in the industry. Specializing in **office leasing, investment sales, and strategic advisory**, they combine over 20 years of market expertise with active involvement in the **SIOR**, **CCIM**, and local communities to help clients close smarter, more informed deals.

Expert Commercial Real Estate Leasing & Investment Advisory Results-Driven. Relationship-Focused. Always on Your Side.

347.528.5077
www.HebronRE.com
16 Court St. 2105
Brooklyn NY 11241

SIOR

CCIM

What they are:
A securitized loan is a commercial or residential loan pooled with other loans and sold to investors in the form of mortgage-backed securities (MBS) or commercial mortgage-backed securities (CMBS).

How they work:

Loan Origination:
A lender (often a bank) issues a mortgage loan to a borrower.

Loan Pooling:
That loan is bundled with many other similar loans.

Securitization:
The bundle is transferred to a trust, which issues bonds backed by the loan payments.

Investor Sale:
Investors buy these bonds and receive principal and interest payments from the cash flow generated by the underlying loans.

Servicing:
A loan servicer collects payments, manages escrows, and ensures compliance, while a special servicer may take over if there's a default or major issue.

Why they're important:
Securitized (CMBS) loans offer non-recourse terms, long durations, and competitive rates, but come with strict rules. Borrowers face less flexibility, with cash traps, reserve requirements, and limits on refinancing or lease changes, since the loan is governed by a trust, not a single lender.