

THE WATCH LIST

MARK HESCHMEYER, EDITOR

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Fear and Hoping in Commercial Real Estate

Industry Is Grateful 2009 Is Ending, But Worried It Won't

By: Mark Heschmeyer

Hope and fear are overlapping in the commercial real estate industry on this eve of a new decade. The industry doesn't know whether to look out for it or look forward to it.

On the one hand, the industry is grateful that 2009 is coming at long last to an end. It was by many accounts the worst year in its history as values and incomes shrunk at precipitous rates. Whether that comment can be backed up by statistics is debatable, but few would argue that the hurt was deep and widespread.

On the other hand, much of the bad from 2009 will carry over into 2010. Investors are saddled with troublesome debt and weak fundamentals and 2010 presents very few elixirs for the pains of 2009.

Go back in time one year and remember that the industry felt it was chronologically closer to the beginning of a recovery than the beginning of the downturn. There were even a few fool-hearted souls who boasted that 2009 would present the greatest opportunities for wealth building that the industry would ever see.

The industry may seem a long way from those sentiments now. However, 2009 did give us surprises it never expected. REITs proved far more resilient than feared and even managed to raise abundant more capital and experience a mini bull market.

Still going into 2010, there is a sense the industry could mangle Franklin Roosevelt's famous quote: We have nothing to fear but fear itself. This year, the saying might go: We have nothing to fear but those things for which we hope.

"Most exciting about 2010? Unprecedented low priced buying opportunities," said Andrew Segal, president of Boxer Property in Houston. "Worries about 2010? Unprecedented low priced selling opportunities."

While that remark may come off sounding a bit contrived, it's not. We received many similar paralleled phrases in responses to our query of industry executives for this story.

"What most excites me [about 2010] is the prospect that commercial real estate may find its inflection point and start to turn upward in 2010," said Paul N. Arena, president of Venturi Capital Advisors Inc. in New York. "The last month of the year has brought greater optimism, and the investors with whom we have relationships are preparing to underwrite and invest in 2010. I'm further excited by a return to basics that we are witnessing—a move away from chasing vague or general opportunistic strategies, in favor of generous but realistic returns generated by specific, focused strategies that are; preferably, hard asset backed, and that can pay some form of current return."

Then Arena continued: "I am concerned that one, the commercial lending market will be slow to react to the increase in activity and to accommodate it and two that managers won't recall the restraint and lack of underwriting standards that got them in trouble in the first place."

And there in a nutshell is the irony that we are at a point in this recession where the dichotomy between hope and fear is so narrow that the two seem as one.

What follows are comments from industry executives and observers first about what excites them about 2010 and second what worries them about 2010.

WHAT MOST EXCITES US ABOUT 2010

The prospects for 2010 are much brighter than we would have imagined even six months ago. Liquidity is returning to the market, as evidenced by the powerful resurgence of the public REITs, the ability of private REITs to raise capital from retail investors, increased lending activity by life companies and the successful execution of the market's first securitizations in more than 18 months.

Christopher T. Moyer, Associate, Cushman & Wakefield Sonnenblick-Goldman, New York, NY

Opportunities in the acquisition of REO as well as underperforming, nonperforming and distressed debt.

Donald A. Shapiro, President / CEO, Foresite Realty Partners, L.L.C., Rosemont, IL

Here in the Metro Detroit area, I am hopeful that residential housing market has reached a bottom which will hopefully translate into increased consumer confidence. I am optimistic that values will slowly increase over the next years. Our firm is very diversified and opportunistic so I believe there will continue to be buying opportunities that are unprecedented. I believe some of the well capitalized discount retailers will be conservatively looking at taking advantage of discounted rental rates and pursuing infill sites. 2010 will be a year to look to purchase as more REO opportunities will surface.

Harry Cohn, Director of New Business Development, Broder & Sachse Real Estate Services Inc., Birmingham, MI

I am cautiously optimistic about 2010 in that we could have a period of a stable bottom of the market place where deals trade at profitable cap rates for buyers - 9% to 12% - and that stays the new normal for the next few years. The downside of the new normal is that deals financed at 5% to 6% caps won't be able to refinance as the terms come due and there will continue to be defaults.

Stephen Karbelk, CAI, AARE, President/Broker, National Commercial Auctioneers, Tulsa, OK

I am most excited about the commercial real estate cycle bottoming out, which will probably occur about halfway through 2010. I think that the second half of the year will be when the smart money that has been sitting on the sidelines gets back in the game and these investors will be buying properties at historic lows once the cycle ticks back up. That will be good for brokers and investors.

W. Price Muir, Vice President, Raulet Property Partners Inc., Atlanta, GA

Perhaps, this year banks will be willing to sell assets at prices that make sense to buyers. Up until now the bid-ask delta has been too large for any velocity to make an impact on the marketplace.

George A. Arce, Jr., President & CEO, Centers Dynamic, Redwood Shores, CA

The potential for the banks, special servicers, and FDIC to make the process of buying their delinquent notes and foreclosed assets a reality in a more transparent, market-dictated-price process. We are excited about the

fact that these bad debt holders might actually sell the notes/properties in 2010! We are excited about the potential to actually buy properties that make sense on today's terms and market fundamentals.

Steve McCrann, President, MB 35 LLC, Carrollton, TX

Transaction activity will be more prevalent than what took place in 2009 although transaction activity will begin at a slow pace through the first half of 2010.

Matt Tritschler, Senior Vice President, Colliers Investment Services Group, Atlanta, GA

What excites me the most in 2010 is that any day you can find that rare "home run." It doesn't happen every month or every year. It is the challenge to outwork everybody else and find that special property.

Steven Aberman, Senior Acquisition/ Leasing Manager, WBS Properties, Boca Raton FL

The ever-so-eagerly-talked-about possibility that 2010 brings a bleak and minute chance that not only will 2010 not be as bad as 2009, but that there may be blue skies appearing in the real estate world for 2010.

Matthew DePrato, Acquisition & Development Coordinator, PFG Capital LP, York, PA

Refinance opportunities for multifamily and health care facilities. We should start to see some conduit maturities toward the end of the year that will be seeking refinancing.

Ron Weis, Vice President, Gershman Mortgage, Springfield, MO

The opportunities that arise from this economic destruction that would not have been there otherwise. We are finally going "back to the basics" where accountability and performance are "King!"

Leigh C. Bower, CFO/Partner, US & Company Real Estate Advisors, Atlanta, GA

I think and hope we will finally be past the negative attitudes of 2009, in real estate and in general. If we are, people and companies will be able to get back to "business as usual" which will be good for everyone's psyche and good for our economy.

Howard Greenberg, Principal, Howard Properties Ltd., White Plains, NY

The hope that corporate decision makers will begin to "get off the fence" and make decisions regarding the growth of their businesses. Also, the decrease in unemployment which will have a positive effect on corporate growth, thereby stimulating expansion and relocation.

Barbara Bennett, Vice President, Thompson Realty Corp., Dallas, TX

We have experienced one of the longest recessions and constraints on our financial system. Hopefully 2010 will be a year when we see a measure of economic recovery and the full impact of the stimulus funds.

Carl J. Conceller, Principal, Coldwell Banker Commercial CRA, St. Louis, MO

Distressed properties. They're with us for a while and will provide opportunity and work for real estate professionals.

Kostas Stoilas, Associate – Industrial, Cushman & Wakefield Inc., Tampa, FL

The much anticipated "bottom" of the commercial real estate sector. Hopefully this will encourage sidelined investors to get back into the game and take advantage of the situation.

Laura Di Bella, Adams Property Consultants Inc., Coral Springs, FL

WHAT MOST WORRIES US ABOUT 2010

Official U.S. government policy of "pretend and extend" is going to exacerbate the problems in the commercial real estate market. What should have been a painful march towards normalization has not only been arrested, it's been partially derailed. Essentially, U.S. policy has taken what otherwise would have been a slow moving traffic jam, and turned it into a massive pileup.

Steven Sandler, CEO, Crosswind Capital LLC, Rye, NY

We are worried about market stagnation like in the first part of 2009. Some financial institutions are taking strong action to move forward with their inventory of loans and problem assets, but others are ignoring their problems and pretending they don't exist. I think banks are making a huge mistake in working-out too much of their loans rather than taking back the assets. Banks can mitigate losses by selling to people who know how to fix bad assets. A lot of what we see now is bad investors who have made bad decisions and are not being punished for

their actions. These same individuals continue to invest while thinking that if they make mistakes it will ultimately fall back on the banks or their investors. This is bad situation. Real estate is not going to come-out of its slump any time soon. We have excess inventory on shopping centers and much less available dollars to spend in them. The general contraction of the economy will take a toll on all classes of real estate asset. For example, in multifamily products we have seen rents going down 15-25% in the Los Angeles core markets. Office occupancy is not going to improve in the next two years, and rents are been reduced.

Sagiv Rosano, Managing Partner & President, Rosano Partners, Los Angeles, CA

1) How much the high net worth segment of the market has not yet revealed the depth of its financial distress? 2) An over-recovered stock market. 3) A badly weakened US Dollar. 4) High natural resource and raw materials costs 5) The potential for future inflation and 6) That there has been too much money raised targeting high IRR equity returns that has already begun to overpay for the trickle of deals coming forth in an effort to do something, anything with the money, even if the realistic risk-adjusted returns don't justify the promises to investors.

Gabriel Silverstein, SIOR, President, Angelic Real Estate, New York, NY

Lack of liquidity on the debt side. The life companies have returned some liquidity to the market but CMBS and the banks are still a major question mark.

William L. Jackson, Senior Vice President/ Managing Director, Northmarq Capital, Dallas, TX

That uncertainty will reign. Until an "RTC 2" is created with FDIC and REMIC enforcement of loan terms forcing foreclosures to clear the system, we will likely be in a long period of limited activity. Investors typically want either "safe bets" or "steals" in times of confusion. Everything else is priced to the most conservative underwriting and as a result, does not trade.

Bernard Haddigan, Senior Vice President & Managing Director, Marcus & Millichap, Atlanta, GA

Unemployment. This is the single most important gauge of recovery. While, nationally, the rate of job losses appears to be slowing-- and that's good-- we're still losing jobs as opposed to gaining on a net basis. And the fact that workers 60 and older may be postponing retirement and others may be accepting shorter work weeks may be masking the true extent of the unemployment problem. Until we start adding jobs at a significantly net rate, it's going to be rough going.

Fredric J. Leffel, President, Kaufman New Ventures. New York, NY

This market for investment sales in 2009 was brutal. Even when motivated owners priced aggressively to move properties, investors were hesitant to buy given horrible market supply/demand fundamentals and falling values. No one wanted to catch a falling knife. There are preliminary signs that the investment sales market may start moving again in 2010. It looks like increasing vacancy and negative absorption may be ending. There are lender owners willing to sell at cheap prices. A few distressed sales have set badly needed price benchmarks. And we are working with many clients who have real access to cash and are saying they are ready to buy. But, are these buyers really willing to step up in 2010? Has the fear of investing in an uncertain market shifted to greed to capitalize on the historic value opportunity?

Steven K. Lindley, Senior Vice President Capital Markets, Grubb & Ellis|BRE Commercial, Phoenix, AZ

I think the biggest fear for most of us is that all we are really doing is replacing a few digits; 2009 to 2010. Economic fundamentals don't change just because the calendar does.

Barry C. Smith, President, LoanSaleCorp.com, Scottsdale AZ

What worries me most is that there has been a fundamental breakdown of the capitalist system and we won't be able to "re-boot" the system by the usual methods (government subsidies, loosening capital markets). I am concerned that the free market economy reached a critical mass in the 2004-2008 period and exposed an underlying core weakness or flaw in this system. Ours is a consumer based economy. Lack of savings, over extended credit, speculative investing, these are weak links in the capitalist chain. It worries me that we won't learn from our mistakes and adopt an attitude of systemic frugality and focused investment. It worries me that markets are dysfunctional at the core and the quick fix mentality just won't get the job done this time.

Rachel Maman, Acquisitions, Sales & Leasing, Hera Development Corp., Brighton, MA

I'm most worried by the massive amounts of maturing debt and the continued disconnect between buyers and sellers. The active investors today are focused on buying notes versus taking direct ownership in real estate. They get good upside without the "getting your hands dirty" element of owning real estate. The other thing that

worries me is the bubble in the bond market. Junk bonds are now yielding as low as 7.5 %. Earlier this year these same bonds were trading at yields well above 10%. This can't continue.

Whitney E. Kerr, Jr., Principal/Vice President, Colliers Turley Martin Tucker, Kansas City, MO

Once again our wonderful politicians in DC do not understand that the "pork" has to be cut from the budgets. Yearly deficits will catch up with us all in the very near future. I'm very concerned that the bankers still have their heads buried in the sand and hope that we will not notice the huge bonuses being paid after a year of record setting profits. When will they open the lending for commercial properties? With \$1T in commercial loans coming due before the end of 2012 something has to happen, the sooner the better.

Jerry Hall, CCIM, Sperry Van Ness | Wilson Commercial Group, Columbus, OH

Looming loan maturities on commercial real estate concerns me greatly. TARP money with 3- or 5-year term does not adequately address the loan maturity issues. I hope our federal government will seek a long term solution versus short term solution. Complacency concerns me. In the last few days we have been reminded that we are not above another terrorist attack. We need to maintain our vigilance and never, ever forget 9/11.

Marshall De Wolfe, Senior Director, Mark One Capital, Palo Alto, CA

My biggest concern is that people may remain on the sidelines and not move forward. Businesses and consumers need each other to survive; and when either of them sits idle, they both struggle. There will always be reasons to sit still and do nothing. But those who are positioned to take advantage of opportunities-to grow, spend, hire, etc. and still don't because of the fear factor are delaying a recovery. Their reasons are understandable; however, we need to get the ball rolling.

Joan Earhart, Executive Vice President, Fullerton Community Bank, Fullerton, CA

Unemployment and the CMBS tsunami headed our way. We have started taking steps to address the CMBS "challenge" but I fear the timer is running down with no time outs left.

Kristin Hammond, Pacific Real Estate Partners Inc., Portland, OR

Unprecedented tenant concessions such as moving allowances, free rent, discounted rent, termination options, and turn-key tenant improvements. I anticipate these will get even more aggressive in 2010 and will force many Landlord's to sit on the sidelines because doing a lease deal simply won't pencil. Well capitalized landlords will have the advantage.

Matthew Hinrichs, Pacific Real Estate Partners Inc., Bellevue, WA

The nations growing debt. It has got to bite us in the near future. The banking industry is also still in for some hard times and the liquidity for commercial real estate shows little signs of improving. The banks are not showing or listing their inventory of homes because they would then have to write down the losses and increase their reserves.

Harry Bennetts, Olympia, WA

What really worries me about 2010 is that another bubble could burst. With government spending out of control, huge debt loads on companies and commercial properties, and high unemployment undermining consumer confidence, I expect there could be another event that triggers the marketplace to have another retraction. The retraction would most likely be short lived as a confidence disruption and buyers sit on the sidelines with deals put on hold. If the government raises taxes and pursues other social policies that undermine capital investment, prices will keep dropping since buyers will have to make more money to compensate for the higher costs of doing business.

Stephen Karbelk, CAI, AARE, President/Broker, National Commercial Auctioneers, Tulsa, OK

Good Riddance!

The Time Has Come, The Time Is Now, 2009 You Must Go Now!

We asked you what 2009 trends and stories you want most to say "Hasta La Vista Baby!" to and here is what we heard back.

- Foreclosures, bank bonuses, and the Transformers 2 movie. All were bad!
- Those economist who have been wrong and not held accountable.

- Those who started every statement with..."In this economy..."
- Those who say how fewer lost jobs equal a recovery.
- Articles in the media about how bad things are while the underlying economy continues to heal more quickly than anyone anticipated.
- The agony so many small businesses experienced when they closed their doors after 20 or 30 years.
- Uncertainty resulting in paralysis.
- Personal financial troubles.
- All of my credit cards and lines of credit.
- Record declines in revenue and cash flow.
- Month after month of staggering job losses.
- Hearing about Tiger Woods, Michael Jackson, John and Kate whoever...
- The commercial real estate tenant-in-common industry.
- Blend and extend opportunities for tenants and lease restructurings.
- Bad partners.
- The large disconnect between buyers and sellers.
- Hearing about how much money is still on the sidelines.
- Hearing about how much debt is maturing and the lack of adequate capital.
- The lack of arms-length transactions.
- Rent reductions.
- The attitude of many of us in the marketplace who thought that they could predict the real estate market.
- How we've turned the corner; that the recession is over; that leasing is way up; that NYC commercial real estate is on the rebound -- Oh, and highly leveraged property owners denying they have a problem.
- Another year of no World Series for the Chicago Cubs.
- Extremely low interest rates on loans that were not available.
- Failed banks and financial firms melting down.
- Stingy bankers and the jobless recovery.
- Unrealistic borrowers.
- That the words BANK and LOAN became four-letter words.
- People who keep saying the REO "bloodbath" is coming.
- Howard Hanson Dam flood fears in the Kent Valley/South King County markets.
- The fat cat bonus payouts and Bernie Madoff and other cheaters and crooks.
- Greed.
- Budget deficit issues.
- Obama's idyllic life.
- All of the negative remarks about Pres. Obama.
- New federal government programs that further burden the American people with higher taxes during a time of the greatest reduction in income and wealth in modern history.
- The Obama administration's continued reliance on government solutions to economic problems.
- How the politicians bailed out those deemed too big to fail while allowing those too big to get even bigger.
- To reading about the stimulus... what stimulus?
- The health care debate.
- Global warming fear mongering.
- Executive pay caps.
- Frugality.
- Old ways of doing things.
- And finally, Good Riddance to 2009!

Have a happy and prosperous New Year.

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Imperial Capital: Not Big Enough to Not Let Fail

By: Mark Heschmeyer

City National Bank acquired the banking operations of La Jolla, CA-based Imperial Capital Bank from the FDIC, after California regulators closed the \$4 billion institution.

City National is acquiring \$3.4 billion in assets and \$2.2 billion of deposits. Imperial Capital's \$2.2 billion of deposits include \$500 million in core deposits and \$1.7 billion in certificates of deposit.

Imperial Capital Bank's \$2.6 billion in loans will be subject to a loss-sharing agreement with the FDIC. The assets consist of \$1.6 billion in multifamily residential loans, \$600 million in commercial real estate and commercial and industrial loans, and \$400 million in construction loans. Its nonperforming and REO assets totaled \$387.5 million as of Sept. 30, including \$125 million of commercial-related loans and properties.

"At the heart of the demise were the estimated and actual losses associated with our loan portfolio, which is almost exclusively in commercial real estate," Joseph W. Kiley III, CEO, president and director of Imperial Capital Bank, said in a prepared statement. "These losses were the result of the current economic crisis affecting the entire country. The banking industry and the regulatory community have all missed the scope and breadth of the collapse that has led to the failure of numerous large sophisticated institutions. Significant government assistance was required to prevent the failure of other large institutions that were judged 'too big to fail.' Sadly, Imperial was not granted any government assistance, leaving Imperial to fend for itself during these difficult economic times."

"Imperial Capital Bank is a very good fit for City National, given that eight of its nine locations are in communities we serve," said Russell Goldsmith, CEO of Los Angeles-based City National.

Mississippi Bank Picks Up Failed Florida Bank Peoples First

By: Mark Heschmeyer

Hancock Holding Co., parent company of Hancock Bank in Gulfport, MS, acquired the banking operations of Peoples First Community Bank through a loss-sharing agreement with the FDIC.

Hancock Bank is acquiring \$1.8 billion in assets and \$1.7 billion in liabilities. Other real estate owned of \$123 million, including \$15 million in commercial properties, will be retained by the FDIC.

Hancock paid a discount bid of \$236 million and a 1% deposit premium. The loss-sharing agreement with the FDIC covers all acquired loans with reimbursement of 80% of losses up to \$385 million and 95% of losses beyond \$385 million.

The acquisition enables Hancock to enter four Florida markets (Ft. Walton-Destin, Panama City, Jacksonville and Orlando) and to expand its presence in two existing markets (Pensacola and Tallahassee).

"This transaction is a strategic growth opportunity for Hancock Bank with a Florida banking team that shares the same type of community commitment and core values that have distinguished Hancock since 1899. This partnership further expands Hancock's current Florida footprint into attractive, long-term growth markets in the Florida Panhandle, and Central Florida," said Carl J. Chaney, president and CEO of Hancock Holding.

As of Sept. 30, Peoples First had \$1.8 billion in total assets of which \$351 million was identified as nonperforming or foreclosed assets. Of that amount \$45 million was related to commercial income producing properties.

Feds Close New South Federal, Sell Assets to Beal Bank

By: Mark Heschmeyer

Beal Bank in Plano, TX, completed the purchase of New South Federal Savings Bank of Irondale, AL, after the Office of Thrift Supervision closed that bank and appointed the FDIC as receiver.

New South Federal Savings Bank had one branch but \$1.5 billion in total assets and \$1.2 billion in total deposits. Beal Bank did not pay the FDIC a premium for the deposits of New South Federal Savings Bank. In addition to assuming all of the deposits of the failed bank, Beal Bank agreed to purchase essentially all of the failed bank's assets.

The FDIC and Beal Bank entered into a loss-share transaction on \$1.2 billion of New South Federal Savings Bank's assets.

New South Federal reported \$250 in troubled assets of Sept. 30, of which about 17% were tied to commercial income producing properties.

Private Equity Group To Buy Patriot National

By: Mark Heschmeyer

Patriot National Bancorp Inc. agreed to sell a substantial controlling interest to operating financier, Michael Carrazza, through PNBK Holdings LLC.

PNBK Holdings will invest up to \$50 million to purchase 33.3 million newly issued shares of common stock of PNBK, representing nearly 88% of the fully diluted common stock of PNBK.

"Our investment objective is to provide capital necessary to maintain regulatory requirements and to position Patriot for long-term sustainable growth, asset diversification and superior performance for shareholders," Carrazza said. "Patriot's geographic footprint includes a collection of some of the wealthiest communities in the country, representing a stable, affluent client base along the Fairfield County coastline, Westchester County and New York City."

Patriot National Bank, the holding company's subsidiary, reported assets of \$937 million and 19 branches in southern Connecticut and New York as of Sept. 30.

Contingent terms of the agreement also provide for a special loan recovery dividend designed by Carrazza to provide existing PNBK shareholders with the potential for additional consideration based upon actual recovery on assets charged off on its books as of June 30, 2009 and recovered by June 30, 2011.

As of Sept. 30, Patriot National Bank reported \$162.5 million in nonperforming and foreclosed assets, about 10% of which was commercial real estate related.

United Western Consents to Deal with Fed Regulators

By: Mark Heschmeyer

United Western Bancorp Inc. and United Western Bank, the company's federal savings bank subsidiary, each entered into separate informal agreements in the form of memorandums of understanding with the Office of Thrift Supervision.

The agreements generally require the bank to achieve a total risk-based capital ratio of 12% and a core capital ratio of 8% by June 30, 2010. As of Sept. 30, the bank's total risk-based capital ratio was 11.07% and Tier-1 core capital ratio was 8.77%.

"We believe execution of our 2010 business plan will allow the bank to achieve these new target ratios by the required deadline," said Scot T. Wetzel, CEO of United Western Bancorp. "It is important to note that the company maintains substantial additional liquidity including remaining proceeds from the \$81.8 million of net proceeds from our recent offering and investment securities of over \$36 million. This remaining cash and the securities, if monetized, are also available for contribution to the bank going forward, although that is not contemplated in our business plan at this time."

Other general terms of the informal agreements include precluding the bank from making any dividends to the company without prior OTS approval, and having the bank adopt written plans which will reduce certain concentrations of assets and liabilities on the bank's balance sheet.

The bank holding company suspended paying dividends in November. It reported a net loss for the third quarter of 2009 of \$8.7 million, compared to net income of \$4 million for the second quarter of 2009.

United Western Bank has seen its other real estate owned portfolio triple in the last six months from \$5.7 million to \$15.6 million. The balance of the growth is attributed to wholesale residential foreclosures during the period. Its commercial OREO consisted of just one multifamily complex. The bank's nonperforming loan portfolio has shrunk from \$13.6 million to \$8.9 million in the same time period.

Liberty Savings Bank Shrinking in Colorado

By: Mark Heschmeyer

Liberty Savings Bank FSB in Wilmington, OH, entered into an agreement with Colorado Community Bank to sell its branches in Northglenn and Longmont, CO.

Colorado Community Bank, headquartered in Yuma, CO, will acquire branches at 10693 Melody Drive in Northglenn (with \$38.1 million in deposits) and 351 Coffman St. in Longmont (\$23.9 million in deposits). Colorado Community will assume all of the deposit liabilities and buy the related non-real estate fixed assets of the branches. In addition, Colorado Community will acquire a minimal amount of performing small business and consumer loans associated with the branches.

Colorado Community will pay a premium of 3.3% for all of the Northglenn branch's retail deposits and 2.5% for all of the Longmont branch's retail deposits, which represents a total consideration of \$1.9 million to be paid in

the stock of parent company Washington Investment Co. Colorado Community will also purchase fixed assets at a price equal to net book value as of the closing date.

Colorado Community anticipates retaining all current Liberty Savings employees in both locations.

Liberty will retain ownership of the 22,000-square-foot multi-tenant facility housing the Longmont branch and will lease the banking office to Colorado Community. About 14,545 square feet of the building became vacant last quarter.

In addition to the branch divestiture, Liberty Savings also plans to consolidate two Colorado branches into other existing offices. Liberty will combine its two Jefferson County branches into the facility at 7111 W. Alameda Ave. in Lakewood. The office at 7575 W. Jewell Avenue will be closed upon the expiration of its lease at year-end. Further, the 1553 Platte St. location will be folded into the Cherry Creek branch at 234 Columbine St. in Denver.

"The moves to divest two branches and consolidate two others create a capital gain, improve our profitability in the region, and strengthen our core Denver franchise," said Jim Powell, chairman and CEO of Liberty Capital Inc., the parent holding company for Liberty Savings Bank. "Liberty will continue to explore all avenues to rationalize our branch network and shore up our balance sheet."

Liberty Savings Bank has reported losses of \$22.16 million through the first three quarters of the year. As of Sept. 30, the bank had \$45.1 million in nonperforming loans on its books, of which about one-third were related either to multifamily or commercial income-producing properties. It held another \$7.9 million in such properties on which it had foreclosed.

OneWest Picks Up Closed Branches of First Federal Bank of California

By: Mark Heschmeyer

OneWest Bank acquired the banking operations of First Federal Bank of California from the FDIC after it was closed by the Office of Thrift Supervision.

OneWest acquired \$6.1 billion in assets, including \$5.3 billion in loans, and \$4.5 billion in deposits of First Fed. The FDIC and OneWest have entered into a loss-sharing agreement covering substantially all acquired loans. It did not pay any premium.

First Federal did virtually no commercial real estate lending.

OneWest does not anticipate closing any of First Federal's 39 branches.

Real Money: Capital Raisings, Property Financings

Simon Property Group Inc. entered into a new unsecured corporate credit facility providing an initial revolving borrowing capacity of \$3.565 billion. This initial borrowing capacity represents an increase to the company's existing \$3.5 billion revolver. The new facility contains an accordion feature up to \$4 billion and will mature on March 31, 2013. The base interest rate on the company's new facility is Libor plus 210 basis points, and it includes a money market competitive bid option program that allows the company to hold auctions at lower pricing for short-term borrowings. For this facility, JPMorgan Chase and Bank of America were joint lead arrangers and joint book managers; Royal Bank of Scotland and Sumitomo Mitsui Banking Corp. were joint lead arrangers and joint syndication agents; and Deutsche Bank and UBS were joint syndication agents. Co-documentation agents included Citicorp, Credit Suisse, Goldman Sachs, Morgan Stanley, PNC, Barclays, Scotia Capital, US Bank, Calyon, and Royal Bank of Canada. Fifth Third Bank and SunTrust Bank were senior managing agents, and ING Real Estate Finance and Regions Bank were managing agents. Each of these lenders increased the size of their commitment level. In addition to the above financial institutions, there were 14 co-lenders in the facility.

Apollo Investment Corp. closed on an amendment to its existing senior secured, multi-currency, revolving credit facility. The facility extends the maturity date of \$1.2 billion of commitments from certain existing lenders to

April 12, 2013, and will allow the company to seek additional commitments from new and existing lenders in the future, up to an aggregate amount of \$2 billion. Non-extending lender commitments total \$380 million and mature on April 13, 2011. Pricing with respect to outstanding borrowings under the non-extended commitments remains at Libor + 100 basis points; whereas outstanding borrowings under the extended commitments are priced at Libor + 300 basis points. The facility will be used to complement the company's equity capital to make additional portfolio investments and for general corporate purposes.

Inland American Real Estate Trust Inc. has addressed virtually all of its 2010 debt maturities, having retired, refinanced or secured new lending commitments for \$684 million. To date in 2009, Inland American has paid down \$65 million in mortgage debt; refinanced \$100 million in mortgage debt; has \$199 million of new financing under contract; and has executed \$200 million in extension options, and is in the process of executing contractual extension options of \$120 million. The remaining \$90 million of 2010 debt maturities come due in the second half of the year and are currently being marketed. Highlights of the new debt financing include: a \$100 million loan secured by a portfolio of 10 lodging properties; a \$125 million loan secured by the IDS Center in Minneapolis; and \$38 million in new loans secured by four neighborhood shopping centers

Wells Fargo & Co. and Freddie Mac closed a \$531.5 million, 30-year Freddie Mac Capital Markets Execution loan for Spring Creek Towers, more commonly known as Starrett City, in Brooklyn, NY. The development, which houses more than 12,000 residents in 46 buildings, is on 140 acres.

Highwoods Properties Inc. closed on a \$400 million unsecured revolving credit facility. The facility, which matures in February 2013, replaces the company's existing \$450 million facility that was scheduled to mature in May 2010. The new facility includes an accordion feature that allows for an additional \$50 million of borrowing capacity. The company currently has no amounts outstanding under the credit facility and has no debt maturities until 2011 when a \$137.5 million unsecured term loan matures. The interest rate increased from Libor plus 80 basis points to Libor plus 290 basis points and the annual facility fee increased from 20 basis points to 60 basis points. Bank of America serves as administrative agent and Wells Fargo Bank serves as syndication agent. Branch Banking & Trust Co. and PNC Bank are co-documentation agents. Other lenders include US Bank, Regions Bank, Capital One/Chevy Chase Bank, Comerica Bank, Morgan Stanley Bank, RBC Bank, Union Bank, and First Tennessee Bank.

Cablevision Systems Corp. obtained commitments from a group of banks for a new \$375 million, 5-year senior secured revolving credit facility on its Madison Square Gardens and Radio City Music Hall properties. The facility will be used for working capital needs, ongoing capital expenditures on Madison Square Gardens and other general corporate purposes.

UDR Inc. repaid its \$240 million term loan due in February 2010 with proceeds from a new \$100 million term loan and capacity from its \$600 million unsecured bank credit facility. The new loan was provided by a group of six banks and has identical covenants to those contained in the loan that was repaid. The debt carries a floating rate of 350 basis points over Libor (all-in rate, currently 3.73%) with payments of interest only through the maturity date of July 2012; which is co-terminous with the maturity date of the company's unsecured bank credit facility.

Ramco-Gershenson Properties Trust closed on a \$217 million secured credit facility with the company's bank group led by KeyBank. The new financing is comprised of a three-year, \$150 million secured revolving credit facility, which includes a built in accordion feature allowing up to \$50 million in additional borrowings, as well as a new \$67 million amortizing secured term loan. The new \$150 million secured revolving credit facility matures December of 2012 and replaces the company's former \$150 million unsecured revolving credit facility. The new \$67 million term loan replaces the company's \$100 million secured term loan that was scheduled to mature December 2010. The term loan will require an amortization payment of \$33 million by September 2010 and a final payment of \$34 million by June 2011. The company also amended its secured revolving credit facility for The Town Center at Aquia. The Aquia credit facility was reduced from \$40 million to \$20 million and has a new scheduled maturity date of Dec. 31, 2010, with two-one year extension options. Pricing on the credit facilities and term loan is Libor plus 350 basis points with a 2% Libor floor. Other participating banks in the transaction include JP Morgan Chase Bank, Bank of America, Deutsche Bank Trust Company Americas, PNC Bank, Commerzbank AG New York and Grand Cayman Branches, Comerica Bank, The Huntington National Bank and Fifth Third Bank.

Starwood Hotels & Resorts Worldwide Inc. completed a securitization involving the issuance of \$166 million of notes by SVO 2009-B VOI Mortgage Corp. Starwood contributed \$200 million in timeshare mortgages with an 83% advance and note rate of 5.81%. Starwood expects that the securitization will result in a pre-tax gain of more than \$15 million.

NTS Realty Holdings LP closed on eight mortgage loans from HFF through the Freddie Mac CME Program refinancing the company's mortgage loans in the aggregate amount of \$140 million from The Northwestern Mutual Life Insurance Co. The loans were scheduled to mature in the first quarter of 2015 and were secured by the company's Park Place, Willow Lake and Willows of Plainview properties in Louisville, KY; its Lake Clearwater and Castle Creek properties in Indianapolis, IN; its Grove at Whitworth and Grove at Richland properties in Nashville, TN; and its Grove at Swift Creek property in Richmond, VA. The new loans are secured by the eight properties, and total \$156 million, carry a 5.40% fixed rate of annual interest, have a 30-year amortization and a 10-year term.

Grubb & Ellis Healthcare REIT Inc. negotiated an increase in its secured revolving line of credit with LaSalle Bank. The maximum principal amount available increased from \$50 million to \$80 million. The line of credit is for a term of three years, and bears interest, at the option of Grubb & Ellis Healthcare REIT, at a rate equal to: Libor plus a margin of 1.5%, the greater of LaSalle's prime rate or the Federal Funds Rate, or a combination of these rates. In addition, KeyBank joined LaSalle as a lender under the increased line of credit.

RAIT Financial Trust completed the extension of the repayment terms of one of its three secured credit facilities. RAIT agreed to variable interest rates that currently range between 4.5% and 5% and to principal amortization in exchange for longer duration. The aggregate unpaid principal balance of all three secured credit facilities is \$51 million. RAIT expects to fund \$7 million of principal amortization in 2010 under these arrangements with the balance due in 2011. The secured credit facilities mature between February 2011 and December 2011.

Freddie Mac purchased a \$46.8 million loan from PNC ARCS allowing an affiliate of Lazard Senior Housing Partners to refinance the Atria Rye Brook independent living senior housing community in Rye Brook, NY. Atria Rye Brook is a 168-unit seniors living facility with studio, one- and two-bedroom garden style apartments.

Grandbridge Real Estate Capital originated and closed a \$45 million first mortgage bridge loan secured by a 17-building office portfolio throughout five states. The portfolio is owned by a fund managed by Newport Beach, CA-based **KBS Realty Advisors Inc.**

RNY Property Trust completed secured loan financing of \$44 million to pay off the outstanding balance on its credit facility. The secured loans were obtained from a regional savings bank at a fixed rate of interest of 6.125% for a 7-year term, due in December 2016. The loans are secured by previously unencumbered assets (710 Bridgeport Ave. in Shelton, CT; 300 Executive Drive in West Orange, NJ; 505 White Plains Road in Tarrytown, NY; and 580 White Plains Road also in Tarrytown). The portfolio totals 836,463 square feet and is 88% occupied by 70 tenants. HFF arranged the financing through Investors Savings Bank.

CB Richard Ellis Capital Markets Group arranged financing via Freddie Mac of \$35.5 million on behalf of **The Buckingham Inc.** for the refinance of The Buckingham, a 129-unit/456-bed high-rise student housing facility in The South Loop University District of downtown Chicago. Terms of the financing included a 7-year term, a very attractive spread over the 30-day FHLMC Ref. Bill, a loan-to-value of 70% and debt service coverage of more than 1.50x.

HFF secured an \$18.9 million refinancing for **Polimeni International** on its Golden Acres Shopping Center, a 221,737-square-foot grocery-anchored shopping center in South Plainfield, NJ. At 686-736 Oak Tree Road, the property is currently 87%. Investors Savings Bank was the lender.

Dockerty Romer & Co. arranged \$14.98 million in acquisition financing for **Colonial Promenade** at 303-399 Cypress Gardens Blvd. in Winter Haven, FL. Colonial Promenade is a 286,297-square-foot retail center that is currently 94 % leased and anchored by a newly renovated 230,597-square-foot Wal-Mart Super Center. Nonrecourse financing was arranged through a national lender with a 5-year term, 70% loan to value and a 30-year amortization schedule.

Arbor Commercial Funding Inc. funded of six loans totaling \$24.65 million under the Fannie Mae DUS product line. These loans include:

- Prairie Glen East Cooperative, Manhattan, KS – A 100-unit complex of \$1.48 million funded under the Fannie Mae DUS COOP (MAH) product line. The 30-year loan amortizes on a 30-year schedule and carries a note rate of 7.33%.
- Park North Cooperative, Olathe, KS – A 100-unit complex of \$2.5 million funded under the Fannie Mae DUS COOP product line. The 30-year loan amortizes on a 30-year schedule and carries a note rate of 7.54%.
- Highleah Townhomes Cooperative, Independence, MO – A 330-unit complex of \$3.9 million funded under the Fannie Mae DUS product line. The 15-year loan amortizes on a 30-year schedule and carries a note rate of 6.06%.
- Angelo's Grove Apartments, Marion, AR – A 256-unit complex of \$14 million. The 10-year loan amortizes on a 30-year schedule and carries a note rate of 5.75%.
- Austin Pacifica Apartments, Austin, TX – A 102-unit complex of \$1.65 million. The 10-year loan amortizes on a 25-year schedule and carries a note rate of 5.67%.
- South Creek Apartments, Centralia, WA – A 52-unit complex of \$1.2 million. The 13-year loan amortizes on a 30-year schedule and carries a note rate of 6.19%.

CBRE Capital Markets arranged acquisition financing of \$12.6 million for Lakes of **Margate Apartments** totaling 280 units in Tamarac, FL. Terms of the fixed-rate financing include a 10-year term, 30-year amortization, and 75% loan to purchase price.

CWCcapital provided \$10 million for the refinance of **Marbella Villa Apartments**, a 106-unit multifamily property in Chino, CA. The 10-year fixed-rate loan was executed through the Fannie Mae DUS program and provided a lower rate and cash-out to the borrower.

HFF secured a \$9.9 million refinancing for 9201 Belmont Ave., a 536,800-square-foot industrial building in Chicago's Franklin Park area. HFF worked on behalf of the borrower, **Guggenheim Real Estate LLC**, to secure the fixed-rate loan with American National Insurance Co. This is HFF's third transaction in the last 45 days on behalf of Guggenheim, having recently arranged the financing of Bear Valley Shopping Center in Denver, CO, and 800 Brickell in Miami, FL.

Marcus & Millichap Capital Corp. arranged an \$8.8 million loan to refinance the **Sunrise Medical** facility, a single-tenant office and industrial property in Fresno, CA. The 10-year loan is fixed for five years at 7%, with a 25-year amortization, and a loan-to-value of 65%.

Grandbridge Real Estate Capital originated and closed a \$3.15 first mortgage secured by **Hale Koe Apartments** in Honolulu, HI. The 40-unit multifamily property, built in 1971 and renovated in 1992, is on 0.52 acres and includes a mix of one-bedroom/one-bath and two-bedroom/one-bath units. The loan was funded through Fannie Mae's Delegated Underwriting and Servicing (DUS) loan product. The transaction closed with an interest rate in the mid-5% range and has a 10-year term with a 30-year amortization. The borrower, a third-generation developer in the area, took a portion of proceeds as an equity distribution and used the remainder to refinance the existing debt on the property. It also originated and closed a \$1.4 million first mortgage secured by **Hale Hui Apartments** in Pearl City, HI, for the same borrower. The loan was funded through Fannie Mae's Delegated Underwriting and Servicing (DUS) loan product. The 16-unit, three-story multifamily property, built in 1988, is on 0.26 acres. The transaction closed with an interest rate in the mid-5% range and has a 10-year term with a 30-year amortization.

Huff McDermott CRES placed a \$3 million loan for **Belle Tower Apartments**, a 122-unit independent senior living facility with a small retail component at 631 Woodlawn Ave. in Hamilton, OH. The debt was secured through a local banking source with an out of state borrower. A 5-year fixed loan was utilized to secure the acquisition of the property.

Nearly 1,500 Car Dealership Closed in 2009

By: Sasha Pardy

Detroit-based automotive retail consulting firm, Urban Science, announced that 1,467 U.S. car dealerships closed during the first 10 months of this year, leaving 18,617 auto dealerships in operation as of Nov. 1, 2009. This follows 2008's net loss of 881 dealerships (a 4.2% decline in dealership count).

With "normal attrition" in the industry typically about 1%, "the closures represent the worst on record and reflect a 7.3% loss in the nation's dealer count," said Urban Science. The firm said the closures are primarily the result of General Motors and Chrysler consolidating dealership locations, with the two automakers accounting for 90% of the closures.

"While OEM bankruptcies and bad economic times drove the closures, all dealers have to deal with a market that has dropped from several years of 17 million in sales to somewhere around 11 million," said John Frith, vice president of retail channel solutions, Urban Science.

The average U.S. auto dealership is comprised of a 15,000 to 18,000 square feet including sales and service buildings. When applied to the 1,467 closures Urban Science cited, this translates into at least 22 million square feet of vacant dealership buildings and at least 5,900 acres of vacant auto lot land added to the vacant retail landscape this year.

Saab: Hoping for a New Year's Miracle

By: Andrew Deichler

Before the year is over... or more specifically... before the week is out... we should have the final word on Saab.

GM, which has been slashing the fat off its enterprise all year long, announced at the start of 2009 that it intended to shut the brand down if it could not find a buyer. Koenigsegg Group AB looked like a likely suitor, but that deal fell through last month. Then sports car company Spyker Cars came along, but earlier this month, Saab issued a statement saying that "certain issues arose that both parties believe could not be resolved." As a result, GM intended to go ahead and wind down Saab's operations.

"Despite the best efforts of all involved, it has become very clear that the due diligence required to complete this complex transaction could not be executed in a reasonable time," said GM Europe President Nick Reilly. He noted that the Saab brand would wind down production in timely fashion, and stressed that it is not a bankruptcy or forced liquidation.

Then, last week, Spyker came back with another offer.

GM is currently evaluating the new offer, and is expected to make a decision by Thursday, Dec. 31.

Saab operates 218 dealerships in the United States. Last month before the Koenigsegg deal fell through, 81 of those locations (37%) were due to be shut down. The remaining dealerships were the ones that GM deemed to be the most profitable.

At this point, it is unknown how many Saab dealerships would remain open if the Spyker acquisition is completed, however, it's a sure bet that the number would be significantly higher than if GM opts to wind down Saab.

Ford Offers Buyouts to 41,000 Workers

By: Andrew Deichler

Ford Motor Co. said last week that it has proposed voluntary buyouts and early retirement offers to 41,000 of its hourly employees. The automaker is attempting to reduce its payroll and increase profits by 2011.

The move is unpopular with union workers because Ford has performed stronger and stronger during the course of the year. Last month, the automaker reported a third quarter profit of \$997 million.

Ford also has the distinction of being the only U.S. automaker not to have declared bankruptcy in 2009. However, the company feels that it still has more workers than it needs.

Ford presented similar offers to the United Auto Workers in July. The proposal was not well-received, and only about 1,000 employees took the buyouts. Current Ford employees have until Jan. 22, 2010, to accept the new offer, which includes cash payments that range from \$20,000 to \$50,000, as well as vouchers to purchase new Ford vehicles.

Last month, Ford presented a number of concessions to the UAW - contract changes similar to the ones that the union had granted troubled competitors GM and Chrysler - but all were rejected.

Local Closures & Layoffs

Company	Address	Closure or Layoff	# Affected	Impact Date
TeleTech Holdings, Inc.	333 1st St, New York, NY	closure	417	3/29/2010
American Steamship Co.	500 Essjay Rd, Williamsville, NY	possible layoff	319	3/25/2010 - 4/7/2010
McQuade Children's Services	623 Blooming Grove Tpke, New Windsor, NY	closure	114	immediately
John Deere	6401 Deere Rd, Syracuse, NY	closure	25	3/31/2010
The Princeton Review	2315 Broadway, New York, NY	closure	35	3/17/2010
Sperian Protective Gloves	85 Innsbruck Dr, Buffalo, NY	closure	55	3/11/2010
Newport Chemical Depot	Newport, IN	layoff	207	immediately
Rock-Tenn Converting Co.	983 S Marr Rd, Columbus, IN	closure	71	2/13/2010
Madison Center	701 N Niles Ave & 1000 S Michigan St, South Bend, IN	layoff	100	1/4/2010
AmeriPath Youngstown	8302 Southern Blvd., Youngstown, OH	closure	55	1/30/2010
ZF Trading North America	3637 Mallard Run, Sheffield Village, OH	closure	64	2/12/2010 - 3/31/2010
Verizon Wireless	360 W Dussel Dr, Maumee, OH	closure	234	4/3/2010
Fort Dearborn Life Insurance Co.	20445 Emerald Pky, Cleveland, OH	layoff	63	3/26/2010
Extencicare Arbors	2920 Cherry St, Toledo, OH	closure	135	2/7/2010
DH Deaconess Hospital	311 Straight St, Cincinnati, OH	layoff	105	2/14/2010
ACS Business Process Solutions - Houston	7324 Southwest Fwy, Houston, TX	layoff	181	immediately
Veolia Transportation, Inc.	Austin, TX	layoff	67	immediately
The Marmaxx Group (Marshalls)	9140 N Green Bay Rd, Brown Deer, WI	closure	unknown	2/6/2010
Allied Systems Holdings	544 Kelloff Ave, Janesville, WI	closure	100	2/26/2010
Blackwell North America (Black & Taylor, Inc.)	6024 SW Jean Rd, Bldgs F & G, Lake Oswego, OR	closure	50	2/7/2010
Means Nursery, Inc.	33668 Johnsons Landing Rd, Scappoose, OR	layoff	100	2/19/2010
AmeriHealth Administrators	10151 Deerwood Park Blvd, Jacksonville, FL	closure	111	2/12/2010 - 4/30/2010
Stericycle, Inc.	3800 S Congress Ave, Boynton Beach, FL	layoff	29	2/28/2010

Lease Cancellations

Citadel Broadcasting and its affiliates filed for bankruptcy last week. The broadcasting giant, which owns 224 radio stations, is turning company control over to its lenders in an effort to reduce its debt. More than 60% of the company's lenders supported the decision. As a result, Citadel is rejecting two leases of properties that it no longer occupies, as well as three broadcast tower leases. The company said that the cancellation of the building leases would save it approximately \$350,000 and the termination of the tower agreements would result in savings of \$1.1 million.

Vertro Inc. is terminating an 18,482-square-foot portion of its lease at 5220 Summerlin Commons Blvd. in Fort Myers, FL. The software company had been subleasing the space to a third party, which is effectively canceled with the termination of the original lease. Vertro continues to occupy 21,981 square feet in the facility at \$16.91 per square foot per annum, plus expenses.

Achillion Pharmaceuticals has cancelled a portion of its lease at the George Street Technology Center in New Haven, CT. The drug developer is surrendering about 5,000 square feet of its 40,000-square-foot space to the landlord, a joint venture of Winstanley Enterprises Inc. and Yale University. Achillion has agreed to vacate the premises by March 15, 2010. The landlord is providing Achillion with \$50,000 to help cover moving costs.

Company	Address	Affected Parties	Comment
Citadel Broadcasting	Chicago, IL	ABC Radio Networks Assets LLC	office space, subleased to third party
Citadel Broadcasting	333 - 343 N Michigan Ave, Chicago, IL	333 Building Corp.	9,432 SF
Citadel Broadcasting	Hall County, GA	Cox Radio Inc.	Broadcast tower lease
Citadel Broadcasting	Luzerne County, PA	Anthony F. Renda	Broadcast tower lease and real estate
Citadel Broadcasting	Unknown	SpectraSite Broadcast Towers, Inc., d/b/a American Tower Corp.	Broadcast tower lease
Vertro Inc.	5220 Summerlin Commons Blvd, Fort Myers, FL	Mick Vorbeck	18,482 SF, subleased to third party
Achillion Pharmaceuticals	300 George St, New Haven, CT	WE George Street LLC	5,000 SF

Loan Maturities

The following is a weekly feature from CoStar Group of commercial real estate properties on which the loans backing the property are approaching their loan maturity date. The information is a valuable source of leads on potential refinancing or property sale or servicing opportunities. The information for these listings comes from collateral and loan information filed with the Securities & Exchange Commission.

Center	Address	Property Type	Maturity Date	Note Rate	Bal. at 9/30/09	Borrower
Danbury Fair Mall	Backus Ave & I-84, Danbury, CT	Retail	2/1/2011	4.64	\$164,840,000	The Macerich Co.
Valley View Center	Preston Rd & 635 LBJ Freeway, Dallas, TX	Retail	1/1/2011	5.81	\$125,000,000	The Macerich Co.
Santa Monica Place	1453 3rd St. Promenade, Santa Monica, CA	Retail	11/1/2010	7.79	\$76,974,000	The Macerich Co.
Northridge Mall	Main St & Boronda, Salinas, CA	Retail	1/1/2011	8.20	\$71,726,000	The Macerich Co.
Vintage Faire Mall	Sisk Rd & Dale Rd, Modesto, CA	Retail	9/1/2010	7.92	\$62,480,000	The Macerich Co.
Panorama Mall	Van Nuys & Roscoe Blvd, Panorama City, CA	Retail	2/28/2010	1.31	\$50,000,000	The Macerich Co.
Promenade at Casa Grande	I-10 & Florence Blvd, Casa Grande, AZ	Retail	8/16/2010	1.74	\$44,426,000	The Macerich Co.
Stonewood Mall	Firestone & Lakewood, Downey, CA	Retail	12/11/2010	7.44	\$36,883,000	The Macerich Co.

Center	Address	Property Type	Maturity Date	Note Rate	Bal. at 9/30/09	Borrower
Camelback Colonnade	Camelback Road and 20th St., Phoenix, AZ	Retail	10/9/2010	1.11	\$31,125,000	The Macerich Co.
Ridgmar	Green Oaks Rd & I-30, Fort Worth, TX	Retail	4/11/2010	6.11	\$28,700,000	The Macerich Co.
Kitsap Mall/Place	Silverdale Way & Randall, Silverdale, WA	Retail	6/1/2010	8.14	\$28,459,000	The Macerich Co.
Inland Center	Inland Center Dr at the I-215 Fwy, San Bernardino, CA	Retail	2/11/2011	4.69	\$26,036,000	The Macerich Co.
Desert Sky Mall	75th Ave & Thomas Rd, Phoenix, AZ	Retail	3/4/2010	1.34	\$25,750,000	The Macerich Co.
Carmel Plaza	Ocean Ave. and Mission St., Carmel by the Sea, CA	Retail	5/1/2010	7.45	\$25,443,000	The Macerich Co.
Superstition Springs Center	US 60 & Power Rd, Mesa, AZ	Retail	9/9/2010	0.61	\$22,498,000	The Macerich Co.
Cascade	Gilkey and Burlington Blvds, Burlington, WA	Retail	7/1/2010	5.28	\$19,524,000	The Macerich Co.
Metrocenter Mall	Peoria Ave & I-17 Freeway, Phoenix, AZ	Retail	2/9/2010	1.72	\$16,800,000	The Macerich Co.
Chandler Village Center	Chandler Blvd & Loop 101, Chandler, AZ	Retail	1/15/2011	1.40	\$8,643,000	The Macerich Co.
Metrocenter Mall	Peoria Ave & I-17 Freeway, Phoenix, AZ	Retail	2/9/2010	3.69	\$3,240,000	The Macerich Co.
Kierland Tower Lofts	Greenway Pkwy & Scottsdale Rd, Scottsdale, AZ	Retail	11/18/2010	3.25	\$1,355,000	The Macerich Co.

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1 Commercial Real Estate Information Company

Watch List

The following is a weekly feature from CoStar Group of properties that may potentially be affected by worsening financial conditions, borrower issues, deteriorating property conditions, or lease rollovers, tenant issues or vacancies. The information is a valuable source of leads on potential refinancing or property sale or servicing opportunities. The information for these listings comes from collateral and loan information filed as part of the loans inclusions in a commercial mortgage backed securities offering.

Property	Property Type, Size	CMBS; Master Servicer; Special Servicer	Comment
Sunwest Portfolio, Various, Various	Retail	ASC 1997-D4 (Nomura); Berkadia; Berkadia	Fitch Rating is reporting that the loan transferred to special servicing on 12/17/09 for imminent default. At contribution, the portfolio contained 72 properties totaling 1.8 million square feet in primarily Southern and Western states. It had an original principal balance of \$50.5 million and the current loan balance is \$37.7 million; some of the properties have been defeased. The properties are generally former Safeway stores, which were sold by Safeway Stores Inc. after its leveraged buy out in the 1980s.
Western Asset Plaza, 385 E.Colorado Blvd., Pasadena, CA	Retail, 256,703	BACM 2005-1; Bank of America; JE Robert Co.	Fitch Rating is reporting that the loan transferred to special servicing on 12/14/09 for maturity default. The Q3-2009 debt service coverage was a reported 1.96 with an occupancy of 100%. The borrower had stated that it was having problems securing refinancing for the loan, and has requested a three year extension.
Brooks Landing, 3055 Floyd Ave., Modesto, CA	Multifamily, 232	BACM 2007-1; Bank of America; CWCcapital	Fitch Rating is reporting that the loan transferred to special servicing on 12/8/09 for imminent default.
Seattle Springhill Suites, 1800 Yale Ave., Seattle, WA	Hotel, 234	Cobalt 2006-C1; Wachovia; CWCcapital	Fitch Rating is reporting that the loan transferred to special servicing on 12/16/09 for being more than 60 day delinquent. As of 12/17, the last reported loan repayment date was 9/6/2009.
Camco Summary, Various, Various, TX	Retail & Ind.	CSFB 1998-C2; Wachovia; LNR Partners	Fitch Rating is reporting that the loan transferred to special servicing on 12/16/09 for imminent default. The loan was originally secured by two anchored retail properties: Irving Market Center in Irving, TX; and North Hills Village in North Richland Hills, TX; and one industrial property: Northeast Business Park also in North Richland Hills. The most recent loan balance was \$32.7 million.
1100 Executive Tower, 1100 W. Town & Country Road, Orange, CA	Office, 384,183	CSMC 2008-C1; KeyBank; Midland Loan Services	Fitch Rating is reporting that the loan transferred to special servicing on 12/17/09 for imminent default. Servicer-reported occupancy and debt service coverage as of September 2009 were 82% and 0.82x, respectively. In 2010, 58.5% of tenants roll (average rent psf of \$24), and 17.4% roll (average rent psf of \$28.40) in 2011.
One Main Place, 1201 Main St., Dallas, TX	Office, 1,015,033	GE 2005-C3; Midland; Midland Loan Services	Fitch Rating is reporting that the loan transferred to special servicing on 12/8/09 for imminent default

Property	Property Type, Size	CMBS; Master Servicer; Special Servicer	Comment
Hyatt Regency-Bethesda, 7400 Wisconsin Ave. (One Bethesda Metro Center), Bethesda, MD	Hotel, 390	Greenwich 2007-GG9; Wachovia; LNR Partners	Fitch Rating is reporting that the loan transferred to special servicing on 12/17/09 for imminent default. As of June 2009, debt service coverage was reported to have dropped from 1.15 at year end 2008 mainly caused by the 1.38% drop in revenues.
Holiday Inn Albany, 205 Wolf Road, Albany, NY	Hotel, 312	GSMSC 2006-GG8; Wachovia; CWCcapital	Fitch Rating is reporting that the loan transferred to special servicing on 12/10/09 for imminent default. The borrower had reported a large reduction in New York government business, a market-wide decrease in corporate travel, an overall reduction in food and beverage revenue from group business, and a continual reduction in room rates driven by its competitive set. Debt service coverage had reportedly fallen to 0.82.
400 Madison Avenue, 400 Madison Ave., New York, NY	Office, 184,859	MSCI 2005-IQ9; Wells Fargo; Midland Loan Services	Fitch Rating is reporting that the loan transferred to special servicing on 12/15/09 for pending maturity of 2/1/2010.