

# The Watch List Newsletter

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## **The Return of the Miserly Lender**

While discussing the current financial crisis in a speech this month, Richard W. Fisher, president and CEO of the Federal Reserve Bank of Dallas, raised a warning to creditors to resist the temptations of protectionists "to curl up in a ball and clutch their money." Restricting capital flows, he argued "is the crack cocaine of economics. It provides a temporary high but is instantly addictive and leads to certain economic death."

Fisher might as well as have been talking to the proverbial brick wall since U.S. bankers have gone positively Scrooge-like, as they typically do when economic conditions deteriorate.

And despite Federal Reserve Board chairman Ben Bernanke's remark the recession might end this year, other Federal Reserve Bank presidents this month in various speeches across the country said that parsimonious pressures to pinch every penny are pervasive.

And making matters worse are the declining commercial real estate markets that are adding to those pressures and could further strain financial institutions and markets.

Dennis P. Lockhart, president and CEO Federal Reserve Bank of Atlanta told the Greater Miami Chamber of Commerce this month that: "Given eroding demand for commercial space, financing pressures in commercial real estate are cause for concern. Commercial real estate finance challenges could further complicate efforts to stabilize the banking system and credit markets."

"Banks that financed the construction of commercial properties may end up keeping those loans if the properties cannot achieve the cash flow needed to service new permanent debt," Lockhart said. "Loans maturing face a CMBS market that virtually shut down in the latter part of 2008 and a banking industry that is already saddled with bad assets from the residential sector."

Lockhart, who has been predicting an upturn in the overall economy beginning in the second half of 2009, said this month that uncertainty in the credit remains unusually high, and the downside risks are very real because of further deterioration in real estate.

"In virtually all segments of commercial real estate, there is downward pressure on property values because of new construction coming on stream—construction started before the recession fully set in—coupled with the effects of the economic downturn," Lockhart said. "Interestingly, the only property type currently withstanding downward pressures is warehouse. This seems to be, perversely, at least partly because of the back-up of inventories resulting from weak consumer spending and adverse retail and manufacturing conditions."

And when times are tough and market conditions are deteriorating, banks "behave differently," Eric S. Rosengren, president and CEO of the Federal Reserve Bank in Boston told the Institute of International Bankers this month in Washington, DC.

As markets deteriorate, bank loan portfolios erode in value putting pressure on bank capitalization ratios.

"Undercapitalized banks shift their attention to short-run capital preservation rather than long-run profit maximization, and this change in goals has several undesirable effects," Rosengren said. "Perhaps the most undesirable is that undercapitalized banks, finding it difficult to raise additional capital, are forced to improve their capital ratios by shrinking assets."

"Since loans are usually the bank's most significant asset, lending becomes more restrictive," he said. "And, because undercapitalized banks seek to shrink without incurring additional losses, the specific form the asset shrinkage took could be perverse. For instance, some banks would support troubled borrowers in an effort to avoid loss recognition, while reducing credit to more creditworthy borrowers with whom the bank could curtail credit without incurring a loss."

"Additionally, undercapitalized banks have an incentive to postpone reserving for problem loans, to avoid further depleting capital," Rosengren added.

William C. Dudley, president and CEO of the New York Fed explained to the Council on Foreign Relations in New York City this month how bankers have become adverse to even lending to creditworthy lenders.

"Essentially, it has gone like this," Dudley said, "even if I think you are a good credit, I am not going to lend to you, because others may not share the same opinion. The problem is if no one else thinks you are good, I may not be able to get my money back if I need it. Conversely, others are not willing to lend to you, even though they think you are a good credit, because they are not convinced that I will do so."

"The result is that no one lends, financial conditions tighten and this exacerbates the downward pressure on the economy," Dudley said. "As economic conditions deteriorate, this undermines the financial strength of the major financial institutions, further reinforcing the downward spiral in confidence."

Another bad dynamic that exacerbated the crisis has been the reluctance of some banks to raise additional capital, Dudley said.

"Repeatedly over the past 18 months we have heard—from the [government sponsored enterprises], from the investment banks, from the commercial banks—now is not a good time to raise capital," he said. "This desire to postpone capital raising stems, in part, to the fact that bank executives often do not want to dilute the existing shareholders (which, of course, include themselves)."

Dudley said this deleveraging process is still far from complete.

"It will take time for the deleveraging process to come to an end and, as the recent employment data have underscored, the economy has considerable momentum to the downside," he said.

The Bank presidents' comments are matched by the Federal Reserve Board's latest 'Beige Book' survey of the economy showing that bank lending activity continues to fall and the availability of credit generally remained tight.

Lenders continue to impose strict standards for all types of loans, with particular scrutiny focused on construction projects and commercial real estate transactions.

## Huge California Apartment Operator Breaking Up

More than a dozen affiliates of Irvine, Ca-based apartment investor Bethany Group LLC filed for Chapter 11 bankruptcy protection in the federal bankruptcy court in Santa Ana, CA, this month. The group owns an estimated 15,000 apartment units across 58 complexes in Arizona, Colorado, Georgia, Maryland and Texas.

Although some of the portfolios are not included in the bankruptcy filings, it appears that the company will be broken apart wholesale through court appointed receivers.

Many of Bethany Group's properties were backed by loans pooled into commercial-mortgaged backed securities, including six portfolios totaling \$750 million across three deals (LBCMT 2007-C3, LBUBS 2007-C1 and C2), suggesting that three more of its loans (\$438 million) are likely to be transferred to special servicing this month.

Trigild Inc., a San Diego-based distressed receivership, property and loan recovery specialist, has been appointed receiver for 13 apartment complexes representing nearly \$500 million in defaulted loans in Arizona, California, Colorado and Florida abandoned by Bethany Group.

As court appointed receiver, Trigild has taken over day to day operations of seven complexes in the Phoenix area, a property in San Diego County, one in Orange Park, FL and four properties in the Denver/Colorado Springs area.

According to Trigild's president and founder Bill Hoffman, the properties were abandoned by Bethany Group. Following reports of unpaid employees and contractors, utility shutoffs and impending liens and lawsuits, the lender was forced to act.

"The loan servicing company which handles the commercial mortgages, moved at a record pace to get a receiver appointed to guarantee that the properties and their residents are well protected," Hoffman said. As a result, "thousands of tenants will continue to live in the complexes and over a hundred employees will continue to be employed."

Properties in Arizona are the 460-unit Laguna Village, the 320-unit Alante at the Islands and the 374-unit Santan Crossing in Chandler; the 432-unit Whispering Meadows and the 582-Tuscany Palm in Mesa; the 395-unit Sienna Springs in Phoenix and the 196-unit Verrado Park in Glendale. The 114-unit Sunset Village Apartment in Oceanside, is just north of San Diego. The Colorado assets include the 482-unit Waterford Court in Aurora, the 216-unit Rockrimmon and the 280-unit Falcon Pointe Ridge in Colorado Springs and the 186-unit Rolling Hills in Castle Rock. Blanding Place Apartments, the Florida property, has 231 units.

Falling real estate values, high vacancies and poor cash flow have triggered significant financial difficulties for many owners of residential real estate and other commercial properties, Hoffman said.

"We have been advised to prepare for additional properties from the same group."

Given the current economic climate, failures of this sort will continue to increase, he added.

"The highly leveraged deals from a few years back do not bode well for the commercial real estate industry," Hoffman said. "

Also, Ann Arbor, MI-based McKinley Inc. was appointed as receiver for a group of several of Bethany's Georgia properties. The properties include Lacota Apartments, a 266-unit community in Doraville; Sinclair Apartments, a 352-unit apartment home community in Norcross near I-285 and I-85; Alden Ridge, a 372-unit community in Clarkston with easy access to Stone Mountain Freeway, I-20, and I-285; Steeple Chase in Norcross which includes 305 units and Somerset at the Crossing in Tucker which offers 264 units. The appointment was made in the Superior Court of Gwinnett County, GA.

Bethany Group specialized in buying Class-B properties with 150-400 units. It acquired several portfolios from AIMCO and Bascom Group and received acquisition financing from GE Capital and Lehman.

## Bad Bank Watch: First Community Retreating to New Mexico

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While the subject of this week's bad banks to keep an eye on, the Albuquerque, NM-based holding company of First Community Bank has been taking aggressive actions to right its balance sheet.

Rather than continue to pursue federal bailout money from the U.S. Treasury Department, First State Bancorporation has instead opted to close and or sell various branches and some of its loans outside of its home state.

First State, the bank holding company of First Community Bank, has reached a definitive agreement to sell its Colorado branches to Great Western Bank, a South Dakota-based subsidiary of National Australia Bank.

The deal is subject to regulatory approval and is anticipated to close in the summer of 2009.

The terms of the transaction call for the transfer of approximately \$444 million in loans and \$477 million in deposits to Great Western for a net premium of \$20 million. After transactions costs, First State expects to record a pretax gain of approximately \$16 million.

It is a costly deal for First State. For starters, First State bought the Colorado branches two years ago when it purchased Front Range and its wholly owned subsidiary, Heritage Bank, from former Colorado Congressman Bob Beauprez for \$72 million.

For another reason, for its \$20 million acquisition price, Great Western is getting \$19 million of buildings and equipment.

In announcing the transaction, Michael R. Stanford, president and CEO of First State said this transaction would boost its total risk-based capital ratio at both the bank and holding company levels to above 12%, compared to 10.3% as of Dec. 31, 2008.

"We anticipate that this transaction will help us achieve the regulatory requirements for capital levels in the near future," Stanford said. "We plan to intensify our efforts in our legacy market, New Mexico, which has significant growth potential and continues to outperform the nation as a whole in terms of unemployment. We will continue to downsize our loan portfolio in order to strengthen our capital ratios and liquidity."

"This is the first step in our plans to manage our capital levels for the foreseeable future," stated H. Patrick Dee, executive vice president and COO of First State. "We will continue to aggressively manage our problem assets, step up our efforts toward growing deposits, and focus further on expense reduction initiatives."

Last fall, First State closed its two Utah branches, one in a building that it owned in Salt Lake City and has listed for sale and the other in a leased building Midvale, which it expects to sublease through the end of the lease term in June 2011.

On announcement of the Colorado deal, First State also announced that it withdrew its application for TARP funding.

"After careful consideration, we believe that it is in the best interests of our shareholders to proceed on a course of action that does not include TARP funding," Stanford said. "The uncertainty surrounding the availability and terms of the TARP funding, combined with the low market price of our common stock, make the Treasury's program much less attractive than it appeared to be when we initially applied for it."

First State's lost \$124.6 million last year, compared to net income of \$24.8 million a year earlier.

In discussing its condition with analysts last month, Patrick Dee said the decision to leave Utah was a good one.

"As we have moved further in to the Utah portfolio liquidation, we have found that our decision to leave that market was a wise one as we have a disproportionate number of problem loans in that state," Dee said. "We will continue to

reduce our exposure to construction loans of all types and we should see a more marked decrease in our loan totals in Utah in the quarters ahead."

First State's delinquent loans increased fairly sharply in the fourth quarter to \$75.7 million or 2.75% of total loans. About \$14 million of that was on loans that were renewed just after year end. The change in delinquent loans was driven primarily by Utah which increased to \$44.6 million at Dec. 31, representing close to 60% of all the delinquencies and 16.45 of total loans in Utah.

Dee said the bank holding company is continuing its efforts to sell its Utah loans.

First Community Bank listed total assets at yearend of \$3.44 billion.

Among its nonperforming assets, First Community reported \$18.9 million in repossessed real estate of which \$11.4 million was in construction and development projects.

The bank showed \$26.7 million in commercial nonresidential property loans past due less than 90 days and an additional \$11 million of such loans listed as in nonaccrual status.

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## CRE Delinquencies Accelerate

**R**ising loan defaults are symptomatic of the pressures confronting commercial property borrowers, including falling rents, increasing vacancies, declining retail sales, depletion of loan reserves, diminished capital availability, rising unemployment, and tenant bankruptcies, according to new data from Morgan Stanley and Fitch Ratings.

These strains suggest that loan defaults will continue to accelerate throughout the year, with the 30+ delinquency rate likely to reach, or even exceed, 4% by the end of 2009, according to Morgan Stanley

And Fitch Ratings expects commercial properties in weak U.S. housing markets to continue to face greater cash flow stress until the housing market and unemployment begin to show signs of recovery.

### *Five States Taking the Biggest Hits*

Among major property types, U.S. CMBS loans backed by multifamily, retail and office properties are defaulting almost 30% more frequently in states most impacted by housing economic factors.

"Though commercial loan default rates are rising nationally, properties in Florida, Michigan, Arizona, Nevada and California are proving to be particularly vulnerable," said Eric Rothfeld, a Fitch managing director. "These states represent approximately 25% of all retail, office, and multifamily loans in Fitch-rated U.S. CMBS transactions and are likely to see more rapid and material declines in performance."

Through the end of January 2009, housing prices in these states have experienced peak value declines almost 50% higher than nationwide averages, foreclosure rates almost 20% higher and local unemployment rates almost 20% higher.

Although the commercial sector had remained somewhat resistant to housing market pressures through the third-quarter 2008, commercial real estate loan defaults as of the end of January 2009 increased to 1.15% from 0.43% in September 2008.

Multifamily loans in these states have a default rate of 4.1%, the highest of any property type and more than 20% above the national average. Speculative multifamily construction in these states outpaced nationwide levels and supply has not been absorbed as expected. In addition, further competition has developed from single-family homes that have entered the rental market as foreclosure rates have increased.

Retail loans in these states have a default rate of 1.2%, almost 20% above the national average. Consumers continue to face unemployment pressure and declines in real estate and equity values and have dramatically reduced their

discretionary spending. Several recent large retailer bankruptcies have impacted these markets at an accelerated pace as store closings typically occur first in areas with weaker sales and overbuilding.

Office loans in these states have a default rate of 0.65%, more than 40% higher than the national average. Higher unemployment rates demonstrate the large impact of the economic recession on local businesses. Many financial services firms that supported booming housing markets in previous years have consolidated or closed.

Because housing growth has not materialized as expected, these states are now faced with an oversized office infrastructure which has resulted in declining rents and increasing vacancies.

According to Morgan Stanley, the following markets with large exposure in CMBS are performing poorly as measured by high delinquency rates:

- Office: Chicago, Dallas, Phoenix
- Retail: Miami, Las Vegas, Phoenix
- Multifamily: Dallas, Houston, Atlanta
- Hotel: Orlando, Atlanta, Tampa

The following markets with large exposure in CMBS are performing well as measured by low delinquency rates:

- Office: New York, Inland Empire, Washington DC
- Retail: Washington DC, New York, Bay Area
- Multifamily: Inland Empire, Washington DC, Bay Area
- Hotel: New York, Chicago, San Diego

### ***Multifamily Delinquencies Still Highest, Retail Gaining Fast***

By property type, Morgan Stanley shows that multifamily properties exhibit the highest 30+ delinquency rate at 3.49%. In February, an additional \$1.3 billion of multifamily mortgages were transferred to special servicing, including three portfolios sponsored by Babcock & Brown (\$587 million) and two portfolios sponsored by Bethany Group LLC (\$267 million).

Babcock & Brown is a distressed asset manager that is seeking loan modifications to avoid defaulting, while the Bethany properties in Phoenix and Houston have experienced declining operating performance and transferred to special servicing due to imminent default.

Bethany Holdings, which sponsors six multifamily loan portfolios totaling \$750 million across three deals, filed for bankruptcy this month, suggesting that three more of its loans (\$438 million) are likely to be transferred to special servicing in the coming month.

Declining retail performance was chiefly responsible for a 13 basis point increase in delinquencies in February 2009 and marks the sixth time in the past seven months that retail led the newly delinquent loans, according to Fitch Ratings. The rate of increase is consistent with Fitch's expectations that loan defaults will increase to at least 3% by year end 2009.

"As expected, a prolonged decline in consumer spending has forced weaker retailers out of the market, in turn placing significant stress on commercial real estate fundamentals," said Susan Merrick, a Fitch managing director and U.S. CMBS group head. "As retail landlords struggle with increasing vacancies at existing centers, they must cope with new market realities including a deceleration in new store openings, an overhang of new supply, and continued downward pressure on rents demanded by those tenants still in operation."

In February, 46 retail loans totaling \$277 million became newly delinquent. All but three of the loans had an outstanding balance of \$15 million or less, and were collateralized by smaller properties including community shopping centers and strip malls.

In addition, eight of the new defaults corresponded to single-tenant facilities fully leased to now-bankrupt tenants, bringing the total number of vacant stand-alone facilities in the index to approximately 40. With few retailers

seeking to expand their current store base, Fitch expects that many vacant big box spaces, both stand-alone and components of larger centers, will remain empty for the foreseeable future.

## Lease Cancellations

**R**ichmond, VA-based **S&K Famous Brands** (dba S&K Menswear) filed Chapter 11 on Feb. 9. The value-priced men's apparel retailer cited a liquidity crisis and operational losses tied to tightened credit issues and slower consumer spending as the primary factors driving its filing. As part of this financing, the company is required to close on the sale of its 209,000-square-foot headquarters building in Glen Allen, VA, by mid-May for \$5.5 million. According to CoStar Tenant, the typical S&K Menswear store is 3,000 to 4,000 square feet. S&K Menswear has begun liquidation procedures at 30 stores. Once closed, the retailer would be left with 106 stores in the chain. (By: *Sasha Pardy*)

Birmingham, AL-based **Bruno's Supermarkets** filed chapter 11 on Feb. 5. Bruno's operates 23 Bruno's (21 in Alabama, two in Florida) and 43 Food World grocery stores (36 in Alabama and seven in Florida). According to CoStar Tenant, the typical Bruno's is between 35,000 and 53,000 square feet, with an average store size of 49,000 square feet. The typical Food World store is between 35,000 and 60,000 square feet, with an average store size of 43,000 square feet. (By: *Sasha Pardy*)

**Aleris International Inc.**, in Beachwood, OH, filed petitions for voluntary reorganization under Chapter 11 on Feb. 12. Aleris has seen a sharp deterioration in demand for its products by the automotive, housing, and general industrial products sectors and an unprecedented decline in aluminum prices.

**Pliant Corp.**, a producer of film and flexible packaging products in Schaumburg, IL, submitted a financial restructuring plan to eliminate all of its high-yield debt or \$674 million of long-term bonds on Feb. 11.

**G.I. Joe's Holding Corp.** filed voluntary chapter 11 bankruptcy on March 4. The company operates 31 sporting goods retail stores in Washington, Oregon and Idaho under the brand name Joe's Sports, Outdoor & More.

Company	Address	City	State	Landlord Contact
(Aleris International) Commonwealth Aluminum Tube Enterprises LLC (as sublandlord), Galvatubing Inc. (subtenant)	133 Quality Lane	Kings Mountain	NC	Kings Mountain Associates
(Aleris International) Hoogovens Aluminum Corp. (as sublandlord), General Glass International (subtenant)	101 Ventura Way	Seacaucus	NJ	Hartz Mountain Industries LLC
(Pliant Corp.) Rexene Products Co. (dba; Consolidated Thermoplastis Co.) (as sublandlord); Barnhardt Manufacturing Co. (subtenant)	Bldg. M-9 Freeport Center 699 120th Ave.	Clearfield Bellevue	UT WA	Freeport Center Associates TRF Pacific LLC
Bruno's Supermarkets	2804 Crestwood Blvd.	Irondale	AL	Frostdale Seaside LLC
Bruno's Supermarkets	885 Dennison Ave.	Birmingham	AL	Heritage Town Center LLC
Bruno's Supermarkets	2007 US Hwy 231	Phenix City	AL	Selig Enterprises
Bruno's Supermarkets	3 W. Nine Mile Road	Pensacola	FL	Cay-Gan Plaza North
Bruno's Supermarkets	790 N. Brindlee Mountain Pkwy	Arab	AL	Town Center Plaza

Bruno's Supermarkets	1123 College Ave.	Jackson	AL	LN College Ave. Center LLC	8
Bruno's Supermarkets	1615 Quintard Ave.	Anniston	AL	Henry's Foodmax LLC	
Bruno's Supermarkets	280 N. 3rd St.	Gadsden	AL	Gregerson's Real Estate	
Bruno's Supermarkets	3313 Loma Road, Suite 33	Hoover	AL	Engel Realty Co.	
Bruno's Supermarkets	7820 Moffet Road	Semmes	AL	Schillinger-Moffet Ltd.	
S&K Famous Brands	Fashion Outlet, Elizabeth St., Suite 382	Boaz	AL	Graham & Co.	
S&K Famous Brands	The Plaza at Riverchase, 1845 Montgomery Highway, Suite 213	Hoover	AL	Folmar & Associates	
S&K Famous Brands	Tanger Outlet Center, 2601 South McKenzie St., Suite 104	Foley	AL	Tanger Properties	
S&K Famous Brands	Eastern Shore Center, 30500 State Highway 181, Suite 716	Spanish Fort	AL	The Trotman Co.	
S&K Famous Brands	Bowman Heights Shopping Center, 303 South Bowman Road, Suite 320	Little Rock	AR	Rees Development	
S&K Famous Brands	Central Mall, 5111 Rogers Ave., Suite 118	Fort Smith	AR	Ft. Smith Mall Partners LP	
S&K Famous Brands	Lakewood Village Shopping Center, 2733 Lakewood Village Drive	North Little Rock	AR	Conservative Development	
S&K Famous Brands	Spring Creek Centre, 356 East Joyce Blvd.	Fayetteville	AR	DDR	
S&K Famous Brands	Cornerstone Marketplace, 301 Cornerstone Blvd.	Hot Springs	AR	Garrett Enterprises	
S&K Famous Brands	Altamonte Mall, 451 East Altamonte Drive, Suite 2405	Altamonte Springs FL	FL	General Growth	
S&K Famous Brands	Killlearn Shopping Center, 3479-99 Thomasville Road	Tallahassee	FL	DDR	
S&K Famous Brands	St. Augustine Outlet Center, 2700 State Road 16, Suite 611	St. Augustine	FL	Chelsea Property Group	
S&K Famous Brands	Cypress Point Shopping Center, 25889 US Highway 19 North	Clearwater	FL	Gumberg Asset Mgmt	
S&K Famous Brands	Tyrone Center, 6752 22nd Ave. North	St. Petersburg	FL	Retail Asset Management	
S&K Famous Brands	North Pointe Plaza, 15241 North Dale Mabry	Tampa	FL	DDR	
S&K Famous Brands	Largo Mall, 10500 Ulmertown Road, Suite 710	Largo	FL	Weingarten Realty Investors	
S&K Famous Brands	Lakeland Square Mall, 3800 U.S. Highway North, Suite 126	Lakeland	FL	General Growth	
S&K Famous Brands	Seminole Towne Center,	Sanford	FL	Simon Property	

	200 Towne Center Circle #G05A			Group	9
S&K Famous Brands	3933 Bloomfield Road, 3933 Bloomfield Road	Macon	GA	Kin Properties	
S&K Famous Brands	Market St. Shops of Dalton, 1001 Market St., Suite 8	Dalton	GA	Mimms Enterprises	
S&K Famous Brands	Lake Park Mill Store Plaza, 5197 Mill Store Road, Suite 15	Lake Park	GA	RCG Ventures	
S&K Famous Brands	City Crossing, 2620 Watson Blvd., Suites G/H	Warner Robins	GA	DDR	
S&K Famous Brands	Tanger Factory Outlet Center, 800 SBT Blvd., Suite 103	Commerce	GA	Tanger Properties	
S&K Famous Brands	Columbus Park Crossing South, 5550 Whittlesey Blvd Suite 320	Columbus	GA	Ben Carter Properties LLC	
S&K Famous Brands	Mall of Georgia, 3333 Buford Drive	Buford	GA	Simon Property Group, Mall of Georgia LLC	
S&K Famous Brands	Jordan Creek Town Center, 101 Jordan Creek Parkway, Suite 12390	West Des Moines	IA	General Growth	
S&K Famous Brands	White Oaks Plaza, 2855 Veterans Parkway	Springfield	IL	Simon Property Group	
S&K Famous Brands	The Parkway, 2103 N. Veterans Parkway, Suite 332	Bloomington	IL	US REIF Parkway Fee LLC	
S&K Famous Brands	Forest Plaza, 6085 E. State St.	Rockford	IL	Simon Property Group	
S&K Famous Brands	Hickory Point Mall, US 51 North, Space 67	Forsyth	IL	CBL & Associates	
S&K Famous Brands	Lafayette Market Place, 3540 State Road 38E, Suite 702	Lafayette	IN	RICORE Investment Management	
S&K Famous Brands	827 East McGalliard Road, 827 East McGalliard Road	Muncie	IN	Kancov Investments	
S&K Famous Brands	Alexandria Mall, 3437 Masonic Drive, Space 1156	Alexandria	LA	General Growth	
S&K Famous Brands	Prien Lake Plaza, 1732 West Prien Lake Road	Lake Charles	LA	Weingarten Realty Investors	
S&K Famous Brands	Louisiana Boardwalk, 620 Boardwalk Blvd.	Bossier City	LA	Louisiana Riverwalk LLC	
S&K Famous Brands	Prime Outlets at Hagerstown, 645 Prime Outlets Blvd.	Hagerstown	MD	Prime Retail	
S&K Famous Brands	Fashion Outlet Mall, #5 Depot St., Suite 1	Freeport	ME	Timm Real Estate LLC	
S&K Famous Brands	Lansing Towne Centre, 5421 W. Saginaw	Lansing	MI	Sansone Group/DDR LLC	
S&K Famous Brands	Green Ridge Square, 3390 Alpine Ave., NW, Suites	Walker	MI	DDR	

	A&B				
S&K Famous Brands	Kensington Valley Factory Shops, 1475 North Burkhart Road, Suite F-130	Howell Township	MI	Tanger Properties	10
S&K Famous Brands	Great Lakes Crossing, 4290 Baldwin Road	Auburn Hills	MI	Taubman Co.	
S&K Famous Brands	Factory Merchants Branson, 100 Pat Nash Drive, Box A9, Building 14	Branson	MO	Chelsea Property Group	
S&K Famous Brands	Branson Landing Shopping Center, Space 209	Branson	MO	General Growth	
S&K Famous Brands	Dogwood Promenade Shopping Center, 158 Promenade Blvd.	Flowood	MS	Aronov Realty	
S&K Famous Brands	Stratford Road Shopping Center, 566 South Stratford Road	Winston-Salem	NC	Maria Couch	
S&K Famous Brands	Westgate Shopping Center, 3901 Highpoint Road	Greensboro	NC	Westgate Partnership	
S&K Famous Brands	Sutton Square Shopping Center, 6325-51 Falls-of-the-Neuse	Raleigh	NC	Regency Centers	
S&K Famous Brands	Franklin Square, 2964 East Franklin Blvd., Suite 31	Gastonia	NC	Heritage Realty Management	
S&K Famous Brands	Northwest Centre, 2805 Battleground Ave.	Greensboro	NC	The Bedrin Organization	
S&K Famous Brands	Garner Towne Square, 2630 Timber Drive	Garner	NC	Regency Centers	
S&K Famous Brands	Mooreville Consumer Square, 168S Norman Station Blvd.	Mooreville	NC	DDR	
S&K Famous Brands	Asheville Mall, Three South Tunnel Road	Asheville	NC	CBL & Associates	
S&K Famous Brands	Shoppingtown Mall, 3649 Erie Blvd. East	DeWitt	NY	Macerich Co.	
S&K Famous Brands	Spring Meadows Place, 1506 Spring Meadows Place	Holland	OH	Ramco-Gershenson	
S&K Famous Brands	Talmadge Plaza, Talmadge Road, Suite 4602	Toledo	OH	Reed Holdings	
S&K Famous Brands	Slate Ridge Plaza, 2036 Baltimore-Reynoldsburg Road	Reynoldsburg	OH	Kohr Royer Griffith Inc.	
S&K Famous Brands	Southroads Shopping Center, 5215 East 41st St.	Tulsa	OK	Southroads LLC	
S&K Famous Brands	Colonial Commons Shopping Center, 5094 Jonestown Road	Harrisburg	PA	Centro	
S&K Famous Brands	Wyoming Valley Mall, 102 Wyoming Valley Mall, Space 920	Wilkes-Barre	PA	Crown American	
S&K Famous Brands	Lancaster Outlet Center,	Lancaster	PA	Tanger Properties	

	624 Stanley K. Tanger Blvd.			
S&K Famous Brands	Shoppes at Montage, 2561 Shoppes Blvd.	Moosic	PA	Jeffrey R. Anderson Real Estate, Shoppes at Montage LLC
S&K Famous Brands	Harbison Court, 264-G Harbison Blvd.	Columbia	SC	DDR
S&K Famous Brands	Anderson Mall, 3131 North Main St., Space G02	Anderson	SC	Simon Property Group
S&K Famous Brands	Myrtle Beach Factory Stores, 4653 Factory Stores Blvd., Suite A102	Myrtle Beach	SC	Tanger Properties
S&K Famous Brands	Market Center Shoppes at Mount Pleasant, 1113 Market Center Blvd., Unit I	Mt. Pleasant	SC	Joe Griffith Inc.
S&K Famous Brands	Azalea Square Shopping Center, Suite 420C, Azalea Square Blvd.	Summerville	SC	Inland US Management
S&K Famous Brands	The Shops of Pigeon Forge, 175 Wears Valley Road East, Suite 22	Pigeon Forge	TN	Colliers Spectrum Cauble Mana
S&K Famous Brands	Hickory Hollow Place, 5251 Hickory Hollow Place	Antioch	TN	Edwin B. Raskin Co.
S&K Famous Brands	Johnson City Crossing, 3211 Peoples St., Suite 55	Johnson City	TN	Ronus Properties
S&K Famous Brands	Rivergate Mall, 1000 Rivergate Parkway, Suite 1620	Goodlettsville	TN	CBL & Associates
S&K Famous Brands	Laurelwood Collection, 4637 Poplar Ave.	Memphis	TN	Lurie & Associates LLC
S&K Famous Brands	East Stone Commons, 2003 North Eastman Road, Suite 38	Kingsport	TN	Inland US Management
S&K Famous Brands	Carriage Crossing Market Place LLC, 10263 East Shelby Drive, Suite 102	Collierville	TN	Jim Wilson & Associates
S&K Famous Brands	Prime Outlets at San Marcos, 3939 IH 35 South #705 (#214-A)	San Marcos	TX	Prime Retail
S&K Famous Brands	Broadway Sq Mall, 4601 S Broadway Ave.	Tyler	TX	Simon Property Group
S&K Famous Brands	Janaf Shopping Center, 132 Janaf Shopping Center	Norfolk	VA	McKinley Commercial
S&K Famous Brands	Potomac Mills, 2700 Potomac Mills Circle, Suite 840	Prince William	VA	Mills Corporation
S&K Famous Brands	Virginia Center Commons, DBA Tailor, 10101 Brook Road, Suite 340	Glen Allen	VA	Simon Property Group
S&K Famous Brands	Valley View Station, 4750	Roanoke	VA	Goodman Properties

	Valley View Blvd., Suite 70				12
<b>S&amp;K Famous Brands</b>	Johnson Creek Factory Shops, 595 West Linmar Lane, Suite B160	Johnson Creek	WI	Chelsea Property Group	

## Life Sciences Files Ch. 11 To Block Eviction

**L**ife Sciences Inc. this week filed a voluntary petition for relief under Chapter 11 in Tampa, FL. The filing effectively blocks Simon and Louis D. Srybnik's attempt to evict Life Sciences from its manufacturing, laboratory and office facilities at 2900 72<sup>nd</sup> St. North in St. Petersburg, FL, because of 9.5 years of allegedly due back rent. Making matters more intriguing is that the Srybniks are the direct and indirect beneficial owners of more than 60% of the common stock of Life Sciences. Simon Srybnik had been chairman and CEO until he resigned last November.

## Additional Lease Cancellations

**S**eparately and outside of bankruptcy court reorganizations, **Acusphere Inc.**, a specialty pharmaceutical company, agreed to terminate the lease of its current headquarters at 500 Arsenal St. in Watertown, MA, and relocate to its facility in Tewksbury, MA. Acusphere will make a one-time payment of \$800,000 and forfeit its security deposit of \$997,500. It will also pay its final monthly rent for March 2009 and operating expenses of approximately \$65,000 per month from April 2009 through July 1, 2009, unless the lease is terminated earlier by the landlord.

**Northstar Neuroscience Inc.** entered into a lease termination agreement with its landlord at its corporate headquarters at 2401 Fourth Ave., Suite 300, in Seattle, WA. The agreement releases the company from future lease payments totaling approximately \$4.2 million through 2012. Northstar will pay the landlord \$2.4 million, surrender its \$100,000 previously paid security deposit, and assign an existing sublease and related sublease deposit to the landlord.

**Panacos Pharmaceuticals Inc.** entered into a lease termination with Saul Holdings LP effective as of March 31 for 14,902 square feet of space in Avenel Business Park, Phase II at 209 Perry Parkway in Gaithersburg, MD. Panacos agreed to pay to Saul \$268,593.

Shelton, CT-based **TranSwitch Corp.**, a provider of semi-conductors, reached an agreement to reduce its leased office space by 24,000 square feet by amending its lease covering its principal executive offices at 3 Enterprise Drive. The lease amendment will save about \$1.5 million through the remainder of the lease term, which was November 2012.

## Closures & Layoffs

### *National*

**Borders Group** based in Ann Arbor, MI, eliminated 742 positions throughout its 516 superstores and in a number of its 385 Waldenbooks Specialty Retail locations nationwide. This represents less than 3% of the company's total workforce. The cuts include one or two leadership positions, such as sales managers, inventory managers, training supervisors and merchandise supervisors. Separately, Borders cut another 136 headquarters positions, represents about 12% of the corporate workforce.

**Cell Genesys Inc.** based in South San Francisco has ended further development of GVAX immunotherapy for prostate cancer. The action has resulted in the reduction of the company's 290 person staff by approximately 90%. The company anticipates further reductions in the first half of 2009 as additional activities are phased out.

**CTS Corp.** based in Elkhart, IN, cut 95 positions throughout North America, Europe and Asia. Combined with actions previously and recently taken, total worldwide headcount has been reduced approximately 17%.

**Franklin Electronic Publishers Inc.** based in Burlington, NJ, is reducing its global workforce by 22%. Combined with other operating cost reductions, the company expects to realize an annualized net savings of approximately \$3.6 million. The company had previously instituted a global hiring and salary freeze.

**J. Crew Group Inc.** in New York has initiated a cost reduction program that includes reducing its workforce by 95 positions (including positions that are currently unfilled) primarily in the New York offices and support functions in the field and distribution centers. This represented an approximate 10% reduction in staffing for the departments included.

**McClatchy Co.** based in Sacramento, CA, plans to reduce its workforce by approximately 15% or 1,600 full-time equivalent employees. The headcount reductions will be achieved through severance programs, attrition and further consolidations and outsourcing of some business functions. The headcount reductions will affect virtually every area of the organization, but each of its newspapers will determine who to cut in their markets.

**Monaco Coach Corp.** in Coburg, OR, has terminated the majority of its remaining workforce while it continues to seek additional financing or capital or a corporate transaction. Most of the separated employees had already been on furlough since mid-December 2008. In its notice to employees, the company noted that absent consummation of a sale or obtaining additional financing or capital, it may ultimately be forced to shut down operations. Following the letter, Monaco Coach filed a voluntary petition for relief under Chapter 11 in Delaware.

**United Technologies Corp.** based in Hartford, CT, plans to reduce its global employment by 11,600 positions. The defense contractor said it may also be forced to make additional hourly workforce adjustments in the coming year.

### Local

Company	Address	City	State	Closure or Layoff	# Affected	Impact Date
MCS Trux Inc.	12371 Hillside Road	Brownsville	MN	closure	25	unknown
Weyerhaeuser	1551 SE Lyle St.	Dallas	OR	suspension	67	2/23/2009
Freescale	6501 William Cannon Drive, 1601 South Mopac Suite 100, 7700 W. Palmer Lane	Austin	TX	layoff	100, 75, 54	5/1/2009
Carrier Corp.	1201 W. Crosby Road	Carrollton	TX	closure	98	4/24/2009
STMicroelectronics	1310 Electronics Drive	Carrollton	TX	closure	641	beginning 4/12/2009
Constar	2210 St. Germain, 1421 Cockrell Hill Road	Dallas	TX	layoff	11	3/31/2009
Intrex Global Solutions Corp.	638 St. Ann Road	Eagle Pass	TX	closure	78	2/26/2009
Air System Components	12504 Weaver Road	El Paso	TX	unknown	58	4/3/2009
Chase Home Lending	14800 Frye Road	Fort Worth	TX	closure	75	4/4/2009
Capgemini	200 W. John Carpenter Freeway	Irving	TX	layoff	57	4/17/2009
Capgemini Energy	6555 Sierra Drive	Irving	TX	layoff	118	4/17/2009
Aquatic Industries	11880 Ranch Road 2243	Leander	TX	closure	101	4/23/2009
Watson & Chalin Manufacturing Inc.	1725 E. University Drive	McKinney	TX	layoff	42	5/4/2009

<b>Alcoa</b>	Farm to Market Road 1786	Rockdale	TX	layoff	15	4/24/2009	<b>14</b>
<b>Wadley Health System</b>	100 Pine St.	Texarkana	TX	suspension	771	3/6/2009	
<b>Carrier Corp.</b>	1700 E. Duncan St.	Tyler	TX	unknown	8	4/15/2009	
<b>Boeing Co.</b>	various locations	Puget Sound	WA	layoff	781	4/24/2009	
<b>Weyerhaeuser Lumbermill</b>	51 Ellis St.	Raymond	WA	layoff	50	3/9/2009	
<b>General Dynamics Itronix, Inc.</b>	12828 E. Mirabeau Pkwy	Spokane Valley	WA	closure	353	4/24/2009	
<b>Miller Electric</b>	various locations	Appleton	WI	layoff	158	2/16/2009	
<b>Amex Assurance</b>	480 Pilgrim Way, Suite 1400	Ashwauben on	WI	layoff	72	by 9/1/2009	
<b>JW Peters</b>	500 W. Market St.	Burlington	WI	suspension	81	4/6/2009	
<b>Badger Corrugating Co.</b>	1801 West Ave. South	La Crosse	WI	closure	190	unknown	
<b>Sitel</b>	1117 Deming Way	Madison	WI	layoff	93	4/30/2009	
<b>Sub-Zero Inc.</b>	4717 Hammersley Road, 6061 Basswood Drive	Madison, Fitburg	WI	layoff	350	5/1/2009	
<b>Stroh Die Casting</b>	11123 W. Burleigh St.	Milwaukee	WI	layoff	60	4/27/2009	
<b>Dickens Books</b>	219 N. Milwaukee St.	Milwaukee	WI	layoff	7	4/24/2009	
<b>Sears, Roebuck &amp; Co.</b>	900 N. Koehler St.	Oshkosh	WI	closure	77	unknown	
<b>Construction Forms Inc.</b>	777 Maritime Drive	Port Washington	WI	layoff	14	4/21/2009	
<b>Uniroyal Engineered Products</b>	501 S. Water St.	Stoughton	WI	layoff	52	4/15/2009	
<b>Trachte Building Systems</b>	314 Wilburn Road	Sun Prairie	WI	layoff	51	4/30/2009	
<b>Waukesha Foundry</b>	1300 Lincoln Ave.	Waukesha	WI	suspension	45	3/13/2009	
<b>MIC Group</b>	5880 N. 91st St.	Milwaukee	WI	layoff	35	3/13/2009	
<b>Hufcor Inc.</b>	2101 Kennedy Road	Janesville	WI	layoff	100	5/12.2009	
<b>Stoughton Trucking LLC</b>	1901 S. Academy St.	Stoughton	WI	potential layoff	unknown	5/5/2009	
<b>Geiger International</b>	East Tyrarena Park Road	Lake Mills	WI	layoff	34	5/11/2009	
<b>Sportsman's Warehouse</b>	1551 Lawrence Drive	De Pere	WI	closure	67	5/11/2009	
<b>Sportsman's Warehouse</b>	15470 W. Beloit Road	New Berlin	WI	closure	58	5/24/2009	
<b>Spunecast</b>	W6499 Rhine Road	Watertown	WI	layoff	13	immediate	
<b>Tramont Corp.</b>	3701 N. Humboldt Blvd., 3073 S. Chase Ave.	Milwaukee	WI	potential layoff	48		
<b>Anderson Services LLC/Prologix</b>	11325 Gemini Lane	Dallas	TX	closure	118	immediate	
<b>BAE Systems</b>	3131 Story Road West	Irving	TX	layoff	450	4/27/2009	
<b>Owens Corning</b>	1701 Hollywood Road	Amarillo	TX	layoff	245	5/2/2009	
<b>Trussway Ltd</b>	7001 Enterprise Ave.	Fort Worth	TX	layoff	131	5/5/2009	
<b>Weyerhaeuser</b>	500 NE Skipanon	Warrenton	OR	suspension	59	3/15/2009	

Warrenton Sawmill	Drive						15
Verizon Wireless	3020 NW Merchant Way	Bend	OR	closure	41	5/1/2009	
Monaco Coach	91320 Coburg Industrial Way, 30725 Diamond Hill Road and 320 Snow Mountain Ave.	Coburg, Harrisburg, Hines	OR	closure	1,396	immediate	
Fleetwood Travel Trailers of Oregon		La Grande	OR	layoff	162	immediate	
Fleetwood Travel Trailers of Oregon		Pendelton	OR	layoff	253	immediate	

## Loan Maturities

Property	Address	Property Type	Current Ending Scheduled Balance	Maturity Date	Note Rate
SCI Portfolio-411 N. Akard St	411 N. Akard St., Dallas, TX	Office	\$22,747,681	11/1/2009	8.68%
Edwards Megaplex Theater	4900 E. 4th St., Ontario, CA	Retail	\$20,109,160	11/1/2009	8.43%
Wellington Meadows Apartments	9550 W. Sahara Ave., Las Vegas, NV	Multifamily	\$16,822,972	8/1/2009	7.10%
Huffman Mill Plaza	Huffman Mill Road, Burlington, NC	Retail	\$16,307,131	9/1/2009	7.17%
224-246 Worth Avenue (Palm V)	224-246 Worth Ave., Palm Beach, FL	Retail	\$15,982,441	8/1/2009	8.01%
Golden Triangle Mall	2201 I-35E South, Denton, TX	Retail	\$15,423,603	8/1/2009	8.24%
Radisson Suites - Secaucus, NJ	350 Route 3 West, Secaucus, NJ	Hotel	\$11,801,381	10/1/2009	8.63%
256 Worth Avenue (Power-Love Associates)	256 Worth Ave., Palm Beach, FL	Retail	\$10,772,278	8/1/2009	8.01%
Cox Communications Building	5651 Copley Drive, San Diego, CA	Industrial	\$10,548,752	8/1/2009	8.11%
Farmstead Apartments	1415 N. Country Club Drive, Mesa, AZ	Multifamily	\$10,138,450	11/1/2009	7.97%
The Mark at Salem Station	11132-A Sunburst Lane, Fredericksburg, VA	Multifamily	\$9,066,764	7/1/2009	7.40%
Rosewood Care Center - Moline	7300 34th Ave., Moline, IL	Health Care	\$8,891,797	11/1/2009	8.89%
Oasis Vista Apartments	3300 Needles Highway, Laughlin, NV	Multifamily	\$8,041,058	10/1/2009	7.73%
Mansfield Plaza	State Route 57, Hackettstown, NJ	Retail	\$7,570,887	8/1/2009	7.76%

Rosewood Care Center - Peoria	1500 W. Northmoor Road, Peoria, IL	Health Care	\$7,566,111	11/1/2009	8.89%	16
Raintree Towne Shopping Center	Smithburg Road (Route 537), Freehold, NJ	Retail	\$7,364,451	8/1/2009	7.67%	
Hickory Hills Townhouses	22501 Iverson Dr., Great Mills, MD	Multifamily	\$6,430,498	5/1/2009	7.16%	
Kaiser Foundation Health Plan Building	1033 Third St., San Rafael, CA	Office	\$6,124,766	6/1/2009	7.20%	
Meadows Mobile Home Park	1515 Polaris Drive, Pittsburg, CA	Mobile Homes	\$5,765,517	10/1/2009	7.80%	
175 Worth Avenue (Hals Realty Associates)	175 Worth Ave. and 411 South Country Road, Palm Beach, FL	Retail	\$5,644,392	8/1/2009	8.01%	
Cimarron Apartments	151 E. First St., Mesa, AZ	Multifamily	\$5,573,431	11/1/2009	7.97%	
Tinseltown Theater Complex	320 S. Lincoln Way, North Aurora, IL	Retail	\$5,040,216	11/1/2009	8.70%	
Lucky Center	923-965 E. Las Tunas Drive, San Gabriel, CA	Retail	\$4,902,395	8/1/2009	7.92%	
North Decatur Manor Apartments	3799-F N. Decatur Road, Decatur, GA	Multifamily	\$4,732,320	10/1/2009	8.04%	
Harold Poll Building	110 S. Union St., Seattle, WA	Office	\$4,095,545	8/1/2009	7.79%	
Orange Village Shopping Center	541-591 N. Madison Road (U.S. Route 15), Orange, VA	Retail	\$3,958,263	9/1/2009	7.81%	
Southside Shopping Center	32 Mill Creek Drive and Avon Street Extended, Charlottesville, VA	Retail	\$3,671,188	10/1/2009	7.50%	
Dorsey Hall Medical Center	9501 Old Annapolis Road, Ellicott City, MD	Office	\$3,544,052	8/1/2009	7.87%	
Lord Calvert Mobile Home Park	21165 Great Mills Road, Lexington Park, MD	Mobile Homes	\$3,192,831	9/1/2009	8.45%	
Franconia Center	6110-6122 Franconia Road, Alexandria, VA	Retail	\$3,011,650	9/1/2009	8.33%	
Clearbrook Apartments	4000 W. 34th St., Houston, TX	Multifamily	\$2,465,797	6/1/2009	8.07%	
Mt. Paran Shopping Center	5290 Roswell Road, Atlanta, GA	Retail	\$2,444,721	8/1/2009	8.25%	
<b>BofA 2000-1. Master Servicer: Midland Loan Services; Special Servicer: Capmark Finance</b>						

## Watch List of Distressed Properties and Loans of Concern

Property, Address	Property Type, Size	Comment
Seasons At Bel Air Apartments, 955 Sablewood Road, Bel Air, MD	Multifamily, 732	Although the property is more than 80% occupied, the borrower reports economic occupancy is approximately 65% due mainly to a lack of collections. In order to address the collections problems, the borrower is modifying tenant credit requirements for new tenants, tightening the collection procedure and engaging the property manager as well as working more closely with local governmental departments to improve the eviction and enforcement processes. As of the 11/2008 financials, the project is currently not covering the debt service obligations.
Coopers Crossing Apartments, 4023 Cooper Lane, Landover Hills, MD	Multifamily, 727	Although the property is more than 80% occupied, the borrower reports economic occupancy is approximately 65% due mainly to a lack of collections. In order to address the collections problems, the borrower is modifying tenant credit requirements for new tenants, tightening the collection procedure and engaging the property manager as well as working more closely with local governmental departments to improve the eviction and enforcement processes. As of the 11/2008 financials, the project is currently not covering the debt service obligations.
Henson Creek Apartments, 3466 Brinkley Road, Temple Hills, MD	Multifamily, 450	Although the property is more than 80% occupied, the borrower reports economic occupancy is approximately 65% due mainly to a lack of collections. In order to address the collections problems, the borrower is modifying tenant credit requirements for new tenants, tightening the collection procedure and engaging the property manager as well as working more closely with local governmental departments to improve the eviction and enforcement processes. As of the 11/2008 financials, the project is currently not covering the debt service obligations.
200 Galleria, 200 Galleria Parkway, Atlanta, GA	Office, 438,273	The property is approximately 83.55% occupied. In 2009 an estimated 59,780 square feet is up for renewal. Of the 2009 expirations, 60% or 35,997 square feet is at the lender for approval or in negotiations. The remaining 40% are either in the early stages of negotiating new terms or requesting an RFP. One existing tenant is in the final stages of taking an additional 24,000 square feet. The loan rate adjusts in March 2009 to 6.294%.
Cornerstone Office Orlando, 150 N. Orange Ave., Orlando, FL	Office, 135,612	Borrower has made the interest-only payment for January and February but has not paid the escrows and he is past due for the March payment. Lender advanced part of the real estate taxes and insurance. Borrower filed bankruptcy on Nov. 10, 2008.
Colonnade At Polo Park, 4610 N. Garfield St., Midland, TX	Retail, 107,794	The borrower has been contacted requiring the short payment for November and the two past due months of December and January.

Town & Country Plaza, 2713 N. Grandview Ave., Odessa, TX	Retail, 147,755	The borrower has been contacted requiring the short payment for November and the two past due months of December and January.	18
University Plaza, 2029-2101 W. Washington St., Stephenville, TX	Retail, 98,022	The borrower has been contacted requiring the short payment for November and the two past due months of December and January.	
Coconut Grove, 75-5815 Alii Drive, Kailua-Kona, HI	Retail, 48,696	Loan is due for October 2008. Counsel is finalizing the foreclosure documentation.	
Nob Hill Apartments, 600 N. Semoran Blvd., Winter Park, FL	Multifamily, 192	Several attempts by servicers to contact the borrower, with no response. Without proper resolution of payment issues, the loan will be transferred to special servicing.	
Premiere Trade Plaza, 125 S. Orange Ave. Floors 19 - 21, Orlando, FL	Office, 48,955	Debt service coverage is .87x and occupancy is 100%.	
Pomona Tech Center, 3201 Temple Ave., Pomona, CA	Office, 40,506	Tenant New York Life (11,623 square feet) expires 3/31/09 and 3P Delivery Inc. (2,056 square feet) expires 3/15/09. Both tenants are in discussions for renewing their leases.	
Sunnyview Apartments, 4502 Sunnyview Drive, Oklahoma City, OK	Multifamily, 224	This loan was transferred to the special servicer Oct. 15, 2007, due to monetary default. A receiver is in the process of re-habbing the property. The rehab process is expected to last until about the middle of May. At that time marketing will be increased and the property will be listed for sale.	
Lithia Square, 901-927 Lithia Pinecrest Road, Brandon, FL	Retail, 69,388	The property had a large tenant leave in 2009. However, the borrower aggressively marketed the space and signed a lease with Wal-Mart for most of the vacant space. Lease calls for demolition of 36,750 square feet of vacant space to construct a new space for Wal-Mart which should open approximately September 2009.	
Township Theater Shops, 1180-1190 County Road J, White Bear Township, MN	Retail, 19,183	Second quarter 2008 debt service coverage was .52x with 59% occupancy. The borrower has indicated they have potential tenant prospects but given the nature of the economy no one is willing to proceed to a lease.	
<b>LB-UBS 2007-C2; Master Servicer: Wachovia Bank; Special Servicer: LNR Partners</b>			