

THE WATCH LIST

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Trizec, Equity Office Veterans Launching New Office REIT

By: Mark Heschmeyer

Timothy H. Callahan is getting back in the REIT arena. The former president and CEO of two former publicly traded REITs, Trizec Properties and Equity Office Properties Trust, filed registration papers to launch his own office REIT: Callahan Capital Properties Inc.

Callahan Capital Properties plans to acquire, redevelop and manage a portfolio of Class A office properties. It will initially be targeting assets in Boston, greater Los Angeles, New York City, San Francisco, Seattle and Washington, DC.

In its initial filing with the U.S. Securities & Exchange Commission, the company said it plans to sell up to \$500 million in common stock, with shares to be traded on the New York Stock Exchange under the symbol CCP. The company's strategy is to take advantage of the recent economic downturn and financial crisis to acquire office properties.

"We believe that currently we are at an attractive point of entry into the commercial real estate cycle," the company wrote in its filing. "In our view, the beneficiaries of the current real estate market conditions ... will be those with capital, investment and operational expertise, no legacy issues and lender and market credibility."

Callahan Capital Properties identified those market conditions as follows.

- The dramatic reduction in available liquidity, combined with weakening underlying market fundamentals brought on by the credit crisis and recent economic downturn, has led to a significant decline in property values, creating an opportunity to acquire office properties at significant discounts to replacement cost.
- Acquisition opportunities should increase as market pressures on some owners will force them to seek liquidity.

- Rents and property values are expected to increase as the broader economy recovers over the long term. Growth in employment levels, including office-using employment, will drive increases in occupancy levels and growth in rental rates, which could result in increased property values. And
- New supply is expected to remain modest while the economy recovers.

Joining Callahan in the new company are: William R.C. Tresham, who serves as executive vice president and COO; Michael C. Colleran, who serves as executive vice president, CFO and treasurer; and Ross G. Satterwhite, who serves as executive vice president and CIO.

The senior management team averages more than 25 years of experience has collectively operated more than 175 million square feet of office properties and acquired and sold more than \$27 billion (in aggregate transaction value) of office properties.

REITs Poised to Continue Recovery in 2010

By: Randy Drummer

Real estate investment trusts finished with a bang in 2009, and many analysts and industry observers remain guardedly optimistic in their outlooks for 2010, despite what is certain to be continuing weakness in property fundamentals and challenges to company operating results this year.

As companies prepared to release their fourth-quarter and 2009 year-end earnings, the National Association of Real Estate Investment Trusts (NAREIT) noted that REITs finished their strong recovery last year with solid gains in December.

Since reaching a low point on March 6, the All REITs and Equity REITs indices rose a whopping 113.2% and 121.5% through the balance of 2009. The recovery was fueled in part by the recapitalization of the REIT industry -- trusts raised nearly \$38 billion through public equity and debt offerings in 2009 -- and investor confidence that well-capitalized REITs will be able to acquire high-quality assets at very good prices, according to NAREIT.

Wall Street is sharing in the bullishness on the investment trusts, though sentiments are hardly unanimous.

After two years of forecasting negative returns for REITs, J.P. Morgan said in a research note last week that the sector could see total returns of 5% to 10% this year, with rising CRE transaction activity and increased job creation shoring up fundamentals and institutional investors and other traditional REIT investors returning to the fold.

Upcoming financial results and near-term guidance by REIT executives during earning meetings starting next week will likely continue to show the lagging effects of the recession and dilution from the industry's recent re-equitization wave, Citi's Michael Bilerman said in a note.

At the same time, however, "the current capital, economic and real estate supply environment lends support to being optimistic about REITs future, despite serious commercial real estate debt issues and negative fundamentals to overcome," Bilerman wrote.

"This generally more positive outlook certainly has not been lost on the market, which has bid up REIT shares to elevated levels over the last 10 months."

Fitch Ratings, in its REIT report for the fourth quarter, opted to stay more guarded than optimistic, stating that the credit outlook remains negative for the U.S. equity REIT sector heading into 2010.

"Despite improved liquidity profiles and access to the unsecured debt market, weak property operating fundamentals across the U.S. equity REIT sector and the uncertainty as to the exact timing of a full economic recovery remain areas of concern for U.S. equity REITs in 2010," Fitch said.

However, Fitch added, the rating agency "may revise the outlook to stable if expectations regarding property-level fundamentals, liquidity, and access to capital hold true in 2010."

Capmark Investments Joins Parent in Bankruptcy; Management of \$3.5 Bil. in Real Estate Investments up for Grabs

By: Mark Heschmeyer

Capmark Investments LP, a subsidiary guarantor of Capmark Financial Group Inc.'s corporate debt obligation, is joining Capmark Financial and its other subsidiary guarantors in its Chapter 11 proceedings. As of Sept. 30, Capmark Investments managed nearly \$3.5 billion in real estate investments.

Capmark Investments' filing does not include any of the funds managed by Capmark Investments nor its general partnerships in the funds.

On Jan. 14, one day before the bankruptcy filing, Capmark Investments agreed to sell its management contracts and general partnership interest in four commingled real estate equity funds to Trecap Partners LLC in Sarasota, FL, for \$19.2 million. Capmark Investments will be pursuing bankruptcy court approval to complete this sale.

Capmark Investments began investing capital in equity and mortgage transactions in 1996 on behalf of its parent.

Capmark Financial and certain of its subsidiaries filed voluntary petitions for relief under Capmark 11 of the U.S. Bankruptcy Code Oct. 25.

Large Loans Drive CMBS, CDO Delinquencies Higher

By: Mark Heschmeyer

The transfer of large balance CMBS loans to special servicing continues to increase as commercial property performance declines, according to Fitch Ratings in the latest edition of What's in Special Servicing?.

An additional \$1.2 billion of loans in Fitch-rated CMBS entered special servicing, with a high-profile hotel property in Washington, DC, among the new entries. The Renaissance Mayflower Hotel, a \$217 million hotel transferred to special servicing on Nov. 6 for imminent default after the borrower indicated it would no longer be able to cover debt service.

This latest entry is in line with Fitch's expectations that retail and hotel properties will continue seeing the most adverse and immediate effects.

"Additional high-profile hotel properties transferring to special servicing are likely," said Adam Fox, a senior director at Fitch.

With the November increase, specially serviced loans now total 7.8% of Fitch rated CMBS.

Two other loans, which had previously been included as Fitch loans of concern, are now specially serviced: the DRA-CRT Portfolio, a \$180 million loan secured by 16 office properties in three states; and Peter Cooper Village/Stuyvesant Town, a \$3 billion 11,227-unit apartment complex in New York.

Three of the performing specially serviced loans included are General Growth Properties (GGP) loans; Ala Moana Portfolio, a \$900 million loan secured by a retail and office development in Honolulu, HI; Providence Place Mall, a loan secured by a \$258.5 million super regional mall in Providence, RI; and Woodbridge Center, a loan secured by a \$206.1 million super regional mall in Woodbridge, NJ. Under terms of a recently announced settlement agreement between GGP and a group of special servicers and subject to bankruptcy court approval, the GGP loans will be extended to 2018, 2015 and 2014, respectively. Fitch expects the bankruptcy court to approve the proposed settlement at which time these loans will exit bankruptcy and return to master servicing within 60 days to 90 days.

Delinquencies for U.S. commercial real estate CDOs closed out 2009 with a two basis-point increase to 12.3%, according to Fitch. Accounting for previously delinquent loans written down or disposed of at a loss, the CREL CDO delinquency rate would have neared 15%, in line with Fitch's expectation for year-end 2009.

"A continued steady increase in delinquencies is likely for 2010," said Karen Trebach, a senior director at Fitch. "Fitch projects CREL CDO delinquencies to reach 25% by the end of the year."

New delinquencies were comprised of nine maturity defaults, four term defaults, five impaired CMBS, and eight repurchased assets. Repurchases consisted of four CRE loans and six CMBS assets. While two assets were repurchased at par, the remaining assets were purchased out of CDOs by asset managers at prices ranging from 88% of par for an A-note interest to 1.4% of par for a credit impaired CMBS interest.

The extension of 14 matured balloon loans helped keep overall delinquencies in line with last month's total. While one-third of these loans were granted only short term extensions to allow time for further negotiation; the majority of these extensions were multi-year with several loans receiving principal paydown and/or increased reserve postings among conditions to extension. Overall, there were 51 total extensions reported in December.

Foreign Investors Say They're Bullish on U.S Property

By: Randy Drummer

More than half of foreign investors now say the U.S. provides the best opportunity globally for growing the value of commercial real estate investments, according to the annual survey conducted among the members of the Association of Foreign Investors in Real Estate (AFIRE).

Foreign investors for years have seen the U.S. as the world's most safe and secure haven for commercial real estate investments, and that didn't change in the most recent survey of AFIRE's nearly 200 members released this week. In the survey conducted for the association by the James A. Graaskamp Center for Real Estate, Wisconsin School of Business, 51% of respondents -- the highest percentage since 2003 -- identified the U.S. as providing the best opportunity for appreciation of capital investments, compared to 37% in 2008, 26% in 2007 and 23% in 2006.

In further evidence that higher numbers of overseas investors may finally be ready to shift into "buy" mode, CoStar's forecasting and analytic subsidiary Property and Portfolio Research, (PPR) Inc., predicts in a newly released white paper that a growing global demand for real estate will again reach U.S. shores this year, initially focusing on East Coast mega metros before rippling westward.

Two-thirds of respondents told the AFIRE survey that they plan to increase their investment in the U.S. this year compared to 2009. And investors said they plan to increase those U.S. allocations by 62% for equity and 83% for debt above last year's levels.

So, what gives? They said virtually the same thing a year ago, in the wake of the collapse of Lehman Bros and the near meltdown of financial markets.

"Although foreign investors expressed every intent to resume investing in 2009, like everyone else, their plans were sidelined by a paralyzed marketplace with no precedent and limited investment opportunities," noted Werner Sohler, senior portfolio manager of real estate for European pension administrator PGM and AFIRE's newly elected chairman.

That said, one-third of survey respondents say they are more optimistic about the U.S. real estate market than they were in June 2009, while 6% say they are more pessimistic, with nearly two-thirds saying their perspective is unchanged from last June "New money is becoming available and the AFIRE survey points to an increased focus and interest in a few select markets for 2010, especially London and in the U.S., where prospects appear to be brightening," Sohler said.

CoStar subsidiary Property and Portfolio Research goes even further in its white paper edited by PPR's director of strategic research Josh Scoville, predicting that foreign investment will come to the U.S. "in droves" in 2010, with capital already chasing real estate in Europe and Asia starting to alight on U.S. shores. These investors are expected to first go after well-leased assets in primary markets, especially CBD office trophies in the largest East Coast markets. Foreign capital will then trickle down to other major around-the-clock metro areas and top buildings in other markets.

In other AFIRE survey findings:

- Respondents again stoutly chose Washington, D.C. as the top U.S. city for investment, followed by New York. Both received a stronger endorsement than third-place San Francisco, while Boston climbed into fourth place, knocking Los Angeles into fifth place.
- For the second straight year, investors again expressed a firm preference for apartments as their property of choice, followed by office, industrial, retail and hotel properties. The gap between apartments and the least-favored product, hotels, is the widest since 2000, noted AFIRE CEO James A. Fetgatter.
- The financial crisis has exacted something of a toll on the United States' reputation as a safe investment harbor. While the U.S. remains the country selected as the "most stable and secure real estate investment environment," its lead shrank to 44% from 53% a year earlier and from 57% in 2007 -- the first time in the survey's history that the U.S. has fallen below 50% in that category. Still, the nearest competition pales -- Germany was ranked most secure by 21% and Canada by 14%.

"It is also apparent that opportunity lies within this instability since the U.S., along with the UK, shows substantially higher scoring for expected capital appreciation," with half of respondents ranking the U.S. as the top country for increased returns compared to only 25% in 2006, Fetgatter said.

CRE Loans Hurt Ratings on South Financial; Threaten First Midwest's

By: Mark Heschmeyer

Fitch Ratings has downgraded the ratings for The South Financial Group Inc. and its principal bank subsidiary, Carolina First Bank, including the long-term issuer default rating to 'B-' from 'B+.'

Fitch's downgrade of South Financial's ratings follows further analysis of the bank's commercial real estate portfolio. Based on this analysis, Fitch said it believes South Financial will suffer further and material capital losses over the coming quarters. This analysis also incorporates South Financial's performance to date with respect to its commercial real estate book, with the principal concerns in the residential construction and development, land and mortgage portfolios.

South Financial's exposure to commercial real estate loans, including construction loans, comprises 56% of total loans and 418% of total equity at Sept. 30, 2009. Many parts of South Financial's Southeast footprint remain under economic stress and net realizable values have continued to fall, causing further write-downs or valuations for expected short-falls.

Although South Financial has bolstered capital by the issuance of common equity, preferred stock exchanges and the sale of non-core assets and businesses, Fitch said it believes that high credit costs will continue to erode capital and the company will need to raise additional common equity in 2010 given Fitch's asset quality outlook.

Carolina First Bank	
City	Greenville
State	SC
As of Date	9/30/2009
Total Assets	\$12,266,533
Total Other Real Estate Owned	\$111,703
OREO Multifamily	\$0
OREO Nonresidential	\$6,914
Total Assets 90 or More Days Past Due	\$7,467
Multifamily 90 or More Days Past Due	\$0
Nonresidential 90 or More Days Past Due	\$0
Total Assets in Nonaccrual	\$431,791
Multifamily in Nonaccrual	\$16,835
Nonresidential in Nonaccrual	\$97,288
NPL & OREO as a % of Total Assets	4.49%
<i>(dollars in thousands)</i>	

Separately, Fitch Ratings has placed the long-term issuer default ratings of First Midwest Bancorp Inc. and its subsidiary, First Midwest Bank on ratings watch negative.

The action reflects Fitch's view that First Midwest's commercial real estate loan portfolio presents potential pressures on earnings and capital. First Midwest's exposure to commercial estate loans, including construction loans, comprises nearly 56% of total loans and more than 500% of tangible common equity at Sept. 30, which represents a much larger exposure than similarly rated peers.

First Midwest Bank	
City	Itasca
State	IL
As of Date	9/30/2009
Total Assets	\$7,634,242
Total Other Real Estate Owned	\$57,945
OREO Multifamily	\$1,657
OREO Nonresidential	\$9,193
Total Assets 90 or More Days Past Due	\$5,960
Multifamily 90 or More Days Past Due	\$237
Nonresidential 90 or More Days Past Due	\$1,868
Total Assets in Nonaccrual	\$256,805
Multifamily in Nonaccrual	\$14,011
Nonresidential in Nonaccrual	\$45,100
NPL & OREO as a % of Total Assets	4.20%
<i>(dollars in thousands)</i>	

Amcore Raising Capital Through Branch Sales

By: Mark Heschmeyer

Amcore Bank NA in Rockford, IL, plans to sell 12 branches and two stand-alone drive-ups to Midland States Bank of Effingham, IL. The branches are in Dixon, Freeport, Mendota, Oregon, Peru, Princeton, Rock Falls and Sterling.

The transaction includes \$480 million in loans, \$540 million in deposits and sweep accounts, up to \$400 million in trust and brokerage account relationships, as well as the branch facilities, related fixed assets and leases. In connection with the sale, Amcore will receive a 1.5% deposit premium and a \$1.5 million trust account premium. The transaction, which is subject to regulatory and other customary closing conditions, is expected to close in first quarter 2010.

Amcore also recently reported several other events that should improve its capital position, including the sale of \$135 million in non-strategic, non-relationship loans and the completed sale of four rural Wisconsin branches in November.

"As the result of those combined actions to improve capital, we would expect that the bank will no longer be deemed significantly undercapitalized for regulatory purposes at the end of 2009," said William McManaman, chairman and CEO of Amcore Financial, the bank's parent company. "Assuming economic conditions in our markets stabilize and that the transaction with Midland States Bank closes at the end of the first quarter 2010 and its benefits are fully realized, we expect that the bank would be adequately capitalized and approaching well-capitalized."

Amcore Bank, National Association	
City	Rockford
State	IL
As of Date	9/30/2009
Total Assets	\$4,358,923
Total Other Real Estate Owned	\$22,650
OREO Multifamily	\$733
OREO Nonresidential	\$7,439
Total Assets 90 or More Days Past Due	\$5,264
Multifamily 90 or More Days Past Due	\$1,955
Nonresidential 90 or More Days Past Due	\$1,000

Total Assets in Nonaccrual	\$416,976
Multifamily in Nonaccrual	\$9,355
Nonresidential in Nonaccrual	\$92,292
NPL & OREO as a % of Total Assets	10.21%
<i>(dollars in thousands)</i>	

First Financial Boosting Loan Loss Reserves

By: Mark Heschmeyer

First Financial Holdings Inc., the holding company for First Federal Savings and Loan Association of Charleston [SC] expects to record a provision for loan losses between \$25 million and \$26 million for the first quarter of fiscal 2010, which will result in a loss for this quarter. This higher provision brings its allowance for loan loss reserve to \$73 million. First quarter 2010 net charge-offs are expected to be between \$20 million and \$21 million.

"This higher than historical provision results from asset quality downgrades to land loans and the acquisition and development portfolio. This deterioration is the result of weakness in the economy and further decline in real estate values," said A. Thomas Hood, president and CEO. "We will continue to conduct an extensive review of our commercial real estate portfolio to implement loss mitigation strategies. Additional resources have been allocated for the resolution of problem assets. We believe loan loss provisions and charge-offs will remain elevated through fiscal 2010 due to the continued deterioration in the real estate sector and the weak economy."

First Federal Savings and Loan Association of Charleston	
City	Charleston
State	SC
As of Date	9/30/2009
Total Assets	\$3,480,518
Total Other Real Estate Owned	\$23,978
OREO Multifamily	\$0
OREO Nonresidential	\$1,852
Total Assets 90 or More Days Past Due	\$121
Multifamily 90 or More Days Past Due	\$0
Nonresidential 90 or More Days Past Due	\$0
Total Assets in Nonaccrual	\$80,433
Multifamily in Nonaccrual	\$558
Nonresidential in Nonaccrual	\$6,237
NPL & OREO as a % of Total Assets	3.00%
<i>(dollars in thousands)</i>	

Fed's Require ShoreBank To Shore Capital

By: Mark Heschmeyer

The ShoreBank Corp. in Chicago, IL, entered into a written agreement with the Federal Reserve Bank of Chicago to shore up its capital.

Among other things, the agreement restricts ShoreBank's ability to pay dividends and make other cash distributions or incur or increase debt. In addition, the holding company must submit a capital plan and cash flow projections within 60 days of the date of the agreement.

The agreement includes ShoreBank Corp.'s subsidiaries, including: Shore Bank Pacific Corp., ShoreBank Lands Corp., ShoreBank Development Corp., ShoreBank International Ltd., ShoreBank Capital Corp., ShoreCap Management Ltd, Shore Overseas Corp, ShoreBank Advisory Services UK, ShoreBank New Markets Fund Inc., ShoreBank Capital Trust I, ShoreBank Capital Trust II, ShoreBank Capital Trust III and Shore Overseas Corp.

ShoreBank	
City	Chicago

State	IL
As of Date	9/30/2009
Total Assets	\$2,545,897
Total Other Real Estate Owned	\$4,688
OREO Multifamily	\$0
OREO Nonresidential	\$3,808
Total Assets 90 or More Days Past Due	\$36,792
Multifamily 90 or More Days Past Due	\$12,700
Nonresidential 90 or More Days Past Due	\$6,821
Total Assets in Nonaccrual	\$186,098
Multifamily in Nonaccrual	\$43,474
Nonresidential in Nonaccrual	\$15,305
NPL & OREO as a % of Total Assets	8.94%
<i>(dollars in thousands)</i>	

Capital Bank Withdraws Stock Offering

By: Mark Heschmeyer

Capital Bank Corp., the parent company of Capital Bank in Raleigh, NC, withdrew its registration statement for a public offering of \$55 million in common stock due to unfavorable market conditions.

"As a result of the prevailing poor market conditions, the likely pricing for our previously announced common stock offering did not meet our criteria and was not at a level that was in the best interests of our shareholders," said B. Grant Yarber, president and CEO. "We remain focused on preserving and building shareholder value and believe that raising capital in the current environment and the resulting potential dilution to our current shareholders would conflict with our goals."

Yarber added, "While the offering was well-received, poor industry market conditions in recent weeks have adversely impacted the capital raising environment. We are fortunate to control our own destiny. The withdrawal of our registration statement does not change the overall fundamentals of our business, which remain quite strong. Our bank remains 'well-capitalized' for regulatory purposes, our growth prospects remain favorable and we believe we continue to be well-positioned for continued profitability and growth."

Capital Bank	
City	Raleigh
State	NC
As of Date	9/30/2009
Total Assets	\$1,733,064
Total Other Real Estate Owned (OREO)	\$8,441
OREO Multifamily	\$0
OREO Nonresidential	\$2,359
Total Assets 90 or More Days Past Due	\$0
Total Assets in Nonaccrual	\$18,522
Multifamily in Nonaccrual	\$0
Nonresidential in Nonaccrual	\$2,415
NPL & OREO as a % of Total Assets	1.56%
<i>(dollars in thousands)</i>	

Nasdaq Warns Two Bank Holding Companies

By: Mark Heschmeyer

TIB Financial Corp., parent company of TIB Bank in Naples, FL, received an advisory letter from The Nasdaq Stock Market indicating that the company no longer meets the \$1 minimum bid price requirement for listing. The company must regain compliance by July 6, 2010.

"While we are disappointed in the current market price of our stock, we believe the market will acknowledge the progress we are making and look forward to regaining compliance within the grace period," said Thomas J. Longe, vice chairman, CEO and president.

TIB Bank	
City	Naples
State	FL
As of Date	9/30/2009
Total Assets	\$1,717,052
Total Other Real Estate Owned	\$19,582
OREO Multifamily	\$276
OREO Nonresidential	\$2,078
Total Assets 90 or More Days Past Due	\$0
Total Assets in Nonaccrual	\$68,277
Multifamily in Nonaccrual	\$1,203
Nonresidential in Nonaccrual	\$20,091
NPL & OREO as a % of Total Assets	5.12%
<i>(dollars in thousands)</i>	

Separately, Bank of Florida Corp. in Naples, FL, received an advisory letter from Nasdaq that it also no longer meets the \$1 minimum bid price requirement for listing. The company must regain compliance by July 6, 2010.

"The price by which a company's stock trades on the open market is not a direct reflection of the company's financials. The financial sector as a whole has declined substantially and Bank of Florida has not been immune to that trend," said Mike L McMullan, CEO and president. "In reviewing the trading of our company's stock, we believe that we have been negatively impacted by several factors, including light trading volumes which seem to intensify the effects of short selling of our stock. We do not believe that the current market price is reflective of our true enterprise value.

Bank of Florida Corp. is the parent Bank of Florida – Southwest; Bank of Florida – Southeast; and Bank of Florida – Tampa Bay.

Bank	Bank of Florida - Southeast	Bank of Florida - Southwest	Bank of Florida - Tampa Bay
City	Fort Lauderdale	Naples	Tampa
State	FL	FL	FL
As of Date	9/30/2009	9/30/2009	9/30/2009
Total Assets	\$527,281	\$703,145	\$252,150
Total Other Real Estate Owned	\$723	\$9,199	\$575
OREO Multifamily	\$0	\$0	\$0
OREO Nonresidential	\$0	\$4,543	\$353
Total Assets 90 or More Days Past Due	\$0	\$0	\$0
Total Assets in Nonaccrual	\$40,375	\$87,854	\$21,936
Multifamily in Nonaccrual	\$0	\$844	\$0
Nonresidential in Nonaccrual	\$20,447	\$33,072	\$10,049
NPL & OREO as a % of Total Assets	7.79%	13.80%	8.93%
<i>(dollars in thousands)</i>			

Utah Closes Barnes Banking; Clients Have 30 Days to Transfer Business

By: Mark Heschmeyer

The Utah Department of Financial Institutions closed Barnes Banking Co. in Kaysville, UT, this past week and appointed the FDIC as receiver.

The FDIC created the Deposit Insurance National Bank of Kaysville (DINB), which will remain open until Feb. 12, 2010, to allow depositors access to their insured deposits and time to open accounts at other insured institutions.

At the time of closing, the receiver immediately transferred to the DINB all insured deposits of Barnes Banking, except for brokered deposits, certificates of deposits (CDs) and individual retirement accounts (IRAs). The receiver also transferred to the DINB all secured deposits by public entities.

The FDIC as receiver will retain all the assets from Barnes Banking for later disposition.

The cost to the FDIC's Deposit Insurance Fund is estimated to be \$271.3 million.

Barnes Banking Co.	
City	Kaysville
State	UT
As of Date	9/30/2009
Total Assets	\$827,843
Total Other Real Estate Owned	\$47,101
OREO Multifamily	\$0
OREO Nonresidential	\$253
Total Assets 90 or More Days Past Due	\$1,609
Multifamily 90 or More Days Past Due	\$0
Nonresidential 90 or More Days Past Due	\$0
Total Assets in Nonaccrual	\$180,706
Multifamily in Nonaccrual	\$3,480
Nonresidential in Nonaccrual	\$25,672
NPL & OREO as a % of Total Assets	27.71%
<i>(dollars in thousands)</i>	

Capital Raisings, Property Financings

PGGM Private Real Estate Fund (PGGM), an investment vehicle for Dutch pension funds, agreed to increase its investment in **Behringer Harvard's** growing portfolio of multifamily communities to \$300 million. This most recent commitment represents the third tranche under the co-investment agreement between PGGM and Behringer Harvard. An initial commitment in May 2007 earmarked \$100 million that PGGM co-invested in individual assets through a joint venture with Behringer Harvard or one of its investment programs. In January 2008, PGGM provided an additional \$100 million for similar co-investments. The most recent tranche of an additional \$100 million brings PGGM's total co-investment commitment with Behringer Harvard to \$300 million. The partners' portfolio of joint investments includes multifamily communities in major metropolitan areas including Washington, D.C., Las Vegas, Atlanta, Dallas, Houston, Denver, Fort Lauderdale and Los Angeles.

Inland Western Retail Real Estate Trust Inc. obtained a \$300 million non-recourse forward commitment for new secured loans from JPMorgan Chase Bank to refinance 2010 debt maturities.

Government Properties Income Trust priced a public offering of 8.5 million common shares of beneficial interest at a price of \$21.50 per share. GOV expects to use the net proceeds of about \$182 million to reduce amounts outstanding under its secured revolving credit facility and to fund its business activities, including some or all of the purchase price of its pending acquisitions.

Mack-Cali Realty Corp. refinanced its \$150 million secured loan with The Prudential Insurance Company of America. The new loan also includes VPCM LLC, a wholly owned subsidiary of the Virginia Retirement System, as co-lender. The loan, which matures on Jan. 15, 2017, carries an interest rate of 6.25% and is secured by seven properties.

SL Green Realty Corp. priced an underwritten public offering of 5.4 million shares of 7.625% redeemable preferred stock. The shares were priced at \$23.53 each including accrued dividends equating to a yield of 8.101%. The company intends to use the estimated net offering proceeds of \$122.6 million for general corporate and/or working capital purposes, which may include investment opportunities.

Fairway Market completed a \$114 million debt financing. The financing will be used to repay existing bank debt and fund future store expansion. The financing was led by Credit Suisse Securities (USA) LLC and Jefferies Finance LLC. Fairway Market is a portfolio company of Sterling Investment Partners

Associated Estates Realty Corp. sold 5.175 million common shares at \$11.10 each. The net proceeds of \$54.7 million will be used to repay borrowings under its unsecured revolving credit facility, to repay other indebtedness and for general corporate purposes.

IBG Partners LLC secured a \$50 million senior, fixed-rate, non-recourse construction-permanent loan for the development of Yale Steam Laundry Apartments. CW Capital is providing the financing for the Washington, DC, apartment development through HUD's 220 lending program. The project is expected to be completed by the second half of 2011. Jones Lang LaSalle's Real Estate Investment Banking practice arranged the financing.

BOSC Equities received a \$28 million senior loan from Canyon-Johnson Urban Fund for the renovation of Brea Plaza, a 150,000-square-foot neighborhood shopping center in Brea, CA, first built in 1976 and last renovated more than 15 years ago when BOSC acquired the property.

Kite Realty Group Trust executed a \$15 million, seven-year loan on Ridge Plaza, a 115,000-square-foot A&P grocery anchored shopping center in Oak Ridge, NJ. The interest rate on the loan was LIBOR plus 325 basis points, which the company simultaneously hedged to fix the interest rate at 6.56% for the full seven-year term. Also during the fourth quarter, the company partially repaid and extended maturity dates into 2013 for the \$18 million loan on Tarpon Springs Plaza and the \$14 million loan on Estero Town Commons, both in centers in Naples, FL. Subsequent to the end of the year, the company partially repaid and extended the maturity into 2013 for the \$11 million loan on South Elgin Commons in Chicago, IL. The remaining 2010 debt maturities include a \$31 million loan on Cobblestone Plaza and a \$15 million loan on Shops at Rivers Edge in Indianapolis, IN. The company anticipates extending both loans during the first quarter of 2010.

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% LTV, 30-year amortization schedule at a competitive fixed interest rate.

Heiam Corp. received an \$8.85 million loan allowing for the consolidation of existing debt encumbering 56-58 Queensberry St. in Boston's Fenway neighborhood. Assessed as condominiums, Heiam's ownership of all 47 units allowed for the restructure of the property into apartment buildings. The 10-year fixed-rate loan was priced at 5.5% with a 30-year amortization. Cornerstone Realty Consultants arranged the deal.

Thomas D. Wood and Co. secured \$2.4 million in financing for **Great Southwest Industrial** in Fort Worth, TX, with Summit Investment Partners. The fixed-rate loan has a term of 10 years, based on a 20-year amortization and a loan-to-value of 60%. The interest rate is 6.5%. The multi-building industrial development was built between the years 1968 and 1980, for a total of 190,029 square feet. Great Southwest Industrial is at 812 E. Northside Drive, 5001-03 N. Freeway and 5116 NE Parkway, Fort Worth.

Arbor Commercial Funding announced the following recent funding activity.

- **Carriage Oaks Apartments**, Blaine, MN – A 336-unit complex of \$169 million funded under the Fannie Mae DUS Loan product line. The 10-year loan amortizes on a 30-year schedule and carries a note rate of 5.43%.
- **Mansions in the Park Apartments**, Baton Rouge, LA – A 264-unit complex of \$21.825 million funded under the Fannie Mae DUS Loan product line. The 10-year loan amortizes on a 30-year schedule and carries a note rate of 5.63%.
- **Blackwolf Run** in Raleigh, NC MN – A 168-unit complex of \$11.2 million funded under the Fannie Mae DUS product line. The 10-year loan amortizes on a 30-year schedule and carries a note rate of 5.75%.
- **Colonial Estates**, Coon Rapids, MN – A 192-unit complex of \$8.9 million funded under the Fannie Mae DUS Loan product line. The 10-year loan amortizes on a 30-year schedule and carries a note rate of 5.43%.

- **Centennial Apartments**, Springfield, OR – A 118-unit complex of \$3.5 million funded under the Fannie Mae DUS product line. The 10-year loan amortizes on a 30-year schedule and carries a note rate of 5.54%.
- **Chalet Apartments**, Springfield, OR – An 83-unit complex of \$3.49 million funded under the Fannie Mae DUS product line. The 10-year loan amortizes on a 30-year schedule and carries a note rate of 5.54%.

HFF (Holliday Fenoglio Fowler LP) announced the following recent funding activity.

- Acquisition financing for Waterford Place, a 280-unit multi-housing complex in Arlington Heights, IL, on behalf of **Waterford Place Apartments, LLC**, to secure the 10-year, fixed-rate loan through Freddie Mac.
- A \$65 million refinancing for 1700 Pacific, a 49-story, Class A office tower in downtown Dallas, TX, on behalf of **Berkeley Investments**, to place a five-year, fixed-rate loan with ING Investment Management.
- A \$10.8 million refinancing for Tierrasanta Town Center, a 126,315-square-foot Albertson's and Rite Aid-anchored retail center in the Tierrasanta submarket of San Diego, CA, on behalf of **Terramar Retail Centers**, to secure the six-year fixed-rate loan with a 30-year amortization through Aetna Life Insurance Co. Loan proceeds were used to pay off an existing insurance company loan on the property that was maturing.

Kraft/Cadbury Deal: Jobs to be Eaten Up?

By: Andrew Deichler

British confectioner Cadbury has accepted Kraft Food's \$19.5 billion offer to acquire the company. The merger will create the world's largest candy company but also has employees and consumers concerned.

After months of discussions and Hershey also repeatedly throwing its hat in the ring, Kraft and Cadbury finally came to an agreement on a deal that is slated to close early next month.

The approval comes just a week after Cadbury discussed its unanimous rejection of a December bid by Illinois-based Kraft. According to a statement by Cadbury chairman Roger Carr, the company's 2009 performance exceeded expectations and Kraft's initial offer was inadequate. He even went so far as to say that Kraft has a "long history of underperformance" and a "track record of missed targets."

But a lot can happen in a short amount of time. Earlier this month, Kraft increased its bidding ability by selling off its frozen pizza business to Nestle for \$3.7 billion. Then, last week, William Ackman's Pershing Square Capital Management gave Kraft a boost by shelling out \$930 million for a 2% stake in the company.

Then came the new offer by Kraft, which Carr said yesterday "represents good value for Cadbury shareholders." He added that Cadbury is "pleased with the commitment that Kraft Foods has made to our heritage, values and people throughout the world."

So where does it leave workers?

Many in the United Kingdom, where Cadbury is not only a national icon but also a vital part of the economy, have fiercely contested the acquisition. Unite, a partnership of two of Britain's top unions, warned that approximately 7,000 British jobs in could be in jeopardy.

"This is a very sad day for UK manufacturing," said Jennie Formby, Unite's national officer. "A successful, iconic, independent U.K. brand will now be owned by a giant company with massive debt." That debt, Formby noted, has increased with the acquisition. "The sad truth is there will be an irresistible imperative to pay down their debt," she said.

Cadbury is a global operation, however, and even if the British jobs stay intact, that doesn't mean that the rest of its 45,000-person workforce is in the clear. In the United States, Cadbury has 1,600 employees and three main locations: its North American headquarters in Parsippany, NJ; its manufacturing plant of 50 years in Rockford, IL; and a 4-year-old science and technology center in Hanover, NJ. According to a recent filing from Lexington Realty Trust (its landlord), Cadbury renewed its headquarters lease for five years; it was due to expire next month.

Additionally, Kraft's employees shouldn't be overlooked, either. If the company, which owns popular brands such as Oreo, Maxwell House, Nabisco, Oscar Mayer and its namesake cheese products, is looking to cut costs, it might see fit to thin out some of its 98,000-person global workforce. In the United States, Kraft employs approximately 39,000 people and operates 46 facilities, according to the company's last annual report.

Bernie's Audio Video Chain Files Chapter 11, Closing All Stores

By: Sasha M. Pardy

Enfield, CT-based Bernie's Audio Video TV Appliance Co. filed for Chapter 11 bankruptcy reorganization this past week. The electronics retailer operates 15 stores in Connecticut (9), Rhode Island (1) and Massachusetts (5), where it has immediately started liquidation sales. The liquidation effort is being managed by Hilco Merchant Resources. According to CoStar Tenant, the typical Bernie's store is 18,000 to 25,000 square feet.

The retailer listed assets and liabilities between \$10 million and \$50 million in its filing. The bankruptcy filing came shortly after the chain lost its president and COO, as well as its vice president of marketing and merchandising. Bernie's was founded in 1947 as a gas station that had morphed into a TV and appliance chain by the 1980s.

Bernie's Audio Video Locations

- 774 Queen Street, Southington, CT
- 1559 King Street, Enfield, CT
- 855 Lakewood Road, Waterbury, CT
- 410 Universal Dr N, North Haven, CT
- 2230 Berlin Turnpike, Newington, CT
- 305 Boston Post Rd, Orange, CT
- 101 Hale Road, Manchester, CT
- 99 Federal Road, Brookfield, CT
- 167 Waterford Parkway North, Waterford, CT
- 250 Whiting Farms Road, Holyoke, MA
- 1522 Boston Road, Springfield, MA
- 470 Southbridge Street, Auburn, MA
- 45 Highland Avenue, Seekonk, MA
- 40 Cumberland Avenue, North Attleboro, MA
- 920 Bald Hill Road, Warwick, RI

Sam's Club Closing 10 Stores

By: Sasha M. Pardy

Wal-Mart Stores plans to close 10 Sam's Club stores, affecting 1,500 of its employees.

"These clubs continued to lose money and we have decided to close them," said Wal-Mart in a statement. According to CoStar information, these store closures will create at least 1.19 million square feet of vacant space.

Putting these closures in perspective, however, Sam's Club said it would open six new locations this year, as well as complete 52 remodels. In 2011, the company plans to open five to 10 new, expanded or relocated Clubs and remodel between 60 and 80 Clubs. Currently, 605 Sam's Club stores are in operation in the U.S.

Locations of the stores being closed follow.

- 5725 E. Franklin Road, Nampa, ID (122,338 sq. ft.)
- 16555 Von Karman Ave, Irvine, CA (118,270 sq. ft.)
- 79295-79485 Hwy 111, La Quinta, CA (132,000 sq. ft.)
- 3671 N Freeway Blvd, Sacramento, CA (136,852 sq. ft.)
- 1900 University Dr, Vista, CA (99,999 sq. ft.)
- 550 S McCaslin Blvd, Louisville, CO (130,333 sq. ft.)

- 1470 Golf Road, Rolling Meadows, IL (104,004 sq. ft.)
- 3895 Route 31, Clay, NY
- 2827 Dunvale Road, Houston, TX (130,333 sq. ft.)
- 2005 East Indian School Road, Phoenix, AZ (114,000 sq. ft.)

Local Closures & Layoffs

Company	Address	Closure or Layoff	# Affected	Impact Date
Sam's Club (Wal-Mart)	Nationwide	closure	1,500	1st Quarter /2010
Injex Industries	Hayward, CA	layoff	387	4/1/2010
Toyota Tsusho America	Fremont, CA	layoff	72	3/31/2010
Dorsey & Whitney LLP	28936 Avenue Williams, Valencia, CA	layoff	89	3/26/2010-7/12/2010
Kyoho Manufacturing California	2222 S Sinclair Ave, Stockton, CA	closure	154	4/1/2010
Gunite Corp.	801 County Rd 15, Elkhart, IN	layoff	136	3/23/2010
Boeing	Puget Sound, WA	layoff	20	3/19/2010
Bank of America	Bellevue, WA	closure	50	3/12/2010
Pfizer	500 Arcola Rd, Collegetown, PA	layoff	450	3/12/2010
Pfizer	31-33 Morehall Rd, Frazer, PA	layoff	230	3/12/2010
DISH Network	451 Industry Rd, McKeesport, PA	closure	449	3/5/2010
Vertis Communication	215 N Zarfoss Dr, York, PA	closure	154	3/15/2010
Cemex, Inc.	2001 Portland Park, Wampum, PA	layoff	124	3/19/2010
Cardinal Logistics Mgmt.	7 Elmwood Ave, Mountain Top, PA	layoff	53	2/12/2010
AGY Products	1200 Susquehanna Dr, Huntington, PA	layoff	50	2/1/2010
Shop Rite Supermarket	942 W Street Rd, Warminster, PA	closure	50	2/1/2010
Exelon Power	Eddystone Generating Station, Units 1&2 Industrial Hwy, Eddystone, PA	closure	84	3/1/2010
Office Depot, Inc.	Cross Dock 7 Elmwood Rd, Mountain Top, PA	layoff	108	2/15/2010
Gate Gourmet, Inc	8350 Executive Ave, Philadelphia, PA	closure	27	2/3/2010
Kaplan K12 Learning Services	1 Liberty Plz, 22nd Flr, New York, NY	closure	62	2/26/2010-6/30/2010
ASTAR Air Cargo, Inc.	Ohio & Kentucky	layoff	303	3/6/2010-7/1/2010
The Stanley Works	197 Jefferson St, Sabina, OH	closure	56	3/8/2010-3/21/2010
ABX Air, Inc.	145 Hunter Dr, Wilmington, OH	layoff	21	2/25/2010

Lease Cancellations

Stallion Oilfield Services is rejecting seven commercial property leases that it feels are no longer integral to its business operations. The portfolio includes office and industrial space, as well as two land parcels that Stallion had previously planned to use for development. The oilfield services company estimates that these cancellations will save a total of \$960,500. Stallion filed for bankruptcy in October and is undergoing a restructuring plan that aims to eliminate approximately \$515 million in unsecured debt and \$26 million of accrued interest.

Generation Brands filed for Chapter 11 bankruptcy protection in December. As part of its restructuring plan, the lighting fixture and ceiling fan manufacturer is rejecting leases for its Murray Feiss Import, Sea Gull Lighting and Royce Lighting brands. Generation Brands expects to eliminate more than \$150 million in debt through its restructuring.

Champion Home Manufacturers, which filed for bankruptcy in November 2009, is rejecting its lease at 3 Glenhardie Corporate Center in Wayne, PA. According to case documents, the manufactured housing company views the lease as an unnecessary expense and has vacated the premises. Champion stands to save \$4,463 per month (\$53,556 annually) by rejecting the lease.

Company	Address	Affected Parties	Comment
Stallion Oilfield Services	D.R. Horton Tower - 301 Commerce St, Ft. Worth, TX	Sundance Square Management	7,155 SF, exp. 11/20/2012, \$16,486/mo
Stallion Oilfield Services	410 Roberts St, Houston, TX	T.J.A.S. Partnership, Ltd.	9,000 SF, exp. 5/30/2012, \$4,812/mo
Stallion Oilfield Services	Coalgate, OK	Lishler Investments, LP	Land Lease, exp. 8/30/2011, \$2,000/mo
Stallion Oilfield Services	Elk City, OK	Lishler Investments, LP	Land Lease, exp. 6/1/2011, \$2,000/mo
Stallion Oilfield Services	825 N Crest Dr, Grand Junction, CO	TML Enterprises, Inc.	Ste. 2, exp. 7/31/2011, \$1,856/mo
Stallion Oilfield Services	2298 E 3200 S, Vernal, UT	David Morton	exp. 12/14/2011, \$9,500/mo
Stallion Oilfield Services	103 County Rd 1180, Alvord, TX	Harold Haile & Evelyn Haile	exp. 5/1/2012, \$3,000/mo
Generation Brands - Murray Feiss Import LLC	World Market Ctr - 475 S Grand Central Pky, Las Vegas, NV	WMCV Phase 2, LLC	Unit B-533, 3,192 SF
Generation Brands - Murray Feiss Import LLC	World Market Ctr - 475 S Grand Central Pky, Las Vegas, NV	WMCV Phase 2, LLC	Units B-501 & B-569, 11,762 SF
Generation Brands - Royce Lighting	Dallas Market Ctr - 2050 N Stemmons Fwy, Dallas, TX	Dallas Market Center Operating, LP	Unit 4826, 3,868 SF
Generation Brands - Sea Gull Lighting	Dallas Market Ctr - 2050 N Stemmons Fwy, Dallas, TX	Dallas Market Center Operating, LP	Unit 3327, 6,988 SF
Champion Home Manufacturers	3 Corporate Ctr - 1265 Drummers Ln, Wayne, PA	Glenhardie Partners, LP	Ste. 107, \$4,462.98/mo

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.

Property Name	Address	Property Type, Size	Current Ending Scheduled Balance	Maturity Date	Current Note Rate
Bent Tree Apartments	149 Hickory Hollow Terrace, Antioch, TN	Multifamily, 274	\$8,321,027	20100201	8.44%
Regency Park Plaza	601-681 Elmira Rd, Vacaville, CA	Retail, 113,908	\$7,958,978	20101201	7.82%
Bowles Village Shopping Center	7335 W Long Dr, Littleton, CO	Retail, 107,162	\$7,378,175	20100401	8.07%
Long Beach Corporate Square	4300 Long Beach Blvd, Long Beach, CA	Office, 96,413	\$6,787,598	20101201	7.85%
Old Navy and Bed, Bath & Beyond	1212 Boston Post Rd, Milford, CT	Retail, 59,400	\$6,311,831	20100401	8.65%
Sagepointe Shopping Center	6401-501 Ming Ave, Bakersfield, CA	Retail, 102,164	\$5,417,230	20101201	7.74%
Gart Sports	7848 E County Line Rd, Littleton, CO	Retail, 60,591	\$4,838,134	20100601	8.61%

Property Name	Address	Property Type, Size	Current Ending Scheduled Balance	Maturity Date	Current Note Rate
11511 Katy Freeway	11511 Katy Fwy, Houston, TX	Office, 77,871	\$4,604,616	20100501	8.15%
Deer Valley Marketplace	8190 E Deer Valley Rd, Peoria, AZ	Retail, 33,064	\$4,275,141	20101201	8.09%
Menlo Office Buildings	3695-7053721-23 Haven Ave, Menlo Park, CA	Office, 24,161	\$4,006,484	20101001	8.26%
Nashville Commons Shopping Center	1131-45 Eastern Ave, Nashville, NC	Retail, 56,100	\$3,597,537	20100501	7.98%
10 Talcott Notch	10 Talcott Notch, Farmington, CT	Office, 52,005	\$3,507,064	20101201	8.16%
Cherry Creek 24 Hour Fitness Center	4120 E Alameda Ave, Denver, CO	Retail, 36,181	\$3,488,603	20101001	8.66%
Village Crossing Shopping Center	100 Verde Valley School Rd, Sedona, AZ	Retail, 47,478	\$3,351,398	20101201	7.89%
Tech Center Surgical	2800 N Tenaya Way Suite 102 aka 7181 Cascade Valley Ct., Las Vegas, NV	Office, 18,758	\$3,055,577	20100501	8.34%
Harbor Center Office Building	211 N Union St, Alexandria, VA	Office, 50,116	\$2,711,370	20101201	8.30%
Greenfield Business Center	4111 E Valley Auto Dr, Mesa, AZ	Office, 24,841	\$2,314,841	20100601	8.35%
1516 East Bethany Home Road	1500 E Bethany Home Rd, Phoenix, AZ	Office, 26,868	\$1,694,976	20101201	8.03%
Wynnton Apartments	2000 Wynnton Rd, Columbus, GA	Multifamily, 72	\$1,721,358	20101101	7.73%
Orangewood Stadium Industrial Park	2163-65 S Dupont Dr, Anaheim, CA	Industrial, 37,276	\$1,428,935	20100701	8.55%
Comcast Facility	2323 Thompson Way, Santa Maria, CA	Office, 15,000	\$1,099,492	20101201	7.95%

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	Address	Property Type, Size	CMBS; Master Servicer; Special Servicer	Comment
Omni Championsgate Hotel	1400 & 1500 Masters Blvd., Championsgate, FL	Hotel, 730	BACM 2007-3; Wachovia; CWC Capital Asset Management	Transferred to special servicing on 1/13/10 for imminent default. As of Jan. 5, the loan was 30 to 59 days delinquent.
Ramada Plaza LeGuardia Airport	37-10 114th St., Corona, NY	Hotel, 214	BSCMS 2006-PWR14; Wells Fargo; Centerline Capital Group	Transferred to special servicing on 1/13/10 for monetary default. The borrower has indicated to servicers that it cannot cover debt service and would not be able to avoid payment default.

Property	Address	Property Type, Size	CMBS; Master Servicer; Special Servicer	Comment
Empirian at Steele Park	411 East Indian School Road, Phoenix, AZ	Multifamily, 400	CD 2006-CD2; Midland Loan Services; LNR Partners	Transferred to special servicing on 1/12/10 for monetary default. This loan is past due for the 11/1/09 and 12/1/09 receivables. The borrower is unable to pay due to the negative cash flow of the property. The loan is cross collateralized with Empirian Colonnade.
Empirian Colonnade	7491 Wyndhurst Place, Germantown, TN	Multifamily, 252	CD 2006-CD2; Midland Loan Services; LNR Partners	The loan is being monitored for delinquency and is cross collateralized with Empirian at Steele Park.
Carefree Pebble	1450 E. Pebble Road, Las Vegas, NV	Multifamily, 416	Cobalt 2006-C1; Wachovia; CWC Capital Asset Management	Transferred to special servicing on 1/14/10 for imminent default.
Carefree Spring Valley	1600 S. Valley View Road, Las Vegas, NV	Multifamily, 344	Cobalt 2006-C1; Wachovia; CWC Capital Asset Management	Transferred to special servicing on 1/14/10 for imminent default. The borrower had indicated that it might no longer be funding the monthly shortfalls and might cooperate in the appointment of a receiver
Empirian Chesapeake	150 Coveside Lane, Chesapeake, VA	Multifamily, 374	COMM 2006-C8; Midland Loan Services; LNR Partners	Transferred to special servicing on 1/12/10 for monetary default. The property is performing in line with YE2008 however; debt service coverage was still below the 1.10 threshold due to high vacancy loss and concessions.
River Oaks W Apartments	43355 Cliffside Court, Novi, MI	Multifamily, 420	GMAC 2003-C2; Berkadia; CWC Capital Asset Management	Transferred to special servicing on 1/8/10 for imminent default. As of Jan. 11, 2010, the loan was 30 to 60 days delinquent.
Paradise Esplanade	4480 Paradise Road, Las Vegas, NV	Retail, 58,532	GSMC 2006-GG8; Wachovia; CWC Capital Asset Management	Transferred to special servicing on 1/13/10 for monetary default. As of Jan. 6, the loan was 60 to 90 days delinquent.
Westin Chicago North Shore	601 N. Milwaukee Ave., Chicago, IL	Hotel, 412	JPM 2007-FL1; Berkadia; Berkadia	Transferred to special servicing on 1/12/10 for technical default.
2801 Network Boulevard	2801 Network Blvd., Frisco, TX	Office	MLMT 2005-CIP1; Midland Loan Services; LNR Partners	Transferred to special servicing on 1/12/10 for imminent default. As of Jan. 12, the loan was 30 to 59 days delinquent.

Bonus Item: Grubb & Ellis Subsidiary Turns Over Office Bldg to Lender

A subsidiary of Grubb & Ellis Co. has transferred ownership of 6400 Shafer Court in Rosemont, IL, to its lender. 6400 Shafer is a 171,665-square-foot office building. The deal came about in the restructuring of outstanding debt to two Grubb & Ellis subsidiaries: GERA Abrams Centre LLC and GERA 6400 Shafer LLC. The lender Tremont Net Funding II LLC agreed to extend the term of a \$42.5 million loan initially due on July 9, 2009. The loan was extended to March 31, 2010, and the loan balance reduced to \$11 million in connection with the transfer of the Shafer property. The amendment also grants Tremont a call option and the borrower a put option with respect to the Abrams property through the loan extension date. If neither the put option nor the call option is exercised by March 30, 2010, the borrower has the right to file a deed conveying the Abrams property at 9330 LBJ Freeway in Dallas, TX, to Tremont as well. 9330 LBJ is a 325,174-square-foot office building.