

Commercial Mortgage

THE WEEKLY UPDATE ON REAL ESTATE FINANCE AND SECURITIZATION **ALERT**

www.CMAAlert.com

MARCH 27, 2015

- 2 Blackstone Splits Hawaii Project Loan
- 2 Regions Maps Conduit, Taps Wardlaw
- 2 Key CMBS Spread Holding Steady
- 3 Helaba, LBBW Back NY Rental Project
- 5 Early Refi Eyed for SF 'Micro' Rentals
- 6 Latest Capital-Rule Proposal Criticized
- 7 Newmark Expanding Broker Teams
- 7 Big NY Project Loan Draws a Crowd
- 7 RAIT Finances DC Office Purchase
- 8 American Capital Signals Expansion
- 8 Secondary CMBS Market in Doldrums
- 11 CMBS Market Thaws for Floaters

THE GRAPEVINE

Doral Property Finance appears to be talking to potential buyers. The buzz comes two weeks after its Puerto Rico-based parent, Doral Financial, filed for bankruptcy protection and said it is winding down portions of its operations, including Doral Bank. The property-finance unit, based in New York, is headed by **Nicholas Santoro**, who previously worked at **Lone Star Funds**, and **Tim Zietara**, an alumnus of **Torchlight Investors**. Doral Property's 10-15 staffers write commercial mortgages and provide financing for purchases of loan portfolios.

Underwriter **Theresa Lee** will join **Barclays'** commercial MBS group next week as an assistant vice president. She was formerly at **UBS**, and the move will reunite her with former co-workers **Marcus Perry**, **Dennis Suh** and **Joe Nichols**, who left the Swiss bank for

See **GRAPEVINE** on Back Page

Deutsche Leads Syndicate on Crown Building

A **Deutsche Bank** syndicate has agreed to provide \$1.25 billion of floating-rate debt to a **General Growth Properties** partnership that is acquiring the Crown Building in Midtown Manhattan.

Citigroup, **Goldman Sachs** and **Morgan Stanley** will join Deutsche in originating the debt package, which will have a five-year term, including extension options. It will be divided into roughly \$1 billion of senior debt and some \$250 million of mezzanine debt. The banks will retain the senior debt on their balance sheets, although they could choose to syndicate some. The subordinate debt will be placed with high-yield investors. **Eastdil Secured** arranged the debt.

Chicago-based General Growth and New York retail specialist **Jeff Sutton** have agreed to buy the 400,000-square-foot property via a 50/50 joint venture for \$1.75 billion. The seller is a local investment group that includes the **Spitzer** and **Winter** families.

The sales price is a whopping \$4,375/sf — a valuation bolstered by the retail

See **DEUTSCHE** on Page 9

Some Banks Lift Loan Caps to Win Business

A few giant banks have become more willing to park larger commercial mortgages on their balance sheets.

Well Fargo, the nation's largest commercial real estate lender, has increased its book-and-hold limit to \$500 million for a loan on a high-quality property, according to market pros. And **Bank of America** has lifted its ceiling to around \$450 million.

"This is a dramatic increase," said one person with knowledge of the moves.

A few other banks, including **J.P. Morgan**, are also more amenable to taking down larger mortgages than in the past, lenders said.

The shift apparently comes in response to tougher competition from debt funds and other nonbanks. It also reflects pressure to replace maturing loans that are running off balance sheets.

The higher loan ceilings make it easier for banks to commit to fund giant loans by themselves. The change has become evident over the past couple of months,

See **BANKS** on Page 11

Barclays to Fund Buyer of Red Roof Portfolio

A partnership between a Singapore investor and **Westmont Hospitality** has won the bidding for a **Red Roof Inn** portfolio and will finance the purchase with \$450 million of floating-rate debt from **Barclays**.

The sale will enable majority partner **Five Mile Capital** to cash out, while Westmont will retain a minority stake and continue to operate the portfolio, which contains 89 hotels with 10,715 rooms.

Five Mile, a fund shop in Stamford, Conn., and Montreal-based Westmont put the portfolio up for sale via **Eastdil Secured**. Westmont wanted to stay in the investment, so it teamed up with the unidentified Singapore investor to make an offer. Their winning bid of about \$600 million beat out runner-up **Blackstone**, which wanted to convert the properties to its Motel 6 brand.

Barclays' debt package has a two-year term, with three one-year extension options. The bank will divide it into senior and mezzanine portions whose sizes are

See **BARCLAYS** on Page 8

Blackstone Splits Hawaii Project Loan

Blackstone has syndicated the \$350 million senior portion of a \$600 million loan on a condominium project in Honolulu.

The loan to **Howard Hughes Corp.** backs construction of a two-tower complex with 482 units, the first phase of a sprawling development. Blackstone originated the entire floating-rate mortgage in November. Two weeks ago, it sold the \$350 million A-note to five lenders: **American Savings Bank, First Hawaiian Bank, Union Labor Life, Washington Capital** and **Wells Fargo**.

Acting via Blackstone Real Estate Debt Strategies 2, the New York fund giant is retaining the \$250 million high-yield portion. The mortgage has a three-year term plus extension options. **JLL** brokered the syndication for Blackstone.

The two towers are rising in Honolulu's Kakaako district, along Oahu's south shore. Construction began in June on the 36-story Waiea, with 171 upscale condos, slated for completion in late 2016. Work began in November on the Anaha, which will have 311 mid-market units in a 38-story tower and surrounding townhouses. It's expected to be finished in early 2017.

More than 82% of the units have been presold. The complex will have 25,000 square feet of retail space and 989 parking spaces. Amenities will include fitness centers, swimming pools, children's play areas and dog parks.

The development overlooks the Pacific Ocean and will offer views of Diamond Head's volcanic cone about five miles away.

Financing hasn't been set on a third tower, called 988 Halekaiwila, where plans call for 424 rental units. Construction is expected to begin this year on that 44-story building.

Dallas-based Howard Hughes plans a massive redevelopment across 60 acres in the Kakaako district, about a mile-and-a-half from downtown Honolulu. Dubbed Ward Village, it would be built over the next couple of decades and eventually encompass as many as 22 high-rise residential buildings with 4,000 units, plus 1 million sf of retail space. The planned second phase, Ward Village Gateway, was approved for development in late November. It will include two mixed-use towers designed by **Richard Meier & Partners**, a one-acre park and a 50,000 sf Whole Foods Market. ❖

Regions Maps Conduit, Taps Wardlaw

Regions Bank is moving forward with a long-shelved plan to start a conduit lending business and has hired former **Bank of America** executive **Jay Wardlaw** to run it.

The bank planned to start a commercial MBS lending program in 2008, but dropped the idea as the financial crisis worsened. After the CMBS market revived, Regions dipped its toe in the water with a "table lending" program, in which it sourced loans for other lenders to securitize. That program will evidently wind down as the conduit operation gears up.

Regions, based in Birmingham, Ala., is an active commercial real estate lender. Its parent had \$15.3 billion of commercial real estate assets at yearend, ranking 16th among U.S. banking companies, according to **Trepp**. That portfolio encompassed \$11.1 billion of commercial mortgages, \$1.1 billion of multi-family loans and \$3.1 billion of construction and land loans.

Wardlaw, who will remain based in Charlotte, spent the past 15 years at BofA. He worked in a variety of roles at the bank, including loan underwriting, program management and the workout of distressed debt. He also ran roadshows for CMBS transactions. Wardlaw starts at Regions next month, after the expiration of his gardening leave.

Wardlaw will likely spend the next several months laying the foundation for the business. His group could start originating loans by midyear and begin securitizing them by early next year. The CMBS group will initially build on the bank's existing lending team and borrower relationships. It will gradually add dedicated CMBS originators. ❖

Key CMBS Spread Holding Steady

The benchmark conduit spread held firm this week as **Wells Fargo** priced one multi-borrower offering and two others were marketed.

The long-term, super-senior bonds in the \$829.6 million Wells deal (WFCM 2015-LC20) went out the door on Wednesday at a spread of 87 bp over swaps, after being shopped at 85-bp area (see Initial Pricings on Pages 12-14).

That was 1 bp higher than the 86-bp level achieved on equivalent bonds in the previous conduit issue (COMM 2015-CCRE22), which priced March 18.

The junior triple-A paper in the WFCM transaction priced in line with talk at 115 bp, matching the corresponding spread in the COMM transaction. The 140-bp spread on the double-A-minus class also jibed with guidance, but was inside the 147 bp on comparable paper in the COMM issue.

The single-A-minus and triple-B-minus classes priced wide of price talk. The single-A-minus class carried a spread of 210 bp, after being shopped at 190-bp area. And the triple-B-minus spread of 350 bp was up from talk of 335-bp area.

CMBS traders and investors attributed the spread-widening on the subordinate classes to several factors, including general financial-market volatility in the wake of last week's **Federal Reserve** meeting. They also cited a heavy deal flow as the end of the quarter approaches, which has allowed subordinate-bond buyers to become more choosy.

Elsewhere in the new-issue market yesterday, dealers were pitching two other conduit transactions, each with a \$1.1 billion balance. One is backed by loans from **J.P. Morgan, Barclays, KeyBank, Starwood Mortgage, MC-Five Mile** and **Redwood Commercial** (JPMBB 2015-C28). The other is collateralized by loans supplied by **Citigroup, Goldman Sachs, Rialto Mortgage Finance** and **Freedom Commercial Real Estate** (CGCMT 2015-GC29).

Meanwhile, Goldman, **Bank of America** and **Morgan Stanley** were marketing three securitizations tied to the takeover of industrial giant **IndCor Properties**. The transactions (CORE 2015-WEST, 2015-CALW and 2015-TEXW) total \$2.8 billion. They are backed by portions of a \$4.2 billion fixed-rated debt package they wrote last month on 595 industrial properties. A partnership between **Singapore's** sovereign wealth fund and **Global Logistic Properties** of Singapore used the proceeds to finance their \$8.2 billion purchase of Chicago-based IndCor from **Blackstone**. ❖

Helaba, LBBW Back NY Rental Project

Two German lenders used a novel approach to provide \$325 million of debt for a Midtown Manhattan apartment development.

Helaba Bank and **Landesbank Baden-Wurtemberg** wrote a 10-year letter of credit to backstop public bonds that will finance construction of a 598-unit building at 555 10th Avenue. The deal with **Extell Development**, the New York firm headed by **Gary Barnett**, closed this week.

Under New York State's so-called 80/20 program, bond financing is commonly used for apartment projects where one-fifth of the units are set aside for low- or moderate-income tenants. A portion of the bond issue, generally matching the percentage of affordable units, is tax-exempt. The securities must be backed by letters of credit from highly rated lenders.

What's unusual in this case is the 10-year term of the banks' commitment. Letters of credit supporting 80/20 deals typically are issued for 5-7 years, to cover the construction period and a short span beyond. Afterward, a longer-term letter is lined up to provide continued credit enhancement for the securities — which typically have 30-year terms — or the bond issue is refinanced with a mortgage on the property.

The letter of credit from Helaba and LBBW is effectively a construction-permanent debt package, in which the interest rate steps down when the building is completed or reaches certain performance milestones. A veteran New York lender said he was unaware of any previous deal in which a letter of credit originated for an 80/20 project had such a long term or a construction-permanent structure.

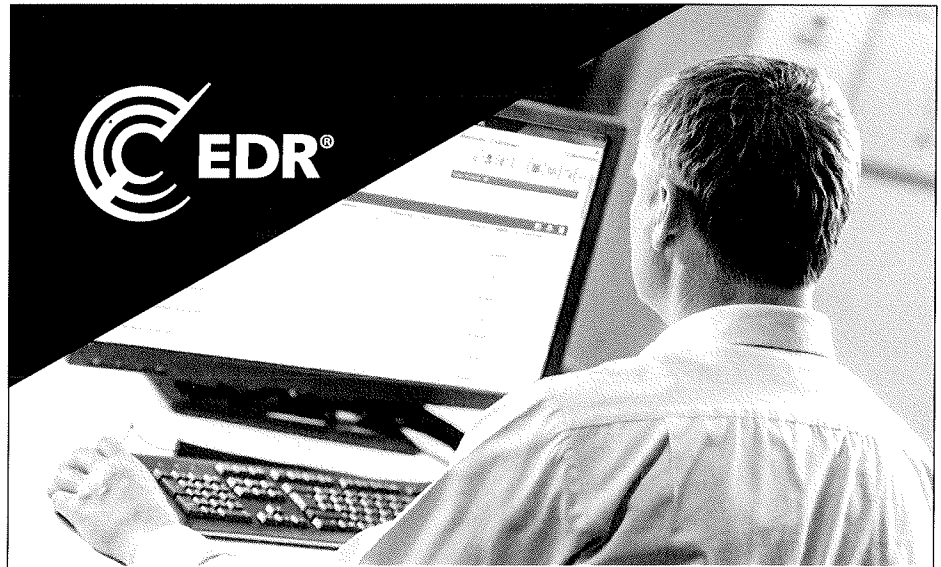
Helaba, which led the deal, and LBBW will split the Extell letter of credit 50-50, and each may sell pieces to other lenders. Going forward, the banks are likely to pitch similar deals to other developers.

Banks have been experimenting with various alternatives to traditional 80/20 financing since the state adjusted the program last year. Instead of all of the bonds

being tax-exempt, that benefit is now limited to the portion of the complex set aside for low-income residents.

Extell's project, at the southwest corner of West 41st Street, is well under way. The 52-story tower will have 93,000 square feet of community space and a 6,400-sf retail component. The underlying ground is owned by the estate of **Saul Goldman**, which has signed a 99-year lease with Extell.

The developer is also tapping the **U.S. Citizenship and Immigration Services'** EB-5 program for a portion of the equity in the deal. That program permits foreign investors to pool equity for developments in return for a green card and a path to U.S. citizenship. ♦



OPERATIONS, STREAMLINED. COMPLIANCE, SIMPLIFIED. PROBLEM, SOLVED.

Simplify every aspect of your property due diligence with the EDR Lender Portal, a web-based application that manages key processes, risk, and compliance.

From appraisal and evaluation procurement to environmental investigations, flood certificates, collateral site inspections, portfolio monitoring, and regulatory compliance support, the EDR Lender Portal makes every phase of your lending operations smarter.

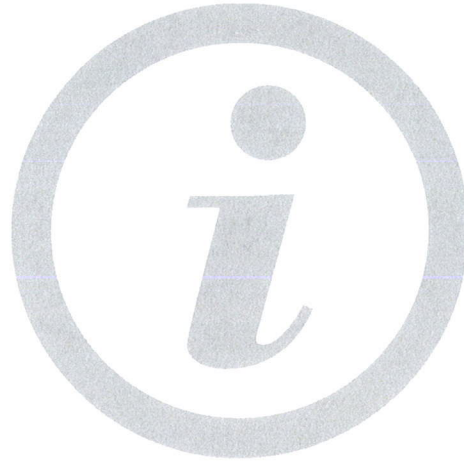
SMART DATA. SMARTER WORKFLOW.

**FOR MORE INFORMATION OR A PERSONAL DEMO:
800-352-0050 OR WWW.EDRNET.COM/LP**

CONSTRUCTION FINANCING



MORE CREATIVE. MORE CAPITAL.
MORE WAYS TO MEET YOUR NEEDS.



COMBINATION MORTGAGE & MEZZANINE



PREFERRED EQUITY



LONG-TERM NET LEASE



SHORT TERM BRIDGE



Early Refi Eyed for SF 'Micro' Rentals

A developer of "micro-apartment" buildings is seeking \$65 million of debt to replace a construction loan on a nearly completed property in San Francisco's trendy South of Market neighborhood.

Panoramic Interests of Berkeley, Calif., wants to put a 10-year, fixed-rate mortgage on the 160-unit building, at 1321 Mission Street. Construction is slated for completion in late June. **JLL** is pitching the assignment.

The 11-story building, called The Panoramic, is fully preleased as student housing, with **San Francisco Conservatory of Music** taking the top five floors and **California College of Arts** the rest.

Proceeds from the proposed loan would go to refinance a \$50 million construction loan that **Washington Capital** originated in January 2014 with a three-year term. The Seattle lender retained the senior piece and sold a mezzanine slice to **TDA Investments** of San Mateo, Calif. **JLL** also arranged that financing.

Refinancing prior to stabilization has become more common lately, with lenders eager to lock in long-term loans and borrowers looking to get out of construction debt and into lower-priced mortgages before interest rates rise.

The building has a mix of studios and one- to three-bedroom apartments. The smallest units have 275 square feet and the average size is about 350 sf. There is also about 4,000 sf of retail space.

Panoramic Interests specializes in designing and building small apartments that make efficient use of space and energy. The Mission Street building has large windows for natural lighting and ventila-

tion, solar-powered water heating and bicycle storage — but just one parking space, for a City Carshare vehicle. Recycled content was used in construction materials. The apartments have built-in furniture. Amenities include a panoramic roof deck, a cafe, a market and a wine bar.

The building is a block from **Twitter's** world headquarters, near light rail and bus stations, and a short walk from the waterfront. San Francisco's rental market, driven by soaring employment in the technology sector, remains one of the nation's strongest. And South of Market, or "SoMa," has become the city's hottest neighborhood for media and technology companies. ♦



NOTICE OF PUBLIC SALE OF COLLATERAL

Please take notice that 100% of the limited liability company interests in Panama Casino Holdings II LLC, a Delaware limited liability company ("Pledged Entity"), will be offered for sale and sold to the highest qualified bidder on Thursday May 28, 2015 at 3:00 p.m. Eastern Time at the law offices of Skadden, Arps, Slate, Meagher & Flom LLP, located at Four Times Square, New York, New York 10036. The principal asset of the Pledged Entity is 100% equity interest in SE Associates (Cayman) Ltd. ("SE"). The principal asset of SE is a 100% equity interest in Silver Associates (Cayman), Ltd. ("SA"), and a 99% equity interest in Veneto Hotel & Casino S.A., a Republic of Panama corporation ("Borrower"). The principal asset of SA is a 1% interest in Borrower. The principal asset of Borrower is the hotel and casino property commonly known as the Veneto Hotel and Casino in the Republic of Panama (the "Property").

This sale is held to enforce the rights of the secured party under that certain Pledge and Security Agreement executed by Panama Casino Holdings I LLC, as pledgor, dated June 14, 2007, as amended or modified. The secured party reserves the right to reject any or all bids and terminate or adjourn the sale to another time as the secured party may desire, by announcement at the place and on the date of sale, and any subsequent adjournment thereof, without further publication.

Interested parties who would like additional information regarding the collateral, the requirements to be a "qualified bidder" or the terms of the sale should visit the website www.panamahotel-uccforeclosure.com or contact **Bill Grice** at Bill.Grice@am.jll.com or **404-995-2154**.

Drill down deep into our market statistics. Go to The Marketplace section of CMAAlert.com and click on "CMBS Market Statistics," which lets you see the data points behind all the charts that Commercial Mortgage Alert publishes each week. It's free.

Latest Capital-Rule Proposal Criticized

Industry trade groups are opposing yet another effort by international bank regulators to change the way lenders calculate how much capital to hold in reserve against their commercial mortgages.

The **Mortgage Bankers Association** this week called on the **Bank for International Settlements** to table or revise a proposal that would require higher capital set-asides in some cases.

It also would reduce the capital charges in some instances. Even so, the proposed formula might fail to “reflect the appropriate risk that has been experienced by U.S. banks in the commercial real estate market,” said **George Green**, associate vice president of commercial/multi-family policy at the MBA. He added that “regulators in the U.S. have already considered some of these issues in recent rules and declined to take action.”

Green said the BIS initiative also comes at a challenging time for U.S. banks, which are struggling to keep up with a slew of new regulatory requirements — many resulting from ongoing efforts by federal agencies to implement the wide-ranging package of “Basel 3” guidelines that the BIS initially recommended for adoption by its member countries about four years ago.

In December, the BIS’ Basel Committee on Banking Supervision signaled it wants to go further. It put out a request for comment on several proposals to strengthen capital standards for banks that write residential and commercial mortgages. Today is the deadline for written responses.

The MBA is especially concerned that the Basel Committee is thinking about assigning a higher risk-weighting on loans and credit facilities if the borrower is structured as a “special-purpose entity.” That would curb the ability of banks to fund such loans and facilities in the realm of commercial real estate, where those entities are widely used, according to a letter the MBA sent to the committee on Wednesday.

The association noted that the benign nature of so-called SPEs used for commercial property transactions was already recognized by U.S. bank regulators last year. The issue was settled during the debate over a liquidity rule, stemming from Basel 3, that took effect Jan. 1. It requires lenders to hold liquid assets against some portion of the unfunded balance of commercial real estate loans.

The **Comptroller of the Currency**, **FDIC** and **Federal Reserve** initially proposed that banks should hold a much-higher percentage of liquid assets against SPE loans — reflecting concerns about securitization vehicles that utilized a similar structure and ran into severe liquidity problems during the credit crunch.

But those agencies eventually “recognized that [commercial real estate] loans structured as a SPE do not share the same risk characteristics as other types of SPEs,” the MBA wrote in its letter this week. “We would strongly encourage the Basel Committee to reach a similar conclusion and eliminate the punitive risk weight for [commercial real estate] loans that are structured as SPEs.”

The **CRE Finance Council** agrees with that stance and the other points raised by the MBA’s letter, said **Christina Zausner**, the council’s vice president of industry and policy analysis.

Those groups and a number of others — including the **National Association of Real Estate Investment Trusts** and the **Real Estate Roundtable** — were working this week on a joint letter raising similar concerns.

Current U.S. banking rules, also reflecting changes recommended under Basel 3, peg capital charges to a risk weighting of 100% on most commercial real estate debt and a 50% weighting on certain qualifying multi-family loans. The Basel Committee proposes to boost the risk weighting to at least 120% for any commercial mortgage originated via SPEs.

The committee also suggested two new ways of handling loans that don’t involve SPEs. One option would be to treat them as unsecured debt and set risk weightings of 60-300%, based on borrower credit quality. The other method would be tied to loan leverage, for a weighting of 75-120%.

“In addition to the lack of empirical support, the assignment of the risk weight based upon the strength of [the borrower] would be at odds with how [commercial real estate] loans are frequently structured and analyzed by U.S. banks,” the MBA wrote, noting that originations are “fundamentally driven” by property cashflows.

“In the event of a default, banks look primarily to the underlying asset value to recover the outstanding loan balance, not the counterparty,” the trade group said.

As for basing the weighting on loan-to-value ratios, the MBA acknowledged that option as being “far more aligned with the existing underwriting process.” But the weighting should be capped at 100%, it said.

For “acquisition, development or construction loans,” the Basel Committee proposed using a 150% risk weighting or basing it on borrower quality — whichever is higher. The MBA suggested going with the current U.S. rule under Basel 3, which calls for a risk weighting of 100% if the leverage is 80% or less and the borrower’s up-front capital contribution is at least 15% of the project’s “as-completed” value. Otherwise, the risk weighting is 150%.

Banks are generally required to hold capital against 8% of the balance of their loans, but that becomes 12% if the risk weighting jumps from 100% to 150%. ♦

Correction

A pricing table, published March 20, for a \$580 million securitization incorrectly identified **H/2 Capital** as the buyer of a \$72.5 million mezzanine loan on a hotel portfolio owned by **TMI Hospitality**. The loan was acquired by **Axonic Capital**. H/2 acquired the two junior classes of the securitization (BBCMS 2015-SLP). ♦

Unless your company holds a multi-user license, it is a violation of U.S. copyright law to photocopy or reproduce any part of this publication, or forward it electronically, without first obtaining permission from Commercial Mortgage Alert. For details about licenses, contact JoAnn Tassie at 201-234-3980 or jtassie@hspnews.com.

Newmark Expanding Broker Teams

Newmark Grubb, which now has loan brokers in five offices scattered around the country, plans to add staff in three or four additional cities over the next 12 months.

The brokerage will look to hire teams in Boston, San Francisco, Denver and possibly one other city, said president **James Kuhn**.

The recruits would supplement the company's existing loan-broker network. Over the past year, Newmark set up teams in Washington, New York, Los Angeles and, most recently, Houston, where the staffers started Monday. Those outposts added to Newmark's initial Chicago debt team. Newmark's loan teams generally have four members apiece.

Ultimately, Kuhn said, Newmark might operate debt teams in as many as a dozen markets. While declining to put a timeline on that goal, he said that the company would move "in an expeditious manner."

The expanding debt operation is part of Newmark's ambitious goal of developing into a full-service brokerage that advises clients on investment sales and financing, manages and leases buildings, represents tenants and provides advisory services.

Newmark is owned by **BGC Partners**, a New York financial brokerage. In 2011, BGC bought predecessor firm Newmark Knight Frank, a New York boutique with a few affiliated partner firms in a handful of other cities. It followed that up the next year by acquiring Grubb & Ellis out of bankruptcy and then merging the two operations.

In its latest move, Newmark acquired brokerage **Apartment Realty Advisors** at yearend for \$110 million. Last year, Apartment Realty closed \$7.3 billion of multi-family property sales of at least \$25 million, compared to Newmark's \$900 million, according to sister publication **Real Estate Alert**.

Kuhn said Newmark's loan brokers can now expect a stream of potential financing assignments from buyers of properties brokered by Apartment Realty. ♦

Big NY Project Loan Draws a Crowd

Lenders are jostling for pieces of the \$1.25 billion debt package backing **Brookfield Office Property's** development of an office tower in Manhattan's Hudson Yards district.

Eight banks will take part in closing and funding the loan in the coming days, and then are expected to sell down portions of their positions. The word is that participation in the massive mortgage was "wildly" oversubscribed, with the four lead banks fielding requests for allocations that total well over \$2 billion.

Wells Fargo, **Deutsche Bank**, **TD Bank** and **BNY Mellon** are leading the floating-rate loan. Four more will be in on the closing: **Banco Bradesco** of Brazil, **Credit Agricole**, **HSBC** and **Landesbank Baden-Wuerttemberg**.

The syndication will take another few weeks, and the final lender group could easily include more than a dozen banks and

other lending shops. Wells is the administrative agent.

The loan, which is priced at 335 bp over one-month Libor, will finance construction of a 2.1 million-square-foot building on Manhattan's West Side. The tower, dubbed One Manhattan West, is to rise 67 stories atop a platform over rail lines at Ninth Avenue between West 31st and West 33rd Streets.

Development costs are projected at \$2.1 billion, with the loan representing leverage of about 60%. About 27% of the space has been pre-leased, most of that to law firm **Skadden Arps**. The building will have about 100,000 sf of retail space.

The property is one of the first pieces of Brookfield's Manhattan West development, slated to encompass some 7 million sf of office, residential and retail space. The site is within the Hudson Yards redevelopment district, where several other projects are planned or under way.

The affiliate of Toronto-based Brookfield Asset Management previously lined up financing for another component of Manhattan West: a 790-unit apartment building at 401 West 31st Street. **Bank of China** provided a \$480 million letter of credit to backstop tax-exempt bonds for that project. ♦

RAIT Finances DC Office Purchase

RAIT Financial has originated a \$64 million fixed-rate loan for the buyer of a downtown Washington office building.

The Philadelphia REIT's 10-year mortgage is backed by a 196,000-square-foot property at 2025 M Street NW, which is nearly fully leased. The loan is interest-only for three years, then amortizes on a 30-year schedule.

CBRE brokered the financing for a private trust created by the family of the late Brazilian businessman **Samuel Klein**. The loan closed March 13 in conjunction with the sale. The trust paid \$106 million for the eight-story building, pegging the loan-to-value ratio at 60%.

The seller, a partnership between the **Carr** family of Washington and **Clark Enterprises** of Bethesda, Md., had owned the property since 2001 and saw it nearly triple in value. The Carr team bought the building for \$37.9 million from Boston-based **Leggat McCall Properties**.

The Class-B building is 98.6% leased, according to **CoStar**. That's well above the 89.5% yearend average for the surrounding Central Business District submarket, according to CBRE. Two large tenants on long-term leases, **SmithBucklin** (70,000 sf) and **Radio Free Asia** (60,000 sf), account for about two-thirds of the space. The building was completed in 1970 and has been renovated regularly. It includes a 242-space garage.

CBRE also recently arranged fixed-rate financing for the Klein family trust on a 1.6 million-sf portfolio of office properties it acquired in the Southeast. **Guggenheim Partners** wrote the \$95 million, 10-year loan last month and plans to securitize it. The loan-to-value ratio was 65%, indicating the five buildings, fully leased to **Wells Fargo**, are worth about \$146 million. Samuel Klein, who died in November, was the founder of a large appliance-store chain in Brazil. ♦

American Capital Signals Expansion

American Capital's hiring of industry veteran **John Scheurer** indicates that the private equity firm plans to step up its activity in the real estate sector.

Scheurer, a former chief executive of **Allied Capital**, this month was named chief investment officer of American Capital's commercial real estate group, headed by managing director **Doug Cooper**.

Recently, the group has primarily invested in bridge loans, but it's open to pushing into other areas, including the origination of mezzanine loans. It could also expand its purchase of commercial MBS, ranging in grade from unrated to double-A.

According to an SEC filing, the Bethesda, Md., firm has \$6.4 billion of investments. Some 2.1% of that amount, or \$134 million, consists of commercial real estate assets — bridge loans, CMBS and properties. The filing said American Capital is setting up a commercial mortgage REIT.

The company's real estate team is staffed largely by former Allied executives, including Cooper, **Sean Bare**, **Evan Kurtz**, **Chris McCormack** and **Jim Shevlin**. The group has experience in senior and subordinate lending, B-piece acquisitions and other types of securities trading.

Scheurer and Cooper worked together at Allied for six years, until 2005, when Allied was an active B-piece investor. Washington-based Allied sold its B-piece portfolio to **CWCapital** in 2005 for \$976 million.

American Capital isn't giving off any signs that it's looking to buy new-issue B-pieces. But one person familiar with its thinking said that the firm isn't "ruling out anything at this point — they're just looking for good opportunities."

American Capital, which has \$86 billion of total assets under management, issues CLOs backed by business loans and agency mortgages. The buzz is it could float a commercial real estate CLO this year. ❖

Secondary CMBS Market in Doldrums

Amid strong growth in commercial MBS issuance, secondary-market trading has fallen off, and market pros expect the slump to continue.

CMBS traders and investors who focus on outstanding bonds say the amount of private-label paper coming to market has been down sharply so far this year. Secondary-market volume figures can be difficult to pin down, but pros said the first quarter has seen a 20-30% drop-off from the same period last year.

That's in line with data compiled by **Deutsche Bank** researchers on the weekly tally of bid lists — bonds offered for sale in batches via Wall Street dealers. Those offerings have averaged \$893.2 million per week so far this year, compared with a \$1.2 billion weekly average during 2014.

Bond experts attribute the thinner trading to a number of factors, including a constant flow of fresh paper. "There's so much new-issue volume that it's consuming a lot of investors' attention," said one CMBS trader. "Nobody wants to put anything out there."

With issuance on the rise, trading may simply be "normalizing

itself" by returning to pre-crash levels, he said. In the aftermath of the credit crisis, the secondary market became very active as investors tried to stem losses in their portfolios, while opportunistic buyers jumped in to buy distressed bonds at sharp discounts. But that dynamic has been played out, the trader added.

Meanwhile, Wall Street dealers have become less-aggressive bidders for CMBS in general, in response to regulatory changes that generally require them to hold more capital against their bond portfolios. While they're still making markets for CMBS, dealers are scaling back across the board — more so when it comes to legacy paper. Dealers' CMBS inventories have dipped by 22% over the past two years, according to a recent **Bank of America** research report.

"The stuff that you really want liquidity on is hurting," said one CMBS investor, referring to "A-" notes and more-subordinate bonds from pre-crash deals.

The BofA report pointed out that the opportunity for older bonds to gain value has waned. "Notably, with bond spreads considerably tighter than they were several years ago, which implies less potential capital appreciation for bond holders, trading volume slowed."

This quarter's slow-down was a dramatic example of a longer trend that has seen the bid lists tracked by Deutsche decline from an average of nearly \$2 billion a week in 2011.

The past three weeks saw activity perk up a bit, with bid lists topping \$1 billion for the first time this year. Traders attributed that to investors rebalancing their portfolios as the end of the quarter approached, and to some volatility surrounding a recent **Federal Reserve** pronouncement.

The Fed could be the wild card in determining whether secondary CMBS trading picks up later this year. A move to increase interest rates, market pros said, could prompt a sell-off by decreasing the relative value of older bonds. ❖

Barclays ... From Page 1

still being determined. Barclays will securitize the senior portion in a stand-alone deal, probably in May. It will place the junior debt with high-yield investors.

Five Mile and Westmont took over 143 Red Roof hotels in 2011 after the Red Roof chain defaulted on debt. They financed the purchase with a \$275 million floating-rate loan from **Starwood Property** and **Fortress Credit**, and then plowed \$70 million into improvements.

After the partnership sold 20 of the properties, Starwood and Fortress agreed to modify the loan in 2013, increasing its size to \$285 million and extending its term by two years, to August 2015, plus three one-year extension options.

The senior \$200 million portion of the modified loan, then backed by 123 hotels, was securitized via a stand-alone deal led by **Wells Fargo** (STWD 2013-FV1). That loan, whose total balance has paid down to \$235.9 million, will be retired in conjunction with the sale.

Since the 2013 financing, Five Mile and Westmont has sold off an additional 33 hotels, reducing the portfolio to 90 properties. One other hotel is up for sale. ❖

Deutsche ... From Page 1

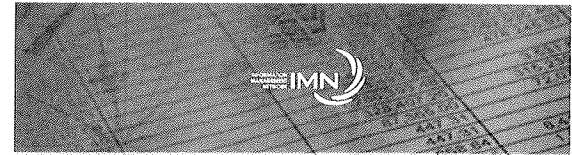
potential of the 26-story property, which stands on the southwest corner of 57th Street. It is positioned at the head of the prime Fifth Avenue shopping corridor, where retail rents are among the highest in the world. The ground-floor space is leased to luxury retailers, including Bulgari, Mikimoto and Piaget, that generate about 60% of the property's overall cash-flow.

What's more, the General Growth partnership plans to spend some \$100 million on converting as much as 125,000 sf on other floors into retail space.

Because of the transitional nature of the property, the loan wasn't a candidate for securitization. Down the road, the General Growth team plans to sell the office portion.

The building, at 730 Fifth Avenue, was constructed in 1921. Its facade includes gilded details, and its roofline has a crown-like appearance that's distinctive when illuminated at night. The Spitzer team bought it for \$93.6 million at a foreclosure auction in 1991, when it was 50% vacant.

The occupancy rate is now 97.8%, according to **CoStar**. The office tenants include talent agency **ICM Partners** (52,000 sf) and **Apollo Global** (43,000 sf). ♦



THE 3RD ANNUAL REAL ESTATE CFO FORUM (WEST)

A FORUM FOR CFOs, TREASURERS AND
CONTROLLERS OF REITs, FUNDS, LENDERS
AND OPERATING COMPANIES

MAY 4-5, 2015
PARK HYATT AVIARA | SAN DIEGO, CA

Don't Forget To Mention Discount Code
"HSP" For 10% Savings



Call: 1-212-901-0542
www.imn.org/cfowest15 | Email: amelvin@imn.org

iGlobal Forum 6TH REAL ESTATE MEZZANINE FINANCING SUMMIT MAY 6TH, 2015 NEW YORK

KEY TOPICS THAT WILL BE COVERED:

- How fundamentals are changing, and which property types you should (and shouldn't) be lending on
- Strategies to realize outsized returns in spite of a challenging interest rate environment
- Finding investment candidates that have leading market positions and generate strong free cash flow and returns on invested capital
- What LPs want from their mezzanine investments
- Leveraging your mezzanine position to manufacture double-digit returns
- Tapping the European market for opportunistic returns
- How hedge funds and private equity firms play the debt space
- Successfully competing with new entrants into the mezzanine lending space
- The hottest asset classes and geographies for mezzanine financing, and more...

REGISTER TODAY AT
www.iglobalforum.com/mezz6

Twitter: @iglobalforum Facebook: /iglobalforum LinkedIn: /iglobalforum



Join us in Dallas for a day and a half of informative panels and outstanding networking with the biggest names in Commercial real estate.



PANEL TOPICS INCLUDE:

- » Enforcing CRE Loans: Lessons Learned from the Great Recession
- » Loan Maturities
- » Examples of Workout Strategies
- » Servicing Single Family Residential Portfolios
- » How Declining Oil Prices Will Affect Real Estate
- » Alternatives to Bankruptcy

WHO SHOULD ATTEND?


- » Lenders
- » Investors
- » Special Servicers
- » Real Estate Funds
- » Legal Counsel
- » Loan Buyers

April 22-23

**HOTEL ZAZA
DALLAS, TEXAS**

For registration specials and full conference details, visit:

WWW.TRIGILDSPRINGCONFERENCE.COM



is pleased to invite you to the

**12th Annual Thomas E. Sasso
2015 MEMORIAL GOLF OUTING**
at Westchester Country Club's West Course

WESTCHESTER COUNTRY CLUB
99 Biltmore Avenue
Rye, NY 10580

MONDAY, APRIL 27, 2015

10.00AM	Registration and Brunch
12.00PM	Shotgun Start
5.00 PM	Cocktail Hour
6.00 PM	Dinner and Awards

FEES

Individual Registration	
Golf Member	\$360
Golf Non-Member	\$485
Foursome Registration	
Golf Member	\$1,440
Golf Non-Member	\$1,940
Dinner Only	\$135

*Multiple sponsorship opportunities available.
Visit rela.org or email headquarters@rela.org
for more information and to register.*



**The Real Estate
& Bank General Counsel
Forum (Midwest)**

A forum for In-House Counsels of Funds,
REITs and Operating Companies

May 7, 2015 | Chicago, IL



**Don't Forget To Mention Discount Code
"HSP" For 10% Savings**

Call: 1-212-901-0542
www.imn.org/gcmidwest | Email: amelvin@imn.org

In the know?

**Commercial Mortgage Alert, the weekly
newsletter that guarantees your edge in
real estate finance and securitization.**

Start your free trial at CMAAlert.com or call 201-659-1700.

CMBS Market Thaws for Floaters

Commercial MBS lenders are back in the game when it comes to originating floating-rate loans for pooled securitizations.

Late last year, an unofficial freeze on quoting floaters was adopted across much of Wall Street. That came after several banks got dinged when a glut of floating-rate pooled securitizations hit the market all at once.

"The problem was too much supply combined with yearend timing," said one veteran lender. "Everybody came out with their deals at the same time, and a lot of investors had already closed their books for the year."

Lenders never stopped pursuing giant floaters that could be securitized via stand-alone deals, which remained viable. But for the first several weeks of this year, they continued to give the cold shoulder to smaller Libor-based loans that would go into pooled offerings. And the issuance of floating-rate pooled deals ground to a halt: None priced during the first two months of this year.

But the market has started to thaw. **Morgan Stanley** broke the ice on March 5 by pricing an offering (MSC 2015-XLF1) backed by five loans, totaling \$545 million, that were held over from last year. And lenders have started originating again.

"Everybody is back in now, but there is a little more discipline in what they are doing," said one lender. "If you write good loans and put them into pools, the investors will pay up. They're smart, they understand the collateral, and they respond to good versus bad."

Lenders said that more floating-rate pooled deals will probably begin to surface in May or June, after lenders have had time to reach critical mass. ♦

Banks ... From Page 1

as the lenders signaled that they didn't intend to syndicate some big mandates. Alternatively, the lenders can commit to funding the entire loan and then syndicate a smaller portion than in the past. That reduces the syndication risk, including whether the loan spread will be amenable to syndicate partners.

The strategy can give the lenders a leg up to winning big assignments. "Borrowers just want to hear, 'We're a one-stop shop,'" said one lender. Added another: "You don't want to lose those [assignments]. It's tough to replace them. One way to do that is to hold larger 'tickets,' which is slang for participation interests.

The retention ceiling for any individual loan varies, depending on the collateral. The maximum amounts are reserved for top-tier sponsors and properties. The limits on portfolio loans can be much higher.

Rival lenders said that the ceiling set by Wells seems to be more flexible than the one at BofA. Wells' massive \$123 billion real estate portfolio is 50% bigger than that of No. 2 J.P. Morgan and twice the size of No. 3 BofA's holdings. That gives Wells more leeway in deciding whether to syndicate debt and how much to sell off. And the bank has been willing to exceed its caps from time to time.

As a result, one rival lender said, Wells' syndication operation is something of a "black box" for other originators trying to guess its plans on any particular deal. "It's hard to tell, because Wells always had this mentality that if the [production] line wanted to do [a loan], they'd do it," the lender said. "It's hard to tell what the ceiling was."

By contrast, lenders said, BofA is more consistent in its movements. ♦

CALENDAR

Main Events

Dates	Event	Location	Sponsor	Information
April 16-17	CREFC Europe Spring Conference	London	CREFC Europe	www.crefc.org
May 3-6	Commercial/Multifamily Servicing & Technology Conf.	Boston	MBA	www.mortgagebankers.org
June 8-10	CRE Finance Council June Conference 2015	New York	CRE Finance Council	www.crefc.org
Sept. 16-18	Western States CREF Conference	Las Vegas	CMBA	www.cmba.com
Nov. 9-10	CREFC Europe Autumn Conference	London	CREFC Europe	www.crefc.org

Events in US

Dates	Event	Location	Sponsor	Information
March 30-31	Real Estate Investors Summit	Miami	Opal Financial	www.opalgroup.net
April 8-10	Real Estate Lending Conference	Baltimore	ABA	www.aba.com
April 9-10	Commercial Real Estate Financing 2015	Chicago	PLI	www.pli.edu
April 15	REIT Symposium	New York	NYU Schack	www.scps.nyu.edu
April 16	Luncheon Meeting	Washington	RELA	www.rela.org
April 16	High Yield & Distressed Realty Assets	New York	CRE Finance Council	www.crefc.org
April 20-21	Commercial Real Estate Financing 2015	New York	PLI	www.pli.edu
April 20-22	Single Family Rental Investment Forum	Miami	IMN	www.imn.org

To view the complete conference calendar, visit The Marketplace section of CMAAlert.com

INITIAL PRICINGS

Wells Fargo Commercial Mortgage Trust, 2015-LC20

Pricing date:	Mar. 25
Closing date:	Mar. 31
Amount:	\$829.6 million
Seller/borrower:	Ladder Capital, Wells Fargo, Silverpeak Real Estate
Lead manager:	Wells Fargo
Co-managers:	Credit Suisse, Deutsche Bank
Master servicer:	Wells Fargo
Special servicers:	Rialto Capital, Midland Loan Services
Operating advisor:	Trimont Real Estate Advisors
Trustee:	Wilmington Trust
Certificate administrator:	Wells Fargo
Offering type:	SEC-registered

Property types: Retail (26.1%), office (25.4%), hotel (19.3%), multi-family (10.2%), industrial (8.4%), mixed-use (6.6%), self-storage (2.7%), manufactured housing (1.1%) and other (0.2%).

Concentrations: New York (16.3%) and California (14%).

Loan contributors: Ladder (34.5%), Wells (32.9%) and Silverpeak (32.6%).

Largest loans: A \$75 million portion of a \$350 million loan to SL Green and Joseph Moinian on the 526,000-sf office building at Three Columbus Circle in Manhattan; a \$64 million portion of a \$119.1 million loan to Cole Capital on 29 Walgreens stores, encompassing 428,000 sf, in 12 states; the \$40.5 million senior portion of a \$45 million loan to Golden Rocky Corp. on the 222,000-sf One Monument Place office building in Fairfax, Va.; a \$35.2 million loan to Buccini/Pollin on the 154-room Embassy Suites and the 91-room Homewood Suites in Newark, Del.; a \$33 million loan to Ascent Real Estate on the 90,000-sf office/retail building at 200 Kansas Street in San Francisco; a \$31.5 million loan to Angelo, Gordon & Co. on eight industrial properties, encompassing 433,000 sf, in eight states; a \$29.6 million loan to Bruce Way and Mark Walsh on the 148,000-sf Ontario Airport Tower in Ontario, Calif.; a \$27 million loan to Toma West on the 112,000-sf office building at 1621 18th Street in Denver; and a \$26.6 million loan to United Capital on the 385-room Hilton Albany in Albany, N.Y.

B-piece buyer: Rialto Capital.

Notes: Ladder, Wells and Silverpeak teamed up to securitize commercial mortgages that they had originated. **CMA code:** 20150054.

Class	Amount (\$Mil.)	Rating (Moody's)	Rating (DBRS)	Rating (MStar)	Subord. (%)	Coupon (%)	Dollar Price	Yield (%)	Maturity (Date)	Avg. Life (Years)	Spread (bp)	Note Type
A-1	30.186	Aaa	AAA	AAA	30.00	1.471	99.998	1.453	4/15/50	2.76	S+40	Fixed
A-2	83.309	Aaa	AAA	AAA	30.00	2.678	102.998	2.026	4/15/50	4.95	S+51	Fixed
A-3	43.133	Aaa	AAA	AAA	30.00	3.086	102.997	2.609	4/15/50	6.96	S+85	Fixed
A-4	155.000	Aaa	AAA	AAA	30.00	2.925	100.993	2.811	4/15/50	9.78	S+85	Fixed
A-5	215.903	Aaa	AAA	AAA	30.00	3.184	102.996	2.839	4/15/50	9.94	S+87	Fixed
A-SB	53.206	Aaa	AAA	AAA	30.00	2.978	102.995	2.528	4/15/50	7.41	S+73	Fixed
A-S	27.999	Aa1	AAA	AAA	26.63	3.467	102.995	3.120	4/15/50	9.96	S+115	Fixed
B	50.815	Aa3	AA (low)	AA-	20.50	3.719	102.993	3.370	4/15/50	9.96	S+140	Fixed
C	51.851	NR	A (low)	A-	14.25	4.056	99.993	4.070	4/15/50	9.96	S+210	Fixed
PEX	130.665	NR	A (low)	A-	14.25				4/15/50	9.96		Fixed
D	44.593	NR	BBB (low)	BBB-	8.88	4.511	92.150	5.470	4/15/50	9.96	S+350	Fixed
E	27.999	NR	BB (low)	BB-	5.50				4/15/50	10.00		Fixed
F	14.519	NR	B (low)	B-	3.75				4/15/50	10.04		Fixed
NR	31.111	NR	NR	NR	0.00				4/15/50	10.04		Fixed
X-A(IO)	608.736*	NR	AAA	AAA					4/15/50			Fixed
X-B(IO)	102.666*	NR	AAA	AAA					4/15/50			Fixed
X-E(IO)	27.999*	NR	AAA	AAA					4/15/50			Fixed
X-F(IO)	14.519*	NR	AAA	AAA					4/15/50			Fixed
X-G(IO)	31.111*	NR	AAA	AAA					4/15/50			Fixed

*Notional amount

INITIAL PRICINGS

J.P. Morgan Chase Commercial Mortgage Securities Trust, 2015-COSMO

Pricing date:	Mar. 26
Closing date:	Mar. 30
Amount:	\$875 million
Seller/borrower:	Blackstone
Lead manager:	J.P. Morgan
Co-manager:	Drexel Hamilton
Master servicer:	Wells Fargo
Special servicer:	Wells Fargo
Trustee:	Wilmington Trust
Certificate administrator:	Wells Fargo
Offering type:	Rule 144A

Property type: Hotel (100%).

Concentrations: Nevada (100%).

Loan contributors: J.P. Morgan (100%).

Notes: J.P. Morgan securitized the senior \$875 million portion of a \$1.3 billion floating-rate debt package it had originated on the 2,959-room Cosmopolitan of Las Vegas hotel and casino. The interest-only debt package, originated on Dec. 19, financed Blackstone's \$1.7 billion acquisition of the property from Deutsche Bank, which had assumed it in 2008 after developer Ian Bruce Eichner defaulted on a \$768 million loan. Deutsche then completed its construction. The new debt package has a two-year term, with three one-year extension options. The securitized portion is pegged to one-month Libor plus 295 bp. There is also \$425 million of mezzanine debt divided into two tranches: a \$295 million senior tranche with a coupon of Libor plus 650 bp, and a \$130 million subordinate tranche pegged to Libor plus 875 bp. **CMA code:** 20150048.

Class	Amount (\$Mil.)	Rating (Fitch)	Rating (DBRS)	Rating (Kroll)	Subord. (%)	Coupon (%)	Dollar Price	Maturity (Date)	Avg. Life (Years)	Spread (bp)	Note Type
A	287.000	AAA	AAA	AAA	67.20	L+125	99.906	1/15/32	1.79	L+130	Floating
B	78.000	AA-	AA (low)	AA-	58.29	L+180	100.000	1/15/32	1.79	L+180	Floating
C	70.000	A-	A (low)	A-	50.29	L+225	100.000	1/15/32	1.79	L+225	Floating
D	222.200	NR	BBB	BBB-	24.89	L+330	100.000	1/15/32	1.79	L+330	Floating
E	146.100	NR	BB	BB-	8.19	L+395	100.000	1/15/32	1.79	L+395	Floating
F	71.700	NR	B (high)	B	0.00			1/15/32	1.79		Floating
X-CP(IO)	875.000*	NR	AAA	AAA				1/15/32			Floating
X-EXT(IO)	875.000*	NR	AAA	AAA				1/15/32			Floating

*Notional amount

INITIAL PRICINGS

CSMC Trust, 2015-TOWN

Pricing date:	Mar. 25
Closing date:	Mar. 31
Amount:	\$380 million
Seller/borrower:	InTown Suites
Lead manager:	Credit Suisse
Master servicer:	KeyBank
Special servicer:	KeyBank
Trustee:	Wells Fargo
Certificate administrator:	Wells Fargo
Offering type:	Rule 144A

Property types: Hotel (100%).

Concentrations: Texas (32.8%) and Florida (11.7%).

Loan contributors: Credit Suisse (100%).

Notes: Credit Suisse securitized the senior \$380 million portion of a \$500 million floating-rate debt package it had originated on 84 extended-stay hotels owned by Starwood Capital's InTown Suites. The 10,764-room portfolio was appraised at \$701 million. The interest-only debt package, which closed Feb. 24, has a two-year term, with three one-year extension options. The securitized portion is pegged to one-month Libor plus 275 bp. The \$120 million mezzanine portion, with a coupon of Libor plus 900 bp, is being securitized separately. Starwood Property is taking down 49% of the mezzanine certificates. InTown used \$365.7 million of the proceeds to retire existing debt, some of which had been securitized via four transactions (BACM 2005-6; MSC 2006-TOP21; and BSCMS 2005-TOP20 and 2006-PWR12). According to the initial deal documents, Western Asset Management was going to take down \$61 million of the mezzanine debt. However, that provision was deleted in amended documents, and instead Western Asset was named the directing certificate holder, meaning that it is buying at least half of the first-loss tranche, Class TF. **CMA code:** 20150061.

Class	Amount (\$Mil.)	Rating (Fitch)	Rating (MStar)	Subord. (%)	Coupon (%)	Dollar Price	Maturity (Date)	Avg. Life (Years)	Spread (bp)	Note Type
A	138.500	AAA	AAA	63.55	L+125	99.906	3/15/28	1.96	L+130	Floating
B	36.000	AA-	AA-	54.08	L+190	100.000	3/15/28	1.96	L+190	Floating
C	24.000	A-	A-	47.76	L+225	100.000	3/15/28	1.96	L+225	Floating
D	36.500	BBB-	BBB-	38.16	L+320	100.000	3/15/28	1.96	L+320	Floating
E	67.000	BB-	BB+	20.53	L+415	100.000	3/15/28	1.96	L+415	Floating
F	69.000	B	B+	2.37	L+450	99.099	3/15/28	1.96	L+498	Floating
TF	9.000	NR	B	0.00			3/15/28	1.96		Floating

VFC, 2015-3

Pricing date:	Mar. 25
Closing date:	Mar. 31
Amount:	\$112.7 million
Seller/borrower:	FirstCity Financial
Lead manager:	Credit Suisse, Wells Fargo
Master servicer:	FirstCity Servicing
Special servicer:	FirstCity Servicing
Trustee:	U.S. Bank
Certificate administrator:	U.S. Bank
Offering type:	Rule 144A

Property types: Retail (18.7%), hotel (15.3%), multi-family (11%), office (10.6%), industrial (9.6%), land (9.5%), residential (0.9%), other commercial real estate (21.8%) and non-real estate (2.6%).

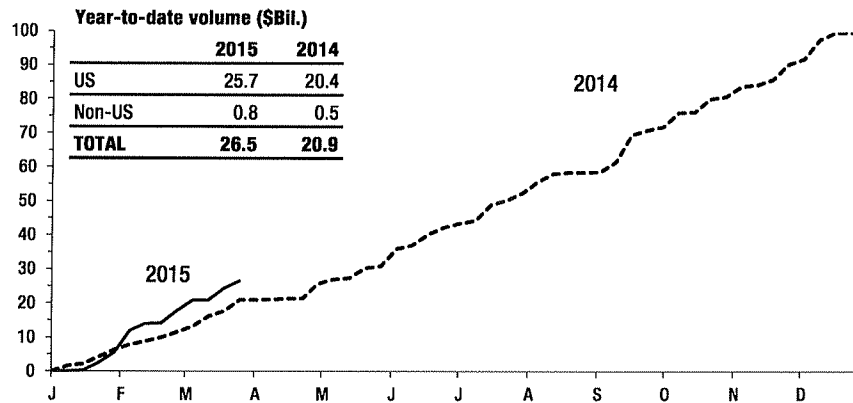
Concentrations: Texas (14.3%) and California (10.7%).

Notes: FirstCity Financial raised financing on \$233.1 million of distressed assets it had acquired in the secondary market. The assets encompass distressed loans on commercial and residential properties and land; foreclosed properties; and non-real estate loans. The collateral pool contains 353 loans and eight foreclosed properties. About 47% of the pool balance is technically performing, but under stress. The rest is nonperforming or foreclosed. The company acquired the assets for \$150.3 million, or 64% of the face amount. It will liquidate the assets and use the proceeds to repay bondholders. FirstCity projects a net recovery of \$199.7 million from the liquidations. The bonds were shipped based on their yield, rather than a spread over a benchmark. **CMA code:** 20150068.

Class	Amount (\$Mil.)	Rating (Kroll)	Subord. (%)	Coupon (%)	Dollar Price	Yield (%)	Maturity (Date)	Avg. Life (Years)	Note Type
A	88.652	BBB-	41.00	2.750	99.812	3.000	12/20/31	0.82	Fixed
B	24.042	NR	25.00	4.750	99.673	5.000	12/20/31	1.72	Fixed

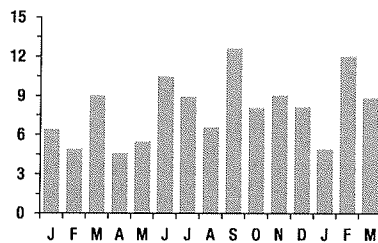
MARKET MONITOR

WORLDWIDE CMBS



US CMBS

MONTHLY ISSUANCE (\$Bil.)



CMBS TOTAL RETURNS

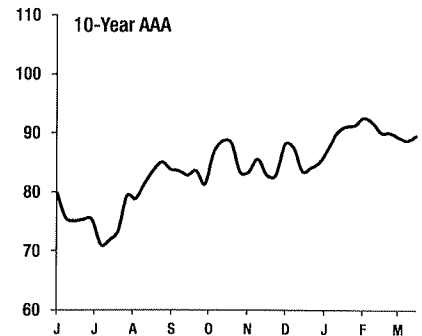
CMBS INDEX

As of 3/25	Avg. Life	Total Return (%)		
		Month to Date	Year to Date	Since 1/1/97
Inv.-grade	5.1	0.6	1.8	211.9
AAA	5.5	0.7	1.9	196.4
AA	3.8	0.4	1.3	90.3
A	4.0	0.4	1.6	76.0
BBB	3.8	0.5	1.9	85.5

Source: Barclays

CMBS SPREADS

NEW-ISSUE SPREAD OVER SWAPS



New Issue Fixed Rate (Conduit)	Avg. Life	Spread (bp)		
		3/25	Week Earlier	52-wk Avg.
AAA	5.0	S+62	S+62	57
	10.0	S+90	S+89	84
AA	10.0	S+146	S+144	135
A	10.0	S+199	S+197	187
BBB-	10.0	S+369	S+365	341

Legacy Fixed Rate (Conduit)	Avg. Life	Spread (bp)		
		3/25	Week Earlier	52-wk Avg.
AAA	5.0	S+112	S+112	99
	10.0	S+109	S+109	102
AA	10.0	S+945	S+946	1,018
A	10.0	S+1,414	S+1,415	1,559
BBB	10.0	S+3,018	S+3,020	3,115

Sources: Trepp, Markit

LOAN SPREADS

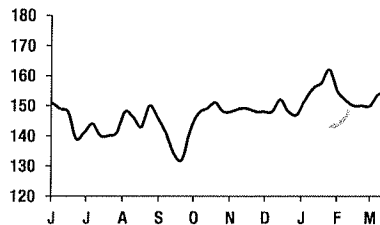
ASKING SPREADS OVER TREASURYS

10-year loans with 50-59% LTV

	3/20	Month Earlier
Office	154	152
Retail	147	142
Multi-family	141	141
Industrial	146	142

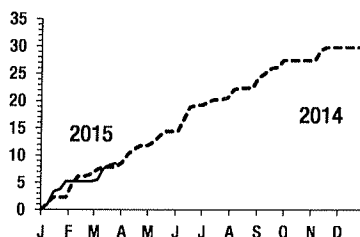
Source: Trepp

ASKING OFFICE SPREADS

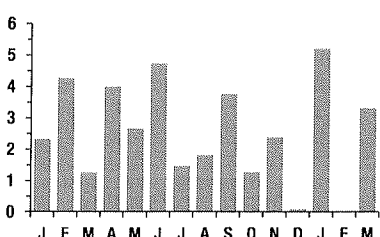


REIT BOND ISSUANCE

UNSECURED NOTES, MTNs (\$Bil.)



MONTHLY ISSUANCE (\$Bil.)



Data points for all charts can be found in The Marketplace section of CMAAlert.com

AGENCY CMBS SPREADS

FREDDIE K SERIES

	Avg. Life	Spread (bp)		
		3/26	Week Earlier	52-wk Avg.
A1	5.5	S+30	S+30	35
A2	10.0	S+46	S+45	41
B	10.0	S+145	S+145	153
C	10.0	S+205	S+205	212
X1	9.0	T+140	T+140	
X3	10.0	T+325	T+325	
Freddie K Floater		L+29	L+29	

FANNIE DUS

	3/26	Week Earlier	52-wk Avg.
10/9.5 TBA (60-day settle)	S+54	S+52	50
Fannie SARM	L+29	L+30	

Source: J.P. Morgan

THE GRAPEVINE

... From Page 1

Barclays in recent weeks. Lee has worked at UBS for three years, and before that was a senior analyst at **CBRE**. At Barclays, she'll report to conduit underwriting chief **Jim Kerner**.

Robert Tarulli joined **Bedrock Capital** this week after a three-year run at **Blackstone**. New York-based Bedrock created the post of executive director for Tarulli, whose duties will mostly involve asset management. Tarulli spent five years at **Capmark** before the crash, then had stints at **Forest City Ratner** and **Capital Trust** before joining Blackstone. At Bedrock, he reports to capital markets chief **Victor Diao**. The firm is expanding after being acquired last year by hedge fund manager **One William Street Capital**. It's looking to add an originator and an underwriter over the next few months.

Charles Gueli joined **Broadacre Financial** this month as a director overseeing originations in the Mid-Atlantic region.

Gueli opened a Washington-area office for the New York firm. He previously worked in the private banking groups at **Morgan Stanley** and **Bank of America**. Before the crash, he spent 14 years at **Merrill Lynch** as a credit specialist for commercial and residential mortgages. At Broadacre, he reports to founder **Chris Haynes**, also a Merrill alumnus. The firm is eyeing further expansion and is talking to originator candidates on the West Coast and in New England, the Southeast and Greater New York.

Arbor Commercial Mortgage has brought on veteran originator **Ana Ramos** as a vice president in Manhattan Beach, Calif. Ramos focuses on multi-family and other commercial mortgages. She started last week, reporting to senior vice president **Ken Fazio**, head of national production for the Uniondale, N.Y., company. Ramos previously was a senior vice president at **Hunt Mortgage**, where she spent nearly three years, and before that, a managing director at **Greystone** for eight years.

Hanover Street Capital has hired **Sanjay Ramakrishna** to help evaluate com-

mercial real estate debt. He started with the New York shop within the past few weeks as a senior asset manager. Ramakrishna most recently was a senior advisor at **Hypo Real Estate**, and before that, spent about a decade at **Torchlight Investors**. Hanover is an arm of **Situs** that provides services to **Deutsche Bank's** commercial real estate group.

Bridge lender **Streamline Realty Funding** wants to add 3-5 senior originators as it continues to build its team. The New York shop, founded in 2013, writes fixed- and floating-rate loans of up to \$50 million. Applicants may contact chief operating officer **Felix Rivera** at frivera@slref.com.

Prudential Mortgage Capital wants to add two underwriters to its **FHA** multi-family and healthcare mortgage operation in the Western U.S. Candidates should have five years of experience and be certified in the **FHA's** Multifamily Accelerated Processing program. Recruits could work in Dallas, Denver, Los Angeles or San Francisco. Contact **Steven Dupre** at steven.dupre@prudential.com.

TO SUBSCRIBE

YES! Sign me up for a one-year subscription to Commercial Mortgage Alert at a cost of \$4,997. I understand I can cancel at any time and receive a full refund for the unused portion of my 46-issue license.

DELIVERY (check one): ☐ Email. ☐ Mail.

PAYMENT (check one): ☐ Check enclosed, payable to Commercial Mortgage Alert. ☐ Bill me. ☐ American Express. ☐ Mastercard. ☐ Visa.

Account #: _____ Signature: _____

Exp. date: _____

Name: _____

Company: _____

Address: _____

City/ST/Zip: _____

Phone: _____

E-mail: _____

MAIL TO: Commercial Mortgage Alert
5 Marine View Plaza #400
Hoboken NJ 07030-5795

www.CMAAlert.com
FAX: 201-659-4141
CALL: 201-659-1700

COMMERCIAL MORTGAGE ALERT

www.CMAAlert.com

Telephone: 201-659-1700

Fax: 201-659-4141

Email: info@hspnews.com

Donna Knipp	Managing Editor	201-234-3967	dknipp@hspnews.com
Bob Mura	Senior Writer	201-234-3978	bmura@hspnews.com
Chad Welhbrauch	Senior Writer	201-234-3988	chad@hspnews.com
Alexi Friedman	Senior Writer	201-234-3970	afriedman@hspnews.com
Richard Quinn	Senior Writer	201-234-3997	rquinn@hspnews.com

Andrew Albert	Publisher	201-234-3960	andy@hspnews.com
Daniel Cowles	General Manager	201-234-3963	dcowles@hspnews.com
Thomas J. Ferris	Editor	201-234-3972	tferris@hspnews.com
Dan Murphy	Deputy Editor	201-234-3975	dmurphy@hspnews.com
Michelle Lebowitz	Operations Director	201-234-3977	mlebowitz@hspnews.com
Evan Grauer	Database Director	201-234-3987	egrauer@hspnews.com
Mary E. Romano	Advertising Director	201-234-3968	mromano@hspnews.com
Josh Albert	Advertising Manager	201-234-3999	josh@hspnews.com
Joy Renee Selnick	Layout Editor	201-234-3962	jselnick@hspnews.com
Barbara Eannace	Marketing Director	201-234-3981	barbara@hspnews.com
JoAnn Tassie	Customer Service	201-659-1700	jtassie@hspnews.com

Commercial Mortgage Alert (ISSN: 1520-3697), Copyright 2015, is published weekly by Harrison Scott Publications Inc., 5 Marine View Plaza, Suite 400, Hoboken, NJ 07030-5795. It is a violation of federal law to photocopy or distribute any part of this publication (either inside or outside your company) without first obtaining permission from Commercial Mortgage Alert. We routinely monitor forwarding of the publication by employing email-tracking technology such as ReadNotify.com. **Subscription rate:** \$4,997 per year. Information on multi-user license options is available upon request.