



CWCapital Offers \$252Mln of Nonperforming CMBS Loans in Ohio, Mich. *Commercial Real Estate Direct Staff Report*

CWCapital Asset Management has put a portfolio of 31 distressed CMBS loans with a balance of \$252 million up for sale through Mission Capital Advisors.

The loans are concentrated in Michigan and Ohio, two states that have been especially hard hit economically because of their dependence on the flagging domestic auto industry.

Mission, of New York, plans to take indicative offers for loans in the portfolio on Aug. 27 and final offers on Sept. 22. It is aiming to complete sales on Sept. 29.

The portfolio includes a \$4 million loan on a Bolingbrook, Ill., retail property as well as a relatively small amount of debt on retail properties in Indiana.

If the Needham, Mass., special servicer successfully sells all 32 loans in the portfolio it's offering, it will have put a significant dent on its holdings of loans on Michigan and Ohio properties. It is currently actively managing 71 CMBS loans with a balance of \$907 million in the two states. That represents nearly one-tenth of its \$10.1 billion active special servicing portfolio.

The portfolio that CWCapital put on the sales block is heavily weighted with loans on retail properties - 15 with a balance of \$84.5 million - and apartment properties - six with a balance of \$106.4 million. It includes two office/retail loans with a total balance of \$27 million; three office loans with a balance of \$13.6 million; two industrial loans with a balance of \$10.7 million, and loans on three mobile-home parks in Ohio with a balance of \$10 million.

Because each loan is owned by a separate CMBS trust, Mission will take offers for individual loans.

The largest loan in the portfolio has a balance of \$35.4 million and is backed by the 260-unit Brownstone Apartments at 42330 Joye Lane in Novi, Mich., which is just northwest of Detroit. The loan requires only interest payments totaling \$1.8 million annually, until next June, when it starts amortizing. But the nine-year-old property is nonetheless having difficulties keeping

current with its debt-service requirement. It was 82 percent occupied as of the end of last year and generated \$1.4 million of net cash flow, according to servicer data compiled by Realpoint. The loan was securitized through JPMorgan Chase Commercial Mortgage Securities Corp., 2005-LDP3.

Another big loan in the portfolio has a balance of \$26.8 million and is backed by the 148-unit Main Street Village Apartments in Novi. As of the end of last year, the six-year-old property was 85 percent occupied and generated only 91 percent of the cash flow needed to fully service its debt, according to Realpoint. In March, the loan was moved to special servicing because of imminent default. It was securitized through GMAC Commercial Mortgage Securities Inc., 2006-C1.

If you exclude the three loans in the portfolio that have balances of more than \$25 million apiece, loans average \$5.9 million. Only 10 of the loans offered were originated in 2006 or later. Eleven were written in 2003 or before. Only three loans with a combined balance of less than \$5 million are past their due dates. A total of 24 mature in 2015 or later. But all are nonperforming in that they do not generate sufficient cash flow to fully service their original debt.

For additional details on the offering, contact Mission at (212) 925-6692.

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