

# Commercial Mortgage ALERT

THE WEEKLY UPDATE ON REAL ESTATE FINANCE AND SECURITIZATION

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## 2 Banks Shop Distressed Portfolios

Two banks are separately marketing portfolios totaling \$55.7 million.

**PrivateBank** of Chicago is offering a \$27.6 million package that encompasses nine distressed commercial mortgages and a foreclosed retail property. The loans are either defaulted or subperforming. The balances range from \$1 million to \$3 million. The retail property originally backed a \$10.1 million loan, according to marketing materials. Bids are due June 15.

**Seacoast National Bank** of Stuart, Fla., will take bids June 22 on six loans and one foreclosed hotel, totaling \$28.1 million. The portfolio includes a performing \$11 million note on an office property in Daytona Beach, Fla., as well as distressed loans on luxury homes, oceanfront land and an office building in South Florida.

**Mission Capital Advisors** of New York is handling both auctions. To expedite the offerings, each will have only one round of bidding. Both banks are pushing to close sales by June 30, presumably to meet the deadline for quarterly financial statements.

At yearend, PrivateBank's parent held \$4.6 billion of commercial real estate loans, including \$2.7 billion of commercial mortgages. Six percent of its commercial real estate loans were nonperforming.

Seacoast's parent held \$744.7 million of commercial real estate loans, including \$542.6 million of commercial mortgages. Eleven percent of its commercial real estate loans were nonperforming. ♦

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### THE GRAPEVINE

The co-heads of the loan-sales unit at **Carlton Advisory Services** resigned on Tuesday. Managing director **Thomas McCarthy** and senior vice president **Stephen Scorgie** worked in the West-based Carlton. The buzz is that they might establish an office involved in the secondary market for real estate loans. Scorgie had been with the firm since 1999, while McCarthy joined about seven years ago. They also worked together at **Bancorp**, **Cewe Financial** in the 1990s. Two other loan-sales staffers also quit their Carlton jobs this week: director **James Goss** in Atlanta and vice president **Matthew Brown** in West Palm Beach.

Commercial MBS trader **Robert Neighoff** joined hedge fund manager **VERO Capital**. See **GRAPEVINE** on Back Page

### Chinese Bank Joins Wells on NY Refinancing

The biggest bank in China is teaming up with **Wells Fargo** to refinance the **Trump Manhattan** skyscraper. ICBC has agreed to help fund a mortgage of roughly \$550 million on the tower, at 650 Madison Avenue.

The transaction is noteworthy because the giant Chinese bank hasn't been an active lender on U.S. commercial real estate. While it's unclear if ICBC plans to become a major player, rival lenders are watching closely because it clearly has the muscle to do so.

ICBC is the world's largest bank, with \$1.8 trillion of assets, ranking it among the largest among world banks, according to the most recent available comparative data.

Another major Chinese bank, **Bank of China**, has already stepped up its activity in office complex owned by fund operator **LBA Realty** of Irvine, Calif., Beijing-based

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### BoFA to Securitize Loan on NY Office Tower

**Bank of America** is expected to launch a single-asset commercial MBS offering in June designed to help refinance \$1.2 billion of debt on the office building at One Bryant Park in Midtown Manhattan.

The size of the CMBS deal is unclear, but it could equal about half of the existing debt, or \$600 million. The rest is expected to be funded with non-exempt bonds.

**BoFA and J.P. Morgan** are investigating the CMBS loan, which will likely have a 10-year term and a fixed rate. BoFA will fund more than half of the balance, and will lead the securitization to market, with J.P. Morgan also serving as an underwriter.

The 100,000-square-foot property, which opened in 2008, is owned by a 50/50 joint venture between BoFA and **Durst Organization** of New York. BoFA has leased 1.1 million square feet of the space.

The existing debt was swapped last June by a bank syndicate led by BoFA. The other members were **Bank of New York**, **Reliance Bank**, **Wells Fargo** and **West Deutsche**.

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### Crexus Turning Focus to B-Notes, B-Pieces

**Crexus Investment**, a mortgage REIT formed last year by **Annaly Capital**, plans to step up its investment in subordinate commercial real estate debt.

Since raising \$257 million via an IPO in September, the New York-based company acquired senior-senior commercial real estate financing low-cost financing from the **Federal Home Loan Bank Asset-Backed Securities Lending Facility**.

Now that the Fed program has expired, Crexus is turning its sights to higher-yielding debt. It will look to invest in the junior portions of newly originated commercial mortgages and in the B-pieces of new-issue CMBS transactions.

Crexus is looking to achieve yields "in the low double digits" on the investments, said investment chief **Robert Kerner**. The REIT still has roughly \$150 million of untapped capital from the IPO.

Kerner noted that Crexus has always been interested in subordinate debt. "But

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