

Friday, August 6, 2010

M&I Bank Offers \$273.9Mln Portfolio of Distressed Loans

M&I Bank is offering another \$273.9 million of distressed loans, mostly on commercial real estate.

As it has in the past, the Milwaukee bank, a unit of Marshall & Ilsley Corp., has tapped Mission Capital Advisors to handle the offering, which has been divided into six regional pools containing a total of 55 loans. Mission will be taking indicative offers on Aug. 25 and final bids on Sept. 15. It is aiming to complete sales by Sept. 23.

All the loans that M&I are offering are in various stages of distress. Some are subject to forbearance agreements, while others are past their maturity or have been foreclosed and are now real estate-owned.

The six pools contain loans in Arizona (seven loans with a balance of \$10.3 million), Florida (21 loans with a balance of \$124.7 million), Kansas City, Mo., (six loans with a balance of \$28.1 million), Wisconsin (10 loans with a balance of \$23.9 million) and Minneapolis (eight loans with a balance of \$46.2 million.) The portfolio also includes a catch-all pool with four loans in Tennessee, Utah and Texas, with a balance of \$40.7 million.

While the average loan size is \$5 million, a number are substantially larger. One, with a balance of \$23.2 million, is backed by an Orlando, Fla., mixed-use project that is still under construction, and another has a balance of \$20 million and is backed by a 100,000-square-foot office building

in that same city.

Collateral includes office, retail, apartment and mixed-use properties as well as a myriad of assets not usually seen in loan offerings, such as gas stations, a storage yard, agricultural land and a marina.

M&I has been extremely proactive in addressing its problem loans and at the end of the second quarter had reduced the size of its portfolio of construction and development loans to \$4.4 billion from \$10 billion at the end of June 2008.

Its portfolio of nonperforming assets has steadily shrunk, to \$2.2 billion since reaching a peak of \$2.8 billion in June 2009. That's due in large part to its activity on the secondary loan-sales market, where it has sold some \$2.5 billion of assets since late 2007, generally through Mission Capital.

"Our credit-quality trends continued to benefit from our aggressive approach to non-performing loan identification and resolution," noted Greg Smith, the company's chief financial officer on a recent conference call with analysts.

The bank's ability to take that aggressive approach has been facilitated by low current interest rates, which have allowed it to generate the earnings needed to bolster its reserves.

For additional information on the bank's loan offering, contact Mission Capital at (212) 925-6692.

Reprinted with permission from Commercial Real Estate Direct
Copyright ©2010 www.crenews.com