

COHEN FINANCIAL FACILITATES THE RESTRUCTURING AND EXTENSION OF A \$12.5 MILLION MULTIFAMILY CMBS LOAN

Chicago (October 13, 2011) – Cohen Financial, a national real estate capital services firm, today announced that its Debt Advisory Services group successfully facilitated the restructuring and extension of a \$12.5 million commercial mortgage loan secured by a multifamily property located in Winter Park, Florida. The loan had an original term of seven years, was originated in late 2004 and was included in a commercial mortgage-backed securitization (CMBS) trust.-

“We successfully worked with all parties to negotiate favorable restructuring and extension terms,” said Deborah A. Schiavo, Managing Director of Debt Advisory Services. “The special servicer issued its conditions for approving the restructuring in June 2011, and the transaction closed in 45 days.”

The multifamily property’s occupancy rate, which had exceeded 90 percent during the first three years of ownership, began to drop in late 2008 and continued to fall to the mid-70 percent range during 2009. Overbuilding in Florida, household consolidation and competition from newly constructed and unsold condominiums converted to rentals had contributed to a steep drop in market rents and a precipitous fall in revenues. Average rents dropped from \$700 in 2006 to \$500 by late 2010.

The investors had contributed additional equity in 2010 to cover cash flow shortfalls and projected that more equity would be required in 2011.

The borrower needed to increase the property’s occupancy level to 95 percent at current market rent rates to achieve profitability. Faced with insufficient cash flow to cover the monthly debt service payment, the mortgage loan transferred to the special servicer acting on behalf of the CMBS bondholders in March 2011, at which time the special servicer began foreclosure proceedings.

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The borrower believed that implementing a capital improvement program could increase occupancy to the target level and support an increase in rents. Facing a balloon maturity date in early 2012 and loan refinance proceeds that would not be sufficient to pay off the current mortgage loan, the borrower needed to justify contributing additional equity when a maturity default appeared inevitable. Working with Cohen Financial's Debt Advisory Services group, the borrower proposed a capital improvement plan that would attract new tenants at higher rents and rebuild the multifamily property's value.

Cohen Financial's Debt Advisory Services group facilitated the process by working with the borrower and property manager to analyze the property's historical and projected operating performance within its submarket. The group evaluated a possible capital expenditure budget and reviewed mortgage loan refinance options and loan extension scenarios.

Cohen Financial's Debt Advisory Services group then worked with the borrower and the special servicer to reduce the monthly debt service payments for the first year by negotiating a waiver of principal amortization and secured a two-year extension of the mortgage loan term. The borrower agreed to contribute additional equity to fund the capital expenditure program.

Cohen Financial's Debt Advisory Services group negotiated a plan to ensure that the borrower would have flexibility in determining budget allocations and that the capital expenditure reserve disbursement process would allow the borrower to manage cash flow by minimizing upfront vendor payments. As a result, the property is expected to generate sufficient cash flow to pay the modified debt service payment and to refinance at the extended maturity date.

About Cohen Financial

Cohen Financial is a diversified, commercial real estate capital services firm offering debt and equity placement, investment brokerage, loan administration and advisory services. Marking 33 years of capital markets experience in 2011, the company is well recognized as one of the nation's leading loan servicers and special servicers, as well as an originator of commercial and multifamily real estate financing. Cohen Financial serves clients throughout the U.S. from offices in 9 major markets.

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