MORTGAGE OBSERVER WEEKLY

The Insider's Weekly Guide to the Commercial Mortgage Industry

45-54 41st Street in Queens

Samson Refinances Multifamily Portfolio With $155M From Chase

MOW EXCLUSIVE

Chase Commercial Term Lending East provided a $155.4 million loan package to Rego Park-based **Samson Management** to refinance a portfolio of 12 multifamily properties in Queens and Westchester County, *Mortgage Observer Weekly* learned.

The loans from Chase went to pay off $110 million in debt from **Sovereign Bank**—now **Santander Bank**—that closed in April 2010. The new loan package carries a five-year fixed interest rate in the low 3 percent range with a 25-year amortization after the initial five-year term, according to the borrower.

The portfolio of buildings includes a 208-unit property at **144-67 41st Avenue** in Flushing, a 49-unit property at **45-54 41st Street** in Long Island City, a 238-unit property at **120 Pelham Road** in New Rochelle and a 285-unit property at **300 Hayward Avenue** in Mount Vernon. The 12 buildings contain more than 1,500 rental units combined.

Chase CTL East Head **Chad Tredway**, Regional Manager **Robert Keenan** and Vice President **Dan Fine** negotiated the deal. The transaction marks the largest loan package Chase CTL East has ever closed.

The deal benefitted from a new program offered by the bank that covers processing, appraisal, lender legal and filing fees, Mr. Tredway said.

"Chase is fully committed to expanding its presence in the New York market and partnering with high-quality sponsors like Samson is key to making that happen," he said.

Mr. Tredway declined to comment on whether or not the bank took the deal through a broker. Two other people familiar with the negotiations said there were at least two brokers vying for the deal, but that the borrower ended up going directly with Chase.

"The entire process was smooth and easy from the initial offer to closing," Samson Management Senior Vice President **John Bianco** told *MOW*. "The Chase team delivered what they promised."

—Damian Ghigliotty

The LEAD

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"I spend a great deal of time explaining the intricacies of the defeasance process"

—Eitan Weinstock

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Nightingale Buys Philadelphia Mixed-Use Building With Starwood Loan

MOW EXCLUSIVE

New York-based **Nightingale Group** acquired a mixed-use office and retail property at **1835 Market Street** in Philadelphia with a $90 million loan from **Starwood Property Trust**, two people familiar with the deal told *Mortgage Observer Weekly*.

Nightingale acquired the 29-story building from a joint venture between **Clarion Partners** and the **California Public Employees' Retirement System** for about $100 million, they said. The acquisition

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Nightingale....continued from page 1

marks Nightingale's third investment in Philadelphia's central business district since 2011.

The floating-rate loan for the purchase carries a term of five years, one person familiar with the deal said on the condition of anonymity. **Christian Dalzell**, managing director and chief originations officer at Starwood Property Trust, executed the deal on behalf of the lender, that person said.

Dustin Stolly of **JLL** negotiated the loan and **Douglas Rodio** and **James Galbally** of JLL negotiated the sale, according to another source. A spokesperson for the brokerage declined to comment.

The previous owners purchased 1835 Market Street for $80 million in 2002 and put the building on the market in June.

The property contains 660,343 square feet of office space, 26,160 square feet of retail space and a three-story underground parking garage.

The building, previously known as **Eleven Penn Center**, was constructed in 1986.

Representatives for Nightingale Group and Starwood Property Trust were not immediately available for comment.

—Damian Ghigliotty

Silverstein Recaps 1177 Avenue of the Americas

Silverstein Properties recapitalized Midtown office property **1177 Avenue of the Americas**, taking a $360 million loan from **Deutsche Bank** and **CCRE**, according to city records.

A spokesperson for Silverstein confirmed the deal, but declined to comment on the interest rate. Prior reports say that the developer was set to nab a "sub 3 percent," rate, however.

The 47-story Class A tower boasts white shoe law firm **Kramer Levin Naftalis & Frankel LLP** as a major tenant. Located between 45th and 46th streets, recently reported asking rents in the building are $80 per square foot.

Silverstein began the hunt for the loan this January, according to *Commercial Mortgage Alert*, initially aiming for $400 million.

Silverstein bought the building in 2008 in partnership with a California state employees' pension fund and a $700 million note from **Helaba Bank**, which beat out Deutsche in that deal, according to a report at the time from *CMA*. The pair paid just over $1 billion for the building, according to city records.

—Guelda Voien

M&T Backs HFA Bond Deal for TF Cornerstone's 33 Bond Street

MOW EXCLUSIVE

TF Cornerstone's mixed-use residential and retail development at **33 Bond Street** in Brooklyn has received $250 million in New York State HFA bonds backed with a letter of credit led by **M&T Bank** and **The Bank of New York Mellon**, *Mortgage Observer Weekly* has first learned.

The 25-story building will include 571 market-rate units and 143 affordable units in addition to 57,700 square feet of retail space. The project is currently due for completion in the summer of 2016.

"Brooklyn continues attracting strong interest from developers as they see further market demand for both new residential units and retail stores," said M&T Bank Regional President **Peter D'Arcy** in a prepared statement. "We believe this will be another successful new project that will be well received in the market."

33 Bond Street

TF Cornerstone's head of finance and acquisitions, **Jeremy Shell**, confirmed the deal to *MOW*.

—Damian Ghigliotty

DTZ Retained for Grand Bahama Project

MOW EXCLUSIVE

A Florida-based hospitality and residential development firm has hired **DTZ**'s Capital Markets Group to secure $75 million in construction financing for a three-phase residential project on Grand Bahama island, *Mortgage Observer Weekly* has learned.

The development, **Discovery Bay**, will include single-family homes, townhomes and condominiums, totaling 163 units.

Phase one of the project is set to include 18 beachfront homes and 17 ocean-view homes, one lot off the beach, according to DTZ Managing Director **Jeffrey Donnelly.** Phase two will include 48 oceanfront villas and phase three will include 80 canal-front condominiums.

The sponsor, **Big Bear Developers**, is looking for lenders or co-investors willing to provide the entire $75 million or start with a $25 million financing for phase one, said Mr. Donnell, who leads the firm's Capital Markets Group.

"This is an exceptional site that sits on a tract that extends from pristine white sand beaches through to prime canal-front acreage with significant deep-water dockage rights," he told *MOW*.

The development's beachfront homes will

Discovery Bay development site

start at $1.5 million and the ocean-view homes will start at $1.1 million, according to DTZ Vice President **Joel Weinberg**. The luxury condos and townhomes of phases two and three will be priced "well under $1 million," he noted.

"This is a project with a super risk profile and compelling value proposition," Mr. Weinberg said. "We are delivering a luxury beachfront project to the market with unit pricing that is at a fraction of the cost one would see 80 miles west on the Florida coast."

The Discovery Bay site lies within a 20-minute drive from Grand Bahama International Airport and 12-minute drive from Downtown Port Lucaya, the main shopping hub of Freeport, Grand Bahama.

—Damian Ghigliotty

Suburban Philly Multifamily Property Refis With Peapack Gladstone

The owner of **Edgely Estates**, a 245-unit multifamily property outside Philadelphia, took advantage of low interest rates and refinanced with a $14.1 million from **Peapack Gladstone Bank**. **Eastern Union Funding** brokered the loan.

MOW EXCLUSIVE

Investor **Philip Balderston**, who specializes in turning around distressed properties, bought Edgely Estates through a limited partnership last year. With interest rates set to rise in 2015, he took this opportunity to refinance, locking in a 3.125 percent interest rate without recourse, according to **Eastern Union**. The loan has a term of five years.

Eastern Union's **Eli Breiner** and **Zev Schwartz** arranged the loan.

"There's no question that interest rates are on the rise, right now the big question is when," Mr. Schwartz said in a statement provided exclusively to *Mortgage Observer Weekly*. "Our client wasn't willing to sit around and find out, and the result is this excellent deal we just closed."

Edgely Estates, at 7200 Marion Avenue in Levittown, Pa., offers studio, one- and two-bedroom apartments. It is currently fully leased, according to Eastern Union.

—Guelda Voien

Parklands Apartments

U.S. Bank Provides $33M Construction Loan for Suburban LA Project

Developers of the **Parklands Apartments**, a 173-unit apartment development in Ventura, Calif., secured a $33.1 million construction loan, according to broker **CBRE**.

MOW EXCLUSIVE

The three-year loan from **U.S. Bank** has two one-year extension options.

Sharon Kline and **Marina Massari** of CBRE negotiated the loan.

Los Angeles-based developer **John Ashkar** is building the project and it should break ground within the month, according to a representative for CBRE. Mr. Ashkar has built a number of other residential developments in Ventura and Los Angeles.

The development, located at **Telegraph Road** and **South Wells Road** in Ventura, will feature amenities including a gym, barbecue areas and a swimming pool and spa.

The larger Parklands development was approved by the city of Ventura in 2011 and should include 499 units—including condominiums, single-family homes and commercial space in addition to the courtyard apartments which just got construction funding—according to published reports. The plans were approved after much wrangling between the city and developer, two years after negotiations first began.

The development is a large one for Ventura, a suburb north of **Los Angeles** with a population just over 100,000.

—Guelda Voien

Workforce

National Cooperative Bank announced that **Don Plank** has joined as assistant vice president, association banking. Mr. Plank will be responsible for business development of association banking products and services in the Washington, D.C. area. The Association Banking platform provides cash management, payment processing and lending solutions for condominiums, cooperatives, homeowners associations and their management companies, according to NCB. Prior to joining the bank, Mr. Plank worked for the **Community Management Corporation** in Chantilly, Va. and worked with **Coldwell Banker Commercial Realtors** in Harrisonburg, Va.

CBRE appointed **James Scott** executive managing director at CBRE Capital Advisors, the investment banking business at CBRE, the firm announced.

Mr. Scott joined CBRE 18 months ago from **Bank of America, Merrill Lynch** as managing director.

"In just a short time, James has become a trusted colleague to our senior capital markets professionals and leaders. He is the consummate team player and has been a key factor in connecting the dots of our global platform," said **Brian Stoffers**, Global President, debt & structured finance, CBRE Capital Markets, in a prepared statement.

Mr. Scott has advised on mergers and acquisitions transactions valued at more than $100 billion, according to CBRE.

Productions of New York Real Estate TV, LLC

The Stoler Report airs 8 times a week in New York City on CUNY TV. Each new broadcast debuts on Tuesday 2 AM, & 11 PM, Wednesday, 8:30 AM, 2:30 PM & 10:30 PM, Friday, 5:30 AM, Saturday 12 Midnight & Sunday 10:30 AM.

Building New York-NY Life Stories airs 8 times a week in New York City on CUNY TV. Each new broadcast debuts on Monday at 10:30 AM, 4:30 PM & 10:30 PM, Wednesday at 5:30 AM, Thursday at 11:30 PM, Saturday 12 Noon, Sunday at 12:30 AM & 10:30 AM. The show also airs around the nation of Tuesday evenings on JLTV, Channel 469 in Metro New York and DirecTV channel 366.

These programs are hosted by Michael Stoler, President of New York Real Estate TV, LLC, Managing Director of Madison Realty Capital, real estate commentator for 1010 WINS AM.

"The Stoler Report-NY's Business Report" Celebrating its 14th anniversary is a lively panel discussion hosted by Michael Stoler. More than 1600 individuals have participated on the lively panel discussion.

www.thestolerreport.com
www.michaelstolertelevision.com
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www.youtube.com
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Building New York-New York Life Stories with Michael Stoler profiles lives of individuals from the region. The show which is currently in its 12th season has profiled the lives of more than 225 individuals.

www.buildingnynylifestories.com
www.michaelstolertelevision.com
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www.youtube.com
www.cuny.tv

All past broadcasts can be viewed on "The Stoler Report App" for Iphone/ipad at Apple App Store Android Devices at Google Play

The Takeaway

"Servicers and issuers showed no sign of tryptophan overdose in November, as the delinquency rate fell below the 6 percent threshold for the first time since the downturn," said Joe McBride, an analyst at Trepp. "Continued improvement in collateral performance bodes well for next year which will have to be strong issuance-wise to handle the beginning of the boom era maturities."

Source: Trepp

Top 5 Loans Taking Losses

Property Name	Previous Bal	Prop Type	City	State	Status	Realized Loss	Deal
Oasis Net Leased Portfolio	95,578,830	OF	Various	VR	REO	85,999,048	BSCMS 2005-PW10
Ashtabula Mall	39,151,067	RT	Ashtabula	OH	REO	39,151,067	MSC 2007-IQ16
Marriott - Memphis	38,000,000	LO	Memphis	TN	REO	38,000,000	JPMCC 2007-CB19
College Square Mall	32,479,475	RT	Cedar Falls	IA	60 Days Delinquent	21,159,663	BSCMS 2005-PW10
Embassy Crossing	31,298,752	RT	Port Richey	FL	REO	5,750,739	BSCMS 2005-PW10

Top 5 Newly Delinquent Loans

Property Name	Current Bal	Prop Type	City	State	New DQ Status	Deal
InTown Suites - Portfolio B	99,214,548	LO	Various	VR	60 Days	LBUBS 2005-C2
Commerce Corporate Plaza	67,191,428	OF	Albany	NY	Non-Performing Beyond Maturity	LBUBS 2005-C2
Hercules Plaza	64,085,888	OF	Wilmington	DE	30 Days	GSMS 2006-GG8
824 Market	29,280,000	OF	Wilmington	DE	30 Days	WBCMT 2005-C22
Versar Center Office Building	26,985,274	OF	Springfield	VA	30 Days	BACM 2006-2

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2015 Calendar

Issue	Reservations	Materials	Issue Date
January 2015	12/23	12/29	1/7
Year in Review			
February 2015	1/15	1/19	1/28
CREFC, Life Companies			
March 2015	2/12	2/16	2/25
The 50 Most Important People in Commercial Real Estate Finance			
April 2015	3/12	3/16	3/25
Multifamily Lending			
May 2015	4/16	4/20	4/29
Developers & Construction			
June 2015	5/14	5/18	5/27
Retail/ICSC			
July/August 2015	6/11	6/15	6/24
Mezzanine Finance Opportunities in Europe			
September 2015	8/20	8/24	9/2
Lawyer's Issue			
October 2015	9/17	9/21	9/30
Hotel Lending Asia			
November 2015	10/15	10/19	10/28
Twenty on the Rise: Top 20 Brokers Under 35			
December 2015	11/12	11/16	11/25
CMBS Office Lending			

Q+A

Eitan Weinstock

Senior Analyst at AST Defeasance

Mortgage Observer Weekly: **How did you get started in the defeasance business and how long have you been in your current position?**

Eitan Weinstock: I started with AST Defeasance back in 2008, just as the market was starting to cool off. Like everyone, we had a few quiet years from 2008 to 2011, but as quiet as those years may have been, they were actually a blessing in disguise as they made our team more open-minded and resourceful. While many of our competitors closed their doors, we saw potential for a market rebound and spent years cultivating relationships for the long term. We had to fight for every deal and find new ways to lower borrower costs. Now, we're one of the largest defeasance consultants in the country, with many clients having worked with us for years.

Eitan Weinstock

What does your role at AST Defeasance entail?

I am hired so that commercial real estate owners do not need to worry about their defeasance timing, costs and process, and instead can focus on the more important aspects of their sale or refinance. Knowing that we guarantee the lowest costs in the industry and our clients are comfortable focusing on the other elements of their closings while letting us handle the structuring and pricing of the defeasance. Since many of our clients have not defeased a loan before working with us, I spend a great deal of time explaining the intricacies of the defeasance process so that borrowers understand the steps and are better educated for the future.

Who are some of your biggest clients?

Our clients range the entire spectrum, from single asset property owners to publicly traded REITS. We've executed closings on all property types, including retail, office, multifamily, industrial, hospitality and self-storage, as well as with every servicer and lender in the industry. We deal in transactions of all sizes ranging from $500 million loans to $500,000 loans, and from single loan transactions to 20-plus loan closings.

We recently spoke about defeasances becoming an increasingly popular option for CMBS borrowers post-crisis. What are some other trends you are seeing?

With interest rates as low as they are and lending having opened up as much as it has, we've seen a huge increase in sales and refinances the past two years. Owners are both excited by the current market and wary of potential interest rate increases, so many are prepaying their loans today in order to avoid market exposure in the next few years. The increase in conduit lending has only sped up refinancing activity as borrowers find attractive long-term financing by entering back into the CMBS arena. One major difference between the current market and the pre-crisis market is borrower's education level regarding defeasance. Today, most borrowers recognize that negotiating a few specific loan clauses can lower future defeasance costs significantly.

What are your general expectations for the commercial real estate finance sector in 2015?

We certainly have high expectations for the 2015 commercial real estate finance sector, characterized primarily by refinance and sale opportunities. Solid real estate fundamentals combined with low vacancy and interest rates make for an especially ripe refinance and sale environment. Additionally, considering the large volume of loans coming to maturity between now and 2017 I expect an increasing amount of defeasances closing this coming year. While many properties have remained trapped due to their large prepayment penalties, many of these properties will be able to re-enter the market as their loans approach maturity in 2015 and the penalties become more palatable. MOW

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