



## **The Secondary Market Insider**

*A few thoughts from*

**LoanSaleCorporation**

Welcome to the November edition of *The Secondary Market Insider*. We trust that everybody is having fun! Right?

### ***STILL LOOKING FOR THINGS TO LOOSEN UP? JOIN THE CROWD***

I just got off another phone call that centered on the same topic that I have had with who knows how many individuals that are frustrated with the lack of transactions taking place.

It is no secret that transactions on commercial real estate and commercial real estate related debt are basically at a stand still. There is a common tone resonating around the topics of lack of decent offerings, unrealistic buyer and seller behavior, and “we have not seen anything yet” predictions.

Buyers are telling us that they are ready to pull the trigger, but that there are just not any decent deals in the market (interpreted as not any decent priced deals).

### ***4<sup>th</sup> QUARTER ACTION***

Generally as we approach the end of the year, deals are lining up and buyers are making their selections on which they like the best and want to try and make a run at closing prior to yearend. It does not appear that will be the case this year.

Due to this fact, from a Sellers perspective, we think it is a great time to put a few loans into the market and see what you might catch! As mentioned above, buyers are hungry for deals. Product is not as abundant as you might expect. Going back to my academics, doesn't this fall into the old supply and demand lesson 101? Short supply, plentiful demand; the correction is OVER!!!!

All kidding aside, if you want to try and move some loans prior to year end, you need to get started ASAP. There really are not that many working days left in 2009.



### ***What is this loan worth in the market today?***

We are frequently asked to give price indications from potential Sellers. It seems that many are apprehensive to put loans into the market because they are convinced that the pricing will be so bad that the whole exercise will be a total waste of time.

We are not appraisers and so it is difficult to offer pricing on sub performing and non performing loans (since the value of the loan really equates to the value of the property collateralized by the loan).



Exposing your loans to buyers is the best way to gauge value. We can get this exposure for you (and it costs nothing!).

I can give some pricing guidance on performing loans if the LTV and DSC's are in line with the market metrics as they exist today. We do have banks that are looking to buy performing loans.

LoanSaleCorp.com is set up to make the process easy and will not consume much of your time to get started. Consider using our company as a component to your work out strategies. Remember, we are a negotiated transaction system. You do not "have" to sell unless the price warrents.

## *What lies ahead?*

You may recall that we have been recommending selling problem loans now as opposed to going into a long foreclosure, waiting for things to potentially mend and disposing of the REO.

It appears that the stock market has decided to tease us into thinking we are done with the worst of things and headed for an economic recovery.



I wish that was the case. I see no shortage of hard statistics that predict commercial real estate is headed for tough times. Unemployment, excess supply, and lack of financing alone will keep the recovery some distance down the road for now.

The CMBS market, in my mind, offers a great window into the problems we face over the next few years. There are traceable figures that show

how enormous the correction can potentially be. This data should be studied by the community and regional bankers and overlaid into their own portfolios. Doing so will offer a window into the near future.

There are a few groups who do nothing but compile information pertaining to the securitized loan world. Call us and we can hook you up with a few of them.

## *Call to action!*

Don't hesitate to put your loans out for sale into this market. Buyers are on the prowl. The market is NOT getting better.

Your problem loans will most likely not heal themselves. We offer a great way to get some indication on what your loans are worth today, which will help you decide on what the best action plan is for your institution.

We can be reached at 480-664-1919 or on the web at [www.LoanSaleCorp.com](http://www.LoanSaleCorp.com).

We look forward to speaking with you.



Barry C. Smith  
President  
[LoanSaleCorp.com](http://LoanSaleCorp.com)