



Tax- and Transaction-Related News and Commentary from S.Crow Collateral Corp.

Commercial Loans, Facing a Wildfire of Workouts and Writedowns, Find Private-Sector Rescue in “WWW” Program

Dear Dealburt: I read today, in a report in National Real Estate Investor Newslite, “A potential recipe for disaster is brewing in the commercial real estate market.” However that may be, I know that a disaster is brewing for me, because I owe my bank \$10 million on a shopping center that is now worth only about \$5 million. I’ve had to fire most of my employees, many tenants have departed, my rental income is ‘way down, and my net worth has gone up in smoke. I’m burning through my money, and soon I will fall into default on my loan. I have a good relationship with my bank, and they’ve told me that they would be willing to work something out with me, except that they won’t truck with the writedown they’d have to take. That would reduce their capital, and they can’t tolerate that while the government is doing its “stress test” on banks. I’ll be hosed, and the bank will end up owning a money-losing shopping center. However, my banker called me today and said he had just heard about your “workout without writedown” (“www”) program, and I should check it out. Do you have an answer for my situation? I can’t wait around for the government to do something. —Bob Borrower

Dear Bob: Yes, we have a completely private-sector solution which we can help you to implement immediately. You will get a reprieve, you will no longer be under water on your loan, you will be able to keep your shopping center and eventually return to profit, your bank will avoid a writedown, your bank’s income will immediately increase, your banking relationship will be saved, and government regulations allow all this.—Dealburt



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