



November 4, 2009

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## Deals Update

### [Apartments, fractured condo project in California trade for \\$17 million](#)

*Globe St - Oct 28*

An apartment building and a fractured condominium development in Escondido and in La Mesa have traded in two separate deals totaling more than \$17 million, according to Globe St. The La Mesa condo project that sold is called Stoneridge by the Lake and the undisclosed buyer acquired 42 of the 51 total condominium units in the complex, a fractured project that was sold by a large international bank that was also the original lender on the conversion.

### [Luxury apartment complex in Torrance sells for \\$28 million in receiver's sale](#)

*Globe St.- Oct 26*

A 152-unit Hampton at South Bay luxury apartment complex in Torrance has sold for \$28.1 million a receiver's sale that is described as a complex transaction involving unusual exceptions to title. Michael Fiorina, receiver and president/COO of Los Angeles-based Total Companies, said that the transaction, in addition to requiring court orders to sell the property, involved "unique drafting of the grant deed by Fidelity Title to effect the transfer." The buyer was Los Angeles-based RCMI.

### [Florida lenders and developers reach agreements on troubled real estate projects](#)

*Globe St.- Oct 20*

When Robert Lechter heard Banco Popular North America was selling a note secured by a recently completed condo tower in Miami's Brickell area, he won the bidding with a \$10.2-million offer for an \$18-million note secured by the 62-unit Brickell Station Village. "I pursued it very hard," says Lechter, principal of REMS Group, a Hollywood-based developer. "In these transactions, you have to be aggressive" he said. . Lechter is among a growing number of investors who are buying distressed notes at big discounts as lenders step up efforts to shed bad assets and cut the cost of carrying unwanted projects.

### [LA apartment complex sold out of foreclosure for \\$20 million](#)

*Los Angeles Times - Oct 13*

A former Holiday Inn on the western edge of downtown Los Angeles that was converted to a trendy apartment complex known as The Flat has been purchased out of foreclosure by local investors for more than \$20 million, making it one of the largest real-estate-owned sales of the year in L.A, according to The LA Times. Chinatrust Bank USA foreclosed on the complex this summer.

### [Santa Ana building sells for \\$31 million, sold for \\$83 million in '07](#)

*Globe St.- Oct 15*

Los Angeles-based [Highridge Partners](#) has paid \$31 million for the 246,819-

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square-foot 3 MacArthur office tower in Santa Ana, which sold for \$83 million in 2007. Highridge, which says the acquisition is the first in a \$500 million investment program, acquired the property from Tishman Speyer Office Fund in an all-cash sale brokered by CB Richard Ellis. Highridge says that its \$500 million investment program will target class A properties in top-tier office markets in California.

### **[Starwood Capital wins rights to Corus Bank assets valued at \\$2.77 billion](#)**

*Costar Group - Oct 7*

The Federal Deposit Insurance Corp. signed a bid confirmation letter to sell a 40% equity interest in a limited liability company created to hold assets of Corus Bank NA to Northwest Investments LLC, a consortium managed by Starwood Capital Group that also includes TPG Capital, Perry Capital and WLR LeFrak. The FDIC will hold the remaining 60% equity interest. The transaction represents one of the largest acquisitions of distressed commercial real estate assets in this recession and is valued at approximately \$2.77 billion. The deal is expected to close officially on Oct. 15.

## **Equity and Finance Update**

### **[Australia's Future Fund invests \\$4 billion in distressed assets](#)**

*Bloomberg News - Oct 29*

Australia's \$58 billion sovereign wealth fund increased its investments in distressed assets as it sought to profit from the global financial turmoil. The Future Fund -- set up to cover the cost of retiring lawmakers, judges and public servants -- committed \$3.6 billion to distressed private equity and debt investments during the year to June 30.

### **[CIT Files Bankruptcy: U.S. Unlikely to Recoup Money](#)**

*Bloomberg News - Nov 1*

[CIT Group Inc.](#), a 101-year-old commercial lender, filed for bankruptcy to cut \$10 billion in debt after the credit crunch dried up its funding and a U.S. bailout and debt exchange offer failed.

### **[Santa Fe Springs industrial building gets \\$13 million refinancing](#)**

*Globe St - Oct 15*

An affiliate of Robertson Properties Group of West Los Angeles has secured \$13.3 million in refinancing for a 355,590-square-foot industrial building in Santa Fe Springs, California. The refinancing is one of three industrial deals to close in the area recently. The Robertson Properties building that was refinanced is a single-tenant building at 11204 S. Norwalk Blvd. Douglas, who arranged the financing through Prudential Mortgage Capital, says that the financing is a 10-year fixed, non-recourse loan amortized over 30 years.

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## [Nashville West retail center restructures \\$90 million debt deal](#)

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*Nashville Post - Oct 15*

Nashville West retail center will restart construction after a joint venture behind the development has secured a credit facility of up to \$90.4 million from a group of four lenders led by Regions Bank, allowing it to settle up with subcontractors that had put down their tools in recent months after Nashville West Shopping Center LLC fell behind in payments. About \$77 million of the credit is in the form of construction loans, with the remainder allocated to other purposes.

## [CIC invests \\$2 billion in distressed asset-focused Goldman fund](#)

*Thomson Reuters - Sep 29*

China Investment Corp, the \$200 billion sovereign fund, is set to pour a total of \$2 billion into three U.S. distressed asset-focused funds, including one managed by Goldman Sachs, according to a report by Thomson Reuters. CIC plans to invest around \$600-\$700 million each in three distressed asset investment funds, another managed by U.S. investment firm Oaktree Capital.

### [Government & Analysis](#)

#### [FDIC releases guide on prudent commercial real estate workouts](#)

*The Associated Press - Oct 30*

The FDIC has released a policy statement, FIL-61-2009, on prudent commercial real estate loan workouts. According to the statement, the financial regulators recognize that prudent commercial real estate loan workouts are often in the best interest of financial institutions and creditworthy CRE borrowers. Regulators have warned that rising losses on commercial real estate loans pose risks for U.S. banks, with small and mid-size banks especially vulnerable. Nearly \$500 billion in commercial real estate loans are expected to come due annually over the next few years.

#### [White House announces steps to channel loans to small businesses](#)

*Wall Street Journal - Oct 23*

President Barack Obama unveiled initiatives to help small businesses. Obama detailed plans for legislation boosting the maximum size of certain Small Business Administration loans and called for new steps to provide lower-cost capital to community banks. Under the White House plan, the maximum size of so-called 7(a) loans would rise from \$2 million to \$5 million, helping businesses invest in machinery, equipment, land, and buildings. The top size of the SBA's 504 loans would rise to \$5.5 million, an increase the administration says would help businesses expand their payrolls by supporting real-estate purchases. In the second plank of the White House plan, community banks with less than \$1 billion in assets, which make the bulk of small-business loans, could receive new capital at an initial dividend rate of 3%.

#### [Bank regulators to start pushing banks toward CRE loan workouts](#)

*CoStar Group - Oct 21*

With the FDIC probably within days of shutting down its 100th troubled bank of 2009, bank regulators are getting ready to issue new workout guidelines that will push banks to restructure troubled commercial construction and mortgage loans to head off massive foreclosures that some economists believe could threaten the fragile economic recovery. One of the biggest current sources of that risk is losses on deteriorating commercial real estate mortgage, with small- and medium-sized banks particularly overweight in CRE loans, FDIC Chairman Sheila Bair said.

#### [FDIC chair says secured creditors should pay for failures](#)

*Bloomberg News - Oct 5*

Federal Deposit Insurance Corp. Chairman Sheila Bair said regulators should consider making secured creditors carry more of the cost of bank failures. Bair's comments go beyond any of her previous proposals for changing the way large and so-called systemically important financial institutions are regulated. The proposal would probably increase banks' cost of funding and make it harder to find long-term financing because creditors would be watching closely for any signs of trouble, said William Black, associate professor of economics and law at the University of Missouri-Kansas City and a former bank regulator.

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