



COMPENDIUM
BUSINESS STRATEGIES, LLC

**MSBA BUSINESS AND REAL PROPERTY SECTION CLE
TROUBLED COMMERCIAL LOANS: ISSUES AND OPTIONS
BORROWER, LENDER AND THIRD PARTY PERSPECTIVES
MAY 23, 2010**

**Building bridges between government and business by assisting financial institutions in
their recovery and disposition of distressed real estate assets.**

~All for a renewed, sustainable future.

~Government Finance Real Estate~

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ROSEANNE M. HOPE

President, Compendium Business Strategies, LLC

- ❖ Roseanne M. Hope is the President of Compendium Business Strategies which is a 100% woman owned and operated commercial real estate advisory firm. Compendium works with investors to acquire distressed commercial real estate assets from its vast network of banks, special servicers and developers. The Compendium Team facilitates the sale from beginning to end and assists in property selection, negotiations, due diligence, contract review and closing.

Prior to co-founding Compendium in 2009, Roseanne practiced commercial real estate law for over 20 years with major Twin Cities law firms including Dorsey & Whitney and Faegre & Benson. She has represented national banks, large national retailers, commercial developers of retail and office properties and corporate and industrial users in development, financing, workouts, litigation, leasing and land use issues.

A lifelong resident of the Twin Cities, she graduated from the University of Minnesota and William Mitchell College of Law, cum laude, where she served as an editor of the Law Review. She also holds a Minnesota real estate broker's license and is a frequent speaker on distressed commercial assets. She was the initial president and co-founder of Minnesota Commercial Real Estate Women (MNCREW), served on the national board of CREW Network and the CREW Foundation and was the MNCREW 2009 "Spotlight on Success" honoree and 2011 Winner of the Entrepreneurial Spirit Award. She is also a member of NAIOP and MSCA and has served on several non-profit boards including the Women's Foundation of MN, the Caring Tree Foundation, The International Institute of MN and Volunteer Lawyers Network. She is currently working with Business Forward, a national organization that builds business support for policies that promote America's economic competitiveness.

WHO WE ARE

An MWOB (woman owned business) enabling compliance with Sec. 342 of Dodd Frank Act (requiring financial institutions to report on diversity and inclusion)

- ❖ **Julie Tanaka**, CEO, has 20+ years experience in commercial real estate, securities and banking, as a loan officer, consultant and executive. Through her leadership positions with US Bank, PricewaterhouseCoopers, RBC Dain Rauscher and a land developer, Julie brings a unique perspective and knowledge in debt and equity placement, portfolio management, corporate finance, financial research and valuation, litigation support, loan workouts and, staffing and contractor placement services. Julie earned her BS in Finance and Marketing from the University of MN School of Management and her MBA from Columbia University in NY where she served as student body president. Among Julie's honors are her Finance and Commerce "Top 20 Women in Finance", her Business Journal "Women to Watch" awards for excellence and advancement and her 2011 Minnesotans on the Move award. A native of Minneapolis, Julie is very active in the business community, MNCREW and is a board member on the Association of Corporate Growth.
- ❖ **Bren Buckley**, *Executive VP, [LEED AP]* has worked in real estate as a developer and leasing executive for more than 25 years. Her nationwide activities in (NY, NJ, CT, IL, MI, OH, FL, IA, NE, and TN) have included retail, mixed-use, Class A office, high-tech, multifamily and medical facilities. She began her career with premier mall developer, The Taubman Company of Michigan. She later worked for retail developer, Poag & McEwen Lifestyle Centers, and regional Michigan developer, Burton-Katzman Development. She obtained her AB *cum laude* from Harvard University, JD from the University of Nebraska and MBA in Finance from the University of Chicago. Bren is a member of the Bar in Michigan and Nebraska and active in the ICSC and MNCREW.

- ❖ **Other Strategic Alliances**

Confidential

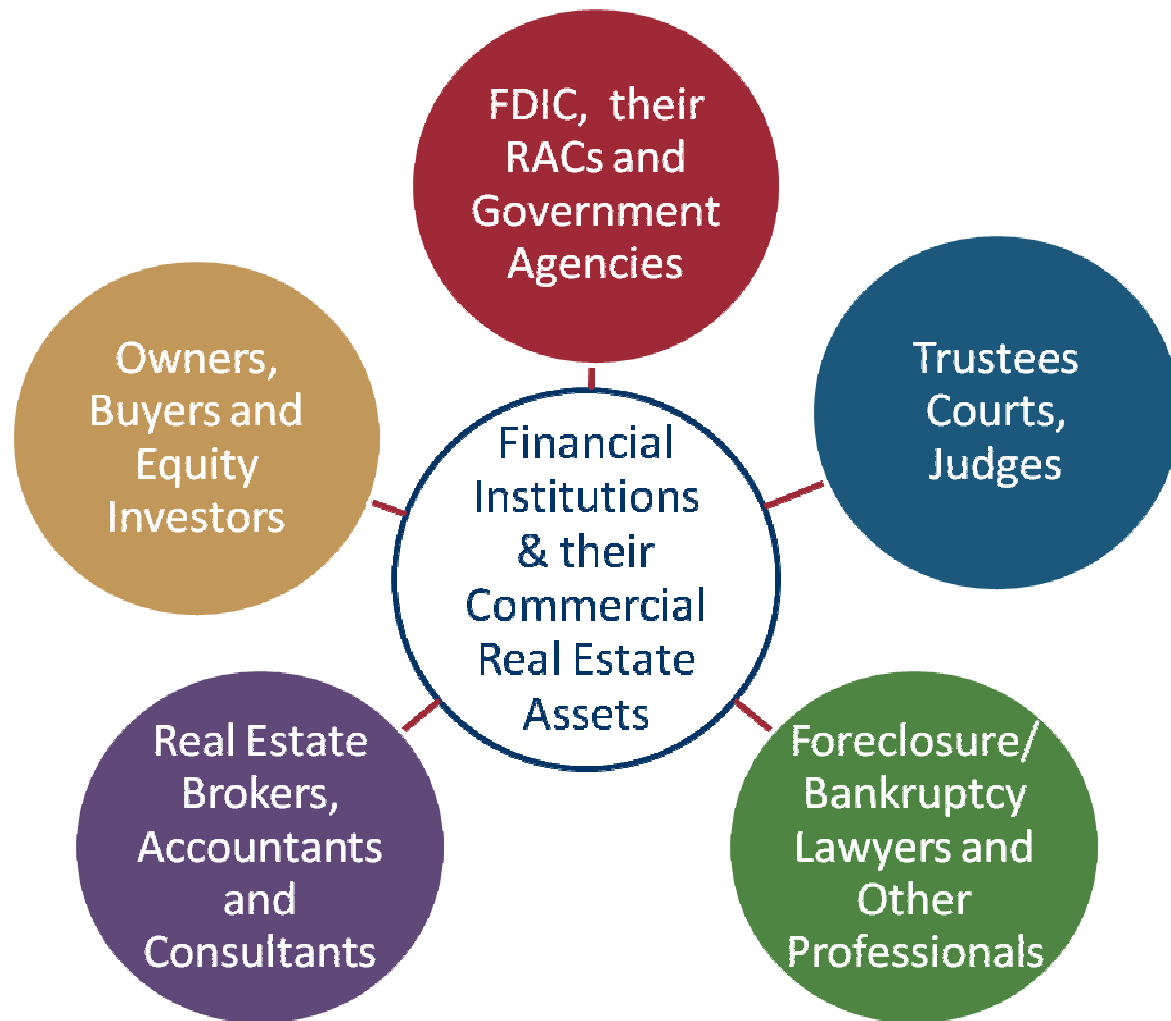
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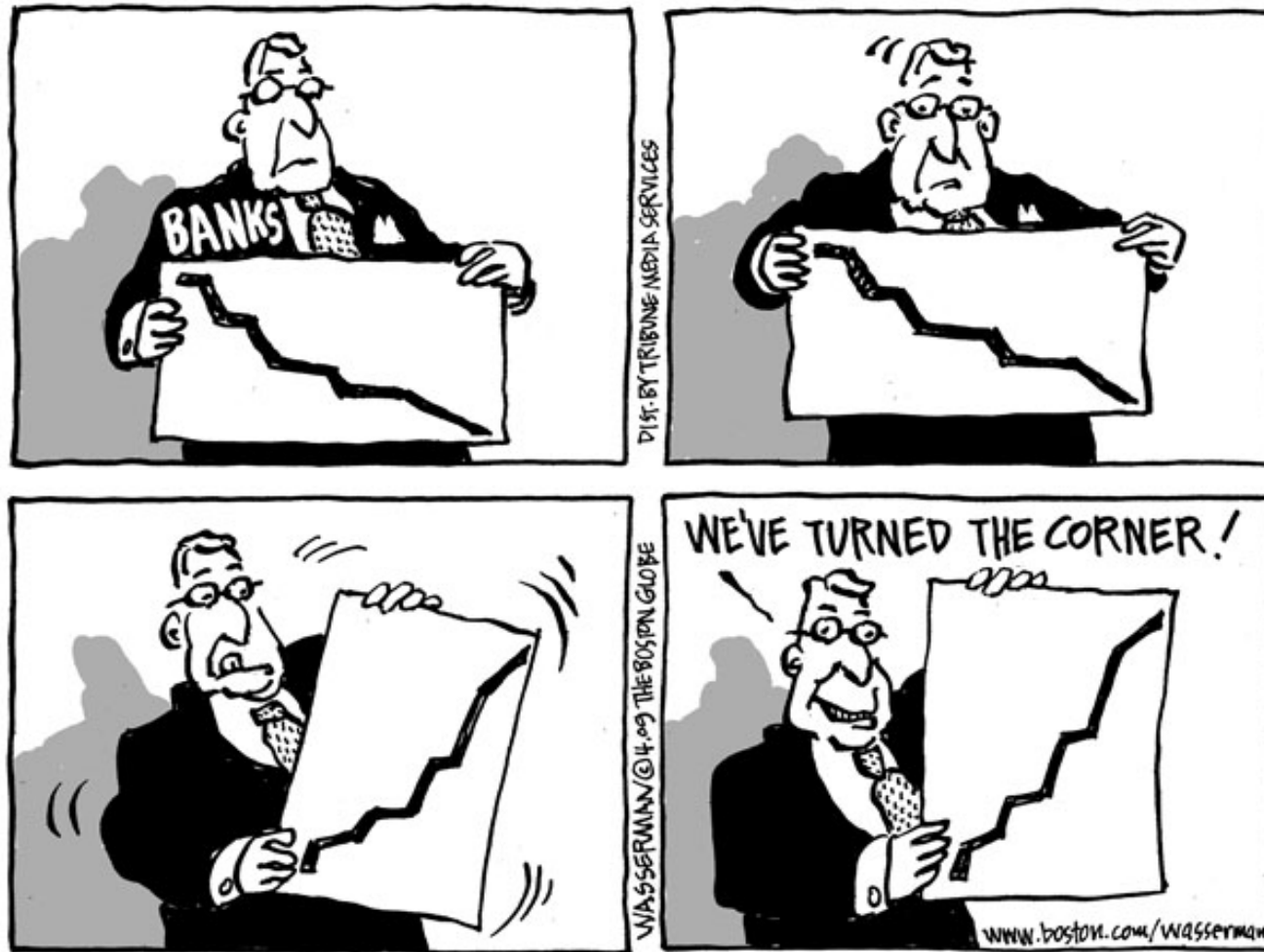
WHAT WE DO

- ❖ Expediently assist financial institutions in their recovery and disposition of distressed real estate assets
- ❖ Enable compliance with Section 342 of Dodd Frank Act requiring financial institutions reporting on inclusion of women and minorities
- ❖ Provide a best value, full service, “Compendium” of specialized commercial real estate services
- ❖ Offer project management to supplement in-house team and existing consultants
- ❖ Bring unique access to resources & information including equity sources & government programs

WHO WE SERVE



NEED FOR IMPROVED STRATEGIC SOLUTIONS



WHERE ARE WE IN THE CYCLE?

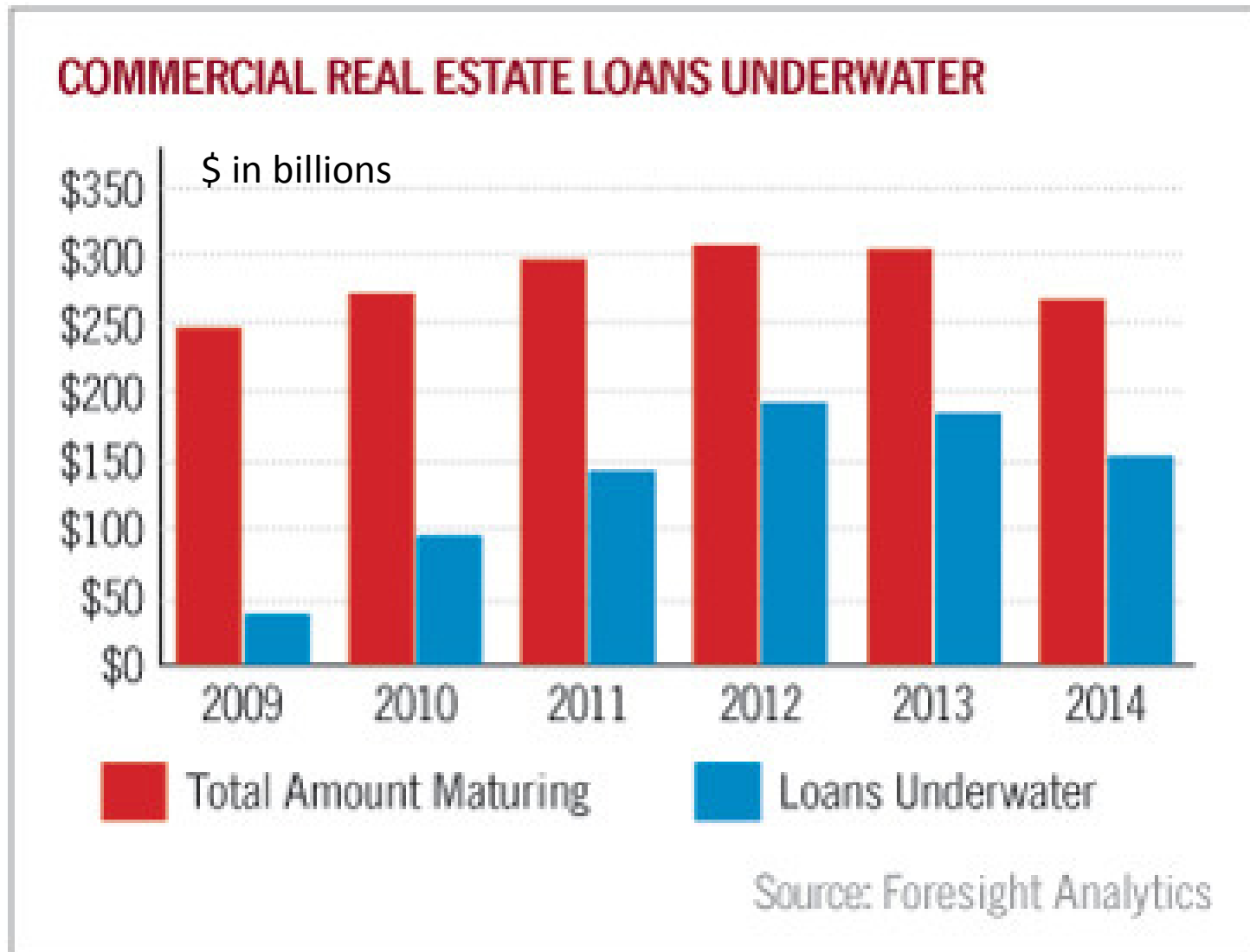
1. Early to middle of the game—workouts, bankruptcies, foreclosure and redemption process
2. Market has not hit bottom or best case, is bouncing on the bottom
3. Borrowers have continued to “feed the collateral”
4. New bank regulations allow loan modification including extensions
5. Loan maturities are just beginning to accumulate and accelerate
6. Loan maturities peak in 2012 and 2013
7. Wide bid/ask spreads are beginning to narrow
8. Banks are hesitant to recognize losses that deteriorate necessary capital—but repayment of TARP and bank closures
9. Lack of debt and secondary market (CMBS)-showing some return
10. Economy is forcing NOI down, cap rates up and values down

Distressed Debt Market Outlook 2011

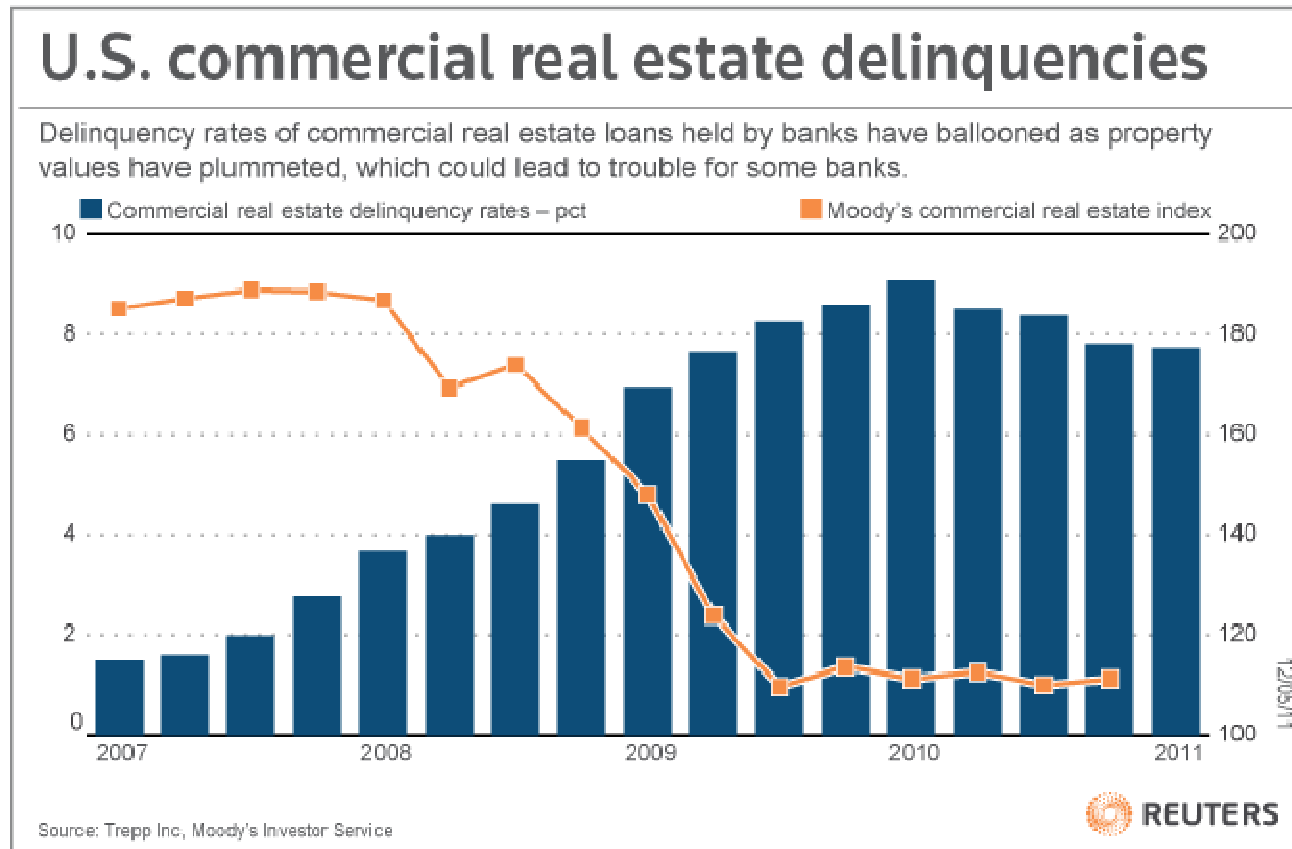
By: Bingham McCutchen LLP and Macquarie Capital (USA) Inc. Jan 2011

- ❖ “The commercial real estate market has trailed the rest of the market, but look for it to catch up over the next twelve to eighteen months. With increased supply (over \$1 trillion in loans are set to mature in the next 3 years), we expect commercial real estate to continue to dominate the headlines. While some investors would call this a crisis, some would call it an opportunity. That is essentially ‘Distressed Investing 101’ in a nutshell.”
- ❖ Steve Wilamowsky, Partner, Bingham McCutchen LLP
- ❖ “Many CRE loans done during the boom years are coming due over the next few years and need to work their way through the system. The excess supply of poor quality assets will continue to depress CRE asset prices into the end of 2011.”
- ❖ William Malczyk, Senior Vice President, Macquarie Capital (USA) Inc.

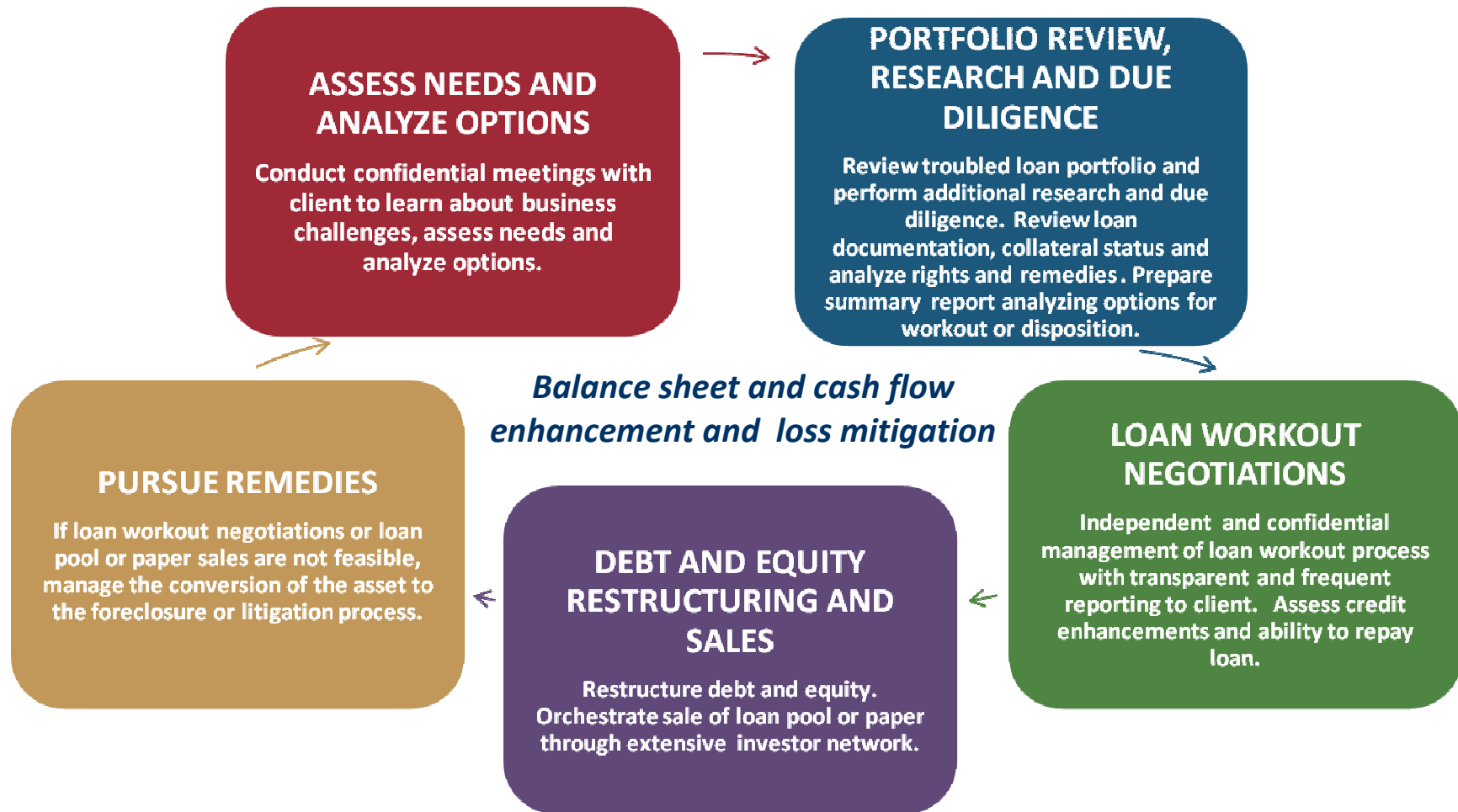
SIGNIFICANT MATURITIES TO COME PEAKING IN 2012



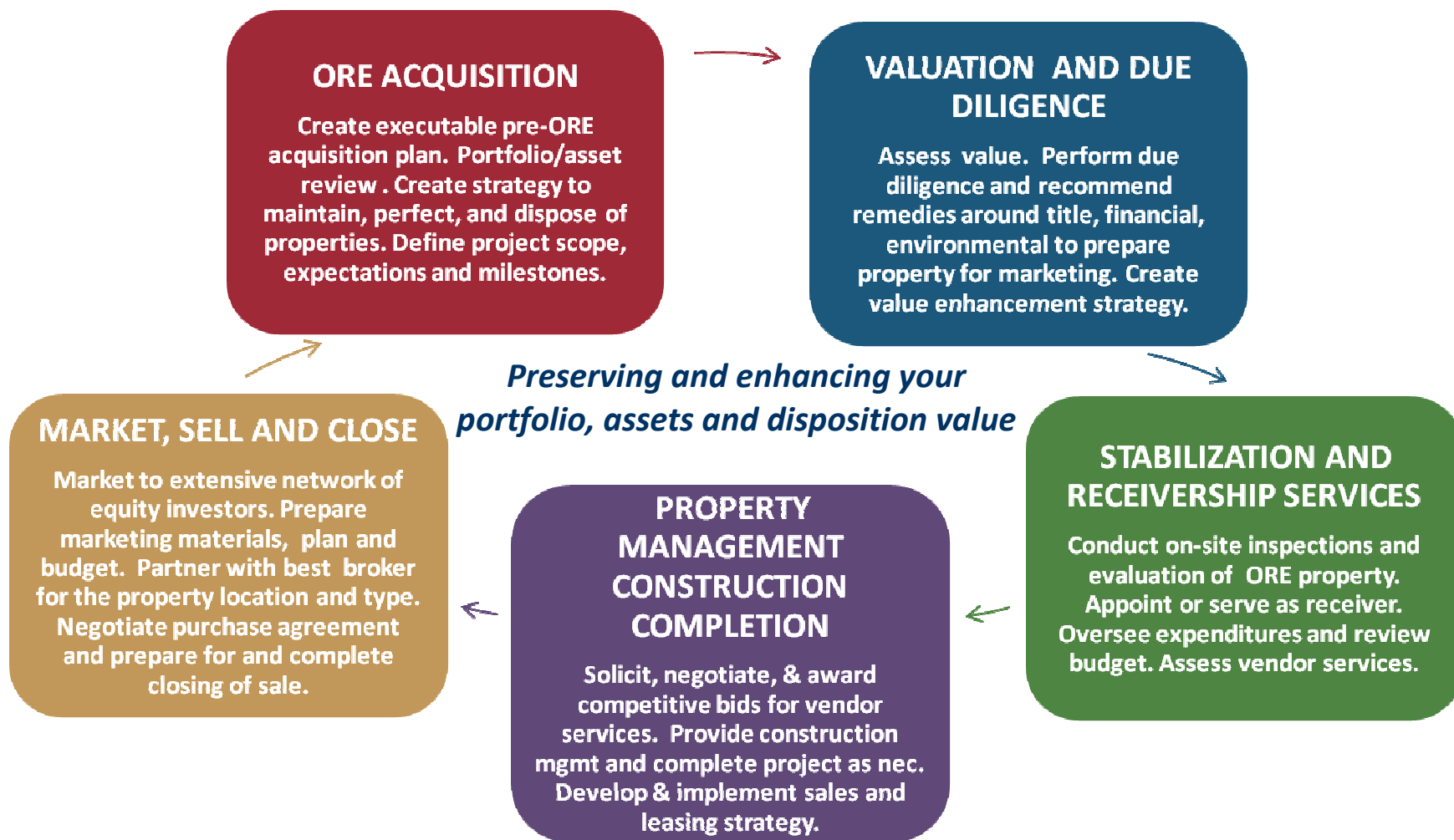
COMMERCIAL REAL ESTATE DELINQUENCIES JAN 2011



COMMERCIAL REAL ESTATE WORKOUT SERVICES



ORE MANAGEMENT AND BROKERAGE SERVICES



SPECIAL ASSET SERVICES

Creative Strategies to Enhance Value and Mitigate Loss

- ❖ Financial Management and Capitalization Strategies
 - Portfolio Review, Strategic Assessment and Asset Management
 - Sale of Paper and Loan Pools
 - Loan Restructuring and Workout
 - Debt and Equity Restructuring and Placement
 - Bank M&A Transaction Services—Expansion and Divestiture

- ❖ Asset Repositioning Strategies to Enhance Asset Value and Mitigate Loss
 - Asset Valuation
 - Distressed Asset Workout Negotiations
 - ORE Management and Brokerage
 - Receivership Services and Property Stabilization
 - Construction Completion
 - Structure and Close Complex Transactions

 - ❖ 3rd Party Vendor Assessment, Selection and Management

- ❖ Litigation Support and Forensic Investigation

HOW YOU CAN BENEFIT

❖ **BEST VALUE EXPERT SERVICES**

- 20 years of expertise in commercial real estate finance and law to enhance value and mitigate loss.
- Negotiate loan workouts and implement real estate, paper, loan portfolio and whole bank asset disposition strategies.
- Save you time and money by obtaining competitive bids from expert service providers tailored to specific needs and geographic location.

❖ **PERSONALIZED AND CONFIDENTIAL ATTENTION**

- Available 24/7 to listen to you and learn about your needs and goals in complete confidence.
- Consulting to assess your needs and analyze alternative solutions.
- Develop and execute best value strategy.

❖ **UNIQUE ACCESS TO INFORMATION AND RESOURCES**

- Access to an extensive network of consultants, vendors and equity investors.
- Strong government agency relationships to capitalize on programs and navigate complex regulations.
- Go-to source for up to the minute status of government activities, market developments and expectations.

❖ **IN-HOUSE PROJECT MANAGEMENT**

- Provide oversight, administration, project management and vehicle to manage vendor contracts, performance and successful deliverables.
- Ability to grow and manage the workflow as it is generated with flexibility .
- One, go-to organization to ensure quality and success of project on a timely and best value basis.
- Persistent, accessible, responsive, thorough, client focused and results oriented.



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