

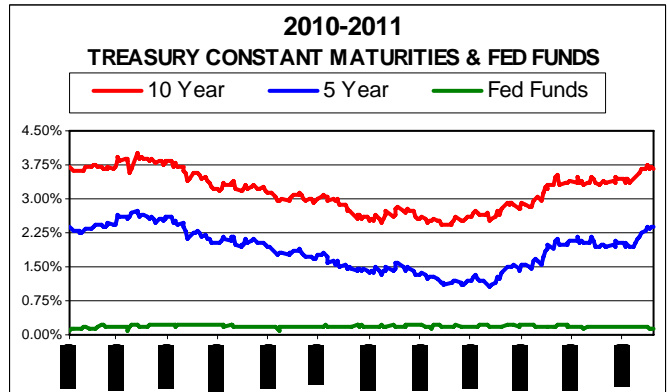
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2011 Mortgage Bankers Commercial Real Estate Financial (CREF) Conference

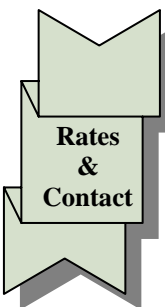


The Mortgage Bankers Commercial Real Estate Financial (CREF) Conference was held this year in San Diego, CA. Registered attendance was up this year by about 300 people, totaling nearly 2,300. Both Harvey and Ben attended the conference. Over the course of 3 days they had 29 scheduled events, most of which were one on one meetings with our correspondent lenders, meals, receptions, and even a boat ride in San Diego Bay. Valuable information is obtained at these meetings, and this year was no exception:

- Most lenders met their 2010 production goals, and have increased their allocations for 2011.
- All life companies are looking for top quality “core” or “core plus” transactions which are generally lower leverage and shorter amortization, along with having minimal event or market risk. That said, many life companies have increased their max leverage to 70-75%, up from 50-65% last year.
- Most lenders realize commercial real estate is a local business and underwrite, size, price, and structure accordingly.
- CMBS (2.0) is back, but different than before. Underwriting, sizing, structure, and pricing are being driven by a new set of “B” piece buyers.
- Cap rates are coming down, but are deal specific. Property type, size, class (A, B, C), location, rollover / event risk, credit, age, and deal size affect cap rates. One size certainly does NOT fit all.
- Many lenders are predicting that interest rates are going up (good prediction considering the benchmark UST is now 3.6% and was 2.6% in November). Many are predicting that mortgage spreads will compress, which is good news.
- Some lenders will lock rate at application for up to 12 months forward. A forward premium to the interest rate is usually charged and varies among lenders.



Greemann Capital offers local real estate market expertise with local, regional, national and international sources of capital. Over the past 16 months we have closed or committed 21 transactions for more than \$120 million covering multi-family, industrial, office and retail with 11 different institutional investors. We look forward to discussing your commercial real estate mortgage financing needs.



Bond Yields	5 Year	10 Year	30 Year	Rates	Interest Rate Range
Current 2/15/11	2.34%	3.62%	4.68%	3-5 years	5.25%-6.25%
Wk End 2/11/11	2.36%	3.68%	4.73%	7&10 years	5.50%-6.50%
January 2011	1.99%	3.39%	4.52%	15,20,25 years	5.75%-6.75%
February 2010	2.36%	3.69%	4.62%	Amortization	15-30 years

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Note: Multi-family rates tend to be lower with the agencies (FNMA, Freddie Mac, or HUD).



