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Special Market update - CREF Meeting Feb 2009 - San Diego, CA

"Perception is not always reality"

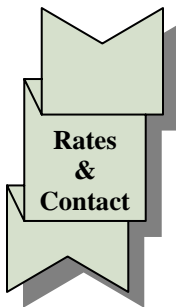
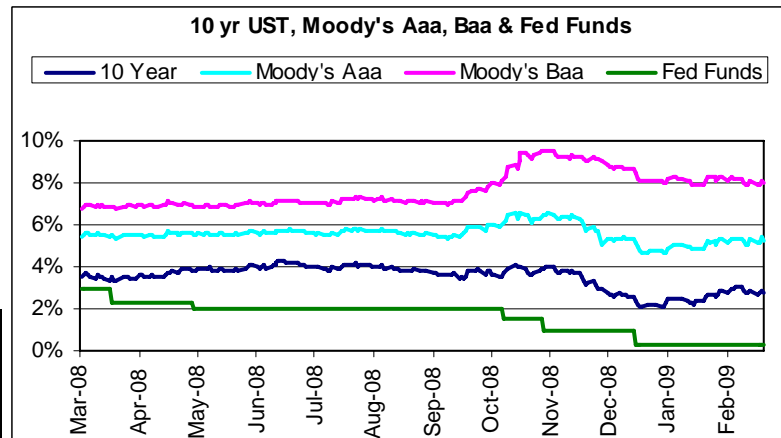


The 30th annual Mortgage Bankers Commercial Real Estate Finance (CREF) meeting was held in early February in San Diego. The weather was cold, rainy, and dreary, as was the overall mood. Attendance was around 2,000, which is down from the high of 4,860 in 2007. Representatives from 41 insurance companies registered for the event. This was a great time to meet with old friends, catch up on one another's family activities, and to discuss past and present business plans. In years past we've utilized this event to meet new business associates but now is a time of contraction, not growth. However, this gave us an opportunity to discuss face to face the merits of investing commercial mortgage funds in Western Michigan with our correspondent lenders. Sometimes we (the Western Michigan area) are painted with the same brush as the entire state. Our overall consensus is: Perception is not always reality. Some comments included:

- The life company commercial mortgage market can best be described, for those of you that are bird hunters, as **flock vs. covey**. In 2007 commercial mortgage lenders were like a flock of starlings, they flew in unison. Today, it is like walking into a covey of quail. They take off and fly every direction and change directions and speed often.
- Most of the life company lenders we have done previous business with **are in the market** and doing business.
- Most lenders we deal with **know the Western Michigan market** and are receptive to considering new transactions from this market area.
- Maximum loan to value with some lenders is 75% where others are only considering 65%-70%.
- Cap rates have increased and underwriting is based on real world economics.

Contact Greemann Capital for more information.

Recent App/Rate Lock: \$2.2 million, 7.25% rate, 20/20 with a 5 yr rate adjustment on four 111,750SF (total) self storage facilities.



| Treasury Yields | 5 Year | 10 Year | 30 Year | Rates | Interest Rate Range |
|-----------------|--------|---------|---------|----------------|---------------------|
| Current 3/02/09 | 1.85% | 2.89% | 3.62% | 3-5 years | 6.75-7.50% |
| Wk End 2/27/09 | 1.97% | 2.91% | 3.60% | 7&10 years | 7.00-8.00% |
| February 2009 | 1.87% | 2.87% | 3.59% | 15,20,25 years | 7.25-8.25% |
| February 2008 | 2.78% | 3.74% | 4.52% | Amortization | 15-30 years |

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We welcome the opportunity to work with you to fulfill your commercial financing needs. Write or call us today!



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