Webinar Questions:

1. What are the specific factors (formula) in determining bridge lending rates in current market given overall low rates?

Generally speaking, as the risk profile increases, so do rates. So, a highly leveraged bridge loan will have higher rates than a low leverage bridge loan.

2. What specific fees or costs are involved in bridge lending?

It depends on many factors; including leverage, deal size, etc. Fees, costs and rates are all determined based on the overall risk of the deal.

3. Would a tic investment have to convert to an LLC to secure bridge financing?

No, not if structured differently with the bridge lender. This is where you will need an advocate who understands how to structure the deal.

4. Are bridge loans recourse or non-recourse?

Either is available

5. How much equity (%) is currently required for new commercial real estate loans?

Anywhere between 25 – 30%

6. Do these statistics take into consideration loans that have been paid off or already foreclosed upon? Or is the data based on originations?

The number of CMBS maturities that was discussed in this webinar includes all CMBS loans that are still active. Ones that have been foreclosed on are NOT included in these numbers, as the loan has been extinguished.

7. With a non-recourse loan, why would it show as a foreclosure on an investors' credit history?

Commercial real estate servicers as a general rule do not report to credit reporting agencies. If they did, they would be reporting the information on the BORROWER NAME; which is a single purpose entity rather than any individual. The only way 'credit history' comes into play on a commercial real estate loan is in the disclosure to new potential lenders about past performance (i.e.; their application usually asks if the owner has ever had a loan foreclosed on).

8. Have you looked at the data from an asset type, to know if a particular class is most at risk between now and 2017 (i.e.; Office, Retail)

Since the webinar I have and retail seems to be winner, followed by office and multifamily.

9. So what is the benefit of TCAP becoming the lender? Just that they are a friendly party to deal with? What generally happens AFTER TCAP purchases the loan?

The only third party capital solutions utilized by 1st Service Solutions are borrower friendly ones.

10. If White Knight steps in and buys note for $10M, how do their terms normally look - like a high interest rate bridge lender?

Each structure is customized to meet the owner's objectives

11. Would the role of 1st Service be to put the package together and then get the White Night interested in buying the "discounted" Note? I would assume this is your play in the deal.

In addition to connecting the right "White Knight" solution to the borrower, 1st Service Solution's primary role is to get the Special Servicer to agree to the structure presented. These "White Knight" solutions typically exist when the property is overleveraged, so the key to getting this accomplished is to get the Special Servicer to agree to a transaction that will result in losses to the bondholders. Without that approval, there is no ability to get these transactions done.

12. Most typically, if you pay off a loan prior to the Open Period, do you pay defeasance to the maturity date or to the beginning of the Open Period?

The loan documents will address this on a loan by loan basis.

13. I'm a TIC owner, but our LTV is only at about 60%. Is it going to be easy for us to refinance? Will we have to roll up into one LLC?

On any loan with a 60% LTV currently, there should be no problem getting a new loan to pay the existing loan off. Whether the new lender will lend to a TIC structure or not is completely dependent on the Lender.

14. Are you seeing any significant number of "roll-ups" of TIC deals as a precursor to some negotiated workout? If so, are those roll-ups being coordinated by new money sources or by parties that are already in the deal?

Special Servicers do prefer that the TICs roll up into a single purpose entity when they are restructuring a loan that will remain in the Trust. The solutions discussed in the webinar work best for loans that are maturing, as a likely resolution will be a payoff of the loan (through a note purchase, short sale, etc.).

15. Can you please explain to me what T-Cap is? It's first mentioned on Page 23. It says it is TIC friendly capital, but can you be more specific?

T Cap is not a company. It was just an acronym for third party capital (in this presentation).