**Loan Liquidation Report**

Special Servicer may attach Realized Loss Report

**Sample Template - Note Sale example (See best practices for Full Payoff example)**

|  |  |
| --- | --- |
| **Transaction** |  |
| **Loan Name / Property Name** |  |
| **Prosup # / Loan #** |  |
| **Liquidation Code / Date** | 03 Liquidation/ Disposition / 8/7/2013 |
| **Preparation Date** | 9/9/2013 |
| **Reporting Period i.e. Determination Date** | September 2013 |
| **Scheduled Balance at Liquidation** | $4,901,957 |
| **Advances Outstanding at Liquidation** | $653,752 |
| **Transacted with Borrower, Third Party or SS Affiliate** | Third Party |
| **Payoff / Purchase Price** | $2,150,000 |
| **Broker Name** | Grey Company |
| **Total Broker Fees (%)** | 4% |
| **Total Fees to Special Servicer Affiliated Entities** | N/A |

**Collateral Description:** *Insert general description of the collateral property.*

**Collateral Valuation:***Insert firm name, report date and valuation data in the table.*

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Appraisal | | Appraisal | | Appraisal | | Appraisal | | BOV | |
| Firm 1 | | Firm 2 | | Firm 3 | | Firm 4 | | Firm 1 | |
| Date | | Date | | Date | | Date | | Date | |
| As-Is Value | Per Unit | As-Is Value | Per Unit | As-Is Value | Per Unit | As-Is Value | Per Unit | As-Is Value | Per Unit |
|  |  |  |  |  |  |  |  |  |  |

**Collateral Condition:** *Insert firm name, report date and a status comment in the table.*

|  |  |  |
| --- | --- | --- |
| Inspection | Environmental Report | Engineering/PCR |
| Firm A | Firm B | Firm C |
| Date | Date | Date |
|  |  |  |

**Property Operation Information:** *The below table can also include annualized and budgeted financial information.*

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | Original U/W | FYE YYYY | FYE YYYY | FYE YYYY | FYE YYYY |
| Occupancy |  |  |  |  |  |
| Total Revenue |  |  |  |  |  |
| Total Operating Expenses |  |  |  |  |  |
| Net Operating Income |  |  |  |  |  |
| Scheduled Debt Service |  |  |  |  |  |
| DSCR – NOI |  |  |  |  |  |

**Substantiation:**

* Occupancy at the property has eroded in recent years with no new leasing since July of 2010.

* The local economy has suffered a deep recession and has not recovered at this point. New tenant prospects are limited and the local demographics are not attractive to most national retailers. According to CoStar, vacancy in the market is approximately 15%, and vacancy within the property’s direct competitive set is 20%.
* Ownership is a TIC structure and members are not willing to contribute any additional funds to reposition the center. Moreover, TICs are associated with additional bankruptcy risk. Foreclosure process is expected to take 4-5 months.
* Despite being only 52% occupied, the appraisal assumes the property is stabilized at 50% due to limited prospects for the center. No new leasing has been completed since July of 2010.
* Asset was adequately exposed to the market through an auction marketing process that received 301 views with 24 signed confidentiality agreements. A total of 4 bidders put down deposits and 7 live bids were placed during the auction by 2 distinct bidders.
* Special Servicer believes that third-party value points were overestimated. Third-party vendors asserted that cap rates between 10.0% and 11.5% (or greater) on in-place income were warranted due to the tertiary nature of the market and dearth of tenant activity. Although near-term in-place income supported a value of $2.7MM at 11%, Dollar General indicated that it intended to vacate when its lease expired in June of 2014, which would reduce the implied cap rate to 9.5%. Special Servicer believes the market heavily discounted the Dollar General tenant, resulting in a lower “as-is” market value for the asset. Furthermore, because investment activity within the immediate market is virtually non-existent, third-party vendors used comparable sales from other markets (some hundreds of miles away) to estimate value.

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