

**September 22,  
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**Rates**

<b>Prime Rate</b>	<b>5%</b>		<b>5 Year T</b>	<b>3.17%</b>
<b>1 Month Libor</b>	<b>2.75%</b>		<b>10 Year T</b>	<b>4.08%</b>
<b>3 Month Libor</b>	<b>2.88%</b>		<b>5 Year swap</b>	<b>3.59%</b>
<b>6 Month Libor</b>	<b>3.02%</b>		<b>10 Year Swap</b>	<b>4.11%</b>

It's my birthday again. Many thanks to all of you that remembered. Thanks for the cards, letters, gifts, loans, traffic tickets, Wii games, etc. Even though, I am one year older, I am definitely not one year wiser. I should have taken the last 12 months off and worked on my golf game.

For those of you that have been regular readers of this newsletter, you know that this time last year I was very negative about the prospects for commercial real estate financing. Even though my staff and our originators were up in arms about the negative "tone" of my newsletters, I kept writing about it and sure enough, circulation declined. (No news is better than bad news I guess.) Unfortunately, I was right. **However**, I have moved from a negative outlook to **neutral outlook!** Read on for further details!

**Featured Loan Program**

Property Type: **Self Storage**  
 Loan parameters: \$1,000,000 to \$10,000,000  
 Max LTV: 75%  
 Debt coverage: 1.25  
 Rates: Below \$2M 7.40%, Above \$2M 6.75%  
 Amortization: 25 years

Program Highlights: We don't underwrite for reserves. Also, we can work with proforma income (above a minimum 70% occupancy.)

**Contact your local BSCCI Regional Director for details.**

*\* Rates, Terms, and Availability are subject to change without notice.*

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## **A Simple Birthday Request**

Last year I felt like Paul Revere yelling from the roof tops "the credit crunch is coming, the credit crunch is coming." My goal was to get our clients to finance every single property they had before the easy money dried up. **Thank goodness many clients listened to me.** Those that didn't are paying the price now. By the way, that is still my goal. *We have money available and with all of the uncertainty in the markets; it does not make sense to wait. Finance Now!!!!*

Well, here it comes. *(Trumpets please!!!)* I have moved from a negative outlook to **neutral with a slight lean toward optimistic!** I am in the neutral zone because I believe that a bailout bill will get passed and that it will start money flowing again. Call me a cock-eyed optimist but I think that everyone on the sidelines is waiting for a reason to buy loans and the bailout could be the ticket! It may take a while but I have confidence it will work.

Ok, so my birthday is coming once again (Oct 1) and I have a simple request for our government. Please pass a "BAILOUT" bill that actually helps solve this problem. Please do not layer the bill with partisan political nonsense that sells well in an election year and makes the law impossible to administer. It's really a simple request! **Get the money flowing again!**

The trickle down benefits of a government bailout will take some time to manifest. However, recognition that a bottom has been set will do wonders to get the fence sitters to open up their wallets. As one lender said to me "once the market has solidified on values, we can open the lending spigot." **The bailout will help to firm up values.**

Make no mistake; the "trickle down" will take time. I do not see a gusher of money looking for a home anytime soon no matter what happens. With a realistic workable bailout bill, things should improve a little next year and substantially in 2010.

**For our industry we need two things:** First bank regulators must allow the banks to lend their way out of problems. Imposing unreasonable restrictions creates a self fulfilling prophecy of failure. Secondly, we need a securitization market!

Securitization is the key! Once you have started on cocaine, it's pretty hard to kick the habit. Lenders that have relied on the cocaine of securitization found that suddenly going cold turkey was very painful. However, once the securitization market reopens, lenders will start lending again. The drug of securitization is simply too good to pass up.

Reopening the securitization market is crucial to all of us. It frees up balance sheets

for new loans. These new loans won't be cheap, but at least the money will be there.

Ok, enough on this business stuff. Nancy and I are going to get out of town for my birthday. No phone calls, no emails, etc. Of course it will be business as usual here at Bond Street.

**ONE FINAL POINT:** As I said earlier, if you can finance today, don't wait. We have a long way to go to dig out of this problem. **We have money available at reasonable rates and terms for many property types and most borrowers.** You know it's entirely **probable** that the government will screw this up, AGAIN!

Joe Forman, CEO and President