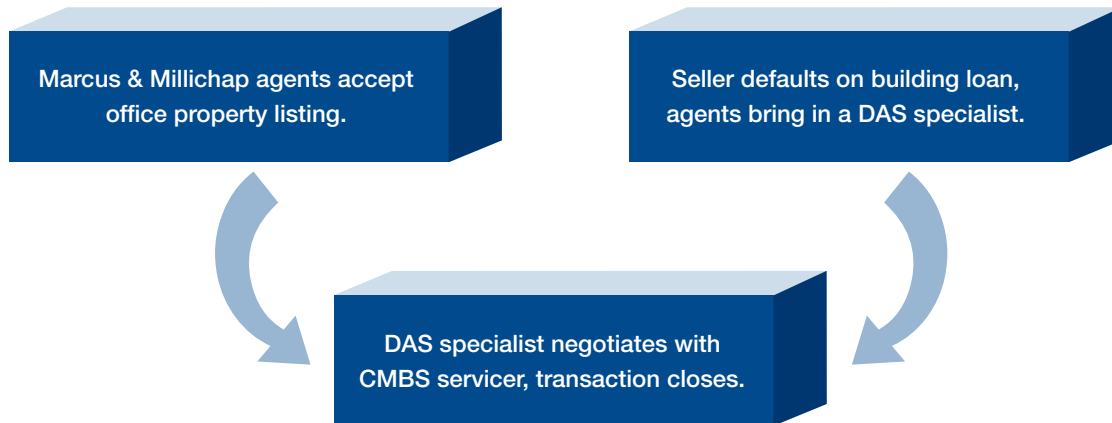


# DEBT ADVISORY SERVICES FACILITATES CLOSE OF TROUBLED ASSET



*Marcus & Millichap Capital Corporation (MMCC) formed the Debt Advisory Services group (DAS) to work in conjunction with Marcus & Millichap Real Estate Investment Services agents and MMCC loan originators to better understand, manage and negotiate modifications, loan assumptions and workouts. The following case study describes one of the first cooperative efforts between the DAS group and Marcus & Millichap commercial real estate sales professionals.*

In July 2009, two Marcus & Millichap agents in the firm's Palo Alto office and one agent in the Sacramento office accepted the listing for a two-story multi-tenant, Class B-plus office building in Citrus Heights, a suburb of Sacramento, California. The building had been appraised at \$9.7 million with 89 percent occupancy in 2006 but occupancy had declined to 65 percent. The agents listed the property at \$6,950,000. Approximately two months later, the owner went into default on the \$5.2 million CMBS loan.

The Marcus & Millichap agents continued their marketing efforts and in October 2009 sourced a buyer who offered \$3.75 million for the building.

The listing agents contacted a MMCC DAS specialist to help structure the short sale and to work with the CMBS special servicer. The building went into contract one month later at \$3.75 million.

During the four-month due diligence period that followed, the building's occupancy dropped to 43 percent. The DAS specialist negotiated with the CMBS special servicer to reduce the building's price to \$3.1 million.

The buyer removed contingencies on March 18th, 2010 and the DAS specialist obtained the short sale acceptance letter from the CMBS servicer on April 8th, 2010.

The transaction closed for all cash 10 days later.

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