



COMMERCIAL DEFEASANCE
DEFEASE WITH EASE®

FOR IMMEDIATE RELEASE

Commercial Defeasance Facilitates The Groves Defeasance With Unique Bonds

Orlando, FL – February 5, 2009 – Commercial Defeasance, LLC recently facilitated a \$6.3 million defeasance transaction for Balestra Capital Ltd., a hedge fund company based in New York. The transaction allowed the company to sell The Groves, a 441 unit manufactured housing property, for \$13.5 million. A unique aspect of this defeasance was the use of Agency for International Development (AID) bonds that saved The Groves \$100,000 on the cost of the defeasance compared to a portfolio of traditional agency bonds, such as Fannie Mae and Freddie Mac securities.

Jim Melcher, President of Balestra Capital Ltd. said, “Commercial Defeasances’ ability to think beyond the ordinary, specifically to find higher yielding securities than run-of-the-mill U.S. Treasury bonds and traditional agency debt, saved us a substantial amount of money.”

Adam Coleman, Deal Manager with Commercial Defeasance, said “By carefully reviewing the loan documents and finding that these agency securities were eligible and available, we were able to provide additional savings for The Groves. We hope to be able to structure more of these unique deals by using more nontraditional securities, including bonds issued through the relatively new Temporary Liquidity Guarantee Program (TLGP).”

What is Defeasance?

Defeasance is a substitution of collateral in which a portfolio of government securities replaces the real estate as the collateral for a commercial loan. Redemption of principal and interest from the securities pays remaining debt service, so the promissory note technically remains in place but is repaid from the proceeds of the securities purchased. The securities are typically purchased with a portion of the proceeds of a sale or refinance, so the defeasance transaction is usually coordinated with a related real estate transaction. Most fixed-rate conduit/CMBS loans originated since 1998 have defeasance provisions written in to the loan documents.

About Commercial Defeasance, LLC

Commercial Defeasance, LLC is the market leader in facilitating commercial real estate loan defeasances. The company actively manages all aspects of the 30 day defeasance process, so the borrower can focus on the related real estate transaction with confidence that the defeasance will close on time. Commercial Defeasance has continuously led the defeasance market since pioneering the CMBS defeasance facilitation business in 2000. The company works on defeasance transactions in the United States and Canada for all property types. Custom Hedging Solutions, LLC, an affiliate, also facilitates hedging transactions to mitigate the customer’s interest rate exposure or to lock-in the cost of a defeasance portfolio. For more information or a free defeasance cost estimate, please visit www.defeasewithease.com or call 1-800-624-4779.

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