



Realty Services

Message from the CEO: Massey Knakal Dominant in Bank Foreclosure Work
June 30th, 2010

Massey Knakal is proud of our 50 New York metro area sales agents who are utilizing our **Territory System™** effectively in order to make us the company of choice for financial institutions looking to sell special assets. Teamwork is one of our values which fall within our core values of **Excellence**.

Our team leader for our Special Asset work is **Dan Hagan**. Dan joined Massey Knakal in 2004 right out of the University of Pennsylvania where he double majored in Political Science and Economics. He also played on the Varsity Football team. Dan's first job at Massey Knakal was as an associate working for our Chairman **Bob Knakal**. In early 2009 Dan agreed to lead our Special Assets group helping financial institutions. Over the last year and a half, that work has taken many forms.



Dan has been a significant force in initially **marketing** Massey Knakal's services to many new banks who previously were passive lenders not actively selling assets in the New York market. Dan has visited banks and special services in far off cities like Charlotte, Kansas City and Miami who now find themselves dealing with defaulted loans made (during 2005-2007) by themselves or predecessor banks.

Massey Knakal has been of great service to banks first looking to value their assets. Their own internal staff and appraisers for most of 2009 struggled to understand local New York markets with few sales statistics or data points. The Massey Knakal Property Sales reports and our brokers' "Opinion of Value" reports have been widely regarded as best in class by many institutions.

Dan has also coordinated the property management needs of many banks as they take possession of buildings through the foreclosure process.

Disposition of legacy assets or loans has come in many forms due to the many different operating models or strategic objectives of each separate financial institution.

In some cases Massey Knakal has assisted borrowers to **restructure loans** allowing the borrower to keep ownership of the property or, in the case of condo development, properties allowing unit sales to move ahead.

Some banks have elected to **sell notes** as a disposition strategy. There has been a robust market for note sales as buyers look to control the future of prime New York real estate. Many times the note buyers have been successful in simultaneously gaining title to the fee interest as well helping all parties avoid lengthy foreclosure proceedings.

Another mechanism to expedite loan resolutions has been a negotiation between borrower and lender resulting in a **short sale**. This is a sale at a price slightly below the loan face value.

Again, Massey Knakal has been instrumental in helping both parties to a loan avoid costly conflict brought on by legal proceedings.

In other cases banks will ultimately take title to an asset where Massey Knakal's sale process will yield a premium over the rest of the market.

Dan will continue to do a great job for our clients and will be helped by each one of our territory agents.

Very truly yours,

Paul J. Massey, Jr.
Chief Executive Officer