

## WATERSTONE DEFEASANCE OVERVIEW

Waterstone Defeasance is an independent defeasance consultant group offering the following services to commercial real estate borrowers with conduit loans:

### What is Defeasance?

Defeasance is the process whereby the original Borrower and the real estate collateral are released from the CMBS loan and a successor borrower and securities collateral are substituted instead.

A Borrower with a CMBS conduit loan that is refinancing or selling the property may be required to defease the loan in order to obtain a release of the mortgage.

On average it takes 30 days to defease a loan. Some larger loans require a review by Rating Agencies, which will add two weeks.

### Defeasance Consultant

As an independent consultant to the borrower, Waterstone Defeasance represents our client's best interest in an effort to structure the most optimal defeasance transaction. Waterstone Defeasance will coordinate with the various parties in order to ensure the defeasance is completed within your closing schedule.

### Securities Administrator

Waterstone Defeasance uses its extensive experience to identify and structure an optimized portfolio of defeasance securities to satisfy the remaining principal and interest payments of the loan. Although Waterstone Defeasance is not a broker/dealer, we work closely with the executing broker/dealer, the verification accountant, and the custodian to make sure the securities are sufficient to pay off the remaining loan payments and are delivered to the custodian in a timely manner.

### Successor Borrower

A successor borrower is a special purpose, bankruptcy-remote entity, formed primarily for purposes of insulating the loan from any trailing liabilities of the original borrower that relate to the operation and ownership of the real property.

The successor borrower is typically unrelated and unaffiliated with the original borrower. Waterstone Defeasance will create and maintain a successor borrower

### WHY WATERSTONE?

Waterstone's defeasance model can substantially increase the equity dollars our clients can retrieve from a refinance or sale transaction. Our experience and business model ensures our client's best interest is represented in many ways.

- Substantial experience defeasing CMBS loans.
- Residual value economics
- Deep industry relationships with servicers and counsel
- Experienced team focused on your closing schedule

### Defeasance Parties

- Borrower
- Servicer's Counsel
- Securities Broker Dealer
- New Lender's Counsel
- Borrower's Counsel
- Verification Accountant
- Title Company / Escrow Agent
- Defeasance Consultant
- Servicer
- Securities Custodian
- New Lender
- Successor Borrower
- Rating Agencies

### Defeasance Costs

Servicer	\$ 10,000 - \$25,000
Servicer's Counsel	\$ 15,000 - \$20,000
Accountant	\$ 3,500
Securities Custodian	\$ 5,000
Securities Borrower	\$ 5,000
Defeasance Consultant	\$ 10,000 - \$15,000
Rating Agency	\$ 7,5000
<b>AVERAGE FEES</b>	<b>\$ 50,000 - \$75,000</b>



855.347.3695

defeasanceservices.com

**Mike Schoenstein**

704.661.8540  
Mike@waterstonedefeasance.com

**Steve Hall**

704.926.6509  
Steve@waterstonedefeasance.com

**George Rodriguez**

704.926.6503  
George@waterstonedefeasance.com

**John Felter**

561.352.6551  
John@waterstonedefeasance.com

**Carol Tillman**

704.926.6508  
Carol@waterstonedefeasance.com

**Jeff Gladstein**

404.274.2601  
Jeff@waterstonedefeasance.com