



Commercial Mortgage Asset Management, Workout & Loan Restructuring Services

Lowers & Associates (L&A) provides commercial mortgage asset management and workout solutions to financial institutions nationwide. We specialize in 'problem assets', including those in bankruptcy as well as hard to liquidate REO assets. Our team of experienced commercial real estate asset managers will work with your in-house staff and counsel to develop a management and restructuring/disposition plan. We can also help you develop a workout plan for your approval and then implementation, subject to your oversight. The benefits to financial institutions are numerous and include cost containment, nationwide market expertise and the ability of the client to engage L&A selectively on those 'hard to manage' assets, including partially completed assets and defaulted construction loans.

Typically, our assignments begin with a thorough review of the loan or REO asset, including existing third-party reports, internal credit and loan review memorandums, interviews with the institutions' responsible personnel, a review of the property's market including localized demand for space or units, as well as a site inspection.

Asset Summary Report (ASR)

After the data is compiled and reviewed, a 2-3 page Asset Summary Report (ASR) is prepared. The ASR outlines the present status of the asset, including a determination of any immediate risks to the property or its management, a summary of the market (either for sale [if lots or homes] or in the case of office, retail or industrial properties, for lease), an outline of the management plan for the asset (modification or restructure, foreclosure, deed-in-lieu, compromise, etc.) and an asset management budget that reflects cost to carry (taxes and insurance), and in the case of construction loans, cost to complete, third-party costs and recoveries. The benefits to the client of the ASR are several:

- 1) An independent assessment is obtained quickly and at a competitive cost
- 2) Asset risks are immediately identified and possible mitigation strategies determined
- 3) A realistic management and disposition plan with a comprehensive budget is completed for management's review.

After completion of the ASR, we work in conjunction with your in-house staff and counsel, providing regular updates as to asset status, progress vs. budget, mitigation of any immediate risks, status of completion of any construction, on-going sponsor and guarantor, financial and operational monitoring, and any required litigation support. Quarterly updates are provided in a timely and efficient fashion, ensuring that our clients meet prompt filing and regulatory compliance guidelines.

Construction Loans

Construction loans provide their own specific challenges. The L&A professional team utilizes experienced construction inspectors and managers, in tandem with our staff of forensic accountants when necessary, to provide a complete and accurate cost to complete any project. Our construction management and monitoring professionals ensure that any future fundings are underwritten with the asset management goals in mind, documented correctly, and available for funding on time. For land



loans, we independently review the entitlement status with a view toward marketability of the asset, as well as cost to complete final entitlements and make the site 'shovel ready', all within the context of reflecting the position of the asset in the market and development cycles.

Scope of Services

Negotiations with borrowers, sponsors and guarantors provide their own challenges. Our team is able to provide where necessary, a 'fresh look' at sponsor capabilities and financial wherewithal. We can accurately and efficiently assess compromise and deed-in-lieu offers, negotiating the business points and working with counsel at the appropriate time, keeping your third-party costs minimized.

When it is time to sell or liquidate the asset, our staff reviews the liquidation alternatives and provides you the information you need to make the decision that generates the greatest recovery. We'll help you identify the 'right' broker, loan sale advisor, or auctioneer that will generate the greatest recovery, in the shortest amount of time, and at the least cost. We assist the broker in preparation of marketing and collateral documents, attend the sale and coordinate with the buyer and counsel on both sides for an efficient and prompt closing, all while making sure asset deterioration does not occur. Our Scope of Services includes:

- 'One time' individual or portfolio asset management review, including net present value recovery calculations
- Immediate and on-going asset preservation and protection services
- On-going asset management, disposition, and budgeting
- BOD, Asset and Risk Management Committee presentations
- Construction and entitlement monitoring, including cost to complete
- Preparation of detailed market analyses and feasibility studies, allowing our clients to make informed loss mitigation decisions
- Bankruptcy and litigation support
- Assistance in locating, qualifying, and retaining capable, competent and professional brokers, as well as help with the preparation of loan and REO sale collateral materials
- Special Projects

Proven Expertise

Our staff of experienced and capable asset management professionals averages over 15 years of full-time commercial real estate experience. Our group has real world experience and recognizes that while real estate is a long-term asset, it has short-term profitability, management, and regulatory implications. Our professionals are experienced across the multiple and varied real estate cycles of the last 25 years and have worked with every major commercial property type in most domestic markets.

The L&A team has specific expertise in acquisition, development, and construction (AD&C) loans and collateral, hospitality and gaming assets, and portfolio sales and liquidations.



Our goal is to provide you a full complement of asset management and disposition services, cost effectively and in compliance with your internal and regulatory guidelines, with the objective of generating the greatest recovery on a net present value basis.

At L&A, we work collaboratively with you to design, develop, and implement solutions that help you meet the challenges that your organization faces. For more information, please visit our website at, www.lowersrisk.com, or give us a call today!

Strategic Advisory Team

Lowers & Associates (**L&A**) has assembled a multidisciplinary Strategic Advisory Team of professionals to provide a full complement of commercial mortgage asset management, workout, and loan restructuring services. Our consultants have extensive and direct experience in all aspects of real estate -- accounting, finance, insurance, risk management, legal, etc. Call upon any of our team members for their specific skill set or the entire team for a complete, turn-key solution for your organization.

D. Mark Lowers, CFE
Founder, President & CEO, Lowers & Associates

Summary

Mark Lowers heads Lowers & Associates, an international firm specializing in risk management and mitigation. In this capacity, he provides senior leadership and direction for the rapidly-growing organization, based in Virginia, with offices in London & Miami. As an internationally-recognized authority on risk management, Mark has more than 25 years of experience in the field. He is regularly cited as a source by journalists, and has also written on the subject of risk management in trade publications.

Experience

Prior to launching L&A, Mark served as president and CEO of AMSEC International, a global security organization based in Winchester, Virginia. In his more than two decades as leader of the organization, he oversaw its expansion from a physical security systems installer to a multinational player in risk management. During his tenure, Mark directed the development of internal processes for client service and quality control. He also oversaw the creation of sophisticated loss control programs and industry standards for the exclusive use of a major international insurer serving a variety of industries, including warehousing, retail, law firms, leasing companies and others.

With an extensive educational background focused on criminal justice, Mark is a Certified Fraud Examiner, a member of the National Armored Car Association, (NACA) and an appointee on NACA's Security Steering Committee. He is also a member of the Independent Armored Car Operators Association, the American Society for Industrial Security, and the Risk & Insurance Management Society. In addition, Mark has served as Chairman of the Board of Directors for Inova Loudoun Hospital since 1998.



John Kovarik

Summary

Mr. Kovarik has in excess of 20 years of commercial real estate underwriting, due diligence and asset management/loss mitigation experience. Most recently, he was the Chief Credit Officer for a NYSE-listed commercial mortgage REIT, responsible for the underwriting and closing of in excess of \$3 billion in structured commercial mortgages, mezzanine and B-notes, preferred and direct equity investments over a six-year period. John holds a BBA in Accounting from George Washington University and an MS in Real Estate (with Distinction) from New York University where he is an Adjunct Professor in Real Estate Finance.

Experience

John has specific expertise in transactions involving multiple levels and tranches of structured debt and equity, and has underwritten and closed mortgages, property level and operating company investments at the individual and portfolio levels for all major commercial property types in most major and secondary markets. John's experience also includes structuring, underwriting and closing the Wyndham Hotels re-capitalization, the 2006 LaQuinta sale, Bray & Gillespie Daytona Hotel Portfolio and the Extended Stay Hotel sale. John has completed asset management and re-structuring assignments on Bray & Gillespie and Extended Stay, as well as numerous individual properties.

Special Advisory Partner—Heffernan Group John Bayeux, ARM

Summary

John Bayeux has over 34 years of experience in the Insurance Industry, including the past 24 years as a risk manager and insurance broker in the financial institutions sector. Throughout his career, John has assisted clients in solving a broad spectrum of difficult risk issues. In this capacity, John has led efforts to deliver sophisticated risk solutions specifically geared toward addressing the complex and varied insurance and risk management needs of numerous leading financial institutions. John's experience with insurance coverages specific to the advisory service includes environmental liability, debt protection, foreclosed/forced placed protection, and construction defect coverage, among others. As a member of this team, John will take a risk management view of the exposures facing clients.

Experience

John joined Heffernan Group, New York, NY, in September, 2011 as Senior Vice President, Financial Services Practice Leader with a leadership position in the firm's D&O and management liability practice. In addition, he will work with a broad spectrum of clients in industries like financial institutions, renewable energy, real estate, law firms, and technology, continuing to utilize his problem solving perspective and direct his focus more broadly to facilitate transactions in these and other industries. He previously served as the Financial Institutions Industry Leader for both Willis North America and Aon Risk Services and its predecessor companies, ultimately serving as Managing Director of Aon's Financial Institutions Practice. He has served as Risk Manager for several firms,



including Shearson, Lehman, Hutton and LF Rothschild, Foster Wheeler, and Revlon. John earned an MBA in Finance and a BA in History from Seton Hall University.

ErnieSmith

Summary

With over 29 years of general management experience, Ernie has a broad background in retail operations management, finance and accounting, real estate, mergers and acquisitions, logistics, project management, strategic development and international operations. Ernie possesses a unique blend of leadership, financial acumen, business management expertise, and creative problem solving. Ernie is a CPA, has an MBA from Virginia Commonwealth University and a doctorate from The George Washington University. While obtaining his PhD, Ernie focused on organizational studies and corporate governance. Ernie serves on the faculty for The National Association of Corporate Directors and also serves on a number of boards.

Experience

Ernie has served in various executive management capacities with SuperValu, Ahold, Giant Food Stores, Farm Fresh and Safeway. He was formerly the SVP, Operations for Shoppers Food, and CFO of Ahold USA. Further, he served as an EVP, Finance & Administration for both US Food Service and Giant Food Stores. He has also served as COO for Versatile Systems and has provided strategic consulting services.

MichaelBlank

Summary

Michael Blank has over 14 years of analysis, consulting and operational experience. Most recently he was Director of Acquisitions for the largest publicly traded hotel REIT in the US where he was responsible for underwriting the purchase of \$7 billion in single-asset and hotel portfolio acquisitions. Michael developed the acquisition and disposition IRR and NPV models in conjunction with the Legal, Asset Management and Construction/Design teams. Michael's work included tax efficient structuring for and recapitalization of both foreign and domestic assets. Michael holds an MBA from The McDonough School of Business at Georgetown University and a BS in Finance from Cornell University's School of Hotel Administration, where he graduated on the Dean's List.

Experience

Earlier in his career, Michael was an Associate Analyst with a large regional investment bank, providing research and analytical support for \$1 billion in primary and secondary equity transactions for lodging REITS. In addition to his capital markets and acquisitions/dispositions experience, Michael was employed by the largest hotel consulting company in the US for six years, where he provided analytical, valuation and feasibility studies to the hospitality and gaming industry.