



 [Printer-friendly version](#)

Latest News

- Letter from the Executive Director
- John Cushman Headlines Breakfast at the BMC Event
- New Rules Provide Catalyst for Restructuring CMBS Loans
- Center's New Sustainable Journal to Launch Next Month
- First-Time Homebuyers Seminar Draws a Crowd
- BMC Professors Speak to National, Local Industry Professionals
- Norm Miller Chairs Sustainable Real Estate Session at Homer Hoyt Institute
- BMC Executive Director Makes Who's Who List
- In the News
- Calendar
- Upcoming Continuing Education Classes

Useful Links

- [Request information](#)
- [Make a gift](#)

Burnham-Moores Center Staff



Latest News

Letter from the Executive Director



Mark J. Riedy, PhD

The 2009 award was presented to Jeff Reed "in grateful recognition for his extraordinary commitment, generosity of time and treasure, and personal support of the University of San Diego's Burnham-Moores Center for Real Estate." Words on a plaque only tell a fraction of the story and fall far short of capturing the tremendous long-term support that Jeff and his prior honorees have generously committed to the Center. In every instance, recipients of the Mulvihill Leadership Award are highly successful and, therefore, extremely busy executives. Yet, somehow, they manage to carve time out of packed schedules to devote to the Burnham-Moores Center and its students. In expressing his appreciation for this award, Jeff wrote: "My involvement and association with the Burnham-Moores Center has been perhaps the most personally rewarding experience I have enjoyed outside my work career."

At the Burnham-Moores Center's Policy Advisory Board Executive Committee dinner Sept. 22, we awarded our eighth annual Daniel F. Mulvihill Leadership Award to Jeff Reed, executive vice president in the Real Estate Group at Wells Fargo Bank. The award was created in 2002 to honor Dan Mulvihill, chairman of Pacific Southwest Realty Services, for his leadership in helping to launch USD's real estate program in 1992, as well as his intense involvement in building the program to its current level of prominence.



Mark Riedy, PhD
Executive Director

Meghan Bokath
Fundraising Assistant

John Demas, Esq.
Instructor

John Ferber
Director, Commercial Real Estate

Louis Galuppo, Esq.
Director, Residential Real Estate

Diane Gustafson
Communications Coordinator

Ilse Hunnicutt
Executive Assistant

Ines A. Kraft, PhD
Administrative Director, MSRE Program

Lauren Lukens
Student and Alumni Services Manager

Norm Miller, PhD
Professor and Director of Academic Programs

Vivek Sah, PhD
Assistant Professor

Charles Tu, PhD
Associate Professor

Jeryldine Tully
Communications Director

Myla Wilson
Executive Assistant



Jeff Reed

Jeff has been a member of the Executive Committee since its formation in 1995, and has championed the Center's value within Wells Fargo as well as forging strong ties between Wells Fargo and USD's real estate program. As a result, Wells Fargo's Real Estate Group consistently has been a major sponsor of the Center's conferences and generous supporter of the Center's operations. Jeff directly has hired USD real estate students and also has been instrumental in recommending our graduates to real estate colleagues located outside this region, where several also have been hired. He is a regular speaker in our real estate classes, generally being accompanied by USD alumni working at Wells Fargo, who help to demonstrate that the hard work they put in as students can pay exciting career dividends.

Jeff also has served as a panelist in our annual real estate conference series and through his endorsements secured other senior Wells Fargo executives to speak as well. Those who know Jeff Reed know that he prefers to work behind the scenes, telling anyone who will listen that both

he and Wells Fargo Bank receive more benefits in return than the time and generosity they extend to the Center. With only slight apologies for shining a spotlight on one of the Center's kindest, truly humble, and most sincere members of the Policy Advisory Board Executive Committee, we proudly selected Jeff Reed as the 2009 recipient of the Daniel F. Mulvihill Leadership Award.

Recipients of the Daniel F. Mulvihill Leadership Award

2002	Daniel F. Mulvihill
2003	Malin Burnham
2004	John M. Robbins Jr.
2005	Herbert B. Tasker
2006	Keith A. Johnson
2007	W. Roger Haughton
2008	Stath Karras
2009	Jeffrey C. Reed

Dr. Mark J. Riedy
Executive Director

John Cushman Headlines Breakfast at the BMC Event [^back to top](#)

Newsletter Info

Suggestions? Comments?
Contact us:
Jeryldine Tully
(619) 260-4786

**Real Estate Alumni
Homecoming Reunion
- Register Now!**

Join us for an evening of food, festivities and friends as we celebrate Homecoming 2009!

Featuring adjunct professor Dave Davis' band Geezer

Date: Oct. 17, 2009

Time: 6:30 p.m.

Location: Joan B. Kroc Institute for Peace & Justice Garden of the Sea University of San Diego Campus
Cost: Free!

[Go here for more information or to register.](#)

Continuing Education

Next class:

Real Estate Investment and Income Analysis

Starts October 6, 2009

[Register Now](#)

For more information on Real Estate Continuing Education, go [here](#).



John Cushman captivates the Sept. 17 Breakfast at the BMC audience as moderator Stath Karras looks on. To see other photos from the event, go to our [Flickr](#) page.

Over 260 industry professionals gathered Sept. 17 to hear John Cushman speak at the Center's Breakfast at the BMC event, held at the University of San Diego's Joan B. Kroc Institute for Peace & Justice. Cushman, chairman of Cushman & Wakefield, offered his candid and far-ranging thoughts on the state of the financial markets and the prospects for future real estate professionals during his appearance.

Cushman began by registering his skepticism on the progress of the country's economic recovery.

"I think we're living with a lot of myths to do with the recovery," he told moderator Stath Karras, executive managing director of Cushman & Wakefield's San Diego Area and a member of the Center's Policy Advisory Board Executive Committee. "I don't think the banking industry's as healthy as they say they are."

"When I started out, I was focused on midtown Manhattan. Now, I'm focused on every inch of the globe."

— John Cushman

Cushman went on to say, however, that he did see light at the end of the tunnel. "I personally believe that more money will be made in this cycle than ever before," he said. "I think it's going to be an explosion in the next 18 months. It's going to happen fast."

In a private meeting with Master of Science in Real Estate students held after the main event, Cushman urged students to take an entrepreneurial approach to their real estate careers, much as he did. "If you don't take a risk, you're not going to get anywhere in life," he said. "You're going to be stuck as 9 to 5."

Cushman also emphasized the importance of good communication skills to the MSRE class. "Do not underestimate the importance of communication," he said. "And don't mistake text messaging for communication. You need communication skills in a very refined way to make it to the top."

Cushman stressed, too, the importance of resilience in the at-times volatile real estate industry.

"Some people have a lot of problems emotionally with failure," he said. "They've been wounded so badly that they can never recover, and you've got to be able to recover — you can't let it weigh on you. In the business I'm in, I've got to recover every few minutes."

New Rules Provide Catalyst for Restructuring CMBS Loans

[^back to top](#)

By Russell D. Broadway, Ernst & Young LLP



Russell D. Broadway

The [Real Estate Roundtable](#) reports that there are an estimated \$400 billion in commercial real estate loans set to mature in 2009, and the pace of maturities will increase over the succeeding years. A large percentage of all commercial mortgage loans that have been originated are packaged into pools held by securitization vehicles, such as real estate mortgage investment conduits (REMICs) or investment trusts. As if today's economic challenges weren't enough to contend with, layered into this equation are tax restrictions on the holders of this securitized debt that prevent them from entering into discussions with their borrowers to modify loan terms. One glimmer of hope for relief from those tax restrictions came last month from the Internal Revenue Service and Treasury. As a result of Revenue Procedure 2009-45, REMICs and investment trusts will be permitted to modify loans without triggering adverse tax consequences to the securitization vehicle.

Commercial mortgage servicers have been under pressure to grant relief to debtors who are in danger of defaulting. But prior to Revenue Procedure 2009-45, REMIC trustees and mortgages servicers in REMICs have been reluctant to modify loans at all, at least not without the advice of counsel. By effectively creating a safe harbor for modifications to some commercial mortgages — specifically those with a high risk of default — this revenue procedure should help facilitate the restructuring of these mortgages.

REMIC Background

The REMIC tax rules create a pass-through vehicle that issues multiple classes of interests in pools of residential or commercial mortgage loans. All income from the mortgage loans in the REMIC is taxed to the holders of interests in the REMIC. Among the requirements for qualification is that mortgage loans held by the REMIC must consist of "qualified mortgages," which are principally secured by an interest in real property. All loans must be acquired on the REMIC's start-up day or within three months thereafter, except that a REMIC may exchange a defective loan for a "qualified replacement mortgage" for up to two years. These rules also provide that if an obligation is significantly modified, the modified obligation may not be a

qualified mortgage and the deemed disposition of the unmodified obligation will be a prohibited transaction. As a result of these severe tax consequences, the servicers of these securitized loans were mandated not to take any actions that may result in modifications of the loans. Accordingly, negotiations were dead before they even began.

Revenue Procedure 2009-45

On Sept. 15, 2009, the IRS announced in Revenue Procedure 2009-45 that it would not challenge the tax status of REMICs or investment trusts that hold mortgage loans that are modified under certain conditions. Such conditions include that: 1) the loan is secured by commercial property; 2) no more than 10% of the REMIC's total assets (or the REIT's stated principal of all debt instruments) constitute loans overdue by 30 days or have default reasonably foreseeable at time of contribution; and 3) the holder or servicer must have a reasonable belief based on diligent contemporaneous determinations that there is a significant risk that the pre-modification loan will default at or before maturity. This belief may be based on factual representations by the issuer that the holder or servicer has no reason to believe are false. One relevant factor is how far in the future default may be. However, there is no limit to how far in the future default may be foreseeable. A final condition mandates that the holder or servicer must reasonably believe that the modified loan has a substantially reduced risk of default compared to the pre-modification loan based on all facts and circumstances.

Final Regulations

In addition to Revenue Procedure 2009-45, the IRS and Treasury also issued final regulations effective Sept. 16, 2009, expanding the list of permitted modifications that will not be considered "significant" modifications to an obligation held by a REMIC. These include changes in collateral, guarantees, credit enhancement of an obligation, as well as changes to the recourse nature of an obligation. The obligation must continue to be principally secured by an interest in real property for the changes to be permitted.

Borrower Implications

Although this relief is helpful in providing securitized debt holders the ability to negotiate with borrowers, it does not provide the same relief to borrowers. Care must be taken to analyze the tax consequences of any such modifications from the borrower's perspective to assess the possibility of cancellation of debt income. Notwithstanding such potential for "phantom income," these new tax rules are positive steps toward increased loan restructuring discussions while there is still time to deal with the problem.

Russ Broadway leads Ernst & Young LLP's San Diego Real Estate, Hospitality and Construction tax practice. He can be reached at russ.broadway@ey.com or (858) 535-7245.

The views expressed herein are those of the author and do not necessarily reflect the views of Ernst & Young LLP.

The *Journal of Sustainable Real Estate*, which is being produced by the Burnham-Moores Center for Real Estate and published under the auspices of the American Real Estate Society with funding by the CoStar Group, will publish its first issue in November.

Norm Miller, the Center's director of academic programs, is serving as editor of the journal, with three associate editors: one in the United States, one in Asia and the other in Europe. The journal is served by an advisory board of approximately 30 leaders from academia, the private sector and the nonprofit sector. An editorial board of 20 academics from universities such as Harvard, the University of Michigan, Clemson and the University of Denver is also in place.

To subscribe to the journal, contact Myla Wilson of the Burnham-Moores Center at mwilson@sandiego.edu.

To find out more, go to: www.josre.org.



The Journal of
Sustainable Real Estate

2009
Volume 1
Number 1

First-Time Homebuyers Seminar Draws a Crowd

[^back to top](#)

On Oct. 1, over 100 university students, faculty and staff as well as Linda Vista community members attended the First-Time Homebuyers Seminar, sponsored by the USD Real Estate Society and the Burnham-Moores Center for Real Estate, with funding provided by the California Mortgage Bankers Association. The seminar was designed to give prospective homebuyers a background on the area's current housing market and requirements for entry.



The seminar featured views from three panelists: Ken Manqueros from Stearns Lending Group, USD alum Seth O'Byrne '05 (BA) from RE/MAX Associates and Lani Furrows from Bank of America. After brief presentations by the panelists, which were moderated by Real Estate Society co-chair Jennie Celeste, attendees posed their specific questions to the experts.

This was the fourth year that the Real Estate Society has offered a first-time homebuyers seminar on campus and the second time it has been open to the entire USD and Linda Vista communities.

[The University's Real Estate Society](#) is a 200-plus member student organization that was formed in 2005. Through industry outreach and monthly meetings the society provides resources and information to students interested in pursuing a career in real estate. Meetings are held the last Thursday of every month and feature real estate professionals who share their industry experience and insight with students. Real Estate Society events are open to all undergraduate and graduate students.

BMC Professors Speak to National, Local Industry Professionals

[^back to top](#)

Mark J. Riedy, PhD, executive director, was the featured guest speaker at

the Rotary Club of San Diego's downtown breakfast meeting in San Diego Sept. 2. Riedy discussed the causes of the commercial and residential real estate meltdowns and explained the key indicators to anticipate when each would recover.

Norm Miller, PhD, professor and director of academic programs at the Center, was a featured speaker on a Sept. 29 CoStar Webinar on green real estate. Over 600 participants listened to the presentation delivered by Miller and his co-presenter, Jay Spivey, national director of analytics for CoStar.

Norm Miller Chairs Sustainable Real Estate Session at Homer Hoyt Institute

[^back to top](#)



Norm Miller, PhD

A sustainable real estate session organized by Norm Miller, professor and director of academic programs, was covered in the Fall 2009 edition of the [Homer Hoyt Institute](#) newsletter. Miller, who is a fellow of the prestigious Homer Hoyt Institute, chaired the spring session, which was held at the institute's offices in North Palm Beach, Fla.

The session featured participants of national and international reputation on the topic of green and sustainable real estate, including: **Gary Pivo** of the University of Arizona; **Jeff Fisher** from Indiana University; **Nils Kok** and **Piet Eichholtz** from Maastricht University; **John Quigley** from the University of California-Berkeley; **Franz Fuerst** from the University of Reading; **Patrick McAllister**, author of "Green Noise or Green Value? Measuring the Price Effects of Environmental Certification in Commercial Buildings," as well as panelists **Erin English** from Colliers International's Regional Sustainability Advisory Group based in Bulgaria; **David Pogue**, national director of sustainability for CBRE; **Jay Spivey**, director of analytics for CoStar; **Victoria Kahn**, director of sustainability at ING Clarion; **Dan Kohlhepp** of Granite Road LLC; and **Andrew Nelson**, vice president of research at RREEF, a division of Deutsche Bank. **Richard Epstein**, senior urban designer/architect-RNL, delivered a keynote presentation.

BMC Executive Director Makes Who's Who List

[^back to top](#)

Executive director Mark J. Riedy, PhD, recently had his biographical profile selected for the forthcoming 2009-10 edition of "Who's Who in the World." Riedy was credited for his outstanding achievements in the real estate and banking industries. Riedy has been listed in "Who's Who in America" since 1982 and "Who's Who in the World" since 2005.

The Burnham-Moores Center for Real Estate's Breakfast at the BMC event featuring Cushman & Wakefield chairman, John C. Cushman III, was mentioned in the *San Diego Metropolitan Magazine's* Daily Business Report Sept. 3, the Sept. 14 [edition](#) of "Around Town," on *signonsandiego.com*, a Sept. 17 [article](#) on *Inside USD*, and an [article](#) in the *San Diego Union-Tribune* Sept. 18.

On Sept. 15, The Burnham-Moores Center for Real Estate and CB Richard Ellis released a study that found that employees in green buildings are more productive than those in non-green buildings. The study was referenced in [High Beam Research](#), [NEBS](#), [AJAX World Magazine](#), [Chloregy](#), [Reuters](#), [Masagin WorldPress Theme](#), [The Signal](#) as well as a Sept. 23 [article](#) in *The Daily Transcript*.

Alan Gin was quoted in a Sept. 16 [story](#) in the *San Diego Union-Tribune* on the first-time homebuyer's tax credit.

Alan Gin was quoted Sept. 19 in a *San Diego Union-Tribune* [article](#) on San Diego's job market.

Louis Galuppo was quoted in a Sept. 19 *San Diego Union-Tribune* [story](#) on how to select a real estate agent.

Norm Miller was interviewed by the *San Diego Union-Tribune* on issues that continue to persist in the housing market. The [article](#) appeared in the paper Sept. 22.

Norm Miller's research with Michael Skalrz was referenced in a Sept. 23 *Wall Street Journal* [article](#) on delayed home foreclosures.

Norm Miller's "Does Green Pay Off?" [study](#) was referenced in a Sept. 23 story in *Crain's New York*.

Louis Galuppo was quoted in a Sept. 24 *Chicago Free Press* [story](#) on how real estate lawyers can help homebuyers save money.

Alan Gin was mentioned in several articles on Sept. 24 and 25 following his release of the Index of Leading Economic Indicators for San Diego County, which he compiles for the Burnham-Moores Center for Real Estate. Articles appeared in: the [San Diego Union-Tribune](#), the [San Diego Business Journal](#), [The Daily Transcript](#), the [San Diego Reader](#), [San Diego News Network](#), [10news.com](#), [voiceofsandiego.org](#) and [signonsandiego.com](#).

Norm Miller was recently mentioned in several online blogs, including a Sept 25 [entry](#), which discussed foreclosure and default trends, a Sept. 27 blog [discussion](#) on foreclosures in the United States and a Sept. 29 [entry](#) on his "Does Green Pay Off?" study.

Norm Miller was quoted in a Sept. 30 *San Diego Union-Tribune* [article](#) on whether the housing market is on its way to recovery in San Diego County.

Calendar

SAVE THE DATES . . .

[^back to top](#)

Real Estate Homecoming Event Oct. 17, 2009

- 6:30 p.m.
- Joan B. Kroc Institute for Peace & Justice Garden of the Sea, University of San Diego campus
- Featuring adjunct professor Dave Davis' band Geezer
- To register, [go here](#).

For more information, contact Lauren Lukens at (619) 260-7619 or llukens@sandiego.edu.

Quarterly Alumni Market Watch Event Oct. 21, 2009

- 6 p.m.
- Vin de Syrah Spirit & Wine Parlor, 901 Fifth Ave., San Diego, Calif. 92101

For more information, contact Lauren Lukens at (619) 260-7619 or llukens@sandiego.edu.

Current Trends in Tax, Business Succession and Estate Planning for Real Estate Investors Nov. 10, 2009

- 1 - 4 p.m. (complimentary catered networking reception immediately following the program)
- Joan B. Kroc Institute for Peace & Justice, University of San Diego campus
- Cost: \$295
- **Three Hours of Approved MCLE Credit**
- To register, [go here](#).

For questions, contact Diane Gustafson at (619) 260-2379 or dgustafson@sandiego.edu.

Outlook 2010: 10th Annual Residential Real Estate Conference featuring David H. Stevens, Assistant Secretary for Housing-Federal Housing Commissioner Dec. 8, 2009

- 7:30 - 11:30 a.m.
- Hahn University Center, University of San Diego campus
- Cost: \$55, includes registration and breakfast
- To register, [go here](#).

For questions or sponsorship opportunities, contact Diane Gustafson at (619) 260-2379 or dgustafson@sandiego.edu.

14th Annual Real Estate Conference featuring Sam Zell Jan. 29, 2010

- 7:30 - 11:30 a.m.
- Hilton San Diego Bayfront, One Park Blvd., San Diego, Calif. 92101

For questions or sponsorship opportunities, contact Diane Gustafson at (619) 260-2379 or dgustafson@sandiego.edu.

Continuing Education

Upcoming Continuing Education Classes

[^back to top](#)

Real Estate Investment and Income Analysis

- Starts **Oct. 6, 2009**
- To register, contact [Julia Chemers](#), or [register online](#)
For more information about this class or the certificate program, go [here](#).



Visit us online at www.USDRealEstate.com

The Burnham-Moores Center for Real Estate is committed to delivering outstanding education, industry outreach, career and research services to advance socially responsible leadership in real estate.

University of San Diego, 5998 Alcalá Park, San Diego, CA 92110-2492