

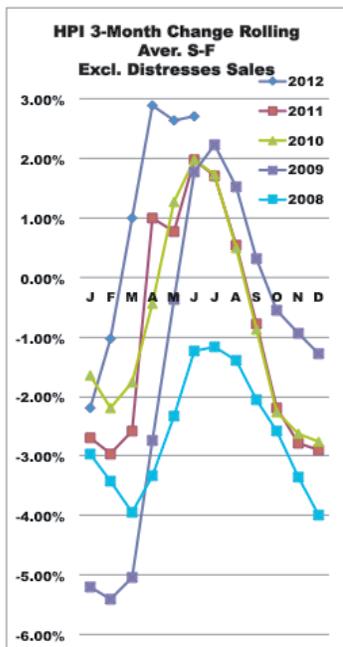
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THE MEYERS REPORT Economic Notes

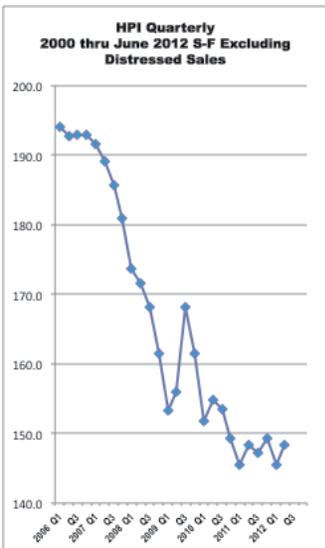
The Home Price Index (HPI) from CoreLogic seems to indicate two basic trends in housing. First, there is a seasonality to the changes in price adjustments. Second, we are heading into a slowing of price increases and probably a decline over the next few months.



Estimates shown for the 2012 May and June HPI are by CCF, and differ from what CoreLogic offers. We believe that in the coming months CoreLogic's increases will be revised downward by at least 50%. This likely will not be occur before the election.

Further, we contend that in the U.S. major markets, home prices have not yet hit bottom. In smaller market areas

prices have stabilized, while the rapidly expanding economies of the energy states (such as the Dakotas) prices will increase. States hit worst by the speculative housing bubble (Florida, Arizona, Nevada) will see increases, but from painfully low levels.



Data Source: CoreLogic
Graphics and Estimates for May and June 2012: CCF

HUMOR



Discovering too late that a watermelon spiked with vodka had mistakenly been served

to a luncheon meeting of local ministers, the restaurant's owner paced back and forth as he waited nervously for the clerics' reaction.

"Quick," he whispered to the waiter, "what did they say?"

"Nothing," replied the waiter with a shrug. "They're all too busy collecting the seeds and putting them in their pockets."

THE MEYERS REPORT

by Gary S. Meyers and Robert Genetski, Ph. D.

Unemployment Fraud

Next Monday is Labor Day. As we often have done in the past, here is an update on employment issues affecting businesses today.

Fraudulent unemployment claims are hurting America's business, particularly small businesses. Just because someone has never worked for you, does not mean that they cannot make an unemployment claim against your company. You even may not know the person, or they may have worked as an independent contractor. Either way businesses can be tagged—and it hurts everyone.

Remember, filing a false claim is criminal fraud and can be prosecuted. Even in the most lenient circumstance for the perpetrator, there is the possibility that the government will claim, and get, restitution so that the false claimant will have to repay the ill-gotten gains. If a victimized employer wants to press the issue, the false claimant could be prosecuted for the fraud, sued for damages and may well find it difficult to be employed again for an extended period of time that could be for years. This would be far worse than any gains achieved through lies.

"It happens all of the time," said Chicago-based labor attorney James Hendricks. "Fraudulent claims are costing small businesses millions a year. Then there are the non-profits, which pay no taxes, but they do reimburse the state for moneys paid out in unemployment claims. For example, fraudulent unemployment claims have cost hospitals millions of dollars, contributing medical costs."

"It is very common," said labor attorney Steven Pearlman. "But as an employer, you must defend. There are several issues. If someone has not worked for you and successfully files a claim, your company could be liable for the alleged unpaid employer's por-

I'M NOT SURE "DISCRIMINATION AGAINST LAZY PEOPLE" WOULD BE A VALID CLAIM



tion of the payroll taxes. The interest and penalties can be costly."

"The situation can get even worse if the state does not send out the notices in a timely fashion and thus makes it much tougher to defend," said Hendricks. "Not defending can raise your employment costs by several percentage points, because of the increased insurance rate created by the claim. This added expense can be a killer for a small business and could be the deciding factor in not adding another person to payroll."

Here's what to do. First, know the rules and your defenses. It takes 30 days of continuous employment for anyone to qualify as being part of your company.

"Be careful about contacting the individual," said Pearlman. "An injured employer might have an emotional need, or feeling, to communicate with the individual. That could be construed as being coercive and be used against you—no matter how innocent the exchange. The fraudulent claimant also could lie, as they already have."

Keep track of your paper. If the individual is an independent contractor, make sure that you have an independent contractor agreement that is signed. Get a completed and signed W-9 before you payout on anything. Document everything.

Consult an experienced labor attorney and let them handle it. "As an employer, the feeling of being wronged is certainly emotional. Reacting emotionally can be dangerous for your business and legal health, so don't do it," said Hendricks.

Consider prosecuting. It is a wise business person who makes it known that they are not an easy target.

Robert Genetski's Weekly Financial Update & Stock Impact Gauge

	Fundamental	Actual	Immediate Outlook
Fixed-income: 10-yr Treas.	5.0	1.67	heading higher
Equities: S&P 500	2000	1402	heading higher
Equities: Dow Jones	16,000	13,057	heading higher

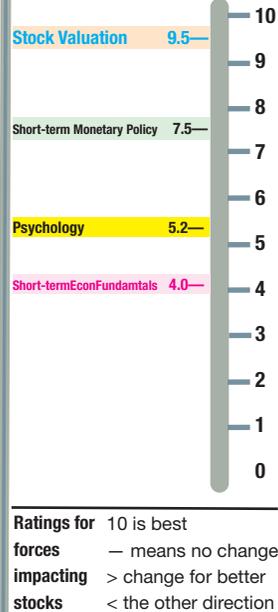
Friday's report showing a sharp increase in new orders for durable goods is misleading. The more significant data in the report point to further weakness in the economy.

Market Outlook Stocks reversed direction once again this past week. The NASDAQ registered a decline of just under 1/2%. The Dow lost the most, falling 1 1/2%. After two weeks of sharp gains, the average decline for key indexes was roughly 1%.

In spite of the decline technical indicators remain positive. Although all key indexes are below their 10-day averages, the 10-day averages remain above the 50-day. As during the prior gains, trading volume has remained low.

Long-term interest rates moved lower in response to falling stock prices. Both the stock market and interest rates are taking their lead from the economic news.

The upcoming economic news is likely to remain indecisive. It's likely to alternate. At times it will be better than the bears expect, but not as good as the bulls would want. Given this environment, I'll look to the market's technical position in an attempt to determine its next move. At the moment the technical indicators are weak, but still positive. This suggests the odds of further gains in stocks and interest rates outweigh the odds of further declines.



Ratings for 10 is best
forces — means no change
impacting > change for better
stocks < the other direction

Case in point ...

SCENARIO: Developer was within 30-hours of seizure by a very hostile bank and losing all of assets from other properties, due to an arrogant inattentive bankruptcy attorney who had accomplished nothing in three plus years. Property in question is a moderate sized community shopping center in bankruptcy. Recalcitrant former partner sabotaged previous refinance efforts; there was possible collusion with the bank. Receiver injured shopping center with weakened new leases that reduced rents and who took large chunks of cash out of the center.

ACTIONS by CCF: stopped seizure in under 24-hours. Under 90 days, analyzed income and expenses of the property to determine viability; opened new negotiations with the bank; fired bankruptcy attorney and brought in counsel; arranged workout plan; provided mezzanine DIP financing to allow short-term payments required under the plan; aided in collecting monies owed by existing tenants; found replacement for difficult major tenant; reviewed leases and provided recommendations to strengthen; assisted in reorganizing shopping center management; positioned it for refinance from old bank lender.

Bottom Line: Call CCF 224-715-5555.