

March 2, 2010
Corporate Communications
20 Anticipated Questions from Employees re: Transaction

1. What is the leadership structure, i.e., the plan for senior management in NewCenterline and C-III? Is upper management staying the same? Are both (or either) companies to be managed by Island? How much interaction on a daily basis (and overall) will Island have with either company? A. New Centerline and C-III are completely independent companies. Their only relationship is that a subsidiary of C-III does some primary mortgage servicing for the Agency business, exactly as C-III does for clients such as JP Morgan or similar third parties. With that clear, we will focus on you – New Centerline -- from now on. The affordable business and agency business remain intact supported by the same senior management. Island's wholly owned subsidiary, Anubis Advisors, will serve as advisor. Anubis will work directly with senior management assisting and advising on the growth of the business. You should expect to see someone from Island or Anubis in your offices often, but you will not to interfere in any way with the day to day activities you must perform to succeed in your business.
2. Have new business models or strategies been proposed for NewCenterline? For C-III? What are they? Again, C-III is an independent company. This meeting is about you. Our business model is very simple. Restore our tax credit origination business to historical levels and then higher. Materially increase our size and ranking in Agency loan production. Effectively manage our bond holdings to insure steady income. Then move to add ancillary business to our platform. Ancillary and new activities can include property management, GP portfolio acquisitions, mergers with and acquisitions of other companies in multi-family residential housing businesses, etc.
3. Where does growth—career-wise and industry-wise—lie for NewCenterline? Is there opportunity to help develop new business strategies and models? And help implement them? Yes. We will reclaim the position as the leader in the affordable housing business with the objective of not just leading but being dominant. Working with Island and Anubis we have identified very specific ways

in which to expand our market and develop new buyers of credits. We will expand our Agency business as a financially sound institution who can better attract additional talent and quality borrowers. And we have identified ways that we can leverage off of our existing platform to capitalize on other opportunities now that our balance sheet has become delivered and we can again begin to access capital.

4. Will there be a melding of Island and (old) Centerline employees? Across the board, or in specific business units? Which ones? No. Island (Anubis) is your advisor. New Centerline is in the affordable housing and agency lending business.
5. Everyone's question: How do I fit in? As a valuable team member you are now emancipated from the shackles of insolvency. We expect you to be excited, be a player in taking this company to new heights and enjoy the personal satisfaction and financial rewards when you do. You will hear directly from your own managers how things will begin to change and what it is that you can do to participate in the change. But be realistic; it will take a month or two for you to begin to feel the emergence of the new momentum and direction. We are starting again from an almost cold-start to reclaim our market position and to educate the rest of the world on our new found stability and capability.
6. What are the talents, skills, expertise, experience and qualities being sought for employees of each company? How can I showcase my skills to best serve me and a new company? Island is here because of your talent, skills and expertise. We have restructured the company financially. You showcase your skills by doing what you do better than anyone else and being a leader in re-establishing yourselves as the industry benchmark.
7. Is there a choice of assignments? Who is going where? And why? This is a continuing business. There are no re-assignments necessary. The opportunity for advancement or transfer to another department should be enhanced now that we can grow rather than shrink the business.
8. Is the new structure long term? Permanent.

9. How will each company be profitable? When? This is only about New Centerline. When we started this process, the Company had nearly \$2 billion in liabilities and claims it could not satisfy. We cleared all of that up and now are encumbered only by \$125 million in bank debt. Our going in cash flow should easily take care of that. So on a cash flow basis, which is all that matters, we are profitable already and expect to increase that substantially over the years.
10. Are we moving? Where will each company maintain its HQ? Together, or split? What happens to our offices (and employees) outside of NYC and Dallas? We sold the Arcap business now called C-III to get our debt down to the level we could move forward. It is headquartered in Dallas and will have virtually no interaction with New Centerline. We'll do our thing and they can do their's. Except for a couple of fund management people here in New York who will relocate out of Centerline's New York office, everyone else will stay where they are. Everything in the Madison Avenue office is New Centerline and New Centerline only.
11. Will existing departments in Centerline merge? Will any departments be eliminated? Created? What is the timeframe? No. Management of Centerline will continue to do those things over time to make us more effective, more efficient and more valuable to our clients. But this is all normal course and we are doing nothing of the sort as a part of this recapitalization transaction. But if you have ideas that will make us better, we are all ears.
12. Will we have the same benefits (PTO policy and health insurance)? There are no changes as a part of the transaction.
13. Will there be a pay increase and bonus plan? This year? Normal merit raises and performance bonuses will be continued commensurate with your performance and the Company's financial performance. You should know that as a part of our restructuring work we freed up the funds to get your 2009 bonus paid and have made provisions in our financial plans to pay your timely henceforth.
14. How does the transaction and division into two companies affect Centerline's debt and liabilities? Now and going forward? We have eliminated the major liabilities other than the bank debt – Merrill Lynch, Natixis, Blackstone office

- lease, Morgan Stanley, etc. We have eliminated virtually all preferred stock puts and dividend requirements and converted them to common stockholders. Our only debt for all practical purposes is now a \$125 million bank loan that does not mature for seven years.
15. When do we expect to be rebranded? How should we refer to each company in the meantime when addressing clients? Is there a consistent message/mission statement (30-second elevator speech) to describe each company? [need to develop this] Until further notice our brand will continue to be Centerline. The ArCap business will use the Centerline Servicing name for servicing and then only until it is rebranded differently later this year. There will be messaging memoranda, etc developed in then coming weeks to help you spread the message and help to re-establish our reputation in the market place.
 16. What (consistent) language/message do we use for describing the transaction to clients and potential clients, investors, the media? Do we have talking points? [need to develop this] You should have all read the press release by now. The New Centerline message should be **WE'RE BACK – AND BADDER THAN EVER.**
 17. How much overlap in resources and identity for each company is anticipated?
None.
 18. Are there new checks and balances in place for company-performance monitoring? What are they? All existing will remain in place. In addition, Island advisory services and participation on investment committees will enhance the existing construct.
 19. Will there be a Town Hall or employee-wide venue to pose and answer these questions? Of course. It is being organized presently.