***Greetings from Miami*,**

The annual MBAA conference was recently held in San Diego, which had historically been the kickoff to a new production year and new debt being allocated by life insurance companies; pension funds; banks and Wall Street lenders. In past years, crowds of 4,500+ would pack conference rooms and hotels, with smiles beginning at 7 am and lasting till the wee "hard partying" hours. This year, approximately 1,500 attended, more to claim "last one standing" status and listen to tales of six month commitment timeframes and allocations cut to mere fractions of past years. Productions staffs were also cut significantly, with some opting to move into portfolio management areas of institutions.

Outlook for 2009

During 2009, Life insurance companies will be concentrating on loan renewals for existing clients and new loans will be well secured with loan to values of 65% or less. Conduit and other Wall Street lenders have no secondary market today, thus new loans will not occur till late in 2009 and likely into 2010. Super regional banks continue to lobby for government assistance and the lucrative TARP monies to weather the storm. Agencies (Fannie Mae/Freddie Mac/FHA) continue to be reshaped in the new administration and are tightening lending policies to stem the rising delinquencies. Regional banks are being very selective with new transactions, with most of the staff concentrating on specialized assets ("SA") or troubled loans. Proactive banks that have staffed these SA groups with savvy real estate professionals are beginning to move the assets/loans quickly and relatively efficiently, but most have been slow to respond ("mantra of: no sales = job retention") and offers sit on desks for days and sometimes weeks. Lastly, despite most of us losing more money in the stock market recently then some GDPs of small countries, there is good news.

On a positive note, we are getting deals done. Old relationships are being recast with a refreshed sense of vigor and new relationships are being forged by professionals. Snake oil and credit default swaps have never been quick fix cures for ailments, just hard work and prudent investments for the long term successes. While transactions are taking longer today (75 to 90 days as norms), borrowers are keenly focused on execution and secondarily on overall interest rates. However, increased equity in transactions, fostering long term relationships and borrower financial capacity are the keys to getting business done in today's turbulent market place. Below are key rates as of 2.26.09, note the increased volatility.

Key Rates

Prime is **3.25%.**	(30 days ago, **3.25%**;	3 months ago, **4%**;	1 year ago, **6%**)
Libor (30 day) is **.47%.**	(30 days ago, **.36%**;	3 months ago, **1.41%**;	1 year ago, **3.11%**)
T-Bill (10 yr) is **2.98%.**	(30 days ago, **2.32%**;	3 months ago, **3.32%**;	1 year ago, **3.9%**)

CapitalQuest Commitment

Our investment banking and equity relationships are excellent, as banks, pension funds, life insurance companies and niche hedge funds are consistently giving us access to their limited pockets of low interest, short term and long term funds. We have also consulted with many of them on the disposition and restructuring of the troubled loans/assets on their balance sheets. Our focus is providing accurate and timely solutions to the financial needs of our clients from: loan structuring, loan placements, financial consulting, asset sales and loan sales/dispositions. Our website, www.CapitalQuest.net includes a News Section to keep you abreast of the ever changing market conditions and provides insights to financing and asset opportunities.

As always, continued success in 2009; and we look forward to being a part of it.

John and the CapitalQuest Crew.

Remember, no matter how much milk is shaken, cream rises to the top.
- JPM -

John McLeod
President
CapitalQuest Group
250 Glenridge Road, PH
Key Biscayne, FL 33149

Email: JMcLeod@CapitalQuest.net
Phone: 305.361.1201
Fax: 305.361.1013
Cell: 305.992.5484
Web: www.CapitalQuest.net