FAMILIAR LOOK FOR OSCAR

'Hugo,' Streep, Clooney among the nominees Carolina Living







AND ONLINE

The Charlotte Observer

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2012 STATE OF THE UNION



The Cameron Brown Building, center (with vertical white bars) attracted investors ready to capitalize on Charlotte

BUILDING'S SAGA: BOOM TO BUSTEI

First plans to redo Cameron Brown fell apart. Then everything else did.

By Kerry Singe

Commercial real estate was booming in Charlotte when a group of New York investors closed on the 12-story Cameron Brown Building in uptown nearly six years ago.

The new landlord, which also owns the former Sears Tower in Chicago, told tenants improvements were on the way. They pledged to spend money on everything from fresh paint jobs to elevator upgrades.

Instead of being improved, however, the 40-year-old building and lot are falling into disrepair, tenants say. Office temperatures can be frigid and sweltering, often on the same day. The electronic parking arm won't raise and the lot is cratered with potholes. Elevators are often inoperable.

In May, the owner defaulted on its \$21 million loan, according to data by real-estate research firm TREPP. A foreclosure sale is scheduled for next month.

The building is the latest uptown project to struggle, a victim of overly optimistic expectations and lingering economic weakness. The department of the strength of the stren

Obama calls for economic fairness

Millionaires should pay at least 30% tax rate, he says

He urges more oversight of the nation's financial sector



President Barack Obama, flanked by Vice President Joe Biden, left, and Speaker of the House John Boehner, R-Ohio, called for "rebuilding an economy where hard work pays off" in his state of the union speech on Tuesday.

More coverage

■ President Barack Obama highlighted Jackie Bray, who retrained at Central Piedmont Community College after being laid off. 4A

■ U.S. Rep. Gabrielle Giffords, who announced her resignation Sunday, attended the speech. An N.C. speech pathologist, Nancy Helm-Estabrooks.

has helped with her recovery. 1B

BY STEVEN THOMMA
McClatchy Newspapers
WASHINGTOM — President Barack Obama used an election-year State of the Union address Tuesday night to frame the national debate not as a referendum on him but as a pivotal decision on how to save the American dream.

He boasted that the nation's economy has improved, albeit slowly, from the depths of the recession.

"The state of our Union is getting stronger," he said.

But he said the middle class has been losing ground for decades, and he urged a new agenda of taxes and government spending to tilt the playing field away from the rich and powerful and more

MacNited'thy Newspapers
toward the rest of the citizenry.
Once, he said, Americans believed "the worked hard, you could do well enough to raise a family, own a home, send your kids to college, and put a little away for retirement. The defining issue of our time is how to keep that promise alive."
The speech fleshed out a broad vision Obama laid out in December in a speech in Osawatomie, Kan., one modeled after a 1901 speech that Theodore Roosevelt gave in the same town laying out themes for what would become the Progressive Era.
Obama's State of the Union address detailed his agenda for the 2012 re-election

DECISION 2012

N.C. JOBLESS FIGURE BARELY BUDGES

North Carolina's jobless rate was 9.9 percent in December, down from 10 percent in November, and came out virtually flat for the year. **Business**, **2B**

Police: Northwest School of the Arts principal killed himself Barry Bowe had been told his job was in jeopardy. 1B Groupon considers opening Charlotte office

The company that sparked the daily deal coupon craze will hold a job fair in March to assess applicants. **2B**

NASCAR to add race cars that resemble street versions The Ford Fusion will make its debut in 2013. 1C



Today: Mostly sunny. Thursday: 62/42, showers. 10B

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TODAY'S MUST-READS

Health: Feeling a chill? Brown fat's busy slimming you down. 7A

Food: City Grit, founded by Sarah Simmons lets New Yorkers



COMING THURSDAY **Style:**Tips to keep seasonal garments looking good.



BY JACK GILLUM
AND STEPHEN BRAUN
Associated Press
WASHINGTON — Mitt Romney's tax returns tell the tale:
Yes, he's rich – really rich.

Yes, he's rich - really rich.
His returns, spanning more
than 500 pages and released
under political pressure Tuesday, represent an extraordinary financial accounting of
one of the wealthiest U.S. presidential candidates in genera-

tions, with his annual income

tions, with his annual income topping \$20 million.

It remains unclear how the details of Romney's fortune will play among American workers, who on average earn less in a lifetime than Romney paid in taxes in 2010 alone. Meanwhile, the typical taxpayer pays a similar share of his income to Uncle Sam as he does, roughly 15 percent. roughly 15 percent.

roughly 15 percent.
Romney's returns - which in-clude a 2011 tax estimate - spilled out new details of his scattered holdings, tax strategies and char-itable donations. Romney paid about \$3 million in federal in-come taxes in 2010, having

earned more than seven times that from his investments.

The documents quickly became fodder for his opponents, with Democrats chiding the former Massachusetts governor for not disclosing more about his financial history.

Romney is hardly the only wealthy American seeking the presidency, though he's on a level all his own.

Republican rival Newt Gin-

level all his own.

Republican rival Newt Gingrich, who had publicly

SEE ROMNEY, 7A

MORE CAMPAIGN NEWS Romney, Gingrich trade barbs on business deals. 2A





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BUILDING

mortgage-backed securities, account for about a quarter of commercial real estate loans nationally. They are generally thought to be among the least

Distressed sales on the way

Distressed sales on the way

Of such loans in the Charlotte area, 68 percent that originated in 2006 and were scheduled to mature in 2011 are still outstanding – a red flag. About half of those loans, representing \$20.2 million, are delinquent, TREPP research shows.

"It's not just that lending is more constrained now," Hollerith said, "but many properties backing those loans have had significant declines in their net operating income and aren't even worth as much as the outstanding loan balance."

Since it was bought, the tower at 301 South McDowell St. has lost tenants and revenues, loan documents show.

The building's manager said he was not allowed to comment on the property.

The owners, who last year bought New York's iconic Hotel Chelsea for \$778 million, did not respond to a request for comment.

Tenants say the Brown

did not respond to a request for comment.

Tenants say the Brown building's condition is hurting their business. Some have had to close their offices early because of uncomfortable temperatures. One worker said she gets headaches because of the stilling heat. Others say it gets so cold they can't type.

"It's hard to do your best work when one day it's 53 degrees and then later the same day it's 85 or 90," said attorney Martin Hunter, who leases an office on the 10th floor. One day this month, temperatures in his office had reached 74 degrees by 8:30 a.m., so Hunter rescheduled clients who were supposed to come in that aftersupposed to come in that after-aoon.

noon.

Now, with a possible foreclosure sale looming, tenants face uncertainty: Will a new owner honor existing leases? Or should tenants look to move, a costly disruption to their daily operation?

Optimistic plans

Close to Interstate 277, the Mecklenburg courthouse and government offices, the 183,000-square-foot Modernist mid-rise has long been popular among attorneys, architects, accountants and other professionals.

sionals.

Decades ago, the city shot its annual July Fourth fireworks from the rooftop, said C. Robert "Bob" Percival, whose father, Robert H. Percival, developed the building at East Third and South McDowell streets in 1972. The building was named for the Cameron Brown Mortage Co. anortgose byker accept Co. gage Co., a mortgage broker ac-quired in the 1980s by First

quired in the 1980s by First Union Corp., which is now part of Wells Fargo & Co. "It's got unparalleled views," Percival said. In June 2005, The Chetrit Group LLC and 301 Cameron Associates LLC bought the building and the neighboring Adam's Mark hotel from HBE Corp. for Slightly more than

Adam's Mark hotel from HBE Corp. for slightly more than \$47 million. The groups paid \$16.1 million for the tower, Mecklenburg County property records show.

In April 2006, the investors took out a five-year, \$21 million loan from Wachovia Bank for the building and 2.7 acres. Occupancy at the time was 98 percent, and the building was generating a healthy \$1.22 for every dollar it towed, according to loan records provided by TREPP.

About that same time, city

About that same time, city About that same time, city and county planners and developers spoke of ambitious plans for the area, including creating an urban village offering homes, office buildings, parks, restaurants, shops and condos within the area bounded by Third Street, Brevard Street and I-277. Plans have since been shelved.

Loan underwriting for the

Loan underwriting for the

equally optimistic.

The loan was highly leveraged, and based on a property value of \$26.3 million, accordvalue of \$26.3 million, according to TREPP. About 58 percent of the building's leases were scheduled to roll over by the end of 2009, something the end of 2009, something viewed as a positive at the time, said Hollerith, the analyst. The thinking was that the owners could replace the expiring leases with tenants paying current market rents, which it was assumed would be higher.

That didn't happen. As the

That didn't happen. As the economy tanked, companies laid off workers or shuttered, boosting the uptown office va-

cancy rate from 4.7 percent in early 2006 to 12.8 percent in the third quarter of last year, according to Karnes, a real-estate research firm in Charlotte. Average rents, meanwhile, rose less than \$2 per foot to \$25.86, excluding the many concessions property owners offered, such as free rent, to attract tenants during the downturn.

By the end of 2010, the building was generating less money -\$1.08 for every dollar owed - and occupancy had fallen to 77 percent, loan records show. Lenders like to see properties earn a minimum of \$1.20 for every dollar owed Last June, the building appraised for \$18.8 million, a 30 percent drop from 2006.

In December, Wells Fargo

In December, Wells Fargo Bank started foreclosure proceedings as the loan's master servicer. The bank declined to comment other than to say "modification negotiations are

"modification negotiations are ongoing."
Foreclosure filings show the note was guaranteed by Joseph Chetrit of The Chetrit Group, Charles Dayan of Bonjour Equity in New York, and Sharon Olsen and Shirley Reinfeld, both of Brooklyn.

Articles by the New York Observer and The Real Deal show the Chetrit family, a Moroccan clan that initially made its money in textiles, once bought and sold nearly \$2 billion worth of real estate in a single year.

lion worth of real estate in a single year.
Two of the company's major properties, the Willis Tower in Chicago – formerly the Sears Tower – and an 800,000-square-foot building in New York are for sale. A loan on an-other New York office building is nearing default and has been transferred to special servictransferred to special service ing, reports say

'Untenable' situation

Meanwhile, the Cameron rown Building continues to



deteriorate.
Attorney Paul Hefferon,
who operates a law firm on the
first floor, said he tolerated the
poor heating and cooling at
first. But he became frustrated

when the elevators started breaking down more often and he had trouble entering the parking lot because of broken equipment. He bought a tem-perature gauge to record the

The Cameron Brown Building on South McDowell Street was built in 1972. In 2005,

investors who

investors who also owned the former Sears tower in Chicago bought it, promising a renovation. Today, tenants say the Brown building's poor

building's poor condition is hurting their business, that to broken elevators and

changes.
"You're constantly having to make excuses," said Hefferon, who meets with other attorneys and clients in his conference room on the first floor. "It's embarrassing when you are a professional and you have

ence room on the first floor.
"It's embarrassing when you are a professional and you have these problems."

Making the situation worse, he said, is the lack of response from the building's owner and management, 301 Cameron Associates.

"Because we have no compunication, it leads to some

"Because we have no com-munication, it leads to some personal anxiety," he said. Brokers, meamwhile, have quietly been steering clients away from the building, say people in the real estate com-munity

people in the real estate community.

On Nov. 2, about two dozen tenants wrote a letter to the building's owner and management company complaining of various conditions "that make our building uncomfortable, unsafe and untenable."

The city of Charlotte, which leases space on the building's 10th floor, said the situation "is

obviously not an ideal one."
Real Estate Division Manager
Jeff Reid said he and the city
have been in contact with the
building's management and
the city is "considering its
options."
A foreaction of the control of the city is "considering its

the city is "considering its options."

A foreclosure sale could be good for the building, tenants and surrounding area, said Andrew Jenkins, managing partner with Karnes. That's because a new owner could afford to add upgrades, he said.

On the flip side, if no one wanted the building, it could continue to lose tenants and push uptown office vacancy rates higher.

Percival, the son of the building's developer, said it'd be nice to see the building rebound.

"For those with business with the city, the county or the courthouse, there's no better

with the city, the county or the courrhouse, there's no better building," Percival said. "The building's got such excellent bones, it could stand the test of time for another 50 or 60 years."

Singe: 704-358-5085



KIPP Charlotte is a tuition-free, open-enrollment, college preparatory public school serving 360 students in grades five through eight.

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