



Prudential

Sierra Nevada Properties

Reveal
January 7th, 2009

1. *After all these years what made you decide to leave Coldwell Banker as an affiliate?*

Plummer & Associates had been affiliated with Coldwell Banker for 25 years. In that time there have been 4 different owners of the brand and while it remains strong when our franchise came up for renewal we reviewed all the choices and opportunities that would provide the continuation of tools and benefits for our agents, clients and company. Recent changes in the system and moves by corporate have diminished the value of the affiliation. It was purely a business decision.

2. *How did you pick Prudential? Does this change the ownership?*

First, the ownership is exactly the same. There is no change. Our company will continue to be owned by me. It will be managed and operated locally as always. We have a great deal of pride in building a company over the past 30 years and want this to continue. Prudential is a recognizable brand and has grown substantially in recent years. We are not the first CB company to make this move. Culturally they share the same values as we do and frankly, they were excellent to do business with in discussing what turned out to be what we came to believe was a better vehicle in getting us all to where we wanted to go.

3. *How did you pick the name Sierra Nevada? Why give up the Plummer name?*

We felt that while we were changing brands we should change our name to reflect more of the geography we represent and to remove a possible hurdle to someone if we are able to grow. Today, also in light of the internet, we felt that having an easier, recognizable URL would be beneficial in the overall marketing.

4. *How does the change in brand effect our relocation business?*

We will loose the Cartus Relocation business and simply replace it with Prudential Relocation. And by the way, Cartus announced that they are increasing the referral fees on all business by 7% starting in 2009. We will not be required to place all outgoing broker-to-broker referrals through Prudential Relocation and they do not make us give them 50% of the referral fee like Cartus did in the past. They will be much easier to work with.

5. ***What will this change mean for me?***

First, there is no change in the way we do business and pay commissions. The royalty fees are the same. We will continue to pay a per office fee for national advertising as we did with Coldwell Banker. We are not changing offices or anything else. What we are doing is improving our position in the marketplace and replacing the tools that you used with Prudential tools. We are simply riding in a better equipped vehicle with better mileage! This is a people business. You have relationships with your clients and that puts transactions on the table. We have relationships with our staff of agents and employees and we maintain high standards. That is what makes us the professional team that we are. Plummer & Associates is continuing on with the same leadership and people it has had.

6. ***How does this change affect my sellers or even my buyers?***

It does not affect them at all. It does present an opportunity though to talk to them to secure an extension of the existing listing and also a price reduction. They are still listed with and still doing business with Plummer & Associates agents. We have simply changed our DBA. Another positive for our clients is Prudential received the 2008 J.D. Power & Associates award for the highest level of satisfaction among home sellers.

7. ***What about our commercial company?***

Our core business has always been residential real estate and I felt the best thing for the company was to focus 100% of our energy on what we are great at – selling homes. I have helped Tyler Clay recently grow the commercial team and made a business decision to sell the commercial franchise to Tyler. Their new name will be Coldwell Banker Commercial Clay & Associates.

Additional Benefits:

- Prudential has a *Fine Homes* marketing program for luxury homes
- Prudential has Prudential University for professional development
- Prudential has an exclusive with Yahoo and special sign riders
- Prudential has a 401k Plan for agents and additional benefits
- And more...

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Dear Plummer & Associates Team:

Thank you for taking the time to attend our meeting this morning. Now that you have had some time to absorb the news of our new affiliation with Prudential Real Estate, we want to talk to you about the research we have been doing for over a year and give you assurance about a great new set of opportunities we will be enjoying together in the coming months.

It is important to give you some fairly extensive background thoughts and current information about Realogy (the parent of Coldwell Banker) in order for this message to be useful, clear and to understand the decisions.

It has become clearer and clearer that Realogy's mission to promote and expand ERA, C-21, Sotheby, and now Better Homes & Gardens plus their own Real Estate Company (NRT), has weakened what was once strong support for the Coldwell Banker brand.

Some will remember when in the early and mid '90's Coldwell Banker was a separate organization, independent of the need to deliver constant immediate high returns to either Wall Street or highly leveraged investor groups. The franchise was also then free to take the long view of its assets and create clear points of difference for its associates while offering value for the consumer.

Over the last several years, as the renewal date of our franchise agreement with Realogy has approached, we have worked as closely as possible with Realogy in an attempt to redefine our relationship with the franchise on terms that would support the growth of everyone in the company and provide the competitive edge that we always seek for our team.

As recently as September, we executed a short-term extension with the franchise in an effort to use every minute available to ascertain how the franchise might move forward successfully even amid evidence of steady cutbacks of staff and reported challenges to Realogy's solvency under its most recent recapitalization and re-leveraging to the Apollo group (*see article attached*). The reports of daily losses to some of the entities of Realogy and particularly the NRT, which is very deeply invested in the Florida and California markets, are staggering.

Plummer & Associates has set the goal to be associated with the right national organization, one that is:

- Solely focused on the growth of every agent under its brand. When an organization has a handful of competing logos, we believe it cannot be solely focused on the success of each of them.
- Diversified in areas other than real estate so that success is not entirely dependent on the ebb and flow of the real estate market.

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- Focused on supporting its franchisees in their efforts to win the growing battle for Internet leads. The industry is slowly but surely abandoning print advertising, the way that most consumers have already done.
- Dedicated to recognizing and serving its members' unique needs in each marketplace.
- Willing to communicate one on one when it counts; i.e., understanding and demonstrating that "people matter" and that we are in the relationship business.
- Ready to act with a mission consistent with our core purpose: *Our goal is simple... to help you reach yours.*

With these objectives in mind, I undertook an extensive review of national brand opportunities, even while at the same time carefully continuing to evaluate a "go forward" position with Realogy.

One national brand emerged hands down as an organization whose mission is consistent with our company's core purpose and values and whose strengths are rooted in the fulfillment of the beliefs and desires that have been established for our team.

Effective today, January 7th, 2009, the franchise agreement that we have with Realogy is expired and our company signs will change to say Prudential along with the image of the Rock instead of Coldwell Banker.

Realogy has had its place and time with us and we certainly wish them well, but all of us have worked tirelessly these past few years to articulate our full and distinctive value to the consumer.

We believe that Prudential offers more and better. This will provide additional safeguards against our services being seen as a commodity in the consumer's eyes.

There are exciting new tools and opportunities for everyone to use. There is so much work going on to help you understand the full business value of this new franchise that it cannot nearly be covered here. We have included a list of just a few more significant additions to our arsenal. Also be sure to review the enclosed FAQ (frequently asked questions) as soon as possible.

You will be receiving a complete accelerated training schedule for "Maximizing the Brand" training on January 14th, 2009

A major marketing campaign will begin immediately to educate all our communities and customers to this new opportunity. This will cause lots of new attention to our entire inventory at the time when sellers are asking "what have you done for me lately". WOW, will you have a lot to show and tell.

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In closing, it is important to acknowledge that there is no question that this is a change and change always entails challenge, risk and opportunity. There will certainly be all sorts of competitive nay saying and other actions, but when you think about it, what else can the competition say. I doubt if they will wish us luck, for we are on the move.

We will be capturing everyone's attention in the spring market. We are clearly committed to an even better future. We have new tools to use and we will continue to be the leader. We are the same people who have served the Reno market for the past 30 years.

As we deal with the details of change together, always remember that we are the areas top team; Trusted Advisors, Skillful Negotiators, Master Marketers, and Expert Facilitators. We encourage everyone to grasp this new set of tools as we seize the moment.

The opportunity is now to knock 'em dead and so expand each of our worlds.

Darrell Plummer
Broker/Owner



Realogy Debt Exchange Violates Contracts, Judge Says (Update4)

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By Sophia Pearson and Phil Milford

Dec. 18 (Bloomberg) -- Billionaire investor **Carl Icahn** and **Bank of New York Mellon Corp.** won a court challenge to **Realogy Corp.**'s planned \$1.1 billion debt exchange with a Delaware judge ruling the real estate company's proposal violates contracts.

The bank, acting as bond trustee, and Icahn's High River LP, owner of Realogy bonds, sued Nov. 26 claiming the bond swap would unfairly manipulate payment priorities and delay the inevitable failure of the company. Realogy said in a statement late today that it was canceling the debt swap.

"If Realogy wishes to engage in the proposed transaction, it would need to obtain agreement from the required number of its bank lenders to amend or waive certain provisions of the credit agreement," Delaware Chancery Court Judge **Stephen Lamb** in Wilmington said in a decision released today.

Lamb hadn't ruled on High River's claim that the debt transaction is fraudulent or its request to permanently block it. The bank's arguments hinged on provisions in the credit agreement between Realogy and its first-lien bank group and the indenture governing toggle bonds, according to court papers filed by both sides.

Realogy, which was bought by **Leon Black's** Apollo Management LP for \$6.6 billion in April 2007, is trying to reduce its debt by about \$600 million to stave off default. The company, owner of the Century 21 and Coldwell Banker real estate brokerages, wanted to give noteholders the option of swapping their securities at a discount for as much as \$500 million in principal of new second-lien loans that will mature in 2014.

Black v. Icahn

The suit pits Black and Icahn, who used to work together on deals in the 1980s, against each other. Black was Icahn's investment banker at Drexel Burnham Lambert.

Icahn's group alleged it would be unfairly pushed behind other noteholders in the Realogy exchange. His toggle bonds allow borrowers to pay interest in debt or cash.

"Private equity cannot just step all over the debt in order to save itself," **Keith Schaitkin**, an Icahn attorney, said in a phone interview. "This is only phase 1 of the case. There is also the fraudulent-transfer aspect so that even if Realogy tries to work its way around this ruling we intend to continue to press our other claims."

Realogy would need more than 50 percent of its first-lien lenders to sign off on an amendment to the credit agreement, Schaitkin said.

Kevin Heine, a Bank of New York Mellon spokesman, declined to comment.

Bond Indenture

Sigmund S. Wissner-Gross, a lawyer for the bank, told Lamb at a Dec. 15 hearing that the exchange would constitute a breach of the bond indenture agreement. Realogy lawyer **Thomas J. Aillingham II** told the judge the swap was in the best interest of the company.

Lawyers for the trustee argued Realogy's proposed transaction isn't allowed under the credit agreement because it doesn't involve a cash loan. The exchange also fails to qualify as a permitted lien under the indenture, the trustee said in court papers.

"If it is not a permitted lien, then failing to provide the appropriate equal and ratable or senior liens to the senior toggle notes is a breach," Lamb said in his ruling.

Offer Terminated

The company said in its statement it was terminating the bond-swap offer, which was due to expire at midnight tomorrow, and that it "anticipates it will continue to explore other opportunities to reduce its outstanding indebtedness and improve its capital structure."

Lamb said in his decision that, "like the rest of the residential real estate industry, Realogy has fallen on hard times." The judge said Realogy's senior notes are now trading at 12 cents to 18 cents on the dollar, "evidence of the market's evaluation of Realogy's diminished prospects to pay back its debt."

"All of the notes are presently rated C by the various debt rating agencies," Lamb said.

In a Dec. 16 report, DistressedAnalytics.com said Realogy has "two unattractive choices: a long-term bankruptcy and a bare-knuckle fight" for its equity.

The case is The Bank of New York Mellon and High River Limited Partnership v. Realogy, CA4200, Delaware Chancery Court (Wilmington).

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