

Swig's 5 Hanover mortgage for sale

By DANIEL GEIGER

The mortgage for 5 Hanover Square, a roughly 325,000 s/f office building in Lower Manhattan owned by Kent Swig, is being marketed for sale by lender Capital One Bank.

The bank inherited the debt from North Fork Bank, which it acquired in 2008, and is seeking to clear it from its balance sheet rather than go

through the process of foreclosing.

The sale is the latest sign of bad news for Swig, a real estate investor who has been plagued by lawsuits and whose once-mighty real estate empire appears to be crumbling.

Swig is said to be in default on the loan. A buyer of the mortgage, which has a face value of just over \$60 million, according to a source,

would have to go through the trouble of foreclosing on the property, a process that can be both inconvenient and costly. Buyers of bad mortgage debt consequently seek steep discounts to acquire the loan.

Robert Knakal, chairman of the real estate brokerage company Massey Knakal, is marketing the note for sale, according to a source familiar with the offering. Knakal has worked separately with both Capital One and Swig in recent months. In July, he brokered the sale of 140 William Street, a building owned by Swig, for \$11.5 million.

According to recent news reports, the deal was done to raise cash for Swig, who is said to owe \$50 million to creditors and has threatened to declare personal bankruptcy.

Before that, Knakal had been hired to sell Warehouse 11, a failed condo development in Williamsburg Brooklyn.

The developer of that project eventually reached a deal to acquire the debt on that project at a discount in a deal that allowed the price of the project's apartments to be reduced and sales to resume.



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