



AMERICAN
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Mid-Atlantic Bankruptcy Workshop

Commercial Real Estate

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ABI

2024 Mid-Atlantic Bankruptcy Workshop

Annapolis, MD

Commercial Real Estate Update

Harold Bordwin, Principal and Co-President - Keen-Summit Capital Partners LLC

August 6, 2024



Hypothetical Valuation Matrix

Assume property purchased 2019 based upon the following economics, and the debt matures today.				Value Today Based Upon Higher Cap Rates (Assuming NOI Unchanged)		Amount By Which Property Value Below Existing Debt	
\$	1,000,000	<----->	NOI at purchase	\$	16,666,667	0.06	\$ (2,083,333)
		0.04	Cap Rate at purchase	\$	14,285,714	0.07	\$ (4,464,286)
				\$	12,500,000	0.08	\$ (6,250,000)
\$	25,000,000	<----->	Purchase Price = NOI/CapRate	\$	11,111,111	0.09	\$ (7,638,889)
		0.75	Assume LTV of Mortgage at Purchase	Value Today Based Upon Higher Cap Rates (Assuming NOI Decreased 15%)			
			Dollar Amount of Mortgage at Purchase	\$	850,000		
\$	18,750,000	<----->		\$	14,166,667	0.06	\$ (4,583,333)
				\$	12,142,857	0.07	\$ (6,607,143)
		0.0375	Assume a 3.75% interest only loan	\$	10,625,000	0.08	\$ (8,125,000)
\$	703,125	<----->	Annual interest payments	\$	9,444,444	0.09	\$ (9,305,556)
\$	1.4222	<----->	DSCR				

If Try To Refinance At Current Market Value of:	And Refinancing Is At LTV of:	Then Refinancing Proceeds are:	And Deficit Between Refinancing and Amount Due Is:
\$ 14,166,667	60%	\$ 8,500,000	\$ 10,250,000

Commercial Property Pricing

As of May 2024, Property Price Index is down 7% over the past year and 21% since its March '22 Peak

Green Street Commercial Property Price Index ("CPPI")



Change in CPPI Values by Property Type	Index Value	Past 12 Mos	Recent Peak (3/22)
Green Street CPPI	121.8	-7%	-21%
Apartment	138.2	-8%	-28%
Industrial	213.6	-3%	-16%
Office	71.2	-16%	-37%
Strip Retail	109.4	-3%	-17%
Mall	80.0	1%	-18%
Lodging	106.2	-3%	-6%
Self-Storage	248.6	-12%	-21%

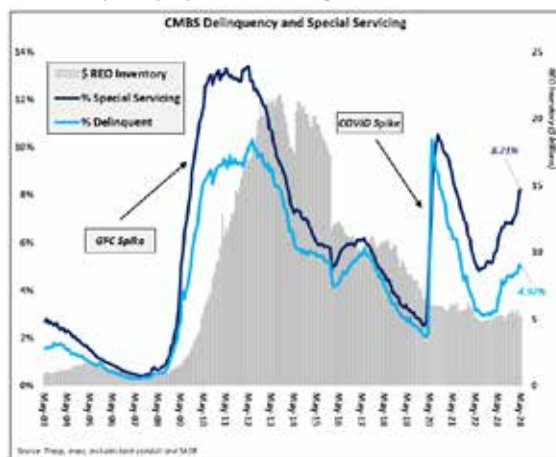
Nationally, office properties have experienced the largest drop in values since March 2022, followed by self-storage. In the last twelve months, values of office and self-storage properties declined at the double-digit rate. There are signs of price stabilization in some segments but not all.

Source: [Green Street Commercial Property Price Index. Tracks the pricing of institutional-quality commercial real estate, as of 5/6/2024.](#)

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CMBS Delinquency Rate Unchanged; Special Servicing Rate Inches Upward

CMBS Delinquency, Special Servicing and REO



Source: [CREFC's May 2024 Monthly CMBS Loan Performance Report, June 27, 2024](#)

DELINQUENCY RATE DIPS BACK BELOW 5%

On a YOY basis, the overall combined delinquency rate is up 135 bps (4.97% vs. 3.62% in May 2023)

Decrease in delinquency driven by large office loan resolutions

- Office delinquency rate declined 44 bps in May, driven by the resolutions of ~\$2B in office loans
- If the ~\$2B had remained delinquent, the overall May CMBS delinquency rate would have been 26 bps higher (5.23%), and the May office delinquency rate would have been 90 bps higher (8.28%)
- Convergence of work-from-home (WFH)-induced demand shock, high benchmark, mortgage, and cap rates, and a pullback in bank lending will continue to present office financing headwinds

May delinquency rate is still 535 bps below 10.32% peak in June 2020 – the height of pandemic-related lockdowns

Loans in special servicing (SS) rose to 8.21% in May, up 10 bps from prior month and 210 bps higher YOY

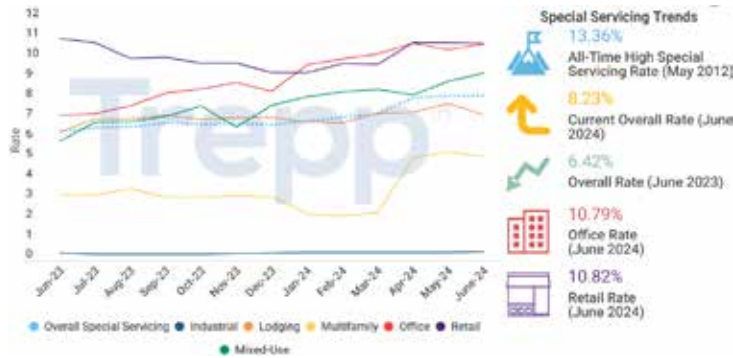
Fitch report expects continued office stress in 2024 and 2025

Loans in-foreclosure and REO asset rates remain low at 1.43% and 0.85%, respectively

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Special Servicing Rate Inches Up Again in June 2024, Driven by Increases in Mixed-Use & Office

CMBS Special Servicing Rates by Major Property Type



The Trepp CMBS Special Servicing Rate ticked up slightly in June, rising 2 basis points to 8.23%. Despite this month's increase being minimal, the rate itself remains at a very elevated level. Prior to the Covid-19 pandemic, the last time the rate eclipsed this month's 8.23% was back in January 2014. With June's modest uptick, this now marks the sixth consecutive monthly incline for the special servicing rate.

Parsing it out, there were a few property types that experienced more than modest change. Mixed-use special servicing rose the most, up 40 basis points in June to hit 9.34%. This is the first time the mixed-use rate has eclipsed 9.00% since July 2013.

The office rate also rose in June, increasing 27 basis points to 10.79% after its first decline of the year one month prior.

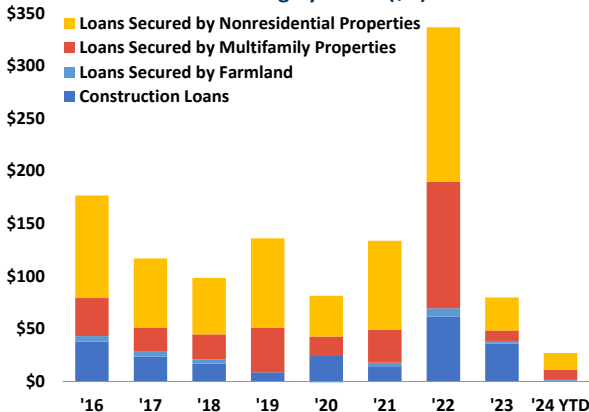
Source: [Trepp](#)

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CRE Debt Flows Plummeted in 2023

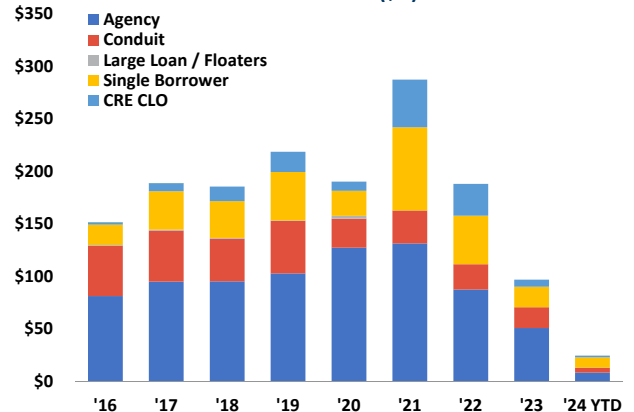
Borrowing and lending dropped sharply in 2023 following rising debt costs, declining asset values, and sector specific challenges leading to much lower transactional activity. The beginning of 2024 was more active but constrained lending conditions are likely to continue in the immediate future.

Net CRE Lending by Banks (\$B)



Source: Federal Reserve; Green Street Debt Insights (March 2024); FTI analysis.

CMBS Issuance (\$B)



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Debt Maturities



“Over the next three years, \$2.2 trillion in commercial real estate loan payments are due, according to data firm Trepp.”

“While the nation’s largest banks are on the hook for hundreds of billions of dollars in loans to commercial real estate clients, it’s the smaller, regional banks that mostly bear the brunt of the stress because they have the highest exposure (more on that later). These banks account for around 80% of the total loans US banks have made to commercial real estate firms, according to Goldman Sachs economists.

Across all US banks with over \$100 billion in assets, commercial real estate represents 12.5% of their aggregate loan portfolios, according to an analysis by S&P Global Ratings. But for banks with less than \$10 billion in assets, the sector represents 38% of their loan portfolios.

This means significant losses from commercial real estate loans could potentially lead to their collapse, Fitch Ratings said in a December report.”

Source: <https://www.cnn.com/2024/02/29/business/regional-banks-cre-exposure-explainer/index.html>

As reported in the American Banker, Federal Reserve Governor Lisa D. Cook addressed CRE risks to the financial sector, as follows:

"Asset valuations of commercial real estate, she said, require vigilant risk management and supervision, but the degree of distress varies greatly based on the type of CRE and the type of bank holding such assets. Downtown office spaces are more distressed than suburban medical offices, she noted, and smaller regional banks retain significantly higher CRE exposures on average."

"CRE loans make up only about 5% of total assets at large banks but around 30% of assets at smaller banks," said Cook. "Those high concentrations have caused us to step up our supervisory work with community and regional banks that have significant CRE concentrations and to augment our regulatory data for this sector."

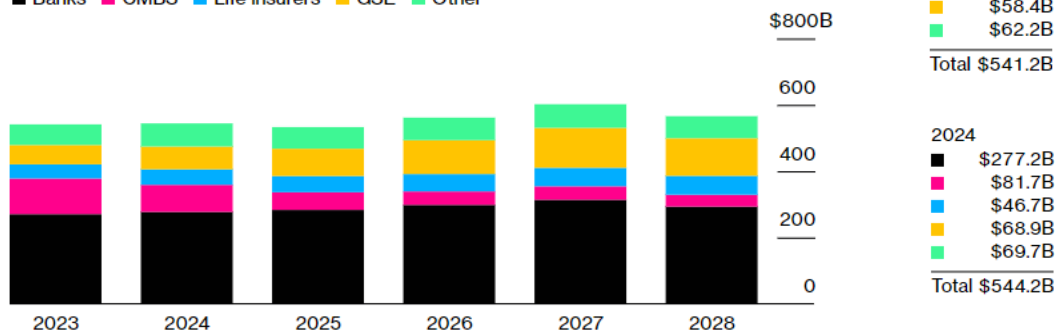
Source: "Fed's Cook cites CRE and cyber as financial stability risks" American Banker, May 8, 2024

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Banks Are Most Exposed to Maturing Property Loans in US

Commercial real estate debt due by year and holder type

■ Banks ■ CMBS ■ Life insurers ■ GSE ■ Other



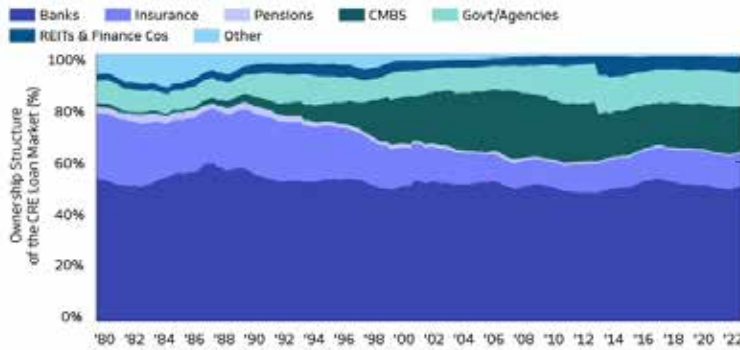
Source: Trepp, based on Federal Reserve flow of funds data

https://www.bloomberg.com/news/features/2024-02-14/real-estate-lenders-confront-falling-us-commercial-property-prices?cmpid=BB060624_BIZ

Banks Account for ~50% of U.S. CRE Debt; Small Banks Hold Majority of Bank CRE Debt

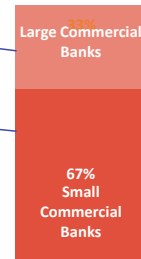


Total CRE Debt Outstanding - \$5.8 Trillion as of 2Q 2023



■ Over the last few decades banks have been holding approximately half of all U.S. CRE debt

— Small banks (while representing about one third of the total US bank assets) currently hold approximately 2/3 of it—a significant increase from twenty years ago, when small and large banks held about equal amounts of CRE debt

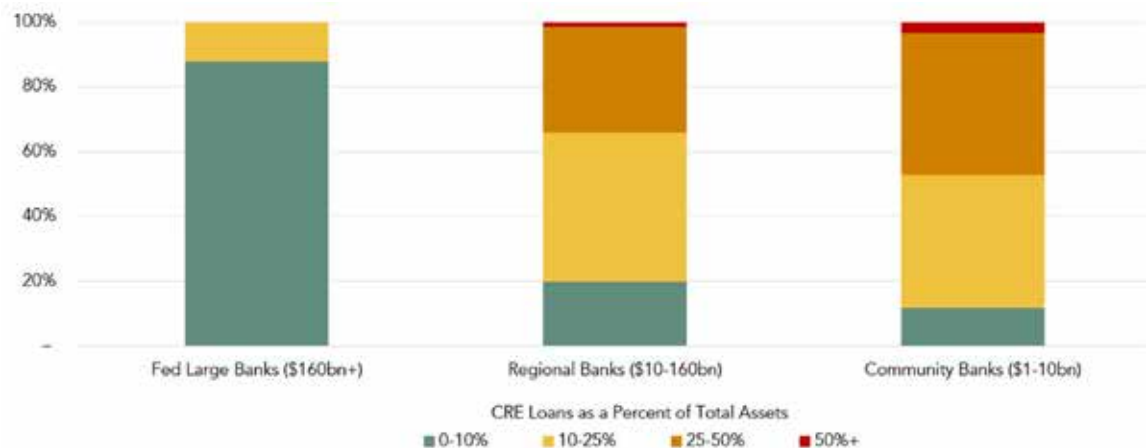


Source: Goldman Sachs Global Investment Research (April 2023); Board of Governors of the Federal Reserve.
*Small commercial banks are defined as all domestically chartered banks outside of the top 25 by asset size.

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Smaller Banks Have Greater Concentration of CRE Loans than Larger Banks

Proportion of Banks (Y-Axis) with Varying CRE Loan Concentrations (Color) by Bank Size (X-Axis)



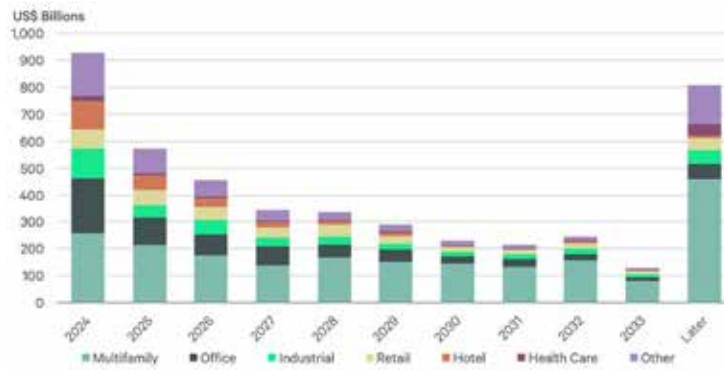
Source: FDIC, Moody's Analytics, Mar. 2023

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Debt Maturities

Nearly \$2 trillion of the \$4.7 trillion in commercial real estate loans nationwide will mature over the next three years, according to the Mortgage Bankers Association.

Commercial Real Estate Loan Maturities by Property Type



Source: Mortgage Bankers Association.

Source: "Some Distress Will Emerge Amid Wall of Loan Maturities" CBRE, May 8, 2024

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Office



NYC Morning Rush Hour Commute

Monday Morning NYC Subway Photo
May 6, 2024, 8:46 am
Southbound #1 Train at Cathedral Parkway Station



Friday Morning NYC Subway Photo
May 10, 2024, 8:33 am
Southbound #1 Train at Cathedral Parkway Station



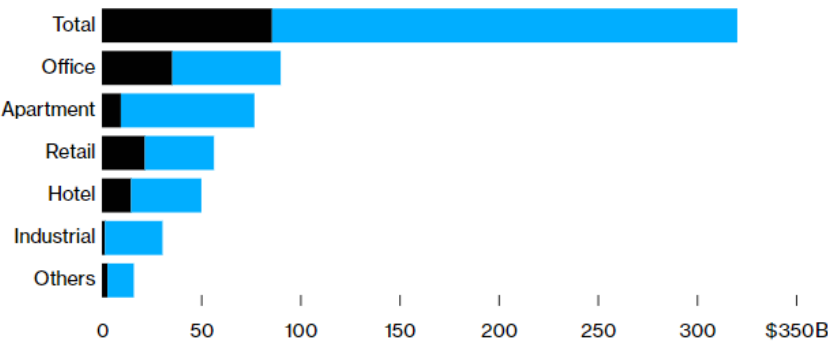
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Offices Are the Most Distressed Property Type in the US

Cumulative value of troubled assets by type through the end of 2023

- Outstanding distress (bankruptcy, default, tenant problems, other known issues)
- Potential Distress (delinquent repayments, forbearance, leasing problems, etc.)



Total	
■	\$85.8B
■	\$234.6B
<hr/>	
Total	\$320.4B

Office	
■	\$35.5B
■	\$54.7B
<hr/>	
Total	\$90.2B

Source: MSCI Real Assets
Note: "Others" captures types not included in MSCI's standard volume statistics, such as self storage and manufactured housing

https://www.bloomberg.com/news/features/2024-02-14/real-estate-lenders-confront-falling-us-commercial-property-prices?cmpid=BB060624_BIZ

Office Buildings: Lender Exposure

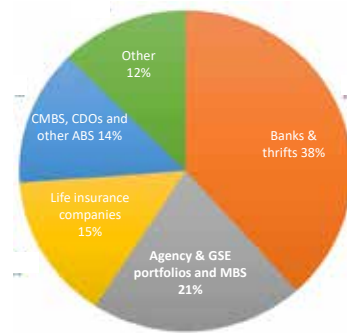
Loan Exposure by Lender

Parsing the \$4.5 trillion CRE mortgage market:

Loans on office buildings are spread across numerous lending sources ...

- ❖ According to **Goldman Sachs**: an estimated 55% of office loans sit on banks' balance sheets
- ❖ According to **UBS**, loans on office buildings account for less than 5% of U.S. banks' total loan portfolios

Loan Exposure by Lender

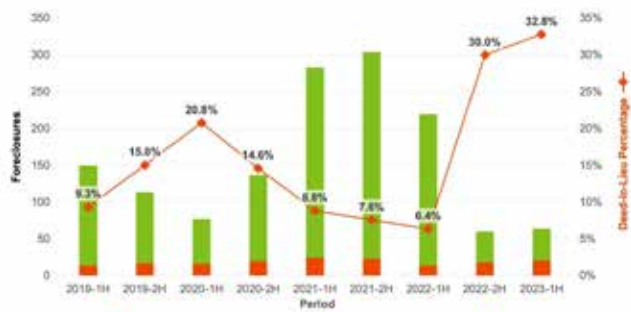


Source: Mortgage Bankers Association

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Office Giving Properties Back to Lenders

Office Owners Are Surrendering Properties More Rapidly



Source: Collier Group, October 2023
Chart: Nicole Sisk

Source: "More Office Buildings Landlords Are Giving Properties Back to Lenders" CoStar News, November 26, 2023

Statistics

- Office buildings made up 43% of all deed-in-lieus in the second quarter. That compares to a 20% average for all of 2022.
- Voluntary surrenders are making up a larger portion of all foreclosures than before.
- In the first half of 2020, at the onset of the pandemic, office property deed-in-lieus made up 21% of all foreclosures before falling to 6% in the first half of 2022.
- However, in the second half of last year, the percentage rose to 30%. It was up again in the first half of this year to 33%.

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Office Buildings: In-Office Attendance Trends

BACK TO WORK BAROMETER
Weekly Occupancy Report from Kastle Access Control System Data

10-CITY DAILY ANALYSIS
Return to office rates vary significantly over the course of the week



Source: Kastle, As of July 22, 2024

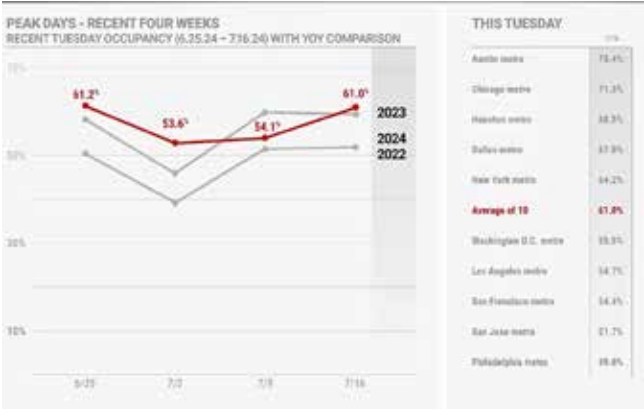
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Kastle Systems' Weekly Occupancy Data: Back to Work Barometer



PEAK DAY HYBRID INDEX

Hybrid work patterns reveal office occupancy varies throughout the week and typically peaks on Tuesdays



Source: Kastle

As of July 22, 2024

- “The weekly average peak rose over five points to 61% on Tuesday this past week, as workers returned to the office in larger numbers after weeks of holiday and weather interruptions — especially throughout Texas. The weekly average low across all cities was Friday at 32.4% occupancy. Peak occupancy in Austin, Texas increased to 73.4% on Tuesday. Several other cities saw increases in peak occupancy as well. Philadelphia — with the lowest occupancy of any city on the Barometer — had a peak of 49.8% on Wednesday.
- Average occupancy rose across Texas as well. In Austin, Texas, average occupancy rose more than 14 points to 62.8%, while in Houston, occupancy rose more than 29 points to 55.1%. Across all cities, the weekly average occupancy was 50.8%, according to Kastle’s 10-city Back to Work Barometer. This was over nine points higher than last week.”

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Multi-Family



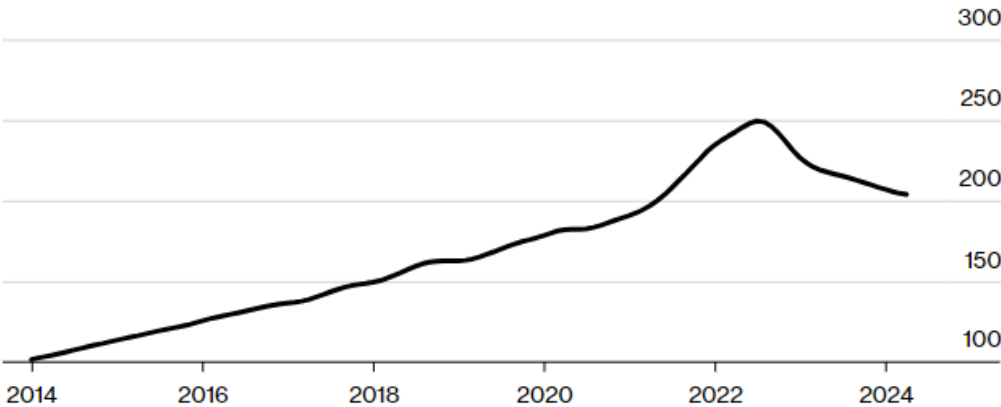
- "according to MSCI ... multifamily buildings make up the biggest share of properties with potential distress — exceeding even offices — with more than \$56 billion worth of real estate at risk of financial trouble...."

- Real Estate Investors Are Wiped Out in Bets Fueled by Wall Street, Bloomberg, by [Prashant Gopal](#), [Patrick Clark](#), and [Scott Carpenter](#), June 7, 2024. https://www.bloomberg.com/news/features/2024-06-06/real-estate-investors-face-crisis-as-big-wall-street-deals-unravel?cmpid=BB060624_BIZ



Apartment Values Boomed, Then Busted

An index tracking US multifamily property prices is down 18% from its peak



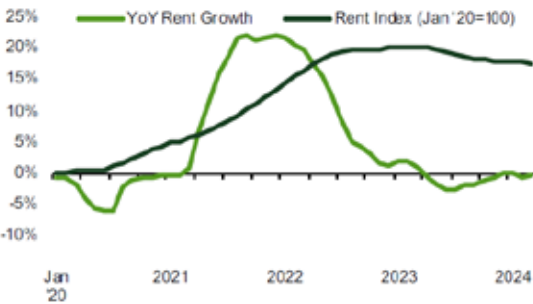
Source: MSCI

https://www.bloomberg.com/news/features/2024-06-06/real-estate-investors-face-crisis-as-big-wall-street-deals-unravel?cmpid=BBD060624_BIZ

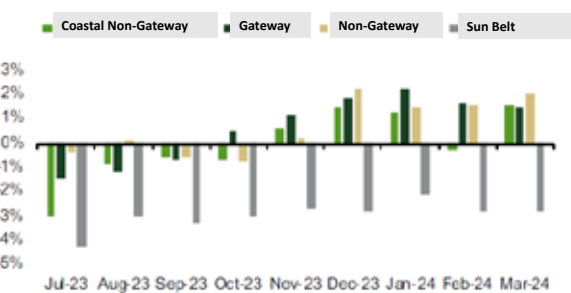
Apartment Rent Growth Peaked in Q4'21...
Turned Negative in Q2'23 And Is Diverging Regionally



National Apartment Asking Rent



Year-over-year Change in Rents by Region



Source: Green Street Apartment Rent Tracker (March 2024)



CV

Harold Bordwin



Harold Bordwin

Principal and Co-President

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Web www.Keen-Summit.com

Harold focuses on developing and implementing strategic real estate and corporate finance plans for his clients. Those plans involve real estate analysis, real estate acquisitions and dispositions, lease modifications and terminations, and corporate finance and capital markets services.

EDUCATION, LICENSES, & CERTIFICATES

- BA, Wesleyan University, Middletown, Connecticut
- JD, Georgetown University Law Center, Washington, DC
- California Bar Association (inactive)
- Real Estate Broker
- FINRA Licenses: Series 7, 24, 63 & 79 (inactive)

REPRESENTATIVE CLIENTS

FINANCIAL

- Angelo Gordon
- Bank of America
- Citibank
- JP Morgan Chase
- Silverpoint
- Yucaipa

CORPORATE CLIENTS

- Arthur Anderson
- Cable & Wireless
- Family Golf Centers
- Fleming
- Spiegel
- Warnaco

RETAIL

- Blockbuster
- Casual Male
- Dollar General
- Esprit
- Tommy Hilfiger
- U-Haul Bondholders

PROFESSIONAL AND INDUSTRY EXPERIENCE:

- With 36 years of real estate advisory/transactional and corpin experience, Harold has helped negotiate the sale of hundreds of properties, leaseholds and businesses nationwide; provided specialized valuation services; and provided in-depth workout services for retailers, financial institutions, and corporate clients.
- As a recognized expert on real estate restructuring issues, Harold has testified as an expert before the Judiciary Committee of the United States House of Representatives. He has also been interviewed and quoted in articles for The Wall Street Journal, The New York Times, and various trade publications.
- Before he joined Keen-Summit Capital Partners, Harold was Co-President at GA Keen Realty Advisors, a Principal with KPMG LLP, a Managing Director with KPMG Corporate Finance, CEO of Keen Consultants and an associate with the law firms of Stroock, Stroock & Lavan and McKenna, Conner & Cuneo.



2024 ABI Mid-Atlantic Workshop

COMMERCIAL REAL ESTATE HYPOTHETICAL

GREYSTONE

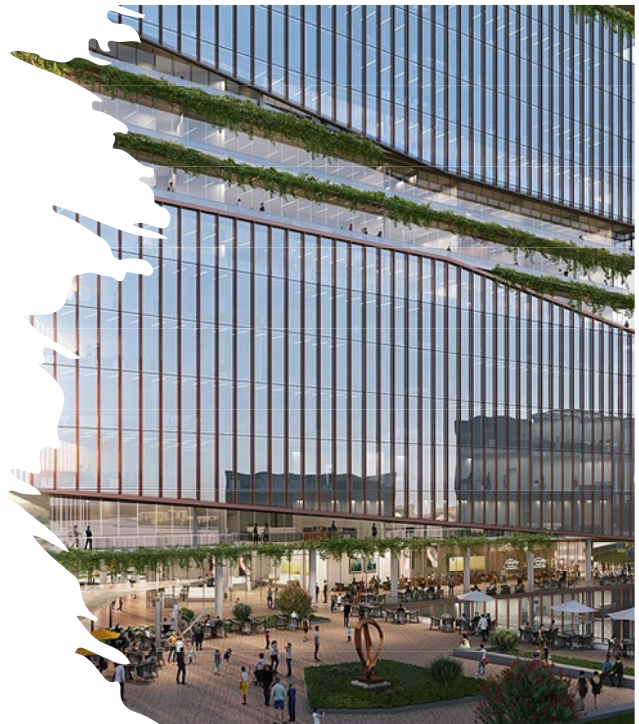
Ballard Spahr
LLP



HAHN  LOESER
attorneys at law

HYPOTHETICAL

- The American Beauty, built in 1999, aims to be an urban pedestrian connector — fostering shared experiences and community.
- 23 story, Class A office tower, with three floors of a retail mall 23% vacant since Dead & Company moved most operations to Las Vegas
- Daily building attendance (swipes) down to 50% since COVID as remaining tenants adapt to hybrid and WFH





- Building erected in 1999 by Grateful Dead Enterprises
- Mortgage on building held by Dire Wolf Bank - \$100 million, interest at 3.75%, loan maturing in 2025
- FMV of Building - \$85 million

Current Ownership of Grateful Dead Enterprises

- The American Beauty building is owned by Grateful Dead Enterprises
- The initial loan from Dire Wolf was personally guaranteed by founder Jerry Garcia
- Garcia died in 2020, and his ownership interests in Grateful Dead Enterprises were bequeathed equally to his three children, Bobby, Phil and Mickey
- Also at that time, to cure loan defaults, Garcia's children each executed a personal guarantee of the Dire Wolf loan
- Garcia's oldest child, Bobby, is the most successful of the children, having invested heavily in launching a new crypto currency called "Tokes LLC" (TKS). He appears to be quite wealthy but his investment in Tokes LLC is also highly illiquid.
- Garcia's two younger sons Phil and Mickey, on the other hand, burned through their inheritance and are presently unemployed and judgment proof.





Strategic Options for Owners of Distressed Mixed Use Office Buildings

- Refinancing
- Early payoff at a discount
- Loan restructuring
- Sale/Short Sale
- Deed in lieu
- Chapter 11
- Convert Building to Residential

Assume American Beauty Purchased in 2019 Based upon the Following Economics, and the Debt Matures Today...



Then, your refinancing efforts are “dead”.

\$ 1,000,000	<----->	NOI at purchase	
	0.04	Cap Rate at purchase	
\$ 25,000,000	<----->	Purchase Price = NOI/CapRate	
	0.75	Assume LTV of Mortgage at Purchase	
\$ 18,750,000	<----->	Dollar Amount of Mortgage at Purchase	
	0.0375	Assume a 3.75% Interest only loan	
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Value Today Based Upon Higher Cap Rates (Assuming NOI Unchanged)		Amount By Which Property Value Below Existing Debt	
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If Try To Refinance At Current Market Value of:		And Refinancing Is At LTV of:	Then Refinancing Proceeds are:
\$ 14,166,667	60%		\$ 8,500,000
			And Deficit Between Refinancing and Amount Due Is:
			\$ 10,250,000

Conversion of Mixed-Use Buildings to Residential Use

- Is this feasible?
- Is it cost-effective?
- Federal and State programs incentivizing conversions



Selected Federal and State Programs Incentivizing Conversions

Boston: Office to Housing – City of Boston Program

- Tax rate reduction of up to 75% of standard residential tax rate for up to 29 years; PILOT agreement with the City, BPDA, and Project Proponent to codify tax reduction.
- City will collect 2% payment on future sales of the property
- Permitting for these conversions to be assisted by BPDA Ombudsperson's office to streamline approvals from other City departments
- Projects must comply with new City of Boston Inclusionary Zoning standards (20% of the project restricted with 17% of units at 60% of AMI, and 3% of units at market rents set aside for voucher holders)
- Property will need to comply with Stretch Code's energy efficiency standards
- Projects encouraged to keep ground floor commercial/public spaces
- Current project application deadline of December 31, 2025
- Proposals under this program must pull building permit by December 31, 2026 to remain eligible

Target area: <https://boston.maps.arcgis.com/apps/instant/basic/index.html?appid=c9b62ee005f44f0d818de5725e5f667c>

Extension press release: <https://www.boston.gov/news/mayor-wu-announces-extension-office-residential-conversion-program-partnership-state>

Massachusetts: Other programs

- The Commonwealth is offering an assistance program to help communities outside of Boston set up office to housing conversion programs.
- This will be done through MassHousing in what is dubbed their "Commercial Conversion Initiative"
- Recipients are municipalities, so not as relevant to Debtor/Borrower or Lender clients

<https://www.mass.gov/news/healey-driscoll-administration-launches-new-program-to-support-redevelopment-of-commercial-properties-into-housing>

<https://masshousing.com/programs-outreach/commercial-conversion>

Selected Federal and State Programs Incentivizing Conversions

Federal Programs: TIFIA

- TIFIA is the federal Transportation Infrastructure Finance and Innovation Act, and the TIFIA program is run through the US DOT.
- Supported projects include all sorts of transportation and transit
- There are different types of assistance, from loans, loan guarantees and LOCs.
- Interest rates are equivalent to treasury rates.
- The amount of TIFIA assistance may not exceed 33% of eligible project costs, though there is a TIFIA 49 program that will allow up to 49% of costs to be borrowed against, if meeting certain program requirements outlined below.
- In general for TIFIA 33, TOD projects must have project costs of at least \$10MM, debt must be investment grade, identify dedicated revenue source for repayment, and of course subject to civil rights laws, NEPA, relocation, and other federal regs. The project needs to include improving or constructing public infrastructure (owned, occupied, developed, or operated/maintained by the public sector; or open to the public, support a public service, or serve a public purpose) and must be within ½ miles of a transit facility. So there will need to be some public realm nexus for projects financed under this program, either for the TIFIA 33 or 49.
- TIFIA Financing info: <https://www.transportation.gov/buildamerica/financing/tifia>
- TIFIA 49 TOD requirements:
 - TOD projects are those eligible for assistance under 23 U.S.C. § 601(a)(12)(E), and include improving or building public infrastructure that is either (1) located within walking distance (approximately 1/2-mile) of, and accessible to, a fixed guideway transit facility, passenger rail station, intercity bus station, or intermodal facility, including transportation, public utility, or joint development projects, and related infrastructure; or (2) for economic development, including commercial and residential development, and related infrastructure and activities (a) that incorporate private investment; (b) that are physically or functionally related to a passenger rail station or multimodal station that includes rail service; (c) for which the project sponsors have a high probability of commencing the contracting process for construction not later than 90 days after the date on which credit assistance under the TIFIA program is provided for the projects; and (d) that have a high probability of reducing the need for financial assistance under any other Federal program for the relevant passenger train station or service by increasing ridership, tenant lease payments, or other activities that generate revenue exceeding costs.

Selected Federal and State Programs Incentivizing Conversions

New York: Office to Housing Conversion Tax Incentive

Overview

- The New York 2024-2025 budget includes Affordable Housing from Commercial Conversions for Tax Incentive Benefits (AHCC).

Requirements

- Work on the conversion must begin between January 1, 2023, and June 30, 2031. Work must be completed no later than December 30, 2039.
 - Commencement date of a project is the date of issuance of an alterations permit to convert the building or units to residential use.
 - Completion date of a project is the date of issuance of a temporary certificate of occupancy permitting such use.
- The project must create six or more dwelling units.
- At least 25% of the units must be affordable, with at least 5% affordable to households whose income at time of initial occupancy does not exceed 40% of the AMI, adjusted for family size.
- The weighted average for the affordable units cannot exceed 80% of the AMI, adjusted for family size.
- There can be no more than 3 income bands and the maximum income for an affordable unit is 100% of the AMI, adjusted for family size.
- All affordable units must remain permanently affordable and permanently rent stabilized.
- All affordable units must be promptly offered for rent and no affordable unit may be held off the market for a period that is longer than reasonably necessary to perform needed repairs.
- No affordable unit may be rented to a corporation, partnership, or other entity or rented on a temporary, transient, or short-term (less than one year) lease.

Tax Incentives

- The AHCC provides partial tax exemptions from New York City's real property tax (ranging from 10-100%).
- The exemption period ranges from 25-35 years depending on the location of the building and the year in which the conversion work starts.

<https://www.nyc.gov/site/hpd/services-and-information/tax-incentives-467-m.page>

Selected Federal and State Programs Incentivizing Conversions

Washington D.C.: Office to Housing Conversion Tax Incentive

Overview

- The Housing in Downtown Tax Abatement Program was signed into law in July 2022 for office to residential conversions in the downtown Washington D.C. area including Dupont Circle, West End, Foggy Bottom, Penn Quarter, and East End.
- Under the program, an abatement of real property taxes may be available to property owners for a period of 20 years.

Requirements

- There must be a change of use resulting in the development of at least 10 housing units.
- At least 10% of the housing units developed or redeveloped must be affordable to households earning 60% or less of the median family income for a period of at least 20 years, or at least 18% of the units must be affordable to households earning 80% or less of the median family income for at least 20 years.
- The owner must file a covenant in the land records, binding the owner and all successors to comply with the first two requirements.
- The owner must contract with certified business enterprises for at least 35% of the construction and operations of the project.
- The owner must execute a First Source Agreement for the construction and operation of the project.

Tax Incentives

- Tax benefits begin in the tax year in which a certificate of occupancy is issued, and expires at the end of the 20th tax year thereafter.
- The tax abatement is capped at:
 - FY24-26: \$2.5M
 - FY27: \$6.8M
 - FY28: \$41M
 - Each year after: 104% of the prior year's maximum available abatement.

<https://code.dccouncil.gov/us/dc/council/code/sections/47-860.03>

Selected Federal and State Programs Incentivizing Conversions

Pittsburgh: Office to Housing Conversion Tax Incentive

Overview

- Legislation was passed that creates a new Local Economic Revitalization Tax Assistance (LERTA) program for downtown Pittsburgh to encourage adaptive reuse and conversion of existing vacant office buildings.

Requirements

- The legislation offers two types of exemptions:
 - Standard Tax Exemption
 - The exemption from city real estate tax shall not exceed 50% in any single year.
 - The tax exemption is limited to a period of 6 years.
 - Enhanced Tax Exemption
 - The enhanced tax exemption may exceed 50% in any year based on the project achieving certain affordable housing/job creation thresholds.
 - Applicants for the enhanced exemption must provide supporting documentation about the number of full-time equivalent positions and or the percentage and total number of residential units affordable to and occupied by households earning at or below the relevant AMI.
 - The tax exemption is limited to a period of 10 years.

Tax Incentives

- The enhanced real estate tax exemptions:
 - 100% tax exemption if a project creates 10% of units available to households earning at 50% of the AMI.
 - 100% tax exemption if a project creates at least 20% of units available to households earning at 50% of the AMI, where the additional affordable units could be incentivized by utilizing Housing Authority of the City of Pittsburgh.
 - 95% exemption if a project creates 10% of units at 60% of the AMI.
 - 90% exemption if a project creates 10% of units at 70% of the AMI.
 - 80% exemption if a project creates 10% of units at 80% of the AMI.

Sources:

- <https://pittsburghpa.gov/inc/newspage.php/6486>,
- <https://pittsburgh.legistar.com/LegislationDetail.aspx?ID=6569978&GUID=B82FF496-2381-4969-BEAA-AA712B92B627&Options=ID%7CText%7C&Search=&FullText=1>

Selected Federal and State Programs Incentivizing Conversions

Chicago: Office to Housing Conversion Tax Incentive

Overview

- The Chicago Loop is undergoing conversions of empty office towers into affordable housing.
 - This current project provides \$15M in tax subsidies to help transform four empty Loop office buildings into apartments.
 - The project provides tax subsidies and tax breaks to developers who transform outdated buildings into apartments, as long as 30% of the units are affordable.
 - Affordable housing in this case is for people earning below the \$53,000 AMI for a two-person household.
 - There are currently four projects moving forward: 111 W. Monroe Street; 79 W. Monroe Street. 208 S. LaSalle Street; 30 N. LaSalle Street.
 - 111 W. Monroe Street received \$40M in tax increment financings (TIF); 79 W. Monroe Street received \$28M in TIF; 208 S. LaSalle received \$26M in TIF; 30 N. LaSalle received \$57M in TIF.

<https://www.connectcore.com/stories/chicago-to-fund-four-downtown-office-to-apartment-conversion-projects/>

San Francisco: Office to Housing Conversion Tax Incentive

Overview

- Proposition C passed in March 2024, offering a tax break for developers to convert up to 5M square feet of commercial space to residential living by 2030.
 - The proposition allows for a one time transfer tax exemption for property owners who convert office spaces into residential housing.
 - The exemption applies to the first sale of the property after its conversion.
 - To obtain the tax waiver, the project sponsors would have to obtain planning approval by the end of 2029 and begin construction within three years of receiving that approval.
 - The transfer tax waiver will sunset on January 1, 2030. Qualifying certificates must be issued before that date.

<https://www.spur.org/voter-guide/2024-03/sf-prop-c-transfer-tax-waiver>

<https://www.allenmatkins.com/real-ideas/san-francisco-property-transfer-tax-waiver-approved-by-voters.html>



2024 ABI MID-ATLANTIC BANKRUPTCY WORKSHOP
COMMERCIAL REAL ESTATE TERMS AND DEFINITIONS
CHEAT SHEET

- **1031 Exchange or Like-kind Exchange**

U.S. Internal Revenue Code Section 1031 permits the deferral of capital gains taxes on the sale of property held for investment or productive use in a trade or a business in a like-kind exchange. With a 1031 exchange, property owners can sell their real estate and then reinvest the proceeds in ownership of a like-kind property or up to three like-kind properties, thus deferring the capital gains taxes. The owner must identify the property(ies) within 45 days and close within 180 days. 1031 exchanges are legal transactions and require a 1031 intermediary.

The like-kind exchange under Section 1031 is tax-deferred, not tax-free. When the replacement property is ultimately sold (not as part of another exchange), the original deferred gain, plus any additional gain realized since the purchase of the replacement property, is subject to tax.

- **Additional Servicer Compensation**

Compensation paid to a master or special servicer upon receipt of certain fees or income, or completion of certain responsibilities. Such fees may include all assumption and modification fees, late payment charges and similar fees paid by borrowers on specially serviced and non-specially serviced loans as dictated by the pooling and servicing agreement (PSA). This fee is generally separate from a Special Servicing Fee, Workout Fees or Liquidation Fee.

- **Basis Points (BPS)**

Values equal to one-hundredth of one percentage point. For example, 100 basis points = 1 percentage point.

- **Capital Expenses or Cap Ex**

Improvements (as opposed to repairs) to a fixed asset that will increase the value or useful life of that asset. A capital expenditure is typically amortized or depreciated over the useful life of the asset, as opposed to a repair, which is expensed in the year incurred.



- **Capitalization (Cap) Rate**

Capitalization Rate, or what commercial investors shorten to “Cap Rate”, is defined as your return on investment if you paid all cash for the property and did not get a loan. There are actually two types of Cap Rate; the first is the *Deal Cap Rate*, which is defined as the NOI divided by the Purchase Price and the second is a metric commonly used by commercial real estate brokers called the *Market Cap Rate*, which is also the NOI divided by the Sales Price but it is calculated on every single commercial property sale and is used to gauge what investors are willing to pay for properties in a given area. From a Deal Cap Rate perspective, the higher the cap rate, the higher the return on investment. From a Market Cap Rate perspective, the higher the cap rate, the worse an area is because the most desirable areas have the most competition and therefore the lowest cap rates.

Formally, a cap rate includes both a required return (r) and growth component (g) where $\text{cap rate} = r - g$. The value of the property is then $\text{Value}_0 = \text{NOI}_1 / \text{Cap rate}$. The value in time zero equals the expected first year NOI divided by the cap rate (r-g). Changes in capitalization rates have an inverse relationship with changes in asset values- assuming no change in NOI, an increase in a building’s value will be reflected in a decrease in its capitalization rate (and vice versa).

Calculating Capitalization (Cap) Rate

$\$44,470 \text{ NOI divided by } \$600,000 \text{ Purchase Price} = 7.4\% \text{ Cap Rate}$

Determining if You Overpaid

While in residential real estate, you can easily compare similar property sales to determine if you overpaid or got a great deal on the home you bought, with commercial, it's not quite that simple. The fastest and easiest way to figure out if you are overpaying (or getting a great deal) is to compare the property's Deal Cap Rate with the Market Cap Rate. Ideally, your Deal Cap Rate is higher than the Market Cap Rate, since the Market Cap Rate is what other properties in the neighborhood have sold for in terms of a cap rate. For example, if there are four or five transactions in the immediate area of your property that closed at a cap rate of 6.5%, then the market cap rate is 6.5% and if your deal cap rate is 7.4%, then you got a good deal! However, what if the market cap rate is 8%? Then \$600,000 is paying too much for the property. That's because:

$\$44,460 \text{ NOI divided by } 8\% \text{ market cap rate} = \$555,000 \text{ Price}$

Capitalization Rate (Cap Rate) is therefore crucial to deciding if your purchase price is too high or if you are getting a great deal.



- **Certificate Administrator**

The certificate administrator administers funds and information on behalf of the trust. This role can be combined with the role of the Trustee or can be a separately appointed entity. Specific duties include: holding funds delivered by the master servicer for the benefit of certificate holders, acting as paying agent by making payment distributions to certificate holders in accordance with the waterfall set forth in the pooling and servicing agreement, compiling servicer reports, creating investor level reports, delivering the investor reporting package to certificate holders and/or posting such package on the trustee's website, acting as certificate registrar, maintaining certificate holder information and funds, acting as a tax agent, acting as a bond administrator, and if the depositor does not retain this duty, the certificate administrator is also generally responsible for maintaining the secure rating agency website (commonly called the Rule 17g-5 website).

- **Commercial Mortgage-Backed Securities (CMBS)**

Securities that are collateralized by mortgages on commercial real property. CMBS issuances may be backed by a pool of mortgages or by a single mortgage. At issuance, these securities are spliced into "tranches" that are each a discretely-rated class of CMBS securities, which is typically paid a coupon stipulated at the time of issue and principal based on a predetermined payment sequence. Typically, lower-rated tranches have higher coupons and longer lives, since they receive no principal payments until the higher-rated tranches have been retired. Investors hold certificates that define the beneficial ownership in the trust that holds the mortgages. Principal and interest collected from the mortgages are remitted to a master servicer who pays certain prescribed expenses and fees and then remits monthly to the certificate administrator, who then distributes cash to the certificateholders according to a prescribed cash waterfall that typically pays principal plus interest to the highest rated tranche, while paying interest on the lower-rated tranches. The Certificate Administrator or the Trustee distributes the principal and interest payments to the bondholders.

- **Debt Service Coverage Ratio (DSCR)**

The Debt Service Coverage Ratio (DSCR) is the ratio of the property's net operating income or net operating cash flow to the debt service payments on the loan backed by the property, calculated by dividing the NOI or NCF by total debt service. DSCR determines the property's ability to pay (or cover) the property's loan payments out its Net Operating Income (NOI). You want the NOI to cover the debt by at least 1.2 times because most lenders require the DCR to be at least 1.2. If the DCR is 1.0, your annual debt service and your NOI are the same and therefore you are just breaking even. Even worse, if your debt coverage ratio is less than 1.0, then you have negative cash flow and are losing money each month!

Debt Coverage Ratio Calculation

\$44,460 (NOI) *divided by* \$34,128 (ADS) = 1.3



- **Discount Rate**

A rate of return used in discounted cash flow (DCF) analysis to determine the present value of future cash flows. A discount rate reflects the risk of the investment. Higher discount rates equate to higher levels of risk and higher expected return. Lower discount rates equate to lower levels of risk and lower expected return.

- **Earn-Out Loans**

A loan agreement which provides that the original principal balance may be resized by an additional advance as the operating performance of the property is able to service additional debt by meeting specified metrics. Earn-out loans are made on properties of which performance is expected to improve in the near term due to such factors as renovations, re-tenanting or repositioning. Earn-out loans specify certain resizing criteria such as minimum debt service coverage ratios (DSCRs), debt yield, lease-up and, in some cases, minimum loan to value ratios (LTVs).

- **Entry Cap Rate**

The entry cap rate represents the going-in or entry rate when acquiring a building. It is typically the projected first year's net operating income divided by the acquisition price.

- **Exit Cap Rate**

The exit cap rate, sometimes referred to as terminal or reversion cap rate, is the expected capitalization rate at sale. For example, in a five-year discounted cash flow projection, the expected sale price would be the sixth year's projected cash flow divided by the exit cap rate. Best practice for cash flow projections would have the exit cap rate at a higher yield (lower price) than the entry cap rate.

- **Extension/Extension Option**

A period of time past the contractual termination of the mortgage given to a borrower to repay a mortgage loan through refinancing or sale of the property, or an automatic provision permitting extension of the original term of the mortgage. In order to prevent placing a property in foreclosure, thereby incurring additional costs, servicers may grant an extension to a borrower who has a balloon payment due.

- **Gross Full Service Lease**

Lease structure under which the landlord pays all building expenses. Also called a "full service lease" or a "gross rent lease".



- **Internal Rate of Return (IRR)**

The annualized yield, or rate of return, on capital investment produced from an income-producing investment. Formally, IRR is the discount rate such that the discounted sum of the future cash flows (net present value) equals the initial capital investment. IRR may be measured unlevered (without debt), levered (with debt), before tax, or after tax.

- **Liquidation Fee**

The fee paid to a special servicer when the special servicer liquidates or disposes of a trust asset. The fee is calculated by applying the liquidation fee rate as stipulated in the pooling and servicing agreement to the related payment or proceeds

- **Loan-to-Value Ratio (LTV)**

The ratio between a mortgage loan and the value of the property pledged as security, usually expressed as a percentage. In a construction or renovation (bridge) loan, the loan commitment is the typical numerator.

- **Mark-To Market**

Periodic adjustments of estimated value of an asset, or of future cash flows from an asset, to reflect current market levels. In a falling or weak market this is likely to create a downward adjustment of current value based on lower expected future income streams, such as if rental rates on existing leases are greater than rental rates being charged for new leases in the market (*i.e.*, if there are several above-market leases in a building that are terminating). The opposite is true in a strong or rising market. This term may apply to the value of CMBS or any security subject to price movements.

- **Master Servicer**

A firm responsible for servicing the mortgage loans collateralizing a CMBS transaction on behalf of the bondholders. A master servicer's responsibilities vary according to the servicing agreement, and often include collecting mortgage payments and passing the funds to the trustee, advancing funds for any late payments to the trustee, providing loan performance reports to the bondholders, and passing all loans to the special servicer that are non-performing or become REO.

- **Master Servicing Fee**

The principal compensation paid to the master servicer, payable monthly on a loan-by-loan basis from interest on the loans. The base fee is computed on the principal amount for the same period and accrued at the applicable fee rate for a specific deal. In addition, the fee may include all assumption and modification fees, late payment charges and similar fees paid by borrowers on non-specially serviced loans.



- **Mezzanine Debt**

A subordinate loan that is made to the parent of the mortgage loan borrower and secured by the parent's equity ownership interest in the mortgage loan borrower, instead of by the mortgaged property itself. The term "mezzanine" implies indebtedness that is not debt of the mortgage loan borrower, is not secured directly by the property, but rather is situated above the mortgage loan borrower and secured by owner equity in the mortgage loan borrower.

- **Mezzanine Classes**

Tranches in a securitization rated in the middle range of a multi-class security, i.e., more secure than the first-loss tranche but less secure than senior classes. According to CMBS market convention, mezzanine tranches typically refer to those rated between AA and BBB-.

- **Net Cash Flow (NCF)**

Gross operational revenues earned by a property less operating expenses as well as tenant improvements, leasing commissions and reserves, but before mortgage payments. May be expressed as:

$$\text{NCF} = \text{NOI} - (\text{tenant improvements} + \text{leasing commissions} + \text{capital repairs}).$$

- **Net Operating Income (NOI)**

The Net Operating Income (NOI) is one of the most important commercial real estate terms you'll ever need to know. It is the value driver in commercial property because as your NOI increases, the property value increases. Therefore, unlike residential real estate, with commercial, you can increase the value of the property by improving the property's financial performance (which is defined by the NOI). NOI describes how much money the property earns if you owned it free and clear without any loans against it. To determine the NOI, subtract your operating expenses (OpEx) from the effective gross income (EGI).

Net Operating Income (NOI) Calculation

$$\$68,400 \text{ (EGI)} - \$23,940 \text{ (OpEx)} = \$44,460 \text{ Net Operating Income (NOI)}$$

- **Option Adjusted Spreads (OAS)**

A measure of the return, or risk premium, over comparable Treasuries used as a risk-free base that incorporates interest rate volatility and possible cashflow variations, but not credit quality. The method is chiefly applicable to the pricing of prepayment risk in residential MBS, wherein borrowers have a legal option to fully prepay their loans when interest rates decline, creating reinvestment risk for the investor. OAS is less applicable to CMBS, where prepayments are highly limited by strict prepayment penalties.



- **Original Issue Discount (OID)**

The sale of a bond at a discount to the par price. The increase in value of the bond as it approaches maturity is part of the total return calculation, but various investors are required to treat this part of their total return differently due to tax considerations.

- **Other Real Estate Owned (OREO)**

A term used primarily by banks to identify real estate on the books that was taken back through foreclosure of a mortgage loan. The term “Other” REO is used by banks to distinguish foreclosed real estate from bank real estate owned, which is typically corporate real estate assets (such as headquarters or bank branches). Nonetheless, the industry commonly uses the term REO for foreclosed real estate

- **Overcollateralization**

A form of credit enhancement where the outstanding principal balance of the collateral backing a security is in excess of the outstanding certificate principal owed to the bondholders.

- **Real Estate Owned (REO)**

A mortgaged property that has been acquired by a trust or lender through foreclosure or deed in lieu of foreclosure.

- **Servicer**

Party responsible for the administration of mortgage loans in a CMBS transaction, acting for the benefit of the certificateholders. The servicer’s responsibilities include reporting to the trustee, collecting payments from borrowers, advancing funds for delinquent loans, negotiating workouts or restructures (as permitted by the pooling and servicing agreement) and taking defaulted properties through the foreclosure process.

- **Special Servicer**

The party that is responsible for the servicing and administration of the loans that go into default or with respect to which default is determined to be imminent or reasonably foreseeable and conducting the “work-out” or foreclosure process, e.g., liquidating of loans and advancing the proceeds to the trustee. The master servicer remains responsible for maintaining the loan records and handling the cash remittances with respect to the loans in special servicing subject to the direction of the special servicer for application of cash collections. The special servicer is generally appointed and may be removed by the holder of a majority of the controlling class certificates. In some cases such controlling class holder will appoint itself or an affiliate to act as the special servicer and in others the special servicer is a third party entity. In any event the special servicer must have a minimum special servicing rating from the rating agencies rating the securitization.



- **Sub-Servicer**

A servicer contractually engaged by the master or special servicers to perform some of the real estate services required under pooling and servicing agreements, such as property inspections, foreclosure services or individual loan administration. The master or special servicer is legally responsible for the activities of the sub-servicers. Sub-servicers are more likely to be engaged for specialized property types or if there is a small number of loans, a subset of the total portfolio, in a given area.

- **Trustee**

The Trustee's primary role is to hold all the loan documents and distribute payments received from the Master Servicer to the bondholders. Although the Trustee is typically given broad authority with respect to certain aspects under the PSA, the Trust typically delegates authority on loans to either the Special Servicer or the Master Servicer. As holder of the loans, the Trustee will be named in enforcement actions related to the loans (such as lawsuits or non-judicial foreclosure actions) yet in most instances the Trustee is acting by and through either the Master Servicer or the Special Servicer. All Borrower interaction is handled by the servicers, and the Borrower rarely, if ever, interacts with the Trustee. In many cases the role of administering payments to certificate holders is split apart from the trustee role and is termed the Certificate Administrator.

- **Workout Delayed Reimbursement Amounts (WODRA)**

WODRA stands for Workout Delayed Reimbursement Amounts. WODRA allows the servicer to recover its advances on a modified loan prior to the actual collection of the advance from the borrower. WODRA defines the process of how and when delayed advances are recovered by the servicer. The concept first started showing up in PSA's towards the end of 2003 and became more prevalent in 2004. With the inclusion of WODRA, non-recoverable advances began to be recovered through the use of "pool level" senior bondholder trust level principal. WODRAs are reported by the Master Servicer to the Certificate Administrator on an "Advance Recovery Report", the purpose of which is to monitor the reimbursement of the amounts.

- **Workout Fee**

A portion of the special servicer's compensation payable for each corrected mortgage loan, as specified by the pooling and servicing agreement. This fee is payable out of and is calculated by applying a workout fee rate to each collection of interest and principal (including scheduled payments, prepayments, balloon payments and payments at maturity) for a mortgage loan as long as it remains a corrected mortgage loan. This fee ceases to be payable if the loan again becomes a specially serviced mortgage loan or becomes an REO property. May also be referred to as a "Corrected Mortgage Loan Fee".



- **Yield Maintenance**

A prepayment premium that makes investors whole for any loss in yield resulting from a prepayment; *i.e.*, the premium, or yield maintenance amount compensates the lender for scheduled interest payments above a risk-free rate that would have been made if no prepayment had occurred. The fee is designed to make investors indifferent to prepayments and to make refinancing unattractive and uneconomical to borrowers as a form of call protection

Faculty

Harold J. Bordwin is a principal and managing director of Keen-Summit Capital Partners LLC in New York, where he focuses on developing and implementing strategic real estate and corporate finance plans for his clients. Those plans involve real estate analysis, real estate acquisitions and dispositions, lease modifications and terminations, and corporate finance and capital markets services. He also is a receiver and provides fiduciary services to his clients. Mr. Bordwin has more than 33 years of real estate advisory and transactional experience, with particular expertise in workouts and restructurings and other special situations. He has represented financial, corporate and retail clients. Mr. Bordwin has testified on real estate restructuring issues before the Judiciary Committee of the United States House of Representatives. He also has been interviewed and quoted in numerous articles for *The Wall Street Journal*, *The New York Times*, *USA Today* and various trade publications. Mr. Bordwin previously was a principal with KPMG LLP and CEO of Keen Consultants. He is a member of ABI, the American and California Bar Associations, the International Council of Shopping Centers and the Turnaround Management Association, and he holds Series 7, 24, 63 and 79 licenses. Mr. Bordwin received the 2023 Commercial Real Estate Visionary award from the *NY Real Estate Journal* the 2021 ABI Asset Sale of the Year award for his work in the *Lighthouse* case, and the 2021 ALIS – Single Asset Transaction of the Year over \$25M award and Turnaround Atlas Awards for Hospitality & Real Estate Restructuring of the Year for his work on the *L'Ermitage* case. He received his undergraduate degree in government from Wesleyan University in 1982 and his J.D. from Georgetown University Law Center in 1985, where he was a staff member of *Law & Policy in International Business* and published articles in the *Ecology Law Quarterly* of the University of California at Berkeley Boalt Hall School of Law.

Hon. Vincent F. Papalia is a U.S. Bankruptcy Judge for the District of New Jersey in Newark, sworn in on Dec. 29, 2014, following a 30-year career in private practice. For 20 years, he had been a partner with the law firm of Saiber LLC and the head of its Bankruptcy and Creditors' Rights Department. Prior to joining Saiber LLC, he was an associate and then a partner with Clapp & Eisenberg, P.C. For virtually his entire career, Judge Papalia focused his practice on representing various parties-in-interest in bankruptcy and foreclosure-related litigation and proceedings before federal, state and bankruptcy courts. He also served for many years as a court-appointed mediator for the U.S. Bankruptcy Court for the District of New Jersey and was vice-chair of the District V-A Ethics Committee from 2013-14. He also chaired the Debtor-Creditor Committee of the Essex County Bar Association. Judge Papalia has authored or co-authored numerous articles on bankruptcy and creditors' rights issues and has often spoken on those topics. While in private practice, he was listed in *Chambers USA* and *New Jersey's Best Lawyers*. Judge Papalia received his B.B.A. in 1980 *summa cum laude* from Pace University and his J.D. *cum laude* from Fordham University School of Law in 1984, where he was a member of its law review.

Laurel D. Roglen is Of Counsel with Ballard Spahr LLP in Wilmington, Del., where she focuses her practice on corporate bankruptcy and restructuring, commercial bankruptcy, and workout and restructuring matters. She represents corporations as debtors and debtors-in-possession in chapter 11 bankruptcy proceedings, as well as commercial retail landlords, trade vendors, committees and purchasers of assets through § 363 sales in bankruptcy matters, regularly counseling clients on their

rights in bankruptcy cases, in addition to negotiating lease amendments, agreements and settlements. Ms. Roglen also is experienced in bankruptcy-related litigation and issues at the intersection of environmental and bankruptcy law. She currently represents the City of Chester, Pa., in its ongoing chapter 9 bankruptcy case and is admitted to practice in Delaware and New York. Ms. Roglen received her B.A. in 2008 from Pennsylvania State University and her J.D. *cum laude* in 2011 from Hofstra University School of Law, where she received ABI's Medal of Excellence, the American College of Bankruptcy Distinguished Law Student award and the Benjamin Weintraub and Alan Resnick Bankruptcy Law Award, and was managing editor of articles for the *Hofstra Law Review*.

Jenna V. Unell is senior managing director and vice president of Greystone Servicing Company LLC in Irving, Texas. She joined Greystone in connection with Greystone's acquisition of C-III Asset Management as of Dec. 31, 2019. Ms. Unell heads the special servicing operations in Irving, with oversight responsibility for special servicing asset-management, portfolio oversight, finance, legal and accounting. She joined Greystone in connection with Greystone's acquisition of C-III Asset Management as of Dec. 31, 2019. Ms. Unell was previously general counsel at C-III Asset Management LLC from 2010, when C-III acquired the servicing group from Centerline Capital Group, until Greystone's acquisition. Before that, she served as assistant general counsel with Centerline, where she handled the negotiation and closing of the company's CMBS B-Piece investments and also managed the closing group for their Fannie Mae DUS lending. Prior to that, Ms. Unell was in private practice in the areas of real estate finance and CMBS securitizations in the Dallas office of Akin Gump Strauss Hauer & Feld. Ms. Unell is a former co-chair of the Professional Development Committee of the CREFC Women's Network, and she is a Fellow of the American College of Mortgage Attorneys, where she is a member of its Board of Regents. Ms. Unell received her J.D. from Southern Methodist University School of Law, where she served on the board of editors of the *Southwestern Law Journal*.

Christopher B. Wick is a partner with Hahn Loeser & Parks LLP in Cleveland and chairs the firm's Commercial Services & Restructuring Practice Group. He specializes in corporate restructuring and bankruptcy and focuses his practice on corporate reorganizations, workouts, debtors' and creditors' rights and corporate transactions across the U.S. Mr. Wick has represented parties in the restructuring, reorganization or sale of complex business in various industries, including energy, automotive, agriculture, telecommunications, logistics, manufacturing, real estate and steel. He also has a broad range of transactional experience and has advised clients in connection with a variety of DIP-financing facilities, recapitalization transactions, and asset dispositions and acquisitions. In addition, he has experience in commercial loan enforcement. Mr. Wick has been listed in *The Best Lawyers in America* for Bankruptcy and Creditor/Debtor Rights/Insolvency from 2016-24 and for Corporate Law in 2024, in *Chambers USA* for Bankruptcy/Restructuring from 2015-24, and in *Ohio Super Lawyers* from 2014-24. He serves on the advisory board of ABI's Mid-Atlantic Bankruptcy Workshop and is a member of the Cleveland Metropolitan Bar Association. Mr. Wick received his B.A. in print journalism and European history in 1997 from Washington and Lee University and his J.D. in 2000 from Washington and Lee School of Law.