

Real Estate Finance

Real Estate Finance Representative Transaction:

In the summer of 2007 attorneys presently at Tully Rinckey PLLC represented one of the largest financial institutions in the United States (Party A) in the negotiation and documentation of a loan portfolio repurchase agreement with a global investment bank (Party B) pursuant to which Party A loaned \$1.6 billion to Party B for a one year term (the "Repurchase Transaction"). The Repurchase Transaction was secured by a portfolio of 422 first mortgage loans and mezzanine mortgage loans (the "Loan Portfolio Collateral Pool") on commercial real estate properties located throughout the United States (the "Properties"). The commercial mortgage loans had been originated by Party B during 2007. The commercial mortgage loans were intended to be packaged and securitized by Party B, but by the summer of 2007 the market for commercial mortgage-backed securities had seized up. The negotiation of the Repurchase Agreement included significant negotiations concerning the representations and warranties to be made by Party B to Party A, as well as significant negotiations concerning the conditions to closing, in each case based upon the due diligence review described below. In connection with Repurchase Transaction, attorneys now at Tully Rinckey PLLC performed a due diligence review of 473 commercial mortgage loans. The due diligence review of the 473 loans included the examination of each borrower's organizational documents for compliance with applicable local law and applicable securitization requirements, a review for compliance with applicable zoning provisions and a review of title documentation, title insurance, easements and restrictions affecting each Property. The due diligence review also included a review of all relevant ground leases and credit tenant net leases for each Property. The due diligence review covered an aggregate of 473 loans, of which 51 loans were rejected and did not enter the Loan Portfolio Collateral Pool as a result of problems and issues brought to light during the due diligence process. The data gleaned from the due diligence review was presented to Party A in legal data sheets which specified the problems and issues to be addressed for each commercial mortgage loan under review. The data in the legal data sheets was also summarized in the form of an Excel spreadsheet for use by Party A. With a team of attorneys working 18-hour days, the entire Repurchase Transaction and associated due diligence review was completed in only nine days. As a result of the Repurchase Transaction, Party B received a significant cash infusion from Party A at a time when Party B was facing severe financial pressure.