

clw  
commercial loan workouts

trinan  
commercial real estate services

## Commercial Loan Modification and Debt Restructuring Advisory Service

As a real estate services firm, Trinan specializes in providing structured capital and loan advisory solutions for its clientele throughout the real estate cycle. In today's economic environment, an important piece of these advisory services is as a client advocate in commercial loan workouts. Trinan is adept in negotiating workouts to loan covenants for all types of commercial loans, including construction, bridge and CMBS. Through an established network of relationships with leading lenders, servicers and special servicers nationwide, Trinan brings a reputation for service and deliverability to every transaction.

Each negotiation is led by a senior member of Trinan's executive board, which consists of former banking and loan servicing executives. By only engaging in negotiations with senior-level executives at the lender or servicer level, Trinan is guaranteed a high degree of efficiency throughout the process. These tactical strategies, combined with Trinan's prominent reputation and industry experience, afford Trinan and its clients a high rate of successful workout resolutions.

## Our Preservation Objectives

With our experience in capital structures and real estate services, Trinan understands the unique intricacies of every asset. We also understand the tremendous work involved in acquiring a commercial asset and the personal distress that comes with losing a property. That is why our objectives in all workout resolutions are centered on preservation:

**Preservation of the Asset** – Trinan works to keep the ownership of every asset in the hands of our clients.

**Preservation of Capital** – Trinan is focused on workout resolutions that help preserve our client's capital.

**Preservation of Credit** – In situations where the debt is attached to a client's personal or business credit, Trinan is focused on helping our clients maintain the best credit rating possible.

**Preservation of Reputation** – Lastly, Trinan's efforts are directed at aiding our client's in preserving their reputation as a professional property owner.

# A Systematic Path to Success

Through our experience with commercial loan workouts, Trinan has developed a systematic path that allows for a predictable process with a high propensity for success. Each workout travels the following steps:

1. **Analytic Analysis** – Our process commences with a thorough evaluation of the asset. Our analysts input all pertinent financial information including the rent roll, and profit and loss calculations into our proprietary modeling worksheets.
2. **Asset Due Diligence** – Simultaneous to the Analytic Analysis, our real estate team begins the compilation of market intelligence and due diligence specific to the asset. Information like market rents, per foot sales prices, vacancy rates, absorption rates, and lease terms for comparable properties are gathered. Additionally, property specific documents including the Deed of Trust and Note are compiled.
3. **The Bronze Report** – The Analytic Analysis combined with the Asset Due Diligence is merged to create our Bronze Report on the asset.
4. **Round Table Strategy Session** – Once the Bronze Report has been created, our senior management team meets for a Round Table Strategy Session. During this meeting the asset information is poured over and discussed to determine the best possible outcomes for a workout with the lender/servicer. Once the management team reaches consensus on the most realistic and advantageous workout scenario, the recommendation is formalized with a letter.
5. **The Silver Book** – At this time, Trinan schedules a conference call with the asset owner to present our findings and recommendations. The due diligence from the Bronze Report in tandem with the recommendation letter from the Round Table Strategy Session is merged to form the Silver Book. The Silver Book is presented to the asset owner for review and approval for Trinan to move forward with the workout.
6. **The Gold Book** – Once final approval is granted on the workout strategy, Trinan drafts a Letter of Hardship on the asset, adjusts the financial modeling to reflect the strategy, drafts a Reorganization Plan, and prepares the Request for a Workout Resolution. These documents along with the information from the Silver Report become the Gold Report. The Gold Report is presented to the lender/servicer.
7. **Negotiations** – Trinan has a strong reputation with most of the commercial lenders, servicers, and special servicers nationally. We are well versed in the negotiations tactics that garner positive results. Additionally, Trinan recognizes stalling techniques used by many asset managers and the steps necessary to rectify them. Our team works diligently to pursue the best workout agreement in the most expeditious time frame.
8. **Agreement in Principle** – The end of formal negotiations with the asset manager is signaled with an Agreement in Principle on workout terms. A successful workout may include extended periods of interest only payments in lieu of principle and interest, partial or temporary forbearance, restructured terms, waiver of accumulated fees and penalties, discounted payoffs, or deed in lieu of foreclosure.
9. **Finalization of Documents** – The lender's/servicer's counsel in conjunction with our client's counsel draft the workout documents.
10. **Closing** – Upon execution of the workout documents by all necessary parties, the new terms of the loan take effect.

# Our Executive Team

## **Kevin D. Barr** - *Director of Capital Structures*

Mr. Barr is the acting Chief Executive Officer of Trinan. Mr. Barr has over 18 years of capital, real estate, and securities experience. Beginning his securities career in 1991, Mr. Barr worked for a diverse group of prominent Wall Street brokerage houses. During his earlier career, Mr. Barr served as an investment advisor to high net worth individuals where he built a large client portfolio containing primarily executive officers from leading Fortune 500 companies and large institutions. Mr. Barr rapidly ascended from investment advising into corporate finance and applied his abilities to raising capital for corporations, hedge funds, unit investment trusts, and real estate investment trusts through private placements and initial public offerings.

Mr. Barr transitioned to Trinan in early 2001, where he successfully built Trinan's structured finance division by repositioning it within the capital markets. By utilizing established relationships with firms including JP Morgan, Credit Suisse, Goldman Sachs, and other global financial institutions, Mr. Barr successfully structured billions of dollars in capital with Trinan. He possesses vast experience with all loan structures in both securitized and unsecuritized platforms. His knowledge of these structures combined with his distinguished reputation with the country's largest banking institutions make Mr. Barr an unrivaled force in the negotiation and closing of commercial loan modifications.

As Chief Executive Officer, Mr. Barr has utilized his immense talents of anticipating economic movements to effectively place Trinan's clients ahead of the market curve. Mr. Barr possesses extensive experience in acquisition/disposition real estate, structured capital, note acquisition, equity placement, and commercial development



# Our Executive Team

## **Adam S. Field** - *Director of Real Estate*

Mr. Field is the acting President of Trinan. Mr. Field has over 11 years of executive real estate and capital experience. Mr. Field built his career in commercial real estate services within institutional services and possesses extensive experience in numerous aspects of real estate including commercial sales of all property types, full services leasing in all markets, and capital structures. Mr. Field has vast experience in several property categories including retail, office, industrial, multifamily, mixed-use, and raw land.

Within Trinan, Mr. Field initiates and manages aggressive rehabilitation strategies for clients centered on the restructuring of capital and real property assets. Mr. Field utilizes his knowledge of real estate markets to prepare modification requests and negotiate workout resolutions for Trinan clients across the United States. His primary role is to provide market intelligence, reorganization strategies, leasing and sales analytics, and property assessments in a collaborative effort with related divisions at Trinan to ensure the highest rate of success for clientele in resolution negotiations.

Mr. Field received his Bachelor of Science in Business Marketing from Arizona State University in 1997. At Arizona State he served as the College of Business Senator in the Associated Students of Arizona State University as well as the Vice President of Philanthropies for the Arizona State chapter of the American Marketing Association.



## Our Executive Team

### **Rusty A. Fleming** - *Legal Counsel*

Mr. Fleming is the founding member of The Fleming Firm – a corporate and real estate law firm located in the Atlanta, Georgia metropolitan area. Over the course of his career, Rusty has handled a variety of corporate and real estate matters for individuals, real estate developers, private equity funds and regional and national lenders. He has closed hundreds of asset-backed loan transactions, including acquisition and development loans, permanent commercial real estate loans, including CMBS transactions, term loan credit facilities, working capital revolving credit facilities and mezzanine financing. More recently, drawing upon his experience representing borrowers and lenders with CMBS and similar loan transactions, Rusty has focused on assisting owners of distressed assets negotiate loan modifications and develop workout strategies, while helping these clients avoid potential “recourse” pitfalls which could trigger personal liability of so-called “carveout” guarantors.

Mr. Fleming is a graduate of Cumberland School of Law at Samford University where he served as Editor-in-Chief of the Cumberland Law Review. While at Samford University, Mr. Fleming also received a Master of Business Administration from the Brock School of Business. After law school, Mr. Fleming had the honor and privilege of serving as a federal law clerk to Chief Judge James D. Todd in the United States District Court for the Western District of Tennessee. He then entered into private practice in Jackson, Mississippi with the firm Watkins Ludlam Winter & Stennis, P.A. In 2005, Rusty joined Winstead, P.C. in Dallas, Texas. In 2007, he returned joined Morris, Manning & Martin, LLP in Atlanta, Georgia where he practiced until establishing The Fleming Firm.



# Case Study

- Property:** Class-A, Multi-Tenant Retail Center  
168,079 Square Feet  
Kohl's Anchored
- Lender:** Credit Suisse
- Original Loan:** \$40,000,000.00  
5 Year Term | I/O | 2.75% + 1 Month LIBOR
- Loan Type:** Bridge, CDO, Non-Recourse
- Status:** Performing
- Modified Terms:** Write down of principle to \$32,500,000.00  
Take-out loan with two participating banks procured
- Synopsis:** Trinan had represented the borrower on the original debt. We became aware that Credit Suisse was having a difficult time moving the loan off of their books. Trinan approached the borrower with the suggestion that they reacquire the debt from Credit Suisse at a discounted price. After several negotiating sessions, Trinan was able to reduce the balance by \$7,500,000.00 under the agreement that the borrower would pay off the remaining balance. Trinan secured take-out financing for the borrower allowing the transaction to close.

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# Case Study

- Property:** Class-A, Multi-Tenant Retail Center  
14,484 Square Feet  
No Anchor
- Lender:** Credit Suisse
- Original Loan:** \$5,150,000.00 Senior  
\$500,000.00 Mezzanine  
5.78% | 30 Year Am | 10 Year Term | 2 Year I/O
- Loan Type:** Permanent, CMBS, Non-Recourse
- Status:** Non-Performing (Default)
- Modified Terms:** Mezzanine Forgiven  
Write down of principle on Senior to \$2,670,000.00  
4.5% | 30 Year Am | 4 Year Term | I/O  
Non-Recourse

**Synopsis:** Due to market conditions, the borrower was struggling to keep the center viable. They had missed payments for 8 consecutive months and were facing foreclosure. The center had high vacancies, tenants were making late rental payments, and a portion of the building had been destroyed in a fire. Trinan began negotiations with Credit Suisse in an effort to reduce the borrower's monthly obligation on the debt. During the negotiations, the debt was sold to a private institution. Trinan continued the negotiations with the new lender. Trinan was able to reduce the original principle balance by \$2,980,000.00, extend the I/O period by 2 years, and reduce the interest rate by 1.28%.

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# Case Study

- Property:** Class-A, Multi-Tenant Office Building  
52,000 Square Feet  
60% Owner Occupied
- Original Loan:** \$5,700,000.00  
7.2% | 30 Year Am | 5 Year Term
- Loan Type:** Permanent, Bank, Recourse
- Status:** Non-Performing (In-Foreclosure)
- Scenario:** 1 Year of Non-payments  
\$600,000.00 past due balance  
Trustee Sale date was set
- Modified Terms:** Deed in Lieu of Foreclosure  
Full Release of Deficiency Potentially Estimated at \$1,500,000.00  
Lease Back from Lender at Below Market Rents
- Synopsis:** The borrower was also the largest occupant of the building. The economic environment had caused rising vacancies in the building and the borrower's business income had been severely impacted. The borrower had missed an entire year of loan payments and was facing foreclosure and a large deficiency. Trinan successfully negotiated a Deed in Lieu of Foreclosure, a full release of deficiency, and a lease back of the space at below market rents allowing the borrower to continue normal business operations.

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# Case Study

- Property:** Class-A, Multi-Tenant Retail Center  
80,000 Square Feet  
No Anchor, High Profile Location
- Original Loan:** \$18,000,000.00 Balance  
5.76% | 30 Year Am
- Loan Type:** Permanent, CMBS Securitized, Non-Recourse
- Status:** Non-Performing (In-Foreclosure)
- Modified Terms:** Write Down of Principle to \$8,000,000.00  
Cash from borrower of \$2,000,000.00  
New Loan Balance \$6,000,000.00  
12 Month Forbearance of Payments  
Non-Recourse

**Synopsis:** The borrower had purchased the project from the developer prior to lease-up. After the closing, the retail economy began to falter dramatically. The borrower was struggling to lease the available space; and to further compound the issue, tenants in place were renegotiating their terms or going dark overnight. The borrower began missing loan payments and was facing foreclosure. Trinan began consultation with the borrower and determined that the market value of the property was far below the \$18,000,000.00 loan balance. Through strategic negotiations, the Special Servicer agreed to reduce the principle balance owed to \$8,000,000.00. They required a cash payment of \$2,000,000.00 and approved 1 year forbearance on the remaining \$6,000,000.00 loan balance. The financing remained non-recourse.

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# Case Study

**Property:** Class-A, Multi-Tenant Retail Center  
14,822 Square Feet  
No Anchor, High Profile Location

**Original Loan:** \$4,700,000.00  
6.28% | 30 Year Am

**Type:** Permanent, CMBS, Non-Recourse

**Status:** Non-Performing (Default)

**Modified Terms:** \$4,700,000.00  
5% I/O for 1 Year  
After 12 Months, Revert back to 6.28% | Fully Amortized

**Synopsis:** Over a 12 month period the borrower had lost 40% of their tenants and had renegotiated lease terms with several remaining tenants. The property was no longer cash flowing and the borrower was not able to cover the shortfall. Trinan began negotiations with the special servicer in place. The special servicer agreed to reduce the interest rate on the loan by 1.28% for a twelve month period while simultaneously moving the payment to an I/O. We were able to defer the past due balance to loan maturity or upon pay-off. The 12 month reduction would allow ample time for the landlord to lease-up the center and begin cash flowing without incurring excessive loan penalties or foreclosure.

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