

Bankers, Servicers, Franchisors and Receivers Answer All Your Questions

Presenters



- Charlie Broun, Vice President, InterContinental Hotels Group
- Over 30 years experience as an attorney and hotel franchisor
- Responsible for workouts and distressed hotels at IHG working with both existing and prospective franchisees, lenders, special servicers and management companies



- Gregg Davis, Partner in Thompson & Knight Dallas office and Board Certified, Commercial Real Estate Law Texas Board of Legal Specialization
- Counsels clients in the areas of real estate, finance, capital markets, business transactions, and environmental transactions
- Experience includes: acquisitions, sales, lending, leasing, and brokerage; distressed real estate sales and management; and construction.

Presenters



- Bob Massey, Senior Vice President, Special Asset Management, TriMont Real Estate Advisors
- Responsible for the oversight of a team of professional asset and advisory managers and serves as the TriMonts Hospitality Professional to ownerships JV Principle Business in acquiring under-performing hospitality loans, the scope of which includes due diligence, underwriting and asset managing properties and portfolio's pre and post closing.



- William O'Connor, Partner, Management Board Member and Chair of the Financial Services Group at Crowell & Moring LLP, New York office
- Nationally recognized leader known for his expertise in CMBS special servicing and related aspects of loan workouts
- Concentrates practice on a variety of areas including commercial lending, structured finance, real estate finance, creditors' rights, bankruptcy and restructuring, and financial institutions litigation.

Presenters



- Kevin Semon, Vice President and Special Servicing Team Manager for the Overland Park, Kansas based Midland Loan Services
- Prior to joining Midland Loan Services Mr. Semon's has worked with special servicers, private investors, federally insured banks, real estate developers and pension fund advisors.
- Mr. Semon's current responsibilities include managing and mentoring special servicing asset managers, developing client relationships, resolving large and complex defaulted CMBS notes, and participating on the Midland Loan Servicing Credit and Advance Committees.
- Mr. Semon recently successfully directed the resolution of the \$850 million note to Innkeepers through a bankruptcy stalking horse bid and is currently directing the resolution of the MSREF \$1 billion note through bankruptcy.

Past, Present & Future

- Lender's view
- Franchisor's view
- Operator's view
- Receiver / Trustee view

Warning Signs

- Deferred Maintenance
- Quality of rooms, F&B, Staffing
- A/P aging, COD
- Overdue PIP
- Future bookings

Warning Signs

- Inventories
- Employee turnover / “casual labor”
- Financial Performance
- Management capabilities
- Labor union issues

Other Issues

- Sales tax, Use tax and TOT – pre and post
- Business and operating licenses
- Liquor license agencies
- Corporate accounts

Other Issues

- Advance reservations
- Upcoming events
- Advance deposits still on hand?
- Press and Publicity - Who is it that's in trouble?
- Other hotels with same or related parties

Defaults

- Lender / Servicer
 - Regular Payments
 - Franchise Fees
 - Taxes
 - Insurance
 - A/P
 - Loan maturity

Defaults

- Franchise (also become non-monetary loan defaults)
 - Fees
 - PIP
 - Standards

Options and Actions

- Lender / Servicer
 - Restructure / Workout
 - Forbearance (consideration?)
 - Lock-box
 - Foreclosure (note state rules)
 - Deed in Lieu
 - Receivership (stipulate?)
 - Bankruptcy (carve-out)
 - Loan Sale

Options and Actions

- Franchisor
 - What terms are negotiable?
 - Termination (note fees)
 - Extend PIP deadline
 - “Workout”
 - Re-flag within the company
 - Agree to Receiver as temporary operator
 - Bankruptcy effect

Receivership or Bankruptcy

- Protection for lender, borrower, creditors
- Possession
- Who's Employees?
- Use of Cash Collateral

Receivership or Bankruptcy

- BK Pre-petition debts
- Receivership pre-appointment debts
 - Borrowing money for the estate
 - DIP Financing
 - Receiver's Certificates
- Borrower's liability

Goals and Options

- Owner
 - Refinance
 - New Equity
 - Walk Away
 - Release of Personal Guarantees

Goals and Options

- Lender
 - Payment!
 - Title, Sale, Recovery
 - Borrower Stipulation to Remedy
 - Maintain Flag?

Goals and Options

- Franchise
 - Unpaid fees and expenses
 - PIP & Compliance
 - Termination Fees
 - “Cooperative Removal”?
 - New Franchisee?
 - Re-reflag within the System?

Sale of Property

- Bankruptcy Section 363
- Receiver Sales

View of the Future, Near and Far

Session Evaluation



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