

## Real Estate Ventures II: Negotiating Leases, Financings & Restructurings

11.965

Spring 2011

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**Time and Location:** Wednesday evenings 6:00 to 9:00 pm, Building E51-145

### **Course Description:**

Designed as a continuation of Real Estate Ventures I (11.965), this course will prepare students to negotiate the most important business issues within seven of the principal agreements a real estate developer / investor will negotiate in connection with the value creation, financing, and restructuring phases of a real estate venture. More specifically, (i) the value creation phase will focus on negotiating an office lease with a major law firm and a retail lease with a national retailer, (ii) the financing phase will focus on negotiating a permanent loan, a mezzanine loan, and an inter-creditor agreement, and (iii) the restructuring phase will address the important financial, legal, income tax, and governance issues associated with the venture falling into financial distress and the need to negotiate standstill / forbearance and loan modification agreements.

Students will spend 3 to 5 hours of class time discussing the most important business issues in each agreement, working closely with prominent real estate attorneys who specialize in the construction of such agreements. The journey through each agreement will end with a 1.5 to 2 hour negotiation session, with each party represented by counsel, just as in the real world. Students will generally alternate between negotiating the role of the developer and the role of the counter-party to the agreement. Due to this particular format of instruction, enrollment in the course is limited.

This course involves a **significant** amount of reading, all of which is required to be completed prior to working with the attorneys in class. Accordingly, prior to the first class session devoted to each agreement, students will be required to hand in *individual* written responses (approximately 3 pages in length) to questions relating to the specific form agreements, judicial opinions, and other background readings that will be the subject of class discussion and negotiation. There is no mid-term or final exam, or prerequisite for this course (students need not have taken Real Estate Ventures I).

### **Grading:**

Seven (7) written responses (11% each)	77%
Class Participation	10%
Class Attendance	<u>13%</u>
	100%

## Course Schedule:

- Weds. Feb. 2<sup>nd</sup>:** Course introduction; panel discussion of major issues in office lease negotiations; deliberation with counsel re: Office Lease.
- Weds. Feb. 9<sup>th</sup>:** **First written assignment due** (beginning of class); continued deliberation with counsel re: Office Lease.
- Weds. Feb. 16<sup>th</sup>:** Continued deliberation with counsel; negotiation of Office Lease.
- Weds. Feb. 23<sup>rd</sup>:** **Second written assignment due** (beginning of class); overview of retail leasing; deliberation with counsel re: Retail Lease.
- Weds. Mar. 2<sup>nd</sup>:** Continued deliberation with counsel; negotiation of Retail Lease.
- Weds. Mar. 9<sup>th</sup>:** **Third written assignment due** (beginning of class); overview of permanent loan agreements and non-recourse carve-out guarantees; deliberation with counsel re: Permanent Loan Agreement and guarantees.
- Weds. Mar. 16<sup>th</sup>:** Continued deliberation with counsel; negotiation of Permanent Loan Agreement and guarantees.
- Weds. Mar. 23<sup>rd</sup>:** No class (spring break).
- Weds. Mar. 30<sup>th</sup>:** **Fourth written assignment due** (beginning of class); overview of mezzanine loan agreements; deliberation with counsel and negotiation of Mezzanine Loan Agreement.
- Weds. Apr. 6<sup>th</sup>:** **Fifth written assignment due** (beginning of class); overview of Inter-Creditor agreements; deliberation with counsel and negotiation of Inter-Creditor Agreement.
- Weds. Apr. 13<sup>th</sup>:** Overview of financial distress, remedies, and workouts; deliberation with counsel and negotiation of Pre-Negotiation Agreement.
- Weds. Apr. 20<sup>th</sup>:** **Sixth written assignment due** (beginning of class); deliberation with counsel and negotiation of Standstill / Forbearance Agreement.
- Weds. Apr. 27<sup>th</sup>:** Discussion of federal income tax issues associated with asset sales, loan modifications and foreclosure.

**Thurs. May. 5<sup>th</sup>:**

**Class session held in New York City. Seventh (final) written assignment due**  
(beginning of class); overview of loan modification agreements; deliberation with counsel re: Loan Modification Agreement.

**Weds. May. 11<sup>th</sup>:**

Continued deliberation with counsel; negotiation of Loan Modification Agreement.

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## Time Allocations: Prior to and During Class Sessions

