

BECKER LLC REAL ESTATE

Uniquely committed to the Real Estate Industry

2014 YEAR END ACHIEVEMENTS



**REAL ESTATE
PRACTICE**



ATTORNEYS AT LAW

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Real Estate at Becker: **The BEST Approach**

Becker has a unique commitment to the real estate industry. We understand the challenging nature of the contemporary real estate market, and the resulting legal issues germane to the industry. Becker's Real Estate attorneys are part of the firm's Business Services Group (BSG), through which legal services are delivered holistically, with consideration given to the specific needs of each client. The result is customized, client-centered service. This service is delivered through Becker's innovative BEST model, a consulting-based approach that enables us to deliver innovative, cost-effective and efficient counsel that leads to gains for our real estate clients. We are pleased to provide our clients and colleagues with our 2014 Year End Achievements, as to both our Real Estate Department achievements and highlights of 2014 and how working with Becker and using the BEST approach can help our clients achieve their goals in 2015 and beyond.

Becker knows real estate from the inside. With attorneys who have relevant industry experience from more than a legal perspective and years of advising real estate professionals, we know the demands of today's real estate industry and how to address our clients' concerns.

We know that due diligence is a key factor in our clients' success. Real estate clients need legal counsel attuned to the many and varied details that are part and parcel of any real estate transaction.

We also know that our real estate clients face very specific pressures from multiple sources, many of which are not under their direct control. These sources include, among others, federal, state and local regulations and resulting compliance concerns; uncertainties with respect to financing; ever-present insurance concerns; the delicate approach necessary in negotiations with subcontractors, lenders, regulators, tenants, customers and myriad parties; and the various risks that contemporary real estate developers must shoulder on their path to creating a thriving business.

There is no substitute for industry experience. Attorneys who lead our Real Estate Practice Group have more than 20 years of relevant experience serving in roles that include principal with a private real estate development firm responsible for the establishment of thousands of residential and commercial properties. With this extensive "inside industry" experience, we have a personal understanding of the nuances of real estate and what it takes to successfully grapple with challenges inherent in this industry. In short, we offer legal advice informed by our own personal experiences of "walking in our clients' shoes."



Our understanding of these factors is the key to the success of the firm's BEST approach. BEST is a project management-based approach that effectively views legal counsel as consultants to clients. Using this consultancy approach, Becker attorneys develop and adhere to a timeline—and corresponding budget—for each legal service or project. This means our clients know when work product will be delivered and how much that product will cost.

The key to our BEST model is the pre-project discipline we have built into it. From the beginning of each project our attorneys engage a potential client in an open and frank discussion about the scope of the work and expectations, both from the prospective client and from the firm, as to the outcome of the project. These open and honest discussions ensure that we are in synch with a client's goals, including not only their vision of the legal outcome, but also their understanding of the scope, timing and cost of the service.

Our BEST model truly sets Becker apart from other law firms that provide only legal services. Our real estate attorneys constantly strive to create value for our clients, wherever the opportunity may arise. Our attorneys go far beyond negotiating and closing real estate transactions. In fact, we become personally engaged in, and supportive of, our clients' success. In real estate, this translates into building on relationships, and creating new connections. Using our BEST model in 2014, Becker connected our real estate clients to buyers and sellers of real estate, to real estate brokers and mortgage brokers, to traditional and non-traditional direct lending sources, to other developers for joint ventures and to other professionals who were instrumental in helping our clients achieve their goals.



Over the course of 2014, our real estate attorneys handled a wide array of legal and business issues for our real estate clients. These accomplishments, highlighted in the following pages, include:

- I. Purchasing and/or selling commercial real estate properties.
- II. Financing commercial properties with diverse lenders, from banks and other traditional capital providers to private equity funds.
- III. Negotiating and drafting commercial leases on behalf of tenants and landlords in multiple sectors of real estate uses.
- IV. Restructuring millions of dollars of mortgages and other debts to create value while preserving equity for our clients.



I. Real Estate Acquisitions & Sales

In 2014, Becker's real estate attorneys closed on millions of dollars of real estate purchases and sales. We counseled our clients in the due diligence processes to protect their interests. We also introduced our clients to other professional service providers relevant to real estate, including engineers, environmental consultants and accountants. Among our transactions in 2014 are:



- Representation of a client in the sale of several commercial condominium units to medical and dental users in Union County, N.J.
- Representation of a client in the purchase of real estate to be used in the operation of a car wash business in Middlesex, County, N.J.
- Representation of a client in the purchase of a storage facility in Union County, N.J.
- Representation of a client in the sale of a mixed use professional office, retail and apartment building in Union County, N.J.
- Representation of a client in the sale of multiple real estate parcels slated for redevelopment in Mercer County, N.J.
- Representation of a client in the purchase of several contiguous real estate parcels for assemblage in the development of a multi-family complex in Union County, N.J.
- Representation of a client in the sale of building to a franchisee of national real estate brokerage firm in Union County, N.J.

Our BEST model was implemented in numerous real estate acquisitions and sales in 2014. The following transaction is a “case study” of how BEST was used to our client’s benefit.

Client Selling Building - Union County, NJ

Becker’s real estate group was engaged by a building owner in the potential sale of a professional office-use building. When we were approached, the owner was dissatisfied with the sales price quoted by the brokerage community for sale of the building. After analyzing the situation, we recommended that a condominium structure be implemented, opening up the possibility for the owner to achieve a greater return by selling the individual parts of the building as opposed to selling the entire building to one buyer. We went beyond this advice, and, following our BEST model:

- ⇒ Introduced a brokerage firm to our client to provide a market analysis and, later, to market the property as office condominiums as opposed to a single building.
- ⇒ Prepared necessary documentation to form the condominium association.
- ⇒ Introduced our client to engineers and surveyors, and guided these professionals in the layout of the condo units and creation of common areas in the structure.
- ⇒ Approached the existing lender to restructure the mortgage to implement partial lien releases, resulting in the release of individual units from the lien as condominium units were sold.
- ⇒ Negotiated to obtain additional funding for our client from that same lender to upgrade the building and the common areas to maximize sales prices.
- ⇒ Led efforts that successfully resulted in the town tax assessor reducing the valuation and real estate taxes on the property, more accurately reflecting the market for the building, which was well under the property assessment.

Client Outcome: More than 70 percent of the building has been sold as office condominiums to existing tenants as well as to new buyers.

II. Real Estate Financing

Becker's real estate attorneys continued their track record of excellence in real estate financing in 2014, representing developers and other owners of wide-ranging real estate properties in closing millions in financing activities. We also introduced our real estate clients to various lending institutions. Our representative real estate financing transactions in 2014 include:

- Representation of a borrower in the financing of a commercial office building in Union County, N.J.
- Representation of a private lender in the financing of land acquisition in Essex County, N.J.
- Representation of a client in the assessment of various financing options as to a mixed use property in Essex County, N.J.
- Representation of a borrower in the financing of real estate improvement loan from the SBA for real estate in Middlesex County, N.J.
- Representation of a client in the negotiation of existing debt for office condominium building in Union County, N.J.
- Representation of a borrower in the refinance of a self storage facility in Cape May County, N.J.
- Representation of a borrower in the refinance of a surgical center building in Bergen County, N.J.
- Representation of a borrower in the refinancing of several residential investment properties in Monmouth County, N.J.
- Representation of a borrower in the financing of its new office location in Essex County, N.J.



III. Commercial Leasing

Becker's real estate attorneys successfully negotiated lease reviews for millions of square feet of commercial properties. In 2014, our attorneys represented landlords, tenants, subtenants and others in leasing of properties in an array of real estate settings. Select 2014 leasing transactions include:

- Representation of a landlord in the leasing of commercial space to a specialty pharmacy in Union County, N.J.
- Representation of a landlord in the leasing of space to a global telecom company in Essex County, N.J.
- Representation of a landlord in the leasing of multiple locations (with purchase options) to an automobile parts supplier in Union County, N.J.
- Representation of a landlord in the leasing of retail space to a national tenant (with purchase options) in Morris County, N.J.
- Representation of a staffing company in the leasing of corporate offices in Bergen County, N.J.
- Representation of a law firm in the leasing of professional office space in Monmouth County, N.J.
- Representation of a law firm in the sublease of office space in Camden County, N.J.
- Representation of a medical practice group in the leasing of professional office space in Bergen County, N.J.
- Representation of a supermarket tenant in the audit of a lease as to CAM charges and other reimbursements requested by landlord in Passaic County, N.J.



The following are “case studies” of how we used the BEST model in commercial leasing transactions last year:

Client Relocating - Middlesex County, NJ

Becker’s litigation department was engaged by a business owner to resolve a dispute over the sale of real estate and other matters. As a result of the litigation, a court receiver was appointed to liquidate the real estate. We were introduced to the client by our litigation colleagues, and asked to help identify a new location for the client’s manufacturing business. Our efforts included:

- ⇒ Identifying and assisting the client in selecting a real estate broker who specialized in properties for manufacturing use.
- ⇒ Collaborating with the client and broker in assessing various properties and identifying a new business location.
- ⇒ Responding rapidly to our client’s urgent need for additional business relocation time brought on by the court-appointed receiver’s quick sale of the old property. We negotiated a use and occupancy agreement with the new property owner, providing our client with sufficient relocation time.
- ⇒ Assembling a team to conduct due diligence on the newly-identified manufacturing property, including identifying individuals to assess the new location’s environmental status. This process protected our clients as to future environmental liability when they ultimately vacate the leased property.

Client Relocating - Essex County, NJ

Becker’s real estate group was engaged by a tenant of the Port Authority of New York & New Jersey. As a result of expansion of Port Newark, our client was being relocated by the Port Authority to a new location within Port Newark. This new location consisted of an abandoned building which our client needed to refurbish and adjoining land which our client needed to construct its new offices on. In addition to negotiating and drafting of the new lease, our real estate attorneys gathered and oversaw a team of professionals on behalf of our client to assess environmental status of the new location, assess the viability and condition of the old structure, develop the new office building, and interact with the Port Authority as to adhering to rigorous Port Authority requirements and standards as to improvements on Port Authority real estate. Further, our attorneys worked with the client’s accountant as to capital improvement financing requirements set forth in the lease. In addition, our real estate attorneys oversaw the team of professionals that were engaged as to the vacating of the prior property to protect our client’s interests as to any possible future exposure regarding the surface and sub-surface condition of that property based on our client’s prior occupancy of the property as a trucking terminal.



IV. Distressed Real Estate

Salvaging distressed real estate assets and implementing workouts is a particular focus of Becker's real estate practice. Even as the nation recovers from the debilitating economic downturn that began in 2008, distressed properties remain a point of concern in the real estate arena. In 2014, our attorneys successfully resolved millions of dollars of distressed real estate. Examples of our work in distressed real estate in 2014 include:

- Representation of a client in the negotiation of forbearance agreements with a lender and a participant lender resulting in the sale of real estate used for a metal shredding business in Cumberland County, N.J., eliminating personal deficiencies on the debt.
- Representation of a borrower in the refinance of a bar and restaurant in Cape May County, N.J., so as to permit the client flexibility in servicing the debt during off season intervals.
- Representation of a client in the negotiation of several mortgages with existing mortgages to permit client to lease its property to a scrap metal generator in Atlantic County, N.J. while retaining ownership of the property.
- Representation of a client who was a personal guarantor as to several mortgages on real estate located in the State of Connecticut, resulting in restructuring of the debt so that our client's guarantees were limited and protected by an ownership interest in the property.
- Representation of a client in the restructuring of a defaulted mortgage on industrial property located in Union County, N.J. with environmental issues, so as to permit a short sale of the property while preserving our clients' assets.
- Representation of a client who was a mortgagee on several land parcels located in Essex County, N.J., in which the property owner was in financial distress, in renegotiating the debt while providing our client greater security.



Following is a case study detailing how we used the BEST model in a distressed real estate transaction last year:

Distressed Real Estate - Bergen County, NJ

Our bankruptcy colleagues at the firm introduced the Real Estate Group to the owner of a commercial medical arts building who had engaged the firm for bankruptcy advice.

When the client's lender commenced foreclosure on this commercial property, our client had scant time to prevent the foreclosure and salvage the property. Our role in assisting the client involved:

- ⇒ Identifying a new and immediate source of financing.
- ⇒ Negotiating with the current lender—using data we obtained—to justify a large reduction in the debt.
- ⇒ Introducing alternative lenders to our client, ultimately leading to identifying a real estate fund that agreed to provide our client with a multimillion-dollar refinance and, later, a substantial reduction of the debt on the condition that payment be made in a matter of weeks.
- ⇒ Collaborating with multiple involved parties to close the deal quickly.
- ⇒ Identifying a brokerage firm with expertise on medical-use properties and retaining that firm to market and sell the client's building at a listing price significantly greater than the amount of the refinanced debt.

Client Outcome: Efficient resolution of distressed property matter, transforming it from an apparent “lost-cause” to one that will ultimately lead to profit and considerable up-side for our client.

V. Other Real Estate Transactions

In addition to the areas notes above, in 2014 Becker's real estate attorneys represented clients in land use and regulatory matters, environmental areas, structuring of joint ventures and other vehicles, real estate litigation, and other real estate related matters. Select 2014 transactions in these areas include:

- Representation of a client in obtaining several NJDEP permits and waivers relative to the client's use of waterfront real estate.
- Representation of a client in obtaining NJDEP permits relating to the environmental remediation of a real estate.
- Representation of the beneficiaries of an estate in the dispute over the sale of a commercial real estate parcel.
- Formation of a joint venture between owner of real estate and real estate developer as to development of real estate parcel for multi-family use.
- Representation of a developer in the due diligence and approvals process for development of an apartment building complex.
- Representation of a client in the permitting for closure of multiple underground oil storage tanks.
- Representation of a beneficiary of an estate over dispute of proper accounting for proceeds relative to a sale of real estate.
- Representation of a property owner in the conversion of an office building from fee simple ownership to office condominiums.
- Representation of a court appointed receiver in the management of multiple properties ranging from retail tenants to residential multi-family occupancies.
- Representation of a hedge fund in the commercial strict foreclosure action of several real estate purchases.





Client Testimonial As to the BEST Model’s Impact

October 2014, Press Release - Becker’s Business Services Group (BSG) completed another successful transaction for a longtime client. When Schultz Furriers was looking to acquire a storage facility in central New Jersey for the family owned business, they turned to BSG to assist them in not only the ultimate purchase of the property, but in assessing the viability of several potential candidate sites. In less than two months time, the real estate team was able to close on the transaction, accommodating our client’s aggressive schedule that was critical based on the seasonal nature of the client’s business. The BSG real estate attorneys worked hand-in- hand with the client during the due diligence process, assessing permits, introducing financing candidates, overseeing third party professionals as to inspection and environmental matters, and generally ensuring the client's protection in the purchase of the property.

The client expressed their satisfaction with the successfully completed project and stated, “As a relatively small business without the resources of an in-house general counsel, we continue to look to Becker as our trusted business adviser for the everyday events, as well as the extraordinary events, that affect our business. BSG has introduced us to a network of other professionals that has improved our business and has helped us achieve our company goals, as well. Through this unique relationship, the BSG attorneys have developed a keen, holistic un- derstanding of our business and our needs. When we previously undertook a major renovation of our flagship store in Millburn, N.J., the Becker BSG team was there every step of the way. Whether in providing introductions as to financing sources, trades and other professionals, or guidance as to the permitting process, we rely on BSG as a valuable resource. We highly recommend BSG for any business looking to improve its performance and enhance its business.”



Becker LLC Hosts Annual Golf Outing for Real Estate Professionals

July 2014, Press Release – Becker, along with Citrin Cooperman and Whitman Companies, co-hosted its annual Real Estate Golf Outing and Dinner on July 8, 2014, at the Forsgate Country Club. In addition to real estate developers and other construction and real estate professionals, guests included individuals from various related industries such as banking, insurance and real estate & mortgage brokerage firms. Michael E. Holzapfel and Anthony J. Vizzoni, both members of the firm’s Real Estate and Construction Practice Groups, and co-hosts, Citrin Cooperman and Whitman Companies collaborated to make the event a fun day of golf and an enjoyable evening for all those in attendance. Mr. Vizzoni elaborated, saying, “Becker, and our strategic partners, Citrin Cooperman and Whitman Companies, co-hosted this event to thank our clients and other supporters in the construction and real estate industries for their confidence in our respective organizations. We are pleased that we were also able to introduce clients and other professionals in this casual setting to enhance relationships and further expand networks for our real estate and construction clients. We hope that all in attendance enjoyed the event as much as we did, and we thank all for their participation. We look forward to another great outing next year.”

Continuing to Educate our Clients

Our real estate attorneys have authored several articles on real estate matters. Most recent subject matters include:

- *Lawyer Up Before Signing That Loan Commitment* by Anthony J. Vizzoni, Esq.
- *Commercial Loan, Residential Collateral – Does My Prepayment Clause Apply?* by Michael E. Holzapfel, Esq.
- *Protecting Commercial Tenants Against Unfair Billings* by Anthony J. Vizzoni, Esq. and Robert F. Connolly, MST
- *Enforceability of At Will Lease Termination Provisions* by Anthony J. Vizzoni, Esq.
- *Looking for Enhanced Value in Your Property? Look Up...* by Anthony J. Vizzoni, Esq.
- *Condominium/Homeowner's Association and Alternate Dispute Resolution* by Kenneth D. Roth, Esq.
- *Appellate Division "Flips" Allegations That Consumer Fraud Act Applies to Ambiguous MLS Description of Foreclosed Real Estate* by Michael H. Holzapfel, Esq.
- *Protecting Your Restaurant Against Landlord Defaults* by Anthony J. Vizzoni, Esq.



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FIRM PROFILE

Becker is a premier mid-sized firm that provides transactional, counseling, litigation, and regulatory representation to clients ranging from major multinational corporations to local businesses. Becker has earned an AV rating from Martindale-Hubbell, which is the highest possible rating for legal ability and ethics. Our size and footprint allow us to provide sophisticated services in a manner focused not only on results, but also on our clients' return on their legal investment.

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