

BH Properties Launches Debtor-in-Possession Platform with Initial Funding of \$200MM

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Anticipating a spike in COVID-related commercial bankruptcies, [BH Properties](#) has launched a debtor-in-possession ("DIP") initiative and has set aside \$200 million in initial funding to finance and acquire troubled middle market real estate assets in receivership or facing bankruptcy, announced firm President James Brooks.

Senior Managing Director of Investments Andrew Van Tuyle and veteran bankruptcy attorney Howard Weg, who will serve as a consultant to the firm, will lead the initiative.

Due to the Covid-19 virus, virtually every state, from California to New York, has imposed moratoriums on foreclosures and evictions on commercial real estate. BH Properties believes that the coming expiration of these moratoriums later this year, along with the winding down of PPP or other governmental assistance programs, will result in a dramatic and troubling increase in declared defaults, foreclosures, receiverships and bankruptcy filings across the country.

"We have set up the program to help save commercial borrowers and landlords when the moratoriums on evictions and foreclosures expire later this year," said Van Tuyle. "Our platform will help serve the many owners of commercial real estate that will need immediate help."

Large real estate projects that were financed by multiple banks, life insurance companies or CMBS-backed loans typically get relief from the large money center banks, financial advisors and investment bankers. But the owners of smaller projects will struggle for assistance," according to Weg.

"While the larger \$150+ million DIP loan market appears to be very efficient, we will target troubled real estate assets between \$5 million and \$150 million, including commercial office, hospitality, distribution and call center industrial properties," he said

BH Properties will offer a variety different packages to provide new financing or acquisition solutions, including:

- Debtor in possession or receivership financing
- Stalking horse bids for private sales, receiverships, REO sales
- Sale-leaseback transactions
- Secured note acquisitions
- 363 sales

BH Properties is an experienced real estate investment firm that includes a successful track record of acquiring assets in and out of Chapter 7 and 11 dating back to 2000 with the acquisition of real property from furniture giant Heilig-Meyers following its bankruptcy and subsequent liquidation. The firm also acted as a stalking horse and was subsequently the winning bidder in 363 sales in both the Radio Shack and Golfsmith bankruptcies.

Earlier this year, the firm announced it will acquire distressed real estate assets and loans from lenders including senior mortgages, mezzanine loans, B-notes and controlling participations secured by fee simple, leasehold interests and long-term leases under the direction of Rowan Sbaiti.