



REAL ESTATE | US Commercial Real Estate Loan Purchase and Sale Considerations

Due to the negative market forces caused by COVID-19, we anticipate an increasing number of non-performing commercial real estate loans. Therefore, the secondary loan market in the United States is likely to become a pipeline of opportunity for well-prepared sellers and buyers alike. Lenders interested in selling one or more loans may find that this market presents opportunity to offload risk and better leverage balance sheets in an environment where scheduled or accelerated principal repayments, early discounted payoffs, and even current monthly payments may not be feasible for many borrowers. For those seeking to acquire loans in the secondary market, this environment provides an avenue to invest in debt in amounts, at yields/asset cycles, and with associated risks that may be more aligned with their investment strategies. Further, acquisition of distressed debt can also serve as a vehicle to acquire real estate. This Legal Update provides a guide for commercial real estate loan purchase transactions and some practical considerations that parties should bear in mind during the course of such transactions.

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