

DISTRESSED HOTELS, RESORTS, AND HOSPITALITY ASSETS

Ballard Spahr offers clients a unique perspective on distressed hospitality assets.

- Our Resort, Hospitality, and Timeshare Group is one of the premier practices of its kind in the country, with deep industry knowledge gained over more than 30 years as a leader and innovator in the space.
- The firm's Real Estate Finance practice is one of the most active in the country and home to many of the nation's leading real estate finance lawyers. These talented attorneys have comprehensive experience structuring, negotiating, and closing a broad range of complex, high-profile real estate transactions nationwide.
- These groups integrate with the firm's Distressed Real Estate practice, which draws on talent and experience from both transactional and litigation practices, allowing us to provide comprehensive service tailored to each situation.

This combination uniquely positions Ballard Spahr to represent clients effectively in hospitality-industry assets during times of economic turmoil. Our multidisciplinary, collaborative, and results-focused team helps clients address the range of challenges and opportunities that arise when hospitality-industry assets undergo financial stress.

Our team leverages Ballard Spahr's nationally recognized excellence in real estate, finance, litigation, taxation, and bankruptcy law to design and execute creative and practical strategies to help clients protect and preserve investments, whether as a lender, equity investor, project owner, or project operator. Our Distressed Hospitality Asset Team also represents special servicers, developers, property owners, landlords, trustees, and hotel operators, managers, and receivers.

COMPREHENSIVE SERVICES NATIONWIDE – WITH LOCAL PRESENCE

We advise on the full range of business and legal issues in developing and implementing strategies for distressed resort and hospitality assets across the country, as well as in popular overseas locations. Our experience includes workouts and loan modifications, loan sales, receiverships, foreclosures (UCC and real estate), and liquidations, bankruptcies, and asset sales. We are a national leader in compliant registration and management of timeshare assets.

We also advise on investing in leisure-industry rescue capital transactions and represent stakeholders in litigation when necessary, including in disputes over insurance and liability, construction delays and overruns, landlord/tenant issues, corporate trust and fiduciary matters, partnerships, and LLC membership.

Our national network of 15 offices includes locations in popular resort destinations including Arizona, California, Colorado, Utah, Washington, D.C., and New York City. Our attorneys understand not only the national and global factors in today's distressed hospitality environment, but also each project's regional issues, local laws, political climate, and distinct market characteristics.

HOTEL WORKOUTS – A PRACTICAL APPROACH

We provide practical approaches to navigating investor, lender, owner, brand franchise, and third-party operator and manager concerns that arise from distressed hotel properties. We advise on critical provisions in hotel management and franchise agreements, food and beverage agreements, union contracts, management fee subordination and deferrals, termination rights and non-disturbance agreements, cash management and account control security interests, receivership, pre-bankruptcy strategies, and intercreditor issues.

REPRESENTATIVE MATTERS

- Represented one of the world's largest hotel chains in managing its litigation and bankruptcy portfolio throughout the United States and its territories, including as a creditor in successfully pursuing and resolving major claims in five separate bankruptcy cases within a year
- Represented and advised the nation's largest commercial real estate loan servicers and asset managers in negotiations, workouts, and litigation over financially distressed resort properties across the country
- Represented a leading global hospitality brand in preserving land use and zoning entitlements for a large commercial project when construction was suspended due to market conditions. The successful pursuit of extensions required extensive work with elected officials, government agencies, and public utilities
- Represented a large U.S. bank as trustee in a borrower's default on a \$145-million loan secured by a resort property in the West. When various entities related to the borrower attempted to frustrate the foreclosure and receivership process, we litigated a three-week trial that resulted in a judgment for our client in excess of the original principal balance of the loan.
- Represented the Denver Housing Authority in the acquisition of hotel properties for supportive housing and services for homeless and low-income populations. We handled all aspects of the transactions, including negotiating leases, low-income housing tax credit partnership agreements, and financing documents, including intercreditor relationships with the State's finance authority and housing department.
- Represented Gaming and Leisure Properties, Inc., as real estate counsel for GLPI's multibillion-dollar acquisition of Pinnacle Entertainment's national portfolio of casino properties
- Represented the owner of a luxury hotel in Chicago in the negotiation and documentation of the rebranding of the hotel under a large, global chain, as well as the affiliation agreement, asset sale, and repositioning of the asset for marketing and sales of timeshare interests
- Represented the developer/owner in the ground-up development, financing, operation, and eventual sale of a branded convention center hotel in Philadelphia
- Represented a mezzanine lender in the workout of a luxury hotel in the Midwest, resulting in a consensual assignment of membership interests in lieu of UCC foreclosure. The representation included navigating intercreditor issues and negotiations with the hotel manager and the hotel franchisor.
- Represented and advised leading hospitality ownership and management company in refinancing and investment transactions

CONTACTS

Christopher W. Payne

Practice Leader, Resort, Hospitality, and Timeshare
303.299.7345
paynec@ballardspahr.com

Siobhan M. O'Donnell Sachs

Co-Practice Leader, Real Estate Finance
424.204.4341
sachss@ballardspahr.com