

COMMERCIAL REAL ESTATE TRIAGE FINANCIER

THE DISTRESSED ASSET LIFECYCLE

PERFORMING LOAN	SUB-PERFORMING LOAN	NON-PERFORMING LOAN	LENDER HAS FILED FOR FORECLOSURE	BANKRUPTCY PERIOD	FORECLOSURE SALE FINAL	REO
	<p>Lender gets out early.</p> <p>Other issues may have to do with “document deficiencies”.</p> <p>“Scratch and Dent”.</p>	<p>Most note sales occur in this stage</p> <p>Most risk in life cycle at this stage, as borrower can still file bankruptcy.</p>	<p>NOTE SALE</p> <p>Deepest discount. Buyer inherits the good, the bad, and the ugly from the lender.</p> <p>Lender reps and warranties important at this stage.</p>	<p>Borrower’s last chance.</p> <p>Lender risks time delays and possible “cram downs”.</p>	<p>Borrower can buy back the note – this does not typically happen.</p> <p>Otherwise known as the “Redemption Period”.</p>	<p>ASSET SALE</p> <p>Clean Title</p> <p>Least Risk</p> <p>Highest purchase price in this distress life cycle, as the asset is “clean”.</p>

RISK INCREASES OVER TIME



CLEANSSED ASSET

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