Cullen | Dykman

Workouts, Restructuring, and Credit Recovery

When a credit becomes distressed, the legal strategy should support the business objective from the outset. Our Workouts, Restructuring, and Credit Recovery team represents banks, credit unions, finance companies, special servicers and other lenders in managing troubled credits, from early-stage workout discussions through enforcement, bankruptcy proceedings and exit strategies.

Early Strategy for Troubled Credits

The best recovery outcomes often begin well before a foreclosure action or bankruptcy filing. We work with clients early in the life of a stressed credit to assess leverage, identify practical options and develop a path that reflects the collateral, borrower circumstances, intercreditor issues and likely recovery profile.

That early-stage work frequently includes default analysis, reservation of rights, borrower negotiations, collateral review and coordination with internal credit and workout teams.

Workouts, Forbearance and Restructuring Solutions

We advise lenders on loan modifications, extensions, forbearance arrangements, debt restructurings, additional collateral packages, deed-in-lieu transactions and other negotiated solutions designed to preserve value while managing risk and cost.

Our approach is practical rather than formulaic. We help clients weigh whether a cooperative restructuring, a staged enforcement strategy or a faster path to recovery is most likely to support the client's business objectives.

Foreclosures, Enforcement and Credit Recovery

When enforcement is necessary, we represent clients in commercial foreclosures, related lender-remedy proceedings, note sales, REO matters and other recovery actions. We routinely handle matters involving office, retail, multifamily, mixed-use and other commercial assets, as well as credits affected by intercreditor or syndication issues.

We also defend lenders against counterclaims, lender liability allegations and related litigation that can arise in contested recovery matters.

Bankruptcy and Distressed Situations

Our team advises lenders on bankruptcy-related matters, including debtor-in-possession financing, cash collateral, adequate protection, stay relief, plan objections and strategic recovery issues in Chapter 11 proceedings. Where a borrower's distress evolves into a bankruptcy case, we help clients carry forward a consistent recovery strategy rather than starting over in a new forum.

We also assist with loan sales, distressed asset dispositions and other special-situations strategies when those options offer a more effective path to resolution.

A Coordinated Recovery Approach

Since problem credit matters often involve litigation, real estate, bankruptcy, tax and corporate issues at the same time, we coordinate across disciplines to help clients make decisions quickly and act from a position of clarity. The result is a recovery practice built around business judgment, not just procedure.

Representative Experience

- Represented numerous national and regional banks in hundreds of loan workouts and chapter 11 bankruptcies of all kinds and sizes.
- Represented a regional private college in the restructuring and refinancing of its debt, including the restructuring of publicly-traded bonds.
- Represented a private regional lender in a foreclosure action and the borrower's Chapter 11 bankruptcy involving a multi-million-dollar loan secured by a boutique hotel property in Miami, Florida.
- Represented a public REIT in connection with the restructurings of several large real property investments, including an 1100-unit multi-family building in Michigan and a 450-unit building in Florida.
- Represented a private lender with senior and mezzanine debt secured by an apartment complex in Connecticut in a foreclosure action on the senior debt and separate action on the mezzanine debt resulting in a full recovery.
- Represented money-center bank in the workout of a multi-million-dollar credit line issued to a home health care provider.
- Selected by a money-center bank to represent participants of a multi-million-dollar loan facility in a foreclosure action against a mixed-use property located in Long Island, New York.
- Represented a senior lender in the workouts of eleven multi-family buildings in New Jersey and Pennsylvania.