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## Distressed Assets

*Experienced legal guidance for navigating the challenges of a down cycle and for capitalizing on its opportunities.*

Economic turmoil creates challenges and opportunities for investors, lenders and other third parties with respect to distressed assets. For decades, Farrell Fritz has assisted clients in facing the challenges, and taking advantage of the opportunities, in economic down cycles. This includes representing the FDIC and RTC in connection with the disposition of real estate assets of failed savings banks in the late 1980s and early 1990s.

The Distressed Assets Group is an interdisciplinary practice that combines the firm's strong depth of talent in the areas of real estate, bankruptcy and creditors' rights, mergers and acquisitions, securities, tax, environmental law and healthcare.

### Challenges of a down cycle

Farrell Fritz counsels lenders (including commercial banks, real estate funds, insurance companies, REITS and creditor committees) and borrowers with respect to defaulted loans, loan restructurings and workouts in and out of bankruptcy. The firm further counsels developers in connection with troubled projects and lessors in connection with lease dispositions and restructurings.

### Opportunities

Farrell Fritz represents buyers in their formation and capital raising, as well as in the acquisition of distressed assets. Acquired assets include nonperforming and sub-performing commercial and residential mortgage loans, consumer receivables and REO properties. In addition, the firm represents buyers in connection with acquisitions of assets from Chapter 11 and 7 debtors. Our attorneys' extensive knowledge of environmental law and land use provides invaluable benefits to investors in evaluating real estate opportunities. Farrell Fritz has a thorough understanding of the issues related to distressed asset transactions and provides services quickly and efficiently so that clients are able to maximize the opportunities a down cycle presents.

**Representative Transactions:**

- Representation of NBTY, Inc. in the purchase of substantially all the assets of Leiner Health Products Inc. for approximately \$371 million. Leiner, a private label manufacturer of vitamins, minerals and nutritional supplements, had previously filed for Chapter 11 bankruptcy protection
- Formation of, and capital raising for, a real estate fund formed to invest in distressed loans and residential properties, including negotiation of a servicing agreement with a third-party servicer
- Negotiation on behalf of a fund for the purchase of 180 REO properties in two states from a national bank
- Sales of charged-off and sub-performing mortgage loans by a state bank
- Structuring flow transactions for the sale of consumer paper by a state bank
- Negotiation of modification for a lender on an \$80 million mortgage loan on multiple properties
- Restructuring/collection of hundreds of commercial and mortgage loans on behalf of state and federally chartered banks; approximately \$1.5 billion principal in the aggregate