



Bed bugs and CMBS

by: Ann Hambly

I just hosted a webinar titled “CMBS Bed Bugs”. This one was not recorded due to the controversial topics covered in the webinar. So, for those of you who missed it, I want to explain what the heck bed bugs and CMBS loans have in common before you think 1st Service Solutions has switched to a pest control company or I have personally just hit my head against the wall a few too many times.

Bed bugs are tiny creatures that go mostly unseen by the naked eye, but they do bite! CMBS has many small ‘creatures’ which go mostly unseen to the untrained eye that do bite borrowers! The webinar was devoted to some of the most common kinds of “CMBS bedbugs”. This blog isn’t big enough to cover the issues and proposed solutions, but here is a list of the common places to find CMBS bed bugs. We ARE a CMBS pest control company, so call for a free consultation if you think you may be infested!:

- They live in your carve-out guarantee in the insolvency language
- Look carefully at all your triggers in your loan documents. They have steep penalties if they are tripped and non-compliance with the penalty =default
- There are documents a borrower is not party to, that govern each loan! Know what those are!
- Did you know there is often a ONE TIME limit on assumptions?
- You will likely get charged a late fee on the whole unpaid principal balance of your loan at maturity (“late fees are due when a payment is not made on time”)
- Maturity dates are not a suggested date!
- New CMBS loan documents contain language that really bites!!! Watch out! We can review these new documents for you BEFORE you sign them to be sure they are not infested!

Good night! Don’t let the bed bugs bite!

