

WELCOME FELLOW REAL ESTATE PROFESSIONALS ...
MylesTitle Advisory Council Breakfast & Seminar
2ND QUARTER 2024

Hayfields Country Club: Breakfast, Networking & Presentations
May 8, 2024 from 7:30 am to 9:00 am

In association with and sponsored by:
Myles L. Lichtenberg, Esq. & MylesTitle

MYLESTITLE ADVISORY COUNCIL TOPICS & PANELISTS

**Successful Commercial Real Estate Outcomes In
Troubled Times: Supporting Lenders and
Borrowers with Distressed Assets**

*Presented by: Asset Adversity Group, A
Strategic Alliance between The MacKenzie
Companies, LLC & InspiRE CRE, LLC:*

BRENDAN GILL

The MacKenzie Companies, LLC

&

MARC FISCHER

InspiRE CRE, LLC

**Creating Value through Redevelopment:
A New Approach to Land Use & Zoning**

PRESENTED BY:

MANDEE HEINL, ESQ.

Saul Ewing LLP, Baltimore Office

PRESENTED BY:

MYLES LICHTENBERG, ESQ.

*Managing Principal, MylesTitle
Law Offices of Myles L. Lichtenberg. P.A.*

Visit us online at www.MylesTitle.com
Contact us, directly at: 410.458.8975, Anytime
Myles@MylesTitle.com

SUCCESSFUL COMMERCIAL REAL ESTATE OUTCOMES IN TROUBLED TIMES

PRESENTED BY:

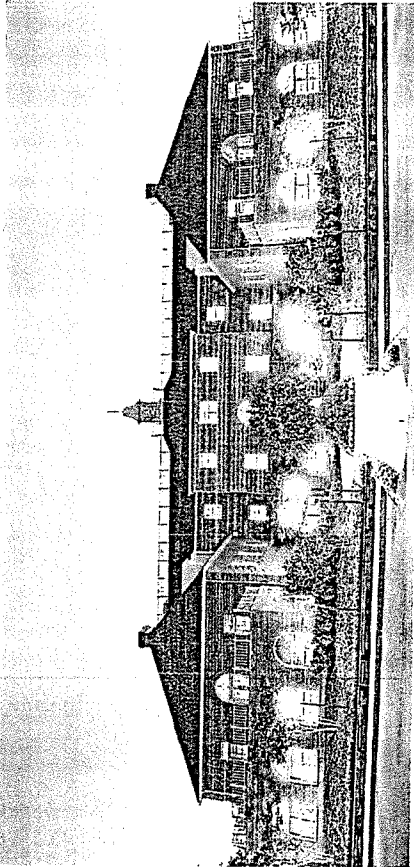
BRENDAN GILL
THE MACKENZIE COMPANIES

MARC FISCHER
INSPIRE CRE, LLC



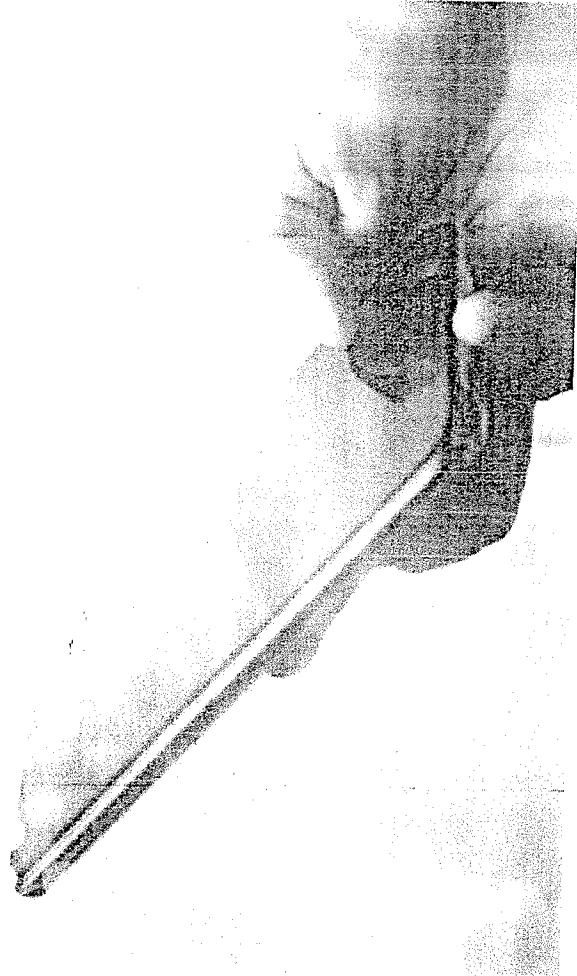
Inspire

Commercial Real Estate



- For more than 55 years, MacKenzie has been providing clients a full-service competitive commercial real estate platform
- Six offices throughout Maryland and Virginia (Lutherville, Columbia, Annapolis, Bel Air, Downtown Baltimore, and Charlottesville) and more than 200 employees
- MacKenzie and Inspire CRE formed a strategic alliance that combines Inspire's distressed asset and receivership experience with MacKenzie's full service CRE platform, The Distressed Assets Group (DAG)
- DAG provides comprehensive support to financial institutions, investors, and stakeholders in optimizing distressed and underperforming CRE assets

BROKERAGE	PROPERTY MANAGEMENT
CONSTRUCTION	CAPITAL
DEVELOPMENT	INVESTMENT



- We will dive into the world of CRE through the lens of Social Media, analyzing comments and discussions posted on a well-followed CRE Instagram account.
- Instead of a traditional lecture format, my insight and response to the posts will also be formatted in a similar style and tone.
- In the end, you will hopefully enjoy an informative and entertaining presentation - and more importantly, conversation - on the current CRE landscape with regards to distressed assets.



stripmallguy



StripMallGuy
@realEstateTrent

In the real estate world, there's a direct relationship between how many people you talk to on the phone each day and how successful you are.

Didn't say email, didn't say text - it's a relationship business.

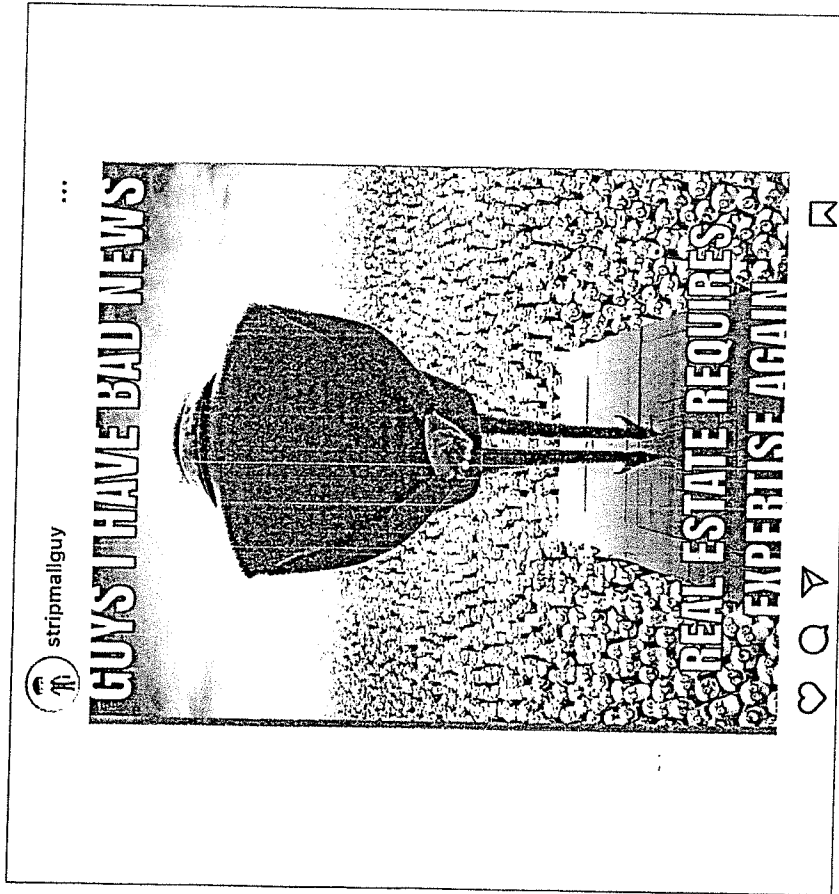


mackenziecre



mackenziecre It's nice to be networking again!





Comments



mackenziecrees

We agree!




brendangill




Real Estate has been a fun place to work in the past few years and cheap money has covered a lot of mistakes!

stripmallguy

StripMallGuy
@realEstateTrent

Real estate is like baseball.
Nothing happens for a while, and then
everything happens all at once.
Happy Opening Day to all the baseball fans out
there!

... 

Comments



mackenziecres

Let's Go O's!!



1

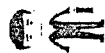


brendangill

Values modestly increased from
2011 - 2019. 2020 - 2022 values went
bonkers!



stripmallguy



StripMallGuy
@realEstateTrent

The 10 Year Treasury above 4%.

Buyers and sellers not in a mad rush to do anything.

So -- a normal real estate market again.

Finally.




...




mackenziecrees



mackenziecrees SLOWING DOWN is ok! From a historic level, rates are somewhat normal...BUT, there is a lag adjustment occurring.





 stripmallguy ...

 StripMallGuy
@realEstateTrent

Good morning to everyone except the people rooting for a real estate crash.

You only root for a crash when you haven't been through a crash: 99% will sit frozen and afraid.

It's like rooting for your neighbor's house to catch fire.

Comments



mackenziecres

We are not rooting for a crash. We are preparing for distress in **SOME** asset classes in **SOME** locations in **SOME** buildings.



stripmallguy

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StripMailGuy
@realEstateTrent

What the headlines say:

“Commercial Real Estate”

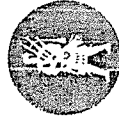
What the headlines mean:

“Office Real Estate”

“Commercial” is the umbrella term for multifamily, industrial, retail, student housing, medical, etc.

Those headlines confuse a lot of people.

Needs to change.



mackenziecres

Agree!



brendangill

I would extend this out to certain subsegments of the office market. This is a building by building analysis!

Multifamily is also showing some distress signals due to leverage.



2



stripmallguy



StripMallGuy
@realEstateTrent

...

Say nice buildings in an area sell for \$400 per square foot and ugly buildings sell for \$200 per square foot.

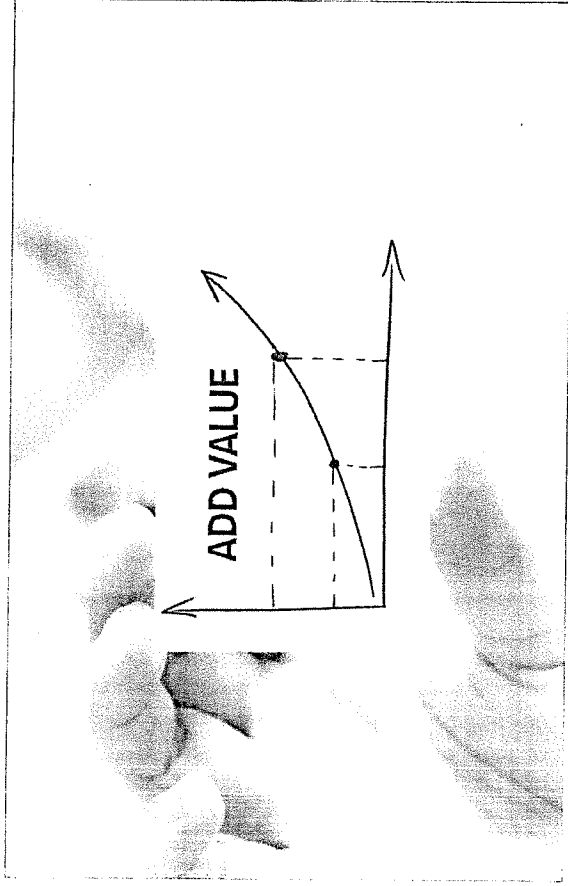
Buy the ugly building, spend \$50 a foot, sell it for \$400 a foot.

Buy real estate not because you think it's going up.


Buy it because you can make it go up.




mackenziecre



mackenziecre There are lots of value add or value preservation methods to deploy!

 stripmallguy ...





 StripMailGuy
@realEstateTrent


Commercial real estate is based on math,
residential real estate is based on emotion.

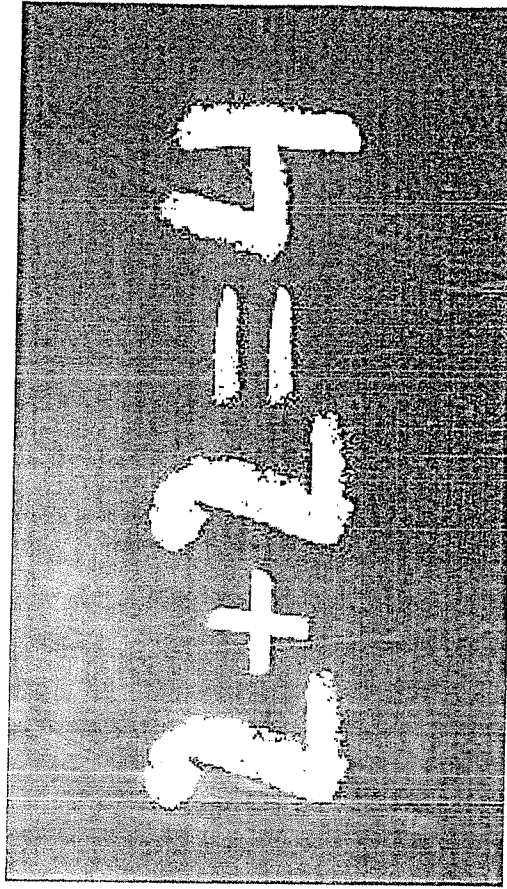
I'd have no idea how to sell a house to a couple
who can't picture living in it.




If a commercial real estate deal pencils, it
pencils.

Both called real estate, but have little in
common.


   


 mackenziecrees


2 + 2 = 4





mackenziecrees Math is math. Even with the best execution (which isn't a given), deals have to be proven through arithmetic.

 stripmallguy

 StripMallGuy
@realEstateTrent

You don't know where rates are going.
You're not Biff.
You didn't find the Alamac.

There isn't a hack.

...

Comments




mackenziecrecs


Don't try to be an economist.



brendangill

We don't know where rates are going

 stripmallguy ...





 StripMallGuy
@realEstateTrent

Hey you.


Ya you.




You're not an interest rate expert.

Ya, even you.

Comments

 brendangill

 1




stripmallguy

StripMallGuy
@realEstateTrent

Interest rates
Real estate

Interest rates
Real estate

Everyone knows this.
I think.

Comments

 **brendangill**

What we do know...

♡ 1

Rental Rates
Real Estate

Downtime
Real Estate

Occupancy
Real Estate

Rental Rates
Real Estate

Downtime
Real Estate


Occupancy
Real Estate

Capex
Real Estate

TI's & LC's
Real Estate


Capex
Real Estate

TI's & LC's
Real Estate



stripmallguy

...






StripMallGuy
@realEstateTrent

Interest rates
Real estate

Interest rates
Real estate

Everyone knows this.
I think.

Comments




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
What we do know...

Supply
Demand
Real Estate

Supply
Demand
Real Estate



 stripmallguy ...

 **StripMallGuy**
@realEstateTrent

Real estate is a business disguised as a building

Comments



brendangill



1

Real estate is not a passive business. It takes very active management and daily decision making.



stripmallguy

...



StripMallGuy
@realEstateTrent

There's two kinds of landlords.

The ones that walk past that piece of trash on their property,

And the ones that pick it up.

Tells you everything you need to know about how they run their business.



Comments





brendangill

Great owners care about every detail and lead that way.



2

 stripmallguy ...

 Strip Mall Guy
@realEstateTrent ...

This post isn't for the true real estate pros.





They don't need to hear this.
It's stating the obvious.

Here goes:

Real estate is hard.
Really hard.

There are no shortcuts.
It's a complete and total grind.

The sooner this clicks, the sooner your journey to big success starts

Comments





brendangill

If it was easy, everyone would do it.
CRE takes effort. CRE takes risk. CRE
takes nimble decision making.







stripmallguy ...

 **StripMallGuy** 
@realEstateTrent

Dentists should not perform knee surgery.

Plumbers should not fix roofs.

Residential agents should not sell commercial properties.

Comments

 **mackenziecres**  1

Banks should not own real estate.

 **brendangill**  1

Lawyers should not manage real estate.



stripmallguy ...

StripMallGuy
@realEstateTrent

Lots of folks are willing to pay real money for quality, legitimate real estate knowledge.

But nobody's built a trusted brand to capture all that opportunity.

Why?

Because the people with the best real estate knowledge can make much more money using it than teaching it.

♡ ◻ ◻ ◻ ◻

Comments



brendangill

We do both!!!

♡ 1


stripmallguy




StripMallGuy @realEstateTrent

How do you make a lot of money?

You make others a lot of money.

Yes, that's it.

... 

Comments



brendangill

Or you save others a lot of money.







stripmallguy



Strip Mall Guy
@realEstateTrent

If you see a great deal, offer full-price, fast. It doesn't matter that you think you can save \$50k if you come in a bit lower.

Don't play games. Get the deal now.

...    

Comments

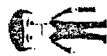
 **brendangill**
The same rule applies to selling. TAKE THE DEAL.  2

Comments



stripmallguy

...



StripMallGuy
@realEstateTrent

Real estate is too hard if you don't have a mentor to teach you the ropes.

The risk / reward just doesn't make sense otherwise.



brendangill

Ladies and gentlemen,
Marc Fischer of InspiRE CRE, LLC



ASSET MANAGER'S FOCUS:

Assessment & Analysis

- Assess physical condition
- Pay attention to market conditions
- Think creatively
- Be strategic

Leasing Negotiation

- Renew tenants ASAP (TeX)
- Solidify rent roll - it's going to get worse!
- Over-communicate
- Ts will realize they have upper hand

Lease's Maintenance

- Proactive maintenance is imperative
- Focus on efficiency
- Be careful what you cut
- Involve vendors

ASSET MANAGER'S FOCUS:

Evictions

- Eviction might not be the best strategy
- Check in with tenants to spot trouble (layoffs, financial losses, etc.)
- Review Legal notices

Lease Issues

- Address immediate concerns
- Stabilize operations
- Prevent further deterioration

BEST PRACTICES:

REVENUE LEADERS

- New technology or techniques
- Re-scope
- Better pricing
- Efficiency
- Re-bid

ROOTE IN SOLUTIONS

- How can you:
 - Reduce costs
 - Maximize leasing and renewals
 - Improve service
 - Remove headaches

CRITICAL POINTS

- Think strategically
- Extend system life
- Sum certainty (extended warranty)
- Run the numbers

BEST PRACTICES:

Get Ideas On Table

- Think different
- All ideas on the table
- Collaborate with AM, PM, leasing, vendors, etc.
- Leverage your expertise and experience

Table Job

- What things (that tenants care about) make you different?
- Unprecedented challenges require creative solutions

THANK YOU!



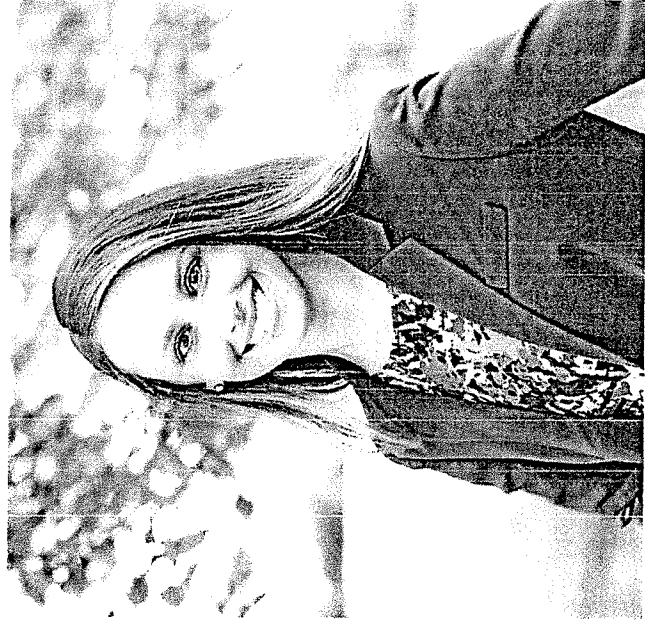
MACKENZIE

Inspire
Commercial Real Estate

Creating Value Through Redevelopment: A New Approach to Land Use and Zoning

**The Do's and Don'ts of Land Use
Lessons Learned from Howard County and Beyond**

Utilizing Government Experience as an Attorney



Then
Regional Director
Senator Chris Van Hollen
United States Senate

Chief of Staff
State Senator Shelly Hettleman
Maryland House of Delegates

Chief of Staff
Chair, Baltimore County Council

Mande Heinl, Esq.
mandee.heinl@saul.com
(410) 332-8980

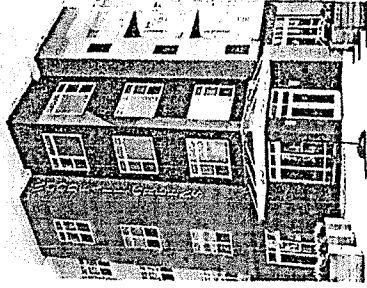
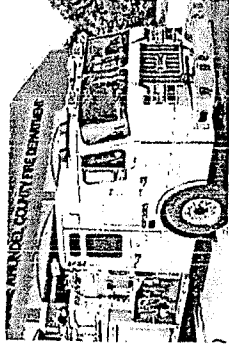
Now
Hybrid Practice
Land Use and Zoning & Real Estate

DO – Know Your Audience

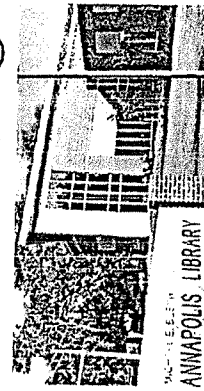
**Know the General
Plan**

**Spend time getting to
know the staff**

**Ask questions and ask
them early**

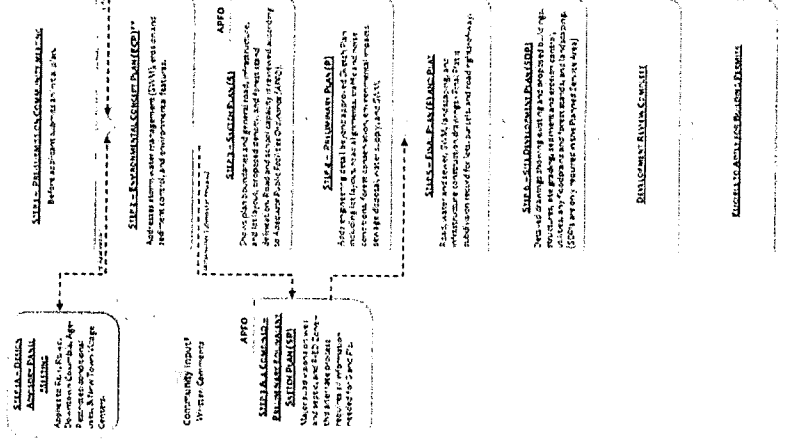


Plan2040
City of Annapolis County Government
Adopted May 3, 2021

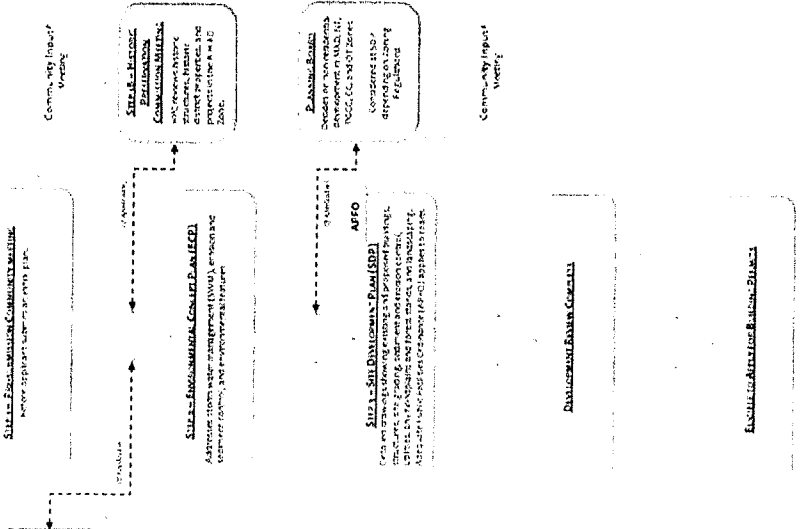


DON'T - Underestimate Development Timeframes

MAJOR SUBDIVISION PROCESS (5 LOTS OR MORE)



NON-RESIDENTIAL DEVELOPMENT PROCESS



DO – Engage the Community

§ 17-2-107. Community meetings.

- (c) **Scope.**
- (1) This section applies to any application that includes:
- (i) a modification to permit direct impact to environmentally sensitive areas;
 - (ii) a subdivision of property that adjoins a residentially zoned and developed lot;
 - (iii) development of a commercial, industrial, or institutional use, or an active recreational use as defined in § 18-1-101, that adjoins a residentially zoned and developed lot;
 - (iv) any revision to items (i), (ii), or (iii) that is accepted under the original project number followed by a hyphenated numerical suffix.
- (2) This section does not apply to:
- (i) an application for an unrecorded record plat that does not impact the adequacy of public facilities;
 - (ii) development that the Planning and Zoning Officer determines will have no impact on the use and enjoyment of adjoining property; or
 - (iii) in-kind replacement of a deck or a structure that is necessary to residential development.
- (b) **Time for application and review, generally.** An application for an amended record plat may be submitted prior to the community meeting required by subsection (c), but the Office of Planning and Zoning will generally not review the application until after the required community meeting, and is otherwise subject to the requirements of this section.
- (c) **Meetings required.** In the six-month period before the initial submission of a subdivision or preliminary plan that falls within the scope of this section, the developer shall hold a community meeting for the purpose of presenting information regarding the development, including proposed stormwater management design and any requested modifications, and allowing the community to ask questions and provide comments. Additionally, within 45 days after the submission of a final plan or site development plan that falls within the scope of this section, the developer shall hold a community meeting for the purpose of presenting information regarding changes made to the information presented at the initial submission meeting and allowing the community to ask questions and provide comments. The developer shall record or cause to be recorded, by audio or audio-visual means, the proceedings of each community meeting and, promptly after the meeting, shall provide a copy of the recording to the Office of Planning and Zoning. The meeting shall be held in the County, Monday through Thursday, beginning between the hours of 6:00 p.m. and 8:00 p.m., at an ADA accessible facility located within five miles of the development site. However, if, in the opinion of the Planning and Zoning Officer, the five-mile restriction is impracticable, then the meeting shall be held at a location as may be authorized by the Planning and Zoning Officer in writing.

(d) **Notice.** At least 21 days before the date of a community meeting, the developer shall mail by first class mail a notice of the date, time, and location of the meeting to all lot owners within 300 feet of the property subject to the application; to the president of any community or homeowners' association of any subdivision that is located within 300 feet of the property subject to the application that is on the list of community associations, persons, and organizations maintained in the Office of the County Executive; to the Office of Planning and Zoning; to the County Executive or the County Executive's designee; and to the Councilmember of the Councilmanic District in which the property subject to the application is located and, if the property abuts another Councilmanic district, to that County Councilmember.

(Bill No. 3-05; Bill No. 77-03; Bill No. 62-07; Bill No. 59-10; Bill No. 15-12; Bill No. 23-18; Bill No. 49-19; Bill No. 28-21; Bill No. 75-21)

Sincere and thoughtful community engagement – early in the process!

DON'T — Avoid the “Missing Middle”

Table 10-11 Implementation Matrix

Policy and Implementing Actions	Lead Agency	Timeframe (1 = 4-7 years, 2 = 8-10 years, 3 = 11-15 years, 4 = 16-20 years, 5 = 21+ years, Ongoing)
DN-2 - Allow attached and detached accessory dwelling units (ADUs) on a variety of single-family attached and single-family detached lots that meet specific site development criteria in residential zoning districts.		
1. Establish a clear, predictable process and timeline specific criteria for ADUs attached and detached, including criteria for lot size, setbacks, height, lot coverage, parking, and other site development criteria.	DPZ	Mid-term
2. Revise the Zoning Regulations and Subdivision and Land Development Regulations to allow attached and detached ADUs that meet pre-determined location and site criteria. Provide parking requirements as needed.	DPZ DHCD	Mid-term
3. Establish a clear definition of ADUs in the updated Zoning Regulations.	DPZ	Mid-term
4. Direct the Adequate Public Facilities Ordinance (APFO) task force to develop recommendations as to the applicability of APFO to accessory dwelling unit creation or construction.	DPZ DHCD	Mid-term
DN-3 - Encourage the production of housing units affordable to low- and moderate-income households, beyond what is currently required by the Moderate Income Housing Unit (MIHU) program.		
1. Establish a new moderate-density and mixed-use zoning districts that encourages diverse housing types and creates opportunities for mixed-income neighborhoods.	DPZ	Mid-term
2. Allow a vertical (a range of uses within one building) and horizontal (a range of uses within one complex or development) mix of uses, including housing, employment, and open space that encourage walkability and transit connections.	DPZ COT	Mid-term
3. Incentivize the production of housing units affordable to low- and moderate-income households, beyond what is currently required by the Moderate Income Housing Unit (MIHU) program.	DHCD DPZ Non-profit Partners	Ongoing
4. Incentivize the production of housing units that meet the needs of different levels of ability (i.e. persons with disabilities) and other special needs households. Ensure that these units are both accessible and affordable.	DPZ DHCD Non-profit Partners	Ongoing

ANNE ARUNDEL COUNTY

Anne Arundel housing bill would reserve portion of new development for 'essential workers'

Halle Miller 10/16/2023 5:30 a.m. EDT



Anne Arundel County Council members on Oct. 16, 2023, in a meeting at the County Administration Center. The bill would reserve a portion of new development for essential workers. The bill would also create a new zoning district for mixed-use development. The bill would also create a new zoning district for mixed-use development. The bill would also create a new zoning district for mixed-use development.

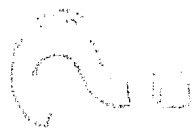
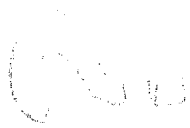
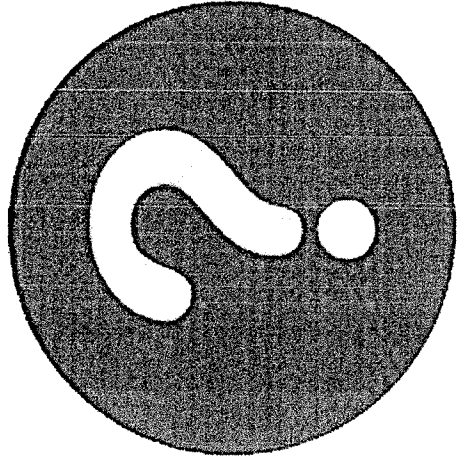
Developers, in exchange, would see smaller water and sewer bills and have some fees waived

SAUL EWING

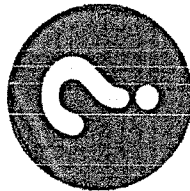
DO - Advocate

Pay attention to pending legislation and advocate.

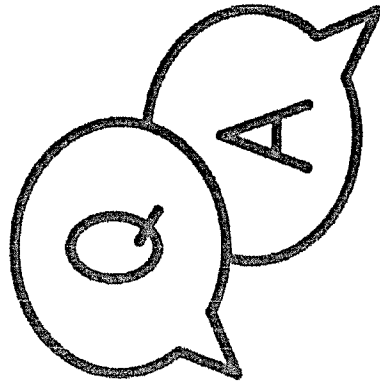
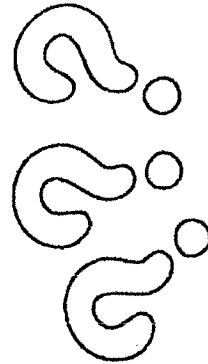
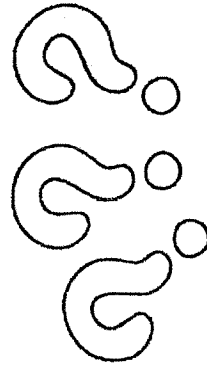
COUNTY COUNCIL OF BALTIMORE COUNTY, MARYLAND Legislative Session 2024, Legislative Day No. 8	COUNTY COUNCIL OF BALTIMORE COUNTY, MARYLAND Legislative Session 2024, Legislative Day No. 8
Bill No. <u>31-24</u>	Bill No. <u>33-24</u>
Councilmembers <u>Patoka, Ertel, Kaeh & Marks</u>	Councilmembers <u>Marks, Grundell, Kaeh, Ertel & Patoka</u>
By the County Council, <u>April 15, 2024</u>	By the County Council, <u>April 15, 2024</u>
A BILL ENTITLED	A BILL ENTITLED
AN ACT concerning Adequate Public Facilities – Overcrowded School Districts	AN ACT concerning County Charter – Baltimore County Planning Board – Confirmation of Appointees by County Council



Any



Questions?



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I. Supporting Lenders, Investors, and Servicers with Distressed Assets, - in troubled times - from a Commercial Title Perspective

1. Given the impending issues outlined in the CRE marketplace today, it's of note that commercial-debt maturities are expected to continue rising, with more than \$2.2 Trillion coming due between now and the end of 2027.

- ➔ Post-Pandemic economic realities
- ➔ Tenant vacancies and downsizing (working from home)
- ➔ Declining hotel occupancy
- ➔ Declining shopping mall foot traffic
- ➔ Rate shock and trouble refinancing maturing loans

2. Resulting in

- ➔ Loan Modifications
- ➔ Note Sales
- ➔ Short Sales
- ➔ Deed in Lieu of Foreclosure
- ➔ Mortgage Foreclosure
- ➔ Mezzanine Foreclosure
- ➔ Sale by Court Appointed Receiver

3. Take note of the **Uniqueness & Expertise Required to Process & Insure Distressed Properties**. *All very reminiscent of 2008 and beyond. Here's an overview of some of the significant practical aspects and legal issues a title insurer must consider when insuring a transaction after a mortgage default.*

- ➔ Deed-in-Lieu – an alternative to mortgage foreclosure, by releasing borrower/guarantors from liability.
 - i. Title Insurer's Due Diligence & Special Underwriting and Risk Analysis
 - ii. Need for New Owners Policy
 - iii. Realty Transfer & Recordation Taxes
 - iv. Awareness of Bankruptcy Filings
- ➔ Mezzanine Foreclosures
- ➔ Receiverships

2. MARYLAND'S NEW IDOT LAW

1. Effective July 1, 2024, Maryland law, pursuant to House Bill 371, has raised the threshold for indemnity deed of trust (IDOT) recordation tax deferral from \$3,000,000 to \$12,500,000.
2. Similar to 2013 legislation, this increased deferral threshold applies to single loans or a series of loans that are part of the same transaction.
3. This is particularly advantageous for commercial real estate owners and lenders given the consistent growth in the size of commercial real estate loans and property values over the past decade.
4. The increased threshold presents significant opportunities for tax savings.
5. It is crucial for commercial real estate stakeholders to diligently document their IDOT structures to ensure their transactions fully leverage this tax deferral benefit.

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