CMBS Investors Likely to Get Dinged by Non-Recourse Loans

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Carlton Fields' Executive Director – Financial Services Consulting Brian Olasov was quoted in a *National Real Estate Investor* article, "CMBS Investors Likely to Get Dinged by Non-Recourse Loans," about the expanding number of borrowers that are decreasing their distressed CMBS loans where equity has "washed away." The non-recourse in CMBS loans is not new, especially in normal times. "A borrower has equity to protect and is going to continue doing the right thing in servicing the debt and following all of the covenants required of them under their loan agreement," stated Olasov. However, in times where a borrower doesn't have equity in the property and the immediate outlook for the property isn't good, like now, they are more likely to cut their losses. "CMBS allows borrowers to do exactly that," said Olasov. Olasov shared that the sector should remain resilient, stating, "CMBS is really a core source of financing, and it is particularly attractive for new loans in times when rates are low and credits spreads are low, which is right now." Read the article.

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