

Dealmakers Q&A: Carlton Fields' Greg Null

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W. Gregory Null

Law360, New York (September 23, 2014, 10:42 AM ET) -- W. Gregory Null, shareholder in the Atlanta office of Carlton Fields LLP and chairman of the firm's commercial finance industry group, has extensive experience in representing institutions and entrepreneurs in the acquisition, disposition, development, leasing and financing of properties of all types. In particular, Null has spent much of his career representing institutional lenders in negotiating, documenting and closing complex commercial loans of all types, including construction, acquisition and development, and permanent and mezzanine loans.

Since the inception of the commercial mortgage-backed securities industry, he has represented a host of securitized lenders in the closing of hundreds of commercial real estate loans secured by properties located across the country. Null also has substantial experience representing lenders in complex real estate problem loan workouts, restructures and remedy enforcement. He also represents special and master servicers in connection with a wide range of servicing matters. Null is currently representing a Wall Street-based investor in the acquisition of net leased properties located throughout the country, and is assisting a large CMBS lender in the negotiation, documentation and closing of long-term, fixed-rate, commercial real estate loans.

As a participant in Law360's Q&A series with dealmaking movers and shakers, Greg Null shared his perspective on five questions:

Q: What's the most challenging deal you've worked on, and why?

A: Picking a single transaction to highlight as the most challenging after almost 30 years of practicing law in the real estate and finance area is a tall task. Since 1985, I have had the pleasure and privilege of working with some of the largest and most recognizable names in our business on complex transactions involving hundreds of millions of dollars to minor engagements addressing routine servicing and other matters. Selecting a single deal that stands out uniquely is rather difficult. At its core, ours is a people business, and managing the range of emotions and motivations that make us human is often the most challenging aspect of a deal.

Through the most recent downturn, we represented a nationally recognized multifamily investor in working out a \$2 billion loan portfolio. Some of the most difficult transactions were smaller loans with mom-and-pop borrowers who had invested most (if not all) of their life savings in an asset that was worth substantially less than the debt. For them, the calculus is far more difficult than the judgments an institutional investor makes, and the deal culture is much different as a result.

As for a recent transaction that stands out as rather memorable for the degree of difficulty, not because of structure, size or complexity, but because of the people and personalities, we represented a CMBS originator in closing a sizable conduit loan secured by a hotel located in a secondary market in the Southeast. The sponsor's background was in the construction business, rather than hospitality. The sponsor's close friend, co-investor and highly regarded trial lawyer represented the borrower in the transaction. Try applying a litigation focus to the defeasance and other arcane provisions of a real estate finance transaction. It sounds like a joke on late-night talk television. "So, a contractor, Southern trial lawyer and Wall Street banker walk into a bar ..." This one was special. That said, I must say I enjoy the challenge of getting the most prickly of personalities to work cooperatively and successfully in a transaction. If we were all wired the same way, the practice would be rather dull.

Q: What aspects of regulation affecting your practice are in need of reform, and why?

A: Most would readily agree that regulation in most every sector of our economy is hindering growth. In fact, at the

Commercial Real Estate Finance Council's conference this June in New York, a former Federal Reserve governor indicated that the prevailing regulatory environment has shaved about 1 percent of growth from the gross domestic product, which is the difference between the sluggish economy we are experiencing and a vibrant economy that is more aggressively marching toward full employment.

Our firm's national real estate and finance practice is rather diverse, involving development, investment and finance transactions of every property and structure. In the matters we are handling, we routinely manage a wide range of issues that are impacted by our policy makers in Washington. For example, I am currently working on a loan secured by properties located in Virginia, North Carolina and Nebraska. Certain inefficiencies in the borrower's operating structure are driven significantly by very real considerations in the Affordable Care Act. Also, we do a significant amount of work in various facets of the CMBS industry. Everyone in our business is closely watching what happens with the risk-retention rules. That is, how much risk (or "skin in the game") must an issuer retain when selling commercial mortgage-backed securities. At last, we expect there will be a definitive answer to this long-awaited and much-anticipated question by the end of the year. We certainly hope so. No matter how it shakes out, the market needs the clarity that definitive rules will provide. Private enterprise knows how to make money. It just needs to know the rules.

Q: What upcoming trends or under-the-radar areas of deal activity do you anticipate, and why?

A: The high desire for live, work and play environments and the development that supports, sustains and facilitates it will continue to be a significant driver in our industry. The cities and civic and business leaders who get this right will prosper by attracting the bright, talented young people who are essential for sustained growth. In my hometown of Atlanta, it is remarkable to see the transformation that is taking place in The Old Fourth Ward and other areas along the beltline, a system of rails, trails, and green space that is under development that, once completed, will seamlessly connect 45 neighborhoods. It's exciting. And it's not just attracting the young. A friend of mine and recent empty nester is selling his suburban home and moving in town. You hear variations of this story over and over again. So, while the trend for people to migrate into more urban live, work and play environments has been apparent for some time, development and investment in this area will continue to intensify in this cycle.

Q: What advice would you give an aspiring dealmaker?

A: This goes without saying, yet it can't be said loudly enough. You have to work, and then work some more. There are no shortcuts. I love the phrase "the harder I work the luckier I get." It's true. Also, my advice to an aspiring dealmaker is to associate yourself with the most capable professionals you can find who have the highest ethical standards. That's how she will learn her trade. As for dealmaking, an old friend of mine is fond of saying "sincerity in all things." To build trust and relationships, which is what our industry is all about, you have to be transparent with a fair measure of sincerity. You can't build enduring, long-term relationships in our business by being cute. The world is too small, and our business is especially tiny, even on a national scale.

Q: Outside your firm, name a dealmaker who has impressed you, and tell us why.

A: That's a difficult question. It is sort of like asking a parent which child he likes the best. In my career, I have had the good fortune to work with and for a number of remarkably talented people. To name just one, I have been working with David Marvin, the president and CEO of Legacy Property Group, since he started his first major project in 1998, which was the development of the Embassy Suites Hotel at Centennial Olympic Park in downtown Atlanta. He has an abundance of talent that is expressed in combinations that I am not accustomed to seeing in one human being. Apart from being an unusually bright guy with a great work ethic and good judgment, David is incredibly strong technically in a host of real estate-related disciplines, including construction, hotel management and operation, finance, the restaurant business, and others. It's uncommon to see someone so fluent at such a high level in so many facets of our business. As an engineer by trade (he started his career working on nuclear submarines), he defies the stereotype by writing and speaking extraordinarily well (apologies to the Georgia Tech grads!). I especially appreciate the fact that he has a strong interest, understanding and appreciation for legal-related matters. In the heat of a transaction, it is terrific to have your client with you down in the trenches understanding and addressing matters of real consequence, which often turn on some granular detail. David would have been an extraordinary transactional lawyer.

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