

Unedited transcript of

**Key Takeaways**  
from **Handling Commercial Loans**  
Recorded 05/26/2021

**Speaker(s)**

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>>: Thanks, Sean and Felisa and Matt. I don't think we received any questions. I don't know if anyone in the audience has any questions that they're interested in, but we will look over at that. And I guess we just wanted to thank you for coming and also just give you a couple of takeaways that you might want to remember, which I think we're - we've drilled home to you a lot through the presentation. But one of my takeaways is really, identify what your gating items are and who are the other parties involved because the way Felisa and Matt were describing it, you know, and Sean, you know, we just have to get these - get people to agree to however many terms. But that could take a very long time. So I would definitely suggest focusing on your guiding items, focusing on your third-party items early. And one way to do that is, you know, through the diligence and the perfection certificate process. So - and on the legal side, it's the perfection certificate. And that's really where you need to make sure that it's - you collect all your information. Also, my other point that I keep on drilling home is, just identify what's important to you and your client. And - 'cause there's a lot of best - you know, the best thing is this, the best thing is this. And there's a whole laundry list of protections and risks. But it's really on a case-by-case basis. So if you understand your situation and the priorities of the party, you should be able to get to a relatively streamlined process. So those are some of my takeaways. Matt, what about you?

>>: You just stole mine. No, I would say this is not something that's done

immediately but really done over time. But take the time - especially if you're bank account counsel, take the time to understand as much as you can the business of the borrower. I mean, we talk about the loan agreement and loan documents that they were (unintelligible). But the more you understand, you know, why these financial (inaudible) work as opposed to others and, you know, what - is there seasonality to the borrower's business, it's going to make you a better lawyer. But it's also just going to make you a better partner for your - you know, in this case, a bank client. Because if you want to differentiate yourself from, you know, those fine attorneys at Gesmer Updegrave, you know, it's just one way to do it if you picture yourself really as more of a partner in the deal and not just a facilitator.

>>: Exactly. I think a big part of what lawyers can bring is, you know, helping clients make judgment calls. We make judgment calls as lawyers all the time and - you know, working with our clients and helping them make it a business - judgment calls, too. Sean.

>>: So on my three topics - I'll take them off really easily, really quickly - guarantees - right? - and consideration is absolutely essential, right? It's like, without consideration, huge questions about whether you've got a guarantee, whether it's enforceable or not or whether it can be attacked. Second issue on real estate - understand what you're taking is pretty interesting, right? The dirt in the building, that's the unique part. It's what - everything else that comes out of that real estate, find out what it is. Nail it down. And make sure you've got a protected security interest in it. And then the final point is on the warrants and profits interests and whatnot - the biggest issue that we spend the most time on is making sure that you've got insurer coverage, you know, what we call warrant coverage. Takes time, takes effort - not rocket science, but again, it's a gating item that you've got to just focus on. Here, we are (inaudible) in the process to make sure (inaudible). There's my two takeaways.

>>: Felisa, what are your takeaways?

>>: Well, like Matt, I think you stole mine. You know, diligence is obviously a big issue that I addressed today. But I think on top of that, I would say,

just as a general advice, you know, be proactive. You know, you need to identify the issues. You need to approach the diligence from, you know, really inquiring why this matters and, you know, as Matt said, you know, what is the industry? Is it really a key issue for this industry? Is it not? But be proactive in approaching your diligence, in approaching your loan documentation. That will just facilitate the closing in the end. And I don't think there's been any questions. I'm trying to monitor the dashboard, and I don't see anything.

>>: OK. Well, if there's no questions, I guess we can end our session a couple of minutes early. Thank you, Sean, Felisa, Matt and MCLE for hosting us.