



# Righting the Ship Through Receivers



SUHRCO manages a diverse portfolio of commercial and multifamily residential properties in the Puget Sound region. Established in 1973, the company employs more than 300 experienced professionals dedicated to meeting the management, leasing and brokerage needs of building owners, tenants, and condominium/homeowner association boards and owners.

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The tide of real estate moving into receivership is beginning to surge. In addition to recent high-profile defaults of commercial and multi-family real estate loans in our region, there are as much as \$175 billion in distressed properties moving into receivership in the U.S. according to industry trade blog Globesteet.com. Over the last 35 years, SUHRCO has been appointed the receiver for numerous properties and understands the challenges and the benefits of moving through the process to a win-win situation for the creditors, the tenants and the property's future financial viability.

When a lender forecloses on a property owner the court designates an individual or company, called the receiver, to immediately secure and preserve the value of the property. The purpose of appointing a receiver is to protect the property from being damaged or its value being diminished. The receiver's duties might include collecting rents, paying bills, leasing unoccupied space and performing basic maintenance.

While the duties may appear straightforward, managing the property toward a positive outcome depends greatly on the experience of the receiver and its ability to get up to speed quickly. For example, when the court decides at noon that a property is going into receivership, the organization and systems to manage the property need to be in place ready to go at 12:05. Often, there are maintenance issues with a property, bills that are passed due, and leasing and marketing activities that have come to a halt. A quick assessment of these problems and a viable action plan is needed immediately.

(more)

## Case Study

*We recently were assigned the receivership of a distressed condo conversion project with 73 units. The owners were unable to sell the units before defaulting on their construction loan. Under our management, all but two of the units are now rented and the building is operating and being maintained. We are also working with the bank as property manager while the lender weighs its option of how to best dispose of this asset.*

*SUHRCO has more than 35 years of experience with commercial and multi-family property receiverships, distressed properties, and REOs and is uniquely qualified to work with the courts and judges for distressed properties.*

**SUHRCO Residential Properties, LLC, AMO®**

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Our professional staff has operated through various economic cycles and our company has the systems and infrastructure in place for rapid takeovers of distressed properties. One the first things we do when working as a receiver is provide whatever maintenance is necessary to keep the property safe for tenants and maintain its present value. Our property managers also create a plan for the property which may include evaluating trends and market rents, projecting turnover, and anticipating vacancies.

The end goals are that the property is sold at a price point that makes economic sense for the new buyer, or the current owners have time to raise additional capital or restructure the debt. In turn, the owner is then able to invest in the property, enhance it, and perhaps repair any deferred maintenance. There are multiple winners in these situations: the owners who have an interest in seeing the property run right realizing its maximum value as an investment; and the tenants who have a safe and comfortable home, or a space for their business to thrive.

*We are available to immediately act as receiver for multiple property types, including multi-family, commercial, office and industrial.*

*Please contact us with your questions.*

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