

BH Properties Launches \$200M Fund to Acquire Troubled Assets

The firm is expecting a pandemic-driven wave of bankruptcies

BY GREG CORNFIELD JULY 24, 2020 4:00 PM

REPRINTS



LOS ANGELES-BASED BH PROPERTIES IS BETTING ON A "DRAMATIC AND TROUBLING INCREASE" IN DEFAULTS, FORECLOSURES, RECEIVERSHIPS AND BANKRUPTCY FILINGS ACROSS THE COUNTRY. PHOTO: GREGORY CORNFIELD/COMMERCIAL OBSERVER

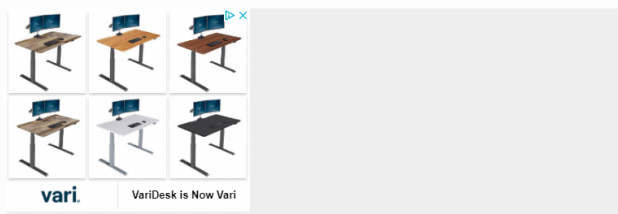


BH Properties has launched an initiative and set aside \$200 million in initial funding to finance and acquire troubled middle-market real estate assets in receivership or facing bankruptcy, as the firm anticipates fallout from shelter-in-place orders and the economic shutdowns.

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The Los Angeles-based investment firm is betting on a "dramatic and troubling increase" in defaults, foreclosures, receiverships and bankruptcy filings across the country once commercial eviction moratoriums expire later this year and the **Paycheck Protection Program** (PPP) and other governmental assistance ends.

BH Properties president **James Brooks** announced the plan. **Howard Weg**, a veteran bankruptcy attorney, will be a consultant and lead the initiative with **Andrew Van Tuyle**, who manages investments.



"We have set up the program to help save commercial borrowers and landlords when the moratoriums on evictions and foreclosures expire later this year," Van Tuyle said in a statement. "Our platform will help serve the many owners of commercial real estate that will need immediate help."

Weg said the funding will help owners of smaller projects that struggle for assistance, while larger projects that were financed by multiple banks, life insurance companies or CMBS-backed loans typically get relief from the large banks. The firm will offer financing through debtor-in-possession (DIP) or receivership financing, in which they will provide a financial lifeline to companies in bankruptcy in exchange for a senior position in the capital state. The firm will also use other vehicles to acquire distressed assets via REO sales, sale-leaseback transactions, secured note acquisitions, or 365 sales.

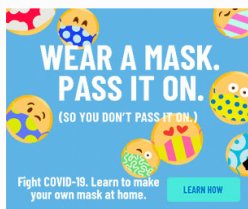
"While the larger \$150 million-plus DIP loan market appears to be very efficient, we will target troubled real estate assets between \$5 million and \$150 million, including commercial office, hospitality, distribution and call center industrial properties," he said.

BH Properties is led by entrepreneur **Steve Gozini** and has been acquiring assets in and out of Chapter 7 and 11 since 2000. Earlier this year, the firm **hired Rowan Sbaiti** to target distressed loan purchases, and announced it will acquire distressed assets from lenders including senior mortgages, mezzanine loans, B-notes, leasehold interests and long-term leases.

KEYWORDS: [Andrew Van Tuyle](#), [BH Properties](#), [Coronavirus](#), [Howard Weg](#), [James Brooks](#), [Paycheck Protection Program](#), [Rowan Sbaiti](#), [shelter-in-place](#), [Steve Gozini](#)

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