

No Second Chances for 'Bad Boys': Court Holds Non-Recourse Carve-Out Enforceable

Published by International Law Office

December 4, 2009

Real estate lenders use guaranties to carve out certain acts from non-recourse liability and hold borrowers and principals liable in certain cases in which collateral value has decreased. This article discusses *CSFB 2001-CP-4 Princeton Park Corporate Center, LLC v SB Rental I, LLC*, a New Jersey appellate court decision that upheld the enforceability of a non-recourse carve-out provision making the loan fully recourse if the borrower placed a junior financing lien against the mortgaged property.

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