



## *GlobeSt* Quotes Tim Little and Scott Vetri on Using Equity Kickers With Reluctant Lenders

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In an article highlighting refinancing challenges facing maturing commercial real estate loans, *GlobeSt* spoke with National Real Estate Department Chair Timothy Little and New York Real Estate Practice Chair Scott Vetri about a strategy not used in many years due because of years of low-interest rates.

Tim and Scott told *GlobeSt* that they're expecting an increased use of equity kickers, a strategy in which a lender agrees to extend a loan in exchange for an agreement to receive a portion of any sale or refinancing proceeds upon a sale or refinancing of the property.

While the option is likely not to be attractive in a hopeless situation, Scott said there are many scenarios where an equity kicker would be an option, including a scenario in which a property value exceeds the current loan amount and there is positive cash flow available to cover the debt service.

The two note that lenders are motivated to find solutions to keep bad loans off their books. "We are seeing some dancing going on where the borrower offers the keys back, and the lender says, 'isn't there something else we can do,'" Tim said.

["Need to Refinance With a Reluctant Lender? Try an Equity Kicker: Lenders haven't used this in decades but experts expect to see a resurgence of this tactic."](#) *GlobeSt*, May 3, 2023

Also see: [Why a Source of Rescue Capital May Already Be in the Deal](#)

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## CONTACTS

For more information, contact your Katten attorney or any of the following attorneys.



**Scott M. Vetri**

+1.212.940.6397

[scott.vetri@katten.com](mailto:scott.vetri@katten.com)



**Timothy G. Little**

+1.212.940.8594

[tim.little@katten.com](mailto:tim.little@katten.com)

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