

*Overview of key issues
and discussion of
documents*

SAMPLE ANCILLARY CONSTRUCTION LOAN DOCUMENTS

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ROADMAP

- Borrower's Perspective
- The Parties
- Representative Deal
- Proposed Borrower-friendly revisions to:
 - Collateral Assignment of Construction Contract
 - Collateral Assignment of Property Management Agreement
- Certified Borrowing Resolutions

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SETTING THE STAGE – THE PARTIES

- Lender
- Borrower (Developer Investor/Single Purpose Entity)
- Third Parties
 - Developer
 - Contractor
 - Property Manager
 - Architect
 - Engineer
- Some Third Parties may be vertically integrated

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SETTING THE STAGE – THE DEAL

- Typically raw land or redevelopment
- Borrower oversees ground-up construction
- Lender requires collateral assignments in connection with primary construction loan
 - Contingency-planning Lender (and third parties) default if Lender or New Owner steps into Borrower's shoes

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SETTING THE STAGE – WHAT IS A COLLATERAL ASSIGNMENT?

- Collateral Assignment:
 - Assignment of a beneficial interest
 - From borrower to lender
 - Of a contract
 - Wherein third party (vendor) agrees to conditions
- Why “Collateral”?
- Subordination to Loan

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SETTING THE STAGE – WHERE COLLATERAL ASSIGNMENTS FIT IN

- View in context of Construction Loan Agreement
 - Do no harm
 - Harmonize with Construction Loan Agreement
 - Simplify ancillary documents with use of Construction Loan Agreement and other loan documents

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Title search: Sample Ancillary Construction Loan Documents

Also available as part of the eCourse

[2020 Commercial Real Estate Lending Hot Topics: Tenant Distress during COVID-19; Environmental Due Diligence; Ancillary Construction Loan Documents and More](#)

First appeared as part of the conference materials for the
54th Annual William W. Gibson, Jr. Mortgage Lending and Servicing Institute session
"Sample Ancillary Construction Loan Documents"