REAL ESTATE FINANCE news and views

April Showers Bring Big Wins

April 30, 2026

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It's Official: Hogan Lovells Cadwalader Approved

It is our pleasure to share an exciting update on Cadwalader's historic combination with Hogan Lovells. Partners at both firms have overwhelmingly approved the merger, marking a decisive step forward for Hogan Lovells Cadwalader. We plan to launch on July 1. In case you missed **our official press release**, here is a sneak preview of our combined firm's logo:

HOGAN LOVELLS CADWALADER

While the colors and full name on our business cards may change, one thing remains constant: real estate finance continues to play a critical role in driving global economic activity, and supporting our clients' strategic objectives in this evolving market remains our top priority. Thanks to the trust you place in us, Cadwalader continues to lead the market in lender-side mandates and developing innovative financing structures that are shaping the future of the industry.

As we build a global firm with a leading transatlantic presence anchored in the world's key financial centers, we expect to continue expanding our team and capabilities to better serve your needs. Moving closer to the official merger effective date, we will be sure to keep you updated on our progress and answer any questions you have. In the meantime, on behalf of all of us in the Real Estate Finance practice, thank you for continuing to consider us to help you achieve your goals.

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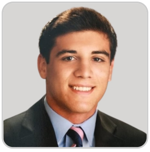
Property Tax Delinquency and Foreclosure: No Affidavit, No Mercy, Mercy Me

By **Steven M. Herman**
Senior Counsel | Real Estate



By **Zachary Chaikin**
Associate | Real Estate

In a recent decision by the U.S. Court of Appeals for the Sixth Circuit (the "**Court**"), the Estate of Timothy Scott Pung (the "**Appellant**") lost its home through tax foreclosure due to an unpaid property tax debt. The property benefitted from a local school district tax exemption for many years. The Appellee ("**Appellee**") denied the exemption, which ultimately led to the foreclosure of the property. Appellant brought suit against the County alleging violations of their Fifth and Eighth Amendment rights. The Appellant argued it was denied just compensation when the county kept all proceeds from the judicial sale of the property and the government imposed an excessive fine by forcing a sale over a tax delinquency far below the value of the property.

Under Michigan law, a property owner may claim a Principal Residence Exemption (the "**Exemption**") from local school district taxes if the owner occupies the property as his or her principal residence.[1] The owner can claim the Exemption through the filing of an affidavit with the local tax assessor where the property is located.[2]

After qualifying for the Exemption for many years, Timothy Pung, along with his wife, passed away, leaving their son to inherit the property in question. However, his son never filed an additional affidavit for the Exemption leading to the local tax unit retroactively denying the Exemption for the years of 2007, 2008 and 2009. The Appellant successfully challenged this denial to the Michigan Tax Tribunal which ruled Timothy's son continuously resided at the property and was entitled to the Exemption as a beneficiary of the estate.[3]

However, the local tax unit continued to pursue tax delinquencies related to the home for the years of 2010 and 2011. The aforementioned tax unit proceeded to initiate a foreclosure proceeding related to unpaid taxes for those years and Appellant successfully moved to dismiss the proceeding based on the previous ruling by the Tax Tribunal. This ruling was later affirmed by the Michigan Court of Appeals. Nevertheless, the local county tax assessor went on to deny the Exemption for the year 2012 in which the Appellant refused to pay the balance of the taxes leading to a delinquency of $2,241.93.[4]

When the Appellant refused to pay the tax bill, the County proceeded to initiate another foreclosure proceeding and when the Appellant failed to appear, a judgment of foreclosure was entered. The property eventually sold for $76,008 at a public auction where the County retained all proceeds.

The Fifth Amendment to the United States Constitution says private property cannot be taken for public use without just compensation.[5] In *Freed*, a case where the government foreclosed on a property due to a $1,100 tax delinquency and retained the full sale price of $42,000, the U.S. Court of Appeals held the government commits a Fifth Amendment Taking when it retains the proceeds from a tax foreclosure sale in excess of the underlying tax debt.[6] Here, the Appellee argued that allowing the Appellant to recover surplus proceeds imposes a loss upon the public from the failures of a delinquent taxpayer. But, relying on *Jacobs*, the U.S. Supreme Court ruled an owner of property that is taken for government use is entitled to the value of property at the time of taking, plus the addition of such value as will produce the full equivalent of that value paid contemporaneously with the taking.[7] Here, the Court did not see any reason to deviate from precedent and awarded the Appellant the difference in surplus proceeds from the public auction.

However, the real question comes down to how just compensation is measured in a tax foreclosure and whether the fair market value of the property or the auction price should be used when determining compensation for the delinquent taxpayer. The Appellant argues that the fair market value of the property should determine the amount of proceeds awarded in a tax foreclosure. The Appellee argues that the auction price should constitute the value of the property. In *BFP*, a case challenging a foreclosure based on a low sale price, the U.S. Supreme Court held that fair market value presumes market conditions that, by definition, are not consistent in a forced-sale context, since property sold within the time and manner strictures of state-prescribed foreclosure is simply worth less than property sold without such restrictions.**[8]** The Supreme Court has limited precedent when evaluating the Pung's case; however, the *BFP* opinion strongly suggests that the Court would treat a property's foreclosure auction price — however depressed — as its value for purposes of the sale. The Court further emphasized that a grossly inadequate price is no basis for setting a sale aside and Congress did not intend to displace traditional state regulation with an interpretation that would significantly undermine the important state interest in the security and stability of title to real property.**[9]**

The Appellant further claimed that the loss in equity from the public sale arose to an excessive fine in violation of the Eight Amendment. The property was sold at the auction for $76,008 despite having an assessed fair market value of $194,000. The Eighth Amendment states that excessive bail will not be required, nor excessive fines, nor cruel and unusual punishment inflicted.**[10]** In *Tyler*, a case involving a taxpayer that was granted surplus proceeds from a judicial sale under the Fifth Amendment takings clause, the court determined the Fifth Amendment fully remedied the situation causing an Eight Amendment claim to be moot.**[11]** Similarly, the Court here could not reach an Eighth Amendment violation considering that the Fifth Amendment had already remedied the harm.

Currently, this case is before the Supreme Court of the United States following the grant of certiorari. At stake is not only the operation of property tax foreclosure regimes, but also a fundamental question of valuation under the Fifth Amendment Takings Clause. It remains to be seen whether a delinquent taxpayer is eligible for the full fair market value of a property or the discounted price realized at a foreclosure sale.

[1] Mich. Comp. Laws § 211.7cc(1).

[2] *Pung v. Kopke*, 2025 WL 318222, at 1.

[3] Id. at 2.

[4] Id. at *3.*

[5] **U.S. Const. amend. V**.

[6] *Freed*, 81 F.4th at 661.

[7] *Jacobs*, 290 U.S. at 17.

[8] *BFP v. Resol. Tr. Corp.*, 511 U.S. 531 (1994)

[9] Id. at 531.

[10] U.S. Const. amend. VIII.

[11] *Tyler*, 598 U.S. at 647.

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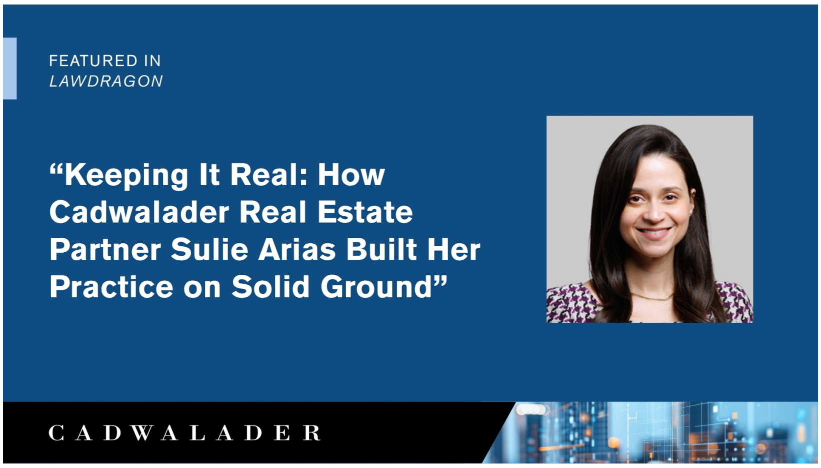
Cadwalader Real Estate Partner Sulie Arias Featured in Lawdragon



Cadwalader partner **Sulie Arias** is profiled in *Lawdragon* for building a standout real estate finance practice through determination, mentorship and a grounded approach to the law.

Sulie, who was born in the Dominican Republic and raised in New York City, did not initially plan to become a lawyer. After earning a perfect score in a business law class at Baruch College, while balancing her studies with raising a young child, she was encouraged by a professor to pursue law school, setting her on a new path.

Now a partner in Cadwalader's Real Estate Finance Group, Sulie represents institutional lenders in complex transactions across asset classes, including multifamily, industrial, hospitality and CMBS. She is known for bringing a practical, real-world perspective to her work, often emphasizing the importance of understanding the physical properties behind each deal and prioritizing long-term client relationships.

Sulie credits key mentors and Cadwalader's collaborative culture, including its sponsorship program, for helping accelerate her development and path to partnership. She joined the firm seeking both opportunity and representation, noting the impact of strong female leadership within the group.

In today's evolving real estate finance market, Sulie advises clients through heightened uncertainty, where rising interest rates and maturing loans are driving more creative deal structures, including leverage financing and private credit solutions.

Outside her practice, Sulie is active in the community, serving on the board of El Museo del Barrio and maintaining a pro bono immigration practice.

Read **more** on *Lawdragon*.

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Five- and 10-Year CMBS Loans: Which Vintage Might Crash the Office Market?

Cadwalader partner **Chris Dickson** was featured in the *Commercial Observer* article, "Five- and 10-Year CMBS Loans: Which Vintage Might Crash the Office Market?," which examines the looming $148 billion wall of office CMBS maturities in 2026 and whether 5-year (2021 vintage) or 10-year (2016 vintage) loans pose greater risk.

Chris noted that much of the 2026 office maturity pipeline is concentrated in the third and fourth quarters, when refinancing ability will depend heavily on the interest rate environment under new Federal Reserve leadership. "Who knows what the interest rate environment will look like at that point in the year, but I don't think a lower interest rate environment will solve all that ails the office market," he said.

He also highlighted an added complication: many CMBS office loans received short-term extensions in 2024 during a uniquely high-interest-rate period driven by inflation. "If you recall, the mantra for 2024 was 'extend and pretend,' so part of me thinks there's a big chunk that were extended in 2024, where it's common to use a two-year loan extension to kick the can down the road, and those loans are coming home to roost now, too," Dickson explained. This means stress from those extensions will compound with the 10-year (2016) and 5-year (2021) vintages in the coming months.

Read **more** on *Commercial Observer* (subscription required).

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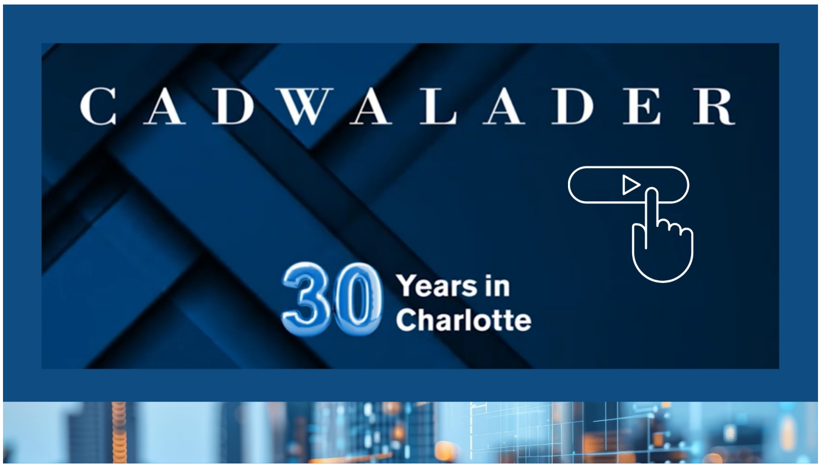
Cadwalader Charlotte Office Celebrates 30 Years



Happy 30th anniversary to our Charlotte office! Opening in 1996, the Charlotte office represents efficient, sophisticated legal services to financial, insurance, investment and real estate clients in the second-largest financial center in the U.S. Attorneys in the Charlotte office primarily in the areas of bank lending, financial services, fund finance, real estate finance, structured products, securitization, tax and white collar matters.

We represent Charlotte's premier banks as well as leading financial institutions, *Fortune* 500 companies, industrial firms and new and expanding businesses. We also advise corporate clients, as well as their officers and directors, in criminal, civil and administrative investigations across a number of industries.

Please take a few moments to watch this **anniversary video**, which captures the story, people and impact behind Charlotte’s first 30 years. Cheers to the next 30!

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The Annual Spring Soiree Returns!

Cadwalader had the pleasure of welcoming clients and friends to the annual CRE Spring Soirée at Dear Irving on Broadway on April 28. The event brought together close to 230 RSVPs and nearly 200 total attendees, including roughly 140 clients representing a broad mix of lenders, sponsors, law firms and service providers.

We were thrilled to see so many of our clients join us, including representatives from 3650 Capital, Ares Management, Arbor Realty Trust, ATLAS SP Partners, Bank of America, Barclays, Bayview Financial, BMO Capital Markets, BNP Paribas, Blackstone, CIBC, Citi, Deutsche Bank, JPMorgan, Morgan Stanley, Natixis, Nuveen, PGIM Real Estate, Santander, Societe Generale, Starwood Property Trust, UBS, Wells Fargo and many others. Guests enjoyed an evening of networking and conversation against the backdrop of Dear Irving's rooftop views.

Thank you to everyone who joined us for a wonderful evening, and we look forward to seeing everyone again next year.

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On the Move in Real Estate Finance

Congratulations to **Chris Kosonen** on his recent promotion to Co-Head of Originations at **JPMorgan** alongside Joe Geoghan, both reporting to Real Estate Structured-Finance Chief Brian Baker.

Serving as longtime Managing Director, Chris has been actively involved in the commercial real estate finance industry for over 15 years. At JP Morgan, Chris is responsible for the origination, underwriting, closing and structuring of debt investments (first mortgage and subordinate debt) secured by commercial real estate for CMBS and the firm's balance sheet.

Prior to joining JP Morgan, Chris was a VP at Starwood Capital Group and was responsible for the origination and acquisition of debt investments, including first mortgage, mezzanine and preferred equity investments for Starwood Property Trust, Inc., which is a publicly traded mortgage REIT that is externally managed and advised by Starwood Capital Group. Before joining Starwood Capital, Chris had similar roles at Macquarie Capital and LaSalle Bank.

Real Estate Finance Hiring

Here is who's hiring in real estate finance:

BNP Paribas is seeking a Vice President - Legal Counsel to serve on the Asset Finance & Securitization ("AFS") Legal team. The AFS Legal team consists of four senior lawyers and provides legal advice to the AFS business in the Americas region. AFS structures and executes a wide variety of securitized products including CLOs, ABCP, ABS and RMBS which are secured by a broad range of loans (i.e., corporate, auto and mortgages), leases (i.e., aircraft, equipment and fleet) and receivables (i.e., trade and credit card). The role is responsible for advising AFS on internal and regulatory requirements and assist them with credit approvals for new products and transactions. Learn more **here**.

Blue Owl is seeking a Real Assets Capital Markets Associate. The Associate will work on the Capital Markets team, partnering with Investments, Fund Management, Portfolio Management, Operations and Finance on a broad range of financing activity, including property-level single-asset and portfolio financing and fund-level financing facilities, loan on loan financing and repo facilities, managing and growing lending relationships, designing and executing rate hedging strategies, and optimizing associated internal processes across NNN, Digital Infrastructure and Real Estate Credit. Learn more **here**.

Flagstar Bank is seeking a Senior CRE Credit Products Portfolio Manager. This role is a strategic advisor responsible for structuring, negotiating and managing highly complex commercial credit relationships. The Manager will influence credit strategy by providing deep market insights, proactive risk identification and innovative deal structuring solutions. With extensive experience in credit analysis and portfolio management, this position ensures long-term portfolio health while supporting the bank's growth objectives. The candidate will be expected to be a mentor and thought leader, helping develop junior credit professionals and shaping best practices in underwriting and risk management. Learn more **here**.

JP Morgan is seeking several senior originators with at least seven years of experience, *plus* more junior underwriters to support them, to a team that writes CMBS, balance-sheet and construction loans on commercial properties. The hires would work in New York and possibly elsewhere in the U.S. Candidates are encouraged to email their resumes to newly-promoted Co-Head of Originations Chris Kosonen at **christopher.kosonen@jpmorgan.com**.

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Recent Transactions

Recent transactional highlights include Cadwalader representing:

- Administrative agent and the lenders in the origination of a $625 million balance sheet loan secured by an industrial portfolio.
- The lender in connection with the origination of a $282.5 million loan secured by 1325 Avenue of the Americas, a 34-story Midtown Manhattan office tower.