

Cadwalader Retains Perch Atop CMBS Law-Firm Rankings

Cadwalader Wickersham fortified its position last year as the perennial champion among law firms in the commercial MBS arena.

As the number of new issues with legal advisors on board more than doubled to 41, Cadwalader served as issuer counsel on 31 deals and underwriter counsel on 28, according to **Commercial Mortgage Alert's** CMBS Database (see rankings below).

Although far behind the leader, **Sidley Austin** enjoyed big gains to capture second place in both categories, with a total of 12 assignments compared to just one in 2010. Five other firms split the rest of the work.

Cadwalader's issuer-counsel assignments represented a 76% market share by deal count, up from 67% in 2010. They also accounted for 70% of the issuance amount, matching the firm's percentage of 2010's much-lower volume. Sidley's seven assignments as issuer counsel made up 17% of the 2011 deal count and 23% of the dollar volume.

As underwriter counsel, Cadwalader handled 68% of the deals, down from 74% the year before — mostly due to the fact that Sidley re-entered that side of the business and garnered five assignments for a 12% market share. Measured by volume, Cadwalader was underwriter counsel for 59% of issuance, down from a 76% share in 2010, while Sidley captured 17%.

Kaye Scholer took third place in both rankings, logging two assignments as issuer counsel and four as underwriter counsel. The only other firm to work as issuer counsel was **Blank Rome**, with one deal. **Dechert** was hired as underwriter counsel on two deals, while **SNR Denton** and **Cleary Gottlieb** handled one apiece.

The leading law firms are mostly hopeful that the number of CMBS assignments will pick up at least moderately this year,

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Top Issuer Counsel for US CMBS

	2011 No. of Deals	Issuance (\$Mil.)	2010 No. of Deals	Issuance (\$Mil.)
1 Cadwalader Wickersham	31	\$22,319.8	12	\$7,747.5
2 Sidley Austin	7	7,304.5	1	735.9
3 Kaye Scholer	2	2,222.3	0	0.0
4 Blank Rome	1	286.8	1	463.3
OTHERS	0	0.0	4	2,212.0
TOTAL	41	32,133.4	18	11,158.7

Top Underwriter Counsel for US CMBS

	2011 No. of Deals	Issuance (\$Mil.)	2010 No. of Deals	Issuance (\$Mil.)
1 Cadwalader Wickersham	28	\$18,905.2	14	\$8,728.4
2 Sidley Austin	5	5,405.1	0	0.0
3 Kaye Scholer	4	5,851.8	2	1,664.9
4 Dechert	2	1,359.5	1	338.1
5 SNR Denton	1	286.8	1	463.3
5 Cleary Gottlieb	1	325.0	0	0.0
Orrick Herrington	0	0.0	1	302.0
TOTAL	41	32,133.4	19	11,496.8

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after the pace of issuance slowed dramatically in mid-2011.

Some also expect to work on certain types of transactions that haven't been seen lately — with complexities that call for more legal help, and higher fees. Such offerings include securitizations of nonperforming loans. "Growth in the NPL securitization market would certainly demonstrate an increase in demand for our services," said Cadwalader partner **Patrick Quinn**. "Structuring nonperforming loans requires an understanding of the complexity of these assets because they would not be structured as typical CMBS deals."

Quinn and **Michael Gambro**, also a partner, run Cadwalader's 55-member capital-markets group, which includes 36 attorneys dedicated to CMBS — up from 28 a year ago. Their group is separate from a larger team, led by partner **William McInerney**, that represents lenders originating commercial mortgages for securitization.

At Dechert, partner **Rick Jones** said there could be an increase in legal work on transactions stemming from the large amount of U.S. real estate assets that European banks are likely to unload this year. Those offerings could be similar to a

\$359.5 million issue that **Lone Star Funds** of Dallas floated via **J.P. Morgan** and **Wells Fargo** on June 23 (LSTAR Commercial Mortgage Trust, 2011-1), which was backed by 150 seasoned mortgages that Lone Star bought from **Citigroup**. Dechert served as underwriter's counsel on that transaction.

"We're going to see a lot more of these types of deals as replacements for bank debt on these pools," Jones said. "I think the LSTAR deal is a model that we're going to see replicated this year."

Jones also expects commercial real estate CDOs to make a comeback, backed largely by short-term floaters on transitional properties or whole loans unsuitable for CMBS deals. "We think that's going to be a big play for us," he said, adding that some CDOs could hit the market within a few months.

Meanwhile, the law firms will be kept busy dealing with the ongoing financial-regulatory reforms affecting the industry. And last year's revival of publicly registered issues by conduit lenders "brings a lot more statutes into play," said Sidley partner **Kevin Blauch**. "There is an incredible amount of stuff to work through. More rules mean the potential for mistakes is greater unless the participants are diligent." ❖