Training course on Valuation of Distressed and Non-Performing Real Estate Assets

Professional Development Training Course Outline

Category	Real Estate Institute	**Duration**	10 Days
Base Fee	$3,000 USD	**Delivery Mode**	Online / On-site Hybrid

Course Introduction

Valuation of Distressed and Non-Performing Real Estate Assets is a highly specialized and critically important domain within real estate investment, finance, and appraisal. It focuses on the unique challenges and sophisticated methodologies required to assess the value of properties and loans that are experiencing financial or operational distress. Unlike valuing stabilized, income-producing assets, distressed real estate demands a nuanced understanding of market dislocations, legal complexities (foreclosure, bankruptcy), operational turnarounds, and the time-sensitive nature of these opportunities. For investors, lenders, special servicers, legal professionals, and valuation experts, a deep grasp of this niche is paramount for navigating turbulent markets, mitigating risks, unlocking hidden value, and achieving superior returns. Failure to accurately value distressed assets can lead to significant financial losses, prolonged legal battles, and missed opportunities. Training Course on Valuation of Distressed and Non-Performing Real Estate Assets is meticulously designed to equip with the advanced theoretical insights and intensive practical tools necessary to excel in the Valuation of Distressed and Non-Performing Real Estate Assets. We will delve into sophisticated methodologies for identifying early signs of distress, valuing troubled properties and non-performing loans (NPLs), and mastering the intricacies of debt restructuring, loan modifications, and legal processes (foreclosure, bankruptcy). A significant focus will be placed on understanding the roles of various stakeholders, conducting rigorous due diligence under compressed timelines, managing operational turnarounds, and designing effective exit strategies for maximizing recovery and profit. By integrating industry best practices, analyzing real-world complex distressed real estate case studies, and engaging in hands-on due diligence and workout planning exercises, attendees will develop the strategic acumen to confidently navigate and profit from distressed real estate cycles, fostering unparalleled risk mitigation, value creation, and superior investment decision-making.

Programme Curriculum

Training Course on Valuation of Distressed and Non-Performing Real Estate Asset

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Training Course on Valuation of Distressed and Non-Performing Real Estate Assets is meticulously designed to equip with the advanced theoretical insights and intensive practical tools necessary to excel in the **Valuation of Distressed and Non-Performing Real Estate Assets**. We will delve into sophisticated methodologies for **identifying early signs of distress, valuing troubled properties and non-performing loans (NPLs)**, and mastering the intricacies of **debt restructuring, loan modifications, and legal processes (foreclosure, bankruptcy)**. A significant focus will be placed on understanding the roles of various stakeholders, conducting rigorous due diligence under compressed timelines, managing operational turnarounds, and designing effective exit strategies for maximizing recovery and profit. By integrating industry best practices, analyzing real-world complex distressed real estate case studies, and engaging in hands-on due diligence and workout planning exercises, attendees will develop the strategic acumen to confidently navigate and profit from distressed real estate cycles, fostering unparalleled **risk mitigation, value creation, and superior investment decision-making**.

Course Objectives

Upon completion of this course, participants will be able to:

1. Analyze the fundamental principles and strategic importance of **Distressed Real Estate Assets and Non-Performing Loans (NPLs)**.
2. Understand the causes and early warning signs of real estate distress, including financial, operational, and market indicators.
3. Master methodologies for **identifying, sourcing, and valuing distressed properties and NPLs**, adapting traditional valuation approaches.
4. Comprehend the complex **legal and regulatory frameworks** governing distressed real estate, including foreclosure, bankruptcy, and receivership.
5. Develop expertise in formulating and negotiating **debt restructuring and loan workout strategies**, such as modifications, forbearance, and deeds in lieu.
6. Formulate comprehensive approaches to **acquiring distressed real estate assets** through various channels (REO, NPLs, bankruptcy sales).
7. Implement effective **asset management and value creation strategies** for troubled properties, including operational turnarounds and repositioning.
8. Design and execute optimal **exit strategies** for distressed real estate investments, considering market timing and different disposition methods.
9. Analyze the roles, motivations, and incentives of **key stakeholders** involved in distressed real estate scenarios (borrowers, lenders, servicers, courts, investors).

10. Apply rigorous and expedited **due diligence practices** specifically tailored for distressed assets and loans, including legal, environmental, and physical assessments.
11. Understand and apply various **"as-is" and liquidation valuation concepts**, including market value under duress, orderly liquidation value, and forced liquidation value.
12. Explore real-world **case studies of complex distressed real estate transactions**, analyzing successful strategies and lessons learned.
13. Negotiating with borrowers and lenders: understanding motivations and leverage.

Target Audience

This course is crucial for professionals dealing with troubled real estate assets:

1. **Real Estate Investors & Fund Managers:** Seeking to acquire and manage distressed opportunities.
2. **Lenders & Special Servicers:** Managing non-performing loan portfolios and foreclosures.
3. **Real Estate Appraisers & Valuers:** Specializing in illiquid or distressed assets.
4. **Financial Analysts:** Evaluating distressed debt and equity investments.
5. **Attorneys & Legal Professionals:** Involved in real estate bankruptcy, foreclosure, and restructuring.
6. **Asset Managers:** Responsible for optimizing the value of troubled real estate assets.
7. **Private Equity & Debt Funds:** Focused on distressed real estate strategies.
8. **Consultants & Advisors:** Guiding clients through distressed real estate situations.

Course Duration: 10 Days

Course Modules

Module 1: Understanding Distressed Real Estate and NPLs

- Defining distressed real estate: financial, operational, and market distress.
- Understanding non-performing loans (NPLs) and sub-performing loans (SPLs): definitions, characteristics, and classifications.
- Causes of real estate distress: economic cycles, over-leverage, mismanagement, market shifts, technological disruption.
- The distressed real estate cycle and phases of distress (pre-distress, active distress, recovery).
- Early warning signs and indicators of real estate distress (financial covenants, declining occupancy, missed payments).

Module 2: Sourcing and Screening Distressed Opportunities

- Channels for sourcing distressed real estate opportunities:
    - Loan sales (individual and portfolio NPLs/SPLs).
    - Bank Real Estate Owned (REO) portfolios.
    - Bankruptcy filings and court-ordered sales.
    - Direct owner distress and broker networks.
    - Public auctions and online platforms.
- Initial screening and prioritization of distressed assets/loans.
- Overview of the distressed real estate investment process.

Module 3: Legal and Regulatory Frameworks for Distress

- Overview of Foreclosure Processes: judicial vs. non-judicial foreclosure, strict foreclosure, deeds in lieu of foreclosure.

- Bankruptcy and its impact on real estate: Chapter 7 (liquidation), Chapter 11 (reorganization), Chapter 13 (individual reorganization).
- The automatic stay and its implications for creditors.
- Debtor-in-Possession (DIP) financing and its role.
- Receivership: appointment, powers, and role in asset preservation and maximization.
- Creditor rights and remedies in distressed situations.

Module 4: Valuation Methodologies in Distressed Scenarios

- Adapting traditional valuation approaches (Income, Sales Comparison, Cost) for distressed assets.
- **"As-Is" vs. "As-Stabilized" Valuation**: understanding the different bases of value.
- **Liquidation Value Concepts**:
    - **Orderly Liquidation Value (OLV):** value under reasonable exposure time.
    - **Forced Liquidation Value (FLV):** value under extremely limited exposure time.
- Valuation under specific legal contexts (e.g., bankruptcy court requirements).
- Introduction to distressed valuation financial modeling.

Module 5: Advanced Valuation Techniques for Distressed Assets

- Discounted Cash Flow (DCF) modeling for distressed properties:
    - Forecasting volatile cash flows under stress.
    - Incorporating repositioning costs and re-leasing assumptions.
    - Adjusting discount rates and terminal cap rates for heightened risk.
- Direct Capitalization for stabilized distressed assets (post-repositioning).
- Sales Comparison Approach challenges: identifying truly comparable distressed sales.
- Cost Approach for special-use distressed properties.
- Valuing the underlying collateral of NPLs.

Module 6: Due Diligence for Distressed Real Estate

- Expedited and targeted due diligence for distressed assets: compressed timelines, limited information.
- **Legal Due Diligence**: title review, liens, encumbrances, environmental liabilities, litigation, bankruptcy filings.
- **Physical Due Diligence**: Property Condition Assessments (PCAs), deferred maintenance, structural issues.
- **Environmental Due Diligence**: Phase I & II Environmental Site Assessments (ESAs), understanding contamination risks and remediation costs.
- Market and Financial Due Diligence specific to distressed assets.

Module 7: Non-Performing Loan (NPL) Valuation and Acquisition

- Strategies for acquiring NPLs and SPLs from banks, special servicers, and other lenders.
- Loan Data Tape (LDT) analysis: understanding loan characteristics, borrower information, collateral details.
- Due diligence for loan acquisitions: underwriting collateral value, assessing borrower strength, legal status of loan documents.
- Pricing NPLs: yield expectations, loss severities, recovery rates.
- Legal documentation for loan transfers and assignments.

Module 8: Debt Restructuring and Loan Workout Strategies

- Objectives of loan workouts: maximizing recovery, avoiding foreclosure, preserving relationships.
- Types of loan modifications: interest rate reductions, term extensions, principal reductions, payment holidays.
- Forbearance agreements and deeds in lieu of foreclosure.
- Debt-for-equity swaps and recapitalization strategies.
- Negotiating with borrowers and lenders: understanding motivations and leverage.

Module 9: Asset Management and Value Creation in Distress

- Developing a strategic asset management plan for troubled properties.
- Operational turnarounds: addressing vacancy, inefficient management, deferred maintenance.
- Repositioning distressed assets: redevelopment, adaptive reuse, change of highest and best use.
- Capital expenditures and value-add initiatives: strategic allocation of resources.
- Managing relationships with tenants, property managers, and vendors during distress.

Module 10: Exit Strategies for Distressed Real Estate Investments

- Designing optimal exit strategies to maximize returns.
- Disposition methods:
  - Sale to a long-term investor (once stabilized).
  - Sale to another distressed investor.
  - Strategic refinancing.
  - Partial sales or joint ventures.
- Market timing considerations for disposition.
- Calculating the internal rate of return (IRR) and equity multiples for distressed investments.

Module 11: Stakeholder Analysis and Capital Stack Restructuring

- Roles and incentives of key stakeholders: borrowers, senior lenders, mezzanine lenders, equity holders, special servicers, bankruptcy courts.
- Understanding the capital stack in a distressed scenario: where each party stands in terms of priority and recovery.
- Techniques for capital stack restructuring: debt haircuts, equity dilution, new capital injection.
- Distressed debt investing strategies.
- Ethical considerations in managing conflicting stakeholder interests.

Module 12: Case Studies, Portfolio Valuation, and Emerging Trends

- Comprehensive real-world case studies of successful and unsuccessful distressed real estate transactions.
- Portfolio valuation of non-performing assets: aggregation of individual asset valuations, specific portfolio-level risks.
- The impact of macroeconomic factors and global events on distressed asset markets.
- Emerging trends in distressed real estate: PropTech for distressed asset management, ESG considerations in workouts.
- Future outlook for distressed real estate opportunities.

Training Methodology

- **Interactive Workshops:** Facilitated discussions, group exercises, and problem-solving activities.
- **Case Studies:** Real-world examples to illustrate successful community-based surveillance practices.
- **Role-Playing and Simulations:** Practice engaging communities in surveillance activities.

- **Expert Presentations:** Insights from experienced public health professionals and community leaders.
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Upcoming Scheduled Sessions

Start Date	End Date	Location	Price
07 Sep 2026	18 Sep 2026	Physical	$3,000
14 Sep 2026	25 Sep 2026	Physical	$3,000
21 Sep 2026	02 Oct 2026	Physical	$3,000
28 Sep 2026	09 Oct 2026	Physical	$3,000
05 Oct 2026	16 Oct 2026	Physical	$3,000
12 Oct 2026	23 Oct 2026	Physical	$3,000
19 Oct 2026	30 Oct 2026	Physical	$3,000
26 Oct 2026	06 Nov 2026	Physical	$3,000

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