

Spotlight on Collaboration:

Gelde Advisors and CU Revest Continue to Resolve Unwanted CRE Loans for Credit Unions

By Mike Hales

CUinfluentialsm

In November, 2024, Gelde Advisors announced it had joined with award winning CUSO CU Revest to enhance its platform in helping Credit Unions resolve unwanted CRE loans – both performing and distressed. Gelde is a recognized facilitator of CRE loan resolution services. Named the 2017 New CUSO of the Year by NACUSO, CU Revest is an asset management CUSO with a 30-plus year history of helping Credit Unions easily manage and monetize their distressed and charged-off member debt. As collaborating organizations, Gelde and CU Revest are building upon and expanding services that help Credit Unions reset their CRE portfolios and improve capital positions while mitigating or eliminating risk.

Here's how it works:

- When a Credit Union determines that a CRE loan or portfolio of loans has become undesirable as an earning asset (whether distressed or not), Gelde Advisors will work with the Credit Union, pursuant to a non-disclosure agreement, to set out a preliminary resolution plan.
- Upon the Credit Union's approval and agreement with the preliminary resolution plan, Gelde Advisors will arrange for a whole loan sale with CU Revest, subject to its approximate 60 to 90 day due diligence, an amended non-disclosure agreement and a letter of intent to purchase the loan or loan portfolio.
- At the conclusion of CU Revest's due diligence, a final resolution plan will be presented to the Credit Union. The resolution plan **sale price is expected to be 100% of the CRE loan's unpaid principal balance and will specify the anticipated period of time to achieve full recovery.**
- During its due diligence period, CU Revest will identify and work with qualified investors to determine their interest and commitment to engage in the real estate property or project. Identification of an interested investor will be critical for the development of a resolution plan.
- After due diligence, the loan sale will be closed and CU Revest will assume all credit risk. In exchange and to the extent allowed by regulation, the Credit Union will receive a Tier III interest in CU Revest's CUSO. A Tier III interest conveys upon the Credit Union a non-voting interest in the CUSO while giving it rights to expected cash flows.
- After closing of the loan sale, CU Revest will be responsible for managing resolution of the transferred CRE loan(s) through (a) loan modification or re-write, (b) introduction and

involvement of a third-party investor to assist in completion of a project, (c) loan foreclosure procedures or (d) loan sale services.

- Regardless of the course of loan resolution taken, CU Revest will work with the Credit Union member/borrower in a fashion that will be helpful to maintain or improve its long-standing relationship with the Credit Union.

Here are the benefits of this service offering to Credit Unions:

- The loan sale is expected to pass associated credit risk to CU Revest.
- The CRE loan sale is expected to be at the loan's unpaid principal balance. Thus, there would be no loss recognized by the Credit Union upon sale to CU Revest.
- Loan loss reserves placed by the Credit Union on the exchanged CRE loan might be recaptured or transferred to other loans representing credit risk – thus freeing reserves or augmenting the Credit Union's capital position.
- Investors can be motivated by not having to incur the time or fees required in a project's permitting and regulatory approval process
- No up-front fees! Gelde Advisors receives a facilitation fee only through CU Revest for introducing and assisting in the loan sale.
- CU Revest receives a fee for managing the CUSO's portfolio and participation in excess profits when each CRE loan is fully resolved or paid off.
- The Credit Union is expected to receive a full distribution of its membership interest in the CUSO as or when the CRE loan is resolved.
- The borrower's relationship with the Credit Union is restored with an optimal CU Revest loan resolution.

For additional information and/or to explore Gelde Advisors – CU Revest CRE loan resolution opportunities and solutions, please contact:

Gelde Advisors (www.gelde.co):

John Hancock, Managing Principal at (503) 706-7662 or via email to jhancock@gelde.co
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CU Revest (www.curevest.org):

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About Gelde Advisors

<https://www.gelde.co>

Our team at Gelde Advisors consists of seasoned executives with experience in real estate loan management, investment and analysis; deep connections to individuals and organizations providing access to real estate capital markets; and a proven track record of resolving troubled loans on behalf of lenders.

About CU Revest:

<https://www.curevest.org>

CU Revest, LLC is a Credit Union Service Organization dedicated to assisting credit unions manage and service distressed loan portfolios and account management solutions. Not a collection agency or a debt buyer, we're an asset management CUSO helping Credit Unions easily manage and monetize charged off consumer debt and distressed CRE portfolios while helping members earn back their good credit.

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About CUinfluentialsm

<https://www.cuinfluential.com>

CUinfluentialsm is dedicated to accelerating collaborative growth among credit unions, CUSOs and small business.

Founder Mike Hales served the National Association of Credit Union Service Organizations (NACUSO) as a board member for 18 years, and during his tenure he chaired the NACUSO Governance, Membership Growth, and Business Services Committees. He has been president of two Credit Union Service Organizations, and a veteran bank and credit union consultant with Moss Adams, LLP, Counter Intelligence Associates, and the Rochdale Group where he oversaw the development and launch of 16 multiple credit union-owned CUSOs.

Mike is a graduate of the *ABA School of Bank Marketing Management and Strategic Planning* at the University of Georgia, and the NACUSO/Pepperdine University certificate program *Designing and Implementing Collaboration and Business Networks*. He is a graduate of the Lincoln University School of Law and author of *"The Handbook of Consumer Banking Law"* © Prentice Hall and *"The Language of Banking"* © MacFarland & Company.