

Uncapping the Truth: How Michigan Property Taxes Really Work

Peter Ellenson

Law Office of Peter Ellenson PC

peter@ellensonlaw.com

248 406 4443 office

248 703 1134 mobile

Description of the MI property tax system

All real estate parcels are taxed. Taxable value x millage (tax rate) = annual tax.

The revenue is used to fund local government and services.

Assessors must update the *assessed* value of every parcel, every year, based on market value. Taxes are based on the *taxable* value.

Land acquisition and construction costs are considered for new construction, and are the basis for the assessor's mass appraisal of each of the properties in each jurisdiction.

- The assessor uses land sale tables for land value
- The assessor uses its computerized assessor's manual for construction costs. (Based on Marshall and Swift.)
- Petitioners can present their actual costs and other relevant evidence to support a case.

Annual increases in the taxable value are capped by law at the CPI or 5% whichever is less, until an uncapping event occurs (typically a sale).

Planning for property taxes

When buying property, the impending, uncapped *taxable* value can be predicted by reference to 1) the **existing assessed value**, 2) asking the assessor, 3) the purchase price, and 4) market indicators.

Never assume a low taxable value after uncapping. Plan for the worst.

The first year's taxes can be managed by the timing of acquisitions and/or construction.

Uncapping after purchase:

- A purchase in December, 2026, will cause an uncapping for tax year 2027. The Notice of Assessment in February 2027 will reflect the uncapped taxable value. Summer taxes will

due at the uncapped (ie., higher) amount, in July 2027, a short 7 months after the purchase.

- By contrast, a purchase in January, 2027, will not cause an uncapping until 2028, with the higher taxes not due until July 2028, 18 months after the purchase.

New construction is not an uncapping. But the impact is the same. The assessor must increase the taxes based on the true cash value of “additions.”

- For new construction, the assessor is required to add the value of new construction as of 12/31 of the year. In practice, assessors often delay this work until projects are complete.
- If construction is completed late in the year, the assessor will add the full value of the project to the tax roll for the following year.
- By contrast, if construction is completed early in the year, the assessor may neglect to add the value as of 12/31. The taxes will not increase until the next year.

Final Tip: The Property Transfer Affidavit (“PTA”) should reflect **real estate value only**. Deduct the value of any personal property and intangibles from the purchase price. File the PTA promptly after acquisition.

Challenging property taxes

Standing

Any person or entity with a “property interest” has standing to challenge property taxes on a parcel. This means that both owners and tenants have the right to appeal.

Board of Review

Parties can appeal assessments to the local Boards of Review in March, but this is typically not successful.

A Board of Review petition is NOT required for commercial properties. (It is required for residential properties.)

Some communities have made efforts to tackle assessment problems at the MBOR. Detroit is the prime example. It cannot hurt to file that BOR petition.

A Board of Review appeal should include evidence such as a closing statement and sales comps.

Tax Tribunal Appeals - Basics

Appeals to the Michigan Tax Tribunal must be made by May 31. (Residential by July 31)
Taxpayers file a Petition with the Tax Tribunal. Formal service (certified mail, proof of service, etc.) is required for all cases other than Small Claims.

Appeals typically challenge the assessor's **valuation** of the subject property. The issue here is the "true cash value" (ie., the market value of the property.)

Sometimes, the calculation of the taxable value can be challenged as a distinct issue.

Other issues such as equalization and uniformity are rarely raised.

Issues surrounding exemptions are uncommon in the commercial context. However, commercial property owners occasionally raise exemption issues such as a challenge to uncapping based on common control.

Tax professionals (such as attorneys like me) usually assist with the process of a tax appeal.

Appraisals are needed in many cases where substantial money is at issue. **MAI level appraisers** should be used.

Valuation Methodology

The primary valuation methodologies are:

- Cost approach. Applicable for new construction.
- Comparable Sales Approach. Applicable for most properties, but particularly non-income producing properties, or single tenant buildings.
- Income Approach. Applicable to income producing properties.

The **cost approach** looks at land value and construction costs. The assessor uses its computerized manual for construction costs. The assessor will also apply an Economic Condition Factor ("ECF"). They will apply depreciation as applicable.

Parties may also present evidence of actual costs and any other relevant evidence.

The Tribunal must consider entrepreneurial incentive and other soft costs. Builders and owners who do their own contracting often overlook this factor.

The **comparable sales approach**, or market approach, looks at the sales of similar properties to determine the value of a subject property.

Appraisers will apply adjustments to the comparable sales to obtain indicated values for a subject property.

The **income approach** analyzes the prospective income of a property to determine the property's market value.

To determine the likely income of a property, appraisers look at the subject's historical income and at income from comparable properties.

Similarly, the appraiser will determine prospective expenses, and arrive at a prospective NOI.

$\text{NOI} \times \text{cap rate} = \text{going concern value}$. Subtract any personal property and intangibles from the going concern value to derive the market value of real estate.

Tip: Appraisals submitted to the Tax Tribunal are available, to anyone, for fee, with a few clicks on the MTT website.

Litigation in the Tax Tribunal

The parties may engage in litigation over discovery and legal issues.

Occasionally, litigation over such issues will become lengthy and cumbersome.

Taxpayers or their lawyers will negotiate with cities and townships, often through their lawyers.

The process can take anywhere from 3 months to several years. Most cases are resolved within 12 months from filing. This will depend on case load at the Tax Tribunal.

Settlement is common and trials rarely needed. However, being prepared for a potential trial is the best way to avoid one.

Trials typically involve two dueling experts. Owners and assessors are also frequently called to testify.

Trials are overseen by a single judge.

Recently, the Tribunal has slowed down and cases that do not settle can take years to get a trial and then longer to get an opinion from some judges.



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FROM VACANT TO VIBRANT

ADAPTIVE REUSE FOR DETROIT MIXED-USE DEVELOPMENT

Jordan B. Segal

Maddin, Hauser, Roth & Heller, P.C.
One Towne Square, Fifth Floor, Southfield, MI 48076
p (248) 354-4030 f (248) 354-1422 maddinhauser.com



OBJECTIVES

- Assess feasibility of adaptive reuse candidates
- Structure Detroit-focused capital stacks
- Navigate zoning, code, and historic pathways
- Optimize retail/residential program mix
- Anticipate post-delivery operational issues

DETROIT MARKET CONTEXT

- Strong demand for urban residential in core neighborhoods
- Limited new construction pipeline
- Adaptive reuse aligns with city planning goals

CBD VS. NEIGHBORHOOD SUBMARKETS

CBD:

- Office-to-residential conversions
- Transit access and scale

Neighborhoods:

- Smaller floorplates
- Retail-driven activation



TRANSIT AND ACTIVATION CORRIDORS

- Woodward Corridor
- QLINE influence
- Michigan Ave,
Livernois,
East Jefferson



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WHY ADAPTIVE REUSE IS ADVANTAGED NOW

- ✓ Lower basis vs. ground-up
- ✓ Faster approvals
- ✓ Sustainability and embodied carbon
- ✓ Story-driven placemaking

SELECTING THE RIGHT ASSET

- Structural grid and loading
- Ceiling heights and light
- Core and vertical circulation
- Parking and accessibility



EARLY TEST FITS & UNDERWRITING GUARDRAILS

- Residential efficiency ratios
- Retail bay depths
- MEP capacity checks
- Cost-per-door targets

ZONING AND USE PERMISSIONS

- Base zoning vs. overlays
- Change-of-use triggers
- Parking reductions
- Special land use approvals



CODE, LIFE SAFETY, AND ADA

- Change-of-occupancy upgrades
- Fire separation and sprinklers
- Elevator and accessibility retrofits



HISTORIC DISTRICT & SHPO COORDINATION

- Federal & State HTC requirements
- Part 1 / Part 2 sequencing
- Design constraints vs. flexibility



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CAPITAL STACK OVERVIEW

- ✓ Senior construction/permanent debt
- ✓ Mezzanine or preferred equity
- ✓ Sponsor equity

DETROIT INCENTIVE LAYERING

Top: Equity

- Sponsor / Investor Equity

Middle: Incentives

- Federal & State HTC
- Brownfield TIF
- Grants / PACE

Bottom: Debt

- Senior Loan

INCENTIVE TIMING & RISK

- HTC delivery and recapture
- Brownfield reimbursement timing
- Gap financing bridges



GROUND-FLOOR RETAIL STRATEGY

- Small-format and service retail
- Local operators
- Food & beverage anchors
- All-day activation

RESIDENTIAL PROGRAM DESIGN

- Unit mix constrained by structure
- Amenity efficiency
- Acoustic separation from retail

OPERATIONS & ASSET MANAGEMENT

- Mixed-use operating agreements
- CAM allocation
- Noise, trash, and loading
- Security coordination



KEY TAKEAWAYS

-  Adaptive reuse is both a legal and design exercise
-  Incentives drive feasibility but add complexity
-  Early coordination saves time and capital



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Attorneys and Counselors

QUESTIONS

Maddin, Hauser, Roth & Heller, P.C.

One Towne Square, Fifth Floor, Southfield, MI 48076

p (248) 354-4030 f (248) 354-1422 maddinhauser.com





Maddin Hauser
Attorneys and Counselors

THANK YOU



Jordan B. Segal

Shareholder

p (248) 359-7539

f (248) 359-7579

jsegal@maddinhauser.com

#LegalSegal

Maddin, Hauser, Roth & Heller, P.C.

One Towne Square, Fifth Floor, Southfield, MI 48076
p (248) 354-4030 f (248) 354-1422 maddinhauser.com





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“IT’S NOT YOUR DEFAULT”

Andrew M. Harris, Esq.

Maddin, Hauser, Roth & Heller, P.C.
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OBJECTIVES

- How to make an initial assessment when a default occurs
- How to properly start the pre-litigation process
- Obtaining a general understanding of landlord/tenant litigation in Michigan
- Important items to remember when litigation is complete

MY TENANT IS IN DEFAULT, WHAT SHOULD I DO?

- Confirm the nature of the default (intentional or clerical).
- Make sure lease documents/guaranty are aligned and in order.
- Initial communication with tenant about default.

INITIAL STEPS TO PROTECT OWNERSHIP

- Do not agree to waive any rights (conditions).
- Select the proper form, a 7-day notice or a 30-day notice.
- Proper review and service of the form.



HOW DOES THE LANDLORD/TENANT LITIGATION START?

- Will only one lawsuit suffice?
- When are two lawsuits appropriate?
- What is the proper sequencing of litigation?



LANDLORD/TENANT LITIGATION

- The District Court case.
- Initial hearing.
- Potential trial.
- Possession Judgment,
Order of Eviction and
Collection.



LANDLORD/TENANT LITIGATION

- The Circuit Court case.
- Service of the lawsuit.
- Short-term litigation.
- Longer litigation.



POST LITIGATION ISSUES

- Conducting an eviction
- The collection process
- Re-letting the space



POST LITIGATION ISSUES

- A settlement agreement (security deposit, waiver of claims, etc.).
- A need for lease amendments.
- Lessons learned to reduce litigation in the past.



KEY TAKEAWAYS

- ✓ How to complete an initial assessment and select the right form.
- ✓ A better understanding of the nuances of litigation.
- ✓ Resolving the case effectively and learning for the future.



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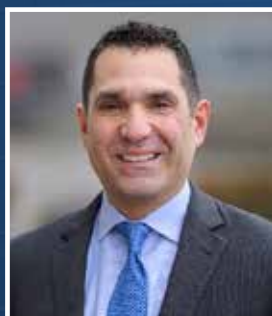
p (248) 354-4030 f (248) 354-1422 maddinhauser.com





Maddin Hauser
Attorneys and Counselors

THANK YOU



Andrew M. Harris

Shareholder

p (248) 827-1866

f (248) 359-7579

aharris@maddinhauser.com

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Maddin, Hauser, Roth & Heller, P.C.

One Towne Square, Fifth Floor, Southfield, MI 48076
p (248) 354-4030 f (248) 354-1422 maddinhauser.com



Retail Intelligence: AI, Economics, and Michigan's **Market Momentum**

Thursday, April 23, 2026

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46100 Grand River Avenue Novi, MI 48374

property off the market while tenants work their way through the lengthy maze which includes municipal and state government approvals. Therefore, both sides need to know how to obtain a license and how long it will take.

1. Summary of governmental approvals affecting Liquor Licensed Establishments.
2. Michigan Liquor Control Commission Rules regarding percentage rent: Franchises and Landlords.
3. Liquor License applicant and landlord disclosure requirements and the ever-changing positions of the State.
4. Participation Permits
5. Redevelopment licenses in malls?
6. Social Districts: What, Where, and How?
7. Liquor Licensed Establishments Anchor Development/Considerations for Landlords
8. Market momentum by county
9. MLCC's New Systems: Not Even Close to AI

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Presentation Abstract Submission Requirements

Please submit the following along with a professional biography in Word to Roundtable Chair Sean Valentino at svalentino@redico.com and to his assistant Julie Goldman at jgoldman@redico.com

Speaker(s) Name: Jim Gudenau
Company: Leader1031
Email address: Jim.Gudenau@Leader1031.com
Phone #: 313-418-5450
***PLEASE Attach Credentials/Bio**

Presentation Title: “One Big Beautiful 1031 Exchange – How Does OBBBA Impact Your 1031 Exchange?”
Have you presented in the past? Yes

Presentation Content Description (no more than 300 words):

The impact of the One Big Beautiful Bill Act on 1031 exchanges could be significant. Permanent Bonus Depreciation, increased Section 179 expensing allowance, and making certain OZ provisions permanent will create additional considerations for investors when looking at utilizing a 1031 exchange. Does the ability to take Bonus Depreciation offset the potential gain on an exchange? What happens if I take Bonus Depreciation, then sell the property sooner than anticipated? Can I utilize Bonus Depreciation if I do a traditional 1031 exchange?

Outline of 30 Minute Presentation:

1. 1031 Basics overview (5 Minutes)
2. OBBBA provisions that could impact Exchanges with practical examples (20 Minutes)
3. Q&A (5 Minutes)

By the end of the session, participants will be able to:

1. Assess the feasibility of adaptive reuse candidates across product types and neighborhoods, including retail activation potential and residential absorption.
2. Structure capital stacks using a mix of conventional debt, tax credits, brownfield and façade programs, and place-based incentives relevant to Detroit.
3. Navigate zoning, code compliance, and historic preservation pathways while balancing project budgets and timelines.
4. Design retail/residential program mixes and tenanting strategies that optimize activation, placemaking, and long-term performance.
5. Anticipate operational challenges post-delivery, including building systems, tenant coordination, and asset management considerations.

1. Market Context and Opportunity. Overview of Detroit-area submarket trends, demand drivers, and why adaptive reuse is advantaged now: cost of ground-up vs. conversion, sustainability, speed-to-market, and experiential retail's role in neighborhood revitalization.
2. Selecting the Right Asset. Evaluating building bones for conversion: floorplate and core, structural loading, ceiling heights, fenestration, MEP capacity, egress, parking, and accessibility. Site selection in relation to transit, employment nodes, and anchor uses. Early test fits and underwriting guardrails.
3. Approvals, Codes, and Historic Pathways. Zoning overlays and use permissions; change-of-use triggers; life-safety and accessibility upgrades; historic district and SHPO coordination; sequencing entitlements with design to control time and cost.
4. Capital Stack and Incentives. Layering senior debt, mezz/pREFERRED, and equity with incentive tools: federal and state Historic Tax Credits, brownfield TIF, NEZ/OBRA/local abatements, gap-closing grants, and PACE. Underwriting retail cash flows conservatively; lease-up timelines; structuring around credit delivery and recapture risks.
5. Retail and Residential Programming. Ground-floor strategy: tenant mix, small-format and service retail, food & beverage, local operators, and daytime/evening/weekend operations. Residential unit mix, amenities, and design to manage conversion constraints. Phasing, vertical transportation, loading, and back-of-house realities.
Operations and Asset Management. Mixed-use operating agreements, CAM/expense allocations, building systems and noise mitigation, trash/loading logistics, security and neighborhood partnerships, and performance monitoring post-stabilization.

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Rather than a technical deep dive, this interactive conversation is designed to bridge disciplines and encourage dialogue around expectations, common pain points, and opportunities for improved collaboration under the updated Standards. Participants will gain insight into how surveyors apply professional judgment within the Standards and how early engagement and clearer communication can help reduce delays, manage risk, and support smoother transactions.

Attendees will leave with a stronger understanding of the role the 2026 ALTA/NSPS Standards play in commercial real estate deals and practical takeaways to help align survey, title, and brokerage efforts throughout the transaction process.

1. Why ALTA/NSPS Standards Matter in Real Estate Transactions
2. Overview of the 2026 ALTA/NSPS Updates
3. Practical Impacts on Transactions
4. Common Closing Challenges Addressed
5. Collaboration and Communication Under the New Standards

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Presentation Abstract Submission Requirements

Please submit the following along with a professional biography in Word to Roundtable Chair Sean Valentino at svalentino@redico.com and to his assistant Julie Goldman at jgoldman@redico.com

Speaker(s) Name: Peter Ellenson
Company: Law Office of Peter Ellenson, PC
Email address: peter@ellensonlaw.com
Phone #: 248 406 4443
***See attached Bio**

Presentation Title: Property Taxes in Michigan
Have you presented in the past? Yes

Presentation Content Description (no more than 300 words):

Description of the MI property tax system: All real estate parcels are taxed. Taxable value x millage (tax rate) = annual tax. The revenue is used to fund local government and services. Assessors must update the *assessed* value of every parcel, every year, based on market value. Taxes are based on the *taxable* value. Annual increases in the taxable value are capped by law at the CPI or 5% whichever is less, until an uncapping event occurs (typically a sale).

Planning for property taxes: When buying property, the impending, uncapped *taxable* value can be predicted by reference to the existing *assessed* value, asking the assessor, the purchase price, and market indicators.

Challenging property taxes: Owners and tenants can appeal assessments to the local Boards of Review in March, but this is rarely successful. Appeals to the Michigan Tax Tribunal must be made by May 31. Appeals typically challenge the assessor's valuation of the subject property. Tax professional assist with the process. Appraisals are needed in some cases. The parties may engage in litigation over discovery and legal issues. Settlement is common and trials rarely needed.

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Attendees will better understand the tax implications of buying/selling/owning commercial real estate, and how to manage tax assessment problems.

Outline of 30 Minute Presentation:

1. Fundamentals of the Michigan Property Tax System
2. Property Tax Planning
3. Challenging Property Tax Assessments on Commercial Properties
4. Q&A

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5. Demographic analysis, identifying retail nodes / competition, Tenant analysis,
6. Buying stabilized vs. non stabilized assets
7. When to sell / opportunistic selling / value creation
8. Short vs. long term strategies

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Presentation Abstract Submission Requirements

Please submit the following along with a professional biography in Word to Roundtable Chair Sean Valentino at svalentino@redico.com and to his assistant Julie Goldman at jgoldman@redico.com

Speaker(s) Name: Salam Elia
Company: Elia Law, PLLC
Email address: salam@eliabusinesslaw.com
Phone #: 248-258-9800
***Credentials Attached**

Presentation Title: Franchise leasing: Sign, Seal, Deliver!
Have you presented in the past? Yes

Presentation Content Description (no more than 300 words):

Franchise leasing presents unique challenges and opportunities for commercial real estate professionals. This session will explore the intricacies of franchise leasing and the critical role franchisor addendums play in shaping these contracts. Attendees will gain a comprehensive understanding of the legal nuances of franchise leasing, and how to navigate the complexities of negotiating leases that align with both the landlord's objectives and the franchisor's requirements. Franchisor addendums in lease agreements can significantly impact lease structure, tenant obligations, and risk management. Through reviewing key provisions commonly found in these addendums, such as exclusive use and assignability clauses, this session will help commercial real estate professionals identify potential pitfalls and leverage opportunities for both landlords and franchisees. At the end of this session, attendees will be able to: 1) understand the basic elements of a franchise lease rider and franchisor addendums; 2) utilize strategies to negotiate franchise addendums that align with both franchisor's expectations and landlord's interests; and 3) effectively address controversial provisions in lease agreements and franchisor addendums. The information and resources provided in this session are designed to help the parties get the agreement signed and to the finish line.

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Outline of 30 Minute Presentation:

1. Introduction to Franchise Leasing
 - a. Importance of understanding franchisor addendums for real estate professionals
2. The Role of Franchisor Addendums in Lease Agreements
 - a. What is a franchisor addendum?
 - b. Key clauses in franchisor addendums
 - c. Impact of franchisor addendums on lease negotiations
3. Strategies for Negotiating Franchise Addendums
 - a. Aligning landlord and franchisor interests
 - b. Negotiation techniques for controversial provisions
4. Addressing Controversial Lease Provisions and Challenges
 - a. Identifying common disputes in franchise leasing (conflict areas between franchisors, franchisees, and landlords)
 - b. Addressing the balance of fairness and protection of business interests when resolving conflicts
5. Closing remarks
 - a. Wrap up key insights for successful franchise leasing
 - b. Q & A Session

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CURRICULUM VITAE OF SALAM ELIA

Founded in 2017 by Mrs. Salam Elia, Elia Law, PLLC has built a reputation for providing strategic, business-focused legal counsel to its clientele. With more than four decades of combined experience, the Elia Law team supports clients through franchise development, licensing, regulatory compliance, and business expansion. At the core of the firm's mission is a commitment to helping clients become leaders in their respective industries by providing the legal tools and guidance necessary to build strong, scalable, and successful businesses.

Mrs. Elia serves as an ICLE Author for the Drafting Contracts chapter and has been widely recognized for her legal expertise in transactional law with a focus in franchising and liquor law. Her honors include being named a 2022 Michigan Super Lawyers "Rising Star," a DBusiness Magazine Top Lawyer for both 2024 and 2025, and a Michigan Lawyers Weekly "Go To Lawyer for Cannabis Law" (2024).

Mrs. Elia earned her Juris Doctor, with honors, from Michigan State University College of Law (formerly Detroit College of Law), where she concentrated in Securities Regulation and Business Enterprise. During law school, she founded the Middle Eastern Students Association and interned for Judge D. McKeague of the United States Court of Appeals for the Sixth Circuit, as well as the Michigan Attorney General's Consumer Protection Division. Prior to law school, Mrs. Elia received her Bachelor of Arts, with honors, from the University of Michigan, where she double-majored in Philosophy and Political Science. She remains actively involved in the legal community and is committed to excellence in both client service and professional leadership.



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Introduction & Objectives

What Retailers Look for in a Market

- Population density and growth

- Market size and household income

- Cannibalization radius

- Fit of the center and co-tenants

What Happens After a Site Is Submitted

- Internal review process

- Sales forecasting and pro forma modeling

- Market drivers and competitive analysis

- Condition, access, and physical site evaluation

How Sites Are Selected

- Ranking and comparing shortlisted sites

- Financial performance benchmarks

- Structuring deal terms

- Presentation to real estate committee

Key Takeaways

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techniques they will be able to take away from the presentation and apply in the workplace. (i.e. "By the end of this session, the attendee will be able to..."). Please use additional pages if needed.

In today's economic environment—where interest rates are high and business is uncertain, loan covenants have become less like boilerplate. They have instead become increasingly important in protecting cash flow and collateral, as they may trigger the lender's remedies when performance deviates from plan. By the end of this session, the attendees will understand how owners and operators can negotiate financial, reporting and transfer covenants at loan origination to prevent lenders from enforcing their remedies.

1. Introduction of Presenter and Summary of Topic
2. Financial Covenants/the DSCR Test
3. Net Worth and Liquidity Reporting
4. Ownership Transfers
5. Managing Foot Faults and Other Defaults
6. Open Discussion with Attendees
7. Questions from Attendees

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Speaker(s) Name: Andrew M. Harris
Company: Maddin Hauser Roth & Heller, P.C.
Email address: aharris@maddinhauser.com
Phone #: 248.827.1866
***PLEASE Attach Credentials/Bio**

Presentation Title: "It's Not Your Default"
Have you presented in the past? No

Presentation Content Description (no more than 300 words):

By the end of the session, attendees will be able to better understand many common occurrences in landlord/tenant litigation in Michigan. For example, attendees will learn about proper service of initial eviction forms. Additionally, they will have a better understanding of which initial form to use and why. Next, topics concerning the legal process, including the pertinent timelines, typical results and expenses of litigation will be discussed. Next, attendees will learn about the dos and don't of the eviction and collection process.

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5. WHAT THE BEST LITIGATION PREVENTION TACTICS?

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By the end of this session, the attendee will be able to:

- Identify practical AI use cases across deal sourcing, underwriting, diligence, and transaction management
- Use AI to analyze leases, contracts, and financial data more efficiently and consistently
- Apply AI techniques to improve market intelligence, pricing analysis, and client presentations
- Understand how AI can support negotiation strategy and contract drafting without replacing professional judgment
- Evaluate AI tools through the lens of confidentiality, ethics, and risk management
- Develop a practical, step-by-step approach for adopting AI in their brokerage or legal practice

1. Why AI Matters in Commercial Real Estate
2. AI Powered Deal Sourcing and Market Intelligence
3. Smarter Underwriting, Valuation & Diligence
4. AI in Negotiation, Drafting & Transaction Execution
5. Risk Management, Ethics & Practical Next Steps

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will learn terminology used in the hospitality industry including ADR (Average Daily Rate), Occ (Occupancy), RevPAR (Revenue Per Available Room), and PIP (Product Improvement Plan). They will also learn site selection criteria, and they will understand the reports available to evaluate a hotel and/or market and the different valuation methods used in the industry. The session will also dive into what lending opportunities are available in the hotel investment space and what appetite / criteria lenders have as they are approaching deals. This will cover conventional lending, SBA lending, CMBS, debt funds and bridge lending, private money, and life insurance companies – all to give real estate professionals more insight into what is available and viable in today's market. This session will help real estate professionals understand the full circle of hotel investments and better prepare them to help their clients find opportunities in the marketplace.

1. Hospitality Terminology (ADR, Occ, RevvPAR, PIP)
2. Site Selection Criteria
3. STR Reports and Valuation Methods
4. Hotel Lender Type and Status
5. Hotel Lending Example / Terminology (LTC, Amortization, DSCR, Debt Yield)
6. Questions

11 THINGS YOU SHOULD KNOW IN 2026 TO BE AN EFFECTIVE SALES PERSON

ICSC Roundtable

ITEM	TOPIC
Item 1	Market Knowledge
Item 2	Mall decline, how we benefit through create Tenant uses.
Item 3	Create daily focus and time for fire drills
Item 4	Tariffs
Item 5	Mentoring/Succession
Item 6	Spend enough time on research prior to strategy with retailers/developers
Item 7	Encourage relocation of low profit stores when renewal comes up
Item 8	Keep good records, accurate commission agreements and develop photographic memory
Item 9	Communication – Verbal, Email, Text
Item 10	Balancing TA versus Rent to create and usher deals
Item 11	Bring partner into deals

KELLY ALLEN - Adkison, Need, Allen, & Rentrop, PLLC

Kelly Allen is a partner in the law firm of Adkison, Need, Allen & Rentrop, PLLC, in Bloomfield Hills, Michigan. She specializes in all facets of liquor licensing. Ms. Allen and her team handle business formation, lease and land purchase negotiations, liquor license acquisition and transfers, and violations. She is known for representing clients in complex and challenging situations before many municipalities and the Michigan Liquor Control Commission.

The oldest of ten children, she became involved in this area of the law when two of her brothers opened their first restaurant in East Lansing, Michigan, in 1984. Five of her brothers went on to open 9 more establishments. Representing her family in liquor licensing matters led Ms. Allen to develop a passion for this area of the law. Many years and hundreds of clients later, she has acquired a high level of expertise.

Ms. Allen is an active member of the Oakland County Bar Association, having previously served as President (1998-1999) and Chair of its Legislative Committee. She also served on the State Bar of Michigan's standing Committee on Character and Fitness and the Representative Assembly. Currently, Ms. Allen is a member of the State Bar of Michigan's Business Law Section's Alcohol Beverage Practice Group.

Ms. Allen is an active member of the Michigan Restaurant and Lodging Association, the Michigan Licensed Beverage Association, the Michigan Downtown Association, the International Council of Shopping Centers, and the Institute of Continuing Legal Education. She speaks frequently for these organizations and writes a column for the Michigan Restaurant and Lodging Association quarterly.

CHRIS BELAND – PEA GROUP

Chris Beland has 30 years of experience in the land surveying profession and currently serves as PEA Group's Regional Director of Surveying Services. He is also the current President of the Michigan Society of Professional Surveyors (MSPS), reflecting his active leadership and commitment to advancing the profession statewide. Previously, Mr. Beland served as Director of the Office of Land Survey and Remonumentation for the State of Michigan and has held roles including Office Director, Department Manager, Senior Project Manager, Project Surveyor, and business development professional. His diverse background provides a well-rounded perspective on both the technical and strategic aspects of surveying practice.

Through his education and experience, Mr. Beland has learned that the most critical element of any successful project is the people behind it and how effectively they work together toward a shared vision. Whether working with clients or end users, he prioritizes understanding their needs, expectations, and perceptions to deliver successful outcomes.

In his current role, Mr. Beland provides leadership and coordination for PEA Group's surveying teams across Michigan and Texas, fostering collaboration, consistency, and high-quality service delivery.

ALEX BIERI – Stokas Bieri Real Estate

Alex Bieri began his real estate career in 2004. He has aided many local, regional, and national retailers with their site selection strategy and execution. He has also been a leasing representative for many notable Metro Detroit projects. Over time he has gained comprehensive experience in dealmaking and has grown to be a valuable leader and mentor at Stokas Bieri Real Estate.

Mr. Bieri graduated from Purdue University in 2000 with a Bachelor of Science in Industrial Management. Upon graduation from Purdue, Alex lived in Chicago and worked at the printing giant RR Donnelley.

Mr. Bieri is a licensed Real Estate Associate Broker in Michigan. He is a member of the International Council of Shopping Center (ICSC) and is the past ICSC Michigan Membership Chairman and is a past Michigan State Next Generation Chair. Alex is a member of the Real Estate Answer Forum and X Team Retail Advisors. Alex is a member of the Detroit Athletic Club. He enjoys running, playing golf and handball

SARA CHAIKEN – Dollar Tree

Sara Chaiken has over 20 years of retail experience. Most currently, she is Real Estate Manager for Dollar Tree where she is focused on Midwest expansion goals. She has spent the past 5 years working to grow two great national brands; Subway and Great Clips, across the United States. Dollar Tree is currently the largest discount tenant in the country with over 16,000 locations. Additionally, Sara has years of working for retail Landlords including Schostak Brothers and Next Realty. Sara attended University of Illinois and is active in CREW Detroit as well as ICSC.

SALAM ELIA - Elia Law, PLLC

Mrs. Salam Elia is the principal attorney and founder of Elia Law, PLLC, which is a boutique law firm specializing in commercial business and real estate transactions, with a focus on franchising and licensing. Mrs. Elia serves as an ICLE Author on the “Drafting Contracts” Chapter, has been named a 2022 Michigan Super Lawyer “Rising Star”, is a recipient of DBusiness Magazine’s Top Lawyer - 2024 and 2025, and was named by Michigan Lawyers Weekly as a “Michigan Go To Lawyer for Cannabis Law 2024”.

Prior to founding Elia Law, in 2017, Mrs. Elia worked at a law firm in Bloomfield Hills, specializing in municipal law, liquor licensing, zoning, and civil litigation. Mrs. Elia’s passion and reputation in business law grew stronger during this time, and she decided to focus her practice area on commercial businesses involving franchising/licensing. To be able to pursue her passions, she started her own law firm to be able to do so. Today, Elia Law, PLLC, is proud to be recognized as a top boutique law firm specializing in licensing/franchising law in the metropolitan-Detroit area.

Mrs. Elia graduated from Michigan State College of Law (formerly known as Detroit College of Law), where she received her Juris Doctorate with honors. In law school she focused on

Securities Regulation and Business Enterprise, founded the Middle Eastern Students Association, interned for Federal Appellate Judge D. McKeague of the United States Court of Appeals for the Sixth Circuit and the Attorney General Consumer Protection Division. Prior to law school, Ms. Elia received her bachelor's degree with honors, double majoring in philosophy and political science from University of Michigan. Mrs. Elia is also a proud member of the Chaldean American Chamber of Commerce and has previously served as a board member.

PETER ELLENSON - Law Office of Peter Ellenson, PC

2018 – Present. Law Office of Peter Ellenson, PC

- Property tax appeals
- Condemnation litigation
- Real Estate Transactions

Notable past and present clients include CVS, Walgreen, Autozone, Barrick Enterprises, US Lumber and Building Supply, Mans Lumber, Standard Construction, Kruse & Muer, Kramer Restaurant Group, Panera, Gull Lake View Resort.

2010 – 2018. Law Office of Fred Gordon, PC

- Litigated up to 2000 property tax cases per year.
- Supervised three attorneys.

1995 – 2010. Law Office of Peter Ellenson, PC

- Criminal defense including jury trials in Wayne, Oakland and Washtenaw County Circuit Courts
- Criminal defense in the Federal District Court, Eastern District of MI
- Criminal appellate representation in the MI Court of Appeals, MI Supreme Court, Federal District Court

University of Michigan Law School, JD, 1993

University of Michigan, BA, 1987

JOHN GABER – Williams, Williams, Rattner & Plunkett, P.C.

John D. Gaber is a shareholder of Williams, Williams, Rattner & Plunkett, P.C., in Birmingham, Michigan. Mr. Gaber practices real estate, land use and zoning law, corporate and general business law, specializing in commercial real estate acquisitions, dispositions, zoning and land use, development, construction, financing and leasing. He represents developers, national retailers, landlords, tenants, operators, franchisees and municipalities. He has represented clients in the development and redevelopment of numerous commercial and mixed-use projects.

Mr. Gaber is an active member of the Real Property Law Section of the State Bar of Michigan (RPLS), where he served on the RPLS governing Council, co-chaired the Commercial Real Estate Development, Ownership and Finance Committee, co-chaired Summer Law Conferences

and is a member of the Continuing Legal Education Committee. He is also a member of the American Bar Association, International Council of Shopping Centers and the Oakland County Bar Association. Mr. Gaber was a member of the Rochester Hills City Council and Planning Commission. He has served on the Board of Directors for the Rochester Regional Chamber of Commerce, the Rochester DDA, and is an active member in the Rochester Rotary Club. Mr. Gaber often lectures to various real estate groups, including the Commercial Board of Realtors (CBOR), ICSC and RPLS. He graduated *summa cum laude* from Wayne State University Law School, and earned his BBA degree with high distinction in finance from the University of Michigan. Mr. Gaber has been recognized by *Best Lawyers in America* (including the 2021 Real Estate Litigation "Lawyer of the Year"), *Dbusiness Magazine's Top Lawyers*, *Michigan Top Lawyer* and *The Fellows of the American Bar Foundation*. He was named a "Go to Lawyer for Commercial Real Estate Law" by *Michigan Lawyers Weekly* in 2025.

JUSTIN GOODENOW – HREC Hospitality Real Estate Counselors

Justin Goodenow is a hotel brokerage professional based in Northville, MI with experience across both debt placement and investment sales. He has been directly involved in more than \$250 million in lodging debt transactions nationwide and has supported multiple hotel dispositions throughout the state of Michigan. His work spans underwriting, lender and buyer outreach, deal packaging, and guiding transactions from initial engagement through closing. Justin is a graduate of the Michigan State University School of Hospitality Business with a minor in Real Estate Investment, where he developed a foundational understanding of hotel operations, finance, and real estate.

JIM GUDENAU – Leader1031

Jim Gudenau is the 1031 Exchange Manager for Leader 1031.com, LLC, a wholly owned subsidiary of Leader Bank, N.A. Jim joined Leader1031 in 2022 to focus on expanding the company's Qualified Intermediary (QI) services nationally. He is responsible for marketing the company's QI business to CPA's, attorneys, real estate agents and brokers, and real estate investors. He has lectured nationally on the subject of tax-deferred exchanges since 2003 and currently teaches a 1031 Exchange Basics course for Realtors through CE Marketplace (Michigan). Prior to joining Leader1031, Jim provided similar services for 20+ years at several other institutional Qis including a national title company, and two regional financial institutions. He has extensive experience with all forms of exchanges. He is a graduate of Wayne State University (MBA 1998, Master of Science in Taxation 2005), and is an active member of RPLS, MICPA, MLTA, ICSC, CREW, Michigan Realtors, and the Federation of Exchange Accommodators (FEA).

BRIAN HENRY - eTITLE

Brian P. Henry, Esq. is the Senior Executive Counsel for eTitle Agency and is responsible for the strategic direction and profitability of the agency which is licensed to provide title in sixteen states and staffed with 60 title professionals. Brian has supervised commercial and residential closings ranging in value from \$500,000 to \$20,000,000. Previously Brian served as the Chief Legal

Officer for Orlans P.C., the largest women owned multi-jurisdictional law firm in the country comprised of over 50 attorneys licensed in ten jurisdictions. Mr. Henry has over 40 years' experience in real estate law, title and related litigation. Mr. Henry is a past Chair of the Real Property Law Section of the State Bar of Michigan and its CLE Committee. He has served as the Chairman of the Birmingham Bloomfield Chamber of Commerce, as a member of the Zoning Board of Appeals for Bloomfield Township and as the President of Leadership Oakland. He currently serves on the Michigan Electronic Recording Commission and on the Michigan Land Title Standards Committee.

KEVIN JAPPAYA – KJ Commercial

Kevin Jappaya is a seasoned real estate professional with 20 years of experience helping clients achieve their real estate goals. Known for his exceptional work ethic and professionalism, Kevin combines deep industry knowledge with a results-driven approach.

His entrepreneurial vision led him to establish KJ Commercial, a full-service brokerage built to be inventive, strategic, and adaptive in an ever-changing real estate market. Through KJ Commercial, Kevin delivers superior service and innovative solutions tailored to each client's unique needs.

Kevin has cultivated long-standing relationships with lenders, court-appointed receivers, developers, REITs, and investors. Over his career, he has successfully brokered the sale of numerous commercial properties across all sectors, including retail, office, medical, industrial, hospitality, and vacant land, handling both investment and owner-user transactions.

Combining exceptional communication skills with deep expertise in finance, banking, and strategic planning, Kevin navigates complex transactions with precision and confidence, consistently delivering outstanding results for his clients.

THOMAS LITZLER- Schostak Brothers & Company, Inc.

Thomas joined Schostak Brothers as their Executive Vice President and Chief Operating Officer on September 26, 2017.

Previously, Tom was the President, Midwest, for Brixmor Property Group, Inc., based in Northbrook, Illinois. In this capacity he operated 118 shopping centers with a total of 21M square feet. He oversaw leasing, construction, legal, acquisitions, redevelopment and regional operations for the Midwest. He was instrumental in supporting efforts to take Brixmor Property Group public in 2011.

Prior to this, he was Executive Vice President of Development, Redevelopment, and New Business Operations at Ramco Gershenson, Inc. as well as Senior Vice President of New Plan, a predecessor to Brixmor, and Vice President of Development for Farmer Jack.

Tom combines institutional experience with frontline expertise. He has also operated his own development and brokerage operations. He has a Bachelor of Arts Degree from the College of Wooster; Master's in Business Administration from the University of Michigan; and Graduate Certificate in Healthcare Administration from Eastern Michigan University. He is also active with ICSC.

JASON LONG – Williams, Williams, Rattner & Plunkett, P.C.

Jason C. Long is an attorney with Williams Williams Rattner & Plunkett, P.C., in Birmingham. He currently serves as Chair of the Real Property Law Section of the State Bar of Michigan. Mr. Long practices in the areas of eminent domain, condemnation, property tax, and other real estate and appellate litigation. He has represented both governmental agencies and property owners in eminent domain and condemnation actions involving property types ranging from single-family homes to complex manufacturing facilities and has done so in trial courts throughout Michigan as well as Michigan's appellate courts. Mr. Long is a summa cum laude graduate of the University of Detroit Mercy School of Law and Oakland University and studied real estate development at the University of Michigan Ross School of Business. After law school, Mr. Long served as a judicial clerk to the Hon. Michael F. Cavanagh at the Michigan Supreme Court before serving as an assistant prosecutor and then entering private practice.

ANDREW LUCKOFF – Landmark CRES

Andrew has been in the Shopping Center business for almost 10 years. At Landmark, he specializes in Tenant Representation, with notable clients including Burlington, Raising Cane's, Shoe Show Inc., 7-Brew Coffee, and Stretch Zone, among others. His diverse range of active requirements has him working throughout the entire State of Michigan. Prior to being at Landmark, Andrew was with Lormax Stern Development Company, a retail Developer with over 20 shopping centers throughout Michigan, Florida, Illinois, and Kansas. In his 7-year tenure with Lormax, Andrew was fully responsible for leasing their portfolio and worked directly with a vast array of expanding national chains. Andrew is a licensed Real Estate Salesperson in Michigan and is the local President of the International Council of Shopping Centers Next Generation Committee.

GREG NEWMAN – Keystone Commercial Real Estate

Greg Newman is a Principal and Co-Founder of Keystone Commercial Real Estate, where he leverages nearly three decades of expertise to drive client growth across Michigan. Specializing in tenant representation, Greg is a trusted advisor for retail site acquisitions, regional shopping center leasing, and the pre-leasing of new construction projects. A Western Michigan University alumnus, Greg has been a licensed professional since 1998, honing his craft at Schostak Brothers & Company, Insite Commercial Group, and The Beale Group before founding Keystone. Beyond his local impact, Greg holds key leadership roles within the industry. He serves as the Secretary on the National Board for the Site Source Broker Network and is an active member

of the ICSC Michigan State Board. Outside the office, Greg is an avid outdoorsman and traveler who enjoys hockey, fitness, and spending quality time with his wife and two sons.

JEROME P. PESICK – Williams, Williams, Rattner & Plunkett, P.C.

Jerome P. Pesick is a shareholder of Williams, Williams, Rattner & Plunkett, P.C. in Birmingham, Michigan. His practice areas include eminent domain, condemnation, land use, and property taxation. During his over 40 years in practice, Mr. Pesick has successfully tried and settled hundreds of condemnation cases throughout the State of Michigan. He has also regularly represented clients in major property tax appeal cases involving all types of business properties throughout Michigan.

Mr. Pesick has been selected by his peers to be included in the 2007 through 2023 editions of “The Best Lawyers in America” in the specialties of eminent domain and condemnation law. He was also selected by Best Lawyers as the Eminent Domain and Condemnation Lawyer of the Year in 2011 and 2014 for the Detroit area, “2016, 2018, 2019, 2020 and 2024” for the Troy area, and most recently the 2022 and 2024 Real Estate Lawyer of the Year for the Troy area. Michigan Super Lawyers” has recognized Mr. Pesick as one of the top attorneys in Michigan from 2006 through 2024, and six times has included him in the “Top 100 Michigan Lawyers.”

Mr. Pesick’s memberships include: State Bar of Michigan, where he is a Member of the Sections on Litigation and Real Property Law. He is a past Chair of the Real Property Law Section, served as Chair of the Real Property Law Section’s Eminent Domain Committee for seven consecutive years; and is currently a member of the Section’s Land Title Standards Committee. Mr. Pesick was the 2022 recipient of the Real Property Law Section’s C. Robert Wartell Distinguished Service Award in recognition of his service to the Section for over 30 years. American Bar Association, where he is a Member of the Section on Litigation; and Committee on Real Estate, Condemnation and Trust Litigation; the Oakland County Bar Association; and American College of Real Estate Lawyers – Fellow, Class of 2024. Mr. Pesick is also the author of several articles on eminent domain, and is a frequent speaker, instructor, and lecturer at state and national eminent domain conferences.

RODNEY PLOUCHA – Honigman LLP

Rodney is a partner in Honigman LLP’s Real Estate Department, focusing on sophisticated commercial real estate transactions. With more than a decade of experience advising owners, developers, lenders, and family offices, Rodney handles dispositions, financing, development matters, leasing, and complex deal structuring across multifamily, office, industrial, and retail sectors.

Rodney has worked closely with the state’s leading real estate partners on projects throughout the country, bringing a business mindset shaped by his earlier work as a consultant with IBM. His combination of legal and business experience enables him to anticipate issues, streamline negotiations, and guide clients through every stage of the transaction lifecycle.

RICHARD (“RICK”) RATTNER - Williams, Williams, Rattner & Plunkett, P.C.

Throughout his career, Richard Rattner has used his expertise in property acquisitions, land use development, sale and loan transactions, and zoning to help construct some of the most highly visible commercial and retail developments in Southeastern Michigan. Rick is the co-founder of the State Bar of Michigan’s Real Property Law Academy, which educates up-and-coming attorneys on the fundamentals of real estate transactions. He is also an adjunct professor of law at Wayne State University Law School teaching a course entitled “Development of a Commercial Real Estate Project”. A proud Wolverine, Rick is a past chairman of the University of Michigan’s Alumni Association and a former member of the school’s Advisory Board for Intercollegiate Athletics.

As generous to the legal profession and the community as he is devoted to his clients, Rick has been repeatedly recognized by his peers for his accomplishments and achievements. Besides his perennial selection to the lists of Michigan Super Lawyers and Best Lawyers in America®, he regularly appears among DBusiness’s “Top Lawyers in Metro Detroit.” Among the highest honors he has received, the American College of Real Estate Lawyers (“ACREL”) inducted Rick as a fellow in 2017.

JOSH SCHOSTAK – Schostak Brothers & Company, Inc.

Josh Schostak, Manager of Operations, currently works on acquisitions and leasing for our retail and Walmart shadow anchor center (SAC) portfolio. In the SAC portfolio, he sources and underwrites acquisitions along with negotiating renewals and new leases at SAC shopping centers. Prior to joining Schostak Brothers & Company, Inc., Josh spent five years working at Compass, which is a publicly traded and technology backed residential real estate brokerage where he led marketing efforts for real estate agents. Additionally, he led the creation and implementation of a joint venture mortgage business at Compass called OriginPoint. When Josh is not working, he enjoys spending time with his family, exercising, watching Michigan football, and cooking homemade pizzas.

JORDAN SEGAL – Maddin Hauser

Shareholder, brings an entrepreneurial spirit, pragmatic approach, and a natural dealmaking proclivity to his work helping companies and individuals achieve their business and real estate objectives. A true counselor and partner for his clients, Jordan understands that every decision matters, every transaction is consequential, and every question or concern deserves a thoughtful, practical, and timely response. Whether structuring a new venture, advising on day-to-day issues, navigating a complex acquisition, or finding creative solutions in a deal that others said couldn’t be done, Jordan acts as a force multiplier for business and real estate clients who trust his sound, actionable guidance and reap the benefits of his demonstrable commitment to their success.

A transactional attorney focused on mergers and acquisitions, commercial real estate, and entity formation and governance, Jordan recognizes that strategic deals and business moves do not happen in a vacuum. That is why he adopts a holistic perspective that considers both immediate concerns as well as long-term impacts on operations, valuation, and scalability.

Jordan meets his clients where they are, giving them accessible and understandable information and insights that they need to make informed decisions while sparing them from gratuitous legalese. Jordan tailors his counsel to his clients, whether they are entrepreneurs starting their first venture, family-owned businesses planning generational transitions, or private equity funds building portfolios. Whatever the client's specific circumstances, Jordan's objective is the same: to be the trusted advisor who does whatever it takes to clear roadblocks and get deals done.

Consistently sought out for complex, novel matters that require solutions that are at once creative and workable, Jordan always remains mindful of his clients' bottom line, knowing that the value of his representation is measured not just in the consistent results he delivers but also in the efficiency and agility with which he does so. He can leverage his experience across a broad spectrum of industries as well as in-house perspectives to help clients succeed at every stage of the business lifecycle, from initial formation and financing that enables an entrepreneurial dream to take flight to business succession planning and exit strategies that allow his clients to enjoy the fruits of their labor while ensuring the continuity of their business and securing their legacy.

Often serving in an "outside in-house counsel" role, Jordan has worked on nearly every legal issue that intersects with the daily and long-term concerns of business owners, including mergers and acquisitions; employment; data privacy and security; corporate structuring, governance, maintenance, and financing; real estate, land use, and development matters; supply chain and logistics contracting; regulatory compliance and government investigations; and any other matter that might affect the business.

In short, Jordan helps businesses form, scale, grow, and, of course, make money.

An avid legal writer and speaker, Jordan has been published frequently throughout his career in academic and business

journals, including Michigan Business Law Journal, Compliance Today, and Cooley Law Review. His articles and presentations include vital business legal insights on corporate data security, nondisclosure agreements, nonprofits, and cannabis law.

SCOTT SONENBERG – Landmark CRES

Scott Sonenberg is graduate of Western Michigan University, with a Bachelor of Arts degree in Business Management. Scott started his career working with A.F. Jonna Development where he gained valuable experience in new development identification, entitlements, shopping center leasing, and site selection for numerous national, regional, and local retailers. Scott is a specialist in helping publicly traded and national retailers in identifying trade areas for site selection, ground-up sites, assemblages, and completing new developments from start to

finish. His positive energy and keen eye for deals, combined with a flair for multi-tasking, has helped Scott complete a large volume of transactions on an annual basis. At Landmark, Scott has built on his early success working on, shopping center leasing, retail tenant representation, land acquisitions and investment sales.

ADAM STEUER – Versa Real Estate

Adam Steuer is the Director of Asset Management at Versa Real Estate, where he oversees the strategic performance and development of a diverse portfolio of medical office, retail, and mixed-use assets throughout Metro Detroit. With over 12 years of experience in the industry, Adam specializes in value-add transformations, notably leading the full-scale repositioning of a 150,000 SF office asset into a stabilized premier Medical Office Building.

Prior to joining Versa, Adam honed his institutional expertise at REDICO and Schostak Brothers & Company. He is a recognized leader in the regional real estate community, serving as a ULI Larson Center Leadership Fellow and an active member of the ICSC Next Gen Board Committee. Adam holds a degree from the University of Michigan and is a licensed real estate professional in the State of Michigan.

EMILY SULLIVAN – Couzens Lansky

Emily M. Sullivan is an attorney at Couzens Lansky in Farmington Hills, Michigan, where she focuses on commercial real estate and corporate transactions. Emily earned bachelor's degrees in political science and criminal justice from Saginaw Valley State University and graduated cum laude from Wayne State University Law School. She is a member of the Real Property, Business, and Animal Law Sections of the Michigan State Bar, as well as Attorneys for Animals. Emily co-authored the Michigan State Bar Journal Article Ladybird Deeds: Key Features and Uses and is co-editor of ICLE's Michigan Lease Drafting and Landlord-Tenant Law. Emily serves on the Education Committees of the Michigan Land Title Association and the Commercial Board of Realtors. She has been recognized by Michigan Super Lawyers and Crain's Detroit Business as a Rising Star and included among the Best Women Lawyers by HOUR Detroit.



Hotel Keys and Capital:

Key items to know in Hospitality Real Estate & Financing



Kevin Jappaya, CCIM
kjappaya@kjcre.com
248-851-8900

Justin Goodenow
jgoodenow@hrec.com
248-345-7674

Thursday April 23, 2026
Vibe Credit Union Showplace
Novi, MI



HOSPITALITY TERMINOLOGY

NEED TO KNOW

AVERAGE DAILY RATE (ADR)

The average paid for rooms sold in a given time period. This only takes into account revenue generating rooms.

*Example: 80 of a 100 room hotel sell that night. Total Revenue was \$10,000.
\$10,000/80 revenue rooms = \$125 ADR*

OCCUPANCY (OCC)

Percentage of rooms occupied in a property for a given time period.

Example: 80 Rooms of 100 sell one night = 80% OCC

REVENUE PER AVAILABLE ROOM (RevPAR)

Revenue Generated per available room, whether or not they are occupied.

RevPAR = Rooms Revenue/Rooms Available

RevPAR = ADR X OCC%

Example: \$125 ADR X 80% = RevPAR of \$100.00

PROPERTY IMPROVEMENT PLAN (PIP)

Action Plan designed to bring a hotel property into compliance with the latest brand standards.

SITE SELECTION

- The first objective is to determine the demand generators in the market.
- This differs for business or leisure hotels.



Items to Consider

LEISURE PROPERTIES

- Proximity to attractions (Natural and Man Made)
- Proximity to amenities (restaurants, retail, other services)
- Ease of access
- Other demand generators

BUSINESS PROPERTIES

- Proximity to convention centers & airports
- Proximity to amenities (restaurants, retail, other services)
- Ease of access/parking
- Proximity to room night demand generators

STR REPORT - COMP SET

- Each Hotel creates its own Comp Set
- This helps the hotel understand how they compare to their competitors
- Having the correct comp set is very important

NAME	STATE	ROOMS	OPEN DATE
Courtyard	MI	84	199701
Wyndham Garden Hotel	MI	126	198807
Holiday Inn	MI	148	200304
SpringHill Suites	MI	109	200607
Hampton by Hilton Inn & Suites	MI	98	200703

2020					2021										2022								
Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul
●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
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Data received:

○ = Monthly Only

● = Monthly & Daily

STR REPORT EXAMPLE

July 2022

	Occupancy (%)			ADR			RevPAR		
	My Prop	Comp Set	Index (MPI)	My Prop	Comp Set	Index (ARI)	My Prop	Comp Set	Index (RGI)
Current Month	62.3	65.3	95.4	147.81	118.56	124.7	92.01	77.39	118.9
Year To Date	58.7	56.1	104.7	130.18	102.08	127.5	76.39	57.22	133.5
Running 3 Month	64.1	62.7	102.1	141.99	111.95	126.8	90.99	70.24	129.5
Running 12 Month	57.1	55.0	103.7	128.69	97.95	131.4	73.47	53.92	136.2

100% =
Your Fair Share
-
This hotel is
outperforming
the Comp Set

July 2022 vs. 2021 Percent Change (%)

	Occupancy			ADR			RevPAR		
	My Prop	Comp Set	Index (MPI)	My Prop	Comp Set	Index (ARI)	My Prop	Comp Set	Index (RGI)
Current Month	3.0	-3.7	6.9	21.3	34.6	-9.9	24.9	29.7	-3.7
Year To Date	27.4	19.1	7.0	21.0	32.6	-8.7	54.2	57.8	-2.3
Running 3 Month	9.0	7.7	1.2	20.3	33.4	-9.9	31.1	43.7	-8.8
Running 12 Month	47.2	27.8	15.2	22.6	30.3	-5.9	80.5	66.5	8.4

STR REPORT EXAMPLE

August 14, 2022 - August 20, 2022

		Sunday		Monday		Tuesday		Wednesday		Thursday		Friday		Saturday		Total	
		% Chg		% Chg		% Chg		% Chg		% Chg		% Chg		% Chg		% Chg	
Occupancy	My Property	57.1%	77.8	58.3%	22.5	84.5%	82.1	69.0%	16.0	72.6%	8.9	66.7%	-23.3	57.1%	-39.2	66.5%	7.4
	Comp Set	40.3%	-16.3	55.1%	-2.2	73.6%	37.5	72.1%	24.9	70.1%	31.6	75.3%	-9.1	84.0%	-5.9	67.2%	6.7
	Index (MPI)	141.7	112.3	105.9	25.3	114.8	32.4	95.7	-7.1	103.6	-17.2	88.6	-15.6	68.0	-35.4	98.9	0.7
ADR	My Property	124.90	-6.2	143.14	4.1	166.27	18.1	157.48	16.8	151.39	18.3	138.29	-2.7	136.98	-8.5	147.06	5.6
	Comp Set	85.91	-6.0	99.89	5.3	111.08	4.2	113.71	11.8	106.55	8.7	113.72	0.8	117.95	-2.8	108.99	2.9
	Index (ARI)	145.4	-0.3	143.3	-1.2	149.7	13.3	138.5	4.5	142.1	8.8	121.6	-3.5	116.1	-5.8	134.9	2.6
RevPAR	My Property	71.37	66.7	83.50	27.5	140.54	115.0	108.74	35.4	109.94	28.9	92.19	-25.4	78.27	-44.4	97.79	13.4
	Comp Set	34.65	-21.3	55.03	3.0	81.75	43.3	82.03	39.6	74.65	43.1	85.59	-8.4	99.07	-8.6	73.25	9.8
	Index (RGI)	206.0	111.7	151.7	23.8	171.9	50.0	132.6	-3.0	147.3	-9.9	107.7	-18.5	79.0	-39.2	133.5	3.3

Running 28 Days (by Day of Week)

		Sunday		Monday		Tuesday		Wednesday		Thursday		Friday		Saturday		Total	
		% Chg		% Chg		% Chg		% Chg		% Chg		% Chg		% Chg		% Chg	
Occupancy	My Property	46.4%	28.9	71.1%	18.9	78.6%	28.8	69.0%	1.8	61.0%	-13.1	60.7%	-15.0	62.5%	-15.7	64.2%	2.0
	Comp Set	46.9%	-12.3	61.6%	7.3	65.6%	16.9	68.7%	8.1	65.6%	8.0	72.7%	-4.6	80.4%	2.1	65.9%	3.4
	Index (MPI)	98.9	47.0	115.5	10.8	119.8	10.2	100.5	-5.8	93.0	-19.5	83.5	-10.9	77.8	-17.4	97.4	-1.3
ADR	My Property	137.08	16.2	149.43	13.9	158.34	17.1	154.12	17.2	148.72	25.6	136.75	8.5	137.81	2.8	147.00	14.6
	Comp Set	91.87	6.8	103.37	8.0	107.52	6.7	111.83	10.0	102.81	8.1	113.88	12.4	115.52	5.9	107.74	8.5
	Index (ARI)	149.2	8.7	144.6	5.4	147.3	9.7	137.8	6.6	144.7	16.2	120.1	-3.5	119.3	-3.0	136.4	5.5
RevPAR	My Property	63.64	49.8	106.29	35.4	124.41	50.8	106.41	19.3	90.74	9.1	83.02	-7.8	86.13	-13.3	94.38	16.9
	Comp Set	43.12	-6.3	63.66	16.0	70.53	24.7	76.84	18.9	67.43	16.7	82.80	7.3	92.82	8.2	71.03	12.3
	Index (RGI)	147.6	59.9	167.0	16.8	176.4	20.9	138.5	0.4	134.6	-6.5	100.3	-14.0	92.8	-19.9	132.9	4.1

Valuation Methods

Many factors must be taken into consideration when evaluating hotels. Such as:

- Brand Licensing Term
- Brand/Parent Company
- PIP
- Location
- Barriers to entry
- Construction Costs

GROSS ROOM REVENUE MULTIPLIER

Gross Room Revenue Multiplied by a Factor. Typical range for hotels is 3.5 - 4.5

Example: Room Revenue = \$3,000,000 X 4(Factor) = an \$12,000,000 valuation

INCOME CAPITALIZATION APPROACH

Value = Net Operating Income (NOI) / Capitalization Rate.

Example: \$1,200,000 NOI / 10% Cap = \$12,000,000 valuation

COST PER KEY

Many buyers will look at the cost per key in relationship to the cost for new construction for that brand/hotel.

Example: \$12,000,000 / 100 Room Hotel = \$120,000 per key

SALES COMP APPROACH

Review of other similar assets being sold. Need to take into account of the age and condition, location, brand, etc.

Dashboard of Brands by Segment

											Other Brands	
Hotel Category ¹	Sub-Category ²											
Luxury	Ultra-Luxury	Banyan Tree Faena Raffles Orient Express			Waldorf Astoria	Park Hyatt	Six Senses	St. Regis Bulgari			Luxury	
	Traditional Modern	Fairmont Sofitel			Signia Conrad	Grand Hyatt Andaz Thompson	InterContinental Regent	JW Marriott Ritz-Carlton W Hotels				
	Lifestyle	21c Delano Mondrian SLS Sofitel Legend			NoMad	Alila Atona		EDITION Ritz-Carlton Reserve				
	Soft-Brand	Emblems Mantis Collection	WorldHotels Luxury Collection		LXR Small Luxury Hotels of the World	Destination Hotels Unbound Collection	Vignette Collection JOIA	Luxury Collection		Registry Collection		
	Spa / Wellness	The Purist				Miraval						
Upper Upscale	Traditional Business Modern	Anqsana Pullman Sebel Swissôtel		Radisson Blu	Hilton Embassy Suites	Hyatt Hyatt Regency	HUALUXE	Marriott Sheraton	Royal Sonesta	Wyndham Grand	Ultra Luxury	Aman Auberge Baccarat Belmond Capella Cheval Blanc Dorchester Collection Firmdale Hotels Four Seasons La Reserve Mandarin Oriental Maybourne Montage Oberoi Oetker Collection One&Only Peninsula Red Carnation Rocco Forte Rosewood Salamander The House Collective (Swire) Virgin Limited Edition
	Lifestyle	Garrya Hyde SO/ The Hoxton		Radisson RED	Canopy Graduate	Dream Bunkhouse Hyatt Centric The Standard	Hotel Indigo Kimpton	Renaissance Westin	The James Hotels			
	Soft-Brand	MGallery Morgans Originals	WorldHotels Crafted Collection WorldHotels Elite Collection	Radisson Collection	Curio Collection Tapestry Collection	JdV	Iberostar Selection	Autograph Collection Design Hotels Tribute Portfolio	Classico	Dolce		
	Extended Stay Resort and Convention	Adagio Premium Peppers										
	Traditional	Grand Mercure	Best Western Premier	Radisson	DoubleTree		Crowne Plaza	Gaylord Marriott Marquis Delta	Sonesta Hotel	Wyndham		
Upscale	Business Modern	Mövenpick Novotel		Cambria	Hilton Garden Inn	Hyatt Place		Courtyard Four Points	Sonesta Select		Entry-Level Luxury	1 Hotel AKA Aparium Baglioni Chedi COMO Corinthia Doyle Collection EAST Equinox Gran Meliá Jumeirah Kempinski Langham Loews Lotte Hotels & Resorts ME by Meliá Mokara Mr. C Nobu Patina Pendry Proper RockResorts Shangri-La SIXTY Hotels Taj Group The Ned Trump Viceroy Virgin Hotels
	Lifestyle	25hours Hotel Mantra	Aiden Sadie Vib	Park Plaza	Tempo			AC Hotels Aloft				
	Soft-Brand	Art Series	BW Premier Collection WorldHotels Distinctive Collection	Ascend Collection Clarion Collection Radisson Individuals					MOD			
	Suites							SpringHill Suites Element Residence Inn				
	Extended Stay	Novotel Suites			Homewood Suites	Hyatt House	Staybridge Suites			WaterWalk		
Upper Midscale	Traditional Business Modern	Mercure	Best Western Plus	Clarion Comfort Inn Country Inn & Suites Quality Inn	Hampton Inn		Holiday Inn	Fairfield Inn Protea Hotels	Red Lion Hotels Sonesta Essential	La Quinta Vienna House Wyndham Garden	Lifestyle & Other Mid-Sized Brands	
	Lifestyle	Mama Shelter	GLö	Clarion Pointe Park Inn				Four Points Express Moxy				
	Soft-Brand	Handwritten Collection	BW Signature Collection									
	Suites	Cassia		Comfort Suites						Trademark Collection		
	Extended Stay	Adagio	Executive Residency		Home2 Suites	Hyatt Studios	Atwell Suites	TownePlace Suites	Sonesta ES Suites			
Midscale	Traditional	Folio ibis	Best Western	Sleep Inn	Spark		avid Garner	City Express	Red Lion Inn & Suites Canadas Best Value Inn	AmericInn Baymont Ramada Wingate	Upper Upscale	Ace Club Med Hard Rock Life House Limelight LINE Magnolia Margaritaville NH Collection Omni Pan Pacific Provenance RIU Palace Valencia Hotel Group
	Lifestyle	BreakFree Dhawa Greet Homm ibis Styles Neqta Tribe			Tru				Signature Inn			
	Soft-Brand											
Economy	Extended Stay	Adagio Access	@Home	Everhome Suites MainStay Suites	LivSmart Studios		Candlewood Suites	StudioRes	Sonesta Simply Suites	Hawthorn Suites	Upscale	Ayres citizenM Drury Hotels Eaton Eurostars Freehand Generator Iberostar Melia Millennium Palihotel Pestana Riu Plaza Treehouse Yotel
	Traditional	hotelF1 ibis budget	SureStay SureStay Plus	Econo Lodge Rodeway Inn					America's Best Value Inn Knights Inn	Days Inn Howard Johnson Microtel Inn & Suites Super 8 Travelodge		
	Soft-Brand		SureStay Collection									
Other	Extended Stay		SureStay Studio	Suburban Studios WoodSpring Suites						ECHO Suites		
	Timeshare	Accor Vacation Club			Hilton Grand Vacations	Hyatt Residence Club	Holiday Inn Club Vacations	Marriott Vacation Club		Club Wyndham Margaritaville Vacation Club		
	Alternative Accommodations	JO&JOE onefinestay			Autocamp			Apartments by Marriott Bonvoy Homes & Villas by Marriott Bonvoy Marriott Executive Apartments Postcard Cabins Sonder Trailborn	Sonesta Cruise Collection Nile River	cottages.com Vacasa Worldmark		
	All-Inclusive	Rixos			Hilton All-Inclusive Resorts	Alua Bahia Principe Breathless Dreams Hyatt Vivid Hyatt Zilara Hyatt Ziva Impressions Secrets Sunscape Zoetry	Iberostar Waves	All-Inclusive by Marriott International		Viva Wyndham Wyndham Altra		

Sources: ¹STR, ²hotelAVE

Hotel Lender Types and Status

1/2

Basic Hotel Lender Types

Key determinants:

Floating rate (transitional "value add", 2-5 yrs) vs Fixed rate (stabilized NOI, 5-10 yrs)

Recourse (lender can go after you personally) vs Non-recourse (only get the keys)

1/2026 Summary: Banks are back. CMBS is working. Debt Fund Market is growing.

Lending market is healthy, but underwriting standards are high. No dumb money.

Banks (National / Regional / Local - over 6,000 banks in the US) - FIXED RATE

2026 Update - banks are now very active (but not all write hotel loans)

Recourse? Typically yes. Partial or non-recourse possible w/ low (<50%) leverage.

#1 underwriting factor: Strength of Sponsor

#2 underwriting factor: Asset Quality

Fixed or floating? Floating, or fixed 3-7 yrs. 5-5 with rate re-sets is popular

Loan sizing: 1.35x dscr on 25 year amort.

Primary Appetite: Maintaining big boy clients w/ large deposits or locals.

Sell the paper? Typically no. Loan sits on their books, slowly generating a return.

Advantages? In-house loan servicing. Got a problem? - call your banker.

CMBS (Mega Banks, Investment Banks, Specialty Shops) - FIXED RATE

2026 Update - CMBS will fund T-12 cashflow over 12% DY. 5-year fixed IO most popular

Recourse? Non. Recourse means nothing - cash flows mean everything.

#1 underwriting factor: historical cash flows

#2 underwriting factor: asset and sponsor pass the "smell test".

Fixed Rate. Typically 5-yr fixed, 10-year will eventually come back in vogue.

Sell the paper? Always. If they can't sell it next month, they probably won't fund.

Appetite? - Voracious but hamstrung by T-12 underwriting requirements.

Advantages? Non-recourse, Full Term IO is common, quick close (30-60 days).

Disadvantages? Defeasance. Poor servicing. Subject to market risk during closing.

Trend? Growing as banks pulled back. Won't stop unless "buyer strike" in bonds.

Hotel Lender Types and Status

2/2

Basic Hotel Lender Types

Life Cos - 60% LTV, 25 yr amort, non-recourse, selective - FIXED RATE

Trend: Life Cos pulling back on office & multifamily - more are lending on hotel.

Similar to CMBS (non-recourse fixed rate) but lower leverage & more flexible on terms

Better servicing than CMBS - borrowers much prefer Life Co to CMBS

Debt Funds (PE, Pension Funds, Life Co, Hedge Funds) - FLOATING RATE

2026 Update - Rates down from 10% in 2022/23 to ~7-8.5% thanks to Fed Cuts

Recourse: Typically no, however, full or partial recourse may reduce structure

#1 underwriting factor: property cash flow upside generated by business plan

#2 underwriting factor: Sponsor Experience / strong submarket / strong flag

Loan sizing: 7ish% DY going-in or lower w/ interest reserve. +12.5% DY on Yr 2-3 Proforma

Sell the paper? Likely levered at closing w/ warehouse line. CDO and/or B-note execution.

Trend - more debt funds are being rolled out. New hotel-focused debt funds emerging.

Private/Hard Money (Institutional and HNW investors) FLOATING RATE

Top underwriting factors - cash in the deal, sound business plan. They u/w proforma.

Terms - +10-13% and up, 1-3 points all-in, 1-2 years

Recourse - varies. More are requiring recourse these days.

CBOE 10 YR TREASURY NOTE YIELD · 1M · TVC ≈ O4.16 H4.20 L4.12 C4.14 -0.03 (-0.60%)

4.137
BUY

10-Year Treasury Chart



Current Rates – HREC Monitor

Date Updated	1/7/26	
1-Month Term SOFR	3.67%	https://www.chathamfinancial.com/technology/us-market-rates
5-Year Treasury	3.70%	https://www.tradingview.com/chart/cJgdfiT5/ - Input: US05Y
10-year Treasury	4.14%	https://www.tradingview.com/chart/cJgdfiT5/ - Input: TNX
Prime Rate	6.75%	https://www.chathamfinancial.com/technology/us-market-rates

	Rate Changes	
	2/27/20	1/7/20
	25	26
SOFR	4.31%	-0.64%
5T	4.12%	-0.42%
10T	4.30%	-0.16%
Prime	7.50%	-0.75%

Lender Type	Term (Years)	Min T-12 Debt Yield	Min Year 2 Debt Yield	Max LTV	Midpoint Spread	Index	Midpoint Rate	Amort
CMBS - Full Leverage	5	12.5%	NA	65%-70%	3.00%	3.70%	6.70%	30 yr or IO
CMBS – Moderate	5	14.0%	NA	60%	2.50%	3.70%	6.20%	Full Term IO
CMBS - Full Leverage	10	12.0%	NA	65%-70%	2.40%	4.14%	6.54%	30 yr w/ IO
CMBS – Moderate	10	13.5%	NA	62.5%	2.20%	4.14%	6.34%	Full Term IO
Life Company	5, 7, 10, 15	13.5%	NA	55-60%	2.75%	3.70%	6.45%	25 yr
Bank – Recourse	3, 5, 7, 10	1.35x dscr	1.35x dscr	50-65%	2.50%	3.70%	6.20%	25 yr
Bridge - Light Lift	2+1+1+1	10.0%	12.5%	65-70%	3.50%	3.67%	7.17%	IO
Bridge - Heavy Lift / Recap	2+1+1+1	Varies	12.5%	65-70%	6.00%	3.67%	9.67%	IO
Non-Bank Construction	3+1+1	NA	12.5%	65-70%	5.50%	3.67%	9.17%	IO
Private Money	2+1	0.0%	12.5%	65-70%	7.25%	3.67%	10.92%	IO
SBA 504 (1st & SBA blend)	10,20,25	NA	1.30x dscr	80-85%	2.35%	3.70%	6.05%	25 yr
Bank - SBA 7a	25	1.00x dscr	NA	83%	1.00%	6.75%	7.75%	25 yr
Pace Lending	20-25	0.0%	1.30 DSCR	30%	3.25%	4.14%	7.39%	25 yr
USDA Lending	25-30		1.25 DSCR	80%	1.50%	6.75%	8.25%	25/30
The above indications are estimates based upon recent quotes and lender feedback - actual rates will vary.								
For example, large transactions and A+ locations may price with lower Debt Yield hurdles and thinner spreads.								
For deal-specific guidance, contact Greg Porter gporter@hrec.com, 949-500-7314 or Justin Goodenow, 248-345-7674								

Midpoint Rate	Delta
7.37%	-0.67%
7.12%	-0.92%
7.00%	-0.46%
6.80%	-0.46%
6.87%	-0.42%
6.62%	-0.42%
8.31%	-1.14%
9.81%	-0.14%
10.81%	-1.64%
11.56%	-0.64%
7.12%	-1.07%
9.00%	-1.25%
7.55%	-0.16%
8.50%	-0.25%

Hotel Lending Example

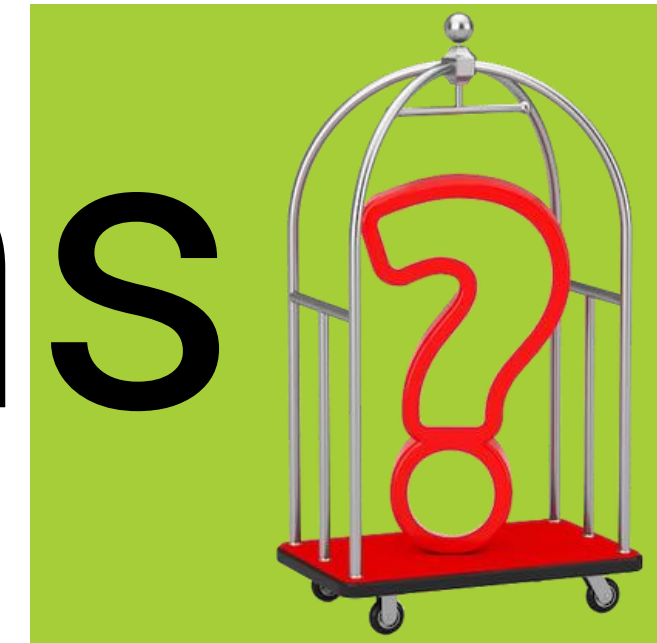
Typical Bank Financing

Investor Returns Analysis							
Five-Year Hold Period - Fixed Rate Financing							
Uses and Sources of Funds							
Purchase Price	\$8,600,000	91.2%		First Mortgage	\$6,129,500	65.0%	
PIP	\$600,000	6.4%		Equity	\$3,300,500	35.0%	
Closing Costs(1)	\$230,000	2.4%					
Total Use of Funds	\$9,430,000	100.0%		Total Source of Funds	\$9,430,000	100%	
Number of Guestrooms	121						
Total Cost per Guestroom	\$77,934						
Total Loan per Guestroom	\$50,657						
First Mortgage							
Mortgage Amount	\$6,129,500			Monthly Payment	\$41,387		
Interest Rate	6.50%			Annual Payment	\$496,642		
Amortization Period (years)	25						
Interest Only	N						
Yearly Cash Flow Summary	Actual		Projected				
	YE 2024	June 2025 TTM	Year 1	Year 2	Year 3	Year 4	Year 5
	\$908,025	\$811,351	\$835,692	\$860,763	\$886,586	\$913,183	\$940,579
Net Operating Income			\$496,642	\$496,642	\$496,642	\$496,642	\$496,642
Debt Service							
Cash Flow After Debt Service			\$339,050	\$364,121	\$389,944	\$416,541	\$443,937
Debt Service Coverage Ratio	1.83	1.63	1.68	1.73	1.79	1.84	1.89
Debt Yield	14.8%	13.2%	13.6%	14.0%	14.5%	14.9%	15.3%
<i>Note 1: Closing costs consist of third party reports, legal expenses, franchise application fees, lender and mortgage brokerage fees.</i>							
Source: HREC Investment Advisors							

Note 1: Closing costs consist of third party reports, legal expenses, franchise application fees, lender and mortgage brokerage fees.

Source: HREC Investment Advisors

Questions



*Thank
you!*

KEVIN JAPPAYA, CCIM
kjappaya@kjcre.com

kjcre.com | 248.851.8900 • 30201 Orchard Lake Road, Suite 100 | Farmington Hills, MI 48334

Retail Intelligence: AI, Economics, and Michigan's **Market Momentum**

Thursday, April 23, 2026
Suburban Collection Showplace
46100 Grand River Avenue ♦ Novi, MI ♦ 48374

Outline of 30 Minute Presentation:

1. Introduction to Franchise Leasing
 - a. Importance of understanding franchisor addendums for real estate professionals
2. The Role of Franchisor Addendums in Lease Agreements
 - a. What is a franchisor addendum?
 - b. Key clauses in franchisor addendums
 - c. Impact of franchisor addendums on lease negotiations
3. Strategies for Negotiating Franchise Addendums
 - a. Aligning landlord and franchisor interests
 - b. Negotiation techniques for controversial provisions
4. Addressing Controversial Lease Provisions and Challenges
 - a. Identifying common disputes in franchise leasing (conflict areas between franchisors, franchisees, and landlords)
 - b. Addressing the balance of fairness and protection of business interests when resolving conflicts
5. Closing remarks
 - a. Wrap up key insights for successful franchise leasing
 - b. Q & A Session

Retail Intelligence: AI, Economics, and Michigan's Market Momentum

No Good Deed Goes Undocumented: *An Interactive Guide to Commercial Real Estate Purchase Agreements*

Emily Sullivan

Couzens, Lansky, Fealk, Ellis, Roeder & Lazar, P.C.

April 23, 2026 | Novi, Michigan

NO GOOD DEED GOES UNDOCUMENTED:

An Interactive Guide to Commercial Real Estate Purchase Agreements

We will be playing a card game inspired by Cards Against Humanity and Apples to Apples, redesigned for commercial real estate professionals. Each round tests your ability to identify the funniest—or most painfully accurate—response to a common purchase agreement situation.

HOW TO PLAY



Step 1- DEAL. Each player is dealt 10 response cards to start.

Step 2 - PROMPT. The deal judge (rotating each round) reads the prompt card.

Step 3 - PLAY. Select the response card from your hand that best completes the prompt.

Step 4 - JUDGE. The deal judge reads all responses aloud and selects the winning response, in his or her sole discretion. The deal judge's determination is non-appealable.

Step 5 - DISCUSS. After the winner is selected, we will have a brief discussion connecting the winning answer to real-world practice.

Step 6 - SCORE. The winner keeps the prompt card as a point.

Step 7 - DRAW. Draw a card to replace the response card used in the round.

The person with the most points at the end wins the undying respect of their peers.

INTRODUCTION

A real estate purchase agreement is the foundation of any transaction; it possesses the power to ensure a seamless close or trigger a complete collapse. When drafted poorly, it can leave both you and your clients burdened by unforeseen liabilities. To protect your client and prevent a contractual catastrophe, evaluate these essential questions before any signatures are exchanged.

WHO DO YOU REPRESENT?

Brokers have been sued for failing to satisfy fiduciary duties, particularly when representing a purchaser. As an agent for the client, the broker owes the client fiduciary duties, including: (1) loyalty, (2) obedience, (3) disclosure, (4) confidentiality, (5) reasonable care and diligence, and (6) accounting.

How do these duties impact the advice or assistance an agent provides the principal in negotiating or preparing the purchase agreement? Do you use the same form of purchase agreement when you represent the purchaser vs. the seller? What steps do you take to assure that you are fulfilling your fiduciary duties?

AVOIDING UNEXPECTED ENVIRONMENTAL LIABILITY

Brokers risk liability for breach of fiduciary duty if they neglect to recommend legal counsel for drafting purchase agreements, especially regarding environmental concerns. A purchaser's broker may be liable for failing to advise on Phase I or II assessments, or on Baseline Environmental Assessments and Due Care Plans for contaminated "facilities". Similarly, a seller's broker could face liability for transmitting agreements that obligate the seller to cover all Phase II and remediation costs.

- ☐ Does the purchase agreement grant the purchaser the right to retain a competent environmental consultant to perform a Phase I Environmental Site Assessment and, if necessary, a Phase II Subsurface Investigation, Baseline Environmental Assessment, and documentation of due care compliance?
- ☐ Does the purchaser have the right to terminate the purchase agreement and receive a refund of the deposit if the purchaser is dissatisfied with the results of the environmental assessment in its sole and absolute discretion, or does the purchaser have to behave reasonably?

- ☐ Does the seller have a duty to reimburse the purchaser for expenses or compensate purchaser for its time and inconvenience if the purchaser's environmental assessment(s) conclude the property is contaminated?
- ☐ Who will perform required or desired remediation?
- ☐ Who pays (purchaser, seller, or share costs)?
- ☐ When will remediation take place (before or after closing)?
- ☐ To what standard (How clean is clean? day care where children eat dirt vs. industrial facility where asphalt paving covers contaminated area)
- ☐ What activities are required (options include do nothing, record restrictive covenant, create a barrier between contamination and exposure pathway and leave contaminants in place, install sub slab depressurization system to address indoor air quality issues or remove and dispose of contamination off site)?
- ☐ Is pollution insurance an option?

TITLE DEFECTS

A purchaser's broker can be liable for breach of fiduciary duty if the broker fails to advise the purchaser to read and understand all recorded easements, covenants, conditions and building and use restrictions set forth in Schedule B II of the title commitment before waiving the title contingency. In one case, after closing, the purchaser discovered that it could not use the property for its intended use as a restaurant serving alcohol because of a recorded use restriction from the Prohibition era. Similarly, a developer purchased two residential lots in an upmarket neighborhood with the intention of building three new homes on the lots. Even though the city permitted the developer to divide the lots into three new tax parcels, the properties were still subject to a "one house per lot" enforceable building restriction.

- ☐ Does the seller agree to deliver a warranty deed and convey good and marketable title to the property free and clear of all unwanted liens, claims, and encumbrances?
- ☐ Does the party signing on behalf of the seller have power and authority to bind the seller?
- ☐ Does the seller own fee title to the property?

- ☐ Does the purchaser have the right to approve (in its sole and absolute discretion?) the title insurance commitment and all recorded documents?
- ☐ What about endorsements to the title policy?
- ☐ Will all financial encumbrances (mortgages, tax liens, judgment liens, etc.) be satisfied at closing and discharged or terminated?
- ☐ Lookout for sleeper issues such as old building and/or use restrictions.

SHOULD YOUR CLIENT GET AN A.L.T.A SURVEY?

A client who purchases property without an A.L.T.A. survey may be in for an unpleasant surprise. For example, a client purchased property without obtaining a survey. As a result, the client did not realize the building violated setback requirements. This became a problem when the building burned to the ground and the purchaser could not rebuild in the same location since it had to comply with the new setback requirements.

- ☐ Does the purchaser have the right to obtain a quality A.L.T.A. survey including all desired Table A items and to terminate the purchase agreement if it is not satisfied with survey matters in its sole (or reasonable) discretion?
- ☐ Do the legal descriptions contained in the title insurance commitment, survey, and deed all match word for word?
- ☐ Does the survey identify existing encroachments and potential boundary line disputes?
- ☐ Does the survey show access to a public road or via a private easement connecting the property to a public road?
- ☐ Does the survey show the location of all buildings and improvements, identify recorded and observable utilities, easements, and rights of way, flag actual or potential setback violations or other violations of local zoning ordinances and private recorded restrictions, and include any necessary off-site easements (such as an access to a nearby public road)?
- ☐ Does the survey reveal whether or not the purchaser's planned future expansion or improvements will encroach upon an existing easement or violate existing zoning or setback requirements?

OTHER DUE DILIGENCE CONSIDERATIONS

The purchase agreement failed to permit the purchaser to obtain estoppel certificates from all tenants before closing. As a result, the anticipated rent roll and lease terms were different from reality.

- ☐ Does the purchase agreement grant the purchaser broad due diligence rights, including invasive testing?
- ☐ Consider "physical" due diligence. Inspect the property for structural defects, heating, cooling, electrical, plumbing, and mechanical problems, environmental matters, and anything else which may be of concern to the purchaser.
- ☐ The purchaser should retain specialists if appropriate to investigate the roof, electrical, and other particular concerns.
- ☐ Due diligence may include taking soil samples, confirming costs and availability of utilities and proposed construction or renovation, or access to a public street directly or by way of a title insured easement.
- ☐ If the property includes an apartment, strip mall, or other tenants, the purchaser should inspect leases, rent roll, and other financial records.
- ☐ The purchaser may obtain a certified rent roll from the seller and estoppel certificates from tenants confirming accuracy of rent roll and the status of each lease.
- ☐ Are there any potential tax benefits? Examples include federal and state historic tax credits (to the extent they are available), property tax abatements and other financial redevelopment credits; brownfield and recapture of property taxes under a TIF; entering into open-space easements or other agreement which restricts future land development rights, opportunity zone benefits, income tax deduction for entering into conservation easement, and tax savings associated with charitable land donations.
- ☐ Consider any other appropriate non-physical due diligence.

ZONING AND LAND USE CONSIDERATIONS

A purchaser's broker was sued for failing to satisfy fiduciary duties where the purchaser bought property with the intent to operate an adult entertainment club only to later discover the property was not zoned for adult entertainment.

- ☐ Does the purchase agreement provide the purchaser with the right, and sufficient extension options (at what cost?) to seek and obtain desired governmental consents or approvals?
- ☐ If improving vacant land, can the property be used for the purchaser's intended purposes at a cost and in a time and manner anticipated by the purchaser?
- ☐ Has the purchaser identified an experienced and reputable architect, engineer, builder, and other qualified professionals to help design the project, determine its costs, shepherd it through the local site plan approval process, obtain building permits, and construct proposed improvements on time and within budget?
- ☐ Is the property zoned for the purchaser's intended purposes or will rezoning or a special use permit be required?
- ☐ Does the purchase agreement require the seller to cooperate with the purchaser in seeking rezoning, site plan approval, and other desired governmental approvals? At what cost? Within what time frame?

PROTECTING YOUR COMMISSION

Prior to 2020, a broker without a signed agreement could still argue they were entitled to payment under the promissory estoppel or part performance doctrines based on equitable principles equity established by courts. In 2020, the Michigan legislature modified the statute of frauds with respect to receiving a commission based on a signed agreement. Brokers can no longer bring claims for commission based on equitable principles alone. They must have a signed commission agreement.

- ☐ Do you have a signed listing agreement with the seller, or signed commission agreement with the purchaser or listing broker?
- ☐ Does the purchase agreement say who will pay the broker's commission(s)?
- ☐ Does it state the amount due each broker?
- ☐ Does it state full commission is due and payable in full at closing?
- ☐ What about lien rights under a listing or commission agreement and/or under the Michigan Commercial Real Estate Broker's Lien Act?

SECTION 1031 LIKE KIND EXCHANGES

A listing agent may breach their fiduciary duty to exercise reasonable care and diligence to protect the seller's interest if the agent does not timely explain to the seller the benefits

of engaging in a Section 1031 like-kind exchange in order to minimize the tax consequences to the seller as a result of the sale.

- ☐ Does the purchase agreement permit either the purchaser or the seller to engage in a "forward" or "reverse" Section 1031 Internal Revenue Code tax deferred like-kind exchange?
- ☐ A Section 1031 exchange is a transaction where the purchaser or the seller (Taxpayer) exchanges one property (the relinquished property) for another (the replacement property) while deferring recognition of gain or loss on the transaction.
- ☐ A reverse exchange is where the Taxpayer acquires the replacement property before disposing of the relinquished property.
- ☐ A new construction exchange is where improvements are made to the replacement property before title is received by the Taxpayer.
- ☐ A "qualified intermediary" is necessary to facilitate the exchange. A reverse or new construction exchange also needs an "exchange accommodation titleholder" to take title to the replacement property until the Taxpayer disposes of the relinquished property and takes title to the replacement property.
- ☐ The main benefit of a Section 1031 exchange (aside from earning two commissions) is that instead of paying taxes, the Taxpayer uses tax deferred dollars to acquire another property. The Taxpayer receives an "interest free loan" equal to the amount of deferred taxes from the IRS.
- ☐ To engage in a successful 1031 exchange, the Taxpayer must hold both properties for productive use in a trade or business for investment, complete the transactions within certain timeframes, and comply with other technical IRS requirements.

BOILERPLATE

Purchase agreements often shorten the statute of limitation to sue upon a false representation or breach of warranty. If a broker fails to advise the seller client of this, the seller's liability may be extended needlessly, particularly where the seller makes an innocent yet false representation which is relied on by the purchaser and the breach is discovered by the purchaser well after closing.

- ☐ What "boilerplate" terms and conditions are contained in the purchase agreement?
- ☐ Why are they there? Should they be there?

- ☐ Are any missing? Examples include: Survival (of representations and warranties), Entire Agreement (Integration), Condemnation, Risk of Loss (Casualty), Recording, Survival, Amendment, Execution in Counterpart, Rules of Construction, Waiver, Time of the Essence, Notice, Severability, Headings, Further Assurances, Choice of Law, and Consent to Jurisdiction.

REPRESENTATIONS & WARRANTIES

Brokers should discuss whether the seller can truthfully make the representations and warranties in the purchase agreement. In particular, the seller should understand the risks and benefits of making a "straight" representation versus a representation that is limited to best of the seller's knowledge or best of the seller's actual knowledge without inquiry.

Typically, the seller wants to make few, if any, representations and warranties, and sell the property "as-is." A seller with significant bargaining power (such as banks selling REO property) may go one step further, and require the purchaser to waive and release any possible claims against the seller, covenant not to sue the seller after closing, and indemnify the seller against any known and unknown problems associated with the property.

Purchasers with significant bargaining power want to include as many seller representations and warranties in the purchase agreement as possible such as: Furnishing All Information, Title, Authority, No Adverse Facts, Zoning, No Special Assessments, No Third-Party Commitments, Compliant With Laws, Will Not Violate Contractual Obligations, No Lawsuits, Access and Utilities, No Environmental Problems, Condition of Property, Validity of Statements, and Survival of Representations and Warranties. Purchasers want "straight" representations and warranties; whereas sellers want to limit all representations and warranties to the best of seller's knowledge, to the best of seller's actual knowledge, or to the best of seller's actual knowledge without inquiry.

- ☐ Are the seller's representations and warranties backed by indemnification?
- ☐ Must the purchaser incur a minimum threshold of damages before the seller is liable?
- ☐ Is the seller's liability capped?
- ☐ Do different survival periods apply to various representations and warranties (e.g., title vs. environmental)?

REMEDIES

Typically, the seller wants to limit the purchaser's remedy to terminating the purchase agreement or suing for specific performance, and does not want the purchaser to have the right to bring an action for all resulting damages. The purchaser wants to limit the seller's remedy to forfeiture of the deposit. Sellers should be cautioned against consenting to the purchaser taking irreversible actions such as re-zoning or land division until all the purchaser's contingencies have been waived and the purchaser is committed to close.

- ☐ Does the purchase agreement spell out in detail the remedies available to both the purchaser and the seller following any uncured default?
- ☐ Does each party have a right to receive notice and an opportunity to cure any default before the other party can pursue its remedies?
- ☐ If the purchaser defaults, is the seller limited to retaining the deposit as liquidated damage as the seller's sole and exclusive remedy?
- ☐ If the seller defaults, are the purchaser's remedies limited to receiving a refund of the deposit and termination or suing the seller for specific performance or can the purchaser also sue for damages or receive reimbursement for expenses incurred?
- ☐ Is there an arbitration provision? Why or why not?
- ☐ Are there any obligations that survive termination of the purchase agreement? Examples may include the purchaser's agreement to repair damage to the property caused by the purchaser's due diligence investigations or delivery to seller of surveys, reports and other documents obtained by purchaser in evaluating the property.

CONCLUSION

A well-drafted real estate purchase agreement is essential to ensuring a smooth transaction and protecting your client from costly mistakes. As illustrated by the disasters discussed, even minor oversights can lead to significant financial and legal consequences. Brokers should be mindful of their fiduciary duties to their clients and must remain vigilant in negotiating and reviewing key provisions related to environmental liabilities, title defects, due diligence rights, government approvals, and remedies. By addressing these critical issues proactively, parties can avoid common pitfalls and

structure agreements that align with their clients' goals while mitigating risk. Careful planning and precise drafting remain the best safeguards against future disputes.