



## Breakwater Equity Completes Successful Workout for California Golf Course

“ *Breakwater had the **experience** and **skills** to execute a workout when all other options were running out.* ”

Name Withheld for Privacy



A California businessman was facing a debt load he could not manage, in addition to growing pressure from his lender, and the serious prospect of losing another golf course property in California. He had previously tried to do commercial loan workouts on a large block of properties, but unfortunately ended up losing a variety of hotel and golf course assets valued at \$120 million to an international bank.

He had originally purchased this particular golf course for \$10 million, which needed extensive renovations to the clubhouse buildings and fairways. He then received an additional loan in the amount of \$6 million for the purpose of improving the property. Halfway through the renovations, the economy and real estate market took a financial tumble, and the property owner began to struggle. The bank decided to stop the construction loan draws, which halted the project. This led to the cancellation of event contracts and memberships at the club, causing further financial distress.

With the asset under serious threat from the bank, the property owner sought out the expertise of Breakwater Equity Partners. After a thorough examination and analysis of financials, local market conditions, and the property's legal situation, Breakwater Equity Partners devised a sound workout strategy.

Breakwater Equity Partners was able to leverage significant litigation claims and aided the client in filing a suit with damages of \$20 million against the lender, and proceeded with a Chapter 11 BK halting the foreclosure process. Tough negotiations with the bank began, which included navigating strong cultural differences and beliefs held by the board and management, reinforcing the need for a highly knowledgeable and experienced negotiation team.

With the leverage of substantial litigation and the pressure of Chapter 11, Breakwater Equity Partners was not only able to release the client from their personal guarantees and negotiate the principle balance down, but were able to bring a “White Knight” to the table through a well-planned and executed triangulation strategy, who ended up purchasing the note in a fashion that was favorable to the client and acceptable to the bank. In the end the loan had been crammed down 71% from \$12 million to \$3.4 million.

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