This course is not intended to make lawyers out of business school students. It is, rather, an effort to introduce those who might become involved in real estate to legal issues which are essential elements of real estate transactions. The course, which will be taught by practitioners and participants in the field, provides an overview of the legal issues which confront the real estate executive from the commencement of a real estate transaction and throughout the relationship between the parties to such transactions.

Grading: Final grade will be based solely on final examination.
March 28  

(a) Selection of Attorneys

A panel discussion will focus on the manner in which businesspeople select and utilize lawyers in the course of real estate transactions. There will be special focus on "legal vs. business" advice.

Panel Members:

David Drew, President, Drew Holdings, Inc.
David Brown, President and CEO, ORIX Real Estate Equities, Inc.
Robert Berliner, Attorney and Developer

(b) Purchase and Sale of Land

The discussion will focus on topics commonly encountered in land transactions, with an orientation towards the business issues, including options vs. "free look" contracts, contingencies, conditions precedent and subsequent, and duties of the respective parties.

Lecturer:

Robert Berliner, Attorney and Developer

ASSIGNMENT:

(a) – "Phases of Real Estate Development" [a checklist for use in considering outside counsel]
– "How to Hire an Attorney"
– "Mistakes To Avoid Before You Hire a Lawyer"

(b) – "Acquisition of Property"
– Sample Letter of Intent
– “Letters of Intent -- A Trap for the Unwary”
– Real Estate Sale Contract
– "Why You Need Title Insurance" from Probate and Property, June, 2001
April 4  **Land Use Regulation**

An overview of the regulatory framework in which real estate development takes place, focusing on the different types of zoning approvals, and related code problems.

Lecturer:

**Jack Guthman,** Shefsky & Froelich Ltd.

**ASSIGNMENT:**


April 11  **Environmental Issues**

This presentation will focus on the various environmental issues facing development, including environmental audits; disclosure requirements; Superfund liability; asbestos; wetlands and brownfields issues, and the growing utilization of "remediation insurance."

Lecturers:

**Carolyn Hesse, Esq.,** Barnes & Thornburg

**David Reynolds,** Shaw Environmental & Infrastructure, Inc.

**ASSIGNMENT:**

– Outline of Remarks
– "Dig Into State EPA Act for Tools to Cultivate ‘Brownfields’"
– Materials re: Underground Storage Tanks
– "The evolution of US due diligence"
– “Using Environmental Insurance in Commercial Real Estate Transactions”
– Specimen Policy of Remediation Insurance
April 18  

**Contracts: Construction and Architects**

This presentation will include a discussion of legal issues in drafting contracts, including definition of "the job," change orders; ownership of the plans; methods of dispute resolution; schedules and types of contracts used in modern construction including "lump sum" vs. "G-Max" vs. "design-build" vs. "construction management," all in the context of "fast-track development.

Lecturers:

Thomas Corning, Senior Vice President, McHugh Construction  
Robert J. Harris, Stein, Ray & Harris

**ASSIGNMENT:**

- "Alternative Project Delivery Methods"
- Risky Business: Article from NYT, May 15, 2001  
- "Preface: Traditional Relationships on the Building Project" [St. Louis Law Journal]  
- "Negotiating Construction Documents: Include the Contractor" [Probate & Property]
April 25  **Incentives**

The speaker will discuss arrangements wherein public and private parties join together in the development process, with special focus on various incentive programs. The presentation will include a case study of a development which is the product of a public/private partnership.

Lecturer:

**Glenn Azuma**, Coniston Consulting

**ASSIGNMENT:**

- "Tax Increment Financing"
- "TIF Rift" from *Crain's Chicago Business*
- "The City that TIFs" from *Crain’s Chicago Business*
- "TIF Coffers Ballooning" from *Crain’s Chicago Business*
- "TIFs: Too Many, Too Much, Too Often"
- Case Study
May 2  (a)  **Ownership Structures**

An analysis of why partnerships and limited liability companies rather than corporations are commonly used in real estate transactions with a focus on several critical federal income tax issues.

(b)  **Partnership Business Issues**

Most modern real estate deals involve complex issues between the money partners and the promoters. This presentation will survey these issues including a split of proceeds after a return of capital (sometimes with a preferred return). Other issues to be discussed include allocation of decision making responsibilities, the obligations of the partnership to make capital calls and "buy-sell" arrangements as a means of resolving disputes.

Lecturer:

**Anthony R. Licata**, Shefsky & Froelich Ltd.

**ASSIGNMENT:**

- Illustration of Comparable Tax Treatment
- "Limited Liability Companies as Investment Vehicles"
- Choice of Entity for Real Estate After Check-The-Box and the Entity Explosion
- The Capital Call Problem
  - Proposed Dilution Language
  - The Buy-Sell Problem
- Proposed Buy-Sell Language
- Management Language
May 9  Financing

This presentation will focus on contemporary financing techniques and workout strategies, including common debt structuring provisions.

Lecturer:

Anthony R. Licata, Shefsky & Froelich Ltd.

ASSIGNMENT:

To be distributed in class

May 16  Like-Kind Exchanges; The Growth of “TIC” Transactions

(a)  Overview of Like-Kind Exchanges

Section 1031 of the Internal Revenue Code allows taxpayers to sell real estate and reinvest the proceeds, tax free. The opening session tonight will provide an overview of this important tax planning tool.

(b)  Tenants In Common: A Growth Market

Increasingly, intermediaries are purchasing income-producing properties, and re-selling portions to individual investors who are reinvesting as part of a like-kind exchange. Our speaker is one of the leading industry players in this emerging business.

Lecturer:

Rob Hanna, President and CEO, TSG Real Estate, LLC

ASSIGNMENT:

- "Planning for Like-Kind Exchanges After Revenue Procedure 2002-22"
- Other Materials to be distributed in Class.
May 23

(a) **Bankruptcy**

Karen Goodman, Shefsky & Froelich Ltd.

The discussion will focus on real estate issues encountered in Chapter 7 and Chapter 11 bankruptcy cases, including treatment of leases, the sale of real estate and remedies available to lenders when bankruptcy is filed.

(b) **Condominiums**

Kathryn Kovitz Arnold, Shefsky & Froelich Ltd.

This presentation will focus on condominium conversions and condominium development; condominium documents and provisions therein; condominium property reports; and rules and regulations for condominiums.

**ASSIGNMENT:**

(a) "Executory Contracts and Administrative Claims — Troublesome Issues Made Easier"

(b) City of Chicago Condominium Ordinance

Selected Property Report for Development
May 30  
(a)  **Landlord/Tenant Issues**

Letter of intent; parties to the lease; net vs. gross leases; rent concessions; alterations; assignment and subletting; insurance and casualty; non-disturbance agreements; option to extend; option to expand; initial construction of tenant improvements.

Lecturer:

   **Sue Ann Fishbein, Esq.**

(b)  **Property Management**

The discussion will focus on issues of interest to managers of real property.

Lecturer:

   **Robert Six,** Senior Vice President, Zeller Realty Group

**ASSIGNMENT:**

(a)  – Outline: How to Think About a Lease from the Landlord's Point of View -- Legal Aspects

    – "Glossary of Commonly Used Lease Terms"

(b)  – To be determined

**June 6  Exam**