

RICH TRAUB

Helping Real Estate Clients Weather the Storm

by Amanda Robert

Richard J. Traub began his real estate practice by focusing on retail development. He took large pieces of land and rezoned, titled, and developed them into big-box shopping centers.

In recent years, Traub, 49, a partner and co-leader of the Real Estate and Land Use practice group at **Freeborn & Peters**, found more of his business in foreclosure work, facility renegotiation, and deal and lease restructurings.

"You just have to ride with the storm," he says. "We're in the same boat as all of our clients. The storm is creating some opportunities if you're well positioned and you have capital. But when the fear becomes so great, the fear of spending cash can sometimes outweigh the potential return on the opportunity. That's when you get a standstill."

Traub, who works with 20 to 30 different clients every day, points out that no two workouts are alike. They involve different sensitivities and require the cooperation of multiple parties, such as owners, lenders, and lien claimants.

These parties express their own interests in a piece of property that no longer fits its original design or value, and they must work together to figure out a best case scenario for that property, he says. He often sees an end result that greatly differs from past development deals.

"You have emotion tied into legal need in a period in our history that is unmatched," Traub says. "No one could have anticipated this. There is no secret formula for how to do it. They are intellectually challenging, they are emotionally challenging, they are legally challenging. It's been an incredible rollercoaster ride."

'It All Just Came Together'

Traub spent his childhood in New York City and Philadelphia and graduated from the University of Notre Dame in 1984. He continued to Notre Dame Law School because he knew he had a "big mouth" and liked to argue.

He graduated and joined Pedersen & Houpt in 1987. He cycled through the firm's departments, and at first, he expressed no interest in real estate law, he says.

"But then I got put on a couple of real estate deals, and I liked that you could see the project you were on," Traub says. "You could see it be a pile of dirt and then see it be a skyscraper



and see it all along the way. I love architecture, so I think it all just came together."

Traub's first deal involved the Zurich Insurance building in Schaumburg. He called it an expensive and risky deal, since his client failed to fill the space and needed to master lease 10 floors of the second tower.

"The construction of it, the zoning of it, and the end sale of it was all pretty fascinating," he says. "I remember going out to Schaumburg, and Schaumburg was at the end of the Earth, and going in and looking through these dusty files about the property and farmland."

Traub moved to Freeborn & Peters in 2003 to help the firm build its real estate practice. He liked the firm's entrepreneurial spirit and the openness and honesty of its lawyers. He also appreciated the opportunity to help the firm compete with large firms like Katten Muchin Rosenman, Mayer Brown, and DLA Piper.

He started building the real estate department by building a new client base. He introduced himself to people in the regional and national real estate community and convinced them that he could handle development.

He assembled a team of lawyers with different disciplines to further service the community. His firm already worked on land use and financing, so he added office leasing, construction, city land use and retail tenant leasing to the mix.

"It was at a time when the legal market was changing, and people would give other firms a

chance," Traub says. "I wanted to run with it."

Anne R. Garr, a partner and co-chair of the Real Estate and Land Use practice group at Freeborn & Peters, joined Traub at the firm after opposing him in three deals in 2006. In working on those deals, she learned that Traub stood apart as a client-focused, smart business lawyer.

"It was easy to get through the deals, because there wasn't a lot of posturing," Garr says. "I'd like to say our business styles were very similar. You can be polite and courteous and professional but still disagree with someone. Some of those deals had quite a bit of hair on them, but I never looked at the phone when Rich was calling and said, 'Ugh, I don't want to take that phone call.'"

As his partner at Freeborn & Peters, Garr learned that Traub also put his colleagues at ease. He approaches them with honesty, so when he provides feedback, he lays it all on the line, she says.

"He's much more, 'Let's just rip the Band-aid off and have this discussion,'" Garr says. "It's done, though, in a very inoffensive, nonaggressive way."

Coming Up with Solutions

What Traub likes most about his real estate practice is that no two days are the same. He also values his clients and their ability to put their trust and confidence in him.

"That's an incredible responsibility, but when

you do it right, it's really rewarding," Traub says. "It's not just, 'Hey, I'm pushing a piece of paper from here to here.' It's really, 'I have a problem. Can we collectively think about it to come up with a solution? It's important to me.'"

Douglas Reichl, founder and president of Tartan Realty Group, a retail development and brokerage firm, met Traub 15 years ago when he ran the retail group at HSA Commercial Real Estate. He continues to bring him in on his current company's leases and development deals.

Traub handled all of the leasing and legal work, including the reciprocal easements that are required by national tenants, for one of Tartan's shopping center developments. He also assisted Tartan with the Chatham Market project.

"He understands the needs and demands of the national retailer and is able to balance those with the needs and demands of what the developer wants," Reichl says. "He's done it enough that he gets it done quickly and efficiently, whereas other people who haven't done it as often feel their way through."

From Reichl's perspective, Traub especially works well with national retail tenants—who, he says, are often the most difficult clients.

"They come with a lot of demands and a lot of baggage," he says. "Their leases have inherent in them trap doors that the average attorney may not pick up on, but Rich knows where all those 'gotcha' areas of the leases are from past experiences."

Over the years, Traub worked on many other unique deals, including the River East development in the 1990s. During a 10-year period, he helped reshape multiple city blocks and create a neighborhood out of nothing, he says.

More recently, he represented more than 30 real estate owners in connection with the 2008 bankruptcy of DBSI Companies, a real estate investment company that was accused of running a Ponzi scheme.

Traub continues to keep his firm competitive in the challenging legal environment. As clients demand different things, he and his colleagues work to respond to those demands.

He comes up with new ideas for his clients, particularly those dealing with workouts. He realizes that strategies that satisfied past clients might not satisfy current or future clients.

"You have to try two, three, four different approaches, not knowing which one might work in order to work out the situation," Traub says. "There is no checklist. There is a problem and navigating from the problem to the potential solution could take you 30 different ways. You have to be flexible, and you have to get the cooperation of your client and a whole bunch of other people. You have to be

ready to adapt and circle back and then move forward again."

For example, when Traub assists real estate developers and owners who need to repay the bank, he outlines at least 10 scenarios that could help make that happen. He also shares his own experience with lenders with those developers and owners.

"I think most people are just scared, nervous and concerned, and by helping them think through the issue collectively, we can come up with a solution," he says.

In the past year, Traub saw more of what he calls "productive constructive work" and less "destructive work." He wants to see more of those deals and hopes his practice returns to the "win-win" days, he says.

"Right now, we're kind of stuck in the 'lose-lose' or 'win-lose' days, where you're going to lose a lot or you're going to lose it all," he says. "I want to get back to the days where the broker, lender, contractor, lawyer, and accountant all benefit from a project. That would make me a very happy guy."

Traub lives with his wife, Jill, and their three children, Taylor, Aaron, and Mackenzie, in West Dundee. In his spare time, he loves traveling, hiking, bird watching and reading. ■