

Making Deals Happen

In junior high, Brian Weinhart sold hair dryers to secretaries; now he makes multimillion-dollar deals

by TIMOTHY HARPER photography by RAFFI ALEXANDER

It was 1997. Brian Weinhart and some buddies were flying home to Los Angeles from a ski weekend in Utah when he began feeling mild chest discomfort. He was in his mid-30s, healthy, and had never had any heart problems. His friends told him he'd probably pulled a muscle. But when they landed, just to be safe, Weinhart had them drive him straight from the airport to Cedars-Sinai Medical Center.

He was rushed through the emergency room and diagnosed with myocarditis, an inflammation of the heart muscle. It can be deadly. Doctors told him if he had arrived 10 minutes later he might not have survived. In intensive care, waiting to hear if he'd need a heart transplant (he didn't), Weinhart insisted that he be given a phone. "I'd just landed a big project for a shopping center developer and I needed to call the client," Weinhart recalls.

Absolutely not, the doctors said. Too stressful. Weinhart began negotiating with the doctors. They wanted to keep his stress level down, right? Well, he would be *more* stressed if he didn't make the call.

Eventually, he got a phone, made a quick call, and told the client, who was a friend, that though he was in the hospital, he merely threw out his back and the deal would not be affected. "Don't worry," Weinhart told the client. "We're on top of it."

That moment says a lot about how Weinhart has become one of the nation's foremost real estate lawyers. He recognized a problem quickly. He reacted carefully. He analyzed the big picture. Then he did some creative negotiating.

WEINHART IS CHAIR of the real estate and finance department of Los Angeles-based Steckbauer Weinhart Jaffe. He and his team specialize in complex purchases and sales, mortgages, refinancing and—especially in the last couple of years—loan workouts, restructurings, and modifications of portfolios and CMBS (commercial mortgage-backed securities) loans. "There have been very few deals over the past few years that don't have some sort of defaulted mortgage component in them," Weinhart says.

His business career began in the mid-1970s when he was in junior high in the San Fernando Valley. He took hair dryers on consignment from his family's personal-care products company, then he and his buddies bused from Encino into Los Angeles, sneaked into office buildings and sold hair dryers to secretaries for \$15.

Brian S. Weinhart

► Steckbauer Weinhart Jaffe, chairman of the real estate/finance department

► Top 100 Southern California Super Lawyers: 2007-2010

► Southern California Super Lawyers: 2005-2011

► Clients include: Grubb & Ellis, Lowe Enterprises, Mesa West Capital and NewMark Merrill Companies

"We had our pitch down," Weinhart says. "*Unbreakable polycarbonate housing shell. Two speeds, three temperatures, great for traveling.*"

He once talked a cute girl named Deanna, whom he'd known since nursery school, into getting up at 4 a.m. to drive to Pasadena and help him sell hair dryers at the Rose Bowl Flea Market. Friends and family told him he should be a lawyer.

While majoring in philosophy at USC, he had several part-time jobs, including pitching office products over the phone at a call center. "It was hard and I didn't enjoy it, but it was useful in terms of learning sales and negotiating," he says.

At USC, he and his roommate started a business out of their apartment, delivering real estate listing flyers in Beverly Hills. When they needed someone to work the phones, Weinhart went through his address book and reconnected with Deanna. She didn't want the job but they did go to dinner. Eventually they married. "We've been having dinner ever since," he says.

Weinhart stayed at USC for law school. He particularly enjoyed real estate property and commercial law classes, and had a summer clerkship at Fierstein & Sturman, a firm renowned for its real estate practice, where he did some minor work for a large operator of a strip shopping center in West Los Angeles.

After graduating from USC Law in 1985, he spent two years as a litigator in the Los Angeles office of the New York firm Stroock & Stroock & Lavan but decided his future wasn't in litigation. Hired away by the boutique firm Freshman, Marantz, he represented the owners of the Utah Jazz and prepared the contracts of Karl Malone and John Stockton. Then he was recruited to join the newly opened Los Angeles office of Kaye Scholer, another big New York firm, and given the opportunity to represent major real estate clients. He loved the work, was on a fast track to become partner, but noticed that even junior partners didn't have much in the way of entrepreneurial opportunity. By this time he and Deanna had a child on the way.

"I really want to go somewhere and do something where I have control of my destiny," he told her.

"I think you should do what will make you happy," she answered.

So he left Kaye Scholer in 1990 on good terms and joined Hamid Nourmand, a USC law school classmate whose family had a real estate development business. Nourmand was practicing out of a tiny office in one of his family's properties, the Sunset Landmark building, one of the first Art Deco high-rises in Los Angeles. Weinhart and Nourmand assumed they would start with about 20 billable hours per week apiece.

Within days, Weinhart began hearing from his clients at Kaye Scholer, and two of the biggest ended up coming with him to his new practice. Soon the firm was working on joint ventures to bring the first Walmart stores to California. "I had no idea that would happen," Weinhart says.

In 1992, Nourmand left the firm to focus on real estate investments and other legal ventures, and litigation attorney Grant Riley joined Weinhart. The two formed Weinhart & Riley.

In the difficult economy of the early 1990s, Weinhart became



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an expert in large, structured deals, defaulted loans and workouts. It was the infancy of CMBS loans, the first widespread bundling of mortgages for investment purposes, and he assisted special servicers with those agreements throughout the country: first for Bank of America, then other major institutions. As the economy improved, banks began to rely on him to originate CMBS loan deals all over the country. He worked with JP Morgan, UBS, Nomura Holdings Inc. and various developers not only on CMBS loans, but in developing and leasing shopping centers, office buildings, multifamily housing and hotels.

In 1997, Weinhart & Riley merged with another firm which had "unprecedented rapid growth," says Weinhart. "Ultimately I decided I wanted a more boutique firm, where I had more autonomy."

In 2000, Weinhart and William Steckbauer, a real estate litigation specialist, formed what both agreed would remain a boutique firm. Robert Jaffe and Barry Glaser joined them. In 2005, the firm became Steckbauer Weinhart Jaffe. It's grown to 16 attorneys. Their client list includes Grubb & Ellis, Lowe Enterprises, Mesa West Capital and NewMark Merrill Companies.

"If you have only three or four main partners it's a lot easier to do things," Weinhart says. "We can react quickly. We can do things for clients quickly. We can react to changes in the market quickly. And we have a more entrepreneurial approach to the business of law."

In 2003, he reconnected with an old junior-high buddy,

especially all the lawyers from all the different sides, that's even more difficult. But that's what Brian does."

When the global financial meltdown killed the CMBS market almost overnight, Weinhart shifted focus almost overnight—from lender to borrower. "The writing was on the wall on the commercial side at least 12 months in advance," he says of the real estate meltdown.

In some ways, he was more in demand than ever, trying to restructure CMBS loans and other complicated financing deals that few other lawyers understood. "We've been on the lender side in so many transactions that we understand what the lender is looking for and likely to do," Weinhart says.

In the last three years, the firm, now based in JP Morgan's one-time 36th floor trading space on South Hope Street in downtown Los Angeles, has done workouts for close to \$3 billion in commercial real estate loans—apartment complexes, office buildings, and especially hotels, resorts and shopping centers.

A current workout is typical: He's representing the borrower in negotiations with a major lender. The deal involves 18 properties in seven states with complicated multilayered financing. Weinhart's goal is to put the lender in position to recover the property while saving his borrower client tens of millions of dollars that would be lost in a foreclosure. "We want to help the borrower come up with proposals that make sense for both the borrower and lender," he says.



Weinhart with daughter, Chasen, in Rome (below); and with children, Jade and Austen, and wife, Deanna, at his recent 50th birthday party (at left). Weinhart wooed Deanna through sales.



Amid today's lingering economic gloom, Weinhart looks for a silver lining. "We're starting to see people come back into the marketplace a little," he says. "I enjoy transactions. I enjoy transactions in a robust economy more. You're able to go out and do deals. But I also enjoy this environment, being creative in helping people—our clients—find projects to invest in, and to work through projects."

"People don't care what you know until they know that you care," says Ann Hambly, president and

Neil Schimmel, now president of the Los Angeles real estate firm Investors Management Group Inc., who became a client. "It's one thing to put together a complex real estate deal," Schimmel says. "That takes real talent. Getting all those complicated parts aligned,

CEO of Texas-based 1st Service Solutions, which serves as a borrower advocate in loan restructuring and assumptions. "Brian Weinhart is a perfect example of this expression. He not only knows more about commercial real estate than most, but he cares deeply for his clients."

AWAY FROM WORK, Weinhart is an avid tennis player, and spends a lot of time with Deanna, an artist and interior designer, and with their children: Austen, 20; Jade, 18; and Chasen, 6. Now 50, Weinhart hasn't had any heart trouble since that scare 13 years ago. But he's become active in supporting research on heart disease, especially for The Heart Foundation, a charity aligned with Cedars-Sinai Medical Center, the hospital where Weinhart was treated. The foundation's research is led by Dr. P.K. Shah, the cardiologist who treated Weinhart. "He's on the cusp of developing a vaccine for heart disease," says Weinhart, who handles all The Heart Foundation's legal work pro bono.

Weinhart was invited to get involved in The Heart Foundation by Mark Litman, who heads Ridan Inc., a Los Angeles-based real estate investment firm. Before long, Litman was bringing Weinhart his legal work.

"I know Brian three ways," Litman says. "First through his charitable work, then as my attorney, and now as a good friend. The underlying thing to me is that Brian is a great guy. I love doing business with people I like. He's extremely ethical, he's extremely loyal, and he's extremely smart."

Litman has been in real estate for 20 years. For the first 10 years, he used several attorneys. In the last 10 years, the only one he's used is Weinhart. "A lot of attorneys will go all legal on you and blow the deal," Litman says. "Brian is the guy who makes deals happen." ◀