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Bankruptcies in Florida

Developers of Artecity Condos File for Bankruptcy

Artecity is a partially-completed 202 unit condominium project in Miami Beach whose developers filed for Chapter 11 bankruptcy recently in efforts to avoid foreclosure of the project. The Artecity project developer's lawyers stated that 93 of the units are presently under contract and the developers have raised \$2.7 million from original investors in order to finish the project.

But a group of creditors, led by Starwood Capital and the Federal Deposit Insurance Corporation (FDIC) filed a lawsuit to seek foreclosure of the project in March. The group owns the loan on the project, which was part of the \$4.5 billion in troubled loans taken over from Chicago-based Corus Bank after it failed last year.

The Artecity loan was originally \$60.3 million taken in 2005.

Creditors Fear the Worse in Bankruptcy Court Proposal

A bankruptcy court's proposal to write off \$300 million worth of loans to Innkeepers USA Trust given by securitized lenders has precipitated fear among creditors that more of such debts would be written off.

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This proposal affects the entire community of lenders giving loans based on commercial mortgage-backed securities (CMBS) to big real estate companies. These lenders would rather renegotiate the terms of their loans or at the very least recover their loans in the form of properties. But with the bankruptcy court ruling, holders of commercial mortgage-backed securities (CMBS) worry that approval of the Innkeepers USA Trust plan would set a precedent in such cases and lead to more of such loans being written off in future.

The Innkeepers USA Trust plan involves repaying Lehman Bros in full for the \$238 million loan given by them. Furthermore, the now-bankrupt investment bank will be given part ownership of the Palm Beach hotel company. Under the plan, Lehman Bros, whose own bankruptcy in 2008 was the biggest and most devastating in US history, would agree to fund \$17 million out of \$67.75 million required by the company for renovations.

Analysts foresee that the bankruptcy court's approval of Innkeepers' plan would embolden other major real estate firms that own lots of property to take the bankruptcy path to force the write-downs of their loans to avoid repaying their lenders.

Whether you are an individual or a company, bankruptcy is a viable option under the law for your financial difficulties. Call us at (813) 200-4133 for a free consultation or visit <http://tampabankruptcy.pro>.