

South Florida BUSINESS JOURNAL

Choose Another City:

[Site](#) | [News](#) | [Companies](#) | [Videos](#) | [Jobs](#)

[Search Archive](#)

- Home
- News
- Small Business
- Sales & Mktg
- Real Estate
- Events
- Community
- Careers
- Travel
- More Topics

[Metro growth forecasts](#)[Local Biz Directory](#)

[Classifieds](#)[Email Alerts](#)[Book of Lists](#)[Subscribe - 4 Free Issues](#)

Latest News

[South Florida](#) > [News](#) > [Industries](#) > [Commercial Real Estate](#)

[Subscribe to South Florida Business Journal](#)

Wednesday, July 1, 2009, 1:22pm EDT | Modified: Thursday, July 2, 2009, 12:00am

Related's CityPlace South Tower in 'friendly foreclosure'

South Florida Business Journal - by [Brian Bandell and Darcie Lunsford](#)

- Print
- Email
- Reprints
- RSS Feeds
- Add to Del.icio.us
- Digg This
- [Comments](#)

Related News

- [InBev one step closer to financing Anheuser-Busch takeover](#)
- [Millennium State Bank of Texas fails](#)
- [Times-Union's parent company buys time](#)
- [Cousins' new plan to sell condos](#)
- [Local minority spending beat MBA goal by \\$57M](#)

In what is being termed as a “friendly foreclosure,” **The Related Group** is handing over control of its new 420-unit CityPlace South Tower in West Palm Beach to a consortium of partners led by Toronto-based **Scotia Capital**.



[View Larger](#)

The lenders and the project's developers, CityPlace South Tower, LLC, an affiliate of The Related Group, reached an agreement in which the new partnership will acquire title

Search for Jobs powered by onTargetJobs

[View Southflorida Jobs - 1210 jobs today](#)

SITE SECTIONS

[Company](#)

to all unsold units in the project.

Scotia Capital, a subsidiary of **Bank of Nova Scotia**, filed a foreclosure lawsuit against CityPlace South Tower Wednesday in Palm Beach County Circuit Court. The complaint was based on the \$134.7 million mortgage the bank and its partners gave the developer in 2006.

The project is 100 percent complete and all construction debts and obligations have been satisfied, Jorge Perez, chairman and CEO of the Miami-based Related said in a press release.

CityPlace South Tower contracted to sell 367 units while the building was under construction. But when the building opened in summer of 2008, many buyers walked away from sales contracts. So far, 39 units have closed.

Due to these unit buyer defaults, Related said in a news release that it was necessary for the developer to renegotiate the terms of its construction loan with the lenders, which was scheduled to be repaid in July through proceeds from unit closings.

Alicia Cervera, president of Related Cervera Realty Services (RCRS), the exclusive sales agent for CityPlace South Tower, said in the news release that the successful transition between the developer and the new partnership provides significant benefits to current and future buyers.

“The lenders are not interested in generating sales in the building through large-scale ‘bulk’ sales and are working with RCRS to ensure that CityPlace South Tower’s integrity is fully protected and that it continues to offer a first-class owner experience,” she said.

Brad Scherer, president of Wellington-based real estate brokerage firm Atlantic Western, is working with the lenders as a consultant.

He said CityPlace South Tower couldn’t repay the mortgage on time because most buyers didn’t close on the units.

Scherer said the lenders will adjust the prices downward in response to the market and lease some units, but they won’t do a massive discount or convert the building into rentals. They will financially support the condo association and maintain CityPlace South Tower’s amenities, he added.

The Related Group will be compensated for continuing to manage the building, Scherer said.

Watch

[Get started now](#)

Daily Update

[Sign up for the Daily Update](#)

Beating the Recession

[Visit our Beating the Recession page](#)

Sales & Marketing

[Visit the Sales & Marketing Center](#)

Small Business Center

[Visit the Small Business Center](#)



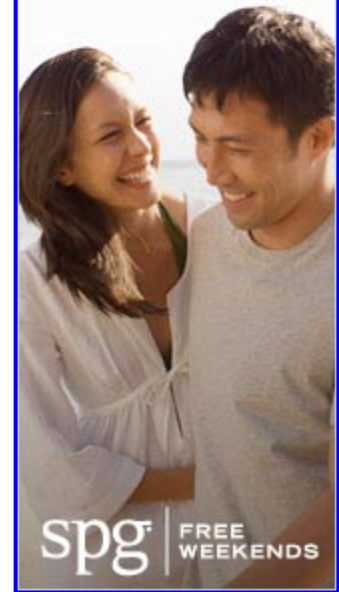
Sheraton

Reconnect with Free Weekends

Redeem at 860 Starwood Hotels.

No limits. No blackouts.

[Register Now](#)



spg FREE WEEKENDS

Email Alerts

Featured South Florida Jobs powered by the latest local business opportunities delivered to you today.

- [Open Opportunities](#) - CIA - National Clandestine Service Center
- [Resolutions and Receiverships Specialists](#) - FDIC-Jacksonville
- [Resolutions and Receiverships Technicians](#) - FDIC-



That's a far cry from most foreclosures, where the developer and its principals are often held liable for the lenders' losses.

"I don't think the recognition of loss has occurred, or maybe it will never occur," Scherer said. "If the property market comes back and the property is managed in a first-class manner, there may not be a loss."

According to court documents, the partners in the \$134.7 million loan that will take control of CityPlace South Tower are:

- [Bank Leumi USA](#): \$15M
- [PNC Bank](#): \$15M
- TD Bank: \$15M
- People's Bank: \$20M
- [Comerica Bank](#): \$23M
- [Allied Irish Banks](#): \$23M
- Bank of Nova Scotia: \$23.7M

Cherish Thompson, the Miami-based attorney who represents Bank of Nova Scotia in the complaint, didn't immediately return a call seeking comment.

Print Email 

Reader Comments

(0) Comments

You must be logged in to add a comment. Please [Login](#) or [Register](#).

[Contact the Editor](#) [Need Assistance?](#) [More Latest News](#) →

• [More News Headlines](#)

• [Popular News Stories](#)

Jacksonville

- [Mental Nurse Practitioner](#)
- [Charge Registered Nurse – Emergency Services](#)

[Search Jobs](#) | [Post Resume](#) | [View More](#)

[Post a Job](#) | [Feature a Job](#)

FEATURED RESOURCE

POST A JOB

[Post a Job & Receive a FREE Premium Salary Report](#)

Post a job online with bizjournals.com and get a PayScale Salary Report - FREE (a \$99 value)! Report contains:

- Salary & Hourly Rates
- Bonus & Benefits
- Skills, Experience & Education

[Click here to redeem this offer](#)

South Florida Business Directory

Related Industry News

- [Mortgage applications fall](#) [Washington, D.C.]
- [Former APG business park developer Opus East to liquidate under Ch. 7](#) [Baltimore]
- [Lubavitch Education Center faces foreclosure](#) [South Florida]
- [Dallas Cowboys to get new product hub](#) [Dallas]
- [Bank of the West signs huge Bishop Ranch lease](#) [San Francisco]

Latest News

- [GoDaddy reports spike in Michael Jackson Web sites](#)
- [Two indicted in \\$179M Medicare fraud](#)
- [Delray Beach company plans biodiesel refinery](#)
- [Spherion: Worker confidence holds steady in June](#)
- [SEC suspends GenX Corp. trading](#)

FEATURED WHITE PAPERS

[The Five Keys to Organic Growth: How to Drive Profitable Relationships with Predictive Analytics](#)

Predictive analytics plays a vital part in growing your business. Read this... [View Now](#)

[Vodafone New Zealand Leverages Online Community to Capture Customer Voice & Make Informed Decisions](#)

When new ideas and market opportunities arise, Vodafone New Zealand's... [View Now](#)

[Unlocking the B2B Web Analytics 'Black Box'](#)

At a time when most businesses are facing lengthening sales cycles, reduced... [View Now](#)

[View More Research](#)

Business Pulse Survey

[Is your employer reining in expense account lunches?](#)

bizjournals Partners



City Guide Spotlight - South Florida



- [Attractions in South Florida](#)
- [Cocktails in South Florida](#)
- [Hotels in South Florida](#)
- [Restaurants in South Florida](#)



South Florida Real Estate powered by [LoopNet](#)

• [Featured Property](#)



- Price: \$3,290,000
- Building Size: 22,154 SF
- Use Type: Sale

• [More South Florida Real Estate](#)

Small Business Center: Advice Library

Check out Email Marketing expert, Gail Goodman, in our "[Ask the Expert](#)" series. Post your small business questions and see her video response. [Get your free advice now!](#)

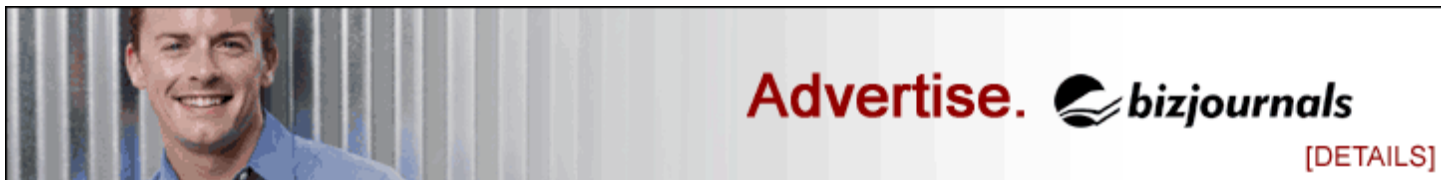
Search Press Releases


- [View all](#) Search by Company, Organization, or Keyword

[South](#)
[Florida](#)
[Press](#)

Content provided by PR Newswire. [Learn more about this service.](#)

[Releases](#)
• [View ALL](#)
[Press](#)
[Releases](#)



Advertise.  [\[DETAILS\]](#)

Use of, or registration on, this site constitutes acceptance of our [User Agreement](#) and [Privacy Policy](#).

ONLINE:[home](#) | [business news](#) | [small business](#) | [sales & marketing](#) | [real estate](#) | [events](#) | [community](#) | [careers](#) | [city guide](#) | [advertise](#) | [about us](#) | [rss](#)

PRINT:[subscribe](#) | [renew](#) | [advertise](#) | [book of lists](#) | [business intelligence](#) | [classifieds](#) | [view digital edition](#) | [article reprints rights](#) | [purchase single copies](#)

AFFILIATES:[Portfolio](#) | [SportsBusiness Journal](#) | [SportsBusiness Daily](#) | [Sporting News](#) | [Mass High Tech](#)

© 2009 [American City Business Journals](#), Inc. and its licensors. All rights reserved. The material on this site may not be reproduced, distributed, transmitted, cached or otherwise used, except with the prior written permission of bizjournals.