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BUILDER: Tivoli Isles was to feature 315 homes



MELANIE BELL

Tom Godart and Gary Coates, of Boca Raton-based PMA Sales Group, represented BankAtlantic and K Hovnanian in the deal. They have been working to put the deal together for about four months.

Mark Hodges, K Hovnanian's president, did not return a phone call by deadline.

Tivoli Isles, which is planned to feature 315 homes, is on U.S. 441, north of Atlantic Avenue. It was developed by Delray Beach-based Home Devco.

The company borrowed about \$67 million from BankAtlantic to purchase the 130-acre site in 2004 for \$54 million and to develop it. Home Devco sold a little more than 150 homes at prices ranging from \$300,000 to \$600,000 and paid down some of the debt, leaving a balance of about \$40.7 million, according to Palm Beach County records.

Home Devco defaulted on the remaining balance of the loan, and BankAtlantic foreclosed on the unsold lots and homes in late December.

Home Devco principals Richard Swartz and Andrew Steinberg did not return a phone call seeking comment. BankAtlantic and its attorney, William Davell, also did not return calls seeking comment.

Godart and Coates said they have been working to put the deal together for about four months.

Coates, PMA's president, said the note was never officially put up for sale, but he knew it was on BankAtlantic's books. They pitched it to K Hovnanian, which wanted to enter the active-adult market in South Florida.

K Hovnanian bought the note and intends to continue with the foreclosure

and eventually complete the project, Godart said.

"The whole idea is to end up with the deed," he said.

"They are not in the business of buying notes. They are in the business of developing homes."

Coates said the developer is going to focus on the sale of the 25 completed houses and seven unfinished homes before resuming development of the remaining lots.

Palm Beach County's active-adult market is weathering the real estate downturn better than other sectors of the industry.

But even those types of projects haven't been immune, especially if the developer purchased the site at the height of the market and had to sell houses at record prices.

Jeff Katz, a broker who specializes in the active-adult market and is familiar with the property, said the Tivoli Isles project failed in part because its homes were overpriced.

"They were priced high compared to the size of the community," Katz said. "Any [55 and plus] community that has the right pricing can sell homes in this market. It's all going to depend on whether they can price it appropriately for the current market."

Polyana da Costa can be reached at (561) 820-2065.