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DEAL OF THE WEEK: BANKATLANTIC SELLS DISTRESSED MORTGAGE TO HOVNIANIAN

BankAtlantic sold the distressed mortgage covering the Tivoli Isles single-family home project in western Delray Beach to a unit of K Hovnanian Homes (NYSE: HOV).

The Fort Lauderdale-based bank filed a foreclosure lawsuit in December against developer Home Devco Tivoli Isles, which partially completed the 315-home 55-and-older community near the northeast corner of U.S. 441 and West Atlantic Avenue. A Palm Beach County court filing showed that BankAtlantic dealt the mortgage with about \$40.7 million remaining to Hovnanian on May 28 for an undisclosed sum.

Mark Hodges, the Florida president for Red Bank, N.J.-based Hovnanian, said his company would use this mortgage to acquire the deed to Tivoli Isles through a cooperative agreement with the bank and Home Devco. That would give Hovnanian control of 25 completed, unsold homes, seven partially completed homes and 128 development-ready lots.

One clubhouse is finished and Hovnanian will complete the second, he added. It won't start work on the new homes until it sells off the inventory that's already out of the ground. "There's a great market for active adult



MARK FREERKS

PMA Sales Group's F. Thomas Godart and Gary Coates at Tivoli Isles in Delray Beach.

housing in South Florida," Hodges said. "We love the Delray Beach location. That community is positioned to be very successful."

Hovnanian has decades of experience in active-adult communities through its Four Seasons brand, which covers about 20 com-

munities nationwide.

Communities like Tivoli Isles are a good buy now because baby boomers will look to buy retirement homes in Florida while prices are low, said Gary Coates, president of Boca Raton-based PMA Sales Group, which brokered the transaction for Hovnanian.

"What we are seeing is there are tremendous opportunities around the state but it's all niche categories like this," said Thomas Godart, a broker associate development specialist with PMA. "There're a million deals out there, but most of them don't make sense."

BankAtlantic Bancorp (NYSE: BBX) Chairman and CEO Alan Levan said his bank got a fair price for the Tivoli Isles note and the sale price was near the cost reflected on the bank's books for the property.

"A speculator needs to buy their assets at a few cents on the dollar in order to make money after holding it for several years," he said. "But, a homebuilder makes money on building houses so they can pay a fair price for the land and build a quality house and make a profit."

BRIAN BANDELL AND KEVIN GALE