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Everglades on the Bay to go back to lenders

South Florida Business Journal - by [Paul Brinkmann](#)

One of the biggest real estate bankruptcies to hit South Florida has been resolved.

Developers of Everglades on the Bay condo towers in downtown Miami have agreed to give the project back to its lending group, which is led by **Bank of America**.

Cabi Downtown will transfer title to the banks, but will remain the on-site manager for the nearly \$300 million project, according to a news release.

The 49-story, twin-tower project fell into Chapter 11 bankruptcy protection on **August 18**, the same day BofA filed a foreclosure on a \$209 million construction loan.

U.S. Bankruptcy Judge Laurel Isicoff had ordered Cabi and BofA to show up on Friday with a settlement or face possible dismissal of the bankruptcy.

Instead, BofA reported in a court filing that its lead attorney, Ana Alfonso of **Kaye Scholer** in New York, had been hospitalized.

By midday, however, Cabi sent out a press release announcing a

“settlement in principle” that means the judge will need to review the details and close the bankruptcy.

The bankruptcy was filed after BofA refused to allow write-downs of sales prices. It was one of the first hostile foreclosure actions on a condo tower in Miami in recent history. The case is an example of what BofA and other large lenders are enduring as the real estate bust wreaks havoc on many large condo loans.

“Since our August 2009 filing, we have been working diligently to ensure the best outcome possible for our creditors and residents,” said Elias Cababie, manager of Cabi Downtown LLC, in a press release. “In reviewing our various options, we chose the route we believe provides the most favorable end result for our residents and suppliers. We have a long history in Florida’s real estate market and appreciate the support we continue to receive from our residents and the community.”

Attorneys for the developer declined further comment while the settlement approval is pending.

As the *Business Journal* reported in Friday’s print edition, construction cost about \$300-a-square-foot at the height of the condo boom. But during the nine-month bankruptcy, the project only managed to close on 47 units. The average price was about \$328 a square foot.

“At that pace, five units a month, it would take 143 months, or 12 years, to sell out the building,” said local real estate consultant Peter Zalewski, of Bal Harbour-based Condo Vultures. “So, the picture is not too good for the developer because, obviously, they have to do better than that. If I were advising them, I would suggest \$275 a foot, get some traction, and then possibly increase

it to \$325 or \$375.”

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