

# THE ARIZONA REPUBLIC



## REAL ESTATE

### Valley apartments rebound after ownership woes

Receiver soothes Valley renters left in lurch by Bethany Group

by *J. Craig Anderson* - Sept. 14, 2009 06:13 PM  
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Six months ago, Valley apartment renters who held leases in complexes owned by Bethany Group were worried.

Irvine, Calif.-based Bethany went of business because of financial problems and walked away from its 13 apartment communities across the Phoenix area. Some tenants began to complain about trash bins, green swimming pools, overgrown landscaping and lack of maintenance staff.

Today, the court-appointed receiver who was hired to resolve the problems said it has made significant improvements to properties.

A local tenant advocate said it appears the situation has improved. Ken Volk, who runs the non-profit Arizona Tenants Advocates in Tempe, said he assisted in 10 cases in which former Bethany Group tenants sought to break their leases because "they were worried about the place being a dump."

Although not all problems are resolved, Volk said that he has not received any new complaints in at least three months.

"We've had a dramatic decline in people coming to us with complaints regarding Bethany Group," he said.

Bethany Group was one of a handful of Valley apartment-building owners to lose properties during the past year as the real-estate market imploded.

Many more apartment complexes are expected to go into receivership in the coming months. In the court-administered process of receivership, financial backers of a commercial property assume control in lieu of foreclosure.

Court-appointed receiver Trigild hired Morrison Ekre & Bart Management Services Inc. in March

to operate seven of the apartment complexes in Phoenix, Mesa and Chandler.

"People had a lot of questions: Were they going to have to leave their apartment? Were the utilities going to be shut off?" said Mark Schilling, a vice president of MEB Management.

"I think that within 30 to 60 days, people were reassured that those things weren't going to happen."

Trigild, based in San Diego, specializes in receivership, distressed properties and loan recovery.

"The residents of these complexes are going to be much better off now that the properties are in receivership," said Bill Hoffman, Trigild president.

"Since occupancy is a key factor in determining value, a receiver has a strong incentive to keep tenants happy."

Schilling said that most of the Bethany properties were not in terrible shape when his company took over but that a lack of information about the communities' future had allowed residents to imagine the worst possible scenarios.

By reinstalling a full management and maintenance staff, contacting each resident directly about the changes and holding weekend get-togethers for tenants to ask questions, Schilling said the atmosphere has returned to normal - possibly even better than it was before Bethany Group's troubles began.

Occupancy, lease renewals and other key measures of the communities' financial health have improved significantly in the past six months, he said.