

## Del Mar company takes over 6,000 units across U.S.

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*The Daily Transcript*

DEL MAR — Del Mar Heights-based receiver specialist Trigild Inc. has taken over the management of some 6,000 apartment units, representing nearly \$500 million in defaults involving 13 abandoned complexes from Florida to Oceanside.

**The Bethany Group** — a once booming Irvine-based apartment investor now rapidly losing its assets — once owned the properties.

The affected property in this county is the 114-unit Sunset Village Apartments in Oceanside. That sold to a Bethany entity for \$23.47 million or \$205,872 per unit in 2005.

The other 12 assets include properties in Arizona, including the 460-unit Laguna Village, the 320-unit Alante at the Islands and the 374-unit Santan Crossing in Chandler; the 432-unit Whispering Meadows and the 582-unit Tuscany Palm in Mesa; the 395-unit Sienna Springs in Phoenix; and the 196-unit Verrado Park in Glendale.

The Colorado assets include the 482-unit Waterford Court in Aurora, the 216-unit Rockrimmon and the 280-unit Falcon Pointe Ridge in Colorado Springs and the 186-unit Rolling Hills in Castle Rock. Blanding Place Apartments, the lone Florida property, has 231 units.

Bethany, which has placed

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numerous of its partnerships into Chapter 11 bankruptcy protection according to reports around the country, garnered a \$159 million fixed-rate GE Real Estate loan in order to purchase nine properties around the middle of 2005.

That was followed by another \$151.6 million GE Real Estate (which is having its own financial troubles) loan in September 2005 that appears at about the same time the Sunset Village asset was acquired.

After a blizzard of reports of unpaid employees and contractors, utility shutoffs and impending liens and lawsuits, the lender felt compelled to act.

"The loan servicing company which handles the commercial mortgages, moved at a record pace to get a receiver appointed to guarantee that the properties and their residents are well protected," said William Hoffman, Trigild president and founder in a prepared statement. "As a result, thousands of tenants will continue to live in the complexes and over a hundred employees will continue to be employed."

To further ensure that operations proceed smoothly, Trigild's team of property specialists were on site at the apartment complexes within hours of a U.S. Bankruptcy Court receivership order concerning Bethany, so Trigild could take possession quickly and make the transition as seamless as possible.

Hoffman further pointed out that it is to everyone's benefit to have these properties back on firm financial footing.

He added that Bethany's troubles notwithstanding, the apartment projects are fundamentally sound. Bethany officials couldn't be reached for comment Thursday.

"These are all solid entities with positive cash flow which

represent the very foundation of the lenders' security for their loans," Hoffman said. "The protection of these assets is just as important to the bankers as it is to the residents and employees, so it is to everyone's benefit to have a receiver — an impartial third party — take charge of the situation to restore order and efficient operations."

Hoffman said he doesn't expect this to be the last of the Bethany assets to head his way, and also expects many more where they came from until the market stabilizes a year or more from now.

"The highly leveraged deals from a few years back do not bode well for the commercial real estate industry. But lenders, loan servicers and companies like ours have been through previous downturns and understand how to operate effectively in difficult markets," Hoffman wrote.

At the beginning of February, Trigild, which handled the receivership and closure of 37 Bennigan's steakhouse restaurants, announced it had landed six distressed property contracts involving \$80 million in defaulted mortgages located outside of San Diego County.

While most of these like Bethany's assets, are apartments, one is a 68-room La Quinta Hotel in Phoenix, and the other is a non-franchised 88-room hotel in Ardmore, Okla.

Trigild now manages 150 real estate assets representing nearly \$2 billion in assets. The company serves as receiver for most of these projects and Hoffman expects that figure to increase in the months to come.

Over the years, the company has served as receiver for more than 1,500 properties, among them hotels, commercial office buildings, retail shopping centers, residential projects, unfinished real estate and restaurants.

A commercial/multifamily delinquency report released Thursday by the Mortgage Bankers Association of America suggests it is hardly surprising that Trigild has seen its business pick up.

"As expected, the weakening economy continues to take a toll on the performance of commercial and multifamily mortgages," said Jamie Woodwell, MBA's vice president of commercial real estate research. "But counter to the popular urban myth, commercial and multifamily mortgages are actually performing better than just about every other type of loan."

Life insurance companies, in turn, seem to be faring better than other types of multifamily property owners. For example, the MBA claims that of more than 35,000 commercial/multifamily mortgages held by life insurance companies that it tracked nationwide, only 33 loans were delinquent at the end of 2008.

To put these numbers in context, of 35,069 commercial/multifamily loans in life company portfolios, with a total unpaid principal balance of \$253 billion, only 33 loans with an aggregate of less than \$168 million were 60-plus days delinquent at the end of the quarter. Of \$1.3 trillion of commercial/multifamily mortgages at FDIC-insured banks and thrifts, only \$21 billion was 90-plus days delinquent.

The MBA analysis looks at commercial/multifamily delinquency rates for five of the largest investor-groups: commercial banks and thrifts, commercial mortgage-backed securities, life insurance companies, **Fannie Mae** (NYSE: FNM) and **Freddie Mac** (NYSE: FRE).

Together these groups hold more than 80 percent of commercial/multifamily mortgage debt outstanding.

Source Code: 20090312tha