



## WAVE OF DISTRESSED PROPERTIES ATTRACTS A NEW KIND OF RECEIVER

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By Luis F. Perez

Who knew that developers would be clamoring for work as receivers?

Welcome to real estate in South Florida, 2010.

Long-time receivers say they're seeing a flood of developers and brokers entering the field.

"The biggest group of people who are getting into receivership are the developers who aren't doing any deals," said Biff Ruttenberg, a certified turnaround professional and former board member of the Turnaround Management Association.

A receiver acts as the owner while borrowers, lenders and the courts figure how to resolve the case, which sometimes could take years. For an easy case, a receiver may receive \$2,000 a month to care for a property. The sky is the limit for complex cases, receivers said.

"What we try to do is stabilize the property," said Andrew Bolnick of Andrew Bolnick & Associates, who has spent 30 years as a receiver. A Palm Beach County judge recently appointed him receiver for Latitude Delray, an upscale mixed-use property close to Delray Beach's central business district that only sold nine of its 114 condos.

Receivers could be asked to oversee construction, lease out space, upgrade a property or catch up on lapsed maintenance. It's not easy work, and the rush of newcomers to the field has a downside: inexperience.

Not-so-busy brokers, for example, are asking courts to appoint them, but it's a different set of skills to sell home than to fix and maintain a distressed development, Ruttenberg said.

There is no professional industry group that sets standards for receivers and no one organization keeps statistics on how many are out there. Other than the court, which appoints them and often dictates specific actions, nobody regulates them, according to sources.

"If you're not doing the job, one of the interested parties will call it to the court's attention," said Margaret Smith, a Miami-based principal at GlassRatner Advisory & Capital Group. She's currently handling eight receivership cases across the state, Smith said.

Lenders often ask the court to appoint a receiver so they can protect what's left of their investment. It's common for banks to seek the appointment of someone they've worked with before. If not, a judge can decide whom to appoint.

Still, there's always the potential for somebody who isn't experienced as a receiver not to understand all the issues seen with many cases today, said Brian Dervishi, an attorney who represents lenders for Weissman, Dervishi, Borgo & Nordlund in Miami.

Ruttenberg said he's keeping tabs on a case where an inexperienced receiver hasn't been able to get insurance for months since the appointment. In the meantime, he said, the property sits without its problems being fixed.

With today's glut of distressed properties, problems like that are becoming more common.

"With about every large foreclosure, it's become routine where the lender is seeking the appointment of a receiver," Dervishi said.