

# Independent guardian to oversee troubled Reynolds properties

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An independent guardian has been appointed to take control of the assets of Reynolds Plantation's developer, the latest blow to the luxury Lake Oconee golf community that is a second home to many of metro Atlanta's wealthiest families.

The move, an alternative to a bankruptcy or foreclosure, signals deep financial concern for the company after Reynolds property owners voted last week against buying the development's money-losing golf courses and other key amenities for \$45 million.

In a Wednesday court filing, Bank of America and four other lenders said Linger Longer Development Co. and two affiliates are in default, and the defendants and remaining guarantors are believed to be "in such financial distress so as to be characterized insolvent."

Linger Longer and the affiliated companies are either unwilling or unable to maintain the properties without additional financing, which the banks are unwilling to provide without a third-party receiver, the filing said. The Reynolds communities are located 80 miles east of Atlanta.

In February, Linger Longer Chairman Mercer Reynolds told members the banks were demanding repayment of \$45 million by April. He and his cousin had put up an additional \$60 million in land as collateral.

Andrew Bolnick of Florida-based Andrew Bolnick & Associates was chosen as the court-appointed guardian, also known as a receiver. He will manage and preserve Linger Longer's assets in the near term. He likely will try to negotiate a sale of the amenities that satisfies the banks, industry experts said.

The receivership was not an unexpected outcome. Last week, members soundly voted down a proposed deal to buy the golf courses, clubhouses and other amenities.

Michael Blanchat, a Reynolds member who helped lead a group opposed to the earlier sale offer, was not surprised by the news.

"The developer continued to tell us he had no other rabbit to pull out of the hat," Blanchat said. "That appears to be the case."

Linger Longer's woes are the latest in a string of financial problems at luxury golf communities in Georgia. Last year, Country Club of the South's golf course was taken

back by lenders and Sea Island filed for bankruptcy and was sold to out-of-state investors.

"The high-end residential, second-home golf communities have been struggling," said Gary Marsh, who heads the bankruptcy practice at McKenna Long & Aldridge.

The golf courses and other amenities were operated at a loss and were designed to attract land and home buyers, but the high-end real estate market fell off.

Bank of America and the other lenders filed a motion on Wednesday in Greene County Superior Court for the appointment of a receiver. The move was not opposed by Linger Longer.

In a letter to the 3,600 property owners, Mercer Reynolds and Bolnick called the receivership "a positive step" to help preserve the community and said it provides "additional time for all parties to look at other potential solutions in a deliberate manner."

Reynolds is a noted businessman, Republican Party fixture and former ambassador to Switzerland and Liechtenstein.

Chris Tierney, managing director of Hays Financial Consulting, an Atlanta receivership firm not engaged in the case, said the move signals that Linger Longer and its lenders could not come to an accord on a deal on their own.

Reynolds officials said they had entertained offers for the courses, but offered them to the homeowners first. Officials also have said if there was no sale, they would have to give the courses back to the banks. The company has denied it would seek bankruptcy protection.

About a third of the \$45 million offer to homeowners was to buy the courses and other amenities. The package also included financing for operations.

Linger Longer retains the right to file for bankruptcy protection, and the banks could still seek a foreclosure if the impasse persists, Tierney said.