

A Second Chance

Levitt & Sons buyers offered deals on lost deposits.



Photo: Courtesy The Treister Murry Agency
THE NEW DEAL: Thanks to receiver Andrew J. Bolnick (shown here), Levitt & Sons deposit holders were allowed to apply lost funds toward select model or spec homes.

Vincent Spitzer was one of hundreds of buyers of Levitt & Sons homes who found themselves not only out of luck but also out thousands of dollars toward a new home when the Florida company filed for bankruptcy late last year. His deposit on a 1,959-square-foot Ashville model appeared long gone, as Spitzer landed at the end of a long list of creditors.

"We've been sitting on pins and needles dealing with different pieces of paper coming out of the court," Spitzer says.

But a plan devised by a court-appointed receiver team offered Spitzer and other deposit holders the chance to still get the home of their dreams—or almost.

The plan—as mapped out by Andrew J. Bolnick and the legal team at Weissman, Dervishi, Borgo & Nordlund on behalf of Bank of America, a creditor owed \$103 million in loans related to eight Levitt properties—invited deposit holders to a three-day private sales event in mid-May. Deposit holders were allowed to apply the amount of their original deposit as a credit toward the purchase of a Levitt & Sons model or spec home in four select communities in Florida.

"We're pleased with the response we've had," Bolnick says of the event, which yielded 21 sales contracts. Across the

Levitt communities in his charge, there were roughly 140 finished model and spec homes and several partially completed homes, according to Bolnick.

Under the program, deposit holders may not end up with the home they had contracted for when they originally handed over their deposits. But at the end of the day, it ensures that their deposit money was worth something.

In Spitzer's case, he did end up with the same plan he originally had contracted to buy in early summer 2007—only it was in a different part of the community and was a fully furnished model. But it was a trade off he was willing to make.

"I'm looking at losing \$27,000, because I don't expect to get my money back from the court," Spitzer says of his predicament. "[Now] we have an opportunity [such] that we know, even in a depressed market, that [our house] is worth what we paid."

The program's structure also protects deposit-holders-turned-buyers from any liens that were attached to the inventory homes in connection with the company's bankruptcy. The Broward County Circuit Court and Bank of America had to approve every sale resulting from the event, but once okayed, any liens are shifted from the home and applied to the proceeds of the sale.

Levitt & Sons filed for Chapter 11 bankruptcy protection on Nov. 9, 2007, in Fort Lauderdale, Fla., after ceasing to make interest payments on \$2.6 million in debt owed to five lenders, triggering additional defaults on \$181.5 million in loans and a \$125 million revolving credit facility. —Sarah Yaussi