

From the Tampa Bay Business Journal:

[http://www.bizjournals.com/tampabay/blog/2010/03/condos\\_at\\_9\\_cents\\_on\\_the\\_dollar.html](http://www.bizjournals.com/tampabay/blog/2010/03/condos_at_9_cents_on_the_dollar.html)

## Condos at 9 cents on the dollar

Mar 23, 2010, 7:57am EDT Updated: Oct 16, 2010, 3:26am EDT

Maybe it's just a real estate broker's way to make sure journalists earn their paychecks. At least I hope that's what it is.

Monday, Marcus & Millichap Real Estate Investment Services announced that 121 units at the failed condominium conversion Legacy at Tampa sold for \$2.1 million, or \$17,355 per unit. Not a lot of return for **Compass Bank**, which took the condo community back from Group Developers LLC last July when it managed to sell just 47 units averaging just under \$182,000 each.

That means Compass will lose \$13.1 million on the deal, based on a \$15.2 million mortgage it gave Group Developers in June 2006 with the intention of selling the former apartment complex as condos in a hot market.

If someone didn't want those details in the press, it likely would be Compass. Losing \$13 million in a condo conversion gone bad isn't exactly something its shareholders are sticking to the front of their refrigerators.

Yet, when Marcus & Millichap released details of the sale, which took place March 9, they included the name of the seller, but described the buyer that purchased the units at just over 9 cents on the dollar as a "limited liability company from Tampa."

Maybe this limited liability company wanted to wait to make an announcement on its own time. Or maybe they just didn't want their name out there at all. Either way, it's not like anyone who knows how to look for a deal can't find out who the buyer is.

In this case, a company called CCP Legacy LLC made the purchase. A quick look at state corporate records showed the company being formed in February, with a principal address at 3105 W. Waters Ave., but no managers or members. Instead, it lists Convergent Management LLC at the same address as its registered agent.

The corporate record listing for Convergent Management is a little more detailed. This company, formed last September, lists Santosh Govindaraju as its managing member. Govindaraju is chief executive officer of Paragon Capital Partners LLC in Tampa, and is a former

trader for **Lehman Brothers** in New York.

And he has a lot to be proud of. He was recognized in this very newspaper's 30 Under 30 program (now known as Up & Comers), and was also named the *Business Journal's* Young Minority Business Person of the Year in 2003. Govindaraju also was the board chairman for the Indo-US Chamber of Commerce between 2006 and 2008 and president of the Asian American Chambers of Commerce over the same time period.

In the interest of disclosure, I am an owner of a condo in a conversion community developed by Group Developers. The Miami developers are no longer part of the deal since their lender is finishing up a foreclosure there. It's likely the bank will eventually try to do a bulk sale of units similar to what happened at Legacy, so there's no telling how badly our property values will drop once that happens.

But hopefully it won't be too bad. I'm also the president of my community's homeowners association, and our board has worked hard to keep our community vibrant despite the housing uncertainty issues and the fact that we're a fractured community. Homeowners are paying the bills, catching up on past community debts, many of which were left behind by the developer. When the housing market turns around, there might be a chance to sell some of those units for a decent price.

We had it better off than Legacy, however. Group Developers handed over our community with a little under half the units sold, and a stack of past due bills that wasn't too high.

At Legacy, only a quarter of the units were sold, and the homeowners association there couldn't stay together and are now defunct, according to Marcus & Millichap.

That means Govindaraju has his work cut out for him.

His plans are to correct some of the physical issues with the property, recapitalize the community, and do what he can to turn it into a successful rental property, Marcus & Millichap said.

"Very few buyers would be willing to take on a property with such complex issues," said Still Hunter III, vice president of investments for Marcus & Millichap, in the release. "Although there is a significant upside if they are able to execute on this strategy."

It's certainly a challenge.

But please don't be shy. Let people know who is taking on that challenge. If not, we'll find out anyway.

**Michael Hinman**

Staff writer

