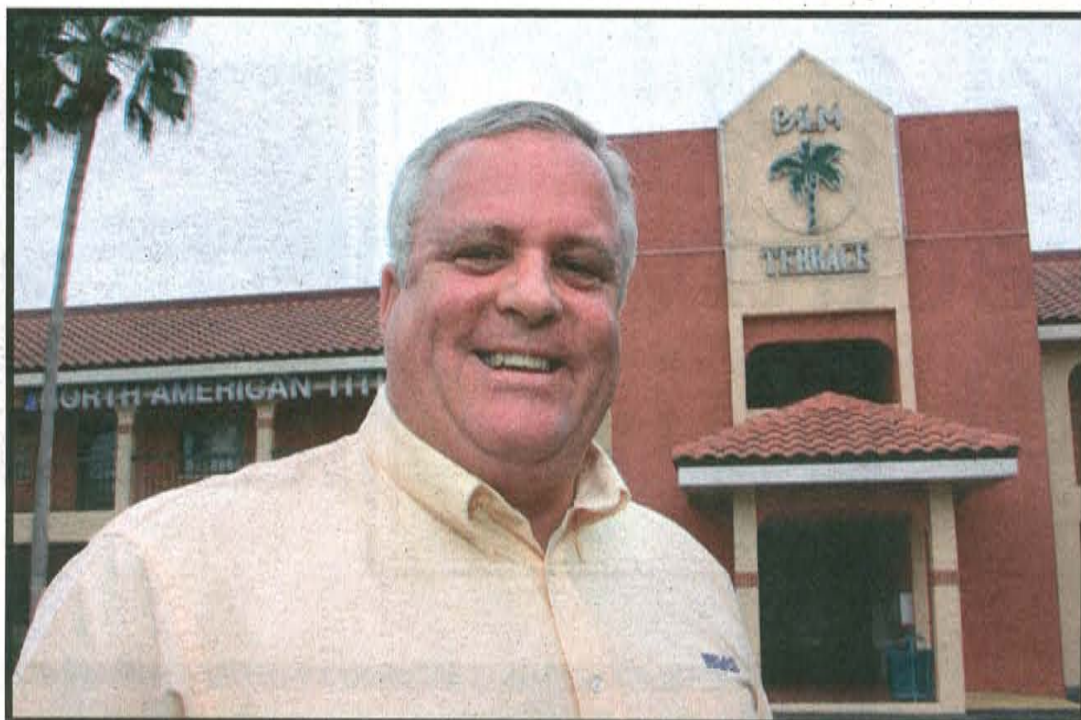
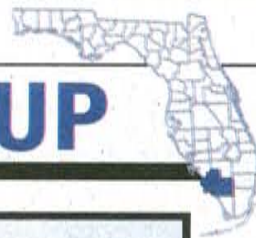


FIRST UP



Developer **Kenneth Saundry Jr.** started a court-appointed receiver business while he waits out the real estate downturn.

JimJett.com

Open receiver

Developer Kenneth Saundry Jr. spent 31 years in the real estate business in Florida building homes, RV parks, shopping centers and offices. Now, he's reinvented himself as a court receiver to manage distressed properties.

No builders, no lenders, no investors.

That's the reality of real estate development in Southwest Florida, says longtime Naples developer Kenneth Saundry Jr.

Saundry, 55, is among the dozens of developers and builders who have had to reinvent themselves or move out of state for work because of the real estate downturn. For his part, Saundry recently

created a firm that manages properties while they're stuck in a legal process such as foreclosure.

"I think there's a tsunami of problems coming in 2010," Saundry says. "Unfortunately,

the downturn has remained and may get worse."

Saundry's firm, Real Estate Advisory Services, pitches his services to attorneys who represent lenders and landlords and petition the court to have his firm appointed as the property caretaker while they resolve their dispute. In legal lingo, Saundry's firm acts as "receiver."

With commercial real estate landlords struggling to keep tenants in their buildings and property values falling sharply, Saundry says he expects banks to move aggressively to foreclose on delinquent loans and try to recover their money through the sale of these buildings.

The outlook for commercial occupancies and rents isn't favorable, so banks aren't waiting around for better times. "Rents will keep falling until they hit a floor, but we don't know when that will be," Saundry says.

Banking regulators are forcing financial institutions to mark down the values of properties for which they've loaned millions of dollars during the boom. That's forcing lenders to be aggressive with borrowers who fall behind on their payments.

Until recently, lenders have extended the terms of their loans, working with struggling borrowers. But now, banks are eager to move bad loans off their books, take the prop-

erties back and sell them to recover whatever they can to raise capital.

In some cases, a property owner facing bank action finds investors who will buy the mortgage. Generally, investors have been buying notes for 40 cents to 60 cents on the dollar, Saundry says.

Meanwhile investors stung by the recession remain cautious about buying while property values decline. "In some cases, people are holding back because they don't know if it's the bottom," Saundry says.

Saundry estimates the real estate market will reach a bottom next year and "push off the mat" in 2012. Normal business conditions may not return until 2013. "I hate that," Saundry says.

Investor psychology must turn more positive before things can improve, Saundry says.

"The press doesn't help," he quips. What does help is location: "Southwest Florida's saving grace is that it's a great place to live."

In the meantime, Saundry expects his receiver business to pick up substantially as more properties end up in court. He's now billing about \$9,000 a month after a year in business and charges \$150 an hour.

But Saundry is a developer at heart. "When things get better, I'll be doing deals."

—Jean Gruss