

Charlotte Commercial Board of Realtors

Transaction of the Year 2009

Jim Plyler and Steve Gentry



Sometimes the toughest deals to do are not always the largest ones. One such deal last year is a study of what happens when the problems of a stalling national economy are compounded by the effects of declining local neighborhoods.

A loan portfolio, originated by a Charlotte bank, was purchased by an investor in Florida. The portfolio contained a note, secured by a neighborhood grocery store in East Charlotte, near Eastland Mall. The investor never saw the building before the purchase. In early 2009, the local grocery store owner abruptly abandoned the building and defaulted on its loan. Bankruptcy was threatened.

Our winners were asked by the owner to become the court appointed receiver of this property. Upon entering the building, it was discovered the power had been turned off for lack of payment and frozen and fresh meat and vegetables were rotting in the freezers and coolers. Being a small firm, it fell upon the brokers to facilitate the clean up of this mess they had discovered. Despite a lien, they arranged for the financing source of the inventory to donate the salvageable food to two local food agencies.

Subsequently, the note holder foreclosed on the building, taking possession. Now the task fell to these brokers to find a buyer for a food store, in a faltering economy, in a part of town that was not on the buy list of any of the major grocery retailers. After considerable searching, the winners were finally able to get the attention of a retailer who would consider locating in a transitional neighborhood if the right terms could be reached.

Unforeseen complications were masked by the declining nature of the neighborhood. The prior store owner had constructed a freezer in to a rear driveway easement. The note holder had neglected to get a survey and it had gone unnoticed because the beneficiary property to the rear had been abandoned for several years. When the neighbor would not agree to release the easements, our winners negotiated with their owner and the adjacent neighbor to purchase the adjoining property, extinguishing that easement. A canopy at the front of the building encroached in to another easement and had to be removed as well. Finally, two different entities had been promised a security interest in the FF&E (furniture, fixtures and equipment) of the building. This had to be sorted out since the new buyer insisted the equipment be part of their purchase. The building owner had to compensate the other lien holder.

Further complications presented challenges. During the buyer's research and due diligence phases, the building repeatedly fell victim to the surrounding neighborhoods. Thieves broke in to the refrigeration rooms and roof top air conditioning units on several occasions. Copper piping was stolen leaving the equipment inoperable. The owner was growing increasingly concerned of the money it had to spend, just to keep the premises in working condition. The buyers were concerned of their risk in locating there. Our winners had to persuade both to hang in there and that their occupancy would make these problems diminish.

The result was that Compare Foods, a regional food store operator, is now located in an underserved transitional neighborhood that has been most recently know for declining property values and closing stores. While our winners had said in a better economy they may have given up and moved on, this year's winners Jim Plyler and Steve Gentry, demonstrated the determination it sometimes takes to complete a transaction in particularly challenging times.