

Arsenault invests in New Mexico

By [John Rebchook](#) on November 1, 2010 · [Comment](#) · [ShareThis](#)

Marcel Arsenault is expanding into New Mexico.

Homebuilder Capital Solutions, headed by Louisville-based Arsenault of Louisville, one of the nation's most successful distressed real estate turn-around investors, said today his company has purchased 14 loans secured by residential communities in northwest Albuquerque and Santa Fe.

Homebuilder Capital, which previously had acquired Village Homes in the Denver area, bought the loans from Stearns Bank. The loans, which are in default, have a total unpaid balance of \$21 million. The loans were originated by First National Bank of Nevada, which was taken over by the FDIC in July 2008. The communities encumbered by the acquired loans were all originally developed by Longford Homes, a Nevada-based homebuilder.

DR Horton buying lots

Homebuilder Capital Solutions will work with the borrower to complete the projects under construction, and to sell the improved lots to DR Horton and some local merchant builders.

“Northwest Albuquerque is the most active new home market in Albuquerque,” said Arsenault, the CEO of Homebuilder Capital Solutions. “We believe in this submarket – DR Horton is the No. 1 homebuilder in Albuquerque in terms of new home sales. Further, our basis will be much lower, allowing us to market the lots at very attractive values to both DR Horton and other area builders.” The company will also facilitate construction on work-in-progress inventory within the Albuquerque and Santa Fe communities.

Sold \$300 million in real estate before crash

Homebuilder Capital Solutions is a focused initiative of Real Capital Solutions, Inc., a value-add real estate investment company. In addition to Village Homes, it has residential work-out properties in Fort Myers and Jacksonville, Florida, and La Quinta, Ca.. Real Capital Solutions gained prominence in investment and real estate industries after calling the housing crash in 2006 and converting the majority of its income-producing properties into cash.

It sold nearly \$300 million of apartment, retail and office investments – about 80 percent of the company's 140 properties. In late 2008 it returned to buying by focusing on distressed real estate. In the past two years the company has acquired \$200 million of distressed residential projects in Colorado, Arizona, Florida, and California. Real Capital Solutions is continuing to target an additional \$500 million to recover value lost in non-performing assets and in distressed markets across the country.

“Banks and the FDIC are sitting on many non-performing loans,” said Arsenault. “They don't have the operational experience. They don't have the ability to fix the pipes or deal with

homeowners associations. But that's exactly what we do. Our staff and partners know how to add value to condos and troubled homebuilders."

However, many of these properties are tangled in legal quagmires.

Tough deals welcomed

"Many projects are stuck in lawsuits between the lender and the borrower," Arsenault said. "Our team can come in and solve the tricky legal problems between borrower and bank. Often, we release the borrower from personal liability when we purchase the loans. In some cases, the borrowers are able to add value to the projects after we acquire them. In this manner, we can turn a lose-lose into a win-win by bringing the borrower back to the table to help finish the project after we acquire title. Of course, each borrower is different, each lender is different and each project is different. The first step of the plan is to purchase the defaulted loans, the second step is to resolve the conflict with the borrower, and the third step is to add value to the projects by bringing in a team capable of completing stalled projects. Tumbleweeds and broken windows that are common in failed projects help no one."

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