

Madison Realty Capital Gets Approval for Williamsburg Bankruptcy Sale

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New York

Six-year fight to end with Williamsburg bankruptcy sale

Chaim Miller, Sam Sprei have tangled with Madison Realty Capital since 2015



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By

Keith Larsen

Six years ago, Madison Realty Capital moved to foreclose on a two-building apartment property in Williamsburg. Owners Chaim Miller and Sam Sprei resisted. The two sides have been at war ever since.

Now the end is in sight, and it doesn't look good for the two landlords.

The 15-unit property at 203-205 North Eighth Street has been scheduled for a bankruptcy auction Dec. 9. The property was valued at \$12.9 million last year, according to a court filing by Madison Realty, which held a loan against it.

The conflict began in 2015 when Madison alleged the owners failed to make a monthly payment on a \$3 million loan. A short time later, Madison declared the balance due immediately and started the foreclosure process. That October, Madison and the landlords entered into a stipulation of forbearance.

But Madison alleged the borrowers violated the terms of the forbearance. In 2017, a judge allowed the lender to proceed with a foreclosure.

But Miller and Sprei still had cards to play. The property owners filed nine orders to show cause, pushing the matter back another three years until a foreclosure sale was scheduled.

Then, in February 2020, before the sale could happen, the debtors filed for Chapter 11 bankruptcy, halting the foreclosure. That process lasted until a judge approved the restructuring plan in September.

Greg Corbin, the president of bankruptcy and restructuring at Rosewood Realty Group, is spearheading the auction.

The sale signals the demise of Miller's real estate empire. At one point, the Brooklyn landlord had amassed over 1 million square feet and sought to buy the Beekman Tower in Manhattan. Madison was his go-to lender. But his projects became marred in lawsuits, foreclosures and partnership disputes.

Madison, led by Josh Zegen, Brian Shatz and Adam Tantleff, is among the most active lenders in New York City's commercial real estate market, and known to play hardball. The company recently secured a judge's approval to go forward with a UCC foreclosure on interests in Eli Karp's Hello Living project in East Flatbush.

A spokesperson for Madison declined to comment. A lawyer for Miller and Sprei did not return a request for comment.

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