

Newly built Southampton home faces foreclosure

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Tri-State

Cayman Islands company alleges developers owe \$6.9M



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By

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A new Southampton home on the market for \$15 million has six bedrooms, eight bathrooms, 10,000 square feet and two foreclosure actions against it.

Cayman Islands company Blue Sky Ltd initiated a UCC sale for the equity interests in the home at 145 Wickapogue Road, legal filings show.

Blue Sky alleges the property owner owes it at least \$6.9 million, according to a notice of sale. The winning bidder stands to take possession of a 10,000-square-foot, Cape Cod-style home with a pool, wine cellar and massage and sauna room.

To increase its chances of getting paid, Blue Sky is pursuing a traditional foreclosure in federal court in addition to the UCC sale.

The lender alleges the borrower, an entity affiliated with Mark and Nicole Gallagher of Port Jefferson Station, New York, defaulted on their mortgage on Oct. 1, 2021. The lender cites multiple judgments and tax liens as additional reasons for the loan to be considered in default, according to the complaint.

When the loan is in default, the interest rate jumps to 24 percent.

According to the complaint, seven confessions of judgments were rendered against the borrower or Nicole Gallagher, including \$2.1 million by Lisa Grossman of Valley Stream, New York.

The loan was sold multiple times before ending up in the hands of Blue Sky, an anonymous Cayman Islands-based company with an address linked to a Miami Beach office building.

A Google photo from 2019 shows a building permit on the property — suggesting the saga dates back at least three years — and two structures, possibly the “rare legal 2 bedroom cottage and 1,070-square-foot barn” described in [the listing](#).

On Feb. 7, 2020, hard money lender 5 Arch Funding Corp provided \$5.75 million in financing, consisting of a \$3.25 million senior loan and a \$2.5 million building loan, for the project. The consolidated loan was personally guaranteed by the Gallaghers, filings assert.

Beginning that same day, the loan was bounced around like a ping-pong ball. It was first transferred to a subsidiary of Redwood Trust. On April 27, it was transferred again, this time to a subsidiary of CoreVest, a subsidiary of RedWood. On June 10, the loan was assigned to another division of RedWood, called Redwood BPL Holdings 2.

Blue Sky acquired the debt on June 10.

The Gallaghers are now in a race to sell the home before the UCC sale on Jan. 12.

[Shawn Elliott](#), head of the ultra-luxury division at Nest Seekers International, has the listing.

Which says the home was completed last year and is “tucked away in the ultra-exclusive ‘Estates’ section of Southampton, a mere block from the beach.”



Google Maps says it is actually a 17-minute walk to Old Town Beach, but no one would mistake the area for South Detroit. Across the street are tall, impenetrable hedges cut squarer than Mister Rogers.

Nest Seekers'
Shawn Elliott
(Nest Seekers)

Potential buyers have until Jan. 10 to submit a bid. Greg Corbin, who heads bankruptcy and restructuring at Rosewood Realty, is marketing the UCC sale, while Matthew Mannion of Mannion Auctions is the auctioneer.



Rosewood
Realty Group's
Greg Corbin
(Linkedin)

In most UCC auctions, the lender submits a bid using its existing debt, known as a credit bid, and wins.

Southampton has some of the priciest homes in the nation. This summer, 1116 Meadow Lane sold for \$48 million. Down the road, 1730 Meadow Lane hit the market for \$46 million. And earlier this year, architect Thierry Despont listed his home for \$23.5 million.

An attorney for Blue Sky declined to comment. An attorney for the Gallaghers did not return a request for comment.

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