



To save his house, he's saving the neighborhood

By KEVIN POST

September 1, 2007--The homebuyers at Glen Eyre in Mays Landing should have lost the large deposits they put down on their homes when developer Kara Homes went bankrupt. That's what's happening to people at 17 other defunct Kara projects.

Or at least they should have been put into the painful limbo of being committed to buying a house that might never be built, unable to look for and buy a different home.

Instead, the 11 homebuyers at Glen Eyre are expecting to move into their luxurious homes next to Mays Landing Golf Club by Thanksgiving.

Unlike the dozens of other subdivisions in the region undermined by the nationwide housing recession, Glen Eyre is moving forward because buyers there refused to accept its failure and committed to seeing it built.

And unlike the others, among the Glen Eyre buyers was one man with the vision, will and experience to lead the audacious plan to buy up the bankrupt development and finish it.

Gerald Davis was buying two houses at Glen Eyre: a retirement home for himself and his wife and another house as an investment property.

An electrical contractor from Voorhees, Davis had worked on a couple of Kara Homes projects and liked the quality of the houses. So when he heard about Glen Eyre, he and his wife decided they wanted to live there.

"But about four or five months into the project, the subcontractors became concerned about Kara's financial capability," Davis said this week.

When Kara quit paying the subcontractors last year, they quit working, dumping construction debris on the ground and prompting complaints from neighbors in an adjacent development.

Davis wanted to believe the reassurances from Kara Homes that new financing was just two weeks away, and then two more weeks away.

"When we really knew there wasn't going to be another two weeks, I said to my wife we need to find another place to live," Davis said. "So my wife and I moved onto our boat down at Trump Marina in November. Living on a boat in winter is comical, at best."

With his retirement home and finances in jeopardy, Davis discussed the situation with his wife, son and daughter-in-law and decided to try to purchase the entire job site. He called the other 10 buyers, each of whom was losing a home deposit of \$60,000 to \$80,000.

As one of them, Ken Roberts, put it, "I paid an attorney to tell me that I'm behind everybody in bankruptcy in trying to get back my \$76,000 deposit."

Davis offered to honor their home deposits if the buyers would reaffirm their contracts to buy houses at Glen Eyre - and they did.

Pete Barron, one of those buyers, said he "knew something was up when Kara wouldn't return our phone calls."

Living just a mile away in Mays Landing, Barron visited the site two or three times a week and found work had stopped.

He said he felt fortunate when Davis called and offered to honor his \$60,000 deposit, especially after his lawyer told him that Davis didn't have to.

With the homebuyers getting behind Davis' plan to buy and finish Glen Eyre, there was one more critical need: financing. What lender would fund a subdivision in a housing slump, especially one being built by a developer who had never finished a house?

Davis sought support from banks in the area and found one that was interested.

"Fox Chase came through for us," he said. "They financed us for the purchase (from Kara Homes in bankruptcy for \$5.9 million) and ability to complete the homes under contract."

Brett Long, senior vice president of real estate for Fox Chase Bank, said Glen Eyre is "an unusual project. We've never been involved with one like this."

Long said one key to the bank's support was Davis' decision to hire Erol Bert, an experienced construction manager who had overseen the project for Kara Homes.

Even so, there was "no quick, 5-minute approval" from the senior executives on the loan committee, Long said. "This required an hour and a half presentation."

The clincher, just like in a Hollywood movie, was that the people who would live at Glen Eyre were united in their desire to make it happen.

"With the homeowners banding together, saying they wanted to finish the project, that's what made this deal a go," Long said.

Since closing on the subdivision in late July, the newly formed J&Jay Development Co. has been completing the 14 homes started at Glen Eyre. Davis said that includes two Kara models, which also will be finished this fall and offered for sale.

The 11 committed buyers give J&Jay Development the money to pay back 90 percent of the bank's investment, Davis said. When the 14th home sells, he'll have enough to pay off the purchase in full.

That leaves another 13 lots at Glen Eyre to be developed, so Davis' exciting adventure in homebuilding may wind up making his retirement more comfortable than he expected.

Glen Eyre houses on the golf course range from 3,100 to 3,500 square feet and are priced in the mid-\$500,000s. Those across the street are 2,400 to 2,700 square feet and start in the low \$400,000s.

Barron said he's well aware that homebuyers in other former Kara subdivisions, several of which are in southern Ocean County, are suffering. "I feel bad for the people up in Manahawkin. I'm sure there are a bunch of people without housing up there," he said. "We're the lucky ones."

Lucky to have that one person among them who could make it all happen.

"There's one guy who led the charge. If it wasn't for him, I would almost guarantee we wouldn't be in this position," Roberts said. "Gerry Davis deserves all of the credit. He's saving people a lot of money."

And when their houses are finished this fall, the Glen Eyre buyers will have one more thing: an instant feeling of community.

"There's a common bond that's going to hold a dozen or so of us together," Roberts said.

In real estate these days, endings don't get any happier than that.