

Biz

With \$200M in hand, Durham fund near start

The Triangle's newest investment shop is a couple of months away from its trading debut, and still looking for a

With debt of \$21M, developer seeks refuge

By Chris Baysden

SMITHFIELD – The wrecked housing market and tight credit have taken down a Smithfield residential developer active from the Triangle to the coast.

Deuce Investments Inc. filed for Chapter 11 bankruptcy reorganization in the United States Bankruptcy Court for the Eastern District of North Carolina on Feb. 12. The company listed assets of \$17.3 million against liabilities of \$21.3 million.

The firm is owned by Linwood Jones and Don Millard, according to Laurie Biggs, a Stubbs & Perdue bankruptcy attorney who



Biggs

is working on the case. Biggs says the firm's problems were caused in large part by the overall economic doldrums, which have included a tightening of lending at banks at the same time the housing market tumbled.

"They didn't really have a way to sell the lots and pay the banks back," says Biggs.

A couple of banks have either foreclosed on some of Deuce's property or have foreclosures pending, court documents show.

Deuce was involved in six developments that included hundreds of acres in three counties: one tract in Johnston, two in Pender and three in Onslow. The properties were in various states of development.

The Johnston County tract was the smallest of the developments. Known as the Fuller Tract, it consisted of 26 acres of undeveloped land on Cleveland Road.

Biggs says she hopes to file a plan for reorganization in the next couple of weeks and, if approved, the sale of lots could resume by summer. "The numbers we're

BANKRUPTCY: Growth of Marine Corps base has helped shore up Onslow County housing market

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looking at show a much better result than if it's foreclosed on," she says.

There's both good news and bad news for the prospects of the Onslow County tracts, which are located in Holly Ridge and Sneads Ferry.

While the housing market in Onslow has been adversely impacted by the recession, it is currently benefiting from the growth of Marine Corps Base Camp Lejeune in Jacksonville, says Sandra Fountain, an Onslow County real estate insider who is

broker-owner of Coldwell Banker Fountain Realty. She says sales are up by 20 percent in the county compared to a year ago. But Fountain cautions that "the beach market has fallen off because most of them were secondary homes."

Both Holly Ridge and Sneads Ferry are near the coast.

Court documents show that four different creditors hold secured claims in the Deuce bankruptcy. The largest is SunTrust Bank, which has four claims that total \$10.7 million. The other three creditors with secured claims are Cary-based

Crescent State Bank (\$694,514), BB&T (\$254,835) and Donald Mason (\$900,589).

Mason, a Durham County resident, filed a lawsuit against Deuce in May 2009, alleging that the company had failed to repay a loan. In September, Superior Court Judge Howard Manning issued a summary judgment in Mason's favor for nearly \$802,000 and more than \$72,500 in interest.

William Wolf, Mason's lawyer, says the loan was in regard to the Majestic Oaks subdivision project that Deuce was developing in Pender County. The lots were selling for \$95,000 apiece, and the houses cost

in the neighborhood of \$350,000 to \$400,000, Wolf says. But then trouble hit.

"The market went soft," says Wolf, who added that a bank pulled financing on the project before some of the amenities – such as a boat dock and pool house – were completed.

According to the bankruptcy filing, Deuce posted \$2.8 million in gross income in 2007. But that dropped to \$665,000 a year later before falling to a meager \$95,000 in 2009.

Deuce was formed in June 2000, according to a filing with the North Carolina Secretary of State.