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REAL ESTATE | LUXURY HOMES

The Lender Bailing Out Desperate Luxury Property Owners—for a Price

Bay Point Advisors steps in when traditional banks won't. But some say the company can be too cutthroat when it comes to getting paid.

By *E.B. Solomont* [Follow](#)

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It is hard to say precisely when art magazine publisher Louise Blouin's financial problems began, but by November 2022 she was desperate.

Saddled with debt and facing foreclosure on La Dune, an oceanfront estate in the Hamptons, Blouin borrowed \$62 million from Georgia-based lender Bay Point Advisors, hoping to buy herself time to refinance or sell. Roughly 14 months later, however, the bridge loan ballooned to more than \$80 million, thanks to a 24% default interest rate and late fees. La Dune, once asking \$150 million, sold for \$89 million after an auction in January.

"I was just going in for a bridge for a few weeks and ended up in this tsunami," said Blouin, who has since described her dealings with Bay Point as a "nightmare" in New York bankruptcy court filings. She is now fighting Bay Point for a portion of the sale proceeds.



The oceanfront Hamptons compound known as La Dune PHOTO: CHLOE GIFKINS



La Dune sold for \$89 million after an auction in January. PHOTO: CHLOE GIFKINS

Her odds of prevailing are long.

Bay Point has become a lender of last resort for the rich, lending nearly unheard-of sums to luxury real-estate owners at high rates—rates that get much higher if a customer defaults—and using sophisticated, some say overly aggressive, tactics for getting repaid.

“We fill in where banks stop lending,” said Charles Andros, Bay Point’s co-founder and CEO, who said there is a growing demand for Bay Point’s services in the luxury real-estate sector, thanks to tighter banking regulations and skyrocketing property values.



Louise Blouin said working with Bay Point was a 'nightmare.' PHOTO: DAVID M. BENETT/GETTY IMAGES

Launched in 2012 by former finance executives, Bay Point has a war chest of \$800 million, backed by family offices and other private investors. One of Bay Point's specialties is distress—which can be opportunistic situations where there is upside for investors. Operating within the shadow banking sector—as the market involving nonbank lenders is known—Bay Point stands out as a deep-pocketed lender that is not deterred by thorny situations. “They’re going to have a handful of competitors—if that,” said

Anthony Geraci, co-founder of the American Association of Private Lenders, citing the high risk of lending so much money against a luxury property, the value of which could drop precipitously.

In addition to lending Blouin \$62 million, Bay Point lent tens of millions of dollars to the developers of Hampton Island Preserve, a 4,000-acre private community near Savannah, Ga., a property beset by years of financial trouble and infighting among former partners. Bay Point has made multimillion dollar construction loans to distressed homeowners and earlier this year, in a departure from its core lending business, Bay Point became an equity partner on a \$46 million deal to buy Aspen Valley Ranch, a luxury estate in Colorado, the prior owner of which lost the property to foreclosure.



La Dune comprises two houses on more than 4 acres in Southampton. PHOTO: CHLOE GIFKINS

Bay Point's track record among borrowers is mixed. While some are grateful Bay Point stepped in to finance deals when no one else would, others claim the company is aggressive, even ruthless, about getting what it wants.

"Bay Point has systematically taken steps that result in making it more difficult for me to get them repaid," said Ronald Leventhal, a developer of Hampton Island Preserve, which Bay Point says owes more than \$30 million. He alleged Bay Point is trying to wrest control of the project from him. "They can destroy people," he said.

Andros said allegations of predatory lending are "simply not true." He said only a small percentage of Bay Point's loans aren't repaid. Blouin's loan was approved by a federal bankruptcy court on heavily negotiated terms, he said. Bay Point said its relationship with Leventhal dates back seven years, during which time it made many loans and purchased debt from Leventhal's other lenders to avoid them exercising default remedies.

'Collection is our specialty'

Bay Point was started in 2012 with \$15 million in assets raised from friends and family. Founders included Andros, a former stock trader at Schonfeld, with Jim Kauffman, an alum of hedge-fund Citadel, and Greg Jacobs, who previously held senior roles at ING Investment Management.



Charles Andros co-founded Bay Point in 2012. PHOTO: BILLY HOWARD PHOTOGRAPHY

The company initially focused on fix-and-flip loans, or construction loans for investors looking to buy, renovate and sell properties. Bay Point also engaged in real-estate bridge loans and tax-deed financing, in which it purchased tax deeds at auction and made money when homeowners paid off back taxes plus interest to the company. “Our bread and butter has always been in the hard-money lending space,” said Andros, 51, a gregarious Georgia native, referring to the kind of short-term, high-interest loans

Bay Point makes.

Even in good times, the wealthy need to borrow cash—particularly if their money is tied up in stocks or investments. Stringent banking regulations since the 2008 financial crisis have limited the pool of lenders willing to make nonconforming loans, or loans that don’t comply with federal guidelines regarding the maximum loan amount, debt-to-income ratio or minimum credit score. That has led to an uptick in private lending, a category of nonbank loans, said Sam Kohn, chief financial officer at National Equity Funding Inc., an Irvine, Calif., company that matches private lenders to borrowers.



Bay Point paid \$46 million for an equity position in Aspen Valley Ranch. PHOTO: DALLAS & HARRIS PHOTOGRAPHY



Bay Point estimates Aspen Valley Ranch is worth \$200 million. PHOTO: DRAPER WHITE/CHRISTIES

Over the last five years, Andros said Bay Point has focused on the luxury market, establishing divisions to finance private jets, yachts and the construction of single-family homes.

Andros said about 60% of Bay Point's assets under management are in real-estate loans, a business that has grown 30% to 40% in deal volume annually in recent years as real-estate values have skyrocketed. "Fannie and Freddie think a jumbo loan is \$750,000," he said. "We all know that's one digit short of a starter home in Calabasas."



The ranch was developed by natural-gas pioneer Charif Souki. PHOTO: MICHAEL STARGHILL JR. FOR THE WALL STREET JOURNAL

In addition to lending, Bay Point has taken equity positions in potentially lucrative deals, too. This spring, it paid \$46 million for a portion of Aspen Valley Ranch, an 813-acre spread in Colorado that was developed by natural-gas pioneer Charif Souki. Souki spent millions of dollars building several homes and turning the ranch into a “mini-country club” for his family, he previously told the Journal. He sold a portion of the ranch in 2021 and lenders foreclosed on the rest. Bay Point, which bought the property from the lenders, now plans to sell off three

existing homes and finance the construction of five more to maximize the ranch’s value, which Andros estimated is \$200 million.

Bay Point is also a partner in Trillith Studios, a movie and TV-production studio complex in Atlanta owned by entities tied to former Chick-fil-A CEO Dan Cathy. Andros said Bay Point has partnered with Cathy, who Andros says isn’t a distressed borrower, on the Trillith Land Fund, which owns roughly 2,000 acres of land around the studios.

Few lenders will write as big a check as Bay Point. Kohn said the \$62 million Blouin loan, for example, isn’t a deal he would make. “I wouldn’t touch that deal with a 10-foot pole,” said Kohn, explaining that the property could lose tens of millions of dollars in value overnight, thereby putting the loan at risk. In traditional mortgage lending, banks often sell

loans to other investors but the pool of buyers for superjumbo loans can be limited.

Andros said a quick drop in value is a legitimate concern, but one that Bay Point took into consideration.



Souki turned the ranch into a 'mini-country club' for his family before lenders foreclosed on a portion of the property. PHOTO: DALLAS & HARRIS PHOTOGRAPHY



Bay Point plans to sell off three existing homes at the ranch, and finance construction of five more. PHOTO: DALLAS & HARRIS PHOTOGRAPHY

Andros said generally speaking, Bay Point focuses on asset-based loans, in which the underlying asset is held as collateral. He said he is bullish on luxury real estate in prime locations with enduring value. "We make loans

into difficult situations, so we are always aware that the loan may go into default,” he said. Still, Andros said, “Collection is our specialty.” Bay Point’s legal team has 40 years of combined experience, he said. While most defaulted loans are eventually paid off, they sometimes end up in foreclosure, litigation or bankruptcy.

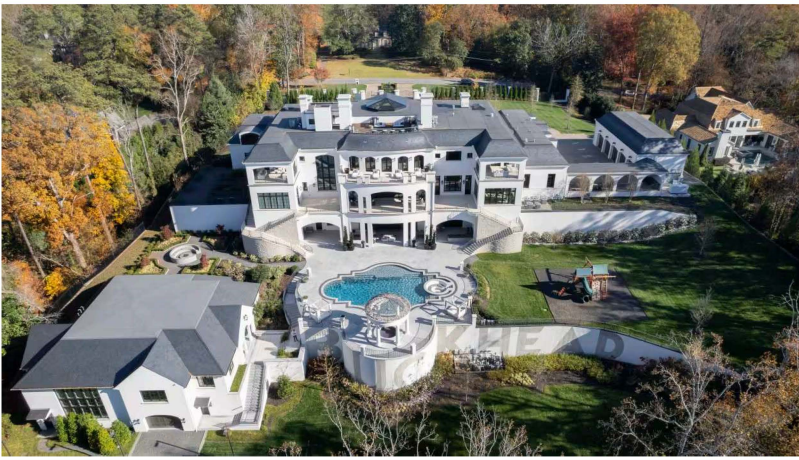
Lender of Last Resort

For borrowers, hard-money lending comes at a steep price.

In Blouin’s case, Bay Point’s \$62 million loan in November 2022 had a 10% annual interest rate, or 24% in case of a default, according to New York bankruptcy court filings. In the event of a default, Blouin also agreed to a 10% late-payment fee.



Bay Point gave an Atlanta entrepreneur an \$11 million construction loan to finish building a mansion in the Buckhead neighborhood. PHOTO: CHRIS NELMS/VIRTUAL STUDIO INNOVATIONS



The Atlanta home spans about 50,000 square feet. PHOTO: CHRIS NELMS/VIRTUAL STUDIO INNOVATIONS

In June 2023, after about seven months, Bay Point sent Blouin a first notice of default, informing her she was being charged the higher rate and owed just over \$6 million in late fees, court documents show. At the time, the default interest was accruing at a rate of \$40,374.64 a day.

Blouin later accused Bay Point of causing the default by breaching the loan covenant and refusing to authorize funding for emergency repairs. “That’s their specialty—how to strangle the person on the other side,” she said. (In court documents, Blouin also claimed she wasn’t technically in default because of the lender’s alleged breach of the covenant.)

Jeffrey Ruben of WSFS Mortgage said hard-money lenders are able to charge higher rates because they are not necessarily competing with regulated banks, whose mortgage rates tend to closely follow 10-year Treasury yields.



The Atlanta house sold for \$17 million this year, after listing for \$35 million in 2023. PHOTO: CHRIS NELMS/VIRTUAL STUDIO INNOVATIONS



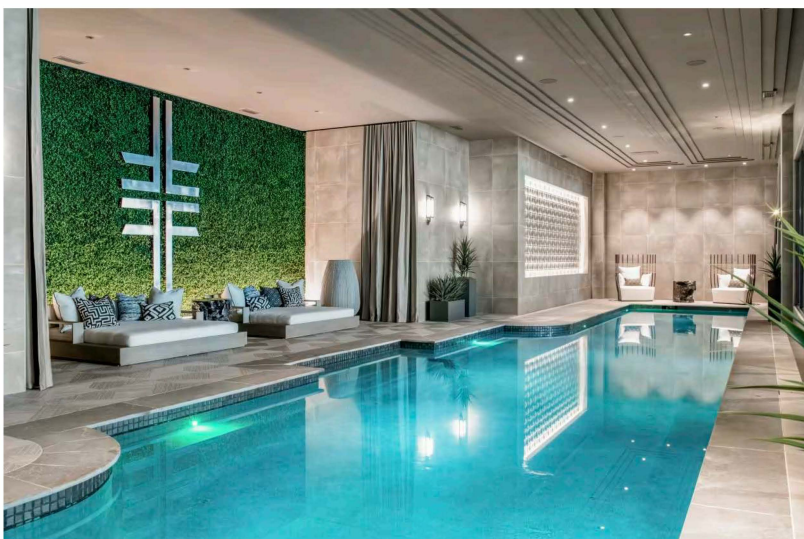
The open-plan house has 11 bedrooms. PHOTO: CHRIS NELMS/VIRTUAL STUDIO INNOVATIONS

Ruben said 12% to 14% interest from a hard-money lender isn't uncommon, although 24% is close to New York's criminal usury limit of 25%. Still, it isn't unheard of in shadow banking, he said. "That's what they do," he said. "They know the laws and know what they can do, right up to it."

In the state of Georgia—the laws of which governed Blouin's loan because that is where Bay Point is based—it is a misdemeanor to charge more than 60% interest on loans over \$250,000.

John Christy, a Georgia attorney who has represented several clients in dealings with Bay Point, said Bay Point deals "with borrowers who can't find financing elsewhere." Though that sounds counterintuitive, wealthy borrowers may not be able to get a bank loan if they don't meet credit-quality or asset requirements.

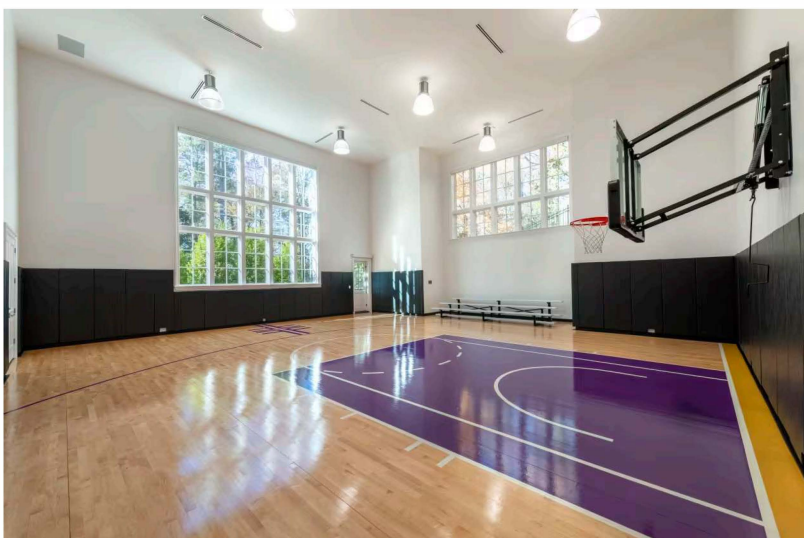
In 2019, for example, Bay Point gave Atlanta entrepreneur Christian Fletcher—then under investigation by the Justice Department for healthcare fraud and money laundering—an \$11 million construction loan to finish building a mansion in the Buckhead area. Spanning about 50,000 square feet, the 11-bedroom house has two pools, an indoor basketball court, batting cage and golf simulator.



The mansion has a slew of amenities including two pools, a batting cage, and a golf simulator. PHOTO: CHRIS NELMS/VIRTUAL STUDIO INNOVATIONS



The home's theater PHOTO: CHRIS NELMS/VIRTUAL STUDIO INNOVATIONS



The basketball court PHOTO: CHRIS NELMS/VIRTUAL STUDIO INNOVATIONS

Andros said conventional banks wouldn't take a risk on Fletcher, but Bay Point foresaw a high rate of return. At the time, he said, most housing loans were under 4% and Bay Point charged 9%. In 2023, Fletcher listed the house for \$35 million. That year, he was also acquitted of all charges. When he sold the house for \$17 million in 2024, Bay Point recouped its principal plus interest and fees, Andros said.

Sam Banjee, who develops shopping centers throughout the Southeast, said he's borrowed \$25 million from Bay Point over the past decade. Banjee said his projects have future potential, but don't generate income for the first year or two until they are built, so banks typically won't get involved. Bay Point is different. "If the asset has value, they'll do the loan," he said. "And they're very quick once they agree to fund."

A Nefarious Scheme?

Despite the inherent risk of a hard-money loan, several of Bay Point's borrowers alleged in court documents and interviews that the firm's tactics border on predatory.

"Bay Point tries to do things just this side of the law, but sometimes it's clouded," said Leventhal, the Hampton Island developer, who has his own history of litigation with lenders and former partners. Leventhal said he has negotiated deals with Andros only to have Bay Point renege on terms at the last minute, or not follow through with funding as promised. "They are able to choke people," said Leventhal.



Hampton Island Preserve has been bogged down by financial trouble and fighting among former partners. PHOTO: BIANCA CROFT/HAMPTON ISLAND PRESERVE

Conceived in the 2000s, plans for Hampton Island call for hundreds of homes, a hotel, clubhouse and golf course; in 2003, the actor Ben Affleck bought into the project, paying \$7.11 million for an 87-acre compound. Two decades later, however, only a handful of homes have been built and the project has been beset by financial trouble and litigation.

Leventhal originally borrowed about \$3.26 million from Bay Point in 2017 at a roughly 12% annual interest rate to operate and maintain Hampton Island. Soon after, Leventhal tried to sell the project for \$50 million. When that didn't happen, he took on more debt, turning to Bay Point because he said a title dispute with former partners hampered his ability to get a traditional loan.

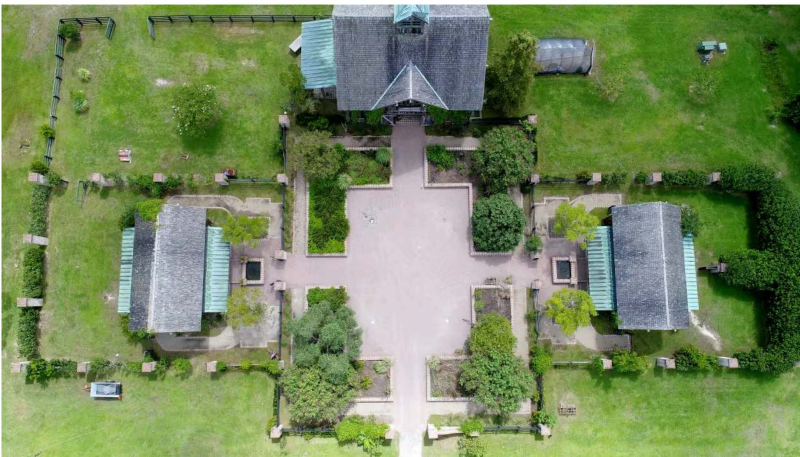
Around 2023, to prevent another lender from foreclosing on 1,000 acres, Bay Point purchased the other lender's loan. Then, in exchange for about \$60,000 a month for three months to operate Hampton Island, the developer gave Bay Point deeds in escrow until its obligations were met. "I had no pragmatic choice at the time," Leventhal said.



Ben Affleck, pictured in 2023, paid \$7.11 million for an 87-acre compound within Hampton Island in 2003. PHOTO: MICHAEL TRAN/AGENCE FRANCE-PRESSE/GETTY IMAGES

But according to Leventhal, Bay Point subsequently rejected the developer's budget and wouldn't dispense the funds, including \$8,000 for Leventhal's salary and car payment.

In June, Hampton Island filed for Chapter 11 bankruptcy. Currently, Leventhal said he and Bay Point are at an impasse over how to market the project for sale or refinancing. Leventhal hopes to get \$57.5 million or more for the property; he said Bay Point is pushing for a no-reserve auction.



Plans for Hampton Island call for hundreds of homes, a hotel and clubhouse but few homes have been built. PHOTO: BIANCA CROFT/HAMPTON ISLAND PRESERVE



Bay Point asked a bankruptcy court to appoint a trustee to oversee Hampton Island. The lender said it is not being maintained. PHOTO: BIANCA CROFT/HAMPTON ISLAND PRESERVE

“Look, a lot of people will say, ‘You signed a document, Ron, and you’re a smart guy,’” Leventhal said. “But you know, when someone says let’s run a race, and then they grab you and cut your Achilles tendon, is that a fair race? I don’t think so. In my defense as to why I agreed to bad agreements, you have to sometimes step back to live another day to fight.”

Bay Point said it couldn’t comment on the pending Chapter 11 case, but last week, it asked a Georgia bankruptcy court to appoint a trustee, accusing Leventhal of a “history of self-dealing.” In court documents, Bay Point alleged the developer failed to maintain the property and rejected an offer to purchase Hampton Island that would have repaid its creditors in full and generated a significant return. “At this point, Bay Point has lost confidence in Leventhal’s ability to faithfully lead the Debtors,” it said.

Leventhal said despite Bay Point’s claim to the contrary, he believes it wants to control Hampton Island.

Blouin similarly accused Bay Point of trying to wrest control of La Dune for its own gain. In court documents, she described a “nefarious scheme” in



Hampton Island's Ronald Leventhal said Bay Point has taken steps to make it difficult for him to repay his loan.

PHOTO: HAMPTON ISLAND PRESERVE

which Bay Point caused delays, threatened her, charged inflated interest and fees, and embezzled money from an escrow account. She also alleged Bay Point didn't entertain a higher bid before the auction.

Blouin recently filed an appeal to a court decision over how money from the sale of La Dune was allocated, and claims she is owed a "clawback" of up to \$26 million, she said.

Andros denied the existence of a higher bid by a qualified bidder, as well as Blouin's other allegations. He said the bankruptcy court has also rejected Blouin's claims.

"If we're doing our work correctly—yeah, you may have a default," he said, "but the asset will be sold to pay us back," he said. "The last thing I wanted to do was walk away from that auction owning a \$90 million home in Southampton."



Following the sale of La Dune, Bay Point is still trying to collect \$16.4 million from Blouin.

PHOTO: CHLOE GIFKINS

He said the sale of La Dune didn't even cover Blouin's total debt with Bay Point. In addition to lending Blouin \$62 million in 2022, Bay Point also purchased a \$15 million loan that Morgan Stanley made on La Dune after the bank filed to foreclose. According to Bay Point, that brought Blouin's total debt to roughly \$97 million. It is still looking to collect about \$16.4 million from her.

"Hindsight is 20/20," said Andros, when asked why Bay Point itself didn't foreclose on La Dune and sell it for more money. "At the time it was like, 'We know we're going to get \$89 million in 10 days. Take it.'"

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