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Review of lofty loan appraisals raises questions, experts say

One deal involves proposed Sarasota condo site

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SARASOTA -- Neil Mohamed Husani created a stir in Southwest Florida's real estate community when he got a \$16.25 million loan from Fifth Third Bank on property whose value apparently more than doubled in a day.

Now it appears that the appraisal that Husani and his partners used to get bank financing for what is the proposed site of a \$125 million condominium tower contains "wrong and misleading information," according to two experts who reviewed the document for the Herald-Tribune.

A deed filed just this month by Husani on another deal overstated the purchase price of some Manatee County property by 250 percent and was used by one of his partners to get a \$4.06 million loan from First State Bank in Sarasota.

It's not clear who provided the erroneous sales information in either case.

But filing incorrect or misleading information in an appraisal and using it to obtain a bank loan could constitute bank fraud and subject both the appraiser and the borrower to civil lawsuits and federal and state criminal charges, said Alan Tannenbaum, a well-known Sarasota real estate attorney.

Overstating the price of property in court records is not a crime in and of itself, he said. But if the overstatement is part of a scheme to defraud a bank, it would be considered illegal.

Husani declined to comment for this story. But one of his partners, Robert J. Martin, said he played no part in the appraisal process on the downtown Sarasota condo project and has never seen the document prepared for Fifth Third. He also said he had no idea that Husani had overstated the value of the Manatee County ranch land.

"I had three attorneys look at that transaction to make sure it was squeaky clean," Martin said.

Another of Husani's partners, Michael Tringali, said he did nothing wrong.

"I'm a respectable businessman," he said, adding that the deals he did with Husani are nothing out of the ordinary for a developer. The loans are performing well and the banks are happy, he said.

Since January 2005, Tringali has participated in five multi-million dollar deals with Husani, including the downtown Sarasota condo project.

In those five deals, Husani bought 1,864 acres of land for \$34 million, then sold it to limited liability companies involving Tringali for \$96 million and those companies accumulated nearly \$71 million in bank loans.

The loans were made by Fort Lauderdale's BankAtlantic, Clearwater-based Mercantile Bank, Naples-based



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Newil Mohamed Husani

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Orion Bank, Bradenton-based Coast Bank of Florida and Cincinnati-based Fifth Third.

Several of the deals were valued by the same appraiser, Julian Stokes of Integra Realty Resources-Southwest Florida, who maintains that his appraisals are valid.

"I'm not concerned about my appraisals," Stokes said. "If I've been duped, I've been duped. I can't help it if people purposefully duped me."

In the meantime, questions about Stokes's appraisal and the resulting bank loan have already had an impact on the commercial real estate market.

Bryan Brewer, an executive with EndVision Development Group, said credit from Fifth Third has tightened.

Brewer, whose company recently entered a joint venture to buy development rights to the Bay Street Village & Town Center in Osprey, said his group had planned to get financing from Fifth Third. But when news of the loan to Husani and his partners broke, the bank halted loan negotiations and Brewer's group had to look for another lender.

Faulty appraisal

When Husani bought land in downtown Sarasota opposite the Sarasota Quay, he used much the same strategy that he brought to bear in his other transactions with Martin or Tringali around Southwest Florida.

He bought the land through a company called Capital Force from three owners for \$10.35 million. He then sold the property to Sarasota Grand Central, a limited liability company controlled by himself, Martin and Tringali.

The transaction was valued at \$24.6 million, but, according to Martin, no cash changed hands.

"We have no money in the deal right now," Martin said in reference to himself and Tringali during an interview last month.

Husani, however, contributed \$4 million to the project -- money left over from the \$16.25 million Fifth Third Bank loan after Husani paid \$10.35 million to the original property owners.

Husani said another \$2 million from the loan was used to buy more property in the area.

"I put money right back in the deal in order to be a partner," Husani said during an interview last month.

Stokes, the appraiser from Integra Realty, used the \$24.6 million figure as a basis for the appraisal he conducted for Fifth Third Bank.

The problem with his appraisal is that it states that the property was bought from each of the three original land owners for a total of \$24.6 million.

That's not true.

Property records show that the three owners were paid \$10.35 million.

"The data appears to be in error relative to the historical sales as indicated in the Sarasota County court records," said Richard Bass, a Sarasota appraiser who reviewed a summary of the appraisal. "If these are as they appear to be -- in error -- the appraisal is grossly misleading."

Bass concluded that Stokes was either duped by Husani and his partners or failed to do his homework.

"The appraisal occurred prior to the transaction being filed with the county clerk. So it's possible the appraiser didn't have all the information and took the word of the borrowers."

For his part, Stokes said he described every contract he had available to him at the time he made his appraisal.

"They were from the sellers to the ultimate purchaser as they were divulged to us," Stokes said.

Stokes said he made his appraisal for Fifth Third and never met Husani.

When it came to Tringali, however, Stokes first said that he knew him, then retracted that statement and finally acknowledged that he had done appraisals involving Tringali's company, G&T Land Development.

"Those G&T Development deals, we did those," Stokes said.

In particular, Stokes said he appraised property on Fruitville Road that Husani bought for \$4.2 million and sold to G&T for \$11.2 million. Tringali then got a \$7.28 million loan from Clearwater-based Mercantile Bank.

"There were hellacious prices for that property," Stokes said. "But you need to understand what was behind the appraisals. There were underlying circumstances related to changes in use."

Other appraisers who looked at the appraisal Stokes prepared for Fifth Third expressed concern about his methods.

"An appraiser is supposed to state and analyze every sale of property within the last three years," said Jim Todora, Sarasota County's elected property appraiser. "Capital Force had two transactions in the same day and they should have been analyzed."

Other appraisers said the appraisal ignores the value of surrounding property.

The highest valued sale in that part of Sarasota came to \$386 per square foot, according to Stokes's appraisal. Husani's \$24.6 million deal, however, came to \$495 per square foot.

"That's the highest sale I've ever seen," Bass said.

In a separate deal that closed earlier this month, Husani's company, Capital Force, bought a 224-acre ranch in Manatee County from Lakeland-based Quality Petroleum Corp.

Quality's chairman, Ralph W. Weeks, said he was paid \$2.25 million for the land.

"We sold it for \$10,000 an acre," Weeks said.

Husani's attorney, John A. Yanchek, recorded the purchase price as \$5.6 million with the Manatee County Clerk of Court.

Husani then sold the property on the same day to The Beacon Co., a limited liability company controlled by Martin, for \$6.7 million, and Beacon obtained a \$4.06 million loan from First State Bank.

Florida Department of State records do not show Husani as partner in The Beacon Co. But they do show him as a partner with Martin in The Beacon Company II, The Beacon Company III and The Beacon Company IV.

Yanchek, Husani's attorney, is the registered agent of each entity.

According to Martin, Husani told him and the lenders at First State that he had paid \$5.6 million for the land

and Martin said that he had no idea the property had actually been bought for about \$3.4 million less.

"What he did on the other side, I have no idea," Martin said.

Martin did confirm, however, that his \$6.7 million purchase of the same land from Husani was a cashless transaction.

For his part, Husani declined to comment, other than to say, "Whatever you say" when asked to address his business deals. He then hung up.

In statements last month, however, Husani said that he has done nothing wrong.

"I haven't lied or cheated anyone. I have been working very hard to make sure my business is legitimate, that I have a good reputation and that people trust me."

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