

https://www.aspendailynews.com/news/lender-pushing-to-foreclose-on-aspen-valley-ranch/article_bef41762-e035-11ed-a259-47b881f0131c.html

Lender pushing to foreclose on Aspen Valley Ranch

By Rick Carroll, Aspen Daily News Staff Writer

Apr 21, 2023



The entrance to Aspen Valley Ranch is pictured. A lender is attempting to foreclose on the property over a disputed debt of \$88 million, according to public records.

Andre Salvail/Aspen Daily News

Citing a debt of more than \$88 million, a lender trying to foreclose on an 800-acre development is up against natural-gas magnate and Aspen resident Charif Souki, who headed a group of investors that developed Aspen Valley Ranch into a collection of luxury homes.

Aspen Valley Ranch is scheduled to go to foreclosure auction on July 25, according to filings in the Pitkin County Treasurer's Office. The filings identify the borrowers as AVR AH LLC, Souki and their affiliates. AVR and Souki have until July 12 to file what is called a "notice to cure," which would indicate their intention to settle the debt and put off the foreclosure auction.

Souki and investors bought the 800-plus acres for \$27 million in 2013. The Souki family developed the property into their family retreat, which includes 13,900 square feet of common space that comprise a ranch house, a gym/pool house and a historic barn with a game room and eight horse stalls, according to marketing materials for the property.

In May 2020, they listed the property for sale with a price tag of \$220 million.

"Set behind a gated entry, Aspen Valley Ranch encompasses more than 60,000 feet of improvements including approximately 34,397 square feet of residential property with eight custom homes, complete with 31 beds, 31 baths and five partial baths, just under 14,000 square feet of common facilities, and over 10,000 square feet of operational facilities. Additionally, the Ranch has more than 80,000 square feet of unrealized, residential development potential," said a press release dated May 22, 2020.

Ranch homes have been sold piecemeal since the entire property went on the market, according to Pitkin County property records. A limited liability called Beyond the Beach paid \$31.5 million for a 4,700-square-foot home on the ranch's 45-acre lot 8 in October 2021; Three Dolphins acquired lot 4, also with a home (5,069 square feet on 35 acres), for \$15.5 million in August 2021.

The foreclosure action exempts two residential properties that sold in 2021, as well as two homestead lots, according to public filings.

A Souki family member and representative of Aspen Valley Ranch said they disagree with the lender's position regarding disbursements related to home sales on the property.

"The ranch has been for sale for the last two years and we've closed a couple of transactions since listing the properties," said Karim Souki in an email. "We are in a disagreement with our NY-based lender with respect to how the rest of the properties should be sold and who is entitled to the proceeds."

According to foreclosure records, Wilmington Trust, as the loan's administrative agent, is pushing for the ranch auction, which comes after it made a margin call for 25 million shares Charif Souki held in the publicly traded Tellurian LNG, a Houston-based, liquified natural gas company.

The particulars of that transfer were addressed in a Feb. 9-dated regulatory filing by Tellurian. That filing, made with the Securities & Exchange Commission, noted that Souki pledged the Tellurian stock to Wilmington Trust as part of collateral on a real estate deal. On Feb. 7, Wilmington Trust exercised its right, under the loan agreement, to become what's called a "substituted shareholder" and claimed the shares.

Wilmington and associated lenders began selling off the shares on Feb 8, and it is "Reporting Person's (Souki's) understanding that they intend to continue selling the Pledged Shares and applying the proceeds of such sales, net of fees and expenses, against amounts owed under the Loan Agreement," the filing said.

Sales of shares in Tellurian common stock have been averaging less than \$2 since the beginning of the year.

Documents show Wilmington signed off on \$50 million to AVR AH LLC (a Souki-controlled limited liability company) in April 2017, under a loan agreement that included as collateral Souki's shares in Tellurian stock. The principal amount was restructured to \$70 million in March 2018.

Wilmington's foreclosure filing contended Aspen Valley Ranch had not made a dent in the principal for two years.

"AVR AH LLC failed to make payment of principal amounts due March 30th of 2021, as required by the terms of the loan agreement, note, and deed of trust," according to a foreclosure notice dated March 23.

The loan was recorded through a deed of trust attached to the Aspen Valley Ranch property; the balance stood at \$88.2 million as of March 23, according to the notice.

A lawyer with Snell & Wilmer LLP, the Denver law firm that represents Wilmington Trust in the foreclosure action, did not respond to both email and voice messages.

"AVR was one piece in a pool of assets held as collateral," Karim Souki said. "The lenders rejected several attempts at refinancing or selling other AVR parcels but ultimately the dispute came to a head when they took action against other pieces of collateral. It is our position that said action has resulted in the loan being satisfied and that the lender has no further rights to any collateral. We have taken steps to protect our position and will continue to dispute the lenders' right to foreclose on AVR."