

## Gulf Shores Alabama Condo Update

Three of Bon Secour Village's five developers have filed for bankruptcy, putting the already imperiled Gulf Shores development at further risk and illustrating how south Baldwin County's burst real estate bubble has hit even the most wealthy investors.

Cullman brothers Eddie and Josh Canaday — along with their business partner Michael Knight and a pair of their companies, Midnight Properties and Midnight Management & Investments — have asked for Chapter 11 bankruptcy protection in northern Alabama's federal court. This kind of protection is generally used by debtors to stave off lawsuits from creditors while they reorganize their finances. Messages left with the men's Cullman office and their Decatur bankruptcy lawyer, Garland Hall III, were not returned.

The men are saddled with debts, according to the bankruptcy filings, including some related to Bon Secour Village and many that are shared among the three investors. The total amounts to more than \$121 million in Knight's case and in excess of \$160 million for each of the Canadays.

Midnight Properties — through which the trio owns 31 condominiums in Alabama and Florida, a farm in Blount County and a \$2.8 million home at the AQUA development on Miami Beach's private Allison Island — listed about \$30 million in debt. And Midnight Management & Investments, a separate arm of their real estate enterprise, claims more than \$104 million in liabilities. Others file, too

The three are not alone in south Baldwin in seeing their expansive holdings and multimillion-dollar investments turn to huge debt in the deflated market.

Prominent condominium developer and real estate company owner Rick Phillips, for example, filed for Chapter 7 bankruptcy protection last month in federal court in Mobile, claiming more than \$124 million in debt. Last August, Joan Teeters, the owner of a Gulf Shores real estate company that ran television commercials touting the riches to be found in the coastal market, filed for Chapter 13 protection with about \$3.6 million of debt.

"I've had more bankruptcy notices come across my desk in the last month than I had in the 12 years before," Gulf Shores lawyer Daniel Craven told attendees of a February symposium sponsored by Condo Owner magazine.

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