

# Some Cliffs land put on

Most tracts scheduled for auction in March 5 foreclosure action are in Cliffs at Keowee Falls

By David Dykes

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Several Cliffs Communities Inc. properties in three South Carolina counties are scheduled to be sold at a court-ordered auction to satisfy a \$24 million judgment and foreclosure action against developer Jim Anthony

and his Travelers Rest-based company.

The land, in Greenville, Oconee and Pickens counties, will be sold to the highest bidder on March 5 as part of a public auction at the Oconee County Courthouse in Walhalla, court records show.

Anthony declined to comment Wednesday.



Anthony

Anthony faced foreclosure. Most of the land is in the Cliffs at Keowee Falls, one of eight residential-golf projects developed or started by his company, Anthony said.

The developer has said he was behind on payments on a \$20 million note to Worthington Hyde Partners, an Atlanta-based real estate investment firm, and

Because the firm was owed money, it filed a complaint against Anthony's company as part of South Carolina's judicial foreclosure process. Ellis B. Drew Jr., master-in-equity for Oconee County, signed the judgment order and foreclosure decree.

Court records show most of the land ordered sold is in Oconee County, including tracts of about 26 acres and larger ones of about 451 acres.

Other land in Greenville and

## block

Pickens counties will be included in the sale as part of a consolidated court case, records show.

Court records show a claim by Worthington Hyde for more than \$24.2 million, including principal, interest, late fees, property taxes and attorney's fees and costs. Greenville County land involves The Cliffs at Glassy development, court records show.

Bob Worthington, chairman and chief executive officer of

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# CLIFFS

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Worthington Hyde, told GreenvilleOnline.com the collateral his company holds involves platted and unplatted lots and other acreage. He said he hasn't had any talks with Anthony since December.

"I think his focus is on finding someone to come in there with a broader plan for the entirety of The Cliffs," Worthington said.

## Another setback

The court-ordered auction would mark the latest in a series of financial and legal setbacks for Anthony, who hoped to stay on course with Cliffs Communities' projects as banks tightened credit and home sales slowed in the economic downturn.

His company plans to reorganize in bankruptcy court, and Anthony has said he expects to cede control of his golf course developments to a Texas couple, who pledge to move forward with a Gary Player-designed course in Greenville County.

The prospective owners — Steve and Penny Carlile of the Carlile Group in Marshall, Texas — and The Cliffs Chief Financial Officer Timothy P. Cherry said they anticipate filing a Chapter 11 bankruptcy action for The Cliffs Club & Hospitality Group Inc., a wholly owned Cliffs subsidiary, known as ClubCo, that owns the golf courses and related amenities.

Earlier, Anthony had said he was in talks with Worthington Hyde to restructure the real estate investment firm's note on more favorable terms, including a lower interest rate. He was certain an agreement would be reached and foreclosure avoided, Anthony said.

Anthony and Worthington said they were having "friendly discussions" about a resolution.

According to its web-

## FUTURE OWNERS



P. Carlile



S. Carlile

site, Worthington Hyde provided a \$20 million first mortgage to The Cliffs that was secured by "a portfolio of highly amenitized lake lots and raw land" in an environment "where traditional sources of financing had become particularly scarce."

Oconee County property records show that in August 2008 Keowee Falls Investment Group LLC, which Anthony said is a subsidiary of The Cliffs Communities, obtained a \$20 million promissory note from Worthington Hyde. Court records show \$17.7 million in principal remained.

Anthony said The Cliffs, which is privately held, and Worthington Hyde were discussing three options to avoid foreclosure. Those included a joint venture, extending the term of the Worthington Hyde loan and adjusting the interest rate or a sales and marketing agreement, he said.

## 'Fluid process'

Worthington said he isn't certain what will happen before March 5.

"Anyone that's following this would know that it's a very fluid process," he said. "There are a lot of stakeholders in the whole Cliffs' series of entities and homeowners and note holders. It's a big business and there are a lot of people with interests that they seek to protect."

He said he doesn't know what the prospect of new Cliffs owners means for his company.

"I hang this phone up and the next phone call (could) be someone connected with the new regi-

me saying that we're going to write you a check and pay you off," Worthington said. "Certainly, that would avert a foreclosure sale."

A bankruptcy judge could disallow his company's right to conduct a foreclosure sale, Worthington said. Or his company could become part of bankruptcy proceedings, he said.

"But we control none of that," Worthington said. "We are not at the table. We are not in discussions with anyone, and so the only thing that we can do is what the law allows us to do."

In South Carolina, lenders can foreclose on a mortgage in default by using a judicial foreclosure process.

Bordered by hundreds of thousands of acres of protected woodlands, three national forests and one national park, The Cliffs communities offer luxury homes and home sites in a variety of settings.

Founded in 1991, Anthony's company includes three mountain communities in Greenville County — The Cliffs at Glassy, Cliffs Valley, and The Cliffs at Mountain Park — as well as three lakeside communities at The Cliffs at Keowee, and two mountain developments just outside Asheville, The Cliffs at Walnut Cove and The Cliffs at High Carolina, a project under construction featuring a golf course designed by Tiger Woods.

The fate of the Woods-designed course east of Asheville remains uncertain. Its future will be determined after an in-depth study evaluates the best approach, Steve Carlile said.

In April 2010, Anthony said he had reached a critical goal for his Cliffs Communities company, raising more than \$60 million from property owners who stepped up and loaned him money to complete amenities associated with his golf course projects.