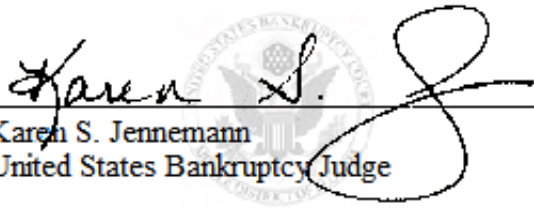


ORDERED.

Dated: August 20, 2021



Karen S. Jennemann
United States Bankruptcy Judge

UNITED STATES BANKRUPTCY COURT
MIDDLE DISTRICT OF FLORIDA
ORLANDO DIVISION
www.fmb.uscourts.gov

In re)	
)	
Consolidated Land Holdings, LLC,)	Case No. 6:19-bk-04760-KSJ
)	Chapter 11
Debtors.)	Jointly Administered ¹
)	

ORDER GRANTING DEBTORS' MOTION TO DETERMINE SECURED STATUS/VALUE OF WELLS FARGO BANK, N.A.

On June 1, 2021, the Court received evidence on the Debtors' Motion to Determine, Pursuant to Bankruptcy Code § 506, the Value of Collateral Securing the Claims of Wells Fargo Bank, N.A., as Trustee (Doc. No. 474), seeking a determination of the value of seven hotels securing Wells Fargo's claims.

Before the hearing, the Debtors and Wells Fargo (collectively, the "Parties") filed relevant factual stipulations.² As to one hotel, the Craftsman Plaza Hotel in High Point,

¹ Jointly administered cases: Consolidated Land Holdings, LLC, Case No. 6:19-bk-04760; Land Capital, LLC, Case No. 6:19-bk-04761; 100 Berlin Land, LLC, Case No. 6:19-bk-04762; 200 STL Land, LLC, Case No. 6:19-bk-04763; 204 Fox Land, LLC, Case No. 6:19-bk-04765; 205 Wolf Land, LLC, Case No. 6:19-bk-4766; 5500 Midland Land, LLC, Case No. 6:19-bk-4768; Appleton Land, LLC, Case No. 6:19-bk-04769; High Point Land, LLC, Case No. 6:19-bk-04770.

² Doc. Nos. 895, 905.

North Carolina, the parties stipulated to the value of \$6,700,000, and later agreed to the sale of this property.³ The Parties also agreed that the contested valuation testimony is limited to these four hotels: City Place Hotel in St. Louis, Missouri; Red Lion Hotel Paper Valley in Appleton, Wisconsin; Red Lion Hotel & Conference Center in Cheyenne, Wyoming; and Montana Trail Head Inn in Billings, Montana (collectively, the “Contested Properties”).⁴ The last two of the seven hotels, the Red Lion Cromwell in Cromwell, Connecticut, and the Red Lion Hotel in Albany, New York, require no valuation because they will be sold via efforts by Paramount Lodging Advisors and Bennet Webster.⁵ So, the only remaining dispute is the value of the Contested Properties.

The Parties submitted appraisals of the Contested Properties for the Court’s review.⁶ To determine the value of the Contested Properties, both appraisers used the direct capitalization method under the income capitalization approach. The direct capitalization method uses a capitalization (“cap”) rate to measure the rate of return that each hotel, as an income producing property, should achieve.⁷ The cap rate, which is derived from market data, represents the perceived risk of investing in the property; the higher the perceived risk, the higher the cap rate.⁸ The projected net operating income is divided by the cap rate to determine the value of the property. The higher the cap rate, the lower the property value. For the net operating income, both Parties’ appraisers used

³ Doc. Nos. 895, 924.

⁴ Doc. No. 905.

⁵ Doc. Nos. 864, 905.

⁶ Doc. Nos. 897, 899.

⁷ *In re Mt. Laurel Lodging Assocs., LLP*, No. 13-11697-RLM-11, 2014 WL 1576971, at *2 (Bankr. S.D. Ind. Apr. 18, 2014).

⁸ *Id.* (citing *In re Hotel Assocs., LLC*, 340 B.R. 554, 557 (Bankr. D.S.C. 2006)).

similar yearly rent estimates. The main difference between the appraisals was the cap rates. The Court finds Wells Fargo's appraisals of the Contested Properties were based on more credible assumptions and the cap rates used more accurately assess potential risk.

Upon careful consideration of the evidence and testimony presented, the Court adopts the valuations of Wells Fargo's appraisers regarding the Contested Properties.⁹ Accordingly, it is

ORDERED:

1. Debtors' Motion to Determine, Pursuant to Bankruptcy Code § 506, the Value of Collateral Securing the Claims of Wells Fargo Bank, N.A., as Trustee (Doc No. 474), is **GRANTED**.
2. Using a cap rate of 5.5% applied to yearly rent of \$1,306,975, City Place Hotel in St. Louis, Missouri, is valued at \$23,800,000.
3. Using a cap rate of 6.5% applied to yearly rent of \$1,653,649, Red Lion Hotel Paper Valley in Appleton, Wisconsin, is valued at \$25,400,000.
4. Using a cap rate of 6.5% applied to yearly rent of \$410,598, Red Lion Hotel & Conference Center in Cheyenne, Wyoming, is valued at \$6,300,000.
5. Using a cap rate of 6.5% applied to yearly rent of \$205,825, Montana Trail Head Inn in Billings, Montana, is valued at \$3,200,000.
6. The Contested Properties are valued in total at \$58,700,000.

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Attorney R Scott Shuker will serve a copy of this order on interested parties and file a proof of service within 3 days of entry of the order.

⁹ Doc. No. 899.