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Media Announcement May 6, 2010 Foreclosure Sale Set for Naples Development Project

The Naples Coalition and Environmental Defense Center reported today that a foreclosure sale has been scheduled for the land known as ‘Naples’ on the Gaviota Coast. The Notice of Sale lists the companies that proposed and received conditional approval to develop the Santa Barbara Ranch. The Notice indicates that the property will be sold at public auction if outstanding debts are not paid. The sale has been set because the Santa Barbara Ranch project owners have defaulted on a deed of trust for which the land was used to secure a debt. The Trustee’s Sale, also known as a foreclosure sale, is set for May 13, 2010 at 1:00 PM on the Courthouse steps.

Title records show most of Santa Barbara Ranch encumbered by a first mortgage for \$63M from First Bank, and a second mortgage from Avalon Capital for approximately \$18M. A notice of Default was recorded by First Bank in December of 2009 over a failure to make a \$3.6M interest payment in May of 2009. The Notice of Sale indicates that \$78,410,682.33 is now due.

Foreclosure by a first trust deedholder typically wipes out any junior mortgages and transfers the property to a new owner. Often a foreclosing bank will wind up becoming the new owner, unless someone appears at the sale and pays the total outstanding amount. The new owner would receive all the conditional permits and tentative entitlements according to the deed of trust. Assuming it cannot pay the outstanding amount, the developer may elect to file for bankruptcy, which typically results in an automatic stay of a foreclosure sale.

Marc Chytilo, attorney for the Naples Coalition, explained “There is no way to know with any certainty what will happen in the next week, but we will certainly be monitoring this process closely.”

The Naples development was conditionally approved by the Board of Supervisors on a 3-2 vote in late 2008. The County’s conditional approval relies on a number of other approvals, including the Coastal Commission, and timely satisfaction of dozens of land use conditions. The Board of Supervisors has since rescinded the Development Agreement for the coastal portion of the Project and the status of the coastal approvals remains in question.

The development faces considerable hurdles. The Coastal Commission has demanded that the County issue additional permits for the merger of the antiquated Naples lots that enable the development, but the County has refused. This issue will go to a Coastal Commission hearing first. Then the Local Coastal Plan amendments and Coastal Development Permits for all the development will be considered. Budget cutbacks have slowed the Coastal Commission’s process, and no date has been set for either hearing.

The Naples Coalition, Santa Barbara Chapter of the Surfrider Foundation and EDC have filed litigation challenging the County's approvals. Contending that the County violated the California Environmental Quality Act ("CEQA"), California Planning and Zoning laws, the Coastal Act, the Williamson Act and other requirements, this case is pending in Santa Barbara County Superior Court.

"This confirms what many of us have believed for a long time - that a mega-development at Naples is not only ecologically unsustainable, but financially unsustainable as well" said Naples Coalition President Greg Helms. "We are hopeful that a new owner will recognize the benefits of preserving this precious part of the Gaviota Coast for future generations, and not face the staunch opposition from Santa Barbara's environmental community. The community will not tolerate a massive locked gate subdivision of McMansions looming over the rural Gaviota Coast," explained Naples Coalition President Greg Helms.

"The Naples landscape is priceless. Its greatest value is as farmland and a buffer against urban sprawl into Gaviota," said Brian Trautwein, Environmental Analyst with the Environmental Defense Center. "We are optimistic that this action is a positive signal for the community and for the environment."

About The Naples Coalition:

The Naples Coalition is a Santa Barbara County, CA-based non-profit, public benefit corporation with representation by local non-profit groups including the Citizens Planning Association of Santa Barbara County, Gaviota Coast Conservancy, League of Women Voters of Santa Barbara County, Los Padres Chapter of the Sierra Club, Santa Barbara Chapter of Surfrider Foundation, Santa Barbara Chapter of the Audubon Society and Santa Barbara Community Action Network. The Naples Coalition is dedicated to the preservation of the rural character of the Naples property on the Gaviota coast. Specifically, the Naples Coalition is responding to Vintage Communities, an Orange County development company that purchased the Naples town site lots and applied to build up to 72 large luxury houses on the rural Naples property. The Naples Coalition seeks to preserve the rural character of the Naples area from this development's ill-founded plan.

About The Environmental Defense Center

The Environmental Defense Center (EDC) is a non-profit public interest law firm that represents community organizations in environmental matters affecting California's south central coast. EDC protects and enhances the environment through education, advocacy and legal action. EDC represents the Surfrider Foundation in the campaign to Save Naples.

Visit www.SaveNaples.org for information about Naples and the Naples Coalition.

Visit www.environmentaldefensecenter.org for information about Naples and EDC.

Visit http://www.savenaples.org/index_res/NC%20History%20Chronology%209-09.htm for a summary of the 120 year development history of Naples.

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