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Portfolio of residential properties for sale in firm's Chapter 7

By: [Frank Kalman](#) March 24, 2011

(Crain's) — A portfolio of about 125 loans and lender-owned residential properties in the Chicago area and Northwest Indiana is on the market as the finance firm that owns them liquidates in bankruptcy protection.

Essex Realty Group Inc. has been hired to sell the portfolio, about 83 secured loans and 43 lender-owned properties, most of which are single- and multifamily residences.

The properties span from west suburban Aurora to South Bend, Ind., with most on the South and West sides of Chicago and in Gary, Ind. Most are vacant and in poor condition, says Doug Fisher, a partner and managing director at Chicago-based Essex.

The properties are owned by Chicago-based Smith Rothchild Financial Co., which filed for Chapter 7 bankruptcy liquidation last May. The firm provided short-term financing to individuals and businesses to improve properties, but ran into trouble in 2009 when its lender CIT Group Inc. filed for bankruptcy protection.

Potential investors can buy the entire portfolio, the pool of loans or the group of lender-owned properties, Mr. Fisher says. No loan or properties will be sold individually, he says.

The bidding was set to close April 1, but that date has been pushed back, Mr. Fisher says.

Essex was hired by the court-appointed trustee for Smith Rothchild, bankruptcy lawyer David P. Leibowitz of a local bankruptcy practice known as Lakelaw. He did not return a message.

Selling the properties "could be tough," says William Towns, regional vice-president of Mercy Portfolio Services, a unit of non-profit Mercy Housing that runs Chicago's Neighborhood Stabilization Program, a government-funded housing project started in 2008.

There is still demand for single-family homes in those areas, but buyers could have trouble getting financing, says Mr. Towns, who is not involved with the portfolio.

Efforts to reach Smith Rothchild executives were unsuccessful. Most of its backing came from a business-lending unit of CIT, a New York-based bank holding company that has more than \$35 billion in assets. An executive at CIT, which emerged from bankruptcy in December 2009, did not return a call.

Smith Rothchild owes \$2.9 million to CIT, a secured creditor, according to its Chapter 7 petition filed last May.

Cole Taylor Bank, a subsidiary of Rosemont-based Taylor Capital Group Inc., is also a major secured creditor, with a claim of \$1.8 million, the petition says. The bank declines to comment.

Smith Rothchild lists \$4.9 million in secured claims and \$18.7 million in unsecured claims in its Chapter 7 petition along with \$4.3 million in assets.

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