

Malvern Buyers Battling To Save Their 'Dreams'

By Marsha A. Preble

When a group of landowners see the land they love facing possible public auction, they organize; they plan and they hire legal counsel to steer them through the court proceedings. When a land developer faces foreclosure, the property owners tend to flounder about trying to salvage their investments.

But Malvern of Madison is an unusual development and unusual things are happening there to change the course of events.

"Malvern of Madison holds forth a promise of gracious living for families who seek refuge from the noise and crowding of urban life." So began an advertisement for the major land development located off Route 634 in the town of Madison, 20 miles southwest of Culpeper, Va.

Malvern of Madison was conceived in the fall of 1969, by David Blandford, along with four other principals. The project was based on a parcel of land bordering the Blue Ridge Mountains. The 791 acres, however, were run down and it took nearly

a year to groom the area for property sales.

Blandford, whose background is in landscape contracting, said: "We wanted to offer a gracious country estate that would not be overcrowded." Instead of the usual small lots, Malvern Inc. offered lots of three to five acres to preserve the area's natural beauty. The Malvern developers made efforts to avoid the appearance of suburbs moved to the country.

A quick comparison of

lots in other developments accentuated the appeal of Malvern. One Virginia recreational land developer sold lots of one-third acre for \$21,000 to \$50,000 per acre in early 1973. At the same time, Malvern was selling land for \$2,600 to \$6,000 per acre.

Jack Clifford, a Malvern property owner, bought there because he was impressed with the low density. "I wasn't about to buy land in a development that I use on weekends and have less room than at home."

For others, the appeal was in the immediate availability of the land. Roger Darling spent two or three years looking at rural property before buying at Malvern: "... everything was ready to use and enjoy; no putting in roads or electricity."

The Malvern project also had a clubhouse facility, swimming pool and stables. A small, clear stream was dammed to form a ½ mile-long lake. A second, slightly larger lake is planned.

Seemingly, Malvern was on its way to becoming a

See MALVERN, E6, Col. 1

Inside

These are some of the features on inside pages of this four-part section:

- Some recent realty transfers in area, E10.
- Nails are hard to find and pay for today, E17.
- Area realty and building notes, E23.
- James Wilfong on mini-size doorways, E35.
- Bernard Meltzer answers realty questions, E47.

Malvern Owners Battle Foreclosure

MALVERN, from E1

buyer's and developer's dream. But then foreclosure and business entanglements clouded the serenity of the growing development.

The problem: lack of cash flow; undercapitalized in the beginning and all the way through. The original bank loan procured by Malvern Inc. was for construction, not for purposes of maintaining cash flow.

Ironically, problems stemmed from the developers having offered large parcels for relatively low prices and having put front-end money into the facilities rather than promising them.

The lender felt that Malvern was too great a risk with its low profit margin and denied additional financing to enhance Malvern's cash flow in the autumn of 1973. So Feb. 22, 1974 was set for a foreclosure. Malvern, Inc. was not alone in its predicament. There were 86 property owners holding 163 parcels who wanted to save the concept that Malvern represents. A foreclosure sale meant that the bank could auction the unsold properties and the so-called common properties (the clubhouse and swimming pool, for example), to recover its losses.

Lilburn Erb, an active property owner, pointed out that people bought property at Malvern in part because of access to and use of the common property. Then Erb and Robert Cooper organized individual property owners into a unified group. When Erb first received news of the impending fore-

closure, he contacted Blandford. They both felt a great sense of urgency to salvage the concept of Malvern, as well as the investment. From that point on, the property owners coordinated their efforts and received cooperation from Blandford toward common goals.

Meetings were organized, first with a small group of owners and then general sessions. The first meetings were emotional and somewhat futile. There were unanswered questions. What did emerge was a common goal to preserve Malvern and to protect their investments and to seek legal counsel.

An executive committee was elected at the first general meeting to pursue the owners' goals. The committee, with legal assistance, devised a plan whereby the owners themselves could raise the required funds to complete Malvern, while at the same time, satisfying creditors. The owners approved the plan at another general meeting and the group began implementing their project.

Feb. 22 found the bank, Malvern Inc., and the property owners (via their lawyer) all vying for influence on the determination of Malvern's fate.

The bank presented its case in favor of foreclosure. Malvern Inc. filed for a receivership. The property owners' lawyer presented the owners' plan. The plan (the brainchild of Erb who also serves as chairman of the property owners) essentially was to register the de-

sire of owners' friends to purchase a piece of property at Malvern. The money that could be potentially enlisted in this way would provide enough capital to pay off the bank and to complete the project according to original plans.

Julia Willis, an executive committee member and a lawyer herself, saw two major issues in the February court hearing. First, would the court grant Malvern Inc. a receivership, which would be cancelled? Second, would the court enjoin the foreclosure if a receivership were not granted? She commented further that under a receivership, the property owners as a group would lose their leverage and that would lead to uncertainty.

However, the court did give the property owners an opportunity to make their plan work and thus postponed the foreclosure until July, when the court will review the case. Now each weekend, property owners make the drive to Malvern of Madison in an effort to interest their friends in buying available lots. The property owners schedule picnics at the clubhouse for those who look at Malvern properties.

Those who wish to buy indicate the parcel in which they are interested on a declaration of interest form. The magic number is 105. According to the committee's information, 105 is the estimated number of parcels which must be sold to satisfy creditors and to complete development of the property owners' concept of Malvern.

When 105 declarations are received, sales contracts may be executed providing for settlement on all 105 lots at the same time, thereby assuring that no purchaser will be required to complete settlement on his contract unless all are completed. Therein lies the interested parties' protection. Already there are more than 50 declarations of interest.

The property owners are confident that a number of the people who have looked at Malvern will register a declaration of interest. Momentum is building and Erb feels that many of the people will be back again.

According to the executive committee, the lot values of each owner are protected only by the completion of the total development and proceeds from the sale of the unsold property will make that possible.

If the property owners achieve their goal of 105 declarations, the court will be petitioned at that time for a private sale which will have the effect of allowing the declared lots to actually be sold. If the court again looks favorably on the concerted efforts of the property owners, a court-ordered sale of the unsold property of the committed properties to their respective parties.

Although there have been some legal complexities, and some resistance, the key at Malvern has been the active participation and interest of the owners.

(The author is a marketing analyst for Control Data Corp. She has acted as proxy for an out-of-state Malvern property owner.)