

Project's lender seeking receiver

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BUSINESSDEN

A lender wants a receiver appointed for a townhome project under construction near the Denver-Aurora line.

Churchill Funding I LLC said in a lawsuit last week that an affiliate of Denver-based RedT Homes owes \$22 million on loans issued in 2023 for its Grand Ave project.

The project consists of 53 planned townhomes on the Aurora side in the 1200 and 1300 block of Akron Street, the 1300 block of Alton Street and the 9000 block of East 14th Avenue. Each will have three or four bedrooms and range from 1,500 to 1,800 square feet, according to the project's website.

Churchill Funding said RedT defaulted on the loans by failing to make monthly interest payments since August, and by failing to pay off one loan upon maturity in September.

The lender asked that Ampleo Turnaround & Restructuring be named the receiver. Receivers are appointed by a court and generally aim to protect the value of a lender's collateral.

Churchill isn't the only one hoping to get paid. Earlier this month, records show, a lien was filed on the property by Gold's Concrete of Thornton, which said it was owed \$86,000.

A judge has yet to rule on the request for a receiver, which was made Nov. 17. Three days after that, a Kutak Rock attorney representing RedT said the company would object to the request.

RedT owner Nathan Adams, however, told BusinessDen on Monday that the company is on board with the receivership but wants to negotiate some aspects of it.

The project has had a host of challenges, Adams said. When the company began digging, he said, it uncovered an asbestos-riddled home that had collapsed in on its foundation, leading to a \$300,000 cleanup.

Adams also estimated \$250,000 to \$300,000 worth of materials were stolen from the site in the past 18 months. In one instance, homeless people stole lumber and concrete blankets, which help concrete cure in cold weather, and used them to assemble makeshift shelters across the street, he said.

"We had a ton of small miscellaneous delays, primarily due to theft and vandalism," he said.

Additionally, Adams said, "we underestimated, and this our fault, the fees in Aurora."

"They were substantially more than Denver," he said, while adding that he still considers it easier to build in Aurora.

Adams said he had to go back to his lender for more money. That led to a tentative deal, he said, for the lender to put the property into receivership in exchange for granting the extra cash and allowing RedT to remain the builder.

"They just want third-party oversight," Adams said. "And we don't blame them." Churchill Funding is represented by Snell & Wilmer attorneys Kevin Walton and James Snow. Reached Monday, Walton declined to comment.

RedT originally planned to sell the townhomes; the project's website says they were to start in the \$500,000s. But Adams said he's now renting them instead, with 17 leases already signed. Twenty-seven units are completed and an additional 25 will wrap within a couple weeks. The remainder will take about three more months, he said.

"Plan A was to sell," Adams said. "The market has caused us to move to Plan B."

RedT has also run into challenges on projects in Denver's Overland and City Park West neighborhoods, which have also been converted into rentals. There, Adams blamed utility provider Xcel Energy. He said Xcel has not been a significant part of the struggle in Aurora.

The housing market has been slow even since a quick run-up in interest rates in 2022. Adams said he planned for a three-year down market, and this one is now running long.

"I thought things would have started to turn for the better in '25," he said.