



TAMPA BAY BANKRUPTCY CENTER, P.A.

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Famous Claremont Hotel files for Bankruptcy

The Claremont Hotel Club & Spa, the stage for many world class performances in the past from artistes like Louis Armstrong and Count Basie, has filed for bankruptcy protection. Over the past century, the hotel has been a symbol of luxury and opulence in the San Francisco Bay area. It was acquired by Morgan Stanley in 2007 and along with 4 other high-class hotels. Other hotels included the Grand Wailea Resort in Hawaii and the Club at PGA West in Southern California.

The Claremont was once a residential hotel but today is marketed more as a resort and spa. It is considered high-end with rooms above \$400 a night, which is beyond the reach of budget travelers. The hotel along with others was sold to Morgan Stanley for \$6.6 billion four years ago in an effort to increase the Wall Street firm's real estate holdings.

Together, the five resorts have 14 golf courses, more than 35 F&B outlets and more than 432,000 square feet of meeting space. But the acquisition took place when the tourism industry was still strong and luxury

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properties were at record high prices. However, when the recession hit, all that changed and when a debt of \$1.5 billion fell due last week, the properties had to be foreclosed.

The lenders of the original debt to buy the hotels were led by New York hedge fund Paulson & Co. These lenders have seized control of the hotels in a foreclosure auction. The auction was held to reduce debt and reposition the hotels for growth when the economy picks up. The lenders filed for bankruptcy after being unable to reach an agreement in debt extension. Holders of the debt jostled for control over the 5 hotel properties over the last few weeks. It is anticipated that secured debt holders will receive back their investments in full and the mortgage loan will most likely be extended by two years, but this will need the approval of all lenders.

In the meantime, business will go on as usual in the hotels. The hotels also include the Doral Golf Resort & Spa in Miami and the Arizona Biltmore in Phoenix. According to bankruptcy court papers, their assets amounted to \$2.2 billion as compared to \$1.9 billion in debt as of November 30.

If you are interested in filing for bankruptcy to overcome your debts, call us at (813) 200 4133 for a free consultation.