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Thursday, January 25, 2007
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Foreclosure dispute draws ire of black leaders

Some say bank's actions on Trade Street hurt whole community

By Richard Craver
JOURNAL REPORTER

A foreclosure dispute in downtown Winston-Salem is pitting members of the city's black community against the only black-owned bank operating here.

At stake is the Trade Street Galleria, a 42,000-square-foot building at 545 N. Trade St.

Mechanics and Farmers Bank started foreclosure proceedings on the building in February. At that time, the building was owned by Wiley Brown & Associates LLC, a real-estate and property-management company operated

by Tanya Wiley and her husband, Dorrel Brown.

The bank and Wiley said yesterday that the company had fallen behind on its mortgage payments after losing several tenants. Dorrel Brown also filed for Chapter 13 bankruptcy protection in May.

With the parties unable to reach an agreement, Mechanics and Farmers paid \$601,725 for the property at a May foreclosure hearing. It took ownership of the building in November.

Wiley said she is perplexed as to why the bank is unwilling to resolve the dispute even though the couple

had arranged financing from three separate financial institutions. That includes a \$700,000 loan commitment reconfirmed this month by Southern Community Bank and Trust.

"We have no clue what Mechanics and Farmers wants when this is a matter of dollars and cents, and the dollars and cents to resolve this case are available to my clients," said Robert Lefkowitz, the attorney representing the Wiley Brown company. "They should be interested in an amount that would more than make them whole on



JOURNAL PHOTO BY CHARLIE BUCHANA

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The property at 545 N. Trade St. is the largest black-owned building downtown.

BUILDING

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their loan." Harold Sellars, a senior vice president for Mechanics and Farmers, said that the bank is limited in what it can say about the case because of pending litigation.

On Nov. 16, Judge Lindsay Davis Jr. dismissed a lawsuit by Wiley Brown in Forsyth Superior Court disputing the foreclosure. Wiley and Brown are appealing to the N.C. Court of Appeals.

"We haven't made any decisions about what we're going to do to dispose of the property because we're trying to finalize this litigation," Sellars said. "We've always been very supportive of the communities we serve, stepping up and above in our efforts. Our record and our history speak for itself."

Complicating the matter is that supporters of Wiley Brown have been longtime backers of Mechanics and Farmers Bank, including some that helped persuade the Durham bank to open a branch on Martin Luther King Jr. Drive.

"We believe that this has had a negative effect on the community as a whole, and we are not going to stand by and watch another black business go out of business," said the Rev. Seth Lartey of Goler Memorial AME Zion Church. Supporters of the couple will hold a rally at 10 a.m. today at the building.

Vivian Burke, a member of the Winston-Salem City Council, said she would prefer to see the dispute resolved with the former owners reacquiring the building.

"I've not been able to understand the bank's reasoning on this," Burke said. "I don't know the why, and I can't get past the why."

The dispute has left some tenants of the building locked out and without a home. That includes New Direction Christian Fellowship, which moved from Clemmons to the building in October in an effort to attract new members. Frank Ancona, the pastor of the church, said that neither party told him of the dispute when he signed a lease.

What has supporters of Wiley and Brown questioning the bank's action is that the property's value has been appraised at much higher than the original loan amount. That original amount was not disclosed.

In the lawsuit disputing the foreclosure, Wiley Brown said that the property was appraised in March 2006 at between \$1.55 million and \$2.07 million by Loftis Appraisal Co. Wiley said yesterday that the property has likely appreciated even more since then.

Sellars of Mechanics and Famer said that foreclosing on the building to make money "was not, is not our motivation in this process at all."

"With any customer and any loan situation, foreclosure is the last resort for Mechanics and Farmers, and that's the way it was in this case."

Wiley said that Mechanics and Farmers' reputation in the black community is suffering because of its unwillingness to resolve a dispute with one of the city's prominent black-owned

businesses. "It's been disheartening because I did everything I could to resolve this with the bank before foreclosure became a possibility," Wiley said. "I sit on their local board of directors, and I have helped them build a loan portfolio in the community."

"But it became evident they didn't want to work with us, and I had no choice but to try to get a loan from another bank."

The dispute also speaks to the rising value of downtown properties, and who will participate in the revival of once-beleaguered Trade Street as a viable arts district for entertainment, tourism and retail, and as a residential community.

Local developer Chris Chapman said that it's clear that property values have gone up in the Downtown Arts District, particularly along Trade and Liberty streets. Chapman is developing Trader's Row, a 15-unit condominium complex with commercial space in the arts district. Condominiums there will sell for \$220,000 to \$640,000.

"There is a chance that some of the people who helped start the revival in our downtown could get priced out of the market," Chapman said. "That's probably happened in every city that's reviving its downtown."

"There's a long ways to go before that would happen on a major scale in Winston-Salem. There are other reasonably-priced properties around the arts district."

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