

VINEYARD GAZETTE

Current Edition: Tuesday, July 21, 2009

Tuscany Inn to Reopen as Buyer Finds Auction Property Bargains

By Susan Catling

A Duxbury businessman walked away as the owner of a waterfront home in Oak Bluffs after bidding nearly \$4 million at a foreclosure auction on Friday, indicating the top of the market on Martha's Vineyard is also cracking in the credit crunch that so far has largely been contained to lower priced Island homes.

Meanwhile at a May auction, the same man purchased the former Tuscany Inn in Edgartown, and he plans to reopen it as an inn next month.

Jack Shields, president of Shields MRI, which operates private MRI clinics in Massachusetts and Rhode Island, in May bought 22 North Water street in Edgartown at auction for \$2.71 million; the owner of that building was the same as the owner of the Oak Bluffs home.

The building previously operated as the Tuscany Inn and now houses l'étoile restaurant.

Mr. Shields plans to reopen the eight-room inn again in mid-August and continue leasing space to the restaurant. "L'étoile is an important part of my plan," he said.

The inn may retain the name Tuscany, revert to its historic name, the Captain Charles W. Fisher House, or be changed to a name in the Shields family. "Right now the family name is emerging," he said.

"I always wanted property on North Water street. That's the place to be, isn't it?" Mr. Shields asked. "And I missed it in the last market downturn."

Jason Weissman of Flynn/Boston Realty Advisors, which handled both auctions, said that within 90 days they expect to auction another large house on the Vineyard.

On Friday, after standing poolside for about 15 minutes for the on-site auction, Mr. Shields made the winning bid for the 11-room house on Temahigan avenue.

Overlooking Vineyard Haven harbor, the home with its own beach and dock had been advertised for sale at \$5.5 million for many months.

Mr. Shields said he thought the house would sell for \$3.7 million but in the end was willing to go higher; it sold for \$3.91 million.

“My wife always wanted an oceanfront home,” he said, adding that she hadn’t heard the news yet.

With the purchase, Mr. Shields also became responsible for a municipal lien of \$27,710 for real estate taxes, \$350 for personal property taxes, a \$1,407 water bill and any interest on these amounts.

Along with the bidders, several Island real estate agents and a camera crew taping a segment for CNBC were there to observe the auction.

The procedure for buying at auction is different from making an offer in the conventional way. A bidder has to arrange all the financing and a home inspection in advance, and the property is sold “as-is,” so there are no negotiations later that can lower the price. Home inspector Paul Daniele was doing a survey of the house for one bidder just before the auction began.

As holder of the first mortgage, Bank of New England had a price that had to be met at the auction, and the number was available in advance.

For this house, prospective buyers had to put up \$50,000 worth of earnest money in order to register to bid; seven did. Mr. Shields said the competition was lighter than he expected.

The bidding started at \$1 million and ran up to \$3.9 million before it stalled. That’s when auctioneer Daniel Flynn of Flynn/Boston Realty Advisors held a private chat with three of the bidders and then accepted Mr. Shield’s final offer. Previously, Mr. Flynn had urged the bidders to be quick as he had tee time at Farm Neck to make.

Flynn/Boston Realty Advisors describes itself as a firm specializing in accelerated real estate marketing.

The majority of foreclosures here have been on houses in the middle to lower price range, but people who bought at the top of the market and then financed a large percentage of the purchase price are being caught as prices decline at all price points.

Mr. Weissman, who was assisting with the sale, said not all of their business comes from bank foreclosures; the firm receives numerous calls from private sellers who are tired of waiting for their houses to sell.

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