



Roll Call Number

13-0478

Agenda Item Number

32

Date March 25, 2013

APPROVING SUBORDINATION AGREEMENT WITH RE PROPERTIES 1, LLC
TO ALLOW BUILDING AT 424 EAST LOCUST STREET
TO BE PLACED INTO A HORIZONTAL REGIME

WHEREAS, RE Properties 1, LLC (Tim Rypma, Member, 512-1/2 East Locust, Des Moines) purchased and renovated the commercial building at 424 East Locust Street and located in the Historic East Village. The developer improved the property with historical façade, structural and internal renovations. The developer's purchased the property for \$300,000, and invested renovation costs of around \$740,000 for a total project cost of \$1,040,000; and

WHEREAS, on October 24, 2011, by Roll Call No. 11-1794, the City Council duly resolved to approve a Neighborhood Commercial Revitalization Program \$15,000 Façade Grant, a \$5,000 Predevelopment Grant, and a \$135,000 Economic Development Bridge Loan for renovations to 424 East Locust Street; and

WHEREAS, a horizontal regime, one tax parcel for the ground floor commercial/retail space with the second tax parcel for second floor residential space, was part of the original project scope approved by Roll Call No. 11-1794. However, the horizontal regime was not put in place when the property was purchased and renovation begun; and

WHEREAS, the bank has requested approval of a subordination agreement that would allow for the declaration of a horizontal regime to have priority over the bank's first mortgage and the City's second mortgage but does not affect the security position of the two mortgages.

(Continued on Page 2)



Roll Call Number

13-0478

Agenda Item Number

32

Date

March 25, 2013

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Des Moines, Iowa as follows:

1. The Mortgagee's Statement attached hereto consenting to the Declaration of Submission to a Horizontal Property Regime and subordination of the lien of the City's Mortgage is hereby approved.

2. The Mayor is hereby authorized and directed to sign the Mortgagees Statement and the City Clerk is hereby authorized and directed to attest to his signature.

APPROVED AS TO FORM:

Moved by Hensley to adopt.

Michael F. Kelley
Assistant City Attorney

(Council Communication No. 13-153)

Table with 5 columns: COUNCIL ACTION, YEAS, NAYS, PASS, ABSENT. Rows include COWNIE, COLEMAN, GRIESS, HENSLEY, MAHAFFEY, MEYER, MOORE, and TOTAL.

CERTIFICATE

I, DIANE RAUH, City Clerk of said City hereby certify that at a meeting of the City Council of said City of Des Moines, held on the above date, among other proceedings the above was adopted.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my seal the day and year first above written.

T. M. Franklin Council Mayor

Diane Rauh City Clerk