



Roll Call Number

14-0699

Agenda Item Number

25

Date May 5, 2014

RESOLUTION APPROVING SUBORDINATION AGREEMENT BETWEEN COMMUNITY BUSINESS LENDERS SERVICE COMPANY, LLC, COSMOPOLITAN HOLDINGS, L.L.C. AND THE CITY OF DES MOINES TO FACILITATE NEW RENOVATIONS TO 301 EAST WALNUT STREET

WHEREAS, on August 24, 2009, by Roll Call No.09-1556, the City Council approved a City Neighborhood Commercial Revitalization (NCR) Program loan for \$100,000.00 to Cosmopolitan Holdings, L.L.C. (hereinafter referred to as "Developer") for renovation of the commercial building located at 301 East Walnut Street, Des Moines; and

WHEREAS, Developer's \$800,825 purchase and renovation project included financing by Community Business Lenders, LLC n/k/a Community Business Lenders Service Company, LLC, in the amount of \$600,000 that was secured by a first mortgage on the property, and the City NCR loan was secured by a second mortgage on the property located at 301 East Walnut Street; and

WHEREAS, Developer is requesting that the City subordinate its existing collateral position on the real estate to complete the refinance of the existing first real estate mortgage with a balance of approximately \$512,460, plus \$147,540 in new funds for a loan amount of \$660,000 from Community Business Lenders Service Company, LLC with the additional funds to be used as part of a new \$275,690 project to redevelop the second level of the property at East 301 Walnut to residential use; and

WHEREAS, the subordination agreement by and between the Developer, Community Business Lenders Service Company, LLC, and the City, attached hereto, has been approved by the City Legal Department.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Des Moines, Iowa that

1. The subordination agreement which subordinates the City's mortgage on 301 East Walnut Street, Des Moines, from Cosmopolitan Holdings, L.L.C., as filed on September 2, 2009 in Book 13193, Page 150 in the office of the Polk County Recorder and given to secure the City Des Moines NCR loan, to the mortgage from Community Business Lenders Service Company, LLC in the amount of \$660,000, is hereby approved, and the Mayor is authorized and directed to execute such agreement on behalf of the City and the City Clerk is authorized to attest to the Mayor's signature and to obtain proper acknowledgment.

2. Upon full execution of the agreement, the City Clerk is authorized and directed to deliver original copies to the Office of Economic Development and staff is authorized to deliver the agreement to the Developer and Community Business Lenders Service Company, LLC for recording

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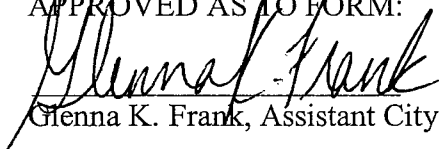
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purposes, and to thereafter take all steps necessary to protect the interests of the City in relation to the City's NCR Loan and the collateral mortgage.

(Council Communication No. 14-206)

APPROVED AS TO FORM:

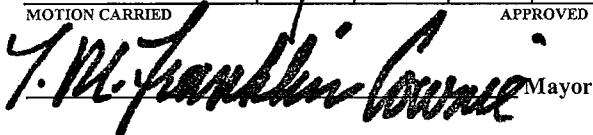

Gienna K. Frank, Assistant City Attorney

Moved by Hensley to adopt.

COUNCIL ACTION	YEAS	NAYS	PASS	ABSENT
COWNIE	✓			
COLEMAN	✓			
GATTO	✓			
GRAY	✓			
HENSLEY	✓			
MAHAFFEY	✓			
MOORE	✓			
TOTAL	7			

MOTION CARRIED

APPROVED


Mayor

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.


City Clerk