



Legislation Text

File #: RES 12-1224, **Version:** 1

Approving subordination of the mortgage for Uni-Lex Partners.

WHEREAS, On August 17, 2005 the City of Saint Paul, a municipal corporation, (the "City") entered into a City of Saint Paul STAR loan agreement and promissory note in the amount of \$150,000 (the "City Loan") with Uni-Lex Partners, LLC, a Minnesota limited liability company, and James K Vang, an individual person, and Linda Do Pham, an individual person, (collectively the "Borrower") and a STAR Mortgage (the "City Mortgage") with Uni-Lex Partners, LLC, a Minnesota limited liability company ("Mortgagor") to secure the City Loan; and

WHEREAS, the City Loan was part of a larger redevelopment project (the "Project") located at the northwest corner of University and Lexington which consisted of acquisition of additional lots, demolition of the former gas station and new construction of a restaurant facility owned by Uni-Lex Partners and leased to Hoa Bien Restaurant; and

WHEREAS, the primary lender on the Project, Park Midway Bank, on or about the same date as the City Loan, made a loan to the Borrower in the amount of \$1,365,000 ("Bank Loan") which is secured by a 1st position mortgage ("Bank Mortgage") on the Project; and

WHEREAS, the City Mortgage is in a junior position to the Bank Mortgage; and

WHEREAS, the Borrower is attempting to refinance the Bank Loan with a new bank and has a commitment for a loan of up to \$800,000 ("Proposed Loan") which is to be secured by a mortgage ("Proposed Mortgage") and has requested the City to subordinate its City Mortgage to the Proposed Loan and Proposed Mortgage in an amount of up to \$800,000; and

WHEREAS, the Borrower will be making an additional capital injection to pay down the Bank Loan; and

WHEREAS, the Borrower is current on the STAR City Loan which now has a loan balance of approximately \$124,400; and

WHEREAS, Ramsey County assesses the value of the property at \$1,374,000 for a 2012 value which indicates there is sufficient collateral value to secure the STAR City; and

WHEREAS, the Proposed Bank loan will be less than the existing loan balance of the original Bank Loan by approximately \$300,000, thus the City security position improves as a result of the proposed financing; and

WHEREAS, the Credit Committee reviewed and recommended approval of this subordination on July 18th, 2012; and

NOW, THEREFORE, be it resolved by the City Council of the City of Saint Paul that the request to subordinate the City Mortgage to the Proposed Mortgage in an amount up to \$800,000 is approved and the staff of the Department of Planning and Economic Development is hereby authorized and directed to negotiate the details and to prepare and enter into any documents related to this subordination request.