



City of Fayetteville

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Legislation Text

File #: 18-425, Version: 1

TO: Mayor and Members of City Council

THRU: Jay Reinstein, Assistant City Manager

FROM: Cynthia Blot, Economic & Community Development Director

DATE: September 10, 2018

RE:
Longview Green Associates Limited Partnership

COUNCIL DISTRICT(S):
1

Relationship To Strategic Plan:

Goal 4: Desirable Place to Live, Work, and Recreate.

Executive Summary:

In 1998, the City of Fayetteville and Longview Green Associates Limited Partnership entered into a twenty year Mortgage Loan Agreement for the purpose of providing affordable housing. The loan was due to be paid off this year. The borrower instead sent a check along with an Assignment of the Deed of Trust and Declaration and an Assignment of the Loan Documents.

Background:

The City of Fayetteville (Grantee) and Longview Green Associates Limited Partnership (Borrower) entered into a Mortgage Loan Agreement in the amount of \$400,000 for the construction of 48 affordable housing units to be called Longview Green Apartments, located at 117, 121, 125, 129, and 133 Longview Drive. The Agreement provided for a balloon payment in the 20th year.

The City has a second lien on the property. Instead of paying off the Deed of Trust, the Borrower would like for the City to assign its interest to the Borrower and assume the City's position.

Issues/Analysis:

Whether to accept the Borrower's offer and advertise for additional offers to assume the City's loan position.

Budget Impact:

The loan payoff was included as program income in the CDBG & HOME 2018/2019 annual action plan. The annual action plan has been approved by Council and is in HUD's final review stage. Further delay of the Longview Green Associates Limited Partnership payoff could necessitate a substantial amendment to the annual action plan.

Options:

Accept Assignment of Loan Documents and Assignment of Deed of Trust and Declaration
Reject Assignment of Loan Documents and Assignment of Deed of Trust and Declaration and provide direction to staff

Recommended Action:

Reject Assignment of Loan Documents and Assignment of Deed of Trust and Declaration

Attachments:

Mortgage Loan Agreement
April 2, 2018 payoff letter to Longview Green Associates Limited Partnership
Check from United Developers, Inc.
Assignment of Loan Documents
Assignment of Deed of Trust and Declaration