



MEMO

PLANNING AND COMMUNITY DEVELOPMENT

To: Redevelopment Authority
From: Joe Stephenson
Date: January 5th, 2023
Re: Loan Agreement – 171 W Wisconsin

At the October 13th, 2022 RACK meeting the board voted to approve Jason Hurst for a loan at 171 W Wisconsin Ave. The loan, in the amount of \$135,150.00, was for a renovation to the interior and fixing the exterior staircase. Once RACK approves the loan staff works with the applicant and drafts an agreement meeting the requirements set forth by RACK. During this process it came to staff's attention that the property has a new mortgage on it for \$270,000. Recently, RACK has been ensuring that all of its loans are secured with a lien on the building or another asset. This practice helps us ensure we get full payment back and secures our funds for the future.

It is important to note that the original application indicated that there were no mortgages on the property. To insure we are doing our due diligence and RACK has all the information necessary, staff thought it pertinent to bring this application back for consideration.

Recent sales and valuations of the improved building, staff feels the building will be worth anywhere from \$350,000 to \$450,000. Given the values large range, staff recommends adding an additional clause to the loan agreement that would have the applicant personally guarantee the loan, as well as keeping the lien on the property. This will add an extra security blanket should the sale value of the building come in on the lower end.

Recommendation:

Approval of the RACK loan at 171 W Wisconsin Ave in the amount of 135,150.00 with the following conditions:

1. A personal guarantee, by the applicant, is included in the loan agreement.