

RESOLUTION NO. _____ - 2025

RESOLUTION APPROVING MORTGAGE and SECURITY AGREEMENT RELEASE RELATED TO
CITY OF OELWEIN REVOLVING LOAN PROGRAM

WHEREAS, the City of Oelwein, Iowa, ("City") loaned money to Sarah Scheel, doing business as and/or under entities organized by Sarah Scheel, known as One Real Estate, LLC and Lumber Ridge Home Source, ("Borrower") under the City Revolving Loan Program, in 2018 and subsequent times thereafter, and

WHEREAS, Borrower executed a Mortgage in favor of the City to secure some of all of the loan(s) between the City and Borrower, said Mortgage being dated October 10, 2018 and recorded on October 31, 2018 in Book 2018, Page 3135, records of the Fayette County, Iowa Recorder, and

WHEREAS, Borrower also borrowed sums from Upper Explorerland Regional Planning Commission ("UERPC") and the Community Bank of Oelwein, ("Bank") with each being granted a Mortgage on the same property described in the Mortgage granted by Borrower to City, and

WHEREAS, the Bank's Mortgage has priority over the Mortgages granted by Borrower to City and UERPC, and

WHEREAS, Borrower has closed the business known as Lumber Ridge Home Source ("Business") operated at the property pledged as security for the above mortgages, titled in Borrower, and has reportedly informed the Bank that it cannot meet its' obligations to the Bank, the City, and/or UERPC, and payments to the City and UERPC on the loan obligations have not been made in a number of months, the Business is clearly closed, and

WHEREAS, the Bank has requested that City and UERPC release their respective mortgages so that the Bank and Borrower can agree to the terms of a voluntary foreclosure, or similar transaction, where the Borrower agrees to turn over the property to the Bank, the failure of the City or UERPC to release their respective mortgages to likely lead to a Mortgage Foreclosure suit, and

WHEREAS, the Bank has agreed, that upon taking title of the property, and personal property explained below under a Security Agreement, that the Bank will attempt to liquidate they real and personal property in a way that will bring about the greatest return, and that upon being made whole, which includes coverage of accruing

interest and attorney fees, that any overages collected by the Bank will be made available and shared with the City and UERPC, and

WHEREAS, with the Bank having priority, the City and UERPC Mortgages would be of no value in the event of a foreclosure, and a voluntary foreclosure between the Bank and the Borrower will likely be the best case scenario for all involved, avoiding costs of suit, foreclosure, and related expenses, putting property into the hands of the Bank to liquidate/sell, and hopefully result in overages that can be paid to the City and/or UERPC, and

WHEREAS, the City was also granted a Security Agreement by Sarah Scheel (Best Way True Value), where inventory and equipment were pledged as collateral for the sums loaned by City to Borrower, and

WHEREAS, the Security Agreement granted to the City is not in a position of priority, like the mortgage granted to City by Borrower, and a request has been made by the Bank for the City and UERPC to release said Security Interests, allowing the Bank to liquidate and/or sell items secured by the Bank's Security Agreement, and

WHEREAS, the City and UERPC also hold Personal Guarantees granted by Sarah Scheel d/b/a Best Way True Value, and said Guarantee will not be affected or impacted by the release of the City Mortgage and/or City Security Agreement, and

WHEREAS, the Council finds that it has no priority when it comes to the Mortgages and Security Agreements granted the City, that the Bank has priority over both the City and UERPC, and that releasing the Mortgage and Security Agreement will not negatively impact the City, that Bank has agreed to grant any and all sums collected over and above the sums necessary to make the Bank whole to the City and UERPC, and the City can also take steps to collect under the Personal Guarantee mentioned previously herein, and

WHEREAS, the Council finds that the Mayor should be authorized to release the above referenced Mortgage and Security Agreement.

NOW THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF OELWEIN IOWA, AS FOLLOWS:

SECTION 1: The Mortgage and Security Agreement noted above are hereby approved to be released by the execution of a Mortgage Release and Security Agreement Release by the Mayor on behalf of the City Council.

SECTION 2: The City Clerk is directed to see to the recordation of the Mortgage

Release and filing of the Security Agreement Release upon approval of this Resolution and execution by the Mayor.

SECTION 3: *When Effective*. This Resolution shall be effective upon its passage and approval as provided by law.

PASSED AND APPROVED this 9th day of June 2025.

Brett DeVore, Mayor

ATTEST:

Dylan Mulfinger, City Administrator

It was moved by _____ and seconded by _____ that the Resolution as read be adopted, and upon roll call there were:

AYES NAYS ABSENT ABSTAIN

Ricchio

Weber

Lenz

Cantrell

Seeders

Payne