



CDA Agenda Item

Meeting Date: 09/19/2024

Agenda Item: Discussion and possible action regarding Subordination Agreement Between the CDA and Shabani Investments, LLC

Staff Contact (name, email, phone): Taylor Zeinert
Email: tzeinert@whitewater-wi.gov
Phone: 262-473-0148

BACKGROUND

(Enter the who, what when, where, why)

On June 12, 2024, the CDA entered into a \$50,000 Façade Loan Agreement with Shabani Investments, LLC secured by a Real Estate Mortgage, Assignment of Leases and Rents and Security Agreement recorded in the Walworth County Register of Deeds Office as Document No. 1096703 (the “CDA Mortgage”). The CDA Mortgage is in third place behind two loans from First Citizens State Bank (FCSB) totaling \$835,345.40 (the “Senior Mortgage”). Shabani Investments, LLC is consolidating the two FCSB loans comprising the Senior Mortgage into one loan. FCSB is requesting that the CDA execute the attached Real Estate Mortgage Subordination Agreement which would now place the CDA Mortgage in second position behind FCSB (essentially no change to the CDA’s position).

PREVIOUS ACTIONS – COMMITTEE RECOMMENDATIONS

(Dates, committees, action taken)

The document has been reviewed and approved by CDA Legal Counsel Rick Manthe.

FINANCIAL IMPACT

(If none, state N/A)

None.

STAFF RECOMMENDATION

Staff recommends approval.

ATTACHMENT(S) INCLUDED

(If none, state N/A)

- Proposed Real Estate Subordination Agreement between the CDA and Shabani Investments, LLC.
- Copy of Real Estate Mortgage, Assignment of Leases and Rents and Security Agreement/Fixtures Filing recorded in the Walworth County Register of Deeds Office on June 27, 2024 as Document No. 1096703.