

RESOLUTION NO. 2022-__519__

RESOLUTION APPROVING THE USE OF \$60,700.00, HELD IN ESCROW BY THE VINELAND REVOLVING LOAN FUND, LLC, FROM THE SALE OF PROPERTY LOCATED AT 814 E. ELMER STREET FOR THE REPAIR/REPLACEMENT, BY NORTH CYPRESS RENTALS, LLC, OF THE HVAC SYSTEM SERVING 727 E. LANDIS AVENUE OWNED BY NORTH CYPRESS RENTALS.

WHEREAS, on April 14, 2022 the VRLF made a loan to North Cypress Rentals, LLC in the amount of \$990,000.00 amortized over a period of 20 years for the purchase of 817 E. Landis Avenue and 814 E. Elmer Street and secured by mortgages covering the properties;

WHEREAS, the credit analysis for the loan did not include revenue from 814 E. Elmer Street as part of the Gross Annual Rental calculation;

WHEREAS, the VRLF also holds a mortgage covering 727 E. Landis Avenue granted by North Cypress Rentals, LLC;

WHEREAS, subsequent to closing, North Cypress Rentals, LLC sold 814 E. Elmer Street for \$160,700.00. The proceeds of the sale were used to pay down the \$990,000.00 loan by \$100,000.00, and the balance held in escrow by the VRLF;

WHEREAS, North Cypress Rentals, LLC had requested the VRLF to escrow \$60,700.00 from the proceeds of the sale of 814 E. Elmer Street to make necessary repairs to, or replacement of, the HVAC system servicing 727 E. Landis Avenue, and also requested the remaining balance of the loan secured by 817 E. Landis Avenue be amortized over the remaining term of the loan;

WHEREAS, the mortgage covering 817 E. Landis Avenue, and 727 E. Landis Avenue are cross collateralized, meaning that each property serves as security/collateral for repayment of the loan secured by the other property, and that a default under the terms of the loan secured by either property constitutes a default under the terms of both loans;

WHEREAS, the \$60,700.00 is included in remaining balance of the loan secured by 817 E. Landis Avenue, payable in accordance with the terms of the Note secured by the mortgage covering 817 E. Landis Avenue, and secured by mortgages covering 817 E. Landis Avenue, and 727 E. Landis Avenue;

WHEREAS, using the \$60,700.00 to make necessary repairs to, or replacement of, the HVAC system servicing 727 E. Landis Avenue does not increase the amount loaned to North Cypress Rentals, LLC or affect the Gross Annual Rental calculation used to make the loan secured by 817 E. Landis Avenue, while protecting/improving the collateral pledged as security for the loans secured by 817 E. Landis Avenue; and 727 E. Landis Avenue;

NOW THEREFORE BE IT RESOLVED by the City Council of the City of Vineland that the Vineland Revolving Loan Fund, LLC is authorized to release the \$60,700.00 it holds in escrow from the sale of 814 E. Elmer Street by North Cypress Rentals, LLC for the payment of the cost of repairing and or replacing the HVAC system servicing 727 E. Landis Avenue, to be disbursed upon the completion of the work and submission of invoices documenting the cost of the work, limited to \$60,700.00.

BE IT FURTHER RESOLVED, that the remaining balance of the loan made to North Cypress Rentals, LLC and secured by the mortgage covering 817 E. Landis Avenue be amortized over the remaining term of the loan.

Adopted:

President of Council

ATTEST:

City Clerk