



PLANNING AND DEVELOPMENT

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Memorandum

To: City of La Crosse Economic Development Commission
From: City Planning & Development Staff
Date: 06/27/2019
Re: Collateral Assignment, #19-0918, Resolution modifying the collateral on the Upper Floor Renovation Loan with State & West, LLC

Applicant Loan Summary:

Upper Floor Renovation Loan Amount: \$103,155 made October 26, 2015. Current balance is \$71,039.90. Loan Maturity October 1, 2025.

Use of Funds: the renovation of Second & Third Floors at 203, 205, 207 4th Street S into 4 luxury apartments (former Tausche Hardware building).

Collateral: 2nd Mortgage at 203, 205, 207 4th St S

Assessed Value: \$141,000 (\$30,000 land/\$111,000 improvements) at the time of application in 2015 - Currently assessed at \$371,700 (\$42,000 land/\$329,700 improvements)

Current Request:

Transfer of Collateral: State & West refinanced all of their properties with Bremer Bank in the amount of \$7,780,000 cross-collateralizing as 1st mortgage across all of the properties. With the nature of this recording, 2nd position loses its value considerably. Owner of the building offered 2nd position on a separate property that he owns where there is a 1st mortgage recorded only on that property.

Proposed Collateral:

Property: 320 14th St N

Assessed Value: \$122,200 (\$21,200 land/\$101,000 Improvement)

1st Mortgage: Original Value \$72,000

1st Mortgage Current Balance: \$46,630

Equity Remaining: \$75,570

Upper Floor Renovation Loan Balance: \$71,039.90

Staff Recommendation: Staff recommends the change in collateral and requests approval for the Mayor to sign a new mortgage securing 2nd position in the amount of \$71,039.90. Mortgage is to be recorded against real estate property at 320 14th St N.

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