



## **Request for Action**

**TO:** Faribault Housing and Redevelopment Authority  
**FROM:** Kim Clausen, Community Development Coordinator  
**MEETING DATE:** May 13, 2019  
**SUBJECT:** Subordination Agreement – 206 Central Ave

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### **PURPOSE:**

Approve a Subordination request from the owners of 206 Central Avenue.

### **DISCUSSION:**

Tim Ellison and Jennifer Denmark, owners of the property at 206 Central Avenue, purchased the building at 206 Central Avenue from the Faribault HRA. They obtained a \$40,000 Downtown Housing Rehabilitation loan from the HRA for the creation of two market-rate residential units in the 2<sup>nd</sup> and 3<sup>rd</sup> floors of the building. They have applied for a \$225,000 open-end, multiple advance line of credit from the State Bank of Faribault. The purpose is to complete construction of the 1<sup>st</sup> floor of 206 Central Avenue and to make a down payment on the purchase of another building downtown, using 206 Central as collateral. The bank is requesting the HRA subordinate its loan to theirs.

### **REQUESTED ACTION:**

Approve the subordination of the HRA's loan on 206 Central Avenue to the State Bank of Faribault and authorize the Executive Director and/or Chairperson to execute the required documents.

## APPLICATION FOR SUBORDINATION AGREEMENT

This application is to be completed by the lending institution requesting the subordination of the HRA loan. The processing fee is \$35.00.

HOMEOWNER'S NAME: Timothy James Ellison

ADDRESS: \_\_\_\_\_

DATE OF BIRTH: \_\_\_\_\_ SOCIAL SECURITY #: \_\_\_\_\_

SPOUSE DATE OF BIRTH: N/A SPOUSE SOCIAL SECURITY #: N/A

WHAT IS THE PURPOSE OF THE REFINANCING?: (Please be very specific)

Open end multiple advance line of credit to complete construction on 206 Central Ave  
and down payment on purchase of \_\_\_\_\_ Faribault, MN

NAME AND ADDRESS OF FINANCIAL INSTITUTION THAT OWNS CURRENT MORTGAGE WHICH WILL BE SATISFIED:

No mortgage on the building

CURRENT TERMS: Interest Rate: \_\_\_\_\_

Number of Years: \_\_\_\_\_

Monthly Payment: \_\_\_\_\_

Balance Remaining: \_\_\_\_\_

Escrow? yes\_\_ no\_\_ If yes what is the monthly amount \$ \_\_\_\_\_

ARE THERE ANY ADDITIONAL MORTGAGES ON THE PROPERTY (excluding the HRA's mortgage) Yes \_\_\_ No X (Attach additional sheet, if necessary).

How many additional mortgages: \_\_\_\_\_

If yes, what is the amount: \_\_\_\_\_

Mortgagee: \_\_\_\_\_

Will this mortgage be satisfied through the refinancing: Yes \_\_\_ No N/A

Terms: Interest Rate: \_\_\_\_\_ Number of Years: \_\_\_\_\_

Monthly Payment: \_\_\_\_\_ Remaining Balance: \_\_\_\_\_

CURRENT ESTIMATED MARKET VALUE ON PROPERTY TAX STATEMENT: \$250,000.00

HAS THIS PROPERTY BEEN APPRAISED: Yes X No \_\_\_\_\_

If yes, date of appraisal: April 3, 2019

What is the appraised value: \$400,000.00

**PROPOSED TERMS FOR NEW MORTGAGE:**

Interest Rate: 6.49% Number of Years: N/A

Monthly Payment: interest only monthly Amount of Loan: \$225,000.00

**NAME AND ADDRESS OF FINANCIAL INSTITUTION THAT WILL CARRY NEW MORTGAGE:**

The State Bank of Faribault

Phone Number: 507-332-4623

428 Central Avenue

Fax Number: \_\_\_\_\_

Faribault, MN 55021

Contact Person: John R. Carlander

**NAME AND ADDRESS OF WHERE SUBORDINATION SHOULD BE MAILED:**

The State Bank of Faribault

Phone Number: 507-332-4623

428 Central Avenue

Fax Number: \_\_\_\_\_

Faribault, MN 55021

Contact Person: John R. Carlander

I understand that this is not a contract and does not bind either party. I certify this information being given to the Faribault Housing and Redevelopment Authority is accurate and complete to the best of my knowledge. I understand that the HRA will rely upon this information in making its decision to enter into a subordination agreement. I am authorized by the lending institution requesting the subordination to submit this information to the HRA. I understand that providing false information or making false statements are punishable under State and Federal law.

Julie Finnesgard  
Printed Name of Person Completing Form

5-6-19  
Date

Julie Finnesgard  
Signature of Person Completing Form