

PALM BEACH COUNTY  
BOARD OF COUNTY COMMISSIONERS

AGENDA ITEM SUMMARY

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Meeting Date: December 18, 2007                      ☐ Consent ☒ Regular

Department: Housing and Community Development

Submitted By: Housing and Community Development

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I. EXECUTIVE BRIEF

**Motion and Title:** Staff recommends motion to approve: Execution of a Subordination Agreement in connection with a mortgage executed by Pine Ridge Apartments Joint Venture in favor of Palm Beach County.

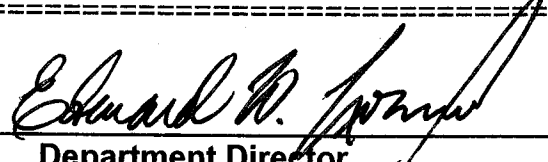
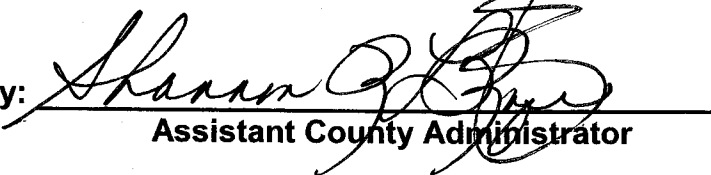
**Summary:** Palm Beach County on February 24, 1999 entered into a funding agreement with Pine Ridge Apartments Joint Venture allocating a total of \$370,000 in county funds for the rehabilitation of Pine Ridge Apartments (a lower income rental housing project). The property owners now wish to sell Pine Ridge Apartments to the "Charmettes, Inc." who has requested that Palm Beach County subordinate it's interest in the existing County mortgage to that of the new mortgage. Evaluation of this request has revealed that the County's financial interest in the encumbered property will not be adversely affected as a result of this transaction. (District 7) (TKF)

**Background and Justification:** Palm Beach County entered into a funding agreement with Pine Ridge Apartments Joint Venture on February 24, 1999 to provide \$370,000 for the rehabilitation of Pine Ridge Apartments. These rental units were made available for lower income households and encumbered by Palm Beach County through and up to July 01, 2013. These units have been fully occupied and will be utilized by the "Charmettes, Inc." to implement their "Strengthening the Family" program. There will be no forced relocation of any current renter household.

**Attachments:**

- 1. Mortgage Subordination Agreement

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Recommended by:		12/10/07
	Department Director	Date
Approved By:		12/17/2007
	Assistant County Administrator	Date

## II. FISCAL IMPACT ANALYSIS

### A. Five Year Summary of Fiscal Impact:

Fiscal Years	2008	2009	2010	2011	2012
Capital Expenditures					
Operating Costs					
External Revenues					
Program Income					
In-Kind Match (County)					
NET FISCAL IMPACT					

# ADDITIONAL FTE POSITIONS (Cumulative)					
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Is Item Included In Current Budget? Yes \_\_\_\_ No \_\_\_\_  
Budget Account No.:

Fund \_\_\_\_ Unit \_\_\_\_ Org \_\_\_\_ Object \_\_\_\_ Program Code/Period BG \_\_\_\_ -GY

### B. Recommended Sources of Funds/Summary of Fiscal Impact: Source:

**No fiscal impact**

C. Departmental Fiscal Review: Shairrette Major  
Shairrette Major, Fiscal Manager I

## III. REVIEW COMMENTS

A. OFMB Fiscal and/or Contract Development and Control Comments:  
The \$335,000 Promissory Note is the new mortgage that the owners are trying to secure.

OFMB 12-13-07  
12/12/07  
B. Legal Sufficiency:

Contract Development and Control  
12/13/07

This item complies with current  
County policies.

Assistant County Attorney 12/17/07

C. Other Department Review:

Department Director

This summary is not to be used as a basis for payment.

## **SUBORDINATION OF MORTGAGE**

KNOW ALL MEN BY THESE PRESENTS:

PALM BEACH COUNTY as present legal holder and owner of that certain Mortgage and Security Agreement dated February 24, 1999, and executed by the PINE RIDGE APARTMENTS JOINT VENTURE, BEDR-PINE RIDGE, INC., and COMPLETE PROPERTY DEVELOPMENT CORPORATION, venturers, and to be assumed by Charmettes, Inc., in favor of Palm Beach County, recorded in O.R. Book I0962, Page 373 of the Public Records of Palm Beach County, Florida ("Declaration"), encumbering the real property situate, lying and being in Palm Beach County, Florida, described as follows:

Lots 11, 12, 13 and 14, Block 34 of the Amended Plat of 11<sup>th</sup> Avenue and 12<sup>th</sup> Avenue Addition to Freshwater Addition to the City of West Palm Beach, according to plat thereof, in Plat Book 8, Page 22, of the Public Records of Palm Beach County, Florida.

For good and valuable consideration, to wit: Palm Beach County, has and by these presents does waive the priority of the lien of the Mortgage and Security Agreement, insofar as the following described Mortgage is concerned but not otherwise:

That certain Mortgage and Security Agreement dated \_\_\_\_\_, 2008, and recorded on \_\_\_\_\_, 2008, in Official Records Book \_\_\_\_\_, Page \_\_\_\_\_ of the Public Records of Palm Beach County, Florida from the Charmettes, Inc., as Mortgager, to National City Bank, as Mortgagee ("Mortgage"), securing payment of a Promissory Note in the original principal amount which shall not exceed \$335,000.

The undersigned Palm Beach County hereby consents that the lien of the Mortgage and Security Agreement shall be and is subordinate and inferior to the Mortgage, which shall be a first mortgage.

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APPROVED and ADOPTED by the Board of County Commissioners of Palm  
Beach County, Florida, on this the \_\_\_\_\_ day of \_\_\_\_\_, 2007.

**SHARON R. BOCK**  
**CLERK AND COMPTROLLER**

**PALM BEACH COUNTY, FLORIDA**  
**BY ITS BOARD OF COUNTY**  
**COMMISSIONERS**

**BOARD OF COUNTCOMMISSIONERS**  
**PALM BEACH COUNTY**

By: \_\_\_\_\_  
**Deputy Clerk**

By: \_\_\_\_\_  
**Addie L. Greene, Chairperson**

**APPROVED AS TO FORM AND**  
**LEGAL SUFFICIENCY**

By: \_\_\_\_\_  
**County Attorney**

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**CLERK AND COMPTROLLER**

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**BY ITS BOARD OF COUNTY**  
**COMMISSIONERS**

**BOARD OF COUNTCOMMISSIONERS**  
**PALM BEACH COUNTY**

By: \_\_\_\_\_  
**Deputy Clerk**

By: \_\_\_\_\_  
**Addie L. Greene, Chairperson**

**APPROVED AS TO FORM AND**  
**LEGAL SUFFICIENCY**

By: \_\_\_\_\_  
**County Attorney**

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## CONSENT AND RELEASE AGREEMENT

**THIS CONSENT AND RELEASE AGREEMENT** (this "**Agreement**"), is made as of this \_\_\_\_ day of December, 2007, by and between SP Azalea Place LP, a Florida limited partnership (the "**Borrower**") and Palm Beach County, Florida (the "**County**").

**WHEREAS**, pursuant to that certain Purchase and Sale Agreement by and between the Borrower and Azalea Place Apartments, Limited, a Florida limited partnership (the "**Original Borrower**"), dated August 6, 2007, as amended, the Borrower is acquiring all of the Original Borrower's rights, title and interest in and to certain land located in West Palm Beach, Florida in the County, described in **Exhibit A** hereto, as improved with a multifamily housing project (the "**Property**"); and

**WHEREAS**, pursuant to that certain Loan Agreement by and between the Original Borrower and the County, dated May 15, 2001 (the "**County Loan Agreement**") the County made a loan to the Original Borrower in the amount of \$208,050, which loan is secured by a mortgage on the Property pursuant to that certain Mortgage and Security Agreement by and between the Original Borrower and the County, dated May 24, 2001, as recorded in Official Record Book 12591 at Pages 1860 through 1872 of the Public Records the County (the "**County Mortgage**") and that certain Promissory Note made by the Original Borrower in favor of the County as recorded in Official Record Book 12591 at Pages 1873 through 1877 of the Public Records of the County (said promissory note, together with the County Loan Agreement and the County Mortgage, are the "**County Loan Documents**"); and

**WHEREAS**, the County Loan Documents require the prior written consent of the County for any sale or transfer of the Property; and

**WHEREAS**, the County consents to the transfer of the Property from the Original Borrower to the Borrower (the "**Transfer**"), subject to the Borrower's assumption of all of the Original Borrower's obligations under the County Loan Documents, and the Borrower agrees to assume such obligations; and

**WHEREAS**, upon such assumption the County will release the Original Borrower from its obligations under the County Loan Documents.

**NOW, THEREFORE**, in consideration of the foregoing and of other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties, as applicable, hereby agree as follows:

1. The recitals set forth above are true and correct and are incorporated herein by reference.
2. The Borrower hereby assumes all of Original Borrower's obligations under the County Loan Documents.
3. The County hereby consents to the Transfer and releases the Original Borrower from its obligations under the County Loan Documents.

[Signature page follows]

IN WITNESS WHEREOF, the parties have duly executed this Agreement as of the day and year first above written.

**PALM BEACH COUNTY, FLORIDA**

(SEAL)

By: \_\_\_\_\_  
Chairperson, Board of County  
Commissioners

Attest:

Sharon R. Bock, Clerk & Comptroller

By: \_\_\_\_\_  
Deputy Clerk

Approved as to form and sufficiency:

By: \_\_\_\_\_  
Assistant County Attorney

**SP AZALEA PLACE LP, as Borrower**

By: SP Azalea Place GP, Inc., a Florida  
corporation, its general partner

By: J. David Page  
Name: J. David Page  
Title: President