City of Columbia

701 East Broadway, Columbia, Missouri 65201

Department Source: Housing & Neighborhood Services
To: City Council
From: City Manager & Staff
Council Meeting Date: December 2, 2024
Re: Hanover Gardens – Mortgagee Consent and Agreement

Executive Summary

The City of Columbia entered into HOME Investment Partnership (HOME) funding agreements for $450,000 for the construction of the Hanover Gardens affordable housing units. On May 17, 2000, Hanover Gardens, L.P. executed a promissory note for the repayment of the $450,000 loan secured by a deed of trust. The partners of Hanover Gardens, L.P. are in the process of borrowing against their equity position in Hanover Gardens, L.P. and will be pledging their interest to Deutsche Bank. Consequently, Deutsche Bank has requested that the partners obtain written consent from the City of Columbia stating such pledge consult a default on the City's loan.

Discussion

The partners of Hanover Gardens, L.P., which includes Jeffrey E. Smith Partnership, L.C., are in the process of borrowing against their equity position in the property owned by Hanover Gardens, L.P. and on which the City of Columbia is the lender. The original loan was for $450,000 and the total remaining loan balance is $94,280.26. The partners of Hanover Gardens, L.P. will be pledging their interest to Deutsche Bank in a Pledge Agreement. Consequently, Deutsche Bank has requested that the partners obtain written consent from the City of Columbia. The Mortgagee Consent and Agreement attached hereto provides that the mortgagee (i.e., the City) consents to the Pledge Agreement and the Pledge Agreement does not constitute a default or event of default under the deed held by the City or other financing documents related thereto.

The Mortgagee Consent and Agreement does not alter the deed of trust or the City's first lien position, it is only utilizing the Hanover Gardens, L.P. partners' interest in the property as collateral on a secondary source of financing.

Fiscal Impact

Short-Term Impact: NA
Long-Term Impact: NA

Strategic & Comprehensive Plan Impact

Strategic Plan Impacts:
Primary Impact: Not Applicable, Secondary Impact: Not Applicable, Tertiary Impact: Not Applicable
Comprehensive Plan Impacts:
Primary Impact: Not Applicable, Secondary Impact: Not applicable, Tertiary Impact: Not Applicable

Legislative History

Date	Action

Suggested Council Action

Authorize the City Manager to execute the attached Mortgagee Consent and Agreement.