

DATE: May 10, 2011

ITEM: 7.F.

RE: CONSIDERATION AND APPROVAL OF A REQUEST FOR AN EXTENSION OF A LOAN BETWEEN THE REDEVELOPMENT AGENCY OF SALT LAKE CITY AND JEFFREY EVERSHERD.

PROJECT AREA: Central Business District Project Area

PREPARED BY: Justin Belliveau

EXECUTIVE SUMMARY: In March April 2004, the RDA provided a loan in the amount of \$638,727 to Jeffrey Evershed (the "Borrower") related to the Pierpont Lofts condominium project. In March 2009, the Board of Directors authorized the extension of the maturity date of this loan by two years to April 1, 2011. In February, RDA staff mailed a letter to the Borrower reminding him that the balloon payment would be due on this date. In March, the Borrower contacted the RDA to indicate that he would be unable to make the balloon payment, that he is attempting to refinance the outstanding balance with another lender, and that he would like to request an extension of the loan to allow him time to complete the refinancing. The outstanding balance on the loan is currently \$380,376, which will accrue interest at the default rate of 14% per annum from the extended maturity date until the approval of an amendment to the Promissory Note extending the maturity date.

ALTERNATIVES:

1. Approve the extension of the loan under the existing terms.
2. Approve the extension of the loan under modified terms.
3. Do not approve the extension of the loan and proceed with the remedies provided the RDA under the default provisions of the Promissory Note.

LOAN COMMITTEE RECOMMENDATION: The loan committee will convene to discuss this request, and their recommendation will be provided at the Board meeting.

ANALYSIS AND ISSUES: The Borrower is requesting an extension of the outstanding balance of \$382,969 for a period of one year to April 1, 2012 in order to facilitate the refinancing of this loan. He has indicated that he currently is exploring this with First Utah Bank and other financing sources, and that he may have an answer on the refinancing within a month's time of the Board meeting.

The outstanding balance continues to accrue interest at the rate of 4% per annum on a twenty year amortization timeframe. As collateral securing the repayment of the loan, the

RDA has a first lien position on eight units in the Pierpont Lofts condominium project (Units E101, E116, E123, W109, W110, W111, W115, and W201), and a second lien position behind First Utah on four units (Units W102, W103, W113, W203). Each of these units is currently rented, with no imminent plans by the Borrower to list them for sale based on the challenges of attaining FHA eligibility. The Borrower estimates the total value of the nine units on which the RDA has a primary lien to be \$1,134,999, which results in a loan to value ratio of 34%. An appraisal is underway, but is not available at this time to verify these assumptions.

The Board has the discretion to authorize the extension of the loan under the existing terms. Alternatively, the Board may require a modification of the existing terms to account for the fact that the RDA is unable to deploy this capital elsewhere within its project areas. These changes could include an increase in the interest rate, reducing the term of the requested extension to three months, or requiring that a percentage of the existing balance be paid down (for example, 10-20% of the outstanding balance, in this case \$38,296-\$76,593) as a condition of the extension.

Staff will be at the meeting to discuss and answer questions about this request.

- ATTACHMENTS:**
1. Email correspondence from Jeffrey Evershed requesting second extension.
 2. Letter from Jeffrey Evershed requesting initial extension in 2009.

Berger, Crayola

From: JEFFREY EVERSLED [jevershed@mtb.com]
Sent: Tuesday, April 05, 2011 4:30 PM
To: Belliveau, Justin
Subject: RE: Fwd: Pierpont Lofts Extension

You have first lien position on the properties listed as "RDA" on the worksheet, and second lien positions on those listed under First Utah. If I sell either a First Utah property, or an RDA property, you receive 100% of the net proceeds - that's how we've reduced the loan to date.

Jeffrey A. Evershed
M & T Bank
4949 SW Meadows Road
Suite 500
Lake Oswego, Oregon 97035
503-534-4662

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>>> "Belliveau, Justin" <Justin.Belliveau@slcgov.com> 4/5/2011 3:26 PM >>>

I think our collateral is listed in the "RDA" worksheet. Could you please verify we have liens on these?

From: JEFFREY EVERSLED [mailto:jevershed@mtb.com]
Sent: Tuesday, April 05, 2011 11:25 AM
To: Belliveau, Justin
Subject: RE: Fwd: Pierpont Lofts Extension

Hi Justin -

I've attached a spreadsheet which, I hope, answers most of your questions.

All the units are currently rented. While I would like to sell the units, none are listed at this time; I've not had them for sale because there is effectively no permanent mortgage financing available to buyers at Pierpont at this time. We believe that we may be able to make the project FHA eligible, and I'm working with the HOA President towards that end, but nothing is available at present.

As you can see, the project works fine as rentals, and in fact gives the City a number of affordable rental units. That is why I'm hopeful First Utah Bank will end up giving me a longer term loan to finance all the units.

Let me know if you need anything further.
Jeff Evershed

Jeffrey A. Evershed
M & T Bank
4949 SW Meadows Road
Suite 500
Lake Oswego, Oregon 97035
503-534-4662

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>>> "Belliveau, Justin" <Justin.Belliveau@slcgov.com> 4/5/2011 10:10 AM >>>
Jeff,

Could you please tell me how many remaining units are left unsold at Pierpont Lofts, which units they are, and whether they are currently being leased as rentals or listed for sale? If they are listed for sale, it would be helpful to know the asking prices.

Thank you.

Justin

From: JEFFREY EVERSHERD [mailto:jevershed@mtb.com]
Sent: Tuesday, March 29, 2011 2:19 PM
To: Belliveau, Justin
Subject: Re: Fwd: Pierpont Lofts Extension

Hello Justin -

First Utah Bank is still considering the total re-finance of Pierpont Lofts. Unfortunately, they won't be in a position to commit, or close, before the RDA loan comes due. I would expect to have an answer from them in 45 days or so, as they just commenced the appraisal process. In addition, I am exploring a refinance with two other sources here in Oregon.

Because of the difficulty of finding a suitable re-finance, I am asking the RDA to extend the maturity date for one year, if possible. Please rest assured that I am working to get the loan paid off well before that time. If you have any questions or need anything further, please let me know.

Jeff Evershed

Jeffrey A. Evershed
M & T Bank
4949 SW Meadows Road
Suite 500
Lake Oswego, Oregon 97035
503-534-4662

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>>> Jeff Evershed <jeffevershed@hotmail.com> 3/27/2011 9:03 PM >>>

Begin forwarded message:

From: "Belliveau, Justin" <Justin.Belliveau@slcgov.com>
Date: March 23, 2011 3:09:53 PM PDT
To: "jeffevershed@hotmail.com" <jeffevershed@hotmail.com>
Subject: Pierpont Lofts Extension

Jeff,

Thank you for your voicemail this afternoon. You can reply to this email with a notification to us of whether or not you will require an extension depending on the outcome of your discussion

with other prospective lenders. Please note that I will need to receive this confirmation from you on or about the 1st of April in order to properly prepare for a discussion with our loan committee and Board.

Best regards,

Justin

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Justin Belliveau

Deputy Director

Redevelopment Agency of Salt Lake City

451 S. State Street, Rm. 404

P.O. Box 145518

Salt Lake City, Utah 84114-5518

phone: (801) 535-7217

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2/10/2008

Rentals Master Information Sheet

<u>Address</u>	<u>monthly rent</u>	<u>mortgage payment</u>	<u>annual tax</u>	<u>mo. Tax</u>	<u>insurance</u>	<u>HOA</u>	<u>management</u>	<u>net per month</u>	<u>management co.</u>	<u>date acquired</u>	<u>ownership</u>	<u>cost</u>	<u>loan</u>	<u>cash investment</u>	<u>current value</u>	<u>net equity</u>	<u>LTV</u>	<u>Insurance Company</u>
E101 Pierpont Lofts Salt Lake City, Ut.	\$ 700	\$ 393 RDA	\$ 1,229.00	\$ 102	\$ -	\$ 164	\$ 56	\$ 41	"	Apr-04	JAE	\$ 120,500 0.10	\$ 41,226 RDA	\$ 79,274	\$ 145,500	\$ 104,274 32%	28%	HOA State Farm
E116 Pierpont Lofts Salt Lake City, Ut.	\$ 700	\$ 370 RDA	\$ 1,229.00	\$ 102	\$ -	\$ 164	\$ 56	\$ 63	"	Apr-04	JAE	\$ 113,500 0.10	\$ 38,831 RDA	\$ 74,669	\$ 145,599	\$ 106,768 43%	27%	HOA State Farm
E123 Pierpont Lofts Salt Lake City, Ut.	\$ 520	\$ 276 RDA	\$ 1,147.00	\$ 96	\$ -	\$ 115	\$ 42	\$ 34	"	Apr-04	Wm-Allen	\$ 84,500	\$ 28,910 RDA	\$ 55,590	\$ 135,800	\$ 106,890 92%	21%	HOA State Farm
W109 Pierpont Lofts Salt Lake City, Ut.	\$ 850	\$ 497 RDA	\$ 1,147.00	\$ 96	\$ -	\$ 103	\$ 68	\$ 154	"	Apr-04	Wm-Allen	\$ 152,500	\$ 52,174 RDA	\$ 100,326	\$ 135,800	\$ 83,626 -17%	38%	HOA State Farm
W110 Pierpont Lofts Salt Lake City, Ut.	\$ 750	\$ 447 RDA	\$ 1,147.00	\$ 96	\$ -	\$ 93	\$ 60	\$ 115	"	Apr-04	Wm-Allen	\$ 137,000	\$ 46,871 RDA	\$ 90,129	\$ 135,800	\$ 88,929 -1%	35%	HOA State Farm
W111 Pierpont Lofts Salt Lake City, Ut.	\$ 750	\$ 652 RDA	\$ 1,229.00	\$ 102	\$ -	\$ 135	\$ 60	\$ (140)	"	Apr-04	Wm-Allen	\$ 200,000	\$ 68,425 RDA	\$ 131,575	\$ 145,500	\$ 77,075 -41%	47%	HOA State Farm
W115 Pierpont Lofts Salt Lake City, Ut.	\$ 995	\$ 838 RDA	\$ 1,229.00	\$ 102	\$ -	\$ 182	\$ 80	\$ (128)	"	Apr-04	Wm-Allen	\$ 257,000	\$ 87,926 RDA	\$ 169,074	\$ 145,500	\$ 57,574 -66%	60%	HOA State Farm
W201 Pierpont Lofts Salt Lake City, Ut.	\$ 750	\$ 396 RDA	\$ 1,229.00	\$ 102	\$ -	\$ 85	\$ 60	\$ 166	"	Apr-04	Wm-Allen	\$ 121,500	\$ 41,568 RDA	\$ 79,932	\$ 145,500	\$ 103,932 30%	29%	HOA State Farm
Total	\$ 6,015	\$ 3,870		\$ 799		\$ 1,041	\$ 482	\$ 305				\$ 1,186,500	\$ 405,931	\$ 780,569	\$ 1,134,999	\$ 729,068	36%	

2/15/09

Redevelopment Agency of Salt Lake City
451 S. State, Room 418
Salt Lake City, Utah 84114

FEB 19 2009
RECEIVED

Attn: Valda Tarbet

re: Kimball Loft Loan

Dear Valda:

It was nice speaking with you once again. As we discussed, this is a difficult financing environment. I have inquired about re-financing this loan with Key Bank, First Utah Bank, and Washington Federal, but am getting little response.

I will continue to explore financing alternatives, but in the event no financing is available, I would request that the Agency consider an extension on the due date of the Kimball Loft Loan. I don't know how long bank financing will be tight, but I'm wondering if you would consider a two-year extension, just to be safe?

I've enclosed my current financial statement, as well as 2007's tax return. I have not yet filed 2008's return.

If you need anything further, please feel free to contact me at 503-603-2571. Thanks for your consideration.

Sincerely,



Jeffrey A. Evershed