



**TO: LINDA GORTON, MAYOR
URBAN COUNTY COUNCIL**

**FROM: CHARLIE LANTER, DIRECTOR
DIVISION OF GRANTS AND SPECIAL PROGRAMS**

DATE: NOVEMBER 18, 2019

**SUBJECT: Execution of Subordination Agreement for loan of federal HOME funds to
SRO, Ltd. (St. James Place)**

Request: Council authorization to execute a Subordination Agreement for the loan of federal HOME funds to SRO, Ltd., which subordinates the Lexington-Fayette Urban County Government's second mortgage securing a principal amount of \$720,000.

Purpose of the Request: On April 20, 1994, the LFUCG recorded a second mortgage on a 100-unit single room occupancy complex near Corral and Deweese Streets, securing the principal amount of \$720,000 for a deferred loan of federal HOME funds to SRO, Ltd. The mortgage has a final maturity date of September 1, 2035. These funds were provided to support the construction of the project more commonly known as St. James Place Apartments.

SRO, Ltd., is refinancing the primary mortgage on the property and the new lender requires the execution of a Subordination Agreement for the LFUCG's second mortgage. The LFUCG's position remains unchanged following this action.

The cost in this budget year and future budget years: There is no cost associated with this action.

Are the funds budgeted?

N/A

File Number: 1272-19

Director/Commissioner: Lanter/Hamilton

