

**A RESOLUTION BY
COMMUNITY DEVELOPMENT/HUMAN RESOURCE COMMITTEE**

A RESOLUTION AMENDING RESOLUTION 02-R-1874 TO MODIFY THE LIST OF PROPERTIES ENCUMBERED BY DEEDS TO SECURE DEBT ON THE VARIOUS PROPERTIES COMPRISING THE MCKENZIE PLACE DEVELOPMENT; TO AUTHORIZE THE LAW DEPARTMENT TO SECURE THE SERVICES OF OUTSIDE COUNSEL TO INITIATE FORECLOSURE PROCEEDINGS, AND TO IDENTIFY AN ACCOUNT TO PAY ALL COST ASSOCIATED WITH THE FORECLOSURE; AND FOR OTHER PURPOSES

WHEREAS, Resolution 02-R-1874 adopted by the Atlanta City Council on January 21, 2003 and approved by the Mayor on January 28, 2003 declaring Mechanicsville Renovation Ventures, Inc. in default on the \$970,000.00 Loan Agreement for failure to adhere to the construction terms and conveying the property without obtaining written consent of the City; and

WHEREAS, the Law Department has determined that based on reviews of the title records the properties identified in Resolution 02-R-1874 incorrectly included the following four (4) properties located at 569, 579, and 603 Ira Street and 390 Crumby Street ; and failed to include 582 Whitehall Terrace and 12 Rags Alley; and

WHEREAS, the Department of Planning and Community Development has identified a funding source to cover the cost of services associated with the foreclosure proceedings (estimated to be approximately \$14,700.00) including but not limited to securing outside legal counsel, title searches, appraisal services, and legal advertisements; and

WHEREAS, the City intends to recoup its \$970,000.00 investment in the project of comprised of a \$770,000.00 loan from the CDBG Fund and a \$270,000.00 loan from the HOME Fund; and

WHEREAS, the City Law Department seeks to hire outside counsel to carry out the foreclosure proceedings to gain control of the sites, to pursue other remedies available, permissible and allowable pursuant to the project documents as well as the laws of the State of Georgia.

THE COUNCIL OF THE CITY OF ATLANTA, GEORGIA HEREBY RESOLVES, as follows:

SECTION 1: The actual list of properties known as "McKenzie Place" and encumbered by the \$970,000 loan agreement between the City of Atlanta and Mechanicsville Renovation Ventures, Inc. are as follows:

<u>Parcel Code Number</u>	<u>Property Address</u>
14-0086-0003-036-9	636 Smith Street (a/k/a 634 Smith Street)
14-0085-0013-086-3	386 Crumley Street
14-0085-0013-109-3	582 Whitehall Terrace
14-0085-0013-129-1	592 Whitehall Terrace
14-0085-0013-128-3	590 Whitehall Terrace
14-0085-0013-123-4	12 Rags Alley
14-0085-0013-105-1	600 Whitehall Terrace
14-0085-0009-090-1	416 Rawson



Section 2: The Cost associated with the foreclosure process (estimated to be approximately \$4,700.00) including but not limited to securing outside legal counsel, title search, appraisal services, and legal advertisements shall be charged to and paid from account number 3P05 524001 Y46X0201A3K0.

Section 3: That the City Attorney is authorized to engage the services of outside counsel to accomplish the real estate transactions identified in Resolution 02-R-1874 and in Section 1 above.

A true copy,



Deputy Municipal Clerk

ADOPTED as amended by the City Council
APPROVED by the Mayor

SEPT 07, 2004
SEPT 15, 2004

02-R-1874

A SUBSTITUTE RESOLUTION

BY COUNCILMEMBER CLETA WINSLOW

AS SUBSTITUTED BY FINANCE/EXECUTIVE COMMITTEE

A SUBSTITUTE RESOLUTION DECLARING MECHANICSVILLE RENOVATION VENTURES, INC. IN DEFAULT OF THAT CERTAIN LOAN AGREEMENT, PROMISSORY NOTES AND DEEDS TO SECURE DEBT DATED NOVEMBER 25, 1998 AND AUTHORIZING THE CITY ATTORNEY TO INITIATE FORECLOSURE PROCEEDINGS AGAINST MECHANICSVILLE RENOVATION VENTURES, INC. WITH RESPECT TO VARIOUS RESIDENTIAL PROPERTIES IN THE MECHANICSVILLE COMMUNITY KNOWN AS THE MEKENZIE PLACE PROJECT; AND AFTER COMPLETION OF THE FORECLOSURE PROCESS AND THE VESTING OF TITLE TO THE PROPERTY IN THE NAME OF THE CITY OF ATLANTA, AUTHORIZING THE MAYOR TO EXECUTE A QUIT CLAIM DEED CONVEYING SAID PROPERTIES TO THE CITY OF ATLANTA/FULTON COUNTY LAND BANK AUTHORITY FOR DEVELOPMENT/REDEVELOPMENT PURPOSES; TO RESCIND CONFLICTING RESOLUTIONS; AND FOR OTHER PURPOSES.

WHEREAS, by Resolutions 98-R-1893 and 98-R-1899 adopted October 19, 1998 and approved October 27, 1998, the Mayor was authorized to execute a loan agreement in the amount of \$700,000 for the MeKenzie Place development, located in the block bounded by Crumley Street, Glenn Street, Ira Street and Whitehall Terrace; and

WHEREAS, by Resolution 01-R-0424 adopted March 19, 2001 and approved March 27, 2001, the Mayor was authorized to enter into an Amended Loan Agreement with Mechanicsville Renovation Ventures, Inc. for an additional amount of \$270,000



bringing the total amount of the loan agreement to \$970,000 for the acquisition and development/redevelopment of MeKenzie Place, a proposed project consisting of 85 for-sale townhome units affordable to HOME income eligible families; and

WHEREAS, repayment of the loan is secured by deeds to secure debt on the properties comprising MeKenzie Place which are located at 600 Whitehall Terrace, 592 Whitehall Terrace, 590 Whitehall Terrace, 386 Crumley Street, 390 Crumby Street, 569 Ira Street, 579 Ira Street, 603 Ira Street, 636 Smith Street and 416 Rawson Street; and

WHEREAS, Mechanicsville Renovation Ventures, Inc. has failed to fulfill its obligations pursuant to the Loan Agreement, the Promissory Notes and the Deeds to Secure Debt with respect to the development/redevelopment of the MeKenzie Place Project and reportedly, has further executed a quit-claim deed attempting to convey the properties to a Mr. Hugh Robinson in further violation of the afore - mentioned documents; and

WHEREAS, Mechanicsville Renovation Ventures, Inc. has also previously delivered a quit claim deed for the properties to the City of Atlanta; and

WHEREAS, the delivery of a deed to real property by the grantor (Mechanicsville Renovation Ventures, Inc.) is not effective until said deed has been accepted by the grantee (the City); and

WHEREAS, the reported delivery of a quit-claim deed for the properties to Mr. Hugh Robinson occurred subsequent to the delivery of a quit-claim deed for the same properties to the City; and



CORRECTED COPY

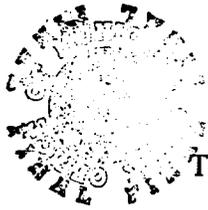
WHEREAS, the City, in order to attempt to recoup its investment in the Project of \$970,000 in HOME FUNDS, it must declare Mechanicsville Renovation Ventures, Inc. in default and must foreclose on the properties; and

WHEREAS, the City, in order to continue to assist in the development/redevelopment of the property known as MeKenzie Place, after establishing title in the City's name, intends to convey said property to the City of Atlanta/Fulton County Land Band Authority.

THE COUNCIL OF THE CITY OF ATLANTA, GEORGIA HEREBY RESOLVES, AS FOLLOWS:

SECTION 1: Mechanicsville Renovation Ventures, Inc. is hereby declared in default of that certain Loan Agreement, dated November 25, 1998; and those certain Promissory Notes and Deeds to Secure Debt dated November 25, 1998, in that Mechanicsville Renovation Ventures, Inc. failed to adhere to the construction term in violation of Paragraph/Item I (e) of said Agreement/Notes/Deeds. Mechanicsville Renovation Ventures, Inc., further violated Paragraph/Item 2.1(d) of the Construction/Permanent Deed to Secure Debt by conveying the property without obtaining the written consent of the City.

SECTION 2: The City Attorney is hereby authorized to initiate foreclosure proceedings against Mechanicsville Renovation Ventures, Inc. in connection with the various properties comprising the MeKenzie Place Project. The costs associated with the foreclosure process (estimated to be approximately \$10,000.00) shall be charged to and paid from account no. **1B01 529002 Y46P0906A52A**



The City Attorney is also further authorized to institute and initiate any and all other remedies available, permissible and allowable pursuant to the Project Documents as well as the laws of the State of Georgia.

SECTION 3: Upon completion of the foreclosure process and the vesting of title in the name of the City of Atlanta, an amount of liability insurance coverage (as determined by the City's Risk Management Division) shall be placed on the property.

SECTION 4: After title to the properties is vested in the City, the Mayor is hereby authorized to execute a quit claim deed conveying said properties to the City of Atlanta/Fulton County Land Bank Authority for development/redevelopment purposes.

SECTION 5: Any conveyance of the subject properties shall be at no less than fair market value and subject to the existing loan balance, which, in the discretion of the City, may be restructured. Further, any such conveyance shall also be subject to the recoupment of costs associated with the foreclosure process and may, at the discretion of the City, be added to and included in the loan balance.

SECTION 6: All resolutions or parts of resolutions in conflict herewith are hereby rescinded.

-A true copy,

Rhonda Daughin Johnson
Municipal Clerk, CMC

ADOPTED by the Council
APPROVED by the Mayor

JAN 21, 2003
JAN 28, 2003

RCS# 5995
9/07/04
3:01 PM

Atlanta City Council

Regular Session

04-R-1478 AMENDING RESOLUTION 02-R-1874 TO MODIFY
LIST OF PROPERTIES ENCUMBERED BY DEEDS.
ADOPT AS AMEND

YEAS: 13
NAYS: 0
ABSTENTIONS: 0
NOT VOTING: 1
EXCUSED: 0
ABSENT 2

B Smith	Y Archibong	Y Moore	Y Mitchell
Y Starnes	Y Fauver	Y Martin	Y Norwood
Y Young	Y Shook	Y Maddox	Y Willis
B Winslow	Y Muller	Y Sheperd	NV Borders

04-R-1478
 (Do Not Write Above This Line)

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First Reading
 Committee _____
 Date _____
 Chair _____
 Referred To _____

FINDING
 Date 9-1-04
 Chair *John Sparks*

Action
 Fav, Adv, Hold (see rev. side)
 Other
 Members

Refer To
John Sparks
John Sparks
C.T. Murrain
John Sparks
John Sparks

Committee _____
 Date _____
 Chair _____
 Referred To _____

Action
 Fav, Adv, Hold (see rev. side)
 Other
 Members

Refer To

ADOPTED BY
As Amended
 SEP 07 2004

- CONSENT REFER
- REGULAR REPORT REFER
- ADVERTISE & REFER
- 1st ADOPT 2nd READ & REFER
- PERSONAL PAPER REFER

Date Referred _____
 Referred To: _____
 Date Referred _____
 Referred To: _____
 Date Referred _____
 Referred To: _____

FINAL COUNCIL ACTION
 2nd 1st & 2nd 3rd
 Consent V Vote RC Vote

Item Reviewed & Approved by Request of Councilmember Dawson

CERTIFIED
 SEP 07 2004
 ATLANTA CIVIL COUNCIL PRESIDENT
John Sparks

CERTIFIED
 SEP 07 2004
 MAYOR'S ACTION
 MUNICIPAL CLERK

CERTIFIED
 SEP 15 2004
 MAYOR