

**Carson City
Agenda Report**

Date Submitted: May 10, 2011

Agenda Date Requested: May 19, 2011

Time Requested: 5 mins

To: Redevelopment Authority

From: City Manager

Subject Title: Action to authorize the Redevelopment Authority Chairwoman to sign a Subordination Agreement necessary to permit the Brewery Arts Center to obtain funding to consolidate debt. The Subordination Agreement would result in the Redevelopment Authority's security interests in the property becoming subject to and of lower priority than the Lien of some other or later security instrument.

Staff Summary: The Brewery Arts Center is in the process of obtaining financing to consolidate their debts. To obtain this financing, they are asking that the Redevelopment Authority subordinate a Redevelopment Authority Lien and Agreement recorded February 25, 2011 in the amount of \$20,000.00.

Type of Action Requested: (check one)

Resolution

Ordinance

Formal Action/Motion

Other (Specify)

Does This Action Require A Business Impact Statement: Yes No

Recommended Board Action: I move to authorize the Redevelopment Authority Chairwoman to sign a Subordination Agreement necessary to permit the Brewery Arts Center to obtain funding to consolidate debt. The Subordination Agreement would result in the Redevelopment Authority's security interests in the property becoming subject to and of lower priority than the Lien of some other or later security instrument.

Explanation for Recommended Board Action: The Brewery Arts Center has analyzed its financial situation and has determined that the consolidation of debt with a more favorable loan is appropriate. The amount of the loan is \$300,000.00. To obtain financing requires that the Redevelopment Authority subordinate its security instruments.

Applicable Statute, Code, Policy, Rule or Regulation: None

Fiscal Impact: N/A



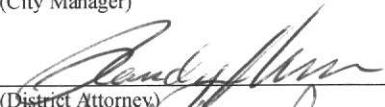
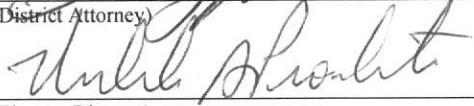
Explanation of Impact: N/A

Funding Source: N/A

Alternatives: Do not approve the Subordination Agreement

Supporting Material: Subordination Agreement

Prepared By: Lawrence A. Werner, P.E., P.L.S.

Reviewed By:  Date: 5-10-11
(Department Head)
 Date: 5/10/11
(City Manager)
 Date: 5/10/11
(District Attorney)
 Date: 5/10/11
(Finance Director)

Board Action Taken:

Motion: _____ 1) _____ Aye/Nay
2) _____

(Vote Recorded By)

A.P.N.: 003-206-01 and 003-206-02

Escrow No.: 1096211-LI

RECORDING REQUESTED BY

Northern Nevada Title Company
307 W Winnie Lane, Suite 1
Carson City, NV 89703

**MAIL TAX STATEMENTS AND WHEN
RECORDED, MAIL TO**

Northern Nevada Title Company
307 W Winnie Lane #1
Carson City, NV 89703

THIS SPACE FOR RECORDER'S USE ONLY

SUBORDINATION AGREEMENT

NOTICE: THIS SUBORDINATION AGREEMENT RESULTS IN YOUR SECURITY INTEREST IN THE PROPERTY BECOMING SUBJECT TO AND OF LOWER PRIORITY THAN THE LIEN OF SOME OTHER OR LATER SECURITY INSTRUMENT.

THIS AGREEMENT, made this **2nd of May, 2011**, by Brewery Arts Center, a Nevada Corporation, owner of the land hereinafter described and hereinafter referred to as "Owner", and Carson City Redevelopment Authority and Brewery Arts Center, present owner and holder of the Redevelopment Authority Lien and Agreement for Brewery Arts Center hereinafter described and hereinafter referred to as "Beneficiary":

WITNESSETH

THAT WHEREAS, Owner has executed a Redevelopment Authority Lien and Agreement for Brewery Arts Center, covering:

SEE EXHIBIT "A" ATTACHED HERETO AND MADE A PART HEREOF

to secure a Authority Lien in the sum of \$20,000.00, in favor of Carson City Redevelopment, which Authority Lien and Agreement was recorded on February 25, 2011 as Document #409566 in Carson City; and

WHEREAS, Owner has executed, or is about to execute, a deed of trust and note in the sum of **Three Hundred Thousand and no/100 (\$300,000.00)**, dated _____ in favor of Timothy Morsani and Linda Morsani, husband and wife, hereinafter referred to as "Lender", payable with interest and upon the terms and conditions described therein, which deed of trust will record concurrently herewith on _____ as document # _____ and

WHEREAS, it is a condition precedent to obtaining said loan from Lender that said deed of trust last above mentioned shall unconditionally be and remain at all times a lien or charge upon the land hereinbefore described, prior and superior to the lien or charge of the authority agreement first above mentioned; and

WHEREAS, Lender is willing to make said loan provided the deed of trust securing the same is a lien or charge upon the above described property prior and superior to the lien or charge upon the land hereinbefore described, prior and superior to the lien or charge of the authority agreement above mentioned; and

WHEREAS, it is to the mutual benefit of the parties hereto that, Lender make such loan to Owner; and Beneficiary is willing that the deed of trust securing the same shall, when recorded, constitute a lien or charge upon said land which is unconditionally prior and superior to the lien or charge of the authority agreement as above mentioned.

NOW, THEREFORE, in consideration of the mutual benefits accruing to the parties hereto and other valuable consideration, the receipt and sufficiency of which consideration is hereby acknowledged, and in order to induce lender to make the loan above referred to, it is hereby declared, understood and agreed as follows:

1. That said deed of trust securing said note in favor of Lender, and any renewals or extensions thereof, shall unconditionally be and remain at all times a lien or charge on the property therein described, prior and superior to the lien or charge of the authority agreement first above mentioned.
2. That Lender would not make its loan above described without this subordination agreement.
3. That this agreement shall supersede and cancel those provisions, if any, contained in any and all other agreements, including but not limited to the authority agreement first above mentioned, second loan or escrow agreements between the parties hereto, with regard to the subordination of the lien or charge of the authority agreement above mentioned to the lien or charge of said deed of trust in favor of Lender, which provisions are inconsistent or contrary to the provisions herein.

Beneficiary declares, agrees and acknowledges that

- a. He consents to and approves (i) all provisions of the note and deed of trust in favor of Lender above referred to, and (ii) all agreements, including but not limited to any loan or escrow agreements, between Owner and Lender for the disbursement of the proceeds of Lender's loan;
- b. Lender in making disbursements pursuant to any such agreement is under no obligation or duty to, nor has Lender represented that it will, see to the application of such proceeds by the person or persons to whom Lender disburses such proceeds and any application or use of such proceeds for purposes other than those provided for in such agreement or agreements shall not defeat the subordination herein made in whole or in part;
- c. He intentionally and unconditionally waives, relinquishes and subordinates the lien or charge of the deed of trust first above mentioned in favor of the lien or charge upon said land of the deed of trust in favor of Lender above referred to and understands that in reliance upon, and in consideration of, this waiver, relinquishment and subordination specific loans and advances are being paid and will be made and, as part and parcel thereof, specific monetary and other obligations are being and will be entered into which would not be made or entered into but for said reliance upon this waiver, relinquishment and subordination.

NOTICE: THIS SUBORDINATION AGREEMENT CONTAINS A PROVISION WHICH ALLOWS THE PERSON OBLIGATED ON YOUR REAL PROPERTY SECURITY TO OBTAIN A LOAN, A PORTION OF WHICH MAY BE EXPENDED FOR OTHER PURPOSES THAN IMPROVEMENT OF THE LAND.

Brewery Arts Center, a Nevada Corporation

Carson City Redevelopment Authority and
Brewery Arts Center

By: _____

By: _____

STATE OF NEVADA)
) ss.
COUNTY OF _____)

On this _____ day of _____, _____, personally appeared before me a Notary Public in and for _____ County, State of Nevada, _____ known to me to be the person described in and who executed the foregoing instrument, who acknowledged to me that he executed the same freely and voluntarily and for the uses and purposes therein mentioned.

WITNESS my hand and official seal.

NOTARY PUBLIC

STATE OF NEVADA)
) ss.
COUNTY OF _____)

On this _____ day of _____, _____, personally appeared before me a Notary Public in and for _____ County, State of Nevada, _____ known to me to be the person described in and who executed the foregoing instrument, who acknowledged to me that he executed the same freely and voluntarily and for the uses and purposes therein mentioned.

WITNESS my hand and official seal.

NOTARY PUBLIC