

**Board of Aldermen - Action Request Form**

**Date:** February 1, 1993

**To:** The City Manager

**From:** Monica R. Lett, Director - Housing/Neighborhood Development

**Board Action Requested:**

Termination of the Development Agreement for Goshen Place between Isler and Associates, Inc. and the City, dated December 17, 1990, and take-out of First Union National Bank's construction and development loans on the remaining undeveloped lots and unsold structures.

**Summary of Information:**

The City entered into an agreement with Isler and Associates to develop fifty (50) single-family homes for homeownership in a project known as Goshen Place in December, 1990. The city provided site improvements in the amount of \$677,817 for construction of streets, installation of utilities and other related improvements; and a \$110,250 loan for the purchase of the land, with proportional payment at each loan closing. Loans to finance unit construction, including a model unit, and development cost were obtained by Isler from First Union National Bank.

To date, only five (5) of the fifty (50) lots in the development have been developed. Three have closed, a fourth unit is under construction to an approved buyer and the model unit is under a lease-purchase, scheduled for closing in April, 1993. The slowness in sales has, in the opinion of staff, been brought on by a combination of factors including a poor marketing effort, lack of attention to customer satisfaction, sporadic maintenance of the project grounds and a stagnant economy.

Given the lack of progress in developing the project, a mutual agreement has been reached with Isler and Associates that, it is in the best interest of the City to terminate the Development Agreement, with a voluntary reconveyance of the land back to the City through a deed in lieu of foreclosure or other such instrument as may be determined more appropriate.

**Committee Action:**

**Committee** CD/H/GG **Action** \_\_\_\_\_

**For** \_\_\_\_\_ **Against** \_\_\_\_\_

**Remarks:** INFORMAL REVIEW - NO MEETING HELD.

Board Action Request  
February 2, 1993

To effectuate the reconveyance of the undeveloped lots it will be necessary to "take-out" First Union's development and construction loans which became due and payable as of January 15, 1993, and given the agreements reached are not to be renewed. The total payment due for the loans at March 1, 1993 will be \$103,389.88. This amount may be reduced or recouped from the sale of the model unit and a home under construction for an approved buyer. The estimated amount of reduction is \$60,000, with a projected balance for take-out of \$43,389.88. The final amount due to First Union will depend on the timing of the sales.

The funds needed to carry-out this action are available from Second Mortgage appropriations for Goshen Place. The "take-out" balance, after sale of the two units pending completion and closing, will be recouped from the remaining unsold lots on a prorated basis. It is recommended that future disposition of Goshen Place lots generally follow the procedures established for East Winston and Kimberly/North Winston single-family developments with sale of the lots generally on a lot-by-lot basis. An appropriate resolution is attached.



ADOPTED  
BOARD OF ALDERMEN

FEB 15 1993

D-24561

RESOLUTION OF THE BOARD OF ALDERMEN  
AUTHORIZING  
TERMINATION OF DEVELOPMENT AGREEMENT FOR GOSHEN PLACE CITY OF  
WITH ISLER AND ASSOCIATES, INC., DATED DECEMBER 18, 1990  
AND "TAKE-OUT" OF  
FIRST UNION NATIONAL BANK DEVELOPMENT AND CONSTRUCTION LOANS  
WINSTON-SALEM, NC

WHEREAS, the City of Winston-Salem and Isler and Associates, Inc. entered into a Development Agreement for the construction of fifty (50) dwelling units on December 17, 1990, as subsequently amended; and

WHEREAS, due to non-performance on the part of Isler and Associates, Inc., the City desires to terminate the Development Agreement with Isler, remove all liens or encumbrances on property in the project and regain ownership of said property from Isler and Associates, Inc.; and

WHEREAS, Mr. Marshall Isler, president of Isler and Associates, Inc. has agreed to terminate said Development Agreement and voluntarily reconvey all unsold property in the development currently in the possession of Isler and Associates, Inc.; and

WHEREAS, it is necessary to pay off superior liens held by First Union National Bank to obtain clear title through either a "take-out" or foreclosure sale, for which principal and accrued interest balance projected at March 1, 1993 is estimated at \$103,390.

NOW, THEREFORE, BE IT RESOLVED, by the Board of Aldermen that the Development Agreement between the City and Isler and Associates, Inc. dated December 18, 1990 is hereby terminated.

BE IT FURTHER RESOLVED, that the Board of Aldermen authorizes the payout of First Union National Bank loans on Goshen Place, through a "take-out" or foreclosure sale, for which the principal and accrued interest balance projected at March 1, 1993 is estimated at \$103,390 excluding legal and related cost.