

COUNTY COUNCIL OF PRINCE GEORGE'S COUNTY, MARYLAND

1995 Legislative Session

Resolution No. _____ CR-49-1995

Proposed by _____ Chairwoman MacKinnon (by request - County Executive)

Introduced by _____ Council Members Wilson and MacKinnon

Co-Sponsors

Date of Introduction _____ July 31, 1995

RESOLUTION

A RESOLUTION concerning

Cherry Hill Apartments Housing Authority Bonds

For the purpose of expressing the County Council's approval of the exercise by the Housing Authority of its authority to issue and sell its revenue refunding bonds for the Cherry Hill Apartments.

WHEREAS, Sections 4-101 and 4-102 of Article 44A of the Annotated Code of Maryland, as amended, permits the Prince George's County Housing Authority ("Housing Authority") to exercise certain powers to enable it to make construction loans and long-term mortgage loans which will produce housing development, and to issue and sell bonds and/or notes of the Authority to finance housing and housing rehabilitation in Prince George's County, Maryland, upon approval of the governing body of the County; and

WHEREAS, the Housing Authority has additional authority and power under Section 1- 501 of Article 44A of the Annotated Code of Maryland, as amended, to issue bonds from time to time, at its discretion, for any of its authorized purposes, as well as to issue refunding bonds for the purpose of paying or retiring any bonds previously issued by it; and

WHEREAS, the Housing Development Program of Prince George's County was previously expanded to include Cherry Hill Apartments through Resolution No. LHA-511 dated August 27, 1984; and

WHEREAS, by Resolution CR-147-1984, the County Council approved the amendment to the Housing Development Program of Prince George's County to include Cherry Hill Apartments and the issuance and sale of bonds by the Housing Authority of Prince George's

County, in an aggregate amount not to exceed \$23,750,000; and

WHEREAS, pursuant to its Resolution No. LHA-532, the Housing Authority issued its \$23,160,000 Revenue Bonds, Series 1984 (HUD Coinsured Mortgage Loan -- Cherry Hill Apartments Project) dated December 1, 1984 (the "Prior Bonds") and loaned a portion of the proceeds of the sale of the Prior Bonds (the "Lender Loan") to ABG Associates, Inc., later known as ABG Financial Services, Inc. (its successor, The Patrician Mortgage Company, being hereinafter referred to as the "Lender") pursuant to a Lender Loan Agreement; which Lender loaned the proceeds of the Lender Loan (the "Mortgage Loan") to Cherry Hill Investors Limited Partnership, a Maryland limited partnership (the "Owner"), as evidenced by the Owner's \$20,750,000 Deed of Trust Note (the "Mortgage Note") (coinsured by the United States Department of Housing and Urban Development ("HUD") under Section 207 and pursuant to Sections 223(f) and 244 of the National Housing Act of 1934, as amended) and secured by the Deed of Trust, Assignment of Rents and Security Agreement (the "Prior Mortgage"); all in order to finance the costs of the acquisition, repair and improvements by the Owner of a 727-unit rental apartment project (the "Project") located at 4023 Cooper Lane, Landover, Maryland; and

WHEREAS, the Owner defaulted in payments on the Mortgage Note, permitting the mandatory redemption of the Prior Bonds; and

WHEREAS, by Resolution CR-26-1993, the County Council approved the issuance of refunding bonds of the Housing Authority for Cherry Hill Apartments in an aggregate amount not to exceed \$23,160,000 in Series A Refunding Bonds; and

WHEREAS, pursuant to its Resolution No. LHA-861, the Authority issued its \$21,640,000 Mortgage Revenue Refunding Bonds, Series 1993A (Cherry Hill Apartments Project) (the "Series 1993A Bonds") pursuant to a Trust Indenture (the "Indenture") by and between the Authority and NationsBank, National Association (successor to Security Trust Company, N.A.), as trustee (the "Trustee"), to redeem and refund the Prior Bonds, to reinstate the original principal amount of the Lender Loan pursuant to an Amended and Restated Lender Loan Agreement by and between the Authority, the Trustee and the Lender (as so amended and restated, the "Lender Loan Agreement"), and to restore the original principal

amount of and to refund the Mortgage Loan, as evidenced by a Modification of Deed of Trust Note; and

WHEREAS, Financial Security Assurance of Oklahoma, Inc. (the "Insurer") issued a Financial Guaranty Insurance Policy with respect to the Series 1993A Bonds (the "Financial Guaranty Insurance Policy") insuring the timely payment of the Lender Loan; and

WHEREAS, the Insurer and the Borrower desire, and the Indenture permits, that the Financial Guaranty Insurance Policy be terminated upon provision of substitute credit enhancement; and

WHEREAS, the Owner has requested that there be substituted for the Financial Guaranty Insurance Policy a fully modified mortgage-backed security to be issued by the Government National Mortgage Association (the "GNMA Security") backed by a modified Mortgage Loan fully insured by the Federal Housing Administration; and

WHEREAS, in order to comply with conditions of the Department of Housing and Urban Development, the Owner has requested that the Authority redeem a portion of the Series 1993A Bonds, in part with funds derived by the sale of new refunding bonds proposed to be issued by the Authority; and

WHEREAS, the Owner has represented to the Authority that it is in the best interest of the Project and the residents living at the Project to so terminate the Financial Guaranty Insurance Policy and substitute the GNMA Security therefor, thereby freeing up some reserves which can be used for needed repairs, thus helping to continue to provide a supply of affordable housing in the Project area; and

WHEREAS, the Owner has agreed to pay the premium, if any, due as a result of redeeming said portion of the Series 1993A Bonds prior to their stated maturities (and the Authority shall have no liability therefor); and

WHEREAS, the current zoning of the project is R-18 in which apartment development is permissible subject to all applicable requirements of the Zoning Ordinance (including certification of a nonconforming use, if necessary); and

WHEREAS, the initial manager of the Project, upon the issuance of the 1995 Refunding Bonds, will be Grady Management, Inc.

NOW, THEREFORE, BE IT RESOLVED by the County Council of Prince George's County, Maryland, that the issuance and sale of federally tax- exempt refunding bonds by the Housing Authority of Prince George's County, in an aggregate amount not to exceed \$2,300,000, subject to any other conditions or requirements imposed by the County Executive in order to assure decent, safe, and sanitary housing for County residents, be and the same is hereby approved.

Adopted this 31st day of July , 1995.

COUNTY COUNCIL OF PRINCE
GEORGE'S COUNTY, MARYLAND

BY:

Anne T. MacKinnon
Chairwoman

ATTEST:

Joyce T. Sweeney
Clerk of the Council

PROJECT INFORMATION SHEET
CHERRY HILL APARTMENTS PROJECT
4023 COOPER LANE
LANDOVER, MD 20784

COUNCILMANIC DISTRICT III

- PROPERTY DESCRIPTION:** A 727 unit garden style apartment complex, first occupied in 1963. The project contains 256 1-bedroom units, 396 2-bedroom units and 75 3-bedroom units. It is located near the intersection of Annapolis Road and Cooper Lane.
- OWNER INFORMATION:** The managing general partner is Grady Properties, Inc. Grady Management manages the property and is expected to continue. Contact person is Walt Donaldson, 8630 Fenton Street, Silver Spring, MD 20910.
- REVIEW OF CODE:** There are no outstanding Code violations.
- REHABILITATION PROGRAM:** Specific requirements have not been detailed but will be submitted at a later date.
- RENTAL TRENDS:** Rents are expected to trend up around 3 percent after refinancing.

Current Rents

1BR	\$515 to \$610
2BR	\$605 to \$740
3BR	\$764 to \$850

PUBLIC HEARING
DEPARTMENT OF HOUSING AND COMMUNITY
DEVELOPMENT
9400 PEPPERCORN PLACE
SUITE 120
LANDOVER, MD 20785
9:00 A.M.
July 14, 1995

A RESOLUTION
CONCERNING CHERRY HILL APARTMENTS PROJECT

Notice is hereby given that on July 14, 1995, the Department of Housing and Community Development, Prince George's County, Maryland, will hold a public hearing on Council Resolution (Number of Resolution to be assigned later).

The purpose of the public hearing is to permit any resident of Prince George's County to appear and testify concerning the proposed issuance (at one time or from time to time) and sale of bonds or other obligations by the Housing Authority of Prince George's County for partial refinancing the acquisition of the following multifamily housing project and equipment and facilities functionally related thereto, and any other improvements or interests in land necessary or desirable for operation of the project in an aggregate amount not to exceed the amount listed below for the project:

Project: Cherry Hill Apartments
Location: 4023 Cooper Lane
Landover, MD 20784
Approximate Number of Units: 727

Maximum Amount: \$1,870,000

Initial Manager of Facility: Grady Management Company, Inc.

Persons wishing to be placed on the advanced speakers' list to testify at said hearing, or those wishing to receive copies of said resolution, should contact Max Campos, (301) 883-5570, TTY 925-5167. Persons wishing to submit written comments concerning the above issuance of bonds should send them the Department of Housing and Community Development, 9400 Peppercorn Place, Suite 120, Landover, MD 20785. Written comments must be received no later than Thursday, July 13, 1995.

BY ORDER OF THE COUNTY EXECUTIVE
PRINCE GEORGE'S COUNTY, MARYLAND

Wayne K. Curry
County Executive