Memorandum

Date: August 23, 2007

To: Policy Board Members and Alternates

From: Robert D. Miller, Director

Subject: Plymouth Plaza Shopping Center Loans

On July 27, 2007 the City of Minneapolis officially informed the Plymouth Penn Corporation (a for profit subsidiary of the Northside Residents Redevelopment Council (NRRC)), that they were in default on their loan payments regarding the Plymouth Plaza Shopping Center and that this default needed to be cured immediately. The Notice of Default was issued to meet legal requirements and protect the interests of the City and NRP in this property. The default occurred because the last payment on PPC's mortgage obligations to the City and NRP only brought them current to December 2006. During the analysis of this default it was also discovered that required set asides for the maintenance reserve for the Shopping Center ($ 50,000) had never been made by PPC.

PPC has received a Purchase Offer from the University of Minnesota to buy the shopping center for approximately $1.1 million. This purchase price would pay off all of the existing obligations on the property (an NRP First Loan with a current balance of $36,967.16, a $502,000 Deferred NRP Loan, and a Third Loan from NRP that has a current balance of $ 120,819).

PPC and NRRC have requested that the First Loan and the Third Loan be forgiven and that the Deferred Loan from NRP either be transferred to the new property owner as part of the sale or also be forgiven. The University does not want to assume the Deferred Loan.

As a result of my review of the history of these loans, the pending sales transaction, and the loan documents and after extensive consultation with legal counsel from the City, I do not believe that any of the three loans should be forgiven.

I had previously informed PPC last week in a joint August 16 letter with the City that it was my position that the Deferred Loan should not be forgiven. Although the decision on forgiveness is technically a decision that the City Council will make, the funds used for this loan were NRP Transition Funds. Therefore, I have strongly objected to any forgiveness of this Deferred Loan. PPC and NRRC do not agree with my position and will be attending the Policy Board meeting to argue for forgiveness of this loan.

Background

This project and its loans have a long history. The original approval of this NRP investment occurred July 1, 1991 when the Policy Board approved using $ 1,450,000 (21%) of the $6,998,250 of 1991 Transition Funds for “renovation and redevelopment of the former King Shopping Center”. This allocation was approved by the City Council on July 12, 1991.

Prior to the approval of this project by the Policy Board and City Council, the Loan Committee of the MCDA made the following recommendations:

1. The Agency (MCDA) should explore alternatives as to what would be the highest and best use for this site other than retail.
2. The Project as presently financially structured will not succeed based on the proposed private financing which cannot be supported by the suggested rents in this market.
3. Exclusive development rights should not be given to this developer until the alternative analyses for the use of this site is completed.

The Committee had a number of comments and observations, including:

- This project is too risky not to do a market study.
- There is not a strong magnet to draw people to the Center.
- The neighborhood has historically not assisted or supported retail at this location.
- If this project moves forward, significant City subsidy will be required.

No assessment of alternative uses for the site or market study was conducted and the NRP commitment became the “City subsidy”.

The Penn Plymouth Corporation was created by NRRC to own and manage the shopping center. After the Corporation was established the scope of service and responsibilities for this Transition Fund Project were developed and a contract was signed on July 31, 1995. The initial Loan Agreement disbursed $676,000 in two parts: the first was an interest bearing amortizing loan of $338,000 (the “First Loan”) and the second was an interest bearing Deferred Loan of $338,000 that was to be repaid after the First Loan payoff was completed. The original repayment schedules had the First Loan paid off in January 2006 and the Deferred Loan paid off in January 2016.

The Loan Agreement is between the City and PPC and contains default provisions that allow the lender (“City”) to require immediate repayment of the unpaid balance and interest if the borrower does not make their interest or principal payments in a timely fashion. Just as important, however, is the March 8, 1995 memorandum from George

Kissinger (MCDA) to Rodney Crim (PPC Board Chair) transmitting the basis for separation of this loan into two parts. **"The concept discussed at the meeting with Bob Miller is to recognize that the shopping center lease income cannot carry the repayment of all of the capital improvement costs. Therefore, the MCDA will structure the total loan package in two separate parts, one loan to be repaid by the operating income of the center, the other loan to be repaid through any residual value upon sale. If the property does not appreciate in value over time, and sell for an amount in excess of the current balance of the first loan amount, then there is no repayment of the second loan. It is a structure which I believe provides the best opportunity for your project to succeed yet looks out for the public interest."**

NRP and the City made numerous efforts to enhance the opportunities for the shopping center to be successful. In January 1996 NRP and the MCDA agreed, at the request of PPC, to execute a contract amendment that extended the closing date for purchasing the shopping center to the end of February 1996. In March 1996 NRP and the MCDA added $164,000 to the Deferred Loan amount (for a new total of $502,000) and extended the First Loan amortization schedule to June 2006 in a second amendment to the Loan Agreement.

In October, 1996 the amount of the NRP funds provided to PPC for the shopping center was increased by a Third Contract Amendment providing a Third Loan of $115,000 to bring the total committed to PPC and the Center to $955,000. Principal and interest payments on the Third Loan were to begin after July 1998. The final payment on this amortized loan was to occur on or before July 1, 2006.

The Third Amendment awarding the $115,000 reiterates that the entire principal balance of the Third Loan shall be immediately due and payable at any time prior to the full repayment of the Third Loan upon default by the Borrower in the performance of any of its obligations for repayment of the First Loan or the Deferred Loan.

The problems with obtaining payments began almost immediately. The first payments were never received and PPC proposed a "work-out" of the First Loan less than one year after having received approval of the Third Loan. After a review of the year to date balance sheet and pro-forma for the shopping center in July 1997 MCDA staff wrote:

> "This pro-forma clearly shows an ability to service MCDA debt, particularly in view of the fact that PPC has paid to NRRC, in the form of management fees and manager salary, for the first six months of 1997 an amount of $17,214. The management fee paid to themselves exceeds even their own budget by $4,974 during this period! They are paying themselves first and then additionally costing out ongoing management expenses.
>
> It is clear that there is no good faith effort here to honor their debt to the MCDA. They are simply waiting to see what our reaction to all of this will be."

The recommendation of MCDA staff was to declare the loan in default, foreclose on the property and search for other management options for the Center.

NRP helped convince MCDA that PPC needed time to get the shopping center on its feet and that a default notice would not help matters. NRP worked with MCDA and PPC to develop financial restructuring options but during that time PPC failed to make any of its required payments on the First Loan. In 1998 the default issue was raised again and it was reaffirmed that every effort should be made to first restructure the loans.

By January 2001 it was clear that the Shopping Center could not repay the loans in accordance with the original expectations. After significant and long discussions between staff of MCDA, NRP, NRRC (in support of PPC) and the PPC Board it was agreed that all three loans would be restructured to help PPC.

According to the original amortization schedule for the First Loan, PPC should have made payments of $185,750 on their First Loan debt. The balance owed was expected to be $206,915 by January 2001. The actual balance owed was $334,621.49 as of February 1, 2001.

In a Fourth Amendment to the Loan Agreement, effective February 12, 2001, the payment schedule for the First Loan was changed to allow final payment by August 1, 2007, with full repayment on that date if the loan was not already paid in full. The Deferred Loan was to be forgiven as of August 1, 2007, **provided the Borrower was not in default of the payments on the First Loan.** Amortized repayment of the Third Loan was rescheduled to begin August 1, 2007 at the latest. Each of the restructured loans was incorporated into the mortgage for the shopping center.

In addition, NRP also provided a grant of $ 130,000 to NRRC in February 2001 from the initial Transition Fund award of $1,450,000 to repair and partially replace the roof of the Shopping Center. Approval of this grant was needed to protect the City and NRP's investment in the Shopping Center.

As of the end of December 2006 NRP had paid out $1,089,876.81 to support the Plymouth Plaza Shopping Center (and reallocated $ 351,561 of the original $1,450,000 to the planned Karamu West development in May 2003 at the request of NRRC).

Transition funds were project specific and were approved before the Board adopted neighborhood allocations. They were <u>not</u> counted against the future revenues that neighborhoods received. Near North received more of these funds ($1,740,000) than any other neighborhood or project. Transition funds reduced the dollars available for neighborhood action plans and their implementation.

<u>**PPC has never been current on the repayment of the First Loan, despite all of the efforts to restructure loans and repeated attempts to save a poorly conceived and managed project.**</u> With the pending sale of the shopping center the City (on behalf of

NRP) would be able to recover the balances on the loans that were made to this project from the proceeds of that sale.

During discussions about the sale in June I had indicated to PPC and NRRC, after consulting with CPED staff, that I would be willing to consider forgiveness of the First Loan balance and forgiveness of the Third Loan to assist PPC and NRRC with meeting their other debt obligations with the proceeds from this sale. Since that time I have been informed that three of NRP's frequent partners (the Council of Nonprofits, GMMHC and LISC) have provided NRRC with approximately $575,000 in assistance over the past five years and that they have become increasingly concerned about the recovery of their funds. I have also had the opportunity to meet extensively with legal staff of CPED to review what actions may be possible with these loans.

To support our frequent partners, I considered making forgiveness of the First Loan balance and forgiveness of the Third Loan contingent upon repayment of the funds NRRC received from the Council of Nonprofits, GMMHC and LISC from the proceeds of the Shopping Center sale that remain after the payoff of the NRP Deferred Loan. The loans, however, are an obligation of PPC and are secured by a property owned by PPC. Therefore, the legal impediments to trying to enforce such a contingency are prohibitive.

If:

- we forget that this is a legal obligation that has been modified four times at the request of the Borrower
- we dismiss the fact that NRRC received management fees from PPC before PPC paid its debt obligations
- we discount the management of the shopping center as one of the reasons for its failure to produce the results anticipated and promoted by NRRC and PPC when this project was contracted and while it was being executed
- we forgive the failure to request a workout of this loan package during the past 3 years
- we want to allow a legitimate and secured debt to be forgiven
- we ignore the repeated and frequent efforts NRP and the City have made to respond to the requests of NRRC and PPC for redefining the terms of the original agreement;
- we disregard the advice of legal counsel;

Then:

- we need to consider the impact of voluntarily giving up more than $650,000 in revenue to NRP when we have a shortfall in projected revenues of more than $6.5 million just to meet the 70% obligation that we have to all of our neighborhoods
- we need to consider the precedent that we are setting for any and all loans of the program that may come due in the future.

This neighborhood and organization benefited at the expense of investments in other organizations, projects, and neighborhoods. They received resources that others did not, and they have failed to manage them responsibly. They should be held accountable and their failure should not be expunged or excused.

I was a strong advocate for continuing this project and one of the architects of the 2001 restructuring intended to resolve the financing issues associated with this project. I do not, however, support the forgiveness of any of the loans issued on the Plymouth Plaza Shopping Center. These loans were legitimate obligations made in good faith by the NRP Policy Board and the City Council of scarce resources that could have been used to assist other neighborhoods and meet other needs. The pending sale allows us to exercise our legal rights to be made whole on these loans and recapture revenue that can help all of our neighborhoods.

Based on the information in the project and contract files on the Plymouth Shopping Center, and on the advise provided by legal counsel of the City, I recommend that the NRP Policy Board approve the following resolution:

RESOLVED, The Minneapolis Neighborhood Revitalization Program (NRP) Policy Board ("Board") agrees that a sale of the Plymouth Plaza Shopping Center to the University of Minnesota is in the best interests of Penn Plymouth Corporation, Northside Residents Redevelopment Council, NRP and the City of Minneapolis;

RESOLVED FURTHER, That the Board authorizes the Director to seek full payment of the unpaid balance of the First Loan (estimated to be $36,967.16) invested in this project in the Loan Agreement dated July 31, 1995, full payment of the $338,000 Deferred Loan initially invested in this project through the Loan Agreement dated July 31, 1995 and the $164,000 increase to the Deferred Loan approved in the Second Contract Amendment (for a total of $502,000), and the full payment of the $120,819 Third Loan approved in October 1996 in the Third Contract Amendment to the Loan Agreement with PPC from the proceeds generated by the sale of the Plymouth Plaza Shopping Center;

RESOLVED FURTHER, That the recovered funds be returned to the NRP so that they may benefit all of the neighborhoods in the City; and

RESOLVED FURTHER, That the Board authorizes the Director to act on its behalf and take any actions necessary to ensure that the conditions of this resolution are carried out.

August 23, 2007

Jon Olson, Chairperson
NRP Policy Board Members

RE: NRP Loan to Plymouth-Penn Shopping Center and proposed sale to the University of Minnesota

Dear Policy Board Members,

This letter requests the NRP Policy Board to direct City staff to comply with the intention and terms of the NRP Loan of $502,000 made to this project and provide a mortgage satisfaction.

Background: The Plymouth-Penn Shopping Center Is located one block east of the southeast corner of Penn and Plymouth and has 22,000 square feet of retail. Originally developed in the l980's by African-American businessmen on land cleared by the city as part of the post-1960's urban renewal plans, the Center changed hands a number of times and ended up in tax foreclosure. In 1995 the City requested NRRC to take on the renovation, leasing and management of this property. NRRC agreed to do so and plans were made for a substantial renovation of the building followed by leasing to new tenants.

Loans: The project received three loans from NRP funds:

"First Mortgage"	$ 338,000	3/18/1996
"Deferred Loan Mortgage"	$ 502,000	3/18/1996
"Third Mortgage"	$ 115,000	10/25/1996
Total	**$ 955,000**	

Interest was 3%, with terms of 10-15 years and various periods of accrued interest.

NRRC also secured a Federal OCS grant and private funds for renovation and operations.

In February 2001, the City Council approved an amendment to the "Deferred Loan Mortgage" that eliminated accrued interest and required no principal repayment unless there was a loan default. The principal would be forgiven as of August 1, 2007 if there were no default.

Default is defined as: sale without City consent, termination of use as community retail, use that violates the law or failure to meet common borrower obligations such as payment of taxes and insurance, repair and maintenance and repayment of loans according to their terms.

The same City Council action approved restructuring the loan payments on the first and third loans, to be due in full on August l, 2007.

Sale to the University of Minnesota: NRRC was approached by the University in the fall of 2005 to sell the shopping center to provide the initial location for the new Northside/UM partnership that involves building over 100,000 square feet of clinic, office and child care space in partnership with Hennepin County, NorthPoint and the YMCA. More than 200 jobs, most of them new, will be created.

During the spring of 2006, NRRC and the University held four community meetings to discuss the University's plans, attended by over 600 people. Four hundred sixty residents voted on the proposal, with 65% in favor. Following that vote, in July of 2006, the NRRC Board voted to negotiate with the University. The University has since reached agreement with NRRC and the closing date is scheduled for November 15, 2007, pending approval by the Board of Regents.

City staff participated and/or attended all of the public meetings.

All involved assumed that the $502,000 would be forgiven:

- NRRC met with city staff in the fall of 2006 and again in May of 2007 specifically to ***discuss the need to have the City's loans assumed by a new entity in order to avoid the tax consequences of the loan forgiveness***, since PPC is a for-profit corporation owned by a nonprofit. NRRC was told that this request was unusual and would require a long City Council process to accomplish.
- ***From February 2001 until June 30, 2007, the City did <u>not</u> send a Notice of Default*** **to PPC/NRRC** even though there were overdue and unpaid payments due to problems associated with uncontrollable drug dealing and the failure of two of the largest tenants.
- On June 30, 2007, CPED sent PPC a letter stating that these loans were in default.
- On July 11, 2007, Council Member Don Samuels convened a meeting to discuss the pending sale. University staff, NRRC staff, shopping center Board Members, Deanna Foster of LISC and CPED staff attended. Twice during the meeting, by Robert Jones and by a NRRC Board Member, **the question of whether the City would push back the loan dates if the purchase agreement was executed** was specifically asked **and both times the staff answered, "Yes, we can do that."**
- **When questioned about the loan default notice, CPED's attorney stated that the City was simply preserving its legal rights**.
- Prior to the July meeting, NRRC and its community partners assumed that the first and third mortgages would have to be paid by July 31, 2007 and PPC/NRRC fully intended and was fully capable of accomplishing this. The principal balance on the first and third mortgages total $160,000, while the shopping center was to be purchased for over $1 million.
- To the complete surprise of PPC/NRRC, its community partners and the University, City staff sent a letter dated August 16, 2007 stating that the City would **not** forgive the ***"defaulted $502,000 loan"*** and requiring payment in full on all loans before releasing the property for sale to the University.

Consequences of the loss of the sale proceeds:

- **Over $660,000 of scarce predevelopment loan funds will be permanently withdrawn from the community** due to loans made by GMHC, LISC and the Minnesota Nonprofits Assistance Fund that will not be repaid. These are revolving funds used by developers working on city-assisted projects. The City relies heavily on these intermediary organizations to evaluate projects and provide the initial predevelopment costs that secure land, fund preliminary design and financial feasibility, evaluate environmental conditions, etc. These programs have operated for over two decades, with loans made in good faith, upon the expectation of repayment. **The loss of these funds is potentially the loss of millions of dollars of development that cannot be started or maintained**.

- Four small businesses will never receive payment for services rendered such as accounting and maintenance, creating difficulties for them and also harming the reputation of nonprofits and community groups in general.
- NRRC needs to pay its lenders and creditors and planned to do that with funds from the sale. *There is no "windfall" to NRRC,* simply an opportunity to pay its debts.

Outcome of Sale without Loan Forgiveness:

Estimated Closing Costs	$	20,000		
Hennepin County Property Taxes	$	60,000	**$**	**80,000.00**
City of Minneapolis 1st Mortgage	$	40,000		
City of Minneapolis deferred loan	$	502,000		
City of Minneapolis 3rd Mortgage	$	121,000	**$**	**663,000**
OCS Grant-partial repayment required	$	100,000	**$**	**100,000**
Nonprofit Assistance Fund	$	254,831		
GMHC	$	300,122		
LISC	$	110,000	**$**	**664,953**
Outstanding NRRC/PPC Payables			**$**	**196,600**
Total Payables			**$**	**1,704,553**
Sales Price			**$**	**1,125,000**
Net Proceeds from Sale			**$**	**(579,553)**
Even if all the City loans were forgiven:		+	**$**	**663,000**
The net proceeds of			**$**	**83,447**
Would be reduced by PPC's income tax liability			**$**	**(120,000)**
Leaving NRRC/PPC still owing			**$**	**(36,553)**

Why the requested loan forgiveness is the correct action for the Policy Board and the City:

- The City Council action and the mortgage amendment are crystal clear – no interest, no principal repayment, satisfaction on August l, 2007.
- The MCDA Board Report (see attached) states that this loan was ***"incorrectly originated as a deferred loan"*** *and "**It is now clear from review of the NRP Action Plan for the project and discussions with Bob Miller and Jack Whitehurst, that this loan should have been set up as a deferred loan with no principal or interest due**…."*
- The decision to use the "technical default" to repay the $502,000 to the NRP budget provides a windfall to the city, at the expense of the City's development partners and innocent creditors. Repayment of the $502,000 was not anticipated or budgeted.
- If the City had not been involved in discussions with PPC/NRRC and the University about the purchase and had not indicated that the dates could be changed, NRRC clearly would have taken action to preserve the conditions for forgiveness and preserved $502,000 to pay its debts.
- The City did not send a Notice of Default to NRRC for six years and sends one exactly 30 days before the $502,000 loan is to be forgiven.

- A City Attorney indicates that the city is just preserving its options. Other city staff confirm that the loan due dates can be changed.

Given the City's involvement with NRRC, knowledge of the pending purchase, and knowledge of the consequences of this decision, this action seems unreasonable and incomprehensible.

- If the City pursues foreclosure, possession of the property cannot occur for six months, long after the sale will be completed.
- It seems unlikely that the City wants to put obstacles in the University's path, given the substantial community benefit in new jobs, services and economic activity being brought to the Northside.
- It would be inappropriate for the City to take any action that would deliberately cause financial harm to nonprofit organizations, businesses and service providers without a strong and obvious positive benefit to justify such action.
- NRRC may be in "technical" default but this is a situation that occurred partially as a result of the City's own actions and is simply insufficient as a rationale to deny the clear intent of the written documents. The intent of requiring the other loans to be paid off was to create an incentive for payment, not a trap.

This situation is unique and does not create a precedent to forgive NRP loans in the future (unless there has been a similar intent and similar documentation.)

We welcome the opportunity to further discuss this matter at the NRP Policy Board meeting this coming Monday. Thank you for your consideration.

Sncerely,

Sherrie Pugh Sullivan

Executive Director, Secretary, Plymouth Penn Corporation

CC: Council Member Don Samuels
Kate Barr, Nonprofit Assistance Fund
Deanna Foster, LISC
Dr. Robert Jones, University of Minnesota
Charles T. Lutz, CPED
Robert Miller, NRP
Carolyn Olson, GMHC
Susan Carlson Weinberg, University of Minnesota

Attachments:

Mortgage Amendment

MCDA Board Report

MEMORANDUM **MCDA**

February 14, 2001

REPORT TO THE EXECUTIVE DIRECTOR

FROM: Terrell Towers. Economic Development Director

SUBJECT: Restructuring of Plymouth Penn Corporation (PPC) loan for Plymouth Penn Shopping Center

Department Manager	Approved:	
Division Director	Steve Cramer, Executive Director	2/14/01 Date

PREVIOUS DIRECTIVES: June 9, 1995 - acquired 2001 Plymouth Avenue North as tax forfeited land from Hennepin County; March 8, 1996 - sold 2001 Plymouth Avenue North to Plymouth Penn Corporation (PPC) for $1; March 18, 1996- Closing and execution of first loan @ $338,000. March 18, 1996- Closing and execution of Deferred Loan @ $502,000. March 18, 1996- Closing and sale of property for one dollar (appraised value $220,000.). October 25, 1996- Closing and execution of Third Loan @ $115,000. July 25, 1997 First default notice. February 29, 2000 Second default notice.

NEIGHBORHOOD GROUP NOTIFICATION: Northside Residents Redevelopment Council (NRRC) is the parent of Plymouth Penn Corporation (PPC) and has been notified.

IMPACT ON MCDA BUDGET: None.

RECOMMENDATION: Staff recommends that the Executive Director provide forgiveness of accrued interest of $20,000. The second loan will be restructured as a forgivable loan as intended and the third loan will continue to accrue interest until it is paid in full. The third loan will be repaid with interest only payments for five years once the first loan is repaid and then payments will be amortized over a ten-year period.

The Plymouth Penn Corporation is requesting that the MCDA forgive $20,000 of accrued interest on its $338,000 NRP loan that was provided to them for rehabilitation of the Plymouth Penn Shopping Center. They are also requesting that a second deferred loan of $502,000 be restructured as a deferred loan with no repayment schedule as it was originally intended. A review of the Near North/Willard Hay Neighborhood Action Plan, (appropriate pages attached) adopted by the City Council on May 26, 1995, clearly indicates that a portion of the approved NRP transition funds of $1,450,000 for the project was to be treated as a deferred loan, payable only if the project sold at an appreciated value. Although this loan was incorrectly originated as a deferred loan with a 10-year amortization schedule, no principal or interest payments were due on this loan until the first loan was paid off. A third loan for $115,000 was also made to PPC for

Minneapolis Community Development Agency
Crown Roller Mill, 105 Fifth Ave. S.
Minneapolis, MN 55401

DOCUMENT NO. 2001-017

with no interest accruing until the first loan was paid off. At that point in time the second loan required principal and interest payments over a 10-year period. It is now clear from review of the NRP Action Plan for the project and discussions with Bob Miller and Jack Whitehurst, that this loan should have been set up as a deferred loan with no principal or interest due unless the Center was sold at an appreciated value. Based on construction estimates it was anticipated that these two loans would provide sufficient capital to complete the renovation of the Center.

Exempt from Mortgage Registration Tax

AMENDMENT TO DEFERRED LOAN MORTGAGE
(Plymouth Plaza Project)

THIS AMENDMENT TO DEFERRED LOAN MORTGAGE, made this 12TH day of February 2001 by **Plymouth Penn Corporation,** a Minnesota corporation (herein called "Mortgagor"), to the **Minneapolis Community Development Agency**, a public body corporate and politic under Minnesota laws (herein called "Mortgagee").

WHEREAS, the Mortgagor and the Mortgagee entered into that certain Deferred Loan Mortgage dated March 18, 1996, and duly filed for record in the Hennepin County County Recorder's office as Document No. 6551233; and

WHEREAS, the Mortgagee and Mortgagor have agreed to restructure the terms of the Mortgage;

NOW, THEREFORE, the parties agree to further amend said Mortgage as follows:

1. No interest shall accrue on the Loan Funds secured by the Mortgage.

2. No principal payment shall be required unless a default as described in Section 5 of the Mortgage occurs.

3. As of August 1, 2007, the Mortgage shall be forgiven and released, and shall become null and void, provided the Mortgagor is not in default of the Mortgage.

4. All other terms and conditions of the Mortgage, unaltered hereby, shall remain in full force and effect, and are hereby ratified and reaffirmed.

IN WITNESS WHEREOF, the Mortgagor and Mortgagee agree to and hereby execute this Amendment to Mortgage as of the date first written above.