

RESOLUTION NO. 2020- 81

A RESOLUTION APPROVING THE USE OF SECOND GENERATION ENTERPRISE ZONE ASSISTANCE FUNDS FOR ECONOMIC DEVELOPMENT LOAN TO HD LAUNDROMAT, LLC (OR ASSIGNS).

WHEREAS, the City of Vineland Revolving Loan Fund Second Generation Loan Committee has submitted a proposal dated January 28, 2020, for use of Second Generation Enterprise Zone Assistance Funds for the following project: Economic Development Loan to HD Laundromat, LLC (or assigns); and

WHEREAS, it is considered to be in the best interest of the City of Vineland and the community in particular that Second Generation Enterprise Zone Assistance Funds be utilized for the above-mentioned project; now, therefore,

BE IT RESOLVED by the City Council of the City of Vineland that said Council does hereby approve the use of Second Generation Enterprise Zone Assistance Funds for the following project, in accordance with the proposal submitted by the City of Vineland Revolving Loan Fund Second Generation Loan Committee:

Economic Development Loan to:

HD Laundromat, LLC (or assigns)     \$200,000.00

BE IT FURTHER RESOLVED that the Mayor is hereby authorized to execute all documents associated with this loan.

Adopted:

\_\_\_\_\_  
President of Council

ATTEST:

\_\_\_\_\_  
City Clerk



ECONOMIC DEVELOPMENT  
www.vinelandcity.org

640 E. Wood Street  
PO Box 1508  
Vineland, NJ 08362-1508  
Phone: (856) 794-4100  
Fax: (856) 405-0467

MEMORANDUM



TO: City Council President and Members

FROM: City of Vineland Revolving Loan Fund  
Second Generation Loan Committee

SUBJECT: **Applicant:** HD Laundromat, LLC  
**Loan Amount:** \$200,000.00

DATE: January 28, 2020

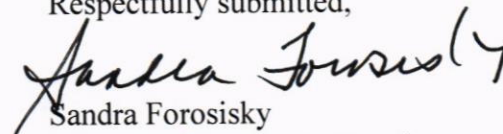
Dear Council President Spinelli, Councilmen Acosta, Franceschini, Vargas, and Councilwoman Arthur:

On behalf of the City of Vineland Revolving Loan Fund Second Generation Loan Committee, please accept this letter recommending a commitment be given to the above applicant for a Second Generation loan in the amount as stated herein above.

Please note that the committee finds that the purpose of the loan meets the criteria set forth in the Statute made and provided governing Urban Enterprise Zone Loans. The committee further finds that the loan will promote economic development, creation/retention of jobs, and/or tax ratable(s) that will benefit the City of Vineland.

Further, please note that based on the information provided, the applicant has the present ability to repay said loan and the loan would be properly protected in that the pledged collateral has a net value which equals or exceeds the amount of the requested funding.

Respectfully submitted,

  
Sandra Forosisky  
Director of Economic Development

SF/fd

cc: Frank DiGiorgio  
file



Special arrangements for persons with disabilities may be made if requested in advance by contacting the Business Administrator's office at 856-794-4144.

**VINELAND UEZ LOAN COMMITTEE  
LOAN PROPOSAL**

**Date:** December 14, 2019

**Borrower Name and Address (s):** HD Laundromat, LLC  
701 E. Park Avenue  
Vineland, NJ 08360

**Request:** Up to \$200,000 commercial term loan to assist UEZ business owner.

**Interest Rate:** 5.50%                      **Term of Loan:** 3/10 Years

**1. BACKGROUND:** Humberto Vasquez is the owner of HD Laundromat, LLC ("HD"), a company which operates a laundromat and convenience store located at 701 E. Park Avenue, Vineland, NJ. Mr. Vasquez has owned and previously operated a small convenience store in Vineland prior to owning and operating HD. Mr. Vasquez began operating the laundromat business located at 701 E. Park Avenue in April 2011. Subsequently, on March 2014, Mr. Vasquez transferred the ownership of the laundromat/convenience store business from a sole proprietorship to a single member limited liability company (formed in the State of New Jersey on March 6, 2014 owned 100% by Mr. Vasquez) known as HD Laundromat, LLC, the borrower. HD is also the owner of several real estate properties located in Vineland, including the laundromat/convenience store business property. HD Laundromat, LLC had previously leased the business property at 701 E. Park Avenue, Vineland, NJ up until August 2019 when it purchased the property for \$81,000.

Mr. Vasquez is desirous of replacing and upgrading all existing laundry equipment in his laundromat in the near future. Mr. Vasquez states that the equipment is reaching its useful life and replacing it will enhance/improve the business operation and increase cash flow while providing customers with an improved service experience. In addition, Mr. Vasquez entered into a financial transaction for the laundromat/convenience store which has created a financial hardship on the business due to exorbitant interest rate structure/charges. UEZ assistance with takeout financing will allow for a normalized structure and impact business cash flow positively therefore allowing the business to succeed vs. to simply exist or possibly close. UEZ will consider equipment loan at a later date.

**1a. PROJECT:** The project involves assisting the owner with permanent financing to extinguish high interest rate debt (cash advance loans obtained through a broker) for the laundromat/convenience store business located at 701 E. Park Avenue, Vineland. The breakdown of the costs/uses of funds are below.

<u>Uses</u>		<u>Sources</u>	
Debt restructure	\$200,000	UEZ	\$200,000
<u>Closing Costs</u>	<u>10,000</u>	<u>Borrower</u>	<u>10,000</u>
Total	\$210,000	Total	\$210,000

**2. COLLATERAL:**

- a.) First mortgage lien on the property located at 701 E. Park Avenue, Vineland, Cumberland County, New Jersey a/k/a Block 3004, Lot 1,
- b.) First mortgage lien on the property located at 230 W. Almond Street, Vineland, Cumberland County, New Jersey a/k/a Block 3902, Lot 18,
- c.) Second mortgage lien on the property located at 813 E. Montrose Street, Vineland, Cumberland County, New Jersey a/k/a Block 4104, Lot 4,
- d.) Second mortgage lien on the property located at 225 W. Montrose Street, Vineland, Cumberland County, New Jersey a/k/a Block 3902, Lot 6,
- e.) Second mortgage lien on the property located at 242 W. Elmer Street, Vineland, Cumberland County, New Jersey a/k/a Block 3802, Lot 14,
- f.) Second mortgage lien on the property located at 438 W. Montrose Street, Vineland, Cumberland County, New Jersey a/k/a Block 3812, Lot 19,
- g.) Second mortgage lien on the property located at 311 S. Eighth Street, Vineland, Cumberland County, New Jersey a/k/a Block 4104, Lot 16,



## **2. COLLATERAL (CONTINUED):**

- h.) Second mortgage lien on the property located at 431 W. Almond Street, Vineland, Cumberland County, New Jersey a/k/a Block 3908, Lot 9,
- e.) Assignment of rents and leases (a.), (b.), (c.), (d), (e), (f), (g.), (h.),
- f.) UCC-1 filing and Security Agreement (General and Specific) on HD Laundromat, LLC,
- g.) Assignment of Life Insurance \$100,000,
- h.) Hypothecation Agreement from Humberto Vasquez regarding collateral property mentioned in item (d.), (e.) above.
- i.) Hypothecation Agreement from 320 East Avenue, LLC regarding collateral properties mentioned in items (f.), (g.), (h.)

## **3. GUARANTORS:**

- a.) Humberto Vasquez

**4. LIEN POSITION:** First on real property referenced in Section 2. (a.) and (b.); Second on real estate properties referenced in Section 2. (c.), (d.), (e.), (f.), (g.), (h.).

**5. DOLLAR AMOUNT AND HOLDER OF PRIOR LIENS:** UEZ will be first on 701 E. Park Ave., first on 230 W. Almond Street, and second all other properties mentioned in Collateral section.

## **6. SIZE OF PARCEL:**

- (a.) 701 E. Park Avenue, Vineland, Cumberland County, New Jersey a/k/a Block 3004, Lot 1 = 150' x 50' or 0.17 acres (corner lot).
- (b.) 230 W. Almond Street, Vineland, Cumberland County, New Jersey a/k/a Block 3902, Lot 18 = 50' x 150' or 0.172 acres.
- (c.) 813 E. Montrose Street, Vineland, Cumberland County, New Jersey a/k/a Block 4104, Lot 4 = 50' x 150' or 0.172 acres.
- (d.) 225 W. Montrose Street, Vineland, Cumberland County, New Jersey a/k/a Block 3902, Lot 6, = 62' x 150 or 0.213 acres.
- (e.) 242 W. Elmer Street, Vineland, Cumberland County, New Jersey a/k/a Block 3802, Lot 14, = 50' x 150' or 0.172 acres.
- (f.) 438 W. Montrose Street, Vineland, Cumberland County, New Jersey a/k/a Block 3812, Lot 19, = 50' x 100' or 0.115 acres.
- (g.) 311 S. Eighth Street, Vineland, Cumberland County, New Jersey a/k/a Block 4104, Lot 16, = 50' x 150' or 0.172 acres.
- (h.) 431 W. Almond Street, Vineland, Cumberland County, New Jersey a/k/a Block 3908, Lot 9, = 50' x 150' or 0.172 acres.

## **7. IMPROVEMENTS THEREON:**

- (a.) 701 E. Park Avenue, Vineland, Cumberland County, New Jersey a/k/a Block 3004, Lot 1 is improved with a +-1,972 sq. ft., one-story convenience store/laundromat facility comprised on masonry/stucco and frame construction.
- (b.) 230 W. Almond Street, Vineland, Cumberland County, New Jersey a/k/a Block 3902, Lot 18 is a single family dwelling.
- (c.) 813 E. Montrose Street, Vineland, Cumberland County, New Jersey a/k/a Block 4104, Lot 4 is a single family dwelling.
- (d.) 225 W. Montrose Street, Vineland, Cumberland County, New Jersey a/k/a Block 3902, Lot 6, is a triplex.
- (e.) 242 W. Elmer Street, Vineland, Cumberland County, New Jersey a/k/a Block 3802, Lot 14, is a single family dwelling.
- (f.) 438 W. Montrose Street, Vineland, Cumberland County, New Jersey a/k/a Block 3812, Lot 19, is a duplex.
- (g.) 311 S. Eighth Street, Vineland, Cumberland County, New Jersey a/k/a Block 4104, Lot 16, is a single family dwelling.
- (h.) 431 W. Almond Street, Vineland, Cumberland County, New Jersey a/k/a Block 3908, Lot 9, is a single family dwelling.

**8. LOCATION OF PROPERTY:**

- (a.) 701 E. Park Avenue, Vineland, Cumberland County, New Jersey a/k/a Block 3004, Lot 1.
- (b.) 230 W. Almond Street, Vineland, Cumberland County, New Jersey a/k/a Block 3902, Lot 18.
- (c.) 813 E. Montrose Street, Vineland, Cumberland County, New Jersey a/k/a Block 4104, Lot 4.
- (d.) 225 W. Montrose Street, Vineland, Cumberland County, New Jersey a/k/a Block 3902, Lot 6.
- (e.) 242 W. Elmer Street, Vineland, Cumberland County, New Jersey a/k/a Block 3802, Lot 14.
- (f.) 438 W. Montrose Street, Vineland, Cumberland County, New Jersey a/k/a Block 3812, Lot 19.
- (g.) 311 S. Eighth Street, Vineland, Cumberland County, New Jersey a/k/a Block 4104, Lot 16.
- (h.) 431 W. Almond Street, Vineland, Cumberland County, New Jersey a/k/a Block 3908, Lot 9.

**9. APPRAISAL INFORMATION:**

- (a.) City of Vineland assessed value is \$202,100.
- (b.) City of Vineland assessed value is \$ 99,000.
- (c.) City of Vineland assessed value is \$114,300 (appraised at \$144,000).
- (d.) City of Vineland assessed value is \$134,600.
- (e.) City of Vineland assessed value is \$118,300.
- (f.) City of Vineland assessed value is \$ 88,800.
- (g.) City of Vineland assessed value is \$109,700.
- (h.) City of Vineland assessed value is \$117,700.

	<u>Value</u>		<u>Loans</u>
Value of real estate property (a.)	\$202,100	Existing loan(s) (a.)	\$ -0-
Value of real estate property (b.)	99,000	Existing loan(s) (b.)	-0-
Value of real estate property (c.)	114,300	Existing loan(s) (c.)	90,000
Value of real estate property (d.)	134,600	Existing loan(s) (d.)	118,000
Value of real estate property (e.)	118,300	Existing loan(s) (e.)	85,000
Value of real estate property (f.)	88,800	Existing loan(s) (f.)	85,000
Value of real estate property (g.)	109,700	Existing loan(s) (g.)	120,000
<u>Value of real estate property (h.)</u>	<u>117,700</u>	<u>Existing loan(s) (h.)</u>	<u>81,000</u>
Total	\$984,500	Subtotal	\$579,000
		<u>Proposed UEZ Loan</u>	<u>200,000</u>
		Total	\$779,000

LTV = 80%+-.

**10. FINANCIAL:**

**11. SUBSTANTIATION:** LTV = 80%, DSCR = 1.10x

- Assist small business owner.
- Creation of 1 - 2 jobs.

**12. RECOMMENDATION:**