

Community Development Authority
MCRF Loan Report
May 25, 2011

Cathay Pacific Inc. (Hong Kong Café)

Project:

Cathay Pacific Inc. ("Borrower"), a C Corporation, operating as a restaurant and d/b/a Hong Kong Café, proposes to construct an outdoor seating area adjacent to the property at 2 S. Mills Street (occupied by Borrower's subsidiary, Hong Kong Café. Total project cost is \$87,635. In 2010 Borrower received two (2) Façade Grants for a total of \$20,000 for the existing structure at 2 S. Mills. A subsidiary of Borrower, New World Investments, LLC ("New World") owns both the 2 S. Mills Street property and the adjacent property at 1107 Regent since about 1993. The ownership of Borrower and New World is among the same family members.

Comments:

Borrower has building permits authorized and intends to break ground the week of May 9.

Borrower is requesting \$80,000 MCRF Loan.

Borrower states that there are no mortgages or liens on both subject properties. Aggregate 2010 Assessed Value of the parcels is \$523,800. Prior to closing, Staff would commission a 30-year title report to confirm mortgage/lien status. MCRF policy requires an appraisal demonstrating 90% loan to value including the MCRF loan.

Loan to Value Calculation

Estimated Value	\$523,000
X 90% LTV Ratio	<u>.90</u>
Discounted Value	\$470,700
Total Loans	<u>80,000</u>
Loan to Value	17%

Borrower demonstrates ability to repay an \$80,000 MCRF loan, evidenced by five (5) year note with a ten (10) year amortization, paid quarterly, at a 5% fixed interest rate with a balloon payment of principal and interest due at note maturity.

Borrower shall provide the CDA a first mortgage security interest on the Property to secure the MCRF loan.

Borrower shall provide the personal guaranties of Terry and Phillip Leung in the amount of the MCRF loan. Loan closing is contingent upon Borrower complying with Prevailing Wage and other city ordinances, receipt of a certificate of occupancy and receipt of Borrower's appraisal demonstrating a loan to value ratio of 90% off all indebtedness, including the MCRF loan.