

**RESOLUTION OF THE BOROUGH OF WHARTON, COUNTY OF MORRIS, NEW JERSEY AUTHORIZING THE EXECUTION AND DELIVERY OF AGREEMENTS SUBORDINATING THE BOROUGH'S REVERSIONARY INTEREST IN CENTENNIAL COURT TO THE NEW JERSEY HOUSING AND MORTGAGE FINANCE AGENCY AND PRUDENTIAL AFFORDABLE MORTGAGE COMPANY, LLC**

WHEREAS, the Borough of Wharton, New Jersey (the "Borough") is the holder of a reversionary interest in the lands and premises known as Centennial Courts located at Block 903, Lot 1 on the Official Tax Map of the Borough of Wharton and commonly known as 100 North Main Street, Wharton, New Jersey (the "Property") as more particularly set forth in that certain Deed from the Borough to Wharton Senior Citizen Housing, Inc. dated August 21, 1995 and recorded in the Morris County Clerk's Office on September 15, 1995 in Deed Book 4251 at Page 264; and

WHEREAS, Wharton Senior Citizen Housing Limited Partnership, a New Jersey limited partnership ("Wharton Senior Housing"), was the prior owner of the Property and in connection with the acquisition and construction of a 100-unit affordable senior citizen housing project at the Property (the "Project"), Wharton Senior Housing received a mortgage loan from the New Jersey Housing and Mortgage Finance Agency (the "Agency") in 1997 (the "HMFA Loan"); and

WHEREAS, in connection with the HMFA Loan, the Borough agreed to subordinate its reversionary interest to the Mortgage provided by Wharton Senior Housing to the Agency (the "HMFA Mortgage") to secure the HMFA Loan, as evidenced by the Subordination of Reversionary Interest (the "HMFA Subordination") recorded in Deed Book 4828 at Page 197 in the Morris County Clerk's Office; and

WHEREAS, in 2017, the Property was transferred to Avanath Centennial Court Urban Renewal, LP ("Avanath") and Avanath has prepaid and discharged the HMFA Mortgage and Avanath and the Agency have entered into that certain Deed Restriction and Regulatory Agreement (the "NJHMFA Deed Restriction") for the continued oversight of the affordability restrictions on the Project by the Agency; and

WHEREAS, the Agency has requested that the Borough execute an amendment to the Subordination confirming the reversionary interest to be subordinate to the HMFA Deed Restriction (the "HMFA Subordination Amendment"); and

WHEREAS, Avanath is obtaining a new mortgage loan in the aggregate principal amount of \$5,275,000 (the "Prudential Loan") from Prudential Affordable Mortgage Company, LLC ("Prudential") and in connection therewith is providing a mortgage on the Property to Prudential to secure the Prudential Loan (the "Prudential Mortgage"); and

**WHEREAS, Prudential and Avanath have requested that the Borough execute a Subordination of Reversionary Interest in substantially similar form as the HMFA Subordination, to subordinate its reversionary interest to the Prudential Mortgage (the “Prudential Subordination”)**

**WHEREAS, under both the HMFA Subordination Amendment and the Prudential Subordination, the Borough’s reverter provision remains in full force and effect, including, but not limited to, being effective against a third-party purchaser at a foreclosure sale or other transferee of the Property;**

**WHEREAS, in order to facilitate the Prudential Mortgage and the refinancing of the HMFA Loan, the Borough desires to agree to the subordination of its reversionary interest;**

**NOW, THEREFORE, BE IT RESOLVED, by the Borough Council of the Borough of Wharton, in the County of Morris, New Jersey, as follows:**

**Section 1. The aforementioned recitals are incorporated herein as though fully set forth at length.**

**Section 2. The Borough Council hereby agrees to subordinate its reversionary interest to the Prudential Mortgage and the NJHMFA Deed Restriction provided that the Borough’s reverter provision remains in continued full force and effect.**

**Section 3. The Borough Council hereby approves the form of the HMFA Subordination Amendment and Prudential Subordination in substantially the forms attached hereto with such changes as the Mayor and Borough counsel shall deem necessary or proper.**

**Section 4. The Mayor is hereby authorized and directed to execute the HMFA Subordination Amendment and Prudential Subordination and such other documents as are deemed necessary or desirable to effectuate the subordination described in this resolution. The Mayor’s signature on such document or agreement shall be conclusive evidence of compliance with this section. The Clerk is hereby authorized and directed to attest to the signature of the Mayor on any such document if required.**

**Section 5. The Mayor is hereby authorized and directed to determine all matters and terms in connection with the request for subordination by Avanath, Prudential and/or the Agency, all in consultation with the counsel to the Borough, and the manual or facsimile signature of the Mayor upon any documents shall be conclusive as to all such determinations. The Mayor, Borough Administrator, Chief Financial Officer, Clerk and any other Borough official, officer or professional, including but not limited to, redevelopment counsel to the Borough, are each hereby authorized and directed to execute and deliver such documents as are necessary to facilitate the transactions contemplated hereby, and to take such actions or refrain from such actions as are necessary to facilitate the transactions contemplated hereby, in consultation with redevelopment counsel, and any and all actions taken heretofore with respect to the transactions contemplated hereby are hereby ratified and confirmed.**

**Section 6. This resolution shall take effect immediately.**

**Adopted: April 6, 2020**

**BOROUGH OF WHARTON**

**ATTEST:**

**\_\_\_\_\_  
WILLIAM J. CHEGWIDDEN,  
MAYOR**

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Gabrielle Evangelista,  
Borough Clerk**