

Starr Paton

From: R Ellison <rme1931@gmail.com>
Sent: Monday, April 12, 2021 2:38 PM
To: Starr Paton
Subject: 7 Gatehouse Rd.

Follow Up Flag: Follow up
Flag Status: Flagged

Dear Starr,

I have sent out letters to all the city council members regarding the issue of the code violation fines levied on 7 Gatehouse Rd. I am sending a copy to you to keep you in the loop. As you know I have recently become the owner of 7 Gatehouse Rd after it came out of chapter 7 bankruptcy. This saga began in August of last year when I heard that the property was scheduled to be sold the following day in a foreclosure auction. I made a very hasty decision to buy the mortgage from the previous lender. My ultimate intent was to develop the property, which has been sitting empty for several years. The biggest hindrance at the time was a cumulative \$240,000 fine levied on the property for code violations incurred by the previous owner. In addition, unbeknownst to me (a long story), the previous owner and hence the property was mired in chapter 11 bankruptcy. My proposal to develop the property became the foundation for the chapter 11 workout plan, but due to a series of missteps, the property ended up in chapter 7. A very relevant point here is that as part of the aforementioned chapter 11 workout, in October 2020, the SRL City Council agreed to reduce the aforementioned fine down from \$240,000 to \$5,000 for the previous owner. While all of this was going on over a period of several months, I brought the property back into compliance at my expense, and I have been paying for regular maintenance since, even though it was not my responsibility to do so. In addition, sorting out the chapter 7 bankruptcy has cost me more than \$60,000 to date, which included paying off beach club attorneys, trustees, property taxes and legal fees. As the new owner, I must now make some decisions.

There are 2 options: The first (and my preferred route) is to continue where I left off and develop the property. To this end, I already have preliminary architectural plans and will commit to presenting these for approval within 6 weeks of your decision regarding the fines. Given the property's position on the proximal portion of Gatehouse Rd and the resulting visual impact, the faster this is achieved, the better for the City of Sea Ranch Lakes. For my part, it allows me to hopefully recoup my investment; really a win-win.

My second option involves foreclosure. The property is still in foreclosure, and I can put it up for auction. In this situation a new buyer will take over ownership, or it reverts back to me if there is no buyer. The foreclosure wipes out the fines and the owner can now start with a clean slate. As an aside, the day after I took over the mortgage in August of last year, the foreclosure auction actually took place resultant of clerical errors on the court's part. The property was bought by a SRL council member who would have owned the property free and clear of all fines at a considerably lower price had the sale not been reversed by the judge. The downside of foreclosure is that it will put the property back into limbo for several more months. I don't see how this benefits anybody. The city has an eyesore in one of its most visually-prominent sites for several more months (or longer depending on new owner), whereas a tasteful new build can only enhance the overall appeal of SRL. In addition, it is a throw-of-the-dice who the next owner will be, whereas I am a known (to some) entity. For my part, it just adds several more months of expenses and more uncertainty.

I am asking you to please remove in their entirety the fines owed to The City. In making your decision, please take into account that I had nothing to do with the property prior to August of last year and bear no responsibility for these code violations. The intent of these fines was to coax remedial action from an owner who has since lost the property in bankruptcy. As such, they serve no purpose and are in fact punitive and unfair to me. Trying to make money off a fellow resident for something he had nothing to do with is not right, especially in light of the Council's previous agreement to

reduce the fines to \$5000 for the person actually responsible for the violations. When I first got involved, I made an offer to pay \$2,500 to cover admin expenses that may have been incurred by the City, and that offer still stands. I have met with the code enforcement officer Mario Sotolongo and have remedied the violations. In addition, I have been maintaining the property on a regular basis even though I have not been the owner. I have lived here for nearly 5 years and I really enjoy this community; I have no intention of jeopardizing that. Should I end up building 7 Gatehouse Rd, you can be assured that I will be extremely responsive to any concerns regarding the building process, timelines etc.

I would like to thank you for your time and invite you to call me if you have any questions or concerns regarding any aspect of my request. My cell # is 561-628-4337.

Sincerely,

Ralph Ellison.