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September 20, 2017

Dear CRA Board,

My name is Michael Rechter and I am the CEO of Integra Corporations. Working with the CRA, a company that I own, Rechter Holdings Inc, purchased basically tear down quality building on an odd shaped but well-located lot located at 913 NE 4<sup>th</sup> Avenue – right at the curve as it meets the railroad tracks on 4<sup>th</sup> Avenue. Previously, it had been a used tire and hubcap store.

Purchased for \$615,000, the property needed a LOT of work to turn it into something great. I have nearly 20 years of successful development experience and even I underestimated just how much. While I purchased it for cash, I obtained a loan from Landmark Bank to help fund the renovation, which was then estimated at approximately \$1M. Also, the CRA had grant programs that would provide funds for the façade and the streetscape (which required all new underground drainage, sidewalks, etc) and a business improvement related forgivable loan. This CRA loan was subordinate to the Landmark Bank loan.

As time went on, the project and the budget grew – for major several reasons. One, the construction project revealed that the building was much worse than anticipated thereby forcing the complete demolition of 50% of the building and then, of course, building brand new in its place. And, two, the city/county kept increasing the requirements needed to bring the roadway into compliance (as it was a VERY unsafe situation on the bend of the road that it sits on and the underground drainage was a disaster only discovered when the roadway was opened). As such, the \$1m budget ballooned to a final of over \$1.7M.

The project is now close to completion and looking FANTASTIC. And, it's 100% leased – which will not only dramatically improve the look and feel of the area but employ nearly 40+ people when complete at it's new restaurant/bar - American Icon Kitchen & Taproom and other tenants.

During the same time, Rechter Holdings & another company that I own, Rechter Progresso 835 LLC, purchased and either renovated/rebuilt already or is in the process of doing so several other properties in the immediate area. The goal being to get a critical mass of properties that are all redone well and stylishly – and let the “rising tide lift all boats” to spur further development in a gentrifying area. Similar to Wynwood in many ways.

However, with literally \$4.35M in equity on just these three properties, and with no plans to ever sell them, the only way for a developer like me to gain access to this equity invested, so that the money can be used to continue projects, is to refinance.

Landmark Bank, the existing lender on the 913 property, was unwilling/unable to increase their loan amount as their lending parameters had changed with their recent acquisition by Centennial Bank. Stonegate Bank, a locally run institution, was chosen as the new lender and we were successfully able to close the loan on the three properties, one of which is the one with the CRA business improvement forgivable loan.

However, like Landmark Bank before it, Stonegate requires that the CRA subordinate the loan which should not be problematic as per city attorney, Lynn Solomon, who reviewed the loan documents: "when the agreement was signed, it was the intent of the CRA to subordinate to a "first mortgage". She is 100% correct and the only difference here is that Landmark is being replaced with Stonegate Bank – who is providing the additional funding to help finish the project and allowing me to utilize what was a massive amount of equity tied up in these great redevelopment projects. More importantly, even after the refinance, I will have plenty of equity in the property – over \$850,000. The CRA business improvement loan amount is \$100,000 – only 12% of loan to equity. And, a fraction of approximately \$150,000 owner equity at the time when the original CRA subordination agreement was executed for Landmark Bank.

For these reasons, it is my hope that the CRA Board will review this information and subordinate the existing CRA loan to the new lender, Stonegate Bank. As always, I am happy to work towards any resolution that is needed to satisfy any concerns of the CRA; however, in order to satisfy Stonegate (or any lender) they need assurances that their mortgage will be in first position.

Respectfully,

*Michael Rechter*

Michael R. Rechter  
CEO | INTEGRA Corporations

**Total Loan: \$3,200,000**

	716 NE 2nd Avenue Rechter Holdings	913 NE 4th Avenue Rechter Holdings	835 NE 2nd Avenue Rechter Progresso 835
Appraisal Amount:	\$545,000.00	\$2,640,000.00	\$1,550,000.00
TOTAL APPRAISED VALUE:		\$4,735,000.00	
Bank Approved LTV:		75%	
Actual LTV:		67.58% (\$3.2M / \$4.735M)	
Loan Amount (67.58%)	\$368,311.00	\$1,784,112.00	\$1,047,490.00
<b>Owner Equity:</b>	<b>\$176,689.00</b>	<b>\$855,888.00</b>	<b>\$502,510.00</b>
Mortgage Payoff		(\$430,670.25)	
C.O. Holdback		(\$105,000.00)	(\$137,000.00)
CRA Holdback		(\$125,000.00)	
RE Taxes (\$28,836.79)*	(\$10,760.12)	(\$9,555.14)	(\$8,514.66)
Closing Costs (2%)	(\$7,366.22)	(\$35,682.24)	(\$20,949.80)
Discrepancy (\$2,432.76)	(\$810.92)	(\$810.92)	(\$810.92)
TOTAL	\$349,373.74	\$1,077,393.45	\$880,214.62
<b>FINAL LOAN PROCEEDS:</b>		<b>\$2,306,981.81</b>	
<b><u>DIVISION OF PROCEEDS</u></b>			
RECHTER HOLDINGS (2)		\$1,426,767.19	
RECHTER PROGRESSO 835		\$880,214.62	