



# NEWS

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## **MTA IMPROVES CONSTRUCTION LOAN PROGRAM; CHANGES LIABILITY WAIVER REQUIREMENTS**

The MTA has improved the opportunity for business and property owners impacted by the Metro Red Line construction project to qualify for loans under its Construction Enhancement Loan Program (CELP).

Under newly issued rules, the MTA no longer will require a business or property owner to release the agency from liability for damages that may occur after a loan application is filed. A previous waiver had compelled borrowers to relieve the MTA of liability for all past, present or future damages.

The new waiver requires potential borrowers to release the MTA from all claims connected with business interruption, loss of revenue or loss of business income suffered because of the construction project "as of the date of this release...." The provision concerns only economic losses to a business and does not waive the borrower's right to claim structural or other damages, referred to as "non-released claims."

"We know that construction has affected many businesses along the Red Line route and we want to offer help wherever we can," said Franklin E. White, MTA CEO. "This new waiver should clear the way for more business and property owners to apply for and receive MTA loans."

White said the new waiver language will be used with all new loan applications and will be substituted for the release signed earlier by borrowers. He pointed out that under California case law, property owners are not normally compensated for economic disruptions caused by reasonable construction activities.

(MORE)

## **MTA IMPROVES LOAN PROGRAM**

Page 2

In the event a borrower wins a monetary judgement against the MTA, the new waiver allows the MTA to reduce the borrower's loan by an amount equal to the judgement. Should a borrower win a monetary judgement that exceeds the amount of the loan, the loan would be automatically paid off and the MTA would be liable for the remainder of the judgement.

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