

Rutland Herald

This is a printer friendly version of an article from www.rutlandherald.com
To print this article open the file menu and choose Print.

[Back](#)

Article published Apr 11, 2009

Landmark Mendon inn goes on the block

By [Brent Curtis](#) Staff Writer

The 96-room Cortina Inn in Mendon will go to the highest bidder next month when the property goes up on the auction block.

A year after foreclosure motions were filed, a Rutland Superior Court judge granted the request and ordered a public sale of the hotel and grounds located along Route 4.

The court's order removes La Cortina, Inc., and its principal owner Jon Kerr from any further involvement in the property.

Kerr and his corporation only owned the hotel for a few years, but they were hard years marred by burgeoning debt and repeated outbreaks of Legionnaire's disease which shut down the hotel. The pneumonia-like ailment last shut down the facility in June 2008 and it has remained closed ever since.

When and if the major hotel just down the road from Killington will reopen will depend on how much interest there is in the property when it is auctioned at 9:30 a.m. May 29.

There's no minimum bid, but the highest bidder will be required to deposit \$50,000 and sign a purchase agreement at the time of sale.

The stakes will be high for the bank, local governments and private companies with a claim on millions of dollars of the hotel's debt.

By far, the biggest stakeholder is GE Commercial Mortgage Corp., an assignee for Deutsche Bank, which holds the mortgage and related debt totaling \$10,097,402.

Should the sale of the property exceed that sum, there are more than 100 other debtors, including Rutland City and the state of Vermont, which are hoping to get a cut.

In Rutland, Treasurer Wendy Wilton said she's optimistic that the city will soon be able to collect the \$43,300 it's owed.

"They're sewer fees so they're like a delinquent tax, so my guess is we'll get our share," she said.

Will Baker, an assistant attorney general with the state Department of Taxes, said he didn't want to speculate about the state's chance of collecting \$62,000 worth of delinquent taxes owed on the property. But Baker did say that the liens placed on the property wouldn't go away.

For any prospective buyer, reopening the Cortina will require expenses above and beyond the purchase price.

Richard Darby, the Waterbury lawyer representing GECMC, said the property is being sold "as is" — a condition that includes the continued presence of Legionella bacteria in the hotel's water system.

While a receivership company appointed by the court last year to maintain the property was charged with cleaning up the water system, Darby said Friday the bacteria hasn't been exterminated.

In its most recent progress report filed in December, Hostmark Hospitality Group — the Illinois-based receivership company — reported that its fieldwork and designs were complete and the company was awaiting bids for the remediation of mold and Legionella.

brent.curtis@rutlandherald.com
