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Dream Inn's owners default on loan

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Owners of the Dream Inn, which towers above Cowell's Beach and the municipal wharf in Santa Cruz, have defaulted on a \$14.6 million loan, according to First Interstate Bank of California.

"They're still in default," bank official Elizabeth Allache said Monday in Los Angeles. "The whole loan is due and payable."

Unless the balance is paid or an agreement is reached, a trustee's forced sale will take place July 16 on the steps of the Santa Cruz County Courthouse at 701 Ocean St. The public auction will begin at 11 a.m., with First Interstate demanding cash from the highest bidder for the beachfront property.

According to documents on file with the Santa Cruz County recorder, owners of the property on West Cliff Drive above Monterey Bay

Unless the \$14.6 million balance is paid or an agreement is reached, the beachfront inn will be auctioned at a trustee's sale July 16.

include Santa Cruz Hotel Associates, a Santa Monica firm. Brian Corbell, president of the company — which is affiliated with Hotel Systems International of Santa Monica — did not return a telephone call Monday. Nor did Dream Inn Manager Frank Kraus.

As of June 10, when a notice of trustee's sale under deed of trust was recorded in Santa Cruz, the unpaid balance owed the bank was \$14,671,227.48. A legal advertisement of the trustee's sale listed the estimated total owed the bank, including the balance and expenses for First Interstate, as \$14,729,152.83.

A spokeswoman for the Seaside Co., which operates the Santa Cruz Beach Boardwalk, said rumors that her company planned to buy the 164-room Dream Inn were untrue as far as she knew.

"I haven't heard anything about it," said Ann Parker, who noted that the boardwalk's business was down 4 percent last year and that the company had recently made a major investment, \$5.2 million, in its Neptune's Kingdom electronic miniature golf arcade.

"We haven't bought anything since the Holiday Inn in November 1989," Parker said.