

City of Minneapolis
Request for Committee Action

To: Community Development & Regulatory Services
Date: 12/1/2015
From: Community Planning & Economic Development
Prepared by: Mark S. Anderson
Presented by: Mark S. Anderson
File type: Action
Subcategory: Loan

Subject:

Approval to accept a short payoff on a City loan.

Description:

Approve a short payoff for a loan the City provided to Sarah Kesler, 2900 11th Avenue South, #114 and that the remaining balance of the loan be written off.

Previous Actions:

There have been no previous actions concerning this request.

Background/Analysis:

On December 6, 2006, Ezra Kesler fka Sarah Kesler received a \$60,496 loan from the City of Minneapolis to help purchase 2900 11th Avenue South, #114. The original purchase price of this condominium was \$163,025. The homeowner would now like to sell the property, but during the most recent housing crisis condominiums in Minneapolis dropped significantly in value and are recovering very slowly. The homeowner's Realtor prepared an estimate of the property's value and that estimate was \$99,000. The property was subsequently put on the market and after 80 days the property sold for \$100,000. Unfortunately this amount is well below the amount still owing. After paying off the senior lienholder and all the selling costs the amount of funds remaining to apply to the City's loan is estimated at \$8,461.13.

The homeowner is requesting that the City accept the above amount to satisfy the City's debt. If this property were to be foreclosed upon, the City would receive nothing for its loan. Staff is therefore recommending that the City accept the proposed payoff amount and that the remaining unpaid amount be written off.

Financial Review:

This loan was provided interest free and no payments have been received by the City to-date. The original loan amount of \$60,496 will be reduced by the amount available from the sale of the property of \$8,461.13. This will result in a loan write-off of \$52,034.87 which exceeds the amount the City staff is authorized to write off of \$50,000.

No additional appropriation required, amount included in current budget.