

COMMUNITY DEVELOPMENT AUTHORITY OF THE CITY OF MADISON, WISCONSIN

Resolution No. 3011
Authorization for the CDA to provide up to \$100,000 (in aggregate) in financing to purchasers of condominiums at Lake Point Condominiums subject to the conditions set forth in this resolution.

Presented March 24,2011
Referred
Reported Back
Adopted
Placed on File
Moved By
Seconded By
Years Nays Absent
Rules Suspended

PREAMBLE

The CDA and Fannie Mae Federal National Mortgage Administration ("FNMA") entered into a Loan and Security Agreement under which the CDA borrowed up \$4,100,000 (the "Credit Facility") from Fannie Mae FNMA to finance residential construction or rehabilitation projects; and

The City agreed to guarantee repayment of the Credit Facility through a pledge of its full faith and credit and taxing power; and

Up to \$2,500,000 of the Credit Facility was borrowed by the CDA to partially finance construction and renovation Lake Point Condominiums.

The CDA lent the funds for the Lake Point Condominiums to Lake Point Madison, LLC ("Lake Point") to partially finance the construction and renovation of 50 residential condominium units. Lake Point failed to make payments due to the CDA and to contractors and on June 27, 2008, the Circuit Court of Dane County entered an Order appointing Michael S. Polsky, Esq. as Receiver for Lake Point.

To date, 34 (68%) of the residential condominiums have been sold.

The CDA has applied proceeds from condominium sales distributed from the Receiver to the CDA as well as approximately \$300,000 of funding from unrelated developments to the repayment of the FNMA line of credit. As of February 15, 2011, the principal balance on the FNMA line of credit for Lake Point was \$824,000

Three offers to purchase condominiums at Lake Point are pending. If all three offers are converted to sales, Lake Point will be 75% sold.

The CDA's ability to assist with a limited amount of financing for Lake Point buyers would assist the marketing momentum and open additional financing options for future Lake Point buyers.

NOW THEREFORE BE IT RESOLVED The CDA authorizes up to \$100,000 (in aggregate) of CDA financing for purchasers of condominiums at Lake Point Condominiums subject to the following terms and conditions.

Terms

- First Mortgage P principal amount not to exceed \$50,000 per condominium.
Term not to exceed 5 years
Principal and interest payment to be made monthly based on a 30 year amortization
Interest Rate equal to 5% or a current market rate as determined by the Executive Director of the CDA
Property Tax Escrow
Documentation to include a standard form note, first mortgage on the property, and condominium rider all in a form that will be acceptable in the secondary market

**Satisfactory underwriting including but not limited to:**

- Down payment paid by purchaser of not less than 3% of the purchase price
- Loan (first mortgage only) To Value not to exceed 80%
- Total Combined Loan To Value not to exceed 97%: [however, financing subordinate to the CDA first mortgage shall be limited to City assistance programs %](#)
- Housing debt to gross income ratio not to exceed 38%
- Total debt payment to gross income ratio not to exceed 45%
- Minimum Credit Score of 680
- Verification of Income
- Verification of Deposit
- Satisfactory rental history for a minimum of 12-month

**Subject to the following in a form satisfactory to the CDA in its sole discretion:**

- Completed Residential Loan Application Form
- Completion of Home Buyer Education Class
- Third Party Home Inspection Report at borrower's expense
- Appraisal at borrower's expense
- Title Policy insuring CDA as first mortgage lender
- Evidence of property casualty insurance listing CDA as additional insured
- Condominium Documents

**Other**

- Underwritten by Office of Economic Revitalization
- Serviced by US Bank [subject to the typical servicing agreement and fees](#)

NOW, THEREFORE BE IT FURTHER RESOLVED that the Executive Director and Deputy Executive Director are hereby authorized to execute such documents, instruments and records and to take such other actions as shall be necessary to accomplish the purpose of this Resolution.