



Operation Fresh Start, Inc.

Member YouthBuild Affiliated Network

People & Houses

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February 23, 2009

Bill Clingan, Community Development Division Director
City of Madison CDBG Office
Rm. 280, Madison Municipal Building
215 Martin Luther King, Jr. Blvd.
Madison, WI 53701-2985

Dear Mr. Clingan:

I am writing to request the addition of an item to the March 5, 2009 CDBG Commission meeting agenda. Operation Fresh Start is requesting consideration of a subordination agreement placing CDBG/HOME funds in second position to a private bank loan on 5301 Maher Avenue.

When OFS purchased the property at 1109 Pflaum Road (now 5301 Maher Avenue), the lot was purchased and construction begun with only CDBG/HOME money (\$43,350.00 in HOME and \$50,000.00 CDBG funds); a construction loan had not been secured at the time of acquisition due to tightened loan conditions. Historically, OFS has a private lender at the time of acquisition and the City's monies (CDBG/HOME) are automatically placed in a second position. OFS has now secured Anchor Bank-Capitol Square Office (Rena Stafslien, Residential Mortgage Loan Officer) to lend money for construction (\$85,650.00). Anchor is requesting to have their mortgage in first position, so we are hoping the City of Madison will subordinate its loan.

Budget information for the project is as follows:

\$127,000 Improvements	\$85,650 Anchor Bank Loan
50,000 Lot	43,350 HOME Funds
<u>2,000 Closing Costs</u>	<u>50,000 CDBG Funds</u>
\$179,000 Total	\$179,000 Total

I appreciate your consideration of this request.

Sincerely,


Connie Ferris Bailey
Executive Director

