

December 1, 2008

Members

CDBG Commission

City of Madison

210 Martin Luther King Jr. Blvd.

Madison, WI 53703

Dear CDBG Commission Members:

In 1994, my then-husband and I purchased 427 Burdette Court, built by Operation Fresh Start. It was my first house and a house that served my family very well in the many years we lived there. I have recently become divorced, and my ex-husband has kept the house, while I have been out on the market looking for a home to purchase.

I have found another OFS house, 211 Wyalusing Dr., which I have offered to purchase from OFS. Unlike many houses currently on the market, it is both in excellent shape, and with the homebuyer assistance available, affordable to me.

In the process of making the offer, I learned that the City of Madison has now placed a 15-year land use restriction on OFS homes. During this period, the home must be sold to an income-eligible buyer. I do not believe that this restriction was placed on 427 Burdette Court, and so I was surprised and disappointed by the new requirement. Initially, my lender, Park Bank, was concerned about the LURA and would not offer me a 30-fixed rate mortgage, but instead offered me a mortgage with a balloon payment. Park Bank has since become more comfortable with the LURA, having learned that this requirement falls away in case of foreclosure.

I intend to purchase 211 Wyalusing, and it is my intention to live there for at least 15 years, in which case I would not be affected by the LURA. However, I want you to know that I feel that it penalizes me as a lower income person. To me, it seems that the essence of Operation Fresh Start's program is to help people living at lower economic levels. By enabling me and others with lower incomes to achieve homeownership, OFS is helping me to grow economically. However, the LURA potentially forces me to compromise on the resale of my house and to lose some of the value of the asset. Of greater concern is the problems I could potentially encounter if I have to sell the home prior to 15 years and must market the home only to income-eligible buyers. It is impossible to say today whether that would be difficult or not, but as a lower income homeowner, the LURA increases my risk of having difficulty reselling my home.

I want you to know that I very much appreciate having CDBG's programs available to make homeownership possible for me and others. However, I feel that placing a LURA on homes built and marketed by OFS is a disincentive to purchase and contradicts the intention of the program – to help lower income people gain access to housing.

Sincerely,

Ann Smith