



Legislation Text

File #: 40987, **Version:** 1

Fiscal Note

No new funds are being requested. There will be no impact on local levy.

Title

Authorizing the City's Community Development Division (CDD) to provide reimbursement in the amount of \$2,282 to Sarah Krause for an overpayment of a down payment assistance loan provided through Operation Fresh Start and funded by the CDD.

Body

WHEREAS, the City of Madison's Community Development Division (CDD) *Community Development Program Goals and Objectives* establish a repayment provision for all federally funded down payment assistance programs that uses an appraisal valuation of the basis for establishing a property's fair market value; and

WHEREAS, the CDD's loan portfolio includes numerous promissory notes with homeowners, who received down payment assistance, that contain such a provision; and

WHEREAS, the property owner in question has appealed the repayment calculation for her loan on the basis of an invalid determination of her property's fair market value, specifically the choice of comparable properties used to establish an appraised value; and

WHEREAS, upon review of the comparables, CDD staff determined it is reasonable to conclude that the comparable properties, due to gross square footage, number of bedrooms and higher quality improvements, do not adequately reflect the subject property, and that their use resulted in an inflated appraised value upon which the loan repayment calculation was based; and

WHEREAS, the price paid for a property by a knowledgeable, willing, and unpressured buyer is an accurate representation of that property's fair market value; and

WHEREAS, on October 21, 2015, Sara Krause did sell her property through an arm's length transaction and at a price substantially lower than the appraised value.

NOW, THEREFORE, BE IT RESOLVED, that the Common Council authorizes the Community Development Division to recalculate the required loan repayment for Sarah Krause based on the actual price for which her property was sold,

AND BE IT FURTHER RESOLVED that the Common Council authorizes the Community Development Division to reimburse Sarah Krause \$2,282 which represents the excess loan repayment she made due to the use of appraised values rather than the sales price in establishing her property's fair market value.