

COUNCIL COPY

PLANNING AND ECONOMIC DEVELOPMENT COMMITTEE

13-0557R

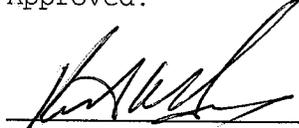
REPLACEMENT

RESOLUTION AUTHORIZING THE CITY OF DULUTH TO DISCHARGE OF THE HOUSING INVESTMENT FUND LOAN MADE TO NEIGHBORHOOD HOUSING SERVICES OF DULUTH RELATED TO THE LAKE SUPERIOR VIEW CONDOMINIUMS.

CITY PROPOSAL:

RESOLVED, that the city of Duluth hereby discharges the Housing Investment Fund (HIF) forgivable loan, Fund 266, made to Neighborhood Housing Services of Duluth in the amount of one hundred twenty thousand dollars (\$120,000), subject to receiving payment in the amount of \$46,000, payable into Community Investment Trust Fund 256, and authorizes the city's manager of community development to execute a release substantially in the form of that on file in the office of the city clerk as Public Document No. _____.

Approved:



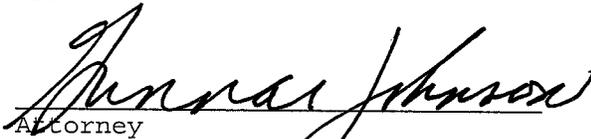
Department Director

Approved for presentation to council:



Chief Administrative Officer

Approved as to form:



Attorney

Approved:



Auditor

CD KO:bel 11/08/2013

STATEMENT OF PURPOSE: In 2006, the City Council approved an HIF Loan Agreement in the amount of \$120,000 with Neighborhood Housing Services (NHS) for the Lake Superior View Condominiums. The Loan Agreement signed on November 2, 2006, required NHS to execute a mortgage lien to provide the City a security interest for the loan. Because a HIF lien on the condominiums would create a major

obstacle for buyers to obtain bank financing, the City agreed to allow NHS to use their office building located at 224 East Fourth Street to secure the loan.

In January, 2012, NHS and Northern Communities Land Trust combined organizations, to form One Roof Community Housing. The offices of the combined organization moved to the Central Hillside Center, and the NHS office building was no longer needed. It was marketed for sale in April, 2012, and the asking price has been reduced several times. Currently, there is an offer to purchase building for \$90,000. Liens against the property significantly exceed this amount.

Proceeds from the sale will be used to repay a bank held first mortgage in the amount of \$14,462. Additionally, holding and closing costs and repairs to damage from the 2012 flood are approximately \$29,000. The sale is contingent on NeighborWorks America agreeing to fully forgive \$95,000 remaining on a loan used to rehab the property many years ago. One Roof is asking for a partial forgiveness of the City's HIF loan, returning any remaining sale proceeds to the City, estimated at \$46,000.

LIEN RELEASE

FOR VALUABLE CONSIDERATION, the City of Duluth, hereby releases and satisfies that certain mortgage lien created pursuant to the Housing Investment Fund (HIF) Program Loan Agreement dated as of November 2, 2006, from Neighborhood Housing Services of Duluth, a non-profit corporation under the laws of the State of Minnesota, said Mortgage Lien having been recorded August 2, 2007 with the Registrar of Titles of St. Louis County, as Document No. 1058556.

Dated: _____.

CITY OF DULUTH

Keith Hamre, Manager
Community Development Division

STATE OF MINNESOTA)
) ss.
COUNTY OF ST. LOUIS)

On this ___ day of _____, 2013, before me, a Notary Public within and for said county, personally appeared Keith Hamre, Manager of Community Development Division of the City of Duluth and who executed the foregoing instrument and acknowledged that he executed the same as the free act and deed of said City of Duluth.

Notary Public

THIS INSTRUMENT WAS DRAFTED BY:

Karen M. Olesen, Senior Planner
Community Development Division
City of Duluth, Minnesota
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Duluth, MN 55802