



MEMORANDUM
Department of City Development
730 Washington Avenue, Racine, Wisconsin 53403
Phone: (262) 636-9151 FAX: (262) 635-5347

TO: Community Development Committee Members

FROM: Joe Heck, Assistant Director of City Development

SUBJECT: Michael & Deborah Cornelius Housing Rehabilitation Loan

DATE: January 19, 2010

The following terms for the HOME-funded loan to rehabilitate 1515 Taylor Avenue have been agreed upon and are presented for your comment and approval.

Amount: Up to \$40,000

Interest Rate: 0 percent

Terms: 15 years deferred payment, no prepayment penalties

Other conditions: Good credit; no outstanding liens or judgments; no delinquent taxes; property insurance in force at least equal to the amount of all mortgages on the property; rents to remain affordable under the HOME program regulations

These terms will allow the Corneliuses to complete work on the property, attract tenants to the currently unoccupied units, and keep rents affordable. The loan is a "balloon mortgage", which will be due in full in 2025 or earlier if the property changes hands. The Corneliuses have indicated a desire to make progress payments during the loan's term rather than have to make a lump-sum payment at a future date. These terms give them the flexibility to do either.

Loan approval is scheduled for the February 2, 2010 Council meeting. If you have questions, or comments, please contact either Brian O'Connell or me at 636-9151.

cc: Ald. Michael Shields, 3rd District

JH/bh