



Legislation Text

File #: 071221., **Version:** 1

Reduction of Model Block D Contract Price (B)

The Bid Process for the Model Block D 418 NW 4th Avenue ended July 14, 2008. The bid process was successful with a potential buyer who has signed the sale and purchase agreement. The buyer's lender appraised the property and the appraisal, included as backup, came in at \$162,000, which is lower than the bid price of \$170,000. The bank will not lend against a sales price that exceeds the appraised value.

Due to the difference in contract sales price and the home's appraised value, staff is requesting that the new sale price is \$162,000 which includes a forgivable second mortgage of \$25,000. This would allow the CRA to sell the home to the current bidder and provide stability to the neighborhood.

CRA will receive approximately \$137,000 from the sale of the Model Block D home. Once the home is sold, a \$129,000 outstanding Line of Credit with Inner-City Venture Fund will be repaid from the proceeds of the sale. The CRA Project Number is FAPS-03-HS-2007: Model Block Program - D.

Executive Director to the CRA: Reduce the sales and purchase agreement sales price to \$162,000 to reflect the appraised value.