



# CITY OF RAPID CITY

RAPID CITY, SOUTH DAKOTA 57701-2724

## COMMUNITY DEVELOPMENT DIVISION

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## MEMORANDUM

TO: Legal and Finance Committee

FROM: Barbara Garcia, Community Development

DATE: March 30, 2011

RE: **Request by Ronald Grueschow to Council to Forgive Ten Year Mortgage and Lien in Advance for shot sale of property.**

Ronald Grueschow is selling his home in a short sale transaction to avoid foreclosure and is requesting City Council approval to forgive the Neighborhood Restoration Loan Program Ten Year Mortgage placed on his home in 2007. The short sale is contingent upon a Satisfaction of the Mortgage. Attached please find the official request submitted by Mr. Grueschow.

Mr. Grueschow participated in the City's Neighborhood Restoration Loan Program in 2007 for a new sewer line and exterior painting. The Neighborhood Restoration Loan Program provides financial assistance to homeowners occupying their homes and residing within the corporate limits of Rapid City. The program is funded utilizing Community Development Block Grant (CDBG) funds and is used to benefit low and moderate income persons. At the time the work was completed, Mr. Grueschow qualified for the 0% interest loan for \$7,000 that does not require monthly payments, but has a due on sale clause.

Outstanding debt of \$95,236 on the property includes:

- Home Federal Bank – \$87,778
- South Dakota Housing Development Authority -- \$458 (approximate balance remaining)
- City of Rapid City Neighborhood Restoration Loan Program -- \$7,000

Mr. Grueschow has had the home listed for sale for \$85,000 since May 2010. He has received a purchase agreement in the amount of \$72,000 that is \$15,778 short for satisfying the 1<sup>st</sup> mortgage.

**Mr. Grueschow requests Council approval for forgiveness of the NRP loan in the amount of \$7,000.**