



MEMORANDUM

TO: Community and Economic Development Committee

FROM: Laura Bonnet, Housing Coordinator

DATE: March 8, 2018

RE: Appeal to Allow Short Sale by Hillary Minor (n/k/a Hillary Line)

Michael and Hillary Minor received a loan in 2011 through the Homeowner Rehabilitation Loan Program in the amount of \$11,545.00. This was for work to improve their home at 1426 N. Durkee Street. Much of the work done was lead abatement work that made the home lead safe and code compliant.

The Minors were divorced in 2016. Michael was allowed to remain in the home. A divorce decree states that Hillary was aware that he would allow the home to go into foreclosure, he would file bankruptcy, and she would be responsible for 50% of the unpaid judgments.

Since 2016, the home did go into foreclosure, Michael did file for bankruptcy, and he is now deceased. Hillary is trying to sell the property on a short sale. Originally, she requested that her loan with the City be forgiven. That request was denied. She is appealing that decision.

The bank has requested that we release our lien in lieu of payment of \$4,500. Our options are as follows:

- A. Deny the request. If the bank proceeds with foreclosure, we would be able to file a deficiency judgment against the property owner for the full amount of the loan.
- B. Agree to the partial payment and forgive the remaining debt.
- C. Negotiate for a higher amount (staff suggests 50% of the loan which is \$5,772.50 since that is what Hillary agreed to in the divorce decree). The bank can respond in two ways:
 - 1. They can deny the request and proceed with a foreclosure (see Option A above).
 - 2. They can accept the request and we would receive partial payment (see Option B above).

Staff Recommendation:

The short sale request by Hillary Minor (n/k/a Hillary Line) for 1426 N. Durkee Street based on a payment of at least 50% of our homeowner rehabilitation loan **BE APPROVED**.