



City of Columbus

Office of City Clerk
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Legislation Text

File #: 0831-2007, Version: 1

BACKGROUND:

This legislation releases and forgives the unrecorded interest and letters of agreement of the City of Columbus on the Emergency Repair Program loans on properties listed on the attached document. These uncollectible loans were made through the Emergency Repair Program with Community Development Block Grant (CDBG) Funds through the City of Columbus, Department of Trade and Development, now known as the Department of Development. These loans were made to very low income (50% or below area median income) families for emergency services for the repair of the properties, with no mortgage, and only a letter of agreement requesting repayment. After years of attempting to collect on the unsecured loans, the Department of Development is requesting that they be considered uncollectible and forgiven. The loans have been removed from servicing in an attempt to save the City money. The cost of servicing was \$8.50 per month per amortized loan. The total amount of this request is \$126,563.06. The program has been changed to make this type of loan a grant as to eliminate this problem in the future.

FISCAL IMPACT:

No funding is required for this legislation. There will be a loss of \$126,563.06 in accounts receivable for the Community Development Block Grant Fund.

To authorize the Director of the Department of Development to release the unrecorded interest and letters of agreement of the City of Columbus on uncollectible loans made through the Emergency Repair Program with Community Development Block Grant (CDBG) Funds.

WHEREAS, the Department of Development has outstanding loan balances totaling \$126,563.06 to borrowers for emergency services for the repair of the properties listed on the attached documentation, located in Columbus, Ohio; and

WHEREAS, this legislation releases and forgives the unrecorded interest and letters of agreement of the City of Columbus in the Emergency Repair Program properties listed on the attached document; and

WHEREAS, these uncollectable loans were made through the Emergency Repair Program with Community Development Block Grant (CDBG) Funds through the City of Columbus, Department of Trade and Development, now known as the Department of Development; and

WHEREAS, these loans were made to very low income (50% or below area median income) families for emergency services for the repair of the properties with no mortgage and only a letter of agreement requesting repayment; and

WHEREAS, after years of attempting to collect on the unsecured loans, the Department is requesting that they be considered uncollectable and forgiven; and

WHEREAS, the total amount of this request is \$126,563.06. The program has been changed to make this type of loan a grant as to eliminate this problem in the future; and

WHEREAS, no funding is required by this legislation but there will be a loss of \$126,563.06 in accounts receivable for the Community Development Block Grant Fund; and **NOW, THEREFORE**,

BE IT ORDAINED BY THE COUNCIL OF THE CITY OF COLUMBUS:

Section 1. That the Director of the Department of Development be and is hereby authorized to release the unrecorded interest and letters of agreement of the City of Columbus on uncollectable loans made through the Emergency Repair Program with Community Development Block Grant (CDBG) Funds for the properties listed in Exhibit A attached.

Section 2. That this Ordinance shall be in effect from and after the earliest period allowed by law.