



TOWN OF APPLE VALLEY

TOWN COUNCIL STAFF REPORT

To: Honorable Mayor and Town Council **Date:** December 10, 2013

From: Dennis Cron, Assistant Town Manager **Item No:** 11
Municipal Operations & Contract Services

Subject: AUTHORIZE RENTAL PAYMENT REFUND FOR 13643 TONIKAN ROAD

T.M. Approval: _____ **Budgeted Item:** Yes No N/A

RECOMMENDED ACTION:

Approve and authorize the refund of rental payments made after November 15, 2013 for the property located at 13643 Tonikan Road in the amount of \$1,052.00.

SUMMARY:

On November 25, 2013 the Town closed escrow, completing the sale of the former animal shelter property located at 13643 Tonikan Road. The buyer has occupied the property since September 5, 2013 pursuant to a rental agreement with the Town which remained in effect until escrow closed. The rental agreement allowed the buyer to occupy the property commencing after the date the offer was accepted. During the preparation of the title report, a promissory note between the former owner (now deceased) and the Town was identified as an outstanding cloud against the title. Staff was well aware that the promissory note existed and that it would need to be paid off, but staff was not aware until the title report was completed that the promissory note had been recorded as a lien against the property. Pay-off of the promissory note was included as a condition of escrow and all necessary releases were secured to close escrow. Since this development caused an unexpected delay in the close of escrow, the buyer has requested the Town refund a portion of their rental payments.

Town staff recommends that rent payments made for the time period on or after November 15, 2013 be refunded to the buyer. The recommended refund would include the amortized rent (already paid to the Town) from November 15th through November 30. The total requested refund is \$1,052.00.

BACKGROUND:

On October 8, 2013 the Town Council approved Resolution No. 2013-38 approving the disposition of surplus property located at 13643 Tonikan Road (APNs 3087-382-19, 20, 21) and authorized the Town Manager to take any further actions to carry out the sale.

FISCAL IMPACT:

N/A