



# CITY OF SACRAMENTO

CITY MANAGER'S OFFICE  
**RECEIVED**  
NOV 14 1980

OFFICE OF THE TREASURER  
800 - 10TH STREET SACRAMENTO, CA 95814  
SUITE 1 TELEPHONE (916) 449-5318

THOMAS P. FRIERY  
TREASURER  
DONALD E. SPERLING  
ASST. TREASURER

November 17, 1980

City Council  
Sacramento, California

Honorable Members in Session:

SUBJECT: LOW-MODERATE MORTGAGE ASSISTANCE PROGRAM

SUMMARY

On October 30, 1980, the State Bond Credit Committee authorized a maximum \$75 million mortgage revenue bond issue for the City and County of Sacramento. Bond counsel has advised that it is necessary for the City Council to approve a resolution and cooperative agreement between the City and County to proceed with the bond issuance. (Such documents are attached.)

Effectively, approval of these documents represents completion of all requirements by the City Council in this financing. There are no financial obligations imposed by this agreement, although the City Council has previously agreed to pay up to \$2,500 for bond counsel out-of-pocket expenses should this issue be aborted.

At the present time it appears that a bond sale will take place the third week of November, 1980. Should Council have any questions regarding this matter, staff of the City, as well as the underwriting team, are available.

BACKGROUND

On October 24, 1980, 73 builders and 17 originating-servicers (lending institutions) submitted applications of interest to participate in the City-County Collaborative Mortgage Financing Assistance Program (Financing). In total, the applications expressed an interest for \$312 Million of Financing, with \$248 Million representing new construction projects (approximately 60% in County, 40% in City) and \$64 million representing requests for mortgages on existing housing. Between October 24 and 29, staffs of the City and County Planning Departments reviewed the new construction project requests to ascertain the feasibility of builders completing these projects within the next 12 months. Additionally, other City and County staff reviewed the proposals to ascertain the existence of required documentation, i.e., site maps,

APPROVED  
BY THE CITY COUNCIL

A-80129

NOV 18 1980

OFFICE OF THE  
CITY CLERK

construction financing source, financial statements, architectural drawings, the inclusion of a 1/10 of 1% good faith deposit check for the total amount of monies requested, etc.

In total, the new construction requests were pared back to \$211 Million after staff analysis and the existing housing requests were left unchanged, resulting in total financing request of \$275 million as potentially feasible. However, the Financial Underwriters advised staff that the maximum issue size that could be feasibly marketed at this time would be \$150 Million.

Therefore, on October 30, 1980, staff made a presentation to the State Bond Credit Committee requesting approval of an issue size of \$150 Million. This request considered \$115 Million for new construction projects, \$13 Million for financing of existing homes and \$22 Million to establish reserve as partial security to ultimately pay back bond holders as well as financing expenses. On October 30, 1980, the State Bond Credit Committee approved a bond issue size of only \$75 Million for the City and County. This action required staff to still further proratably "pare-back" the requests of developers and lending institutions to \$57 Million for new construction projects, \$6.4 for existing mortgages and \$11.1 Million for reserve accounts.

Between October 31 and November 13 numerous telephone calls and meetings were conducted with developers, lending institutions, staff and members of the Underwriting team. The intent of these meetings were to determine if the financing would proceed and to draft the appropriate documentation required such as indenture, developers agreement, servicing agreement, operating agreement etc.

In this vein, Bond Counsel has advised and drafted a resolution for City Council approval which adopts a home mortgage financing program for the City of Sacramento in cooperation with the County of Sacramento. Council approval of the Resolution effectively requires approval of the attached Cooperative Agreement between the County of Sacramento and the City of Sacramento. Although this agreement is self explanatory, in compliance with the enabling legislation, and reviewed by City Staff, it may be of particular Council interest to note that the City agrees not to issue a competing bond issue until at least 90% of the bond proceeds raised by this issue have been placed in mortgages. Bond Counsel has further advised that City Council approval of this Resolution discharges further Council action on this matter. However, Council is reminded that a Bond Pricing Committee has been established and the City Manager or his designate will be involved in the final decision on selling the issue.

For further Council information, at this time it appears reasonable to anticipate that this financing will occur. However, should interest rates rise to a level that would require mortgages be made to potential program participants of greater than 11 1/2% plus 1/2% for FHA mortgage insurance, the program will be aborted.

FINANCIAL

There are no financial impacts created on the City of Sacramento other than the previously Council approved expenditure of up to \$2,500.00 from CDBG funds for "out-of-pocket" Bond Counsel expenses, should the issue be aborted.

PARAMETERS OF MORTGAGE ASSISTANCE PROGRAMS

PARTICIPANTS

- Annual family income may not exceed \$28,000

DEVELOPERS

- Maximum sales price of homes may not exceed \$75,000
- Provide a 2% non-refundable deposit of the amount of monies requested with the Bond Fund Trustee to provide monies to ultimately assist in paying back bond purchasers
- Provide a 4% refundable letter of credit deposit with the Bond Fund Trustee for the amount of monies requested so long as the funds requested are used to make mortgages. However, should the loans not be made for any reason other than aborting the planned issue, such letter of credit will be converted to cash and used by the Bond Fund Trustee to pay back bond purchasers
- All new construction projects must be approved by FHA/VA

LENDERS

- Provide a 1% non-refundable deposit for the amount of all new home loans originated. Such deposits will be made with the Bond Fund Trustee to assist in ultimately paying back bond purchasers
- Provide a 3% non-refundable deposit for the amount of existing home loans originated. Such deposit will be made with the Bond Fund Trustee to assist in ultimately paying back bond purchasers

RECOMMENDATION


- Approve the attached Resolution adopting a Home Mortgage Financing Program in cooperation with the County of Sacramento
- Approve the Cooperative Agreement between the City and County of Sacramento

Respectfully submitted,



THOMAS P. FRIERY  
City Treasurer

RECOMMENDATION APPROVED

  
for: Walter J. Slife  
City Manager

Attachments (2)

TPF:pr1

CITY OF SACRAMENTO

RESOLUTION NO. 80-77

RESOLUTION ADOPTING A HOME MORTGAGE FINANCE  
PROGRAM IN COOPERATION WITH THE COUNTY OF SACRAMENTO

WHEREAS, there is a shortage in the County of Sacramento (the "County") and in the City of Sacramento (the "City") of decent, safe and sanitary housing, particularly of housing affordable by persons in the lower end of the purchasing spectrum, and a consequent need to encourage the construction of homes affordable by such persons and otherwise to increase the housing supply in the City and in the County for such persons; and

WHEREAS, the Board of Supervisors of the County has resolved to engage in a home mortgage finance program (the "Program") pursuant to Part 5 of Division 31 of the Health and Safety Code of the State of California (the "Act") for persons and families within the income limits established by the Act, and has determined to issue revenue bonds pursuant to the Act to provide funds for the Program; and

WHEREAS, the Council of the City finds and determines that it is in the best interest of the City to adopt the Program and to consent to the operation of the Program by the County within the geographic boundaries of the City pursuant to the Act;

APPROVED  
BY THE CITY COUNCIL

NOV 1 8 1980

OFFICE OF THE  
CITY CLERK

WHEREAS, the Council of the City finds and determines that the Program complies with the land use element and the housing element of the City's General Plan;

NOW, THEREFORE BE IT RESOLVED, by the Council of the City of Sacramento, as follows:

1. The Council of the City does hereby find and declare that the above recitals are true and correct.

2. The City hereby adopts the Program for the purpose of increasing the housing supply in the County and in the City and consents to the operation of the Program by the County with respect to all property located within the geographical boundaries of the City.

3. The cooperative agreement, in substantially the form of Exhibit A which is attached hereto, dated as of \_\_\_\_\_, 1980, between the County and the City (the "Agreement"), is hereby approved, and the proper officers of the City are hereby authorized and directed to execute and deliver said Agreement, for and in the name and on behalf of the City, and to approve any additions to or changes in the form of said Agreement submitted to this meeting which they deem necessary or advisable, their approval of such additions or changes to be conclusively evidenced by their execution of said Agreement as so added to or changed. The proper officers of the City are further authorized to enter into such additional agreements with the County, execute such other documents or take such other actions as they may deem

necessary or appropriate to carry out the purpose and intent of the Agreement or to cooperate in the implementation of the Program.

4. The City hereby agrees not to engage in any competing home mortgage finance program under the Act until at least 90% of the home mortgages to be financed by the County under the Program with the proceeds of such series of revenue bonds have been made or acquired.

5. This Resolution shall take effect from and after its adoption.

PASSED AND ADOPTED this \_\_\_\_ day of \_\_\_\_\_, 1980, by the following vote:

Ayes:	Members
Noes:	
Absent:	
Excused:	

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City Clerk of the City of Sacramento

[SEAL]

CLERK'S CERTIFICATE

I, \_\_\_\_\_, Clerk of the City of Sacramento (the "City"), hereby certify as follows:

The foregoing is a full, true and correct copy of a resolution duly adopted at a regular meeting of the Council of the City duly and regularly and legally held at the regular meeting place thereof on \_\_\_\_\_, of which meeting all of said members had due notice and at which at least a majority thereof were present;

At said meeting said resolution was adopted by the following vote:

AYES:	Members:
NOES:	Members:
ABSENT:	Members:

I have carefully compared the foregoing with the original minutes of said meeting on file and of record in my office; and the foregoing is a full, true and correct copy of the original resolution adopted at said meeting and entered in said minutes;

Said original resolution has not been amended, modified or rescinded since the date of its adoption, and the same is now in full force and effect.

Dated: \_\_\_\_\_

\_\_\_\_\_  
Clerk of the City of Sacramento

[SEAL]



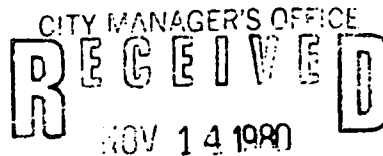
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# CITY OF SACRAMENTO

## OFFICE OF THE TREASURER

800 - 10TH STREET SACRAMENTO, CA 95814  
SUITE 1 TELEPHONE (916) 449-5318



THOMAS P. FRIERY  
TREASURER

DONALD E. SPERLING  
ASST. TREASURER

November 17, 1980

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## PARAMETERS OF MORTGAGE ASSISTANCE PROGRAMS

### PARTICIPANTS

- Annual family income may not exceed \$28,000

### DEVELOPERS

- Maximum sales price of homes may not exceed \$75,000
- Provide a 2% non-refundable deposit of the amount of monies requested with the Bond Fund Trustee to provide monies to ultimately assist in paying back bond purchasers
- Provide a 4% refundable letter of credit deposit with the Bond Fund Trustee for the amount of monies requested so long as the funds requested are used to make mortgages. However, should the loans not be made for any reason other than aborting the planned issue, such letter of credit will be converted to cash and used by the Bond Fund Trustee to pay back bond purchasers
- All new construction projects must be approved by FHA/VA


### LENDERS

- Provide a 1% non-refundable deposit for the amount of all new home loans originated. Such deposits will be made with the Bond Fund Trustee to assist in ultimately paying back bond purchasers
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RECOMMENDATION


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Respectfully submitted,



THOMAS P. FRIERY  
City Treasurer

RECOMMENDATION APPROVED

  
for: Walter J. Slipe  
City Manager

Attachments (2)

TPF:pr1

CITY OF SACRAMENTO

RESOLUTION NO. 80-773  
NOV 18 1980

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WHEREAS, the Board of Supervisors of the County has resolved to engage in a home mortgage finance program (the "Program") pursuant to Part 5 of Division 31 of the Health and Safety Code of the State of California (the "Act") for persons and families within the income limits established by the Act, and has determined to issue revenue bonds pursuant to the Act to provide funds for the Program; and

WHEREAS, the Council of the City finds and determines that it is in the best interest of the City to adopt the Program and to consent to the operation of the Program by the County within the geographic boundaries of the City pursuant to the Act;

RESOLUTION No. 80-773

NOV 18 1980

80-773

WHEREAS, the Council of the City finds and determines that the Program complies with the land use element and the housing element of the City's General Plan;

NOW, THEREFORE BE IT RESOLVED, by the Council of the City of Sacramento, as follows:

1. The Council of the City does hereby find and declare that the above recitals are true and correct.

2. The City hereby adopts the Program for the purpose of increasing the housing supply in the County and in the City and consents to the operation of the Program by the County with respect to all property located within the geographical boundaries of the City.

3. The cooperative agreement, in substantially the form of Exhibit A which is attached hereto, dated as of NOV 18 1980, 1980, between the County and the City (the "Agreement"), is hereby approved, and the proper officers of the City are hereby authorized and directed to execute and deliver said Agreement, for and in the name and on behalf of the City, and to approve any additions to or changes in the form of said Agreement submitted to this meeting which they deem necessary or advisable, their approval of such additions or changes to be conclusively evidenced by their execution of said Agreement as so added to or changed. The proper officers of the City are further authorized to enter into such additional agreements with the County, execute such other documents or take such other actions as they may deem

80-773

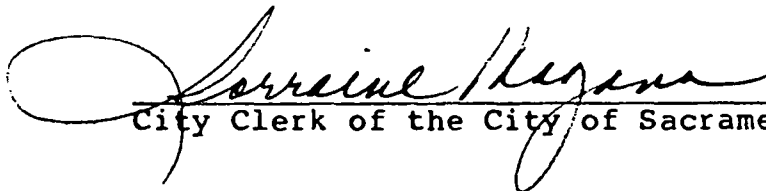
necessary or appropriate to carry out the purpose and intent of the Agreement or to cooperate in the implementation of the Program.

4. The City hereby agrees not to engage in any competing home mortgage finance program under the Act until at least 90% of the home mortgages to be financed by the County under the Program with the proceeds of such series of revenue bonds have been made or acquired.

5. This Resolution shall take effect from and after its adoption.

PASSED AND ADOPTED this 18th day of November, 1980, by the following vote:

Ayes:	7	Members
Noes:	1	
Absent:	1	
Excused:		

  
\_\_\_\_\_  
City Clerk of the City of Sacramento

[SEAL]

RESOLUTION No. 80-773



80-773

CLERK'S CERTIFICATE

I, Lorraine Magana, Clerk of the City of Sacramento (the "City"), hereby certify as follows:

The foregoing is a full, true and correct copy of a resolution duly adopted at a regular meeting of the Council of the City duly and regularly and legally held at the regular meeting place thereof on November 18, 1980, of which meeting all of said members had due notice and at which at least a majority thereof were present;

At said meeting said resolution was adopted by the following vote:

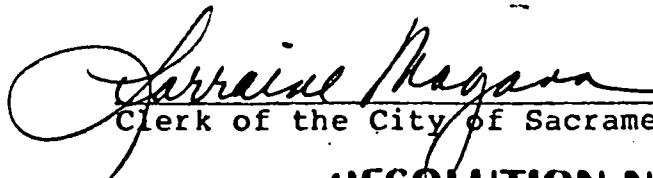
AYES:	7	Members:	ROBERTS, FISHER, RUDIN, CONNELLY, HOEBER, ROBIE, ISENBERG
NOES:	1	Members:	POPE
ABSENT:	1	Members:	THOMPSON

I have carefully compared the foregoing with the original minutes of said meeting on file and of record in my office; and the foregoing is a full, true and correct copy of the original resolution adopted at said meeting and entered in said minutes;

Said original resolution has not been amended, modified or rescinded since the date of its adoption, and the same is now in full force and effect.

Dated: November 21, 1980

[SEAL]

  
Clerk of the City of Sacramento

RESOLUTION No. 80-773  
NOV 18 1980

COOPERATIVE AGREEMENT BETWEEN  
THE COUNTY OF SACRAMENTO AND THE  
CITY OF SACRAMENTO

THIS COOPERATIVE AGREEMENT (the "Agreement") is hereby made and entered into as of NOV 18, 1980 by and between the COUNTY OF SACRAMENTO, a political subdivision of the State of California and the CITY OF SACRAMENTO, a political subdivision of the State of California,

W I T N E S S E T H:

WHEREAS, the County of Sacramento (the "County") has determined to engage in a home mortgage finance program (the "Program") pursuant to Part 5 of Division 31 of the Health and Safety Code of the State of California (the "Act"), to make or acquire, directly or indirectly, long-term loans to finance the construction and acquisition of homes in the County, all as provided for in said Act (the "Program"); and

WHEREAS, the County has determined to borrow money to finance the Program by the issuance of revenue bonds as authorized by the Act; and

WHEREAS, the City of Sacramento (the "City") has adopted the Program and determined to cooperate with the County pursuant to the Act in the exercise of its powers under the Act for the purposes of the Program;

City Agreement No. 80129

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NOW, THEREFORE, in consideration of the mutual covenants hereinafter provided, the parties hereto agree as follows:

SECTION 1. The terms of this Agreement shall, for all purposes of this Agreement, unless otherwise defined herein, have the meanings assigned to such terms in the Act.

SECTION 2. The County agrees to undertake the Program and to issue revenue bonds therefor pursuant to the Act as soon as practicable.

SECTION 3. The City hereby agrees that the County may make or acquire home mortgages under the Program, all as more specifically set forth in the Act, with respect to property located within the geographic boundaries of the City.

SECTION 4. The City further agrees that any or all of its powers for the purpose of financing home mortgages pursuant to the Act with respect to property located within its geographical boundaries shall be exercised by the County throughout the term of this Agreement. The City further agrees not to engage in any competing home mortgage program pursuant to the Act until at least 90% of the home mortgages to be financed by the County with the proceeds of such series of bonds have been made or acquired.

SECTION 5. The City agrees to undertake such further proceedings or actions as may be necessary in order to carry out the terms and the intent of this Agreement. Nothing in this Agreement shall prevent the County from

entering into one or more agreements with other political subdivisions within the County, if deemed necessary and advisable to do so by the County.

SECTION 6. This Agreement may be amended by one or more supplemental agreements executed by the County and the City at any time, except that no such amendment or supplement shall be made which shall adversely affect the rights of the holders of any bonds issued by the County in connection with its home mortgage finance program.

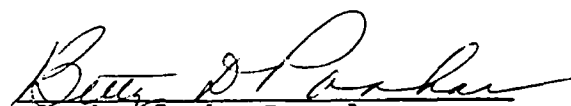
IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed and attested by their proper officers thereunto duly authorized, and their official seals to be hereto affixed, all as of the day first above written.

COUNTY OF SACRAMENTO

By   
Chairman of the  
Board of Supervisors

[SEAL]

ATTEST:

  
Clerk of the Board  
of Supervisors

CITY OF SACRAMENTO

By   
Mayor

[SEAL]

ATTEST:

  
City Clerk