

RESOLUTION NO. 82-046

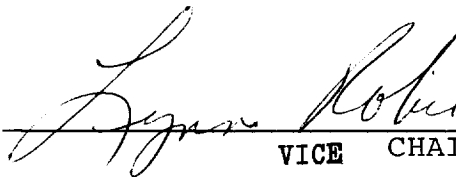
ADOPTED BY THE REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO
ON DATE OF

July 6, 1982

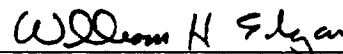
ASSUMPTION OF CITY FUNDED
REHABILITATION LOANS

BE IT RESOLVED BY THE REDEVELOPMENT AGENCY OF THE
CITY OF SACRAMENTO:

Section 1. The Rehabilitation Program Policy regard-
ing the assumption of City funded rehabilitation loans, attached
hereto as Exhibit I, is hereby approved and adopted.


VICE CHAIRMAN

ATTEST:


SECRETARY

82-046
RESOLUTION No. _____
JUL -6 1982

REHABILITATION PROGRAM POLICY

Assumption of City/County Funded Rehabilitation Loans

37

In the event the borrower, without the prior written consent of the Agency, sells, agrees to sell, transfers or conveys its interest in the real property or any part thereof or any interest therein, the Agency may at its option declare the loan immediately due and payable, provided that the Agency shall not declare the loan due and payable if all of the following conditions are met:

1. The transfer or conveyance occurs solely as a result of the death of the borrowers or one of them;
2. The transferee(s) is the deceased borrower's father, mother, son, daughter or spouse;
3. The transferee(s) and all of them meet the program eligibility requirements for the loan at the time the property is conveyed or transferred, including, but not limited to the income requirements;
4. If the transferee(s) makes the property his/her principal place of residence within six (6) months subsequent to the transfer, the following conditions apply:
 - A. The interest rate on the assumed loan will be the same as the interest rate in effect at the time the loan was originally made.
 - B. Whether the assumed loan will be amortized or deferred will be determined by the policy/regulation in effect at the time the loan is assumed.

NOTE: The existing policy for determining whether applicants may qualify for a deferred loan is as follows:

"The maximum housing payment for homeowners after rehabilitation shall not exceed the housing payment before the rehabilitation or 30% of household income, whichever is greater."

All deferred loans are reviewed in 2 year increments to determine the applicant's continued eligibility.

OR

5. If the transferee(s) do not make the property his/her principal place of residence within six months subsequent to the transfer and/or rents or leases the property, the terms and conditions of the Section 8 Moderate Rehabilitation Loan Program will be applied in rewriting the assumed loan. The major provisions of the Moderate Rehabilitation Loan Program that will apply in these instances are as follows:

Rehabilitation Program Policy
Assumption of City/County Funded Rehabilitation Loans
Page 2

A. Payback

All loans shall be fully amortized loans, repaid in equal monthly installments of principal and interest for the term of the loan.

B. Loan Term

The loan term will be for a maximum 15 year period, to be tied in with a Rent Limitation Agreement.

C. Interest

Interest rates on loans will be determined on an individual case basis. The Agency Loan Officer would be responsible for determining the interest rate of the loan necessary to make the project feasible within the guidelines of the Section 8 Moderate Rehabilitation Program. The following steps would be utilized:

- 1) Compute the base rent of the units.

Base Rent is calculated on actual and projected annual costs of the following items:

- A) Existing Debt Service (Principal and interest payment)
- B) Insurance (Fire and extended coverage)
- C) Taxes (Real and personal property)
- D) Utilities (Paid by property owner)
- E) Management and maintenance (Staff salary, routine maintenance, etc.)
- F) Reserve for replacement (Capitol expenditure items; hot water heaters, etc.)
- G) Rate of return on investment not to exceed 8%.

Once the debt service has been determined then:

- 2) Determine Section 8 Fair Market Rents (FMRS) for units.
- 3) The Rehab Loan debt service is the difference between #1 and #2.
- 4) Determine interest rate project can afford.

In no instance will the interest rate charged be less than 3%.

Rehabilitation Program Policy
Assumption of City/County Funded Rehabilitation Loans
Page 3

6. The transferee(s) executes such assumption documents as may be necessary to bind him/her to all the covenants of the deed of trust and the note secured thereby;
7. Consent to one such transaction shall not be deemed to be a waiver of the right to require such consent to future or successive transactions. The terms "borrower" and "Agency" include their successors.

AS/dp