



PUBLIC HEARING AGENDA ITEM

DATE OF PUBLIC HEARING: August 28, 2018
SUBJECT: Subordination, Release, and Foreclosure Documents Related to HOME Investment Partnerships Program (HOME)
FROM: Kristin Sullivan, Community and Economic Development Director
AGENCY/DEPARTMENT: Community and Economic Development
HEARD AT STUDY SESSION ON: August 7, 2018
AUTHORIZATION TO MOVE FORWARD: <input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
RECOMMENDED ACTION: Authorize Community & Economic Development Director to sign the necessary documents to carry out subordinations, releases, and foreclosures related to programs utilizing HOME funds.

BACKGROUND:

Between 1996 and 2016, the County utilized HOME Investment Partnerships Program (HOME) funds to support two home assistance programs: a HOME Rehab Program and First Time Homebuyer (FTHB) Program.

The HOME Rehab Program provided zero percent (0%) interest loans of up to \$24,999 for essential home repairs to qualified low-to-moderate income homeowners. Participating homeowners were required to execute a Deed of Trust and Promissory Note, which secured the HOME loan and is subordinate to the primary mortgage. The terms defer the loan until the property is sold, transferred, or if the home is no longer the owner's primary residence.

The FTHB Program provided down payment and closing cost assistance to eligible low-to-moderate income homeowners. Participants also executed a Deed of Trust and Promissory Note, which secures the HOME funds (not to exceed \$14,999) and is subordinate to the primary mortgage. The loan is forgiven on a per annum basis over a period of five (5) or ten (10) years, as defined by the Deed of Trust and Promissory Note. If the property is sold, transferred, or if the

home is no longer the owner's primary residence, the owner must repay the balance not yet forgiven.

Occasionally, participants have financial situations resulting in refinancing the primary mortgage, paying off the home rehab loan or FTHB loan, or falling into foreclosure. In the event of a refinance, the new primary lender requests the County to execute a subordination agreement to keep the primary mortgage as the first lien on title. By executing a subordination agreement, the County's Deed of Trust will remain as the second lien on title, as originally intended. When participants pay off the loan, the County must release the Deed of Trust by executing a Release of Deed of Trust, which is filed with the Public Trustee and Clerk and Recorder. In the event of a foreclosure, when excess proceeds are available, the Public Trustee requests staff to execute necessary documents to recapture said funds as required under the HOME regulations.

Staff is requesting the Board of County Commissioners to authorize the Community & Economic Development Director to sign the necessary documents to execute subordinations, releases, and foreclosures, after review and approval by the County Attorney's office.

AGENCIES, DEPARTMENTS OR OTHER OFFICES INVOLVED:

County Attorney's Office

ATTACHED DOCUMENTS:

Resolution
Example Subordination
Example Release of Deed of Trust

FISCAL IMPACT:

Please check if there is no fiscal impact ☒. If there is fiscal impact, please fully complete the section below.

Fund:**Cost Center:**

	Object Account	Subledger	Amount
Current Budgeted Revenue:			
Additional Revenue not included in Current Budget:			
Total Revenues:			

	Object Account	Subledger	Amount
Current Budgeted Operating Expenditure:			
Add'l Operating Expenditure not included in Current Budget:			
Current Budgeted Capital Expenditure:			
Add'l Capital Expenditure not included in Current Budget:			
Total Expenditures:			

New FTEs requested: ☐ YES ☐ NO

Future Amendment Needed: ☐ YES ☐ NO

Additional Note: