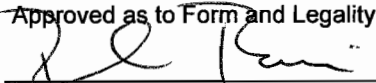


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Approved as to Form and Legality:


Deputy City Attorney

OAKLAND CITY COUNCIL

Ordinance No. 13139 C.M.S.

AN ORDINANCE AMENDING OAKLAND MUNICIPAL CODE SECTION 15.68.100 (AFFORDABLE HOUSING TRUST FUND) TO (1) PERMIT FINES AND PENALTIES RECEIVED PURSUANT TO SECTION 8.54.620 (FORECLOSED AND DEFAULTED RESIDENTIAL PROPERTY REGISTRATION PROGRAM) AND SIMILAR PROGRAMS TO BE USED FOR FORECLOSURE PREVENTION AND MITIGATION ACTIVITIES, (2) AUTHORIZE THE CITY ADMINISTRATOR TO MAKE GRANTS OR SERVICE CONTRACTS UNDER THE PROGRAM OF UP TO \$100,000 WITHOUT RETURNING TO COUNCIL, AND (3) ALLOW AFFORDABLE HOUSING TRUST FUNDS TO BE USED TO ASSIST AFFORDABLE HOUSING PROJECTS AT RISK DUE TO MORTGAGE DEFAULT OR FORECLOSURE

WHEREAS, Chapter 8.54 of the Oakland Municipal Code, governing the Foreclosed and Defaulted Residential Property Registration Program, was amended in June 2012 to include properties throughout the City of Oakland where lenders have recorded a Notice of Default (defaulted) or have taken ownership through a Deed of Trust (foreclosed); and

WHEREAS, the June 2012 amendment specified that fines and penalties, subsequent to covering program administration costs, be deposited into the Affordable Housing Trust Fund, established under Section 15.68.100 of the Oakland Municipal Code, to fund foreclosure prevention programs; and

WHEREAS, other programs may designate the use of fines, penalties, or other funds deposited into the Affordable Housing Trust Fund for foreclosure prevention or mitigation purposes; and

WHEREAS, the Affordable Housing Trust Fund currently limits the use of the Fund to only acquisition and development of affordable housing units; and

WHEREAS, the City would like to support foreclosure prevention and mitigation efforts beyond affordable housing acquisition and development purposes; now, therefore,

THE COUNCIL OF THE CITY OF OAKLAND DOES ORDAIN AS FOLLOWS:

SECTION 1. Section 15.68.100 of the Oakland Municipal Code is hereby amended to read as

follows (deletions are indicated with strikethrough text, and additions with underlining):

15.68.100 - Affordable Housing Trust Fund.

The City ~~Manager~~ Administrator shall establish an Affordable Housing Trust Fund to provide assistance in developing and maintaining affordable housing in the City of Oakland. The Affordable Housing Trust Fund shall receive all monies contributed pursuant to Sections 15.68.050 and 15.68.060 of this chapter. The Affordable Housing Trust Fund may also receive funds from any other source.

Funds deposited into the Affordable Housing Trust Fund, and all interest and investment earnings thereon, shall be used to increase, improve, and preserve the supply of affordable housing in the City of Oakland, with priority given to housing for very low income households. For purposes of this paragraph, to "preserve" affordable housing means to acquire, finance, refinance, or rehabilitate housing that is at imminent risk of loss to the affordable housing supply due to termination of use restrictions, non-renewal of subsidy contract, mortgage default or foreclosure, or physical conditions that are likely to result in vacation of the property.

Funds may also be used to cover reasonable administrative or related expenses of the city not reimbursed through processing fees. No portion of the Affordable Housing Trust Fund may be diverted to other purposes by way of loan or otherwise.

Funds in the Affordable Housing Trust Fund shall be used in accordance with the adopted housing element to the City's General Plan, the Consolidated Plan, and subsequent housing plans adopted by the City Council, to subsidize or assist the city, other government entities, nonprofit organizations, private organizations or firms, or individuals in the construction, preservation or substantial rehabilitation of affordable housing. Monies in the Affordable Housing Trust Fund may be disbursed, hypothecated, collateralized or otherwise employed for these purposes from time to time as the City ~~Manager~~ Administrator so determines is appropriate to accomplish the purposes of the Affordable Housing Trust Fund. Eligible uses include, but are not limited to, assistance with staff costs or other administrative costs attributable to a specific affordable housing project, equity participation in affordable housing projects, loans and grants (including, predevelopment loans or grants) to affordable housing projects, or other public/private partnership arrangements. Monies from the Affordable Housing Trust Fund may be extended for the benefit of rental housing, owner occupied housing, limited equity cooperatives, mutual housing developments, or other types of affordable housing projects.

Notwithstanding the above, funds deposited into the Affordable Housing Trust Fund from fines and penalties received under the Foreclosed and Defaulted Residential Property Registration Program pursuant to Section 8.54.620 of the Oakland Municipal Code, or from fines, penalties, or other funds under other programs that designate the use of funds deposited into the Affordable Housing Trust Fund for foreclosure prevention or mitigation purposes, may

be used for foreclosure prevention and mitigation activities, including but not limited to homebuyer or tenant assistance, rehabilitation, housing counseling, education, outreach, and advocacy activities, along with staff costs or other administrative costs attributable to such activities. Upon a finding by the City Council or the City Administrator that funds are no longer needed for foreclosure prevention or mitigation activities, such funds may also be used for other eligible Affordable Housing Trust Fund uses or for other low income or very low income tenant or homebuyer assistance. Funds received pursuant to Section 8.54.620 shall be appropriated to a separate project. For funds received under the Foreclosed and Defaulted Residential Property Registration Program or other programs that designate the use of funds for foreclosure prevention or mitigation purposes, the City Administrator or his or her designee is authorized to award grants and enter into grant contracts or service contracts without returning to the City Council in amounts not to exceed \$100,000.

The Affordable Housing Trust Fund shall be administered by the City ~~Manager~~ Administrator, who shall have the authority to govern the Affordable Housing Trust Fund consistent with this section and to prescribe regulations for the administration and use of the Affordable Housing Trust Fund. Funds deposited to the Affordable Housing Trust Fund shall be appropriated on a continuous basis to projects to be established consistent with this section. Notwithstanding the foregoing, all allocations of funds from the Affordable Housing Trust Fund, except as provided for above with respect to grants or service contracts from funds received under the Foreclosed and Defaulted Residential Property Registration Program or other programs, shall be approved by the City Council. An annual report showing impact fees imposed, revenues collected, funds committed, expenditures made, and any decisions made as to requests for reductions or exceptions shall be forwarded by the City ~~Manager~~ Administrator to the City Council.

SECTION 2. This Ordinance shall be in full force and effect immediately upon its passage as provided by Section 216 of the City Charter if adopted by at least six members of Council, or upon the seventh day after final adoption if adopted by fewer votes.

IN COUNCIL, OAKLAND, CALIFORNIA, NOV 13 2012, 2012

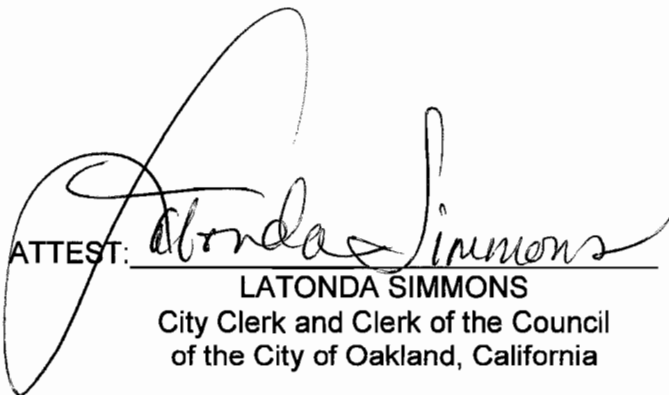
PASSED BY THE FOLLOWING VOTE:

AYES- BROOKS, BRUNNER, DE LA FUENTE, KAPLAN, KERNIGHAN, NADEL,
SCHAAF, AND PRESIDENT REID - 8

NOES- 0

ABSENT- 0

ABSTENTION- 0

ATTEST: 
LATONDA SIMMONS
City Clerk and Clerk of the Council
of the City of Oakland, California

Introduction Date **OCT 16 2012**

Date of Attestation: November 16, 2012

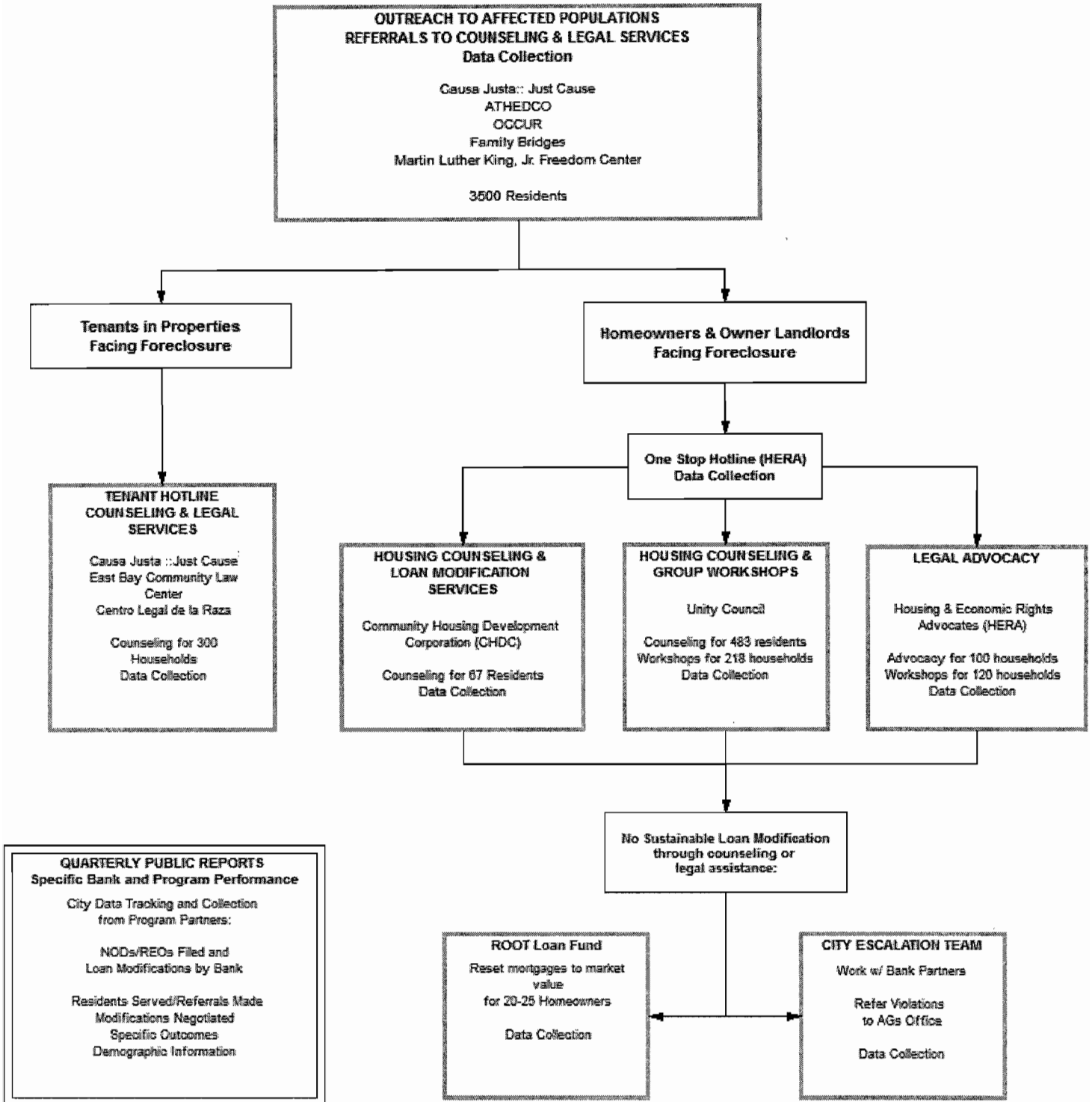
NOTICE AND DIGEST

AN ORDINANCE AMENDING OAKLAND MUNICIPAL CODE SECTION 15.68.100 (AFFORDABLE HOUSING TRUST FUND) TO (1) PERMIT FINES AND PENALTIES RECEIVED PURSUANT TO SECTION 8.54.620 (FORECLOSED AND DEFAULTED RESIDENTIAL PROPERTY REGISTRATION PROGRAM) AND SIMILAR PROGRAMS TO BE USED FOR FORECLOSURE PREVENTION AND MITIGATION ACTIVITIES, (2) AUTHORIZE THE CITY ADMINISTRATOR TO MAKE GRANTS AND SERVICE CONTRACTS UNDER THE PROGRAM OF UP TO \$100,000 WITHOUT RETURNING TO COUNCIL, AND (3) ALLOW AFFORDABLE HOUSING TRUST FUNDS TO BE USED TO ASSIST AFFORDABLE HOUSING PROJECTS AT RISK DUE TO MORTGAGE DEFAULT OR FORECLOSURE

This amendment to the provisions governing the Affordable Housing Trust Fund specifies that funds received into the trust fund from fines and penalties collected under the Foreclosed and Defaulted Residential Property Registration Program or other similar programs may be used for foreclosure prevention and mitigation activities, including but not limited to homebuyer or tenant assistance, rehabilitation, housing counseling, education, outreach, and advocacy. The City Administrator or his or her designee would be authorized to make grants or service contracts of up to \$100,000 from these funds. This amendment would also allow the use of Affordable Housing Trust Funds to acquire, finance, refinance, or rehabilitate affordable housing that is at imminent risk of loss due to mortgage default or foreclosure.

Attachment A

City of Oakland Comprehensive Foreclosure Prevention and Mitigation Plan



Attachment B

OAKLAND FORECLOSURE PREVENTION/MITIGATION PARTNER ORGANIZATIONAL EXPERIENCE

Community Outreach Team

The Allen Temple Housing and Economic Development Corporation (ATHEDCO) is a nonprofit organization whose mission is to address the pressing economic issues facing the residents and neighborhood of East Oakland and beyond. In addition to developing and operating affordable housing for seniors and disabled residents, ATHEDCO also operates a training academy to provide comprehensive services enabling formerly incarcerated individuals to gain and retain living wage employment and avoid recidivism. ATHEDCO's community outreach and education experience includes the City of Oakland's Weatherization and Energy Retrofit Loan Program and Weatherization Assistance Program and PG&E's Energy Savings Assistance program. ATHEDCO's extensive community network includes the congregation of Allen Temple Baptist Church, and other nonprofit, faith-based and community organizations throughout Oakland. ATHEDCO's outreach strategy includes Spanish bilingual outreach and focuses on creating job opportunities for those experiencing barriers to employment. ATHEDCO's recent door-to-door outreach efforts promoting the City's energy efficiency resources for low- and moderate-income households reached approximately 6,000 Oakland households.

Causa Justa :: Just Cause (CJJC) is a multiracial, multi-generational grassroots organization building community leadership to increase housing access and immigrant rights for low-income Oakland and San Francisco residents. CJJC's vast experience in effective community outreach in Oakland includes organizing and deploying teams of outreach workers in the following recent efforts: studying the health impacts of foreclosure in East Oakland; conducting community outreach and education around Ranked Choice Voting under a City contract; and leading a coalition of outreach organizations to promote a health fair at Laney College on the opportunities presented by the Affordable Care Act that drew over 1,100 participants. CJJC's outreach strategy includes Spanish bilingual outreach.

Family Bridges, Inc. was formed in 1968 as a storefront information and referral service to serve the growing Chinese immigrant population in the Oakland area. The mission of Family Bridges is to empower the most vulnerable -- the young, the elderly, immigrants, those with health conditions, and those with limited English proficiency, especially in the Asian community -- to lead self-sufficient, independent lives. Family Bridges' most recent large-scale community outreach experiences include the City of Oakland Ranked-Choice Voting Education Outreach in 2010 and the Asian Pacific Fund's U.S. Census 2010 Asian Outreach. In addition to staff, Family Bridges has previously worked with community volunteers, youth and students in conducting outreach activities. Family Bridges' outreach strategy will focus on Mandarin and Cantonese bilingual outreach.

Attachment B

The Martin Luther King Jr. Freedom Center (FC) carries out ongoing Democracy Education Classes; organizes events dedicated to justice, equality and democracy; and provides human development classes and trainings. The FC's most recent community outreach and organizing experience includes the following: organizing the participation of 52 community groups from public schools and community based organizations in the F.C.-produced Barbara Lee and Elihu Harris Lecture Series; home visits to approximately 400 FC students every year; door-to-door outreach at approximately 10,000 East and West Oakland homes to recruit new students for the Peralta Community College District; door-to-door outreach encouraging voter registration and participation under the Shoulder the Vote campaign; and outreach and education to over 6,000 homes about Ranked Choice Voting under a City contract. The FC's outreach strategy includes Spanish bilingual outreach and focuses on outreach involving youth leaders.

OCCUR is a 58-year old community-building and direct service organization that has extensive experience in consumer outreach/education, civic engagement, nonprofit capacity building, technology training and public policy advocacy. OCCUR has provided community outreach and education, particularly in low- to moderate-income neighborhoods and communities of color in Oakland, under the following government and utility programs: City's of Oakland's Weatherization and Energy Retrofit Loan Program and Weatherization Assistance Program; various State of California telecommunications accessibility programs, PG&E's CARE and Energy Savings Assistance Programs; and the State Public Utilities Commission's Get Connected internet accessibility/affordability campaign. In addition to this extensive consumer and community outreach experience, OCCUR also maintains close working relationships with a significant network of nonprofit, community-based, faith-based, direct service and public policy organizations. OCCUR's outreach strategy includes Spanish bilingual outreach. OCCUR's recent door-to-door and faith-based outreach efforts promoting the City's energy efficiency resources for low- and moderate-income households reached approximately over 10,000 Oakland households.

Housing Counseling & Loan Modifications

The mission of **Community Housing Development Corporation (CHDC)** is to create and sustain vibrant communities that make a positive impact in people's lives, by providing high-quality affordable housing and neighborhood services. CHDC was incorporated as a community-based nonprofit affordable housing developer in 1990. Today CHDC has developed 664 affordable units for rental and homeownership, has over 500 units in its development pipeline, and sponsors 692 rental units. CHDC has also provided financing for 52 first-time home buyers and offered pre-purchase housing counseling services to nearly 2,000 families resulting in more than 500 first-time, low-income buyers purchasing homes. Additionally, since 2006 CHDC has helped over 400 clients with mortgage problems successfully avoid foreclosure.

Attachment B

Since 2007, CHDC also began participating, along with the county District Attorney, the private bar, other housing counseling groups and real estate brokers, in anti-predatory lending activities. This history gives CHDC a high level of experience and skill in mortgage modifications, combating mortgage loan scams, and educating the public about how to protect home equity, especially in low-income communities. CHDC remains in high demand across the San Francisco Bay Area to assist individuals and educate the community on these issues.

CHDC retains a Program Director and Senior Housing Counselor with many years of experience in all aspects of pre- and post-purchase counseling. The Senior Counselor who is assigned full time to mortgage modification and scams assistance has served in this capacity since 2006. Her experience, ongoing training, and active involvement in policy development as a board member of the California Reinvestment Coalition, enables CHDC to stay ahead of the curve in seeking the best available solutions for each client. New counselors are typically hired with significant experience, or may be promoted from within. In total, since mid-2009, CHDC mortgage modification counseling staff has completed approximately 680 hours of current training. All CHDC housing and financial fitness counselors are certified in the specialty areas relevant to their duties, and in many cases support staff is also certified. CHDC strives to cross-train and certify all housing counselors. Currently, all 4 counselors are certified in both pre-purchase counseling and foreclosure intervention. CHDC adopted the National Industry Standards for Homeownership Education and Counseling in 2009.

As part of all one-on-one counseling, counselors receive on-going technical assistance from Housing and Economic Rights Advocates (HERA) in the area of loan document review. HERA attorneys read and discuss loan documents, assist CHDC staff in identifying predatory lending practices in loan documents as well as loan scam red flags. HERA provides valuable checklists that help staff identify predatory practices. They provide further resources to CHDC to disseminate to clients at risk of predatory lending practices and loan scams. In addition to providing quarterly trainings to CHDC staff, HERA's legal staff is also "on-call" for CHDC counseling staff to assist with loan document review questions as they arise.

Homeowner Legal Advocacy

HERA is a 501(c)(3), not-for-profit, California statewide, legal services and advocacy organization whose mission is to ensure that minority, elderly, and other vulnerable persons of low-and-moderate income are protected from abusive and discriminatory treatment in the realm of housing. To achieve this, HERA provides services which prevent or reduce predatory or unfair lending and related practices that result in homeownership loss or equity stripping for homeowners. Related practices include but are not limited to abusive or improper servicing of the mortgage loan, foreclosure rescue scams and homeowner association problems. Two years ago, HERA also added legal advocacy to address wrongful debt collections and credit reporting activity to its menu of services for people in need.

Attachment B

HERA's activities include (1) educating individual consumers and communities of vulnerable residents who are targeted for predatory practices, (2) providing legal services to individuals, (3) training attorneys, housing counselors, governmental staff and other professionals on how to identify and handle predatory lending, abusive mortgage servicing and related issues, (4) researching the scope and impact of abusive lending and related practices; (5) support for community organizing to fight predatory lending and abusive servicing; and (6) policy work.

The majority of HERA's work is in the nine counties of the Greater Bay Area, but it also provides services statewide with an emphasis on California's rural areas. Since its founding in 2005, HERA has provided legal advice to over 9,000 homeowners throughout the State of California, in-person, over the phone and at workshops. HERA has provided legal information to hundreds more at large-scale foreclosure education seminars and has reached many thousands more in the past three years through use of the media- articles, radio, television—in both Spanish and English. HERA's services are available in Tagalog, Russian, Portuguese and French and the organization utilizes interpreters for other key languages as needed to serve its diverse clientele.

Tenant Counseling and Advocacy

Causa Justa :: Just Cause's Housing Services Program employs a comprehensive, multi-faceted approach to assist low- and moderate-income Oakland renters to retain their homes, reach positive results in negotiations with their landlords, and prevent displacement and homelessness. CJ/JC maintains offices in Elmhurst/East Oakland and West Oakland and provides all of its services in both Spanish and English. CJC's tenant services include intake, assessment, brief counseling and referrals to call- and drop-in tenants; case management/ongoing counseling services to households who are having tenant/landlord issues; and outreach and education at community events.

Centro Legal De La Raza, founded in 1969, provides free, bilingual, culturally sensitive legal aid for Latino residents of Oakland, including recent immigrants from Mexico and Central and South America. Centro provides information, referrals and legal counseling and representation services to tenants facing legal problems, including harassment, discrimination and eviction. Centro is located in the Fruitvale/San Antonio District of Oakland and primarily, although not exclusively, serves Spanish-speaking residents of Oakland.

East Bay Community Law Center is the legal community clinic for Berkeley Law School (Boalt Hall), with over 23 years of experience providing legal information and services to low-income residents of Alameda County. EBCLC's Housing Practice provides housing information, referrals, counseling and legal representation services to low-income individuals and families, with the goal of maintaining housing stability for clients at risk of eviction and homelessness. EBCLC provides extensive services to Oakland residents.

The chart below sets forth each organization's caseload and outcomes for foreclosure-related cases in FY 2011-12.

Attachment B

FY 11-12	Tenant Case Volume By Service Level	Foreclosure Cases	Favorable Outcomes
EBCLC	1556 unduplicated clients <ul style="list-style-type: none"> ▪ 2766 limited scope services ▪ 256 full legal rep 	172 clients <ul style="list-style-type: none"> ▪ 38 pre-litigation ▪ 51 pro per eviction assistance ▪ 30 brief services and referral for eviction assistance ▪ 53 full legal rep 	100% of full representation cases for clients in foreclosed properties were favorably resolved.
Centro Legal	573 unduplicated clients <ul style="list-style-type: none"> ▪ 499 limited scope rep ▪ 74 full legal rep 	145 clients <ul style="list-style-type: none"> ▪ 84 limited scope rep. ▪ 51 clients full rep. (non-UD) ▪ 10 clients full rep. (UD) 	99% (non-UD) – 100% (UD) of full representation cases for clients in foreclosed properties were favorably resolved.
CJJC	600 unduplicated clients <ul style="list-style-type: none"> ▪ 600 info and referrals ▪ 540 brief counseling ▪ 200 case management clients 	150 clients	70-80% case management clients stay in homes for at least 3 months or receive acceptable compensation for negotiated move-out; 80% successful outcomes for tenants in properties in foreclosure
Bay Legal	553 <ul style="list-style-type: none"> ▪ 496 limited scope rep ▪ 45 full legal rep ▪ 12 extensive services 	62 (55 tenant, 7 owner) <ul style="list-style-type: none"> ▪ 60 limited scope rep. ▪ 2 full rep. 	100% of all full representation cases were favorably resolved.
TOTALS	3282 total clients	529 clients	99-100% of full legal representation cases favorably resolved 70-80% of non-legal managed cases favorably resolved

ROOT Loan Fund

CHDC has significant experience in affordable homeownership and particular expertise in single family, scattered site acquisition-rehab projects. It is unique in the East Bay in offering 1) affordable home purchase opportunities developed in partnership with large developers, 2) a robust HUD-approved housing counseling and foreclosure intervention program and 3) a down payment assistance and first mortgage lending program - all under one roof.

Attachment B

Homeownership Including Acquisition/Rehabilitation: CHDC has completed well over 200 single family homes sold to new, low-moderate income homeowners - ranging from acquisition/rehab projects and scattered sites to large tract developments. We are currently conducting the NSP for both the City of Richmond and Contra Costa County, with a total of 15 units acquired so far, two sold, 4 in escrow and 6 in construction. Additionally, CHDC is working in collaboration with Self Help and the East Bay Community Foundation on a private project similar to NSP and has facilitated the sale of two homes under this program with 2 more in construction. Staff is skilled in selecting homes that can be completed feasibly with a high impact in neighborhood revitalization; short sale negotiations; rehab budgeting; and making improvements that are energy-efficient and environmentally sound. In addition to public support our NSP program has received support from Wells Fargo, Citi and Enterprise.

HUD-Approved Housing Counseling: CHDC is an experienced HUD certified housing counseling with about 20% of our client base in Oakland. As part of CHDC's homeownership counseling experience it has also developed an effective working relationship with the Unity Council. The two organizations have worked together closely on numerous outreach events, advocacy efforts and home loan workout events. Together, our experience will facilitate an efficient, thorough and client-centered program.

Lending: CHDC's down payment assistance lending program has two components: the Individual Development Account (IDA) program in operation since 2005 and its CalHOME portfolio of second mortgages. Under CalHOME, CHDC has made 44 loans since 2007 averaging \$40,000 each with a default rate (so far) of zero. The total amount loaned out to date is \$1,468,547. CHDC staff underwrites these loans following all federal and state SAFE Act requirements. The IDA program provides match funding of up to \$15,000 per borrower which converts to a grant after 5 years of successful owner occupancy. To date, CHDC has packaged and underwritten 70 of these loans on behalf of Mechanics Bank. Both these programs require HUD-approved homeownership education and counseling and the IDA program requires financial fitness education and counseling as well. This high level of homeowner education and individualized counseling coupled with selective yet flexible and fair lending guidelines contributes significantly to the low default rate.

Enterprise is a national nonprofit with nearly 30 years of experience in the community development and affordable housing field. Since 1982, Enterprise has invested more than \$11 billion in equity, grants and loans to help build or preserve nearly 300,000 affordable rental and for-sale homes to create vibrant communities and more than 410,000 jobs nationwide. Enterprise takes a multi-pronged approach to address the housing needs of low income families and help to stabilized distressed communities by (1) raising and leveraging capital and other financial resources to build and preserve affordable homes, (2) exercising a leading role in shaping affordable housing policy both nationally and at the local level, and (3) by developing and providing solutions to the biggest problems facing our field – including community revitalization, public housing revitalization, organizational sustainability, developing housing solutions to meet the needs of the homeless, veterans, seniors and other vulnerable populations, and working to integrate equitable housing solutions alongside the build-out of regional transit systems in communities across the country.

Attachment B

In Northern California Enterprise has created more than 3,500 affordable homes for 7,500 people through more than \$400 million of investment. In 2008 Enterprise launched the Enterprise Community Partners' Community Stabilization and Foreclosure Response Initiative we work closely with our partners to comprehensively address community stabilization and revitalization in the wake of the housing market and economic crisis in Oakland and in other communities throughout Northern California.

Local Initiatives Support Corporation (LISC) is a national organization with over 30 years of experience developing strategies and programs for local community organizations to develop affordable housing and create strong, equitable, and sustainable neighborhoods. Its mission is to support the neighborhood revitalization efforts led by communities by providing organizations with financing, technical and management assistance, training opportunities, and policy support. For three decades, Bay Area LISC has helped local community development organizations develop strong, stable neighborhoods where diverse groups of residents choose to live and take part in local leadership and life. Bay Area LISC has worked on a broad range of community development activities in Oakland from the creation and preservation of affordable housing to supporting neighborhood economic development. It has a long-standing commitment to partner with the City of Oakland, community residents and stakeholders to create vibrant neighborhoods in Oakland. Bay Area LSC has provided over \$10 million in grants and financing, and invested more than \$67 million to support community building and physical development activities in Oakland.

ROOT

Program Type: Purchase
Program Name: Restoring Ownership
Opportunities Together

General Information

Agency: Community Housing
Development
Corporation (CHDC)
Contact Name: Maria Benjamin
E-mail: Mbenjamin@chdcnr.com
Phone: 510-412-9290 x221
Fax: 510-215-9276
Address: 1535A Fred Jackson
Way, Richmond, CA
94801
Website: www.chdcnr.org

Administrator: Community First
Lending (CFL)
Contact Name: Lisa Weathers
E-mail: Lweathers@chdcnr.com
Phone: 510-412-9290 x 229
Address: 1535C Fred Jackson
Way, Richmond, CA
94801
Fax: 510-221-2598

Buyer / Owner Qualifications

Loan type(s): 30 year fixed
First Mtg Restrictions: Owner Occupant
Full doc
Subordinate Financing: Allowed if available

Existing Homeowner: Required
Hardship: Must be documented
Mortgage Delinquency: Required. Minimum 60 days

Income Limits: 120% AMI
Minimum Borrower Investment: None
Credit Score: No minimum
LTV: 100%
CLTV: 100% / improved value
Reserves: 3 months

ROOT Ratios: Maximum 33% Front
Maximum 45% Back
Maximum Expense to income TBD

HUD Approved Homebuyer Education and Counseling: Required.
Post Purchase, Financial, and Credit Counseling: Required
Employment History: 6 months minimum

Property Requirement

Location: Oakland, California
(Target TBD)
Purchase Price Limit: \$250,000
Property Type: Existing /Minor Rehab;
under \$10k
Max Units: 1

ROOT Terms

Loan Amount: 100% of purchase price
plus rehab costs up to
limit
ROOT Interest Rate Range: 7-8.5% based on
current interest rate for
similar programs and
tied to borrowers credit
worthiness
Max Term (mo): 360 months
Amortization: Fully Amortizing
Acceptable Use of Funds: Purchase and rehab
Shared Appreciation: No
Resale / Deed Restrictions: None

Assumptions

Purchase Discount: 20%
Sale Price: 100% full market value
Loan Loss Reserves: 10-20%

Processing / Closing

Application accepted by Agency / Administrator: Yes.
GFE/TIL(s) provided by Agency/Administrator: Yes.
Approved by Agency / Administrator: Yes.
Docs Drawn by Agency / Administrator: Yes.
Funds Provided by Agency / Administrator: Yes.

Servicing: Retained.

Supplementary Details

- **Affordability:** Fully documented income must be sufficient to support new mortgage payment.
- **Ratios:** Back end up to 45% - up to 50% considered on an exception basis- with documented compensating factors and loan committee approval.
 - Expense to Income ratio – to be determined (this will be traditional underwriting of the monthly household expense in comparison to income).
- **Credit :** Prior credit history (based on tri-merged credit report and/or alternate/non-traditional credit history) will be analyzed to determine eligibility/likelihood of success.
 - Hardship must play a significant role in past credit issues
 - All late or missed payments will require borrower explanation in file.
 - All applicants will be required to attend post purchase and credit counseling to resolve/rehab delinquencies within 6 to 12 months.

CHDC will supplement traditional underwriting by review of credit report, bank statements, pay stubs and tax returns to understand the participant financial history, confirm financial situation, determine financial hardship, willingness to pay and ability to restore former creditworthiness.

- **Employment History** –Permanent employment for at least 6 months and verification from employer required.
 - Unearned income allowed (soc sec, SSI, pension, child support, disability etc).
- **Reserves :** 3 months PITI reserves required deposited at escrow in restricted account; held for 12 months.
- **Down payment :** None required. Homeowner pays closing costs and establishes reserves.
- **Credit Reporting:** Post closing CHDC will report monthly payment history to credit bureaus to document positive credit history.
- **Interest Rate:** cost of funds + spread ~ (for example: 7% + 150 basis points).

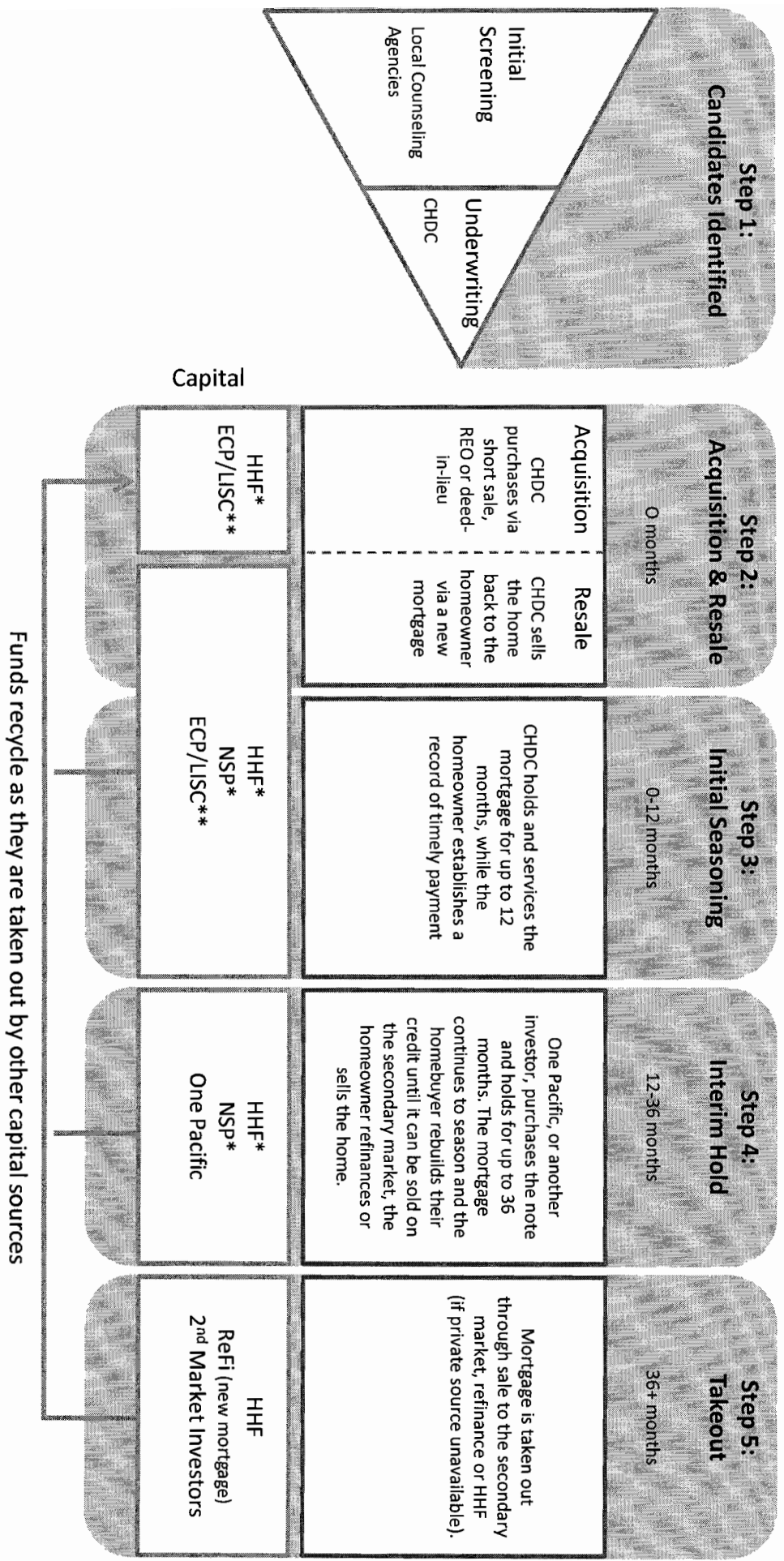
- **Loan Origination Fee:** Not less than 1.5%

**Restore Ownership Opportunities Together (ROOT)
Oakland Pilot
Note Sale to One Pacific Coast Bank**

Below is a draft of the terms under which Community Housing Development Corporation would sell mortgage notes originated through the ROOT program to One Pacific Coast Bank. These terms are intended as a starting place for an agreement between OPCB and CHDC memorializing the terms of note sales.

- *Payment History:* 6-12 months of consecutive timely loan payments; borrower in good standing
 - *Interest Rate:* ~ 7.5% to be finalized
 - *Borrower Underwriting:* Meet initial ROOT underwriting standards to qualify for the program and meets payment history requirements
 - *Servicing Rights/Fees:* Servicing rights would be sold to OPCB with the note, and CHDC or designee would continue servicing.
 - *Valuation of Mortgage:* OPCB and CHDC will use face value of mortgage notes as the sale price.
 - *Total Value of Mortgages:* \$5 million or the maximum based on reserves available, whichever is less.
 - *Reserve Amount:* 10% of the outstanding principal balance in an escrow account
 - *Reserve Coverage:* 100% of losses to principal resulting from the liquidation (foreclosure).
-
-

Oakland ROOT Pilot Process



*HHF and NSP could serve as reserve or direct capital

**Enterprise Community Partners and Local Initiatives Support Corporation



Sample ROOT Transaction

	Value	Notes
Peak Property Value	\$323,807	Average of available comps from zip 94621
Current Market Value	\$147,078	55% decline
Fair Market "Distressed Value"	\$117,662	Additional 20% discount
ROOT-Oakland Resale price to client	\$148,000	20% loan loss reserve
Mortgage principal	\$148,000	Assumes 100% LTV
Interest Rate	7%	30-year-term
Monthly Payment (PITI)	\$1,255	Includes taxes (1.25%) Hazard insurance (.33%)
Minimum Monthly income needed	\$3,765	33% front-end ratio
Down payment	\$0	No down payment required
Closing costs	\$5700	Includes 30 days mtg interest; 12 months insurance; 6 months of pre-paid taxes; 1.5% origination fee; \$1000 in title/escrow costs.
<i>Minimum</i> annual income required	\$45,180	Assuming 33% front-end ratio (CHDC's standard)
Percent AMI (assuming 2-person household – median is \$74,800 in Oakland)	60%	Low-income
Post Closing Reserves	\$2500-\$3800	2-3 months PITI