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OFFICE OF THE CITY CLERK
OAKLAND

**REDEVELOPMENT AGENCY
AND THE CITY OF OAKLAND**

2010 MAY 13 PM 1:41

AGENDA REPORT

TO: Office of the City/Agency Administrator
ATTN: Dan Lindheim
FROM: Community and Economic Development Agency
DATE: May 25, 2010

RE: **An Agency Resolution Authorizing A Contribution Of Up To \$230,000 In Low And Moderate Income Housing Funds To The City Under The Cooperation Agreement To Fund The Repayment Of A Loan From The California Housing Finance Agency-Housing Enabled By Local Partnership (HELP) Program**

A City Resolution Accepting And Appropriating A Contribution Of Up To \$230,000 From The Redevelopment Agency Under The Cooperation Agreement To Fund The Repayment Of A Loan From The California Housing Finance Agency-Housing Enabled By Local Partnership (HELP) Program

SUMMARY

Staff is recommending that the City and Redevelopment Agency adopt two resolutions intended to allow the use of Redevelopment Agency Low and Moderate Income Housing funds to repay an outstanding loan made by the State of California to the City for affordable housing development activities. The first resolution authorizes the Agency to contribute up to \$230,000 in Low and Moderate Housing Funds (9580) to the City under the Cooperation Agreement to fund the repayment of a loan from the California Housing Finance Agency-Housing Enabled By Local Partnership (HELP) Program. The second resolution authorizes the City Administrator to accept and appropriate this Agency contribution of up to \$230,000 to Fund (2159) State of California Other Account under the Cooperation Agreement to fund the repayment of the CalHFA HELP Loan.

FISCAL IMPACT

Funds in the amount of \$230,000 are available from the Agency Low/Moderate Income Housing Fund (9580), Housing Development Organization (88919), Low-Mod Housing Staff Project (\$64300) to repay the principal amount of the loan (\$181,359.75) and accrued interest (of up to \$48,640.25) as of June 30, 2010 due on the CalHFA HELP Loan. The \$230,000 Agency contribution will go to the City Fund (2159), Housing Development Organization (88929), Housing Development Project-Repayment of the California Housing Finance Agency-HELP Loan Program.

These funds will slightly reduce the amount of funding available for the City and Agency's affordable housing development activities; however, this amount would only fund 2-3 new units, and is the only feasible source of funds for the repayment.

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BACKGROUND

On June 8, 1999, the Oakland City Council adopted Resolution No. 75049 C.M.S., authorizing the City Manager to apply for, accept, and appropriate up to \$2 million from the State Housing Enabled Partnership Program (HELP Program) to augment funds for development of affordable homeownership projects. The City submitted a request for funding in the amount of \$2 million in HELP funds later in 1999. On February 1, 2000, the City was awarded funds from the Fiscal Year 1999/2000 HELP Program in the amount of \$900,000.

On April 11, 2000, the City and CalHFA entered into a Loan Agreement for the HELP Loan with the following terms:

Principal Amount:	\$900,000
Interest Rate:	3% simple per annum – once funds disbursed
Term:	10 years
Payment:	Deferred for term of HELP Loan

KEY ISSUES AND IMPACTS

HELP funds were used by the City to cover rehabilitation and acquisition costs of four units for low income first time homebuyers in the Northern California Land Trust's Linden Street development, along with additional financing provided by the Redevelopment Agency's Community Restoration Program.

The terms and conditions for the repayment of this loan are set forth in the April 11, 2000 Loan Agreement between the City and California Housing Finance Agency (*Attachment A*). If payment is not received by the State by June 1, 2010, the State may pursue collection from the City. In addition, per the Loan Agreement, CalHFA has the right to increase the interest rate to 10% per annum, following expiration of a 30 day notice, if the City has not repaid the loan. Staff has received notice from CalHFA that the 10% annual interest rate on this loan will begin accruing on June 1, 2010.

At the time the loan was obtained, it was anticipated that the City would repay the HELP loan using loan repayment revenues in the City's Mortgage Assistance Program (MAP) revolving loan fund. Whenever the HELP-assisted units were sold or refinanced, the loans to the homebuyers would become due and payable and the funds would go to the MAP revolving loan fund, which thereby would be made whole. However, none of the units has turned over at this point, and due to the decline in the housing market, there are insufficient funds in the MAP revolving loan fund. As the City has no other sources of funds with which to repay the loan from the State, staff is recommending that Low and Moderate Income Housing Funds be used, since this is an eligible affordable housing activity and since the MAP program is itself funded by the Low and Moderate Income Housing Fund.

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This obligation must be paid immediately to avoid rapidly accumulating interest payments. Given that lack of Mortgage Assistance Program proceeds available to repay the loan, staff is therefore recommending repayment from the Redevelopment Agency's Low and Moderate Income Housing Fund instead, since loan funds were used for eligible low and moderate income housing purposes.

The HELP Loan matured on April 11, 2010, and the entire balance, including principal, interest and other fees, became due in full on April 11, 2010. As of April 11, 2010, the balance of the loan is \$226,205.99, which includes principal of \$181,359.75, and interest of \$44,846.24. Interest will continue to accrue on the unpaid principal balance, until payment is received by CalHFA.

If payment is not received by the State by June 1, 2010, the City may be exposed to a collection action by the State. In addition, per the Loan Agreement, Page 2, Section IV, CalHFA has the right to increase the rate of interest charged to a rate not to exceed 10% per annum, commencing on the first day of the first month following expiration of such thirty day notice. Staff has received notice from CalHFA that the 10% annual interest rate on this loan will begin accruing on June 1, 2010.

This obligation must be paid immediately to avoid rapidly accumulating interest payments. Given the lack of Mortgage Assistance Program proceeds available to repay the loan, staff is recommending repayment from the Redevelopment Agency's Low and Moderate Income Housing Fund instead under the Cooperation Agreement.

PROGRAM DESCRIPTION

The City initially applied for a \$2 million California Housing Finance Agency-HELP Loan in Fiscal Year 1999-2000, and received an award of \$900,000 to provide funds through the First-Time Homebuyer Mortgage Assistance Program (MAP).

In August 2000, the City received and approved one application for the use of the newly awarded HELP Loan funds from a non-profit developer, Northern California Land Trust (NCLT), for financing the acquisition and rehabilitation of two adjacent single-family homes in West Oakland located at 3032-3102 Linden Street. The project included the conversion of these two adjacent homes into four condominiums.

These funds were to be used exclusively to make loans to nonprofit and for-profit developers for financing the acquisition and rehabilitation of single family homes, with all or a portion of the financing on each home to be converted to a deferred second trust deed loan following a sale of the rehabilitated house to an eligible first-time homebuyer.

The requirements of the acquisition and rehabilitation program allowed for a maximum subsidy of \$50,000 per unit, and while NCLT was developing four units, the existing site only contained

two units. NCLT was informed they could not request \$200,000 but that it could request more than \$100,000 if the increased amount was necessary for desired affordability levels (at or below 80% of AMI). Because NCLT met the affordability test under the program requirements, their request of \$160,000 was granted for the proposed project.

In February 2001, the City and NCLT entered into a Loan Agreement with the following terms:

Principal Amount:	\$160,000
Interest Rate:	6% simple per annum
Term:	20 Years
Payment:	If units were not sold to qualified homebuyers within two years from the date of the note, the loan would bear interest at the rate of ten percent, with a two year term.

Since NCLT intended for the units to be permanently affordable, it used the funds to reduce the purchase price of the units for qualified homebuyers. As long as NCLT used the funds to reduce the unit prices and comply with the other terms of the Loan Agreement, it was agreed that the loan would be converted to a development grant at the end of the twenty-year term.

In January 2002, a First Amendment to Loan Agreement and Promissory Note between the City and the NCLT was executed to authorize an additional \$40,000 to help finance increased project costs. The total amount actually used by NCLT was \$181,359.75.

It was always the intent of the City to repay the HELP Loan with proceeds from the loans to projects assisted with HELP funds (as available), and repayments on loans to other affordable housing developments. However, if these sources proved insufficient, the City indicated that it would request that the Redevelopment Agency repay all or a portion of the loan with funds from the Agency's Low and Moderate Income Housing Trust Fund (Fund 9580).

Other than the Linden Street Project, the HELP Program generated limited interest expected from the development community. The remaining HELP Loan funds that had been awarded to the City, in the amount of \$718,640.25, were never drawn down and are not due as part of the repayment calculation.

It should be noted that the use of the HELP Loan Program funds to provide safe, decent and affordable housing opportunities for the four first-time homebuyer families at 3032-3102 Linden Street continues to benefit those households. All four individual families continue to reside in their homes, and compliance with the terms of their City funding will be monitored by the City's Loan Servicing Department until the expiration of their loan requirements.

When the HELP-funded loans are repaid by the homebuyers, the funds will be returned by the City to the Agency's Low and Moderate Income Housing Fund.

SUSTAINABLE OPPORTUNITIES

Economic: The HELP program leveraged State funding sources for the development of affordable housing in Oakland. The Linden Street project provided construction jobs during the rehabilitation process, and property taxes on an on-going basis.

Environmental: By developing and rehabilitating properties in already built-up areas, the project furthered the City's sustainable development goal of promoting infill development.

Social Equity: Affordable housing development promotes social equity through the provision of housing to low-income households. In this case, four low income buyers purchased and continue to occupy homeownership units that they would not have otherwise been able to buy.

DISABILITY AND SENIOR CITIZEN ACCESS

The Housing Development program actively works with developers to assure that multifamily developments include units for people with disabilities, and to provide affordable housing for seniors. There was no specific benefit to those populations in this particular project.

RECOMMENDATION AND RATIONALE

It is recommended that the Redevelopment Agency and City Council adopt the attached resolutions for the repayment of the matured loan due under the terms of the agreement between California Housing Finance Agency-HELP Loan Program and the City of Oakland in an amount not to exceed \$230,000. The repayment of a loan used to provide affordable homeownership housing is an eligible use of Low and Moderate Income Housing Funds. The City has no other identified source of funds with which to make this payment. Failure of the City to repay the loan from the State will result in added interest costs and ultimately could lead to a default and actions by CalHFA that would be detrimental to the City's credit rating.

ACTION REQUESTED OF THE CITY COUNCIL

The following actions are requested of the Redevelopment Agency and City Council:

1. Adopt a resolution authorizing the Agency Administrator to approve a contribution of up to \$230,000 in Low and Moderate Housing Funds (Fund 9580) to the City of Oakland under the Cooperation Agreement to fund the repayment of a loan from the California Housing Finance Agency-Housing Enabled By Local Partnership (HELP) Program.

2. Adopt a resolution authorizing the City Administrator to accept and appropriate a contribution of up to \$230,000 from the Redevelopment Agency to the City's State of California Other Fund (2159) under the Cooperation Agreement to fund the repayment of a Loan from the California Housing Finance Agency- Housing Enabled By Local Partnership (HELP) Program.

Respectfully submitted,

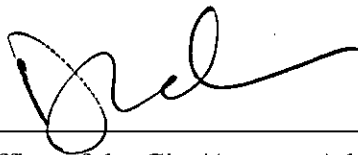


Walter S. Cohen, Director
Community and Economic Development Agency

Reviewed by: Michele Byrd, Deputy Director
Housing and Community Development

Prepared by: Antoinette Pietras
Housing and Community Development Division

APPROVED AND FORWARDED TO THE
COMMUNITY AND ECONOMIC
DEVELOPMENT COMMITTEE:



Office of the City/Agency Administrator

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May 25, 2010

**ATTACHMENT A:
LOAN AGREEMENT BETWEEN CITY AND CALIFORNIA HOUSING FINANCE
AGENCY
(see attached)**

~~CONFIDENTIAL~~
Prism
Acq/Exhib

CALIFORNIA HOUSING FINANCE AGENCY

LOAN AGREEMENT

Housing Enabled by Local Partnership

CHFA Loan No. HELP-091099-02

This Loan Agreement (the "Agreement") is made and entered into on April 11, 2000, by and between the City of Oakland, a municipal corporation (the "Borrower"), and the California Housing Finance Agency, a public instrumentality and political subdivision of the State of California (the "Agency").

RECITALS

A. The Agency has authorized the making of a loan (the "HELP Loan") to the Borrower for the purpose of assisting the Borrower in operating a local housing program (the "Project") as more particularly described in the Borrower's loan application to the Agency and as further described in Exhibits A and B attached hereto and incorporated herein by this reference; and

B. The Agency and the Borrower intend, by this Agreement, to provide for the funding and repayment of the HELP Loan.

NOW, THEREFORE, in consideration of the mutual promises expressed herein, the parties hereto agree as follows:

1. HELP Loan. The Agency shall lend and the Borrower shall borrow and repay the HELP Loan in accordance with the provisions of this Agreement.

2. Disbursement of Loan. The Agency shall disburse the HELP Loan to the Borrower for the purposes described in Exhibit A and in accordance with the provisions of Exhibit B.

3. Repayment of Loan.

(a) For value received, the Borrower agrees to pay to the order of the Agency the principal amount of the HELP Loan, as described in Exhibit B, or so much thereof as may be disbursed by the Agency to the Borrower, or for its account, as provided herein. The Borrower also promises to pay to the order of the Agency interest and other charges in the amounts and at the times herein provided. Notwithstanding any provision to the contrary in the Borrower's application or other Project information submittals, this Agreement shall be a general obligation of the Borrower and the source of funds utilized for repayment shall not be limited to any particular asset(s) of the Borrower.

(b) The disbursements made pursuant to this Agreement shall accrue simple interest at the percentage rate per annum as specified in **Exhibit B** from the date that they are disbursed to the Borrower or for its account, until repaid.

(c) Any balance owed pursuant to this Agreement, whether principal, interest or otherwise, if not sooner due and payable as provided herein, shall be due and payable at the end of the HELP Loan term as specified in **Exhibit B**.

4. Interest Rate Adjustment. In addition to any other default remedies that the Agency may have as provided herein, the Agency may, upon thirty (30) days written notice to the Borrower, increase the rate of interest charged on any outstanding principal amount disbursed to the Borrower and not used in accordance with the terms of this Agreement, or not paid back when due, to a rate not to exceed ten percent (10%) per annum. Such rate adjustment shall occur commencing on the first (1st) day of the first (1st) month following expiration of such thirty- (30-) day notice.

5. Place and Manner of Payment. All amounts due and payable under this Agreement are payable at the principal office of the Agency as set forth herein, or at such other place or places as the Agency may designate to the Borrower in writing from time to time, in any coin or currency of the United States of America which on the respective dates of payment thereof shall be legal tender for the payment of public and private debts and which on the respective dates on which such payments are due shall be immediately available funds.

6. Application of Payments. All payments received by the Agency from the Borrower on account of this Agreement shall be applied first to charges due under this Agreement other than interest and principal (i.e., attorneys fees and enforcement costs, if applicable), then to accrued interest and then to a reduction of the outstanding principal amount.

7. Timely Progress.

(a) The Borrower shall diligently commence and proceed with the implementation of the Project in a timely manner, and shall report such progress to the Agency, as specified in **Exhibit B**.

(b) In the event that the Borrower experiences any delay in the timely commencement of or progress in the implementation of the Project, the Borrower shall immediately notify the Agency of same. Failure of the Borrower to timely commence or proceed with the implementation of the Project shall (i) release the Agency from the obligation to make any further disbursements under this Agreement, and (ii) entitle the Agency to recapture from the Borrower all disbursed funds which have not been timely used, provided that the Agency shall have given the Borrower at least fifteen (15) days written notice of its intent to take such actions(s) and shall have given the Borrower a reasonable opportunity to correct such failure.

8. Default. The Borrower agrees that the unpaid balance of the then principal amount of this Agreement, together with all accrued interest thereon and charges owing, shall, at the option of the Agency, become immediately due and payable, upon the failure of the Borrower to make any payment hereunder as and when due, upon the Agency's discovery of any misrepresentation of material facts as stated in the Borrower's application or other Project information submittals, upon the use of HELP Loan funds for purposes not approved by the Agency, upon the Project's lack of compliance with the

occupancy and rent requirements as stated in **Exhibit B**, upon the failure of the Borrower to perform or observe any other term or provision of this Agreement or upon the occurrence of any other event (whether termed default, event of default or otherwise) which under the terms of this Agreement shall entitle the Agency to exercise rights or remedies hereunder. In the event that the Borrower uses disbursed HELP Loan funds for a purpose which is not authorized or approved under this Agreement, or otherwise by the Agency in writing, the Agency may demand and the Borrower shall immediately repay such funds to the Agency.

9. Right to Inspect. The Borrower shall allow the Agency, on written request, to have reasonable access to and the right to inspect all records that pertain to the Project and this HELP Loan. The Borrower shall also permit the Agency to enter, at reasonable times, upon the Project to inspect the work progress. All records, accounts, documentation and other material relevant to a fiscal audit or examination, as specified by the Agency, shall be retained and made available to the Agency for a period of not less than three (3) years from the date of the termination of this Agreement.

10. Periodic Reports.

(a) Within fifteen (15) business days after the end of each reporting period as described in **Exhibit B**, the Borrower shall submit to the Agency a status report describing the Project's progress and detailing compliance with the requirements of the Agency. The format of the report shall be as provided or approved by the Agency.

(b) The Borrower agrees to establish and maintain fiscal control and accounting procedures which assure that funds loaned to it pursuant to this Agreement are properly disbursed, adequately controlled and reasonably accounted for. Adequate documentation of each transaction shall be maintained to permit the determination, through an audit if requested by the Agency, of the accuracy of the records and the allowability of expenditures payable with HELP Loan funds. If the allowability of any expenditure cannot be determined because records or documentation are inadequate, the questionable expenditure may be disallowed. Upon demand by the Agency the Borrower shall immediately repay the Agency for any disallowed expenditures.

11. Fair Employment Practices. The Borrower shall provide, and require that any contractor or subcontractor engaged in work on the Project shall provide, equal opportunity for employment without discrimination as to race, sex, marital status, color, religion, national origin or ancestry.

12. Use of Funds. The Borrower agrees that it shall hold, in trust, any funds received by it pursuant to this Agreement and apply them only for the purpose for which such funds were approved by the Agency. Approved use of funds may include the Borrower's reasonable administrative costs in administering the Project and HELP Loan to the extent, but only to the extent, provided for in **Exhibit B**.

13. Time. Time shall be of the essence in this Agreement.

14. Term. The term of this Agreement shall commence on the date of this Agreement, and shall continue until the full repayment of the HELP Loan.

15. Communications. All notices, and other communications made pursuant to this Agreement shall be effective upon personal delivery or, if mailed, on the date which is three (3) business days after deposit with the United States Postal Service, postage prepaid, and addressed to the applicable party as follows:

To the Borrower: At the Borrower's address as described on **Exhibit B**.

To the Agency: California Housing Finance Agency
1121 L Street, 7th Floor
Sacramento, California 95814
Attention: HELP Program

16. Successors and Assigns. The terms hereof shall be binding upon and inure to the benefit of the successors and assigns of the parties hereto; provided, however, that no assignment of the Borrower's rights hereunder shall be made, voluntarily or by operation of law, without the prior written consent of the Agency. The Borrower is the only entity which the Agency intends to benefit by this Agreement.

17. Partial Invalidity. If any provision of this Agreement shall be declared invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions hereof shall not in any way be affected or impaired.

18. Integration. This Agreement, together with the exhibits hereto, incorporating references herein, and enclosures herewith, sets forth all of the promises, agreements and understandings to date among the parties hereto with respect to the Project and HELP Loan, and there are no other promises, agreements or understandings, oral or written, express or implied.

19. Compliance with Laws. The Borrower shall comply with all applicable federal, state and local laws. Borrower hereby warrants such legal compliance and agrees to indemnify the Agency against any damages, costs or attorneys fees incurred by the Agency as a result of any such noncompliance.

20. Amendment. This Agreement shall not be amended except by a written agreement signed by the parties hereto.

21. Remedies, Waiver.

(a) If the Borrower fails to comply with the terms of this Agreement, the Agency may, at its election, terminate its obligation to make any further loan disbursements hereunder. No remedy herein contained or conferred upon the Agency is intended to be exclusive of any other remedy or remedies afforded by law, by equity or by the terms hereof to the Agency but each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity. No exercise of any right or remedy by the Agency hereunder shall constitute a waiver of any other right or remedy herein contained or provided by law, and no delay by the Agency in exercising any such right or remedy hereunder shall operate as a waiver thereof or preclude the exercise thereof during the continuance of any breach hereunder.

No waiver by the Agency of any breach of or default under this Agreement shall be deemed to be a waiver of any other or subsequent breach thereof or default hereunder.

22. Counterparts. This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute one and the same instrument.

23. Attorneys Fees, Costs. In any action to enforce or relating to this Agreement, the prevailing party shall be entitled to recover from the other party, its costs and expenses including attorneys fees. The term "costs and expenses" as used herein shall include all costs and expenses actually and reasonably incurred. Such costs and expenses shall be recoverable whether the services were rendered by a salaried employee of the party or by an independent contractor.

24. Representations and Warranties. The persons who are executing this Agreement on behalf of the Borrower and the Borrower represent and warrant to the Agency as follows:

(a) The Borrower is duly organized, validly existing and in good standing under the laws of the State of California and has the power and authority to own its property and carry on its business as now being conducted. The copies of the documents evidencing the organization of the Borrower delivered to the Agency are true and correct copies of the originals, as amended to the date of this Agreement.

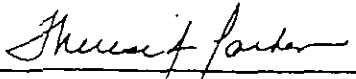
(b) The Borrower has the full power and authority to execute and deliver this Agreement and to make and accept the borrowings contemplated hereunder, to execute and deliver this Agreement and all other documents or instruments executed and delivered, or to be executed and delivered, pursuant to this Agreement, and to perform and observe the terms and provisions of all of the above.

(c) This Agreement and all other documents or instruments executed and delivered, or to be executed and delivered, pursuant to this Agreement have been and will continue to be executed and delivered by persons who are duly authorized to execute and deliver the same for and on behalf of the Borrower and all actions required under the Borrower's organizational documents and applicable governing law for the authorization, execution, delivery and performance of this Agreement and all other documents or instruments executed and delivered or to be executed and delivered, pursuant to this Agreement, have been and will continue to be duly taken.

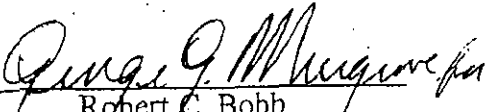
(d) This Agreement and all other documents or instruments which have been executed and delivered pursuant to this Agreement constitute or, if not yet executed or delivered, will when so executed and delivered constitute, legal, valid and binding obligations of Borrower enforceable against it in accordance with their respective terms.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date and year first above written.

CALIFORNIA HOUSING FINANCE AGENCY

By: 
Theresa A. Parker
Executive Director

CITY OF OAKLAND

By: 
Name: Robert C. Bobb
Title: City Manager

Approved as to form and legality:

By: 
Deputy City Attorney

EXHIBITS:

- Exhibit A: Project Summary
- Exhibit B: Project Specific Terms and Conditions

Project Summary

City of Oakland Community and
Economic Development Agency

Pursuant to the terms of the application package submitted by the Borrower to the Agency and dated October 20, 1999, the Borrower shall use the HELP Loan funds to provide for a source of funds from which to make loans to nonprofit and for-profit developers for the purpose of financing the acquisition and rehabilitation of single family homes under the Borrower's existing Community Restoration Program, with all or a portion of the financing on each home to be converted over to a deferred second trust deed loan following a sale to an eligible first-time homebuyer ("Project").

Project Specific Terms and Conditions

Borrower: City of Oakland
Community and Economic Development Agency
Housing and Community Development Division
250 Frank H. Ogawa Plaza, 5th Floor
Oakland, CA 94612

Attn: City Manager

CHFA Loan No.: HELP-091099-02

HELP Loan Terms:

Principal Amount: \$900,000
Interest Rate: 3% simple per annum
Interest to be charged only on funds disbursed
Term: 10 years from date of this Agreement
Payment: Deferred for term of HELP Loan

Loan is subject to the following conditions:

1. Authorizing Resolution. Prior to the disbursement of any HELP Loan funds, the Borrower shall issue a resolution that authorizes the signor, on behalf of the Borrower, to execute this Agreement, incur the HELP Loan indebtedness, commit specific resources to implement the Project, and take any other actions necessary to facilitate the Project.
2. Project Purposes. HELP Loan funds shall be used exclusively to make loans to nonprofit and for-profit developers for the purpose of financing the acquisition and rehabilitation of single family homes under the Borrower's existing Community Restoration Program, with all or a portion of the financing on each home to be converted to a deferred second trust deed loan following a sale of the rehabilitated house to an eligible first-time homebuyer.

The homes under the Project shall be made available to first-time homebuyers at or below 80% of area median income, adjusted for family size ("AMI") for a minimum of the term of the HELP Loan. As a priority, homes shall be sold to eligible first-time homebuyers at 80% of AMI; and in the event of sale to a non-eligible buyer, the Borrower shall recapture and recycle the HELP Loan funds under the Project.

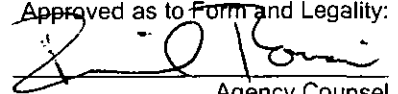
Exhibit B
(Page 2 of 2)

The Borrower shall ensure that each first-time homebuyer under the Project completes a comprehensive home buyer training course.

If HELP funds are loaned by the Borrower for the purposes of this Project, the interest rate shall not exceed 3% compounded per annum.

3. Timely Use of Funds (180 Day Requirement). Any HELP Loan funds which are not re-loaned by the Borrower within 180 days following their repayment to the Borrower (or utilized within 30 days of their disbursement by the Agency) shall be immediately repaid to the Agency.
4. Timely Use of Funds (1 Year Requirement). If the Borrower does not draw any funds within 1 year from the date of this Agreement, then the Agency shall have the option, in its sole discretion, to cancel the Borrower's right to receive future draws from the undisbursed HELP Loan funds.
5. Timely Use of Funds (3 Year Requirement). The Borrower shall draw and utilize its entire allocation of HELP Loan funds within 3 years from the date of this Agreement. Any disbursed HELP Loan funds which are not utilized within this period, at the Agency's option, shall be immediately repaid and the Borrower's right to receive future draws from the undisbursed HELP Loan funds shall terminate.
6. Draw Procedure. The Borrower shall request draws from the undisbursed HELP Loan proceeds by submitting a certification to the Agency which represents that the Borrower intends to use the funds within 30 days of the draw. The Borrower shall provide the following specific information in its certification: 1) identify the property location where the funds will be used; 2) state the specific dollar amount of the draw requested; 3) identify the specific proposed use of the draw; 4) specify the date on which the Agency is requested to disburse the draw (allow at least 10 days); 5) if the requestor is someone other than the Borrower's executive director or equivalent officer, identify the name, title, and authority of the individual making the draw request (if the latter, two signatures are required).
7. Interest Earnings on Loan Repayments. Interest earnings on the Project loan payments received by the Borrower (from their borrower) prior to payoff of the HELP Loan shall be used to underwrite costs directly associated with the Project, which shall include but is not limited to administrative expenses, staffing, fees, rehabilitation costs, reduction of loan origination fees charged to home buyers, and/or to reduce the effective interest rate of the loans of the Project.
8. Semiannual Report. The Borrower shall provide a semiannual report of the status of the Project, in accordance with the requirements of the Agency, commencing on the date which is 6 months from the date of this Agreement and continuing thereafter on 6 month intervals.

FILED
OFFICE OF THE CITY CLERK
OAKLAND
2010 MAY 13 PM 1:42

Approved as to Form and Legality:

Agency Counsel

REDEVELOPMENT AGENCY OF THE CITY OF OAKLAND

Resolution No. _____ C.M.S.

AGENCY RESOLUTION AUTHORIZING A CONTRIBUTION OF UP TO \$230,000 IN LOW AND MODERATE INCOME HOUSING FUNDS TO THE CITY UNDER THE COOPERATION AGREEMENT TO FUND THE REPAYMENT OF A LOAN FROM THE CALIFORNIA HOUSING FINANCE AGENCY-HOUSING ENABLED BY LOCAL PARTNERSHIP PROGRAM

WHEREAS, in Fiscal Year 1999-2000, the City of Oakland applied and received a request for funding in the amount of \$900,000 from the California Housing Finance Agency ("CalHFA")-HELP Loan Program to use in conjunction with the City's Community Restoration Program; and

WHEREAS, there is presently an existing loan and repayment agreement between the City of Oakland and the CalHFA -HELP Loan Program, and said loan matured and was due on April 11, 2010, in a principal balance and interest amount up to \$230,000; and

WHEREAS, the Redevelopment Agency recognizes the purpose of the City of Oakland and CalHFA-HELP Loan Program to provide homeownership programs for low and moderate income households under the Community Restoration Program and has identified this activity as a priority; and

WHEREAS, the Redevelopment Agency and the City entered into a Cooperation Agreement on July 1, 2004, which governs the provision of assistance and the payment of funds between the two agencies, including funding by the Agency of City programs that promote the Agency's redevelopment activities; and

WHEREAS, the Redevelopment Agency desires to provide the City with a contribution of up to \$230,000 for the purpose of repayment of the CalHFA-HELP Loan Program; and

WHEREAS, funds are available from the Low and Moderate Income Housing Fund (9580), Housing Development Organization (88919), Low-Mod Housing Staff Project (S64300) for this purpose; now, therefore, be it resolved

RESOLVED: That the Redevelopment Agency hereby authorizes a contribution of up to \$230,000 to the City under the Cooperation Agreement to fund the repayment of the CalHFA-Help Loan Program; and be it

FURTHER RESOLVED: That the Redevelopment Agency hereby re-allocates funds in the amount of \$230,000 to the Low and Moderate Income Housing Fund (9580), Housing Development Organization (88929), CalFHA HELP Loan Program Project for this purpose; and be it

FURTHER RESOLVED: That any repayment of these funds received by the Agency from the City shall be deposited to the Low and Moderate Income Housing Fund (9590); and be it

FURTHER RESOLVED: That the Agency Administrator or his designee authorized to take action with respect to this funding consistent with this Resolution and its basic purposes.

IN AGENCY, OAKLAND, CALIFORNIA, _____

PASSED BY THE FOLLOWING VOTE:

AYES - BROOKS, DE LA FUENTE, KAPLAN, KERNIGHAN, NADEL, QUAN, REID, AND
CHAIRPERSON BRUNNER

NOES -

ABSENT -

ABSTENTION -

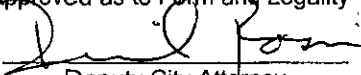
ATTEST:

LATONDA SIMMONS
Secretary, Redevelopment Agency of
the City of Oakland, California

FILED
OFFICE OF THE CITY CLERK
OAKLAND

2010 MAY 13 PM 1:42

Approved as to Form and Legality


Deputy City Attorney

OAKLAND CITY COUNCIL

Resolution No. _____ C.M.S.

RESOLUTION ACCEPTING AND APPROPRIATING A CONTRIBUTION OF UP TO \$230,000 FROM THE REDEVELOPMENT AGENCY UNDER THE COOPERATION AGREEMENT TO FUND THE REPAYMENT OF A LOAN FROM THE CALIFORNIA HOUSING FINANCE AGENCY-HOUSING ENABLED BY LOCAL PARTNERSHIP PROGRAM

WHEREAS, in Fiscal Year 1999-2000, the City of Oakland applied for and received funding in the amount of \$900,000 from the California Housing Finance Agency ("CalHFA")-HELP Loan Program to use in conjunction with the City's Community Restoration Program; and

WHEREAS, there is presently an existing loan and repayment agreement between the City and the CalHFA-HELP Loan Program, and said loan matured and was due on April 11, 2010, in a principal balance and interest amount up to \$230,000; and

WHEREAS, the City of Oakland recognizes the purpose to provide homeownership programs for low and moderate income households under the Community Restoration Program and has identified this activity as priority; and

WHEREAS, the Redevelopment Agency and the City entered into a Cooperation Agreement on July 1, 2004, which governs the provision of assistance and the payment of funds between the two agencies, including funding by the Agency of City programs that promote the Agency's redevelopment activities; and

WHEREAS, the Redevelopment Agency desires to provide the City with a contribution of up to \$230,000 for the purpose of repayment of the CalHFA-HELP Loan Program; and

WHEREAS, funds are available from the Redevelopment Agency's Low and Moderate Income Housing Fund (9580) for this purpose; now, therefore, be it

RESOLVED: That the City Council hereby accepts a contribution of up to \$230,000 in Fiscal Year 2009/2010 from the Redevelopment Agency under the Cooperation Agreement to be used for the repayment of a loan from the California Housing Finance Agency-HELP Loan Program; and be it

FURTHER RESOLVED: That said funds are appropriated to the State of California Other Fund (2159), Housing Development Organization (88929), California Housing Finance Agency-HELP Loan Program Project; and be it

FURTHER RESOLVED: That any proceeds received by the City from repayments of loans made with CalHFA-HELP Loan Program funds shall be paid to the Redevelopment Agency's Low and Moderate Income Housing Fund; and be it

FURTHER RESOLVED: That the City Administrator or his designee is authorized to negotiate, execute, and submit all documents, applications, agreements and amendments which may be necessary to repay the loan; and be it

FURTHER RESOLVED: That the Office of the City Attorney shall approve the agreements and all such other documents, applications, agreements, and amendments, as to form and legality; and be it

FURTHER RESOLVED: That the City Administrator or his designee is authorized to take any other actions with respect to the repayment of the California Housing Finance Agency-HELP Loan Program consistent with this Resolution and its basic purposes.

IN COUNCIL, OAKLAND, CALIFORNIA, _____

PASSED BY THE FOLLOWING VOTE:

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

NOES -

ABSENT -

ABSTENTION -

ATTEST:

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