

2014 MAY 29 AM 11:46

OAKLAND CITY COUNCIL

RESOLUTION No. 85058 C.M.S.

A RESOLUTION AUTHORIZING MODIFICATIONS TO THE REPAYMENT TERMS FOR FIRST-TIME HOMEBUYER MORTGAGE ASSISTANCE PROGRAM LOANS FUNDED AFTER APRIL 2001 ON RESALE RESTRICTED PROPERTIES TO ALLOW LOAN ASSUMPTION AND LIMIT RECAPTURE TO A SHARE OF APPRECIATION, AND AMENDING THE CONSOLIDATED PLAN FOR HOUSING AND COMMUNITY DEVELOPMENT TO PROVIDE FOR THESE MODIFICATIONS

WHEREAS, the First-Time Homebuyer Mortgage Assistance Program (MAP) assists low and moderate income first time homebuyers to purchase homes in Oakland by providing deferred loans, thereby generating more private mortgage lending activity and increased awareness of existing City and local housing programs and opportunities; and

WHEREAS, loans made after April 2001 had repayment provisions requiring payment of principal and 3% simple interest per annum due upon transfer or the end of the 30 year term; and

WHEREAS, some homes purchased with these loans have long term affordability controls that restrict the resale price and limit appreciation; and

WHEREAS, the rate of appreciation on the price restricted homes is similar to the accrual of interest on differed MAP loans preventing the owner from gaining equity in the property; and

WHEREAS, the City wishes to retroactively modify the repayment provisions of these loans with resale price restrictions to permit borrowers to retain, when feasible, equity gained through principal payment and a percent of net appreciation established by a proportion of the City's investment in the transaction; and

WHEREAS, modifications to the terms of loans made with federal American Dream Down Payment Assistance (ADDI) funds must be enacted through an amendment to the City's adopted Consolidated Plan; now, therefore, be it

RESOLVED: That the City Council hereby authorizes the City Administrator or his or her designee to retroactively modify the terms of MAP loans funded after April 2001, in cases where the property has long term affordability controls in place that restrict resale price, to allow for the assumption of the loan upon resale with recapture to the City limited to an appreciation share proportionate to the City's investment; and be it

FURTHER RESOLVED: That MAP loans on future transaction with long term affordability controls that restrict resale price and provide for limited appreciation shall be made assumable with recapture to the City limited to an appreciation share proportionate to the City's investment; and be it

FURTHER RESOLVED: That the City Council hereby adopts an amendment to the City's Consolidated Plan for Housing and Community Development for 2004 – 2013, including any Action Plans adopted pursuant to the Consolidated Plan, to reflect this modification to the MAP; and be it

FURTHER RESOLVED: That the City Council hereby appoints the City Administrator and his or her designee as agent of the City to take any action necessary to prepare and execute documents, administer the changes to the MAP loan repayment terms, submit to HUD an amendment to the Consolidated Plan, and take any other necessary action consistent with this Resolution and its basic purpose.

— JUN 17 2014

IN COUNCIL, OAKLAND, CALIFORNIA, _____

PASSED BY THE FOLLOWING VOTE:

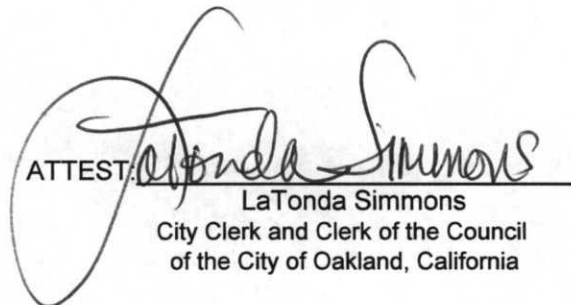
AYES - BROOKS, GALLO, GIBSON MCELHANEY, KALB, KAPLAN, REID, SCHAAF and PRESIDENT KERNIGHAN - 8

NOES - 0

ABSENT - 0

ABSTENTION - 0

ATTEST:


LaTonda Simmons
City Clerk and Clerk of the Council
of the City of Oakland, California