

2008

# Financial Terms, Policies and Documents

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# Alameda County Focus

## Rental Properties

- High Risk
- High Return

Properties associated with an EBL child



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# Financial Package – Competing Priorities

- Easy to explain and understand
- Easy to administer
- Appealing to property owners
- Adequate for most projects
- Protect program from over-spending
- Encourage owner contributions
- Provide for program income



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# Basics

- Establish funding levels and policies
- Outreach
- Application
- Initial Checks
- Assistance to owners



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# Basics

Outreach: Clearly identify requirements

- Any liens, three-year obligations, etc.
- Provide examples of financing

Application: Ask about

- Liens, judgements
- Changes in ownership
- Plans to sell or refinance



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# Basics

## Initial Check

- Public Records-ownership
- Assessor's Office-unpaid property tax

## Provide Information on how to:

- Remove liens-phone #/office location
- Remove deceased owners
- Establish Power of Attorney



# Financing Options

## Type

- Grants
- Deferred Loans
- Amortized Loans

## Terms

- Funding Amounts
- Interest Rate



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# Financing Options

## Loan forgiveness/bonus grants

- For compliance
- For owner contribution



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# Examples

- \$10k deferred loan w/ \$5k matching grant per unit
- \$10k grant (special project)
- \$7500 matching grant plus \$2500 matching grant per ea. addl. unit, plus no-interest deferred loan could be used as match
- \$15k + \$5k per addl. unit deferred loan, w/ 50% forgiveness, bonus 25% forgiveness for match work
- \$4k grant plus \$2k deferred loan per unit, match forgiveness, extra grant for EBL-related



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# Factors

- Appealing to owners
  - Awareness
  - Economic climate
  - Incentives
- Owner connection/investment
- Balance different priorities
- Control costs, upper limit
- Understandable



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# Adaptations

- Limited number of 1 and 2-unit projects
- \$5k limited loan program for 1s and 2s

Monitor expenses and enrollment, adjust

- Special focus area grants
  - Underserved area, hard-to-reach owners
- Higher limits for EBL-related properties

Note: Monitor program income during grant period



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# Other Policies

## Other Policies

- Subordination
- Assumption
- Program role in contract, payments and change orders

## Title Report

- Prior to closing
- Policy on pre-existing liens/defects



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# Documents

- Owner-program agreement
- Conditional Security Note (Grant)
- Promissory Note (Loan)
- Deed of Trust
- Funding Letter
- Financial Itemization
- Truth in Lending



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# Documents

- Subordination Policy
- Request for Addition as Loss Payee
- Request for Notice of Default and Sale



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# Resources

- Title Company
- Assessor's Office
- Recorder's Office
- Housing Rehabilitation Programs
- Notary(ies)
- HUD GTR/GTM
- Other Grantees



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