STAFF REPORT

December 11, 2019

Project Title: Request for LM Loan Subordination

Project Applicant: Pamela Watson-Howard

Project Location: 2139 H Street, Eureka
                APN: 011-015-009

Background & Overview:

In November of 2002, Pamela Watson-Howard, received a $40,000.00 City of Eureka Housing Successor Loan (formerly a Low and Moderate Income Housing Fund) owner-occupied rehabilitation loan with deferred payments for fifteen years. Her loan matured on October 13, 2019, fifteen years from the date of the recording of the “Estoppel Notice of Completion” on October 13, 2004. Ms. Howard received a letter stating the available options for repayment and included an application for loan extension. On November 21, 2019, she submitted a complete application packet to city staff indicating that payments would not be affordable to her at this time and would create a hardship due to medical and financial reasons. The Current combined debt to value ratio on property is 85%, and the current income to housing expense ratios is 43%, which is above the City’s recommended 30% maximum.

She also included in her application, two lender’s notices of eligibility to finance her current debt to the City due to her current income status. She is eligible to extend her loan for an additional 15 years, with interest continuing to accrue at 3% and a requirement to continue to meet all loan requirements as outlined in her loan documents. As per the following Housing Rehabilitation Policies and Procedures, Loan Servicing Guidelines, deferred loans to elderly (60+) will renew automatically for the additional term, in this case an additional 15 years, to mature on October 13, 2034.
FINDINGS:

1. The applicant has complied with the City’s requirements for a request for a fifteen-year loan extension and this request meets the City’s policies for a loan extension.
2. Visual evaluation of the property shows that the property has been adequately maintained and the value is sufficient to support the City’s security interest.
3. The applicant has kept her property taxes and hazard insurance payments current.
4. Private or conventional financing would not be affordable.
5. The applicant continues to occupy the property.

RECOMMENDATION:

Staff recommends approval of this Housing Successor loan extension retroactively from October 13, 2019, to expire on October 13, 2034 (fifteen years), or upon transfer of title, or change of occupancy as this loan is contingent upon owner occupancy.

Please find the attachments for your review.

1. Application & Request for extension
2. Photos of 2139 H Street
City of Eureka
LMIHF Loan Extension Application

Borrower:
Name: Pamela L Watson
Date of Birth: 7-23-53
SSN:
Address: 2139 H St
City: Eureka
State: CA
Zip: 95501
Home Phone: 707-599-037
Business Phone: n/a
Current Employer: n/a
Gross income: ☐ Weekly ☐ Monthly ☐ Yearly
Other Income (such as alimony & child support) must be listed:
Source: rent $ 2,250 ☐ Weekly ☐ Monthly ☐ Yearly
Source: SS $ 980 ☐ Weekly ☐ Monthly ☐ Yearly
Source: ☐ Weekly ☐ Monthly ☐ Yearly
Dependents (name and age): n/a

Explanation of Loan Extension Request:
Medical and financial hardships monthly expenses maintenance exceed income

(Attach Additional Pages as Necessary)

Co-Borrower:
Name: ____________________
Date of Birth: ________
SSN: ________________
Address: ____________________
City: Eureka
State: CA
Zip: __________
Home Phone: ____________________
Business Phone: ____________________
Current Employer: ____________________
Gross income: ____________________
Other income (such as alimony & child support) must be listed:
Source: ____________________ $ ___
Source: ____________________ $ ___
Total $ ____________________
☐ Weekly ☐ Monthly ☐ Yearly
☐ Weekly ☐ Monthly ☐ Yearly

Information on Property: Square Footage: _______ Bedrooms: _______ Bathrooms: _______
Provide copy of recent appraisal, if available, or estimate of current value: $ _______

Current Lender's Information: Provide copy of recent first mortgage statement, including the term, monthly payment amount, unpaid loan balance, and interest rate of your first mortgage loan.

Lender: _______ Monthly Payment: _______
Lender: _______ Monthly Payment: _______

Are Real Estate Taxes included in your monthly payment?  ☑ Yes  ☐ No
Is Insurance included in your monthly payment?  ☐ Yes  ☑ No
Are real estate taxes and insurance continuing to be impounded monthly?  ☐ Yes  ☑ No

Monthly Expenses:

Mo. House Payments $ 1,878.09  Utilities:
R.E. Taxes $ 750 Included
Insurance $ 75
Maintenance $ 50
Water/Sewer $ 60 - 75
Electric/Gas $ 50 - 125
Garbage $ 18
Total $ 2,878.09  Total $ 2,878.09

By signing you: 1) Certify that the above information is true and complete as of the date below.
2) Agree that this application is the property of the City and need not be returned to you. 3) Authorize the City to verify the accuracy and completeness of all the information above from any source the City chooses. 4) Certify that you understand that any information provided as part of this application is public information.

Borrower ____________________________  Date  11-20-19

Borrower ____________________________  Date ____________________________