

RESOLUTION NO. RA 98-04

A RESOLUTION OF THE PASO ROBLES REDEVELOPMENT AGENCY  
ESTABLISHING CRITERIA FOR RESUBORDINATION OF SECOND AND THIRD  
MORTGAGES FUNDED BY LOW AND MODERATE INCOME HOUSING FUNDS

WHEREAS, the Redevelopment Agency has provided second and third mortgage loans to low and moderate income households for residential rehabilitation, and plans to provide such loans for first-time homebuyers assistance using Low and Moderate Income Housing (LMIH) funds; and

WHEREAS, from time to time it is either necessary or in the best financial interest of homeowners to refinance their first mortgages and request that the Redevelopment Agency resubordinate its second or third mortgages to the new first mortgages; and

WHEREAS, the purpose of the Redevelopment Agency's second and third mortgages is to use public LMIH funds to assist low and moderate income persons purchase or maintain housing in good repair and such funds should not be subordinate to a loan for expenses, such as short-term debt obligations, that are less essential than housing; and

WHEREAS, there are no state regulations governing resubordination of LMIH-funded loans;

NOW, THEREFORE, BE IT RESOLVED, by the Paso Robles Redevelopment Agency to establish the following criteria for resubordination of second or third mortgages funded by Redevelopment Low and Moderate Income Housing funds:

1. The existing second or third mortgage loan, in addition to other existing and/or proposed loans, shall not result in a lien to value (LTV) ratio on the property exceeding 80 percent, as shown by a certified appraisal.
2. The proceeds of the new loan shall only be used to pay off the existing loan or loans superior to the Redevelopment Agency's loan and to pay closing costs. Proceeds of the loan shall not be used to pay consumer debt or provide cash to the property owner. This shall be verified through a detailed statement from the lender showing all closing costs and payoff amounts.
3. The new loan must achieve a better financial situation for the borrower, such as a lower interest rate and lower payments.
4. The terms of the note and deed of trust have not been violated.

PASSED AND ADOPTED THIS 7th day of April, 1998 by the following roll call vote:

AYES: Baron, Iversen, Macklin, Picanco, and Swanson

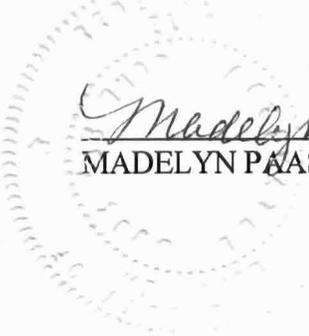
NOES: None

ABSENT: None

ABSTAIN: None

  
CHAIRMAN LEE SWANSON

ATTEST:

  
  
MADELYN PAASCH, SECRETARY