

RESOLUTION NO. RA 98-05

A RESOLUTION OF THE PASO ROBLES REDEVELOPMENT AGENCY
WITHDRAWING PARTICIPATION IN THE CALIFORNIA HOUSING LOAN INSURANCE
FUND'S 97 PERCENT LOAN PLEDGE POOL PROGRAM

WHEREAS, at its meeting of October 17, 1995, the Paso Robles Redevelopment Agency adopted Resolution RD 95-08, authorizing a pledge of \$100,000 in Low and Moderate Income Housing (LMIH) Funds to the California Housing Loan Insurance Fund's (CAHLIF) 97 Percent Pledge Pool Program for the purpose of forming a mortgage insurance pool to leverage up to \$5,000,000 in mortgage loans for 97% mortgages for low and moderate income first-time homebuyers; and

WHEREAS, the marketability of the Paso Robles Redevelopment Agency's participation in CAHLIF's 97 Percent Pledge Pool Program was based the following factors:

- ◆ The ability to combine Pledge Pool mortgage loans with Mortgage Credit Certificates; and
- ◆ Pledge Pool loans were open to households earning up to 120% of the County Median Income, whereas their closest competitor loans, 97% FHA loans made by the California Housing Finance Agency (CHFA), were limited to households earning 100% or less of the County Median Income; and

WHEREAS, before any 97% Pledge Pool loans could be made with the Redevelopment Agency's pledge, the following occurred, which had the effect of making pledge pool loans not competitive in the low and moderate income marketplace:

- ◆ The California Debt Limit Allocation Committee substantially reduced the allocations of Mortgage Credit Certificates to San Luis Obispo County, so that it became impractical to rely on their availability to be combined with pledge pool loans;
- ◆ CHFA changed its underwriting criteria for their 97% FHA loans so that households earning up to 120% of the County Median Income could obtain CHFA-FHA loans, which have a lower interest rate than pledge pool loans; and

WHEREAS, no mortgage loans have been made with the Paso Robles Redevelopment Agency's Pledge of \$100,000; and

WHEREAS, Paragraph 6b of the 97% Loan Pledge Agreement between CAHLIF and the Paso Robles Redevelopment Agency provides that said agreement may be terminated by any party without cause at any time by providing written notice to the other parties;

NOW, THEREFORE, BE IT RESOLVED, by the Paso Robles Redevelopment Agency to withdraw its participation in CAHLIF's 97 Percent Pledge Pool Program and authorize the Executive Director to give notice of termination of the 97% Loan Pledge Agreement, as provided in Paragraph 6b of said agreement.

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

ED\REDEV\CAHLIF\WITHDRAWAL RESO