



**Contra  
Costa  
County**

To: Board of Supervisors  
From: John Kopchik, Director, Conservation & Development Department  
Date: December 15, 2015

Subject: Correct promissory notes made to first time homebuyers for properties located in the 5th and Giaramita Street Development in North Richmond

### **RECOMMENDATION(S):**

1. ACCEPT the assignment of promissory notes and deeds of trust from Neighborhood House North Richmond in connection with the Community Development Block Grant (CDBG) First Time Homebuyer Program for the Fifth and Giaramita Street Development properties, and
2. APPROVE and AUTHORIZE the Conservation and Development Director, or designee, to correct the promissory notes to conform to the terms previously approved by the County Board of Supervisors.

### **FISCAL IMPACT:**

No impact to the General Fund. The loans were made with Community Development Block Grant (CDBG) funds. CDBG funds are provided to the County on a formula allocation basis through the U. S. Department of Housing and Urban Development. CFDA #14.218

### **BACKGROUND:**

On April 10, 1990, the Board of Supervisors approved an agreement with Neighborhood

☒ APPROVE

☐ OTHER

☒ RECOMMENDATION OF CNTY ADMINISTRATOR

☐ RECOMMENDATION OF BOARD COMMITTEE

Action of Board On: **12/15/2015** ☒ APPROVED AS RECOMMENDED ☐ OTHER

Clerks Notes:

#### **VOTE OF SUPERVISORS**

AYE: John Gioia, District I Supervisor  
Candace Andersen, District II Supervisor  
Mary N. Piepho, District III Supervisor  
Karen Mitchoff, District IV Supervisor  
Federal D. Glover, District V Supervisor

I hereby certify that this is a true and correct copy of an action taken and entered on the minutes of the Board of Supervisors on the date shown.

ATTESTED: December 15, 2015

David Twa, County Administrator and Clerk of the Board of Supervisors

By: Stephanie L. Mello, Deputy

Contact: Kara Douglas  
925-674-7880

cc:

House of North Richmond (NHNR) to administer a Community Development Block Grant (CDBG) down payment assistance program in North Richmond (the Program). Seven loans were made to low-income first-time homebuyers as part of the Program.

## BACKGROUND: (CONT'D)

The homes that were purchased by the homebuyers as part of the Program were constructed on parcels owned by the former Redevelopment Agency of Contra Costa County (RDA) at Fifth and Giaramita Streets in North Richmond. To make the homes affordable to low-income households, the Program was established. NHNR served as a conduit of the CDBG funds, pursuant to an agreement between NHNR and the RDA. The April 10, 1990 Board order, and a related Board order dated May 11, 1989, state that each loan would be "Deferred, Zero Interest" and "would have no monthly payment nor interest attached to it." The loans are deferred (no payments due) for thirty years. Starting in year 21, the loans are to be forgiven at a rate of ten percent per year, with total forgiveness in year 30. The promissory note issued in connection with each of the loans, however, states that the note bears interest, with rates that vary between 5.5 and 6.125 percent, compounding annually.

To facilitate on-going administration of these loans, staff recommends that the County take an assignment of each of the six remaining promissory notes, and related deeds of trusts, that were issued as part of the Program. (One of the homes financed under the Program was lost in foreclosure in 2008.) Staff also recommends that the County then cause each of the notes to be canceled and replaced with a new note that reflects the loan terms approved by the Board in 1989 and 1990. The new notes will include zero interest and forgiveness of the loan in increments over the last ten years of the loan term. In addition, the existing deeds of trust will be reconveyed and replaced with new deeds of trust.

## CONSEQUENCE OF NEGATIVE ACTION:

If the Board of Supervisors does not approve this request, the homebuyers who sell their homes before the notes are corrected will be required to pay interest that the Board of Supervisors did not authorize to have applied to the loans.

## ATTACHMENTS

5th & Giaramita Loans  
May 1989 Board Order  
April 1990 Board Order  
Deed of Trust  
Promissory Note