

Item Title: Assumption of Housing Rehabilitation Loan

Specific Action Requested:

That the Board of Commissioners:

- 1. Approves the execution of a new Deed of Trust and Promissory Note with the current loan balance to allow James Carrington to assume that balance for property at 2401 Trueway Lane Raleigh NC, subject to terms and conditions acceptable to the County Attorney; and**
- 2. Approves the cancellation of record the previous Deed of Trusts and Promissory Notes on this property to which Wake County is a beneficiary.**

Item Summary:

Since 1992, Wake County Housing and Community Revitalization has managed a homeowner rehabilitation program for qualified homeowners. This program provides loans and grants to low income families needing repairs to their homes. The program is fully funded through the Federal Community Development Block Grant (CDBG) that is received annually from the US Department of Housing and Urban Development (HUD). Loan payments are deferred for elderly and very low income families. Non-elderly, employed homeowners earning at or below 80% area median income receive amortized loans based on affordability. The intent of the program is to keep people in their homes and prevent them from becoming homeless or going prematurely to an assisted living facility.

There is no CDBG requirement that funds used for home repairs be repaid by the homeowner. Housing and Community Revitalization initially structured the assistance as a loan so that it can recoup funds when the property is no longer occupied by the original homeowner. Those recouped funds are used to assist additional homeowners.

In 2005, Ezekiel and Mary Carrington applied for and received a deferred payment loan, using federal CDBG funds, in the amount of \$97,730 to replace their home, located at 2401 Trueway Lane in Raleigh (REID # 0011813). In 2006, the Carrington's applied for additional septic repair funds in the amount of \$2,300, for a total loan of \$100,030. The Wake County lien is in first position. The annual income for the Carrington's and their son Cleveland was \$18,456. All three have since passed.

Housing & Community Revitalization has a change in loan status policy. A change in residential status happens upon:

- Death of a borrower
- Any change in ownership of the property
- The borrower no longer occupies the property as a primary residence

Upon notification of a change in residential status, the owner/family/heirs are given the following options:

- Property can be sold or refinanced with private mortgage to satisfy the entire balance
- A qualified heir may move into the property. A qualified heir must:
 - Have a household income at or below 80 % area median income
 - Maintain the required monthly payment is \$400 at 0% interest

Wake County worked with the heir, James Carrington, currently living in the property. He has been income qualified and is current on the monthly loan payment of \$400. Because of multiple heirs to the property, HCR required that the family file an estate. The estate was filed and is now closed. A title search was done on the property by the Stuart Law Firm. Nothing was found that would supersede the County mortgage. A new Deed of Trust and Promissory can now be signed with the current loan balance, which will be approximately \$94,000 less any payments made or attorney fees applied before the documents are prepared.

Attachments:

1. Previous Deed of Trust, Promissory Note & Loan Modification
2. Map of the Subject Property
3. Title Opinion Memo