

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 Cody Allred to assume the loan for property located at 501 Olive Street, Apex, NC subject to terms and conditions acceptable to the County Attorney, and;**
- 2. Approves the cancellation of record of the previous Deed of Trust and Promissory Note on this property to which Wake County is a beneficiary.**

Item Summary:

Purpose: The Board of Commissioners approves real estate transactions associated with affordable housing development of Wake County Property.

Background: In 2007, Beverlie Allred applied for and received a loan, using Federal CDBG funds, in the amount of \$77,877.54 to repair her home located at 501 Olive Street in Apex, NC (REID #0077336). The loan is amortized at 3% interest with a 30-year term. Ms. Allred passed away in October 2014. Her sole heir, Cody Allred, makes the monthly loan payments in the amount of \$328.33. The County required that an estate be filed for Beverlie Allred. The estate was filed and is now closed. A title search on the property was performed by the Stuart Law Firm. Nothing was found that would supersede the County mortgage. A new Deed of Trust and Promissory Note can be signed with the current loan balance of approximately \$58,541.53 plus attorney fees and less any payments made before document signing.

Board Goal: This Board action complements housing affordability initiatives in the Social and Economic Vitality goal area.

Fiscal Impact: No fiscal impact change. The County will continue to receive monthly loan payments for the property. There will be no changes to the loan term or interest rate.

Additional Information:

Since 1992, Wake County Housing Affordability and Community Revitalization has managed a homeowner rehabilitation program. This program provides loans and grants to low income families needing repairs to their homes. The program is funded through the

Federal Community Development Block Grant that is received annually through the U.S. Department of Housing and Urban Development (HUD). Until 2012, loan payments were amortized or deferred for elderly or very low-income families. The current program provides grants to elderly and disabled and low -income individuals for rehabilitation and emergency repairs. The intent of the rehabilitation program is to keep individuals in the home and preserve affordability.

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
- A monthly loan payment is required

Based on income, Mr. Allred meets the criteria of a qualified heir.

Attachments:

1. Deed of Trust & Promissory Note
2. Map of Subject Property
3. Title Search Summary Memo