



Item Number: 10

**City Council / Board of Directors**

**Consent Calendar**

**Meeting of: September 19, 2023**

**Submitted By:**

Keith C. Metzler, City Manager

**Subject:**

Substitution of Trustee and Full Reconveyance and Release of Declaration of Covenants, Conditions and Restrictions for Owner-Occupied Residential Rehabilitation Loan No. 0478-071-08 Brunner

**Recommendation:**

That the City Council:

- 1) Approve the Substitution of Trustee and Full Reconveyance for Owner-Occupied Residential Rehabilitation ("OOR") Loan No. 0478-071-08 Brunner;
- 2) Approve the Termination and Release of Declaration of Covenants, Conditions, and Restrictions ("CC&R's");
- 3) Authorize the execution thereof by the City Manager;
- 4) Accept the payoff of the loan receivable; and
- 5) Adopt Resolution No. CHAS 23-003, amending the annual budget for Fiscal Year 2022-2023; approving additional revenue.

**Fiscal Impact:**

Approval of this item will result in an unbudgeted revenue in the amount of \$26,775 to Account No. 2053080-47520-89024 (City as Housing Assets Successor ("CHAS")).

**Strategic Plan Goal:**

Strategic Plan Goal A. Financial Sustainability is being met by increasing revenues in the CHAS Fund.

**Background:**

The former Victorville Redevelopment Agency ("RDA") Board authorized staff to provide residential rehabilitation loans to low-income homeowners. Consequently, on October 29, 2007, the RDA issued Joan M. Brunner and Cynthia Padron (hereinafter referred to as "Participants") an OOR Loan in the amount of \$25,775, which is evidenced by a Deed of Trust and Promissory Note recorded against the property. Subsequently, on April 3, 2008,

two change orders totaling \$1,000 were approved by the RDA to fund unforeseeable construction expenses. The change orders increased the final amount borrowed from the Participants from \$25,775 to \$26,775. According to the Promissory Note, the term of the note was for thirty (30) years from the date of execution, having an annual interest rate of 0%, with no monthly payments, if the Participants occupied the property as their primary residence. For your reference, Attachment A includes copies of the Original Deed of Trust, Promissory Note, Contract Change Orders and Declaration of Covenants, Conditions, and Restrictions (the "CC&R's").

**Discussion:**

On June 30, 2023, the Participants paid off their OOR Loan in the amount of \$26,775, and as a result, requested the reconveyance of the Deed of Trust that secured the OOR Loan, as well as the release of the encumbrance of the CC&R's.

Because the Participants received financial assistance to rehabilitate or repair their property, the RDA recorded the CC&R's against the property to preserve the continued affordability for forty-five (45) years restricting the property to low-income persons or families. However, pursuant to Article 1 Section 2 of the CC&R's, and because the OOR Loan has been paid off, it is reasonable to remove the CCR's from the property's title as there is no outstanding loan due by the Participants. Therefore, staff has prepared the attached Termination and Release of Declaration of Covenants, Conditions and Restrictions.

Since the Participants have satisfied the terms of the Promissory Note and the Deed of Trust, staff is requesting your approval in executing the recording of the Substitution of Trustee and Full Reconveyance, the Termination and Release of Declaration of Covenants, Conditions and Restrictions, accept the payoff of the loan receivable, and the adoption of Resolution No. CHAS 23-003 amending the annual budget for fiscal year 2022-2023.

Staff remains available for any questions or comments you might have.

- Attachments:**
- A. Original Deed of Trust, Promissory Note, Contract Change Orders, and Declaration of Covenants, Conditions and Restrictions
  - B. Substitution of Trustee and Full Reconveyance
  - C. Termination and Release of Declaration of Covenants, Conditions and Restrictions
  - D. Resolution No. CHAS 23-003