

Sample Board Authorization & Match

Letter should be on organization letterhead

The following resolution was presented and adopted by the (Name of Organization) Board of Directors at the (Date of Meeting) Board meeting held at (Location).

Public Service Activities:

(Name) moved and (Name) seconded the motion to endorse the FY_____ Community Development Block Grant (CDBG) application for (project description) in the amount of (Dollar Amount). *If applicable authorizes the matching funds for this request in the amount of (Dollar Amount).* Further, it is understood that the dollar amount of assistance will be fully forgiven for public service activities if the project has completed its specified purpose.

Motion passed unanimously.

Name
Secretary to the Board

Rehabilitation Loans:

Option #1

(Name) moved and (Name) seconded the motion to endorse the FY_____ Community Development Block Grant (CDBG) application for (project description) in the amount of (Dollar Amount) along with (Dollar Amount) as required contingency funds for implementation of the rehabilitation project. ***If applicable authorizes the matching funds for this request in the amount of (Dollar Amount).***

Further, it is understood that the total amount of assistance provided, will be secured through a 30- Year Deed of Trust and Promissory Note on the property. The trust will become payable if the property ceases to be utilized for the intended purpose of purchase, or is sold, or the primary loan is refinanced for the purpose of removing equity from the property, or the borrower fails or neglects to pay the taxes, assessments, or premiums for hazard, flood (if required) or mortgage insurance, or terms of the deed of trust are violated whichever occurs first. After 30 years loan is forgiven and released from the land records.

At the time that the property is sold, vacated, leased or transferred to any person other than the original parties to the loan, the principal only amount of the loan becomes due and payable to the County. In the event of foreclosure by the First Lender, the County, at its sole discretion, may release the Borrower from their obligation to repay the entire principal or a portion thereof. These stipulations are set forth in the Deed of Trust and Note.

Subordination of Loan – All Loans will not be subordinated at any time during the deferral or repayment period to a home equity loan, reverse mortgage or any other form of refinance of the first trust that result in removal of equity from the property for any reason (i.e. cash, loan consolidation, debt repayment, home improvements, education expenses, etc.).

Motion passed unanimously.

Name
Secretary to the Board

Option #2

(Name) moved and (Name) seconded the motion to endorse the FY_____ Community Development Block Grant (CDBG) application for (project description) in the amount of (Dollar Amount) along with (Dollar Amount) as required contingency funds for implementation of the rehabilitation project. ***If applicable authorizes the matching funds for this request in the amount of (Dollar Amount).***

The amount of assistance provided will be secured by repayable Deed of Trust and Promissory Note on the property with zero percent interest payable with principal only, over (number of years ranging from 15 to 30) years with payments beginning July 20_____. The trust will not be due and payable until the property ceases to be used for the designated purpose, or is sold, or the primary loan is refinanced for the purpose of removing equity from the property, or the borrower fails or neglects to pay the taxes, assessments, or premiums for hazard, flood (if required) or mortgage insurance, or terms of the deed of trust are violated.

Subordination of Loan – All Loans will not be subordinated at any time during the deferral or repayment period to a home equity loan, reverse mortgage or any other form of refinance of the first trust that result in removal of equity from the property for any reason (i.e. cash, loan consolidation, debt repayment, home improvements, education expenses, etc.).

Motion passed unanimously.

Name
Secretary to the Board

Acquisition/Rehabilitation Activities:

Option #1:

(Name) moved and (Name) seconded the motion to endorse the FY_____ Community Development Block Grant (CDBG) application for (project description) in the amount of (Dollar Amount) along with (Dollar Amount) as required contingency funds for implementation of the rehabilitation portion of the project. ***If applicable authorizes the matching funds for this request in the amount of (Dollar Amount).***

Further, it is understood that the total amount of assistance provided, plus a share of the market appreciation of the Property, will be secured through a 30- Year Deed of Trust and Promissory Note on the property. The trust will become payable if the property ceases to be utilized for the intended purpose of purchase, or is sold, or the primary loan is refinanced for the purpose of removing equity from the property, or the borrower fails or neglects to pay the taxes, assessments, or premiums for hazard, flood (if required) or mortgage insurance, or terms of the deed of trust are violated whichever occurs first. After 30 years loan is forgiven and released from the land records.

The share of market appreciation is the amount of funds the borrower must pay the County, in addition to the principal balance of the Loan, due to increased market value of the property at the time of resale, or repayment of the Loan prior to the end of the affordability period. Market value will be the greater of the contract sales price, or the value as determined by a licensed appraiser at the expense of the borrower, which is acceptable to the County. The

County's share of the market appreciation of the property will be calculated prior to deductions for real estate fees/commissions, settlement fees, judgments, liens or considerations for home improvements made by the Borrower and will equal the product of the market value at the time of sale or refinance, minus the original total acquisition cost multiplied by a fraction, the numerator of which is the principal sum of the Loan and the denominator is the property's original total acquisition cost.

Example: Market Value at time of sale: \$300,000
Original Total Acquisition cost: -\$200,000
Amount of Market Appreciation: \$100,000
Principal Sum of Loan \$75,000
Fraction: $\$75,000/\$200,000=.38$
County Share of Market Appreciation: $\$100,000 \times .38=\$38,000$
Borrower Share of Market Appreciation: $\$100,000 \times .62=\$62,000$

In the event of foreclosure by the First Lender, the County, at its sole discretion, may release the Borrower from their obligation to repay the entire principal and a share of the total market appreciation, or a portion thereof. These stipulations are set forth in the Deed of Trust, and Note.

Subordination of Loan – All Loans will not be subordinated at any time during the deferral or repayment period to a home equity loan, reverse mortgage or any other form of refinance of the first trust that result in removal of equity from the property for any reason (i.e. cash, loan consolidation, debt repayment, home improvements, education expenses, etc.).

Motion passed unanimously.

Name
Secretary to the Board

Option #2

(Name) moved and (Name) seconded the motion to endorse the FY_____ Community Development Block Grant (CDBG) application for (project description) in the amount of (Dollar Amount) along with (Dollar Amount) as required contingency funds for implementation of the rehabilitation project. ***If applicable authorizes the matching funds for this request in the amount of (Dollar Amount).***

The amount of assistance provided will be secured by repayable Deed of Trust and Note on the property with zero percent interest payable with principal only, over (number of years ranging from 15 to 30) years with payments beginning July 20_____. The trust will not be due and payable until the property ceases to be used for the designated purpose, or is sold, or the primary loan is refinanced for the purpose of removing equity from the property, or the borrower fails or neglects to pay the taxes, assessments, or premiums for hazard, flood (if required) or mortgage insurance, or terms of the deed of trust are violated.

Subordination of Loan – All Loans will not be subordinated at any time during the deferral or repayment period to a home equity loan, reverse mortgage or any other form of refinance of the first trust that result in removal of equity from the property for any reason (i.e. cash, loan consolidation, debt repayment, home improvements, education expenses, etc.).

Motion passed unanimously.

Name
Secretary to the Board

