

CITY OF NORWICH
REHAB REVIEW COMMITTEE MEETING

February 11, 2020

9:00 a.m.

Present: Rodney Bowie, H. Tucker Braddock, Jim Roberts, Stacey Gould, Jim Troeger, Kathryn Crees, Wayne Sharkey (staff)

- I. Rodney Bowie called the meeting of the Rehab Review Committee (RRC) to order at 9:00 a.m.
- II. Approval of Minutes – Motion was made by Tucker Braddock and seconded by Jim Roberts to accept the minutes as presented. Passed unanimously.
- III. Lead Hazard Control Grant – Wayne presented the committee with a synopsis of the grant as it was closed out (handout attached). Tucker asked how much money was returned. Wayne stated approximately \$200,000. Tucker asked how long the new grant would be available. Wayne stated 42 months.
- IV. Program Update – Kathy stated they are currently reviewing the policies and procedures and expect updates for the committee at the next meeting.

Wayne discussed the Loan Subordination procedure currently utilized by the office. In 2015, the Committee approved a temporary policy due to Loan to Value issues of properties applying for the program. At this time, we are suggesting we revert to the previous version (2012) Loan Subordination protocol. After reviewing the documents, motion was made by Tucker Braddock and seconded by Rodney Bowie to revert to the November 2012 loan subordination protocol. Motion carried unanimously.

- V. Adjournment – Motion was made by Jim Roberts and seconded by Tucker Braddock to adjourn the RRC meeting at 9:50 a.m. Motion carried unanimously.

Respectfully Submitted



Kathryn M. Crees
Community Development Director

Lead Paint Hazard Control Program 2016-2019

Accomplishments:

Lead Safe units Completed-	89
Average Lead Unit Cost-	\$12,441.46
Average H.H. Unit Cost-	\$3,289.00
General Rehabilitation Cost-	\$738,525.29
Job Training-	36 individuals
Children assisted-	98 Children in local properties
Blood testing-	119 children, identifying 4 EBLs
Outreach & Education-	23 Events, reaching 5000
Total Program Expenditure-	\$2,176,898.41

In addition to creating 89 lead safe housing units, rehabilitation and Healthy Homes funding allowed for many of these housing structures to correct additional safety and general housing related deficiencies. Roofing, Electrical, and high efficiency Heating System upgrades were among the many activities conducted on properties over the program's duration. This and the combined education, job training, and child blood testing efforts, rounded out the programs activities over the past 3 ½ years.



TO: ALL PERSONS REQUESTING REHAB LOAN SUBORDINATION
FROM: Office of Community Development
SUBJECT: LOAN SUBORDINATION

Please find the policies for subordination of loans attached for your review. The general process involves providing the requested information listed. The Development Office then reviews this information. Upon approval, the Corporation Counsel reviews all requests for form and legality and forwards it to the City Manager for signature.

**CITY OF NORWICH
OFFICE OF DEVELOPMENT
23 UNION STREET
NORWICH, CONNECTICUT 06360
(860) 823-3770**

PROTOCOL FOR LOAN SUBORDINATION

INTRODUCTION:

During the normal course of business within both the Rehabilitation Program and the Lead Hazard Control Program, a lien against the property is filed to protect the interests of the City of Norwich and the funding source of the particular grant program. The City recognizes the potential need of the property owners to refinance their mortgage, or otherwise alter the lien structure of the property without changing ownership. This protocol has been established to meet that need while establishing the protection required by our funding sources, and good business practice.

BASIC REQUIREMENTS:

The basic requirements for subordination are as follows:

1. The loan to value ratio of the property in question must be in keeping with good lending practice. The City's goal is to keep a 115% loan to value ratio on all properties.
2. The loan to value ratio will be established by the following method:
 - a. A property appraisal shall be conducted to determine the current value of the property. In the event the loan being sought does not include an appraisal, the actual property will be determined by the Assessed Value listed in the assessor's office. The assessed value represents 70% of the actual value. The assessed value will be mathematically extrapolated to represent the actual value by dividing by 70 percent.
 - b. The total of all liens placed against the property including the new financing, taxes, mortgages, and all others, will be divided by the property value. This will provide a loan to value ratio.
3. The property owner must be current on all municipal taxes, or the financing package must include repayment of back taxes.
4. All rehabilitation loans or other payments made to the City must be current, or the financing package must include the funding needed to make the payments current.
5. Does not provide for cash-back to the borrower exceeding the lower of \$2000 or 2% of the loan amount (limited cash-out)

PROCEDURE:

1. The request for subordination must include the following information:
 - a. Copy of lien to be subordinated
 - b. Appraisal of property showing current value
 - c. Copy of Tax Assessor's cards
 - d. Details of current funding showing proposed lien structure and amounts
 - e. Loan subordination agreement from lender
2. After receipt of the above information, the application will be reviewed by the Community Development Office and the Corporation Counsel for approval.
3. Notification of approval will be provided by the execution of the subordination by City officials.
4. Notification of denial or further information requests will be made in writing to the property owner.
5. Property owner should provide all the requested information a minimum of two weeks prior to closing. Any requests made with less than two weeks notice may not be considered.

SUBORDINATION REVIEW SHEET:

Client Name: _____ Address: _____

Current property value: \$ _____ (per appraisal dated _____)

Proposed Loan (\$ _____)

City Lien (\$ _____) (_____ original) (_____% forgiven)

Total Liens (\$ _____)

Loan to value Ratio: \$ _____ / \$ _____ = _____%

Tax Check:

As of _____:

Comments and Recommendations: