

Approved: 12-20-05

PORTSMOUTH HOUSING ENDOWMENT FUND ADVISORY BOARD

MEETING MINUTES

**June 28, 2005 Planning/Community Development Conference, Room 320 7:30 AM
Portsmouth City Hall**

Members Present: Linda Browning; Calvin Couch; Cindy Hayden, (ex-officio); Kathleen Dwyer (ex-officio); Steve Berg
Absent: Jeff Mountjoy (called)
Staff Present: David Moore

David Moore opened the meeting and moved to the first item of business, which was acceptance of the minutes from the November 20, 2003 meeting. Ms. Browning moved to accept the minutes as written, the motion was seconded by Ms. Dwyer and the question passed unanimously.

The next item on the agenda was a review of program activity. Mr. Moore distributed two summaries of HomeTown program activity from November 2003 to December 2004 and January 2005 to June 2005 and reviewed the information provided (attached). Mr. Berg asked Mr. Moore what type of housing the 4 households purchased under the program in 2004. Mr. Moore said that 3 condos and one single family home were purchased.

Mr. Moore moved onto the next agenda item, which was a discussion of ensuring that HomeTown assistance is provided to households who truly need down payment assistance. Mr. Moore and Ms. Hayden said that staff were concerned that it was possible that, an applicant with significant cash assets, but low annual income, could be eligible for HomeTown assistance. This situation could potentially occur because the program focused on spending down liquid assets, but does not disqualify someone from having a large amount of cash on hand either due to inheritance, lottery winnings, family gifts or the like. The board discussed this issue and agreed that staff talk to NHHFA and Citizens Bank as to how they address this issue. The board discussed the possibility of a putting a loan to value threshold in place. The board also generally felt that any new rule should have the ability to be tailored to other situations that may arise. Mr. Moore said he would follow-up with some options to be considered and consult the board in the development of any new guideline on this matter.

Mr. Moore provided an overview of current funds available for the HomeTown program. He explained that the principal amount of the endowment, which is invested and managed by the Trustees of the Trust funds is \$1.3 million. However, only approximately \$750,000 is available for the program because of limitations in the Trust document. In short, the corpus of the trust, as well as a portion of the interest it earns, is to be held and reinvested. Mr. Berg asked about the method by which the corpus of the fund could be accessed. Ms. Dwyer explained that only the City Council could authorize use of the corpus for the program.

Ms. Hayden then provided an overview of the status of the 54 1st time homebuyer loans that were made between 1989 and 1994. She said 15 loans are currently in monthly installment repayments, which total \$1,100 a month. The remainder of the loans have been discharged primarily through payment in full, although there were several bankruptcies where funds were not fully recouped.

Ms. Hayden said that only one borrower still has a loan note with the formula repayment provision who did not take advantage of the PHEF board's 1996 & 2000 offer to rewrite the loan note as a 0% monthly installment loan. Ms. Hayden asked the board to consider again offering the borrower the same opportunity to rewrite his loan, an option that is in keeping with the intent of the HomeTown program. The board concurred that this should be done and Ms. Hayden said she would follow up.

On another issue, Ms. Hayden said she had done a file review of all of the original 54 PHEF borrowers. During this review, she identified a clerical oversight, whereby a borrower who sold their home and made a lump sum repayment should have benefited from the board's policy to forgive interest accrued prior to 1996. In order to correct this clerical oversight with regard to the correct payoff amount, she said that the borrower needed to be reimbursed in the amount of \$2,392.00. There was consensus on the board to issue a check in the amount of \$2,392 reflecting the correct loan payoff. Ms. Hayden said she would take care of this as directed and write a memo to the file regarding this.

Ms. Hayden raised a final item regarding the one loan note currently held as a lien under the PHEF Special Needs Program. She reminded board members that the Special Needs Program can provide loans to homeowners unable to pay their mortgage or property taxes (for a short period of time) through no fault of their own. She said the intent is to keep people who are experiencing short-term problems from losing their homes. She also reminded the board that in January 1997 they agreed that the periodic financial reviews that had been carried out to determine a borrowers ability to begin repayment would be terminated. Instead, the board decided in January 1997 that the notes would remain as a lien against the property with the principal amount of the loan only becoming due at the sale of the property, with the loan to be 0% interest. Ms. Hayden asked if the board would like this policy to remain as is. The board concurred that they saw no need to change their January 1997 policy decision.

Mr. Moore and Ms. Hayden asked if there were any other questions or business for the board. Ms. Dwyer asked what percentage of people who bought homes through the program had moved on to different homes. Ms. Hayden said that she believes that somewhat less than ½ of the original 54 borrowers are currently still living in their homes and others have moved on to bigger homes in Portsmouth or outside the City. She said no one assisted through the HomeTown program has yet sold his or her home since it was re-initiated in 1999.

Hearing no other business, the meeting was adjourned at 8:45 a.m.