

MINUTES OF THE
SANTA FE COUNTY
AFFORDABLE HOUSING BOARD

February 28, 2012

This meeting of the Santa Fe County Affordable Housing Board was called to order on the above-cited date in the Santa Fe County Legal Conference Room, at the County Courthouse at approximately 11:15 a.m. by County Commission Chair Liz Stefanics.

Roll call indicated the presence of a quorum with the following Board members present:

Members Present:

Commissioner Liz Stefanics, Chair
Commissioner Kathy Holian
Commissioner Robert Anaya
Commissioner Danny Mayfield
Commissioner Virginia Vigil

Member(s) Excused:

None

Staff Present:

Darlene Vigil, Affordable Housing Administrator
Katherine Miller, County Manager
Penny Ellis-Green, Deputy County Manager
Rachel Brown, Deputy County Attorney
Joseph Gutierrez, Community Services
Rosemary Bailey, Affordable Housing
Dodi Salazar, Housing Authority Director
Robert Griego, Planning Director
Helen Perraglio, Finance Department
Victor Gonzales, Housing Authority
Tracy Young, Housing Finance
Chris Barela, Constitute Liaison

Others Present:

Tim Vigil, Housing Authority Commissioner
Andrew Gallegos
Sherry England
Zouhir Benkraouche

SFC CLERK RECORDED 05/21/2012

III. Approval of Agenda

Commissioner Holian moved to approve the agenda. Commissioner Anaya seconded and the motion passed by unanimous [5-0] voice vote.

IV. Approval of Minutes: January 31, 2012

Commissioner Holian moved to approve the minutes from the above-cited date as presented. Her motion was seconded by Commissioner Anaya and passed by unanimous [5-0] voice vote.

V. Guest Speaker – Homeowners

Per the direction of the Board, Ms. Vigil said she invited participants of the County's Affordable Housing program to speak.

Andrew Gallegos stated that he went through the mortgage modification and the refinance programs. The modification provided additional money to expand their home. He said the modification and refinance processes were tedious but he was grateful for the program. Refinancing the house saved him \$200 a month. He said it took six months to modify the mortgage and get an increase to the mortgaged amount.

Sherry Englander, Rancho Viejo, stated that she obtained an affordable housing loan mortgage modification through LANB. At this point she is working to obtain a forbearance – a temporary relief from a lender in collecting money – and has had trouble with employment. At this point she would like to sell her home and get into something smaller and affordable.

Zouhir Benkraouche said he purchased a home through the County's affordable program. He said he was trying to refinance but the loss of equity that he has built in the past five years and the closing costs may make the process undesirable. He said he was working with an out-of-state bank. His wife recently lost her job and their options have been further reduced.

Ms. Vigil said loss of an income in the household and costs to refinance are obviously not going to benefit Mr. Benkraouche. She suggested a modification of the mortgage may be the best option to get a lower interest rate. If the modification is not acceptable to the bank then it may be necessary to help them look for another affordable buyer to take over the property.

Ms. Vigil said many loans are sold into the secondary market making it far more difficult to modify a loan. She said it is imperative that buyers understand modifications, forbearance, etc. The banks are willing to work with the County because the County has a lien on the property. She added it is always easier to work with a local bank.

Commissioner Anaya said the County needs to figure out how to augment Ms. Vigil's work because he is personally dealing with these issues and they are complex. On a broader issue with the lending institutions and mortgage companies in Santa Fe, he recommended bringing them together to discuss these issues. Another facet is the County's role in helping its borrowers and then allowing them to refinance, restructure, etc. their loan without the County's

SFC CLERK RECORDED 02/21/2012

interference. He recommended getting all the banks to the table to discuss the issue.

Mr. Benkraouche said his situation was further exacerbated because Charter Bank closed and sold his loan. The new lender is not flexible.

Commissioner Anaya asked whether staff has gone to all the banks and tried to work with the lenders on a regular basis and develop a collective dialogue. Ms. Vigil said the County has not because the bank may be the servicer of the loan and not the investor. She said homing in on the right parties is very difficult.

Commissioner Anaya asked that staff bring together representatives of the local banks dealing with mortgage issues and begin dialogue to collectively develop answers. Chair Stefanics asked if he was suggesting a task force or more of a meet-and-greet discussion. Commissioner Anaya said he wanted to have staff determine by talking to the bankers/lenders whether they are all dealing with the same issues and then collectively figure out how to structure that discussion to actually move to help create a better dynamic than is currently happening.

Manager Miller asked if the issue was figuring out how to protect the homes in the County's 180+ affordable housing loans. She reminded the Board that the County sent letters to each of those program participants and asked them to contact staff if they were having problems with their loan. She pointed out that the County does not control the lender on the mortgage. The issues on each of the loans could be different and with different lenders she questioned what could be accomplished.

Chair Stefanics said meeting with local banks could be to advise them that the County has a program to work with people to help them stay in their homes and to ask the banks if they can partner with the County in this effort.

Tim Vigil said he sees a lot of short-sale activity, where the bank has been notified that the borrower no longer can afford that house and rather than go through the foreclosure process there is a negotiation of a payoff and then the house is sold to a new qualifying borrower, typically unrelated to the original borrower. He said they are seeing a substantial reduction from the original loan amount to the payoff.

Commissioner Vigil said the issue before the Commission is how to keep the current homeowners with loans from the County's program in their homes.

Chair Stefanics recommended moving this meeting to the first meeting and hold a coffee with the banks and then have a dialogue regarding the County's goals and how the banks can be partners.

Commissioner Mayfield recommended including Representative Egolf in these conversations. He suggested that the County ask the banks to service the loans and not sell the loans to a secondary market.

Commissioner Vigil said while policies and incentives can be enacted to promote local banks the County cannot dictate commercial transactions.

Mr. Vigil said there have been real problems with how loans are transferred once they

leave the original lender. He said there is a great deal of litigation occurring with the MERS system and trying to track where the loan is serviced.

VI. Summary: Foreclosure Intervention

Ms. Vigil reviewed the steps in the order that staff provides for a homeowner: refinancing, loan modification, mortgage assistance, voluntary sale and purchase. She said the County may be purchasing these homes and the County Manager was granted that authority if the home is appropriate for the County's inventory. That process would include the manager's review of transaction papers, an appraisal, inspection, purchase agreement, title insurance binder, payoff of all liens and closing.

Ms. Vigil said there are presently five program participants who have asked the County to purchase their homes.

Ms. Miller said the program has been very flexible and creative. Ms. Vigil reviewed the intervention summary noting that a Rancho Viejo home was valued at \$228,000 in 2007 and is now valued at \$209,000. The options are for the County to purchase, or sell on the open market. She noted that many families are unable to pay their mortgages and they have been counseled to help them retain their credit. She summarized a situation where the owner lost his job, moved to Texas where he found work and rented the Santa Fe home. Santa Fe County should have been apprised of the owner's situation because the closing papers do not allow for renting.

Ms. Vigil described the model transaction in which the homeowner was unable to keep the home and Homewise found another buyer. The County's lien was then transferred to the new homeowner. The seller got out with credit intact.

In another situation the County provided mortgage assistance in the amount of \$3,700 to help keep a homeowner current on their loan. She said the majority of the homeowners had interest rates from 5.95 percent to 6.50 percent and the County has worked to reduce the rates to 3.75 percent to 4.35 percent. Many were able to reduce the duration of their loans.

Ms. Vigil mentioned the free legal services that United South Broadway provides to individuals dealing with foreclosure. She said the state's AG office has information regarding foreclosure abuse on their website.

Commissioner Anaya recommended inviting the point person from the AG's office to speak with this Board. Ms. Vigil said that individual is Karen Meyers from the Consumer Relations Bureau.

Chair Stefanics asked whether the need in Santa Fe County was to rent homes rather than to buy and sell homes. Ms. Vigil said the demand and need for rental housing is great. Because of the lenders' scrutiny it is much better for people to have homes available to rent.

Chair Stefanics asked whether the County could be the homeowner and sell through a lease-purchase. Ms. Miller said this is one of the points the County is exploring in its amended 5(h) plan. She said the County could generate an income well above the basis points available in today's investment.

Commissioner Holian said the lease option looks very good and will keep the County's funds revolving.

Ms. Miller said leasing the properties will get the County's money working to address a need and create revenue.

SFC CLERK RECORDED 06/21/2012

Commissioner Anaya said leasing was a good option and he wanted to make sure the County was diverse in its program; he mentioned apartments. Chair Stefanics suggested the County investigate whether there are condominiums or apartment complexes within the County that are in financial trouble that could be purchased for the County's program. She added that this would provide jobs.

Chair Stefanics encouraged staff to develop focal points to discuss this issue further. She suggested it could be part of a public meeting adding that the Commission needs time to express their interest.

Commissioner Vigil said the foreclosure intervention is a very important project to the community. She said the economic downturn changed the previous Commission's options in building affordable housing.

Commissioner Anaya said that according to information from Mr. Vigil, typically mortgage sales follow through the MERS system and he recommended that staff investigate that information. Century Bank and NM Bank & Trust keep some of their loans and credit unions keep all of their loans. Commissioner Anaya said understanding what type of safety net the County can provide local banks may be an asset to discuss. He championed the Chair's idea of having a meet-and-greet coffee hour and directed staff to move on this as soon as possible.

Regarding the Inclusionary Ordinance, Ms. Vigil emphasized that typically the regulations follow once an amendment has occurred, for instance, in dropping the requirement to 15 percent the regulations will need to be modified to match the ordinance. The same applies to housing and down payment assistance.

Ms. Vigil said the regulations for the Inclusionary Zoning Ordinance will be forwarded to Legal within this week. Also there were other items that the Commission needs to review about income limits, household size and the rental components.

Chair Stefanics asked that staff stay on top of these regulations.

XIV. Matters from the Public

Mr. Benkraouche thanked the Commission for their attention and said staff has been particularly helpful.

XV. Matters from Staff

Ms. Miller advised the Commission that Ms. Vigil is leaving the County and this will be her last meeting. She said her departure will be a big loss to the County and they wish her well. Ms. Vigil said she has enjoyed her experience at the County and would be working in the private sector.

XVI. Adjournment

Having completed the agenda and with no further business to come before the Authority, this meeting adjourned at approximately 12:05 p.m.



ATTEST TO:

Valerie Espinoza

VALERIE ESPINOZA
COUNTY CLERK

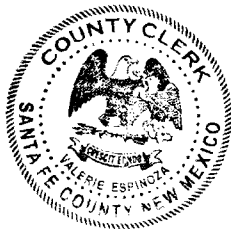
Respectfully submitted,

Karen Farrell
Karen Farrell, Wordswork

Approved by:

Liz Stefamco

Liz Stefamco, Commission Chair



COUNTY OF SANTA FE)
STATE OF NEW MEXICO) ss

AFFORDABLE HOUSING MIN
PAGES: 6

I Hereby Certify That This Instrument Was Filed for
Record On The 21ST Day Of June, 2012 at 12:05:14 PM
And Was Duly Recorded as Instrument # 1672937
Of The Records Of Santa Fe County

Deputy *Marcella* _____
Witness My Hand And Seal Of Office
Valerie Espinoza
County Clerk, Santa Fe, NM

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