



**CITY OF LODI  
COUNCIL COMMUNICATION**

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**AGENDA TITLE:** Authorize the payoff of the first trust deed for 412 1/2 Railroad Avenue (APN 043-201-08) using HOME Program funds (\$31,000)

**MEETING DATE:** January 11, 2005

**PREPARED BY:** Community Development Director

**RECOMMENDED ACTION:** That the City Council authorize the payoff of the first trust deed for the property at 412 1/2 Railroad Avenue (APN 043-201-08) using HOME Program funds.

**BACKGROUND INFORMATION:** Roman & Demetria Chavez were participants in our Housing Rehabilitation Loan Program in 1999. This rehabilitation involved the complete demolition of their previous dilapidated dwelling and the rebuild of a new three (3) bedroom, single-family dwelling.

In 2003, we were informed by Neighborhood Preservation staff from the San Joaquin County Community Development Department, who administer our Housing Assistance Loan Programs, that the Chavez' were behind in their loan payments on their first mortgage and that foreclosure had been initiated. We were advised that Mr. Chavez had been unemployed for a period of time which caused them to get behind in their loan payments. As Mr. Chavez was then reemployed, it was suggested by the County that we could authorize an addition to their existing rehab loan that would cover any overdue loan payments on the first mortgage and related foreclosure fees. Council authorization was obtained for that in June of 2003, and the Chavez' were allowed to retain possession of their home. Their new rehab loan total was \$76,700.

On January 5, 2005, we received notification from the County that there are again problems with this loan. The letter from the County and their summary of recent activities, which are attached to this communication, detail problems that started back in October of 2004. The current situation is that the Chavez' no longer own the home, yet our loan was never repaid at the sale of the property. Furthermore, the current first loan is in foreclosure with a Trustee's Sale date of January 18, 2005.

The County is again seeking direction on whether to payoff the first loan amount of approximately \$31,000, or to bring the loan current and pay all foreclosure fees again, so that we may pursue foreclosure and recover the property, thereby protecting our financial interests.

APPROVED:

Janet S. Keeter, Interim City Manager

There are sufficient HOME Program funds within our current Housing Assistance Loan Program to cover this expenditure and a market value of the property is well over the \$108,000 that we will have invested in the property. Therefore, we recommend that the Council authorize the payoff of the first loan in order to stave off the pending foreclosure action.

A handwritten signature in black ink, consisting of several overlapping loops and a long horizontal stroke extending to the right.

Konradt Bartlam  
Community Development Director

KB/jw

Attachments

cc: Christine Becerra, SJC Community Development



**SAN JOAQUIN COUNTY  
COMMUNITY DEVELOPMENT DEPARTMENT**

1810 E. HAZELTON AVE., STOCKTON, CA 95205-6232  
PHONE: 209/468-3121 FAX: 209/468-3163

January 5, 2005

Joseph Wood  
City of Lodi  
P.O. Box 3006  
Lodi, CA 95241

RE: Roman & Demetria Chavez  
Loan No.: LI-99-R-114 (\$76,700)  
Property: 412 ½ Railroad Avenue

Dear Mr. Wood,

San Joaquin County would like to inform you that it has come to our attention that Mr. & Mrs. Chavez are no longer the owners for the above Lodi property. The property was transferred by a Grant Deed to the current owner. The County still holds a lien on the property but now the first loan is in foreclosure with a sale date of January 18, 2005. This property is currently pending in escrow for a refinance by the current owner. To date, escrow has not closed and the County has not been paid off for Lodi's loan.

The County is in a position to either payoff the first loan (\$31,000) or bring the loan current (\$6,000) plus pay foreclosure fees. Once this is done the County can therefore foreclose to protect Lodi's interest in the property.

I've attached a chronological history of the recent events for this loan.

Please inform me on what action you would like the County to take as soon as possible.

If you should have any questions, please feel free to contact me at (209)468-3157.

Sincerely,

Christine Becerra  
Management Analyst

**Roman Chavez    Loan #LI-99-R-114**

- 10/13/04 -    Received notice of cancellation of fire insurance.
- 10/20/04-    Payoff Demand request received from Alliance Title Company.
- 10/20/04-    Researched title and found that the property was transferred to Georgina Flores on 8/11/04 by a Grant Deed.
- 10/26/04-    Notice of Default received from first mortgage.
- 11/8/04 thru 12/30/04 -    Contacted title company on a weekly basis to check on status of escrow closing date.
- 1/3/05-        Received Notice of Trustee's Sale for January 18, 2005.
- 1/4/05-        Contacted title company to find out status of escrow closing. Escrow office stated that the escrow is pending and nothing further.