

COUNCIL MEETING  
OCTOBER 21, 1987

19

REQUEST FOR PROPOSAL  
FOR FINANCIAL  
INSTITUTION SERVICES  
CITY OF LODI HOUSING  
REHABILITATION PROGRAM  
CONTINUED

CC-55

Following Staff's request, Council, on motion of Council Member Hinchman, Reid second, continued to a future meeting agenda item K-9 - "Approve Request for Proposal for Financial Institution Services - City of Lodi Housing Rehabilitation Program".

# COUNCIL COMMUNICATION

TO: THE CITY COUNCIL  
FROM: THE CITY MANAGER'S OFFICE

DATE:  
October 21, 1987

NO.

SUBJECT: RFP FINANCIAL INSTITUTION SERVICES  
CITY OF LODI HOUSING REHABILITATION PROGRAM

## RECOMMENDED ACTION

That the City of Lodi enter into an operating agreement with Security Pacific National Bank, and United States Escrow for services necessary to implement the City Housing Rehabilitation Program.

## BACKGROUND INFORMATION

On August 13, 1987 Request for Proposals were circulated to eight banks and six savings and loans associations for providing financial services associated with the implementation of the City Housing Rehab Program (Refer to attachment). On an RFP form provided by the City, the Bank of Stockton, Bank of America, and Security Pacific Bank, submitted responses focusing on the following key elements of the housing rehabilitation program:

- Loan Packaging
- Rehabilitation Construction Management-Funds Disbursement
- Loan Collection
- Delinquency

Of the institutions that responded, it was determined that Security Pacific National Bank provides the most flexible and comprehensive financial service program, and is, therefore, best suited to meet the needs of the City's housing rehabilitation program.

Programs available to the City through Security Pacific Bank are as follows:

1. Interest Subsidy or Principle Reduction (credit risk acceptable to bank). The community has the option to "buydown" the current annual percentage rate to the borrower, or make a principle reduction of the amount to be advanced.
2. Compensatory Balance (credit risk acceptable to bank). The community compensates the lender by depositing a percentage of the amount to be loaned in a non-interest bearing account, in lieu of the subsidy writedown.
3. Formal Assurance Program (credit risk acceptable to City). The bank lends the community's rehab funds on the community's terms for an organization and servicing fee. Loans are made at the direction of the community, secured by a Deed of Trust.
4. Deferred Loan Packaging. Preparation of documents funded by the community with no immediate repayment schedule. Deferred loans should be limited and reserved for fixed income participants.

Services associated with funds disbursement and delinquency are not offered by Security Pacific Bank. However, United States Escrow, Inc., has offered to provide these services in conjunction with Security Pacific Bank through a separate service agreement.

  
Rick Barnum  
Associate Planner

CC10/TXTD.01B

RFP MAILING LIST

LODI BANKS

First Interstate Bank of California  
Attn: Ron Mettler, Vice President  
200 S. School Street  
Lodi, CA 95240

Bank of Lodi  
Attn: William Freitas, President  
701 S. Ham Lane  
Lodi, CA 95242

Farmers & Merchants Bank of  
Central California  
Attn: Harry Schumacher, President  
121 W. Pine Street  
Lodi, CA 95240

Wells Fargo Bank  
Attn: Gerald R. Banghart  
Asst. Vice President - Manager  
120 West Lodi Avenue  
Lodi, CA 95240

Bank of America  
Attn: Roscoe Brownfield  
Vice President - Manager  
31 S. School Street  
Lodi, CA 95240

Bank of Stockton  
Attn: Bob Maus, Vice President - Manager  
120 West Walnut  
Lodi, CA 95240

Central Sierra Bank  
Attn: Roger L. Haley, Vice President - Manager  
600 W. Lodi Avenue  
Lodi, CA 95240

(Non Lodi Area)  
Security Pacific National Bank  
Attn: William L. Miller, Assistant Vice President  
1754 Technology Drive, Suite 229  
San Jose, CA 95110

&name  
&ATTN  
&ADDR  
&CITY

CITICORP SAVINGS  
Attn: Jooselyn Craven, Manager  
229 S. Church Street  
Lodi, CA 95240

Great American First Savings Bank  
Attn: Anthony La Pertche, Manager  
200 N. Church Street  
Lodi, CA 95240 (209)

Gibraltar Savings  
Attn: Walter Borzich, Manager  
116 West Pine Street  
Lodi, CA 95240

American Savings & Loan Assn.  
Attn: Tamara L. Dayton, Manager  
514 W. Kettleman Lane  
Lodi, CA 95240

Stockton Savings & Loan Assn  
Attn: Rich Shook, Assistant Vice President  
Branch Manager  
1150 W. Kettleman Lane  
Lodi, CA 95240

Guarantee Savings  
Attn: Jean Laughlin, Manager  
1300 W. Kettleman Lane  
Lodi, CA 95242