



Monterey County

Board of Supervisors
168 W. Alisal St., 1st Floor
Salinas, CA 93901

Board Report

Legistar File Number: 19-0486

July 09, 2019

Introduced: 6/12/2019

Current Status: Agenda Ready

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Matter Type: General Agenda Item

- a. Receive request from Executrix, Peggy Silvestri, of the Epie L. Fresquez and Tomasa M. Fresquez Estate to forgive the accrued interest on their CalHome loan in the amount of \$18,990.41 and their HOME loan in the amount of \$63,152.89 accrued through July 31, 2019; and
- b. Deny the request from Executrix, Peggy Silvestri, of the Epie L. Fresquez and Tomasa M. Fresquez Estate to forgive the accrued interest on their CalHome loan in the amount of \$18,990.41 and their HOME loan in the amount of \$63,152.89 accrued through July 31, 2019.

RECOMMENDATION:

It is recommended that the Board of Supervisors:

- a. Receive request from Executrix, Peggy Silvestri, of the Epie L. Fresquez and Tomasa M. Fresquez Estate to forgive the accrued interest on their CalHome loan in the amount of \$18,990.41 and their HOME loan in the amount of \$63,152.89 accrued through July 31, 2019; and
- b. Deny the request from Executrix, Peggy Silvestri, of the Epie L. Fresquez and Tomasa M. Fresquez Estate to forgive the accrued interest on their CalHome loan in the amount of \$18,990.41 and their HOME loan in the amount of \$63,152.89 accrued through July 31, 2019.

SUMMARY:

On June 21, 2006, the County's Housing Loan Committee approved a rehabilitation loan to replace Epie L. Fresquez and Tomasa M. Fresquez' existing home at 419-A Hyland Drive, Salinas, CA 93907 with a 3-bedroom, 2-bath manufactured home. There were two (2) funding sources for their loan request-- 02HOME-0620 and 04CalHOME - that made up the total loan. Repayment of loan principal and interest was deferred until such time as the property was either sold or transferred to someone other than a spouse or original co-borrower, or the borrowers ceased to occupy the unit as their primary residence, whichever came first. Ms. Tomasa M. Fresquez passed away first, and Mr. Epie L. Fresquez placed his property in a revocable living trust. The last surviving parent passed away in June of 2011. At the time both Mr. and Mrs. Fresquez passed away, the total rehabilitation loans, principal and interest, became due and payable.

In 2012, housing office staff received a request from the borrowers' trustee/Executrix, Peggy Silvestri, for her sibling Epie Fresquez, Jr., a disabled Desert Storm veteran, to be allowed to occupy the rehabilitated property as his primary residence. Epie Jr. was living with (and caring for) the parents at the time they passed. County staff later that year gave formal notice to Ms. Silvestri that the Housing and Community Development Department of the State of California informed the County that Ms. Silvestri's sibling, Epie Fresquez, Jr., could continue to reside in the rehabilitated property without triggering repayment of their deceased parent's rehabilitation loans provided that Epie Fresquez, Jr. continued to occupy their parent's home and the property remained in the parent's Revocable Living

Trust. Per Ms, Silvestri, Mr. Fresquez Jr. has moved out of the home. Moreover, housing office staff provided the terms, principal amounts and accrued interest to date of the two loans to Ms. Silvestri. Ms. Silvestri was also informed that pre-payments may be made at any time prior to the due date. No payments have been made to the County on these two loans.

Ms. Peggy Silvestri has listed the property up for sale in 2019.

DISCUSSION:

On March 28, 2019, Executrix Peggy Silvestre submitted a request to the housing office requesting that the County forgive the interest on the two loans. She stated that she has been receiving low purchase offers on the property and that she has been investing money out of her pocket to put the property in a saleable condition. On April 30, 2019, Ms. Silvestri submitted additional documentation regarding the additional costs to place her parents' home up for sale.

The HOME loan funds were issued on July 13, 2006. The CalHome loan funds were issued on December 5, 2006. Both loans have a 3.00% simple interest rate and are deferred for 30 years. The borrowers have not made any payments. Both loans are due and payable in full in 2036.

HOME program loan balance

Principal \$161,217.00
Interest through July 31, 2019 \$63,152.89
TOTAL \$224,369.89

CalHOME program loan balance

Principal \$50,000
Interest through July 31, 2019 \$18,990.41
TOTAL \$68,990.41

The total principal balance on the two loans is \$211,217.00. The total interest on the two loans through July 31, 2019 is \$82,143.30. **The total owed to County of Monterey through July 31, 2019 is \$293,360.30.**

The attached Estimated Seller's Statement from Chicago Title Company shows that the Balance Due to Seller at closing is \$6,081.02.

Housing office staff could not find any records of previously forgiven loan balances to other borrowers. The Housing and Economic Development division has eighty three (83) HOME loans and three (3) CalHOME loans as of the end of fiscal year 2017-18. Principal balance of the HOME loans at the end of last fiscal year was \$8,678,513.65 and CalHOME was \$150,000. All loans are carrying a 3.00% simple interest rate and they all mature at different dates.

Therefore, Housing and Economic Development Housing Program Manager has made a policy decision to not forgive any of the interest on Epie L. Fresquez and Tomasa M. Fresquez' existing CalHome and HOME loans. The recaptured funds, including interest, would enter into housing funds for the County that could help other low income households in need. The original intent of these loans

was to ensure Mr. and Mrs. Fresquez would have rehabilitation improvements to age in place and live out their years. The borrowers' son, Epie Fresquez, Jr., has lived in the home since the father passed away in 2012 without making a payment on the County loans. Other liens on the property include defaulted property taxes and sewer fees due to the County Tax Collector of approximately \$3,700.

OTHER AGENCY INVOLVEMENT:

The County Counsel Office has reviewed the CalHome and HOME loan documents, and this report.

FINANCING:

There is no fiscal impact on the General Fund. Any repayment of the CalHome loan (Fund 013, Community Development Reuse, CAO041, Unit 8517) is considered Program Income and can only be used for CalHome eligible affordable housing projects. Repayment of the HOME loan (Fund 013, Community Development Reuse, CAO041, Unit 8517) is considered HOME Program Income and can only be used to finance new HOME eligible, affordable housing projects.

BOARD OF SUPERVISORS STRATEGIC INITIATIVES:

The County's Housing Rehabilitation Program has provided home improvement opportunities in the unincorporated areas of Monterey County to Low income households.

Mark a check to the related Board of Supervisors Strategic Initiatives

- X Economic Development
- Administration
- X Health & Human Services
- Infrastructure
- Public Safety

Prepared by: _____
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Approved by: _____
Anastacia Wyatt, Housing Program Manager, Ext. 5387

Attachments:

- Board Report
- Exhibit A - Estimated Seller's Statement and costs incurred by Peggy Silvestri
- Exhibit B - March 28, 2019 written request from Peggy Silvestri
- Exhibit C - 2019-07-31 Payoff Demand HOME
- Exhibit D - 2019-07-31 Payoff Demand CalHome