NOTICE OF SPECIAL MEETING

Tuesday, October 27, 2015

6:00 p.m.

BOARD OF DIRECTORS OF THE HOUSING RELINQUISHED FUND CORPORATION

Date: October 22, 2015

To: Craig Scharton, Chair
    Stacy Sablan, Vice Chair
    Reneeta Anthony, Director
    Adrian Jones, Director
    Tracewell Hanrahan, Treasurer

From: Preston Prince, Director

Subject: Notice of Board Meeting

NOTICE IS HEREBY GIVEN that a meeting of the Board of Directors of the Housing Relinquished Fund Corporation, Inc., will be held at 6:00 p.m. on Tuesday, October 27, 2015 at the Offices of the Fresno Housing Authority located at 1331 Fulton Mall, Fresno, California.

AGENDA
1. Call to Order
2. Approval of the Agenda
3. Consideration of the Minutes of September 22, 2015
4. Sierra Pointe Update
5. Adjournment

Preston Prince, Director/Secretary
Minutes of Special Meeting
Of the Board of Directors of
HOUSING RELINQUISHED FUND CORPORATION

Tuesday, September 22, 2015
5:30 P.M.

There was a duly noticed special meeting of the Board of Directors of the Housing Relinquished Fund Corporation on Tuesday, September 22, 2015 at the offices of the Fresno Housing Authority, 1331 Fulton Mall, Fresno, CA 93721.

1. The meeting was called to order by Director Anthony at 6:22 p.m., and upon roll call, Directors/Officers present and absent were as follows:

PRESENT: Craig Scharton, Chair
Reneeta Anthony, Director
Adrian Jones, Director
Preston Prince, Director/Secretary
Tracewell Hanrahan, Treasurer

ABSENT: Stacy Sablan, Vice Chair

Also in attendance was: Jim Barker and Ken Price, General Counsel from Baker Manock and Jensen.

2. Approval of Agenda

Upon motion by Director Scharton, seconded by Director Prince, and with unanimous vote, the agenda was approved.

3. Consideration of the Minutes of June 23, 2015

Upon motion by Director Scharton, seconded by Director Jones, and with unanimous vote, the minutes were approved.

4. Consideration of a Line of Credit – Housing Authorities of the City and County of Fresno

It is recommended that the Board approve an interest-free line of credit of up to $7 million to the Housing Authorities’ operating jointly as the Fresno Housing Authority, for purposes of temporarily funding core operations should an October 1st government shutdown occur.
Upon motion by Director Scharton, seconded by Director Jones and with unanimous vote, the resolution was approved.

5. Adjournment

There being no further business to be considered by the Board of Directors for the Housing Relinquished Fund Corporation, the meeting was adjourned at approximately 6:24 p.m.

_____________________________________
Preston Prince, Secretary
MEMORANDUM — Housing Relinquished Fund Corp.

To: Boards of Directors
Housing Relinquished Fund Corporation

Date: October 27, 2015
Board Meeting: October 27, 2015

From: Emily De La Guerra
Senior Manager

Subject: Update on Sierra Pointe Mortgages

Sierra Pointe is a 53-home development located in the southwest Fresno area. In 2009, the homes were sold to qualified purchasers earning no more than eighty percent (80%) of area median income. Loans for the purchase of the homes were provided to the qualified buyers by Housing Relinquished Fund Corporation (HRFC) holding the first lender position and eligible applicants obtain a first mortgage based on their family income. The Housing Authority of the City of Fresno utilized funds from a HOPE III and HOPE VI homeownership grant to provide second mortgages for the difference between the first mortgage and the sales price. Bank of the West, through an AHP grant, was also able to provide $10,000 in down payment assistance to qualified borrowers. See below for a summary of mortgages.

<table>
<thead>
<tr>
<th>Mortgage</th>
<th>Lender</th>
<th># of Homeowners</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>1st Mortgage</td>
<td>HRFC</td>
<td>53</td>
<td>4,064,700</td>
</tr>
<tr>
<td>2nd Mortgage</td>
<td>City Housing Authority</td>
<td>53</td>
<td>2,365,537</td>
</tr>
<tr>
<td>3rd Mortgage</td>
<td>AHP</td>
<td>42</td>
<td>420,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td><strong>6,850,237</strong></td>
</tr>
</tbody>
</table>

Recently, multiple homebuyers have defaulted on their mortgages. Twelve homeowners are in default because they are behind in their principal and/or interest payments. There are also seven families who are late paying their property taxes, and eight families who have not shown proof of insurance on their property. Based on the loan documents signed by all homeowners, both non-payment of property taxes and lack of homeowners insurance represent technical defaults on the mortgages.

<table>
<thead>
<tr>
<th>Type of Default</th>
<th># of Homeowners</th>
<th>Total Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Late Mortgage Payment</td>
<td>12</td>
<td>60,623</td>
</tr>
<tr>
<td>Late Property Tax Payment</td>
<td>7</td>
<td>31,049</td>
</tr>
<tr>
<td>No Proof of Insurance</td>
<td>8</td>
<td>6,768</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>98,440</strong></td>
</tr>
</tbody>
</table>

With the help of our attorneys, Agency staff has crafted internal procedures that will allow us to
address these delinquencies. We will be offering these delinquent homeowners either a Loan Modification or a Deed in Lieu of Foreclosure. The goal of a Loan Modification is to lower the monthly payments to a sustainable level. Staff will review the homebuyers’ current financial situation and determine an appropriate monthly payment going forward, and may also negotiate any late taxes or insurance payments into the modification. If it is determined that the homeowner is experiencing a long-term financial hardship and they are unable to afford their mortgage payments, a Deed in Lieu of Foreclosure will allow them to voluntarily transfer ownership of the property back to HRFC. This option will help the homeowner avoid a foreclosure on their record, and may also help them start rebuilding credit sooner than if they were to go through foreclosure.

As of October, we have been able to reach three homeowners by phone, two of which are interested in pursuing a Loan Modification and one is interested in selling their home. The remaining homeowners who couldn’t be contacted by telephone were sent first-class letters informing them of their delinquency, their rights to contact a HUD-approved homeownership counseling agency, and the information to contact our office directly. Our hope is to work with these homeowners to help them get a loan payment they can afford, and avoid a foreclosure on the property. Staff will continue to update the Board of Directors periodically on the status of the mortgages and the process to resolve the delinquencies.