

PORT ST. LUCIE CITY COUNCIL
Agenda Item Request

COUNCIL ITEM 13D
DATE 6/11/12

MEETING: CITY COUNCIL Regular Special

DATE: June 11, 2012

Public Hearing Ordinance Resolution Motion

ITEM: Clients ask forgiveness of Housing Program second mortgage loan repayment to allow Short Sale.

RECOMMENDED ACTION: Approve forgiveness of Housing Program second mortgage.

SUMMARY EXPLANATION/BACKGROUND INFORMATION: We have clients who have a second mortgage through the Community Services Housing Program. These clients have not been able to pay their mortgage since August of 2011. Clients original first mortgage was for \$155,000 in 2007. House is being sold for \$60,000. Lender has agreed to pay 10% of the City's mortgage balance of \$13,321.20 to payoff the loan under the short sale. Staff recommends that Council approve the amount of \$1,332.12 to payoff the loan and permit this short sale to go forward instead of allowing the home to go into foreclosure.

IF PRESENTATION IS TO BE MADE, HOW MUCH TIME WILL BE REQUIRED?

SUBMITTING DEPARTMENT: Community Services

DATE: 6/1/12

RECEIVED

JUN 01 2012

City Manager's Office

Memo

To: GREGORY J. ORAVEC, CITY MANAGER
From: PATRICIA J. SELMER, ACTING DIRECTOR, COMMUNITY SERVICES
Date: JUNE 1, 2012
Re: ACCEPTANCE OF REDUCED PAYOFF FOR SHIP LOAN

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The City of Port St. Lucie provided a second mortgage loan to Mr. Jose Reyes and Ms. Olivia G. Hernandez in April 2008 for repair/rehab of their primary residence located at 3626 SW Parsons. The loan that was executed by Reyes/Hernandez forgives at 10% per year until 4/29/14 when the balance of \$8,880.80 becomes due and payable upon sale. Total balance at this time is \$13,321.20.

On April 10, 2012 we received a request for a payoff and submitted same to Superior Title. The title company contacted us again last week and indicated that the lender had approved of the short sale transaction subject to agreement from the second lien holder, the City of Port St. Lucie, to accept a lesser payoff than what was due. They have offered 10% of the second our remaining balance (\$1,332.12) to obtain our release and proceed with the short sale.

We have received the following items requested from the title company in order to consider approval of the short sale:

- Copy of sales contract for \$60,000 (first page attached)
- Hardship letter from mortgagors/sellers
- Preliminary HUD-1 showing seller receiving no proceeds.
- MLS Listings of similar homes (available from Community Services)*

RECEIVED

JUN 01 2012

City Manager's Office

*The home is being sold for cash, so there is no appraisal, but the title company has sent us several MLS reports for similar listings. I have attached these documents but a review of the listing prices for the six three-bedroom, 2 bath homes with pools range from \$55,000 to \$75,900. All homes were built between 1987 and 1991. Several of the homes have been listed since September of 2011, including the two highest priced. The final assessment from the property appraiser's site is \$53,900.

We also requested a payoff amount for the first mortgage, but the title company was unable to obtain that information. We do know that the original mortgage was \$155,000 in May of 2007. We have received a preliminary HUD1 Settlement Statement showing that the sellers will not receive any cash at closing.

There is no lis pendens filed on this property. That seems to be a growing trend, especially when the owners have listed the property for sale. We did, however, ask the title company to find out how long the mortgage had been in default. The lender, Wells Fargo, indicated to the title company that the last payment of \$1,649.72 was made on 8/1/11.

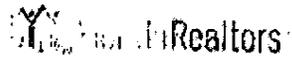
Our Housing Plan provides that the City Council may approve forgiveness of a mortgage “if it is determined that there will not be sufficient profit from a bona-fide good-faith sale of the property...” In that case “the owner/mortgagor may request a review for forgiveness of all or a portion of the remaining balance of the mortgage.”

The title company has been informed that Council must approve all requests for short sale reductions. They have requested, however, that we indicate to them if the payoff will be supported by the City Manager and submitted to Council for approval.

Please review the information attached to this memo and inform me of your decision to support or reject the request for partial forgiveness. If you choose to support the request, please consider this memo as our request for consideration at the next City Council meeting.

Thank you for your consideration.

"AS IS" Residential Contract For Sale And Purchase
 THIS FORM HAS BEEN APPROVED BY THE FLORIDA REALTORS AND THE FLORIDA BAR



1. PARTIES: Jose Reyes and Olivia Hernandez ("Seller"),
 2. and Peix Colon ("Buyer").

3. agree that Seller shall sell and Buyer shall buy the following described Real Property and Personal
 4. Property (collectively "Property") pursuant to the terms and conditions of this AS IS Residential Contract For Sale
 5. And Purchase and any riders and addenda ("Contract");

6. 1. PROPERTY DESCRIPTION:
 7. (a) Street address, city, zip: 3626 SW Parsons Street Port St Lucie, FL 34983
 8. (b) Property is located in: St Lucie County, Florida, Real Property Tax ID No. 3228304419007
 9. (c) Legal description of the Real Property: Port St Lucie Sec 19 Lot 29 Bk 11976 Lot
 10. SqFt: 10234 Frontage: 81.87 Depth: 125

11. together with all existing improvements and fixtures, including built-in appliances, built-in furnishings and
 12. attached wall-to-wall carpeting and flooring ("Real Property") unless specifically excluded below.

13. (d) Personal Property: The following items owned by Seller and existing on the Property as of the date
 14. of the initial offer are included in the purchase ("Personal Property"): (i) range(s)/oven(s), dishwasher(s),
 15. disposal, ceiling fan(s), interroom, light fixtures, rods, draperies and other window treatments, garage door
 16. openers, and security gate and other access devices; and (ii) those additional items checked below. If
 17. additional details are necessary; specify below. If left blank, the item below is not included:

- | | | | |
|--|--|--|---|
| <input type="checkbox"/> Refrigerator(s) | <input type="checkbox"/> Smoke detector(s) | <input checked="" type="checkbox"/> Pool barrier/fence | <input type="checkbox"/> Storage shed |
| <input type="checkbox"/> Microwave oven | <input type="checkbox"/> Security system | <input checked="" type="checkbox"/> Pool equipment | <input type="checkbox"/> TV antenna/satellite dish |
| <input type="checkbox"/> Washer | <input type="checkbox"/> Window/wall a/c | <input checked="" type="checkbox"/> Pool heater | <input type="checkbox"/> Water softener/purifier |
| <input type="checkbox"/> Dryer | <input type="checkbox"/> Generator | <input checked="" type="checkbox"/> Spa or hot tub with heater | <input checked="" type="checkbox"/> Storm shutters and panels |
| <input type="checkbox"/> Stand-alone ice maker | | <input checked="" type="checkbox"/> Above ground pool | |

18. The only other items of Personal Property included in this purchase, and any additional details regarding
 19. Personal Property, if necessary, are: See MLX

20. Personal Property is included in the Purchase Price, has no contributory value, and shall be left for the Buyer.
 21. (e) The following items are excluded from the purchase:

22. 2. PURCHASE PRICE (U.S. currency):..... \$ 60,000.00

23. (a) Initial deposit to be held in escrow in the amount of (checks subject to COLLECTION) \$ 1,000.00
 24. The initial deposit made payable and delivered to "Escrow Agent" named below

25. (CHECK ONE) accompanies offer or is to be made upon acceptance (Effective Date)
 26. or is to be made within _____ (if blank, then 3) days after Effective Date

27. Escrow Agent Information: Name: Patricia Reaf Title
 28. Address: 619 S. Federal Hwy, Stuart, FL Phone: 772-872-7600
 29. E-mail: _____ Fax: _____

30. (b) Additional deposit to be delivered to Escrow Agent within _____ (if blank, then 3)
 31. days after Effective Date..... \$.00

32. (All deposits paid or agreed to be paid, are collectively referred to as the "Deposit")

33. (c) Financing: Express as a dollar amount or percentage ("Loan Amount") see Paragraph 8..... \$ 0.00

34. (d) Other:..... \$ _____

35. (e) Balance to close (not including Buyer's closing costs, prepaids and prorations) by wire
 36. transfer or other COLLECTED funds..... \$ 59000

37. NOTE: For the definition of "COLLECTION" or "COLLECTED" see STANDARD 8.
 38. 3. TIME FOR ACCEPTANCE OF OFFER AND COUNTER-OFFERS; EFFECTIVE DATE:

39. (a) If not signed by Buyer and Seller, and an executed copy delivered to all parties on or before
 40. 3/31/2012, this offer shall be deemed withdrawn and the Deposit, if any, will be returned to Buyer.
 41. Unless otherwise stated, time for acceptance of any counter-offers shall be within 2 days after the day the
 42. counter-offer is delivered.

43. (b) The effective date of this Contract will be the date when the last one of the Buyer and Seller has signed or
 44. initiated this offer or final counter-offer ("Effective Date")

45. 4. CLOSING DATE: Unless modified by other provisions of this Contract, the closing of this transaction shall occur
 46. and the closing documents required to be furnished by each party pursuant to this Contract shall be delivered
 47. ("Closing") on 30 days from bank approval ("Closing Date"), at the time established by the Closing Agent.

Buyer's Initials PC Page 1 of 10 Seller's Initials JK O.H.
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A. Settlement Statement

U.S. Department of Housing
and Urban Development

OMB Approval No. 2502-0265



B. Type of Loan			
1. <input type="checkbox"/> FHA	2. <input type="checkbox"/> RHS	3. <input type="checkbox"/> Conv. Unins.	6. File Number 3083-001
4. <input type="checkbox"/> VA	5. <input type="checkbox"/> Conv. Ins.		7. Loan Number
			8. Mortgage Insurance Case Number
C. Note: This form is furnished to give you a statement of actual settlement costs. Amounts paid to and by the settlement agent are shown. Items marked "(p.o.c.)" were paid outside the closing; they are shown here for information purposes and are not included in the totals.			
D. Name and Address of Borrower Felix Colon 3626 SW Parsons Street Port St. Lucie, FL 34953		E. Name and Address of Seller Jose Reyes Olivia G. Hernandez 3626 SW Parsons Street Port St. Lucie, FL 34953	
F. Name and Address of Lender			
G. Property Location 3626 SW Parsons Street Port St. Lucie, FL 34953		H. Settlement Agent SUPERIOR TITLE SERVICES, INC.	
		Place of Settlement 1600 South Federal Highway Suite 200 Fort Pierce, FL 34950	I. Settlement Date 05/31/12
			05/31/12
J. SUMMARY OF BORROWER'S TRANSACTION:		K. SUMMARY OF SELLER'S TRANSACTION:	
100. GROSS AMOUNT DUE FROM BORROWER		400. GROSS AMOUNT DUE TO SELLER	
101. Contract sales price	60,000.00	401. Contract sales price	60,000.00
102. Personal property		402. Personal property	
103. Settlement charges to borrower (line 1400)	530.00	403.	
104.		404.	
105.		405.	
Adjustments for items paid by seller in advance		Adjustments for items paid by seller in advance	
106. City/town taxes to		406. City/town taxes to	
107. County taxes to		407. County taxes to	
108. Assessments to		408. Assessments to	
109.		409.	
110. PS61 PSL Stormwater Improv (153. 05/31 to 09/30)	51.42	410. PS61 PSL Stormwater Improv (153.0 05/31 to 09/30)	51.42
111. PSSW PSL Solid Waste Assessmen 05/31 to 09/30	88.26	411. PSSW PSL Solid Waste Assessment 05/31 to 09/30	88.26
112.		412.	
120. GROSS AMOUNT DUE FROM BORROWER	60,669.68	420. GROSS AMOUNT DUE TO SELLER	60,139.68
200. AMOUNTS PAID BY OR IN BEHALF OF BORROWER		500. REDUCTIONS IN AMOUNT TO SELLER	
201. Deposit or earnest money	1,000.00	501. Excess Deposit (see instructions)	
202. Principal amount of new loan(s)		502. Settlement charges to seller (line 1400)	6,410.00
203. Existing loan(s) taken subject to		503. Existing loans taken subject to	
204.		504. Payoff of first mortgage loan	50,461.46
205.		Wells Fargo Ln#	
		505. Payoff of second mortgage loan	3,000.00
206.		City of Port St. Lucie	
207.		506.	
208.		507.	
209.		508.	
		509.	
Adjustments for items unpaid by seller		Adjustments for items unpaid by seller	
210. City/town taxes to		510. City/town taxes to	
211. County taxes 01/01 to 05/31	268.22	511. County taxes 01/01 to 05/31	268.22
212. Assessments to		512. Assessments to	
213.		513.	
214.		514.	
215.		515.	
216.		516.	
217.		517.	
218.		518.	
219.		519.	
220. TOTAL PAID BY / FOR BORROWER	1,268.22	520. TOTAL REDUCTION AMOUNT DUE SELLER	60,139.68
300. CASH AT SETTLEMENT FROM OR TO BORROWER		600. CASH AT SETTLEMENT TO OR FROM SELLER	
301. Gross amount due from borrower (line 120)	60,669.68	601. Gross amount due to seller (line 420)	60,139.68
302. Less amounts paid by/for borrower (line 220)	1,268.22	602. Less reduction amount due to seller (line 520)	60,139.68
303. CASH FROM BORROWER	59,401.46	603. CASH TO SELLER	0.00

PRELIMINARY

L. SETTLEMENT CHARGES:		File Number: 3083-001			PAID FROM BORROWER'S FUNDS AT SETTLEMENT	PAID FROM SELLER'S FUNDS AT SETTLEMENT
700.	TOTAL SALES/BROKER'S COMMISSION based on price \$	60,000.00 @	6.00 =	3,600.00		
Division of commission (line 700) as follows:						
701.	\$ 1,800.00 to Re/Max 100 Riverside					
702.	\$ 1,800.00 to Keller Williams					
703.	Commission paid at Settlement					3,600.00
704.	Add Broker Commission Keller Williams Realty				295.00	
800.	ITEMS PAYABLE IN CONNECTION WITH LOAN	P.O.C.				
801.	Loan Origination Fee %					
802.	Loan Discount %					
803.	Appraisal Fee to					
804.	Credit Report to					
805.	Lender's Inspection Fee to					
806.	Mtg. Ins. Application Fee to					
807.	Assumption Fee to					
808.						
809.	Flood Certification Fee					
810.	Processing Fee					
811.	Underwriting Fee					
812.						
813.						
814.						
815.						
900.	ITEMS REQUIRED BY LENDER TO BE PAID IN ADVANCE					
901.	Interest from to @\$ /day					
902.	Mortgage Insurance Premium to					
903.	Hazard Insurance Premium yrs. to					
904.						
905.						
1000.	RESERVES DEPOSITED WITH LENDER FOR					
1001.	Hazard Insurance mo. @\$ / mo.					
1002.	Mortgage Insurance mo. @\$ / mo.					
1003.	City property taxes mo. @\$ / mo.					
1004.	County property taxes mo. @\$ / mo.					
1005.	Annual Assessments mo. @\$ / mo.					
1006.	mo. @\$ / mo.					
1007.	mo. @\$ / mo.					
1008.	Aggregate Reserve for Hazard/Flood Ins, City/Count					
1100.	TITLE CHARGES					
1101.	Settlement or Closing Fee to SUPERIOR TITLE SERVICES				225.00	1,950.00
1102.	Abstract or Title Search to Commonwealth Land Title					75.00
1103.	Title Examination to					
1104.	Title insurance binder to					
1105.	Document preparation to					
1106.	Notary fees to					
1107.	Attorney's fees to					
	(includes above item No.)					
1108.	Title Insurance to SUPERIOR TITLE SERVICES/Commonwealth Land					345.00
	(includes above item No.)					
1109.	Lender's coverage					
1110.	Owner's coverage 60,000.00 --- 345.00					
1111.	Florida Form 9 End to MP					
1112.	Alta 8.1 End to MP					
1113.						
1200.	GOVERNMENT RECORDING AND TRANSFER CHARGES					
1201.	Recording fees Deed \$ 10.00 ; Mortgage \$; Releases \$ 20.00				10.00	20.00
1202.	City/county/stamps Deed \$; Mortgage \$					
1203.	State tax/stamps Deed \$ 420.00 ; Mortgage \$					420.00
1204.	Intangible Tax Deed \$; Mortgage \$					
1205.						
1300.	ADDITIONAL SETTLEMENT CHARGES					
1301.	Survey to					
1302.	Pest inspection to					
1303.						
1304.						
1305.						
1306.						
1307.						
1308.						
1400.	(enter on lines 103 and 502, Sections J and K)				530.00	6,410.00

PRELIMINARY

March 9, 2012

Wells Fargo Home Mortgage

Jose Reyes/Olivia Hernandez
3626 SW Parsons Street
Port Saint Lucie, FL 34953

Re: Hardship Letter
Loan #: 0003837511

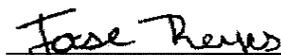
To whom it may concern:

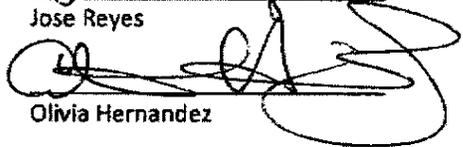
Please add us to the Home Affordable Alternatives (HAFA) program to receive the three thousand for relocation assistance for our family. We had purchased the property at the above mention in May 2007. After struggling to make our expensive mortgage payments of \$1,242.11 per month, we had no choice but to put the house on the market again for the third time. At this time we are working with a real estate agent, who is listing the house and will push to get it sold quickly.

We love our home, but we also understand that, at this point, we cannot afford it. Our financial situation cannot sustain a home mortgage of nearly \$1,242.11 per month. We would like nothing more than to sell our home at this point, avoid foreclosure, and salvage our credit. We would ask that you please assist us in avoiding this situation for our family. We want to move on and start over.

We deeply appreciate your help and understanding this matter. If you have any questions, or need anything further from me, please contact us personally at (772)293-5550.

Sincerely,


Jose Reyes


Olivia Hernandez

Loan # 0003837511