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|  <p style="text-align: center;">Council Communication Office of the City Manager</p> | Date: | May 20, 2013 |
| | Agenda Item No. | MHGB2 |
| | Roll Call No. | <u>13-0760</u> |
| | Communication No. | <u>13-252</u> |
| | Submitted by: | Douglas C. Romig, Housing Services Director |

AGENDA HEADING:

Authorization for the City Manager to release mortgage and related security instruments for Nick A. Johnson and Tiffany R. Johnson, 5604 S. Union Street, Des Moines, Iowa, 5h Affordable Homeownership Program.

SYNOPSIS:

Recommend approval and authorization for the Des Moines Municipal Housing Agency (DMMHA) to release the second mortgage and security instruments for Nick A. Johnson and Tiffany R. Johnson.

FISCAL IMPACT:

Amount: \$5,232.90 (the remaining amount of the second mortgage)

Funding Source: 2013-2014 Operating Budget: Housing Services Department – 5h Homeownership SP350 HSG021600, Page 122

ADDITIONAL INFORMATION:

Nick and Tiffany Johnson purchased the 5h Affordable Homeownership Program property located at 5604 S. Union Street in Des Moines from the DMMHA on August 11, 2006. Pursuant to this DMMHA Program, the Johnsons and DMMHA entered into a forgivable second mortgage and restrictive covenant upon their property at the time of the sale. The DMMHA Program Plan provides for the second mortgage to be forgiven at a rate of 1/7th of the total mortgage amount each year for the seven (7)-year mortgage term, and to be forgiven in its entirety upon conclusion of said term, as long as the homeowners follow Program requirements.

The Johnsons have been successful homeowners thus far as part of the Municipal Housing Agency’s 5h Affordable Homeownership Program and are now requesting to pay off their second mortgage in order to sell the property. Currently, the Johnsons have a seven (7) year forgivable mortgage in the total amount of \$36,630 with the DMMHA. However, since they have lived in the home for six (6) years, program requirements are such that the Johnsons must pay the remaining 1/7th of their second mortgage in the amount of \$5,232.90 in order to obtain a release of the 5(h) Program mortgage and restrictive covenant upon their home. The City Legal Department has prepared a release and satisfaction of the second mortgage and restrictive covenant, and staff is requesting authorization to execute and record said document.

PREVIOUS COUNCIL ACTION(S):

Date: August 7, 2006

Roll Call Number: [06-1537](#)

Action: Approval of conveyance of 5604 S. Union Street, City-owned Municipal Housing Agency Property pursuant to Affordable Home Ownership Program. ([Council Communication No. 06-504](#)). Moved by Nesbitt to adopt. Motion Carried 7-0.

Date: February 21, 2000

Roll Call Number: 00-508

Action: Revised Municipal Housing Agency Affordable Homeownership Plan for submission to HUD. ([Council Communication No. 00-062](#)). Moved by Hensley to adopt. Motion Carried 7-0.

BOARD/COMMISSION ACTION(S): NONE

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS: NONE

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