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Management Review

of

Housing and Urban Development's
Community Development Block
Grant Loan Program

Report of Audit 05/06-XX-04

May 9, 2006



Office of Management and Budget

Internal Audit

MEMORANDUM NO. 06-31

DATE: May 9, 2006

TO: Director of Planning and Zoning/Marc LaFerrier
Director of Finance/Betty Burrell

SUBJECT: *Review of Housing and Urban Development's – Community Development Block Grant Program*

Enclosed is the “subject” Final Report of Audit.

Allyson C. Love
Director, Office of Management and Budget

Attachment - Final Report of Audit

c: City Commission
City Manager/George Gretsas
Assistant City Manager/Kathleen Gunn
Assistant City Manager/Stephen Scott
Director of Community Redevelopment Agency/Alfred Battle

ACL/vf

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DATE: March 28, 2006

TO: Director of Planning and Zoning/Marc LaFerrier
Director of Finance/Betty Burrell

FROM: Assistant Internal Audit Director/Renée Foley

BY: Financial Management Analyst/James Hamill

SUBJECT: *Review of Housing and Urban Development's - Community Development Block Grant Loan Program*

BACKGROUND

The Federally Funded Community Development Block Grant (CDBG) program began in 1974 and represents an array of Community Development initiatives to support/promote affordable housing and economic development opportunities for low and moderate-income persons living in economically distressed areas. The Federal Department of Housing and Urban Development (HUD) provides oversight of CDBG programs and periodically monitors municipalities that participate and receive CDBG funds. The Housing and Community Development Division (HCD) administers programs for the City of Fort Lauderdale (City) according to an Annual Action Plan. These programs include the Community Development Block Grant (CDBG), HOME Investment Partnerships Program (HOME), Emergency Shelter Grant (ESG), and Housing Opportunities for Persons with AIDS (HOPWA). The Annual Action Plan is based on the goals and strategies in the City's 5-year Consolidated Plan. The City Commission approves the Annual Action and Consolidated Plans prior to submission to HUD and receives funding recommendations from a Community Services Advisory Board.

SCOPE

The Office of Management and Budget's (OMB) Internal Audit Division initiated a review of CDBG funded programs as a result of a Management Letter comment dated January 9, 2004 for the fiscal year ended September 30, 2003 from the City's external auditors (Ernst & Young). They recommended the City perform periodic internal audits to ensure the loan program is properly administered. OMB reviewed the CDBG Notes Receivable balance referred to in the management comment and determined the focus of this review would be CDBG Enterprise Zone (EZ) loans and HOME Investment Partnerships Act Rehabilitation loans (HOME). The EZ loan program was designed to provide loans to new or expanding businesses

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located within the boundaries of the City's State-Approved Enterprise Zone. The HOME loans provide funds to local jurisdictions to promote more affordable housing through acquisition, rehabilitation, and new construction. We conducted an entrance interview with the HCD Program Manager to discuss program objectives, policies and procedures, and obtained a general overview of CDBG funded programs. We selected 4 EZ loans and 13 HOME loans for compliance testing (**Schedule 1**). We reviewed loan and monitoring documentation for the period 1992 through 2005 during the months of October 2005 through January 2006. Judgmental sampling methods were used to review documents. The review was performed in accordance with generally accepted government auditing standards and included tests of internal controls considered necessary.

OVERALL EVALUATION

Internal controls were not adequate to effectively manage and monitor the EZ and HOME loan programs. Improvements to promote compliance with program requirements are needed. Program monitoring was not thorough and comprehensive. There were many instances where evidence to support compliance was not documented in loan files and some instances of non-compliance that went undetected. Pending contractual and legal issues also went undetected and/or unresolved. Project cost detail recorded in accounting logs in the loan files were incomplete and could not be reconciled to the City's Financial Accounting Management Information System (FAMIS). Furthermore, the HCD Office does not have an adequate contingency plan to recover/restore business records in the event of a disaster and loan files were stored in non fire-resistant cabinets.

ENTERPRISE ZONE LOANS

FINDING 1

Internal controls used over the processing and monitoring of EZ loans were not adequate to ensure compliance with program and loan requirements.

Internal controls should be designed to ensure loan program compliance requirements are achieved and clearly documented in the loan and monitoring files, as well as resolution of non-compliance issues should be followed through to completion and thoroughly documented in the loan file.

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HCD Monitoring Guidebook (page 5) on EZ Loans states, “The HCD staff will be responsible for reviewing the documentation maintained by the CRA¹ to ensure compliance.”

- No effective monitoring system/checklist was in place to measure progress towards realizing compliance goals. Furthermore, comprehensive file reviews were not performed to verify loan documentation was both accurate and complete.

Compliance testing of 22 requirements for 4 EZ loans resulted in a 59% overall error rate, summarized as follows (**Schedule 2**):

Legend	Description	Count	Percent
IC	In Compliance	31	35.2%
NA	Not Applicable	5	5.7%
Subtotal In Compliance or NA		36	40.9%
NIC	Not In Compliance	4	4.5%
PC	Partial Compliance	8	9.1%
ND	Not Documented	40	45.5%
Subtotal Not Fully in Compliance or Not Documented		52	59.1%
Grand Total		88	100.0%

- No system was in place to assist in the identification of potential “conflicts of interest” between loan recipients and City officials. On the McKinley Financial Services, Inc. (McKinley) EZ loan reviewed, HUD identified a conflict of interest and noted factors in order for an exception to be considered. We were unable to evidence if and how this issue was resolved.

In a letter from the Director of Miami’s Office of Housing and Urban Improvement Community Development and Planning to the City dated February 8, 2002, it was stated, “Commissioner Moore’s employment with a business entity (McKinley Financial Services, Inc.) that is the recipient of funds from a CDBG assisted activity constitutes a conflict of interest under these regulations.”

- No system was in place to track and monitor whether project(s) completion dates were met and actions taken to declare project(s) in default when not completed timely.

Paragraph (f)(1) of the McKinley EZ Loan Agreement states, “In the event Participant fails to complete the Project within eighteen (18) months from the date hereof, the loan shall immediately be in default, without any further notice and the full amount remaining due, including principal and accrued interest, shall accelerate and be due and payable at once. The term “complete the Project” as used herein shall mean that

¹ Community Redevelopment Agency

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Participant has secured a final Certificate of Occupancy for all improvements to the Property. The term "Project" shall mean the demolition and renovating improvements to the property as discussed with City staff in conjunction with this Enterprise Zone Loan Agreement."

The First Amendment to the McKinley EZ Loan Agreement, paragraph 6, number 2 states "...The date for completion of the project is extended to December 1, 2002."

Contractual project completion date for EZ loan recipient (McKinley), which was amended/extended by the City Commission to December 1, 2002, was not met. The Certificate of Occupancy was not issued until May 30, 2003 and a request for immediate payoff (\$181,403) under the terms of the loan agreement was not initiated. Furthermore, if pro-active steps were taken by HCD to request repayment at the point when the loan fell into default, an additional \$181,403 would have been available as program income to assist other EZ loan applicants.

- No written procedure was in place to require verification of public records for pending legal actions against loan recipients.

HCD was unaware that a "Lis Pendens"-pending legal action was filed by a 33% co-owner of Seacris Enterprises, Inc. dba The Jerk Machine (Seacris) on August 5, 2005. When we brought the Notice of Lis Pendens to the HCD Office's attention in October 2005, a "wait and see" approach was advocated by the HCD Manager, who on December 7, 2005 stated, "If the property is indeed foreclosed, the City sometimes is able to collect its monies and sometimes we don't.... As of today, we have not received any notification from the CAO² of a pending Lis Pendens against Seacris."

- No system was in place to require the HCD monitor to obtain and maintain documentation to substantiate assertions/prove compliance with program requirements.

A proper system of controls designed to achieve effective management oversight/monitoring of loan program compliance, early detection and pro-active resolution of contractual non-compliance and/or pending legal actions against EZ loan recipients, and timely expenditure of CDBG funds will enhance the City's eligibility to receive funding in the future and reduce the impact of an event/action with a potential for loss.

² City Attorney's Office

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RECOMMENDATIONS AND MANAGEMENT COMMENTS

The *HCD Manager* should:

Recommendation 1. *Identify for each CDBG program that HCD administers the program-specific compliance requirements, develop approaches for achieving compliance, and specify what controls/systems to implement to measure and monitor progress towards realizing compliance goals.*

Management Comment. *Management concurred with the finding and recommendation and stated: “All CDBG programs will be reviewed and updated for compliance requirements and where appropriate, controls/systems will be strengthened to ensure compliance goals.” Estimated completion date August 31, 2006.*

Recommendation 2. *Review and revise the existing monitoring procedures to improve overall effectiveness and provide training to staff tasked with monitoring responsibility, including but not limited to, obtaining/maintaining all pertinent documentation in the loan files. Specifically, the following steps should be required to be performed/completed, at minimum, as part of the annual monitoring process:*

- *Obtain additional, objective proof such as pay stubs and W-2s to validate the actual number of new full-time jobs created to satisfy the 1:\$35,000 (loan value) ratio required by the EZ loan agreement.*
- *Verify the EZ loan recipient is current with their quarterly Internal Revenue Service 941 filings for payroll taxes and confirm there is no unpaid balance due for unremitted payroll taxes.*
- *Verify the City is named as an “additional insured” on all insurance policies in accordance with the loan agreement.*
- *Validate through FAMIS the required loan payments since the last monitoring occurred are in accordance with the EZ loan amortization schedule. An Excel spreadsheet should be prepared and placed in the monitoring file to document this annual analysis.*
- *Complete a review of the Broward County public records <http://205.166.161.170/oncorewebttest/search> and document the results in the loan file to identify if any additional liens have been placed on the*

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property since the last monitoring or if any legal actions have been initiated, which could adversely effect the repayment of the EZ loan.

- *Verify ad valorem taxes and insurances have actually been paid.*
- *Verify that a Maintenance Reserve for non-routine repairs has been created in accordance with the loan agreement, if applicable.*

Management Comment. *Management concurred with the finding and recommendation and stated:* “As mentioned later in this response, participants /applicants in the EZ Loan Program were not processed through the HCD Office. HCD staff was not afforded the opportunity to accurately assess the eligibility of or documentation received of these applicants. As per the attached EZ Loan Submissions to the City Commission (**Exhibit #1**), loan applications and subsequent submissions were processed through the Economic Development Director, his staff and later the CRA Director and staff supported by the Assistant City Manager. This decision to have the EZ Loans processed by the Economic Development and CRA Directors and their respective staffs was made by the Assistant City Manager as a result of a dispute by the then current HCD Director. Additionally, HCD staff requested verbally and via e-mail per (**Exhibit 2**) from the then Economic Development Director, documentation for these EZ Loan projects so that HCD staff would have a record of these activities. On March 2, 2001, HCD staff received an e-mail request from the Economic Development Rep asking to be shown “exactly how HUD prefers to see our files. Would like to be prepared in the event we have a future audit (**Exhibit 3**).” It was at that time that it was determined that the current HCD Monitoring and Compliance Coordinator would be better qualified to control the monitoring and compliance for this Program. At that point, HCD began to receive partial documentation for the project files and to establish a system for ensuring compliance. The deficiency in HCD receiving or being a part of the intake/documentation for these projects is further documented as a part of your analysis on Schedule 2, which shows that these four (4) loans were not reviewed by Economic Development/HCD staff. The last EZ Loan processed by the CRA Economic Development Rep was in January 2001 for Bob Young Builders. All new EZ Loans will be processed in accordance with HUD and City regulations. All future EZ loans will be monitored utilizing at a minimum, the above audit recommendations. Those monitoring procedures that need revision will be reviewed and implemented by September 30, 2006. Staff training will be conducted simultaneously with the revisions and completed on the same date.”
Estimated completion date September 30, 2006.

Recommendation 3. *Update the Monitoring Guidebook to require the Monitoring Specialist to obtain substantial proof (cancelled check or*

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confirmation from the Broward County Revenue Collector) the Ad Valorem taxes have been paid and no delinquencies exist. Anticipated amounts from a mortgage escrow statement would not meet the standard of substantial proof. A monitoring checklist form/tool should be developed to capture/assure completion of relevant testing.

Management Comment. *Management concurred with the finding and recommendation and stated:* “Monitoring Guidebook will be updated to reflect that a monitoring checklist form/tool is required to ensure compliance of Ad Valorem tax payments and that these taxes are current.” **Estimated completion date July 31, 2006.**

Recommendation 4. *Conduct a comprehensive file review of the EZ loans not selected in this review’s sample for testing to determine compliance deficiencies. For any loan program requirements not achieved, efforts to obtain/record documentation should be made to evidence compliance.*

Management Comment. *Management concurred with the finding and recommendation and stated:* “All EZ Loans not selected will be reviewed to determine compliance deficiencies and for any deficiencies noted, effort will be made to obtain documentation to bring the files into compliance.” **Estimated completion date July 31, 2006.**

Recommendation 5. *Utilize a Conflict of Interest Questionnaire (Sample attached) to assist in the early detection of potential conflicts of interest. The questionnaire should be provided and completed by loan applicants. The HCD Manager should review the completed questionnaire and any potential conflicts of interest should be resolved with the Granting Agency before the loan recommendation is presented to the City Commission.*

Management Comment. *Management concurred with the finding and recommendation and stated:* “Conflict of Interest Questionnaire will be provided to all future applicants for participation in the EZ Loan Program. Document will be reviewed by CRA intake staff and HCD staff to identify any potential conflict of interest issue. If there is a potential conflict, it will be resolved prior to the submittal of the loan to the City Commission for approval.” **Estimated completion date May 1, 2006.**

Recommendation 6. *Develop a written procedure and implement a system to track significant issues of non-compliance from the time notice is received*

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through to final resolution. The chronological evolution and resolution of the issue should be clearly documented in a properly indexed loan file.

Management Comment. *Management concurred with the finding and recommendation and stated:* “A checklist will be established to track significant issues of non-compliance. This checklist will be placed in each EZ Loan Program file. Follow-up compliance will be conducted on a yearly basis or as required when non-compliance is noted. Specific issues are taxes, insurance, late payment or notification from 1st mortgage holder of any default. Additionally, this procedure will be included in the Monitoring and Compliance Handbook.” **Estimated completion date August 31, 2006.**

Recommendation 7. *Create a database to identify contractual project completion dates by loan, monitor actual progress relative to planned completion, and take necessary action(s) to expedite/facilitate compliance when projects appear to be lagging.*

Management Comment. *Management concurred with the finding and recommendation and stated:* “Current HCD EZ Loan Program tracking sheet will be modified to include contractual project completion dates by loan and will be utilized to monitor project progress and to expedite/facilitate compliance.” **Estimated completion date August 31, 2006.**

Recommendation 8. *Follow/invoke the terms of the loan agreement and send notice to the loan recipient requiring accelerated repayment of the unpaid principal balance in accordance with the default provisions in the loan agreement. At any time when a loan falls into default, HCD staff should be proactive in enforcing compliance with the loan agreement.*

Management Comment. *Management concurred with the finding and recommendation and stated:* “Current procedures provide that notification be sent to the loan recipient when loan payments are untimely. Since the City is usually in a second lien position, it is difficult to foreclose unless the first mortgage holder initiates foreclosure on the first mortgage. When HCD was given authority for oversight for these loans, several were in arrears and efforts are made on an as needed basis to ensure proper collection for each account. As is the case for all loans, the CAO has instructed HCD staff not to get involved in any legal action. All such notifications of foreclosure actions are forwarded to the CAO for processing. It was in this context that the audit rep was advised that HCD waits to hear if funds are recovered from any foreclosure action.” **This item is open.**

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Recommendation 9. *Accept ownership of issues and actively pursue strategies to mitigate the risks associated with items having the potential for adverse impacts.*

Management Comment. *Management concurred with the finding and recommendation and stated:* “ALL parties involved in the administration/processing of these loans must accept Ownership of issues relating to deficiencies in the EZ Loan Program. This includes prior Assistant City Manager, Economic Development and CRA Directors who requested and approved the intake and processing of these loans outside of the supervision and oversight of the HCD Division. At the inception of this process, the then HCD Director “expressed grave concern” that issues and concerns, like those cited in this Audit, would arise due to lack of HCD oversight. As mentioned in Recommendation 2, HCD staff has met with current CRA Director and determined that they will maintain responsibility for the processing of EZ loans. With the cooperation of the CRA Director and his staff, HCD will have an active role in the oversight of all new EZ Loans. No new loans have been awarded since January 2001. An internal review of the Program at this point in time will allow HCD staff to assess all monitoring and compliance issues and structure/restructure as required to meet program federal and local guidelines.”
This item is closed.

FINDING 2

Loan review and approval procedures were inadequate to prevent EZ loan recipient Seacris from being reimbursed for purchases of new and used restaurant equipment, which pre-date the EZ loan agreement date.

EZ Loan Application, III. Construction Standards state, “Program funds may be used to cover the cost of labor and materials to acquire,...equipment and installation necessary for business startup or expansion.”

EZ Loan Agreement Article I, Purpose of the Project Section 1.1 states, “The purpose of the project is to provide funds for the purchase of equipment for the Jerk Machine Restaurant located at 111 N.W. 2nd Street....”

The City paid \$34,873 to Seacris for equipment purchased prior to EZ loan agreement commencement date of August 5, 1998, as follows.

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Vendor	Invoice or Check Date	Description of Equipment	Total EZ Loan Disb Amt	Total Pre-dating 8/5/98
Budget Restaurant	7/20/98	2 Bakery Cases	\$ 8,556.90	\$ 8,556.90
Andco Services, Inc.	7/27/98	Coolers, Ice Maker, etc	9,315.50	9,315.50
Andco Services, Inc.	7/27/98	Walk-In Cooler	7,540.00	7,540.00
Seacris Enterprises, Inc.	7/15/97	Hood Depot-Hood Fire System	3,880.31	3,880.31
	2/5/98	Hood Depot-Hood Fire System	3,880.00	3,880.00
	1/18/98	John Jordan – Faux Finish of Restaurant	500.00	500.00
	3/30/98	John Jordan – Faux Finish of Restaurant	1,200.00	1,200.00
Andco Services, Inc.	8/10/98	Used Restaurant Equipment including a Convection Oven and Mixers	10,127.29	0.00
Total			\$45,000.00	\$34,872.71

The CRA Planner III, who previously worked on EZ loans, did not know why the above payments were made. The language/terms of the EZ Loan Application and Agreement did not include reimbursement for expenses incurred or obligated prior to the loan period.

Establishment of loan review and approval process procedures to allow authorization of purchases to reimburse applicants for expenses incurred during the loan period only will be consistent with the objectives of the EZ Loan Program.

RECOMMENDATION 10

The HCD Manager should revise/strengthen the language in future loan agreements and explicitly state only purchases made during the effective period of the loan will be eligible for reimbursement. Furthermore, train HCD staff that authorize loan disbursements as to what represents an allowable cost/activity.

MANAGEMENT COMMENT

Management concurred with the finding and recommendation and stated: “Working in conjunction with the CRA Director and CRA staff, future agreements will be monitored for compliance with the scope of services as outlined and approved as a part of the work plan for the entity. This will prevent the reoccurrence of this type of expenditure. The language of all future EZ loan agreements will be explicit regarding reimbursement eligibility. We concur with this recommendation and will implement it immediately upon the execution of any future EZ loan agreement.” **This item is open.**

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FINDING 3

HCD does not consistently apply loan repayment terms to EZ loan applicants and EZ Loan Participation Agreements have various initial payment deferral periods.

HCD Monitoring Guidebook EZ Loan Program Activity Description states, “The program provides up to 20% of the total project costs, and is provided at 5% interest with a 10-15 year term, depending on the financing requirements for each project...”

Our review of the 4 EZ loans revealed the following:

EZ Loan Participant	Interest Rate	Deferral Period (Mos.)	Interest Accumulated During Deferral Period?	Loan Term (Years)
Seacris Enterprises, Inc.	5%	6	No	10
Bob Young dba Bob Young Builders	5%	9	Yes	10
McKinley Financial Services, Inc.	5%	12	Yes	15
Sixth Street Plaza	5%	12	No	10

- The same deferral period/repayment of loan was not provided consistently to all loan participants which could give the appearance of inequity/favoritism. The deferral periods ranged from 6 to 12 months from the date of the loan closing. No cash flow analysis was available to support the basis for why varying deferral periods were allowed.
- Interest was also not applied consistently. Interest was deferred for two participants and accrued for two.
- A loan term of 15 years was provided to one loan participant and 10 years to the other three with no documentation in the loan file indicating the reason for the term being longer for one loan participant than the others.

Establishment of consistent policy and procedures of prudent direct loan terms will promote fairness and the same opportunities to new and expanding businesses located within the boundaries of the City’s Enterprise Zone and earn the City interest from the loan commencement date.

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RECOMMENDATION 11

The HCD Manager should establish policies and procedures to promote consistency among applicants and allow payment deferral periods only when justified by a cash flow analysis, which should be kept on file for audit purposes.

MANAGEMENT COMMENT

Management concurred in principle with the finding and stated: “As mentioned in the Program description for the EZ Loan Program, the Program was designed as a direct loan program and as an incentive to developers, businesses and nonprofit organizations that want to establish or expand their business within the City of Fort Lauderdale’s Enterprise Zone. Projects are reviewed on a case-by-case basis based on the economic feasibility of the project utilizing established underwriting criteria. Because each business entity or nonprofit will not always have the same set of financial circumstances or conditions, this flexibility in the structuring of each loan is necessary to ensure the viability of each loan awarded. We do not concur with the portion of this recommendation “... to promote consistency among applicants.” We will provide more complete information, including a cash flow analysis, in the file to explain any granted payment deferral periods.” **This item is closed.**

FINDING 4

The Amortization Schedule for an EZ loan recipient contained a \$782.64 calculation error that was not detected by Treasury or HCD staff.

EZ loan amortization schedules should contain a complete and accurate accounting and reflect the agreed to terms and conditions in the EZ Loan Agreement. Interest accrued during a deferred payment period at the beginning of the loan should be added to the original principal balance and amortized over the remaining period of the loan.

The EZ loan amortization schedule for McKinley representing 25% of our sample included a \$782.64 erroneous interest amount for payment 1 on July 1, 2000, resulting in an overpayment with a future value of \$1,542.53 calculated through June 1, 2015.

The Treasury Office does not have an adequate review and approval process in place for loan amortization schedules. Furthermore, HCD financial personnel did not verify that the loan amortization schedule agreed with the repayment terms contained in the loan agreement.

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Accurately prepared and critically reviewed loan amortization schedules minimize the chances of EZ loan over/underpayments.

RECOMMENDATIONS AND MANAGEMENT COMMENTS

The *City Treasurer* should:

Recommendation 12. *Review and approve all loan amortization schedules and a copy of pertinent sections from the loan agreement concerning loan terms should be attached to support the calculations in the schedule.*

Management Comment. *Management concurred with the finding and recommendation and stated:* “The Finance Department will request that the HCD Manager add the City Treasurer to the approval path of all new EZ loans.” **This item is closed.**

The *HCD Manager* should:

Recommendation 13. *Require the Assistant HCD Program Manager to review the loan amortization schedules provided by Treasury for concurrence with the repayment terms of the loan agreement.*

Management Comment. *Management concurred with the finding and recommendation and stated:* “All future EZ Loan amortization schedules provided by City Treasury Department will be reviewed for concurrence with the repayment terms of the loan agreement.” **This item is closed.**

FINDING 5

The City did not receive interest totaling \$3,174 for 3 maturing Certificates of Deposit since no systems were in place to verify the accuracy of interest amounts received.

Interest amounts received for all maturing investments should be independently checked for accuracy, differences researched, and appropriate follow-up action initiated with the payer until the differences are resolved.

On April 14, 1997, the City deposited funds in support of CDBG totaling \$1,000,000 with 3 different banks to purchase Certificates of Deposit (CDs),

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maturing on June 30, 2000, in support of the State approved EZ Loan Linked Deposit Program, as follows:

Bank	Principal wired to Banks on 4/14/97	Rate	Interest Pd by Bank at Maturity (6/30/00)	Interest Calculated by IA Due at Maturity (6/30/00)	Difference Over/(Under)
Pointe Bank	\$ 387,500	6.16%	\$ 84,823	\$ 82,215	\$ 2,608
Nations Bank, N.A.	312,500	5.65%	57,530	60,467	(2,937)
First Union	300,000	4.75%	45,468	48,313	(2,845)
Total	\$1,000,000		\$187,821	\$190,995	\$(3,174)

The Treasury Office's analysis of the interest due on the CDs held by the 3 banks did not agree with either the banks' or OMB's calculation² because it does not include accrued interest from April 14, 2000 through June 30, 2000. No pro-active steps were evidenced to resolve the difference(s) noted in their analysis.

Independent, complete, and accurate analysis of interest due on maturing investments will substantiate amounts paid agree with the terms of the investment agreement, maximize revenues to the City, and avoid conflict/embarrassment if the City is overpaid and inadvertently does not refund the excess.

RECOMMENDATION 14

The City Treasurer should establish a written policy and procedures to have all investment receipts greater than \$500 verified for accuracy and initiate a process to review and provide supervisory approval of analyses prepared by Treasury accountants. Furthermore, initiate follow-up action with the payer when differences are detected and require variances be brought to resolution.

MANAGEMENT COMMENT

Management concurred with the finding and recommendation and stated: " The City Treasurer will review the division's current policies and procedures for verification and reconciliation of investment transactions and make changes and updates as necessary prior to September 30, 2006. The review process will assist in the determination of the threshold to be used to trigger specific verification, the type of transactions to be verified, the verification method, procedures to follow when differences are detected, reconciliation procedures for each type of investment, along with other factors as appropriate. The policy and procedures will include

² For purposes of the analysis OMB assumed compound interest based on an annual compounding period. The CD Investment Agreement between the City and the bank(s) specified an interest rate but does not indicate if the interest is simple or compounded and the compounding period.

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provision for supervisory review and approval of investment analyses and reconciliations.” **Estimated completion date September 30, 2006.**

HOME LOANS

FINDING 6

Internal controls used over the processing, documentation, and monitoring of HOME loans were not adequate to ensure compliance with program and loan requirements.

- No effective monitoring system/checklist was in place to measure progress towards realizing compliance goals. Furthermore, comprehensive file reviews were not performed to verify loan documentation was both accurate and complete.

Compliance testing of 13 requirements for 13 HOME rehab loans resulted in a 39% overall error rate, summarized as follows (**Schedule 3**):

Legend	Description	Count	Percent
IC	In Compliance	102	60.4%
NA	Not Applicable	1	0.6%
Subtotal In Compliance or NA		103	61.0%
<hr/>			
PC	Partial Compliance	6	3.6%
ND	Not Documented	60	35.5%
Subtotal Not Fully in Compliance or Not Documented		66	39.1%
Grand Total		169	100%

- No system was in place to detect that a HOME loan applicant/recipient was deceased and the heirs to the estate had not provided written notice of their intention to assume the loan and/or execute assumption documents; consequently, HCD did not request repayment of the unpaid principal balance (\$17,312.02) through the date of death.

Housing Improvement Program Loan Agreement, Paragraph (k) on page 5 states, “Assumption. The remaining principal amount of this loan may be assigned to or assumed only by heirs to the estate of the Property Owner(s) or other income eligible persons, under the same conditions of the original agreement. Assumption is only valid after written notice is given to the City and only after execution of such assumption documents as deemed necessary by the City.”

According to a note in the loan documentation file, Case No. RS 93-069 HOME loan recipient passed away on February 12, 1997. This information was

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corroborated by the fact that a Death Certificate, instrument #103835523, was recorded in the public records on March 23, 2004.

- No system was in place to reconcile project costs as documented in the loan file reconciled to those in FAMIS.

Accounting for all project costs in an accounting log and reconciliation of these costs to the amounts posted in the accounting system is an essential control to verify all costs are properly accounted for, have been charged correctly to projects, and do not exceed the authorized funding for the project.

The project file for Case No. RS 93-069 HOME loan recipient includes multiple accountings/logs for HOME project costs; however, none appear to represent a final accounting of all project costs. Furthermore, reconciliations were not performed to FAMIS to validate project costs and/or verifications made to validate the maximum authorized funding per the Loan Agreement (**Schedule 4**).

Proper systems and controls designed to achieve program compliance, adequate management oversight over the loan files to verify the project documentation is accurate, complete, and reconciled to FAMIS and the Loan Agreement, will enhance the City's eligibility to receive CDBG funding in the future and not jeopardize current funding.

RECOMMENDATIONS AND MANAGEMENT COMMENTS

The *HCD Manager* should:

Recommendation 15. *Develop and implement a quality control review/process and designate an HCD staff member to be responsible for verifying all compliance requirements have been satisfied and are properly documented in the loan files. A compliance checklist/form could help facilitate this process, which the HCD Manager should review and approve. Periodically, check a sample of loan files to confirm requirements are achieved and document the results in writing.*

Management Comment. *Management concurred with the finding and recommendation and stated: "All Housing Programs policies and guidelines are being updated to ensure that all program requirements are being documented. Once all of these Program guideline/changes have been amended, they will be presented*

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to the City Commission for approval. These changes will include an appropriate compliance checklist/form, which will be reviewed and approved by the Housing Programs Supervisor. The Monitoring and Compliance Officer will perform an annual sampling to confirm requirements are achieved and will document the results in written report to the HCD Manager.” **Estimated completion date September 30, 2006.**

Recommendation 16. *Develop systems/processes to assist in the timely identification of significant items/events affecting the repayment of the loan. Establish written procedures and provide training to staff to ensure appropriate corrective actions are taken in accordance with the loan agreement.*

Management Comment. *Management concurred with the finding and recommendation and stated:* “These loans are structured so that there is no requirement for monthly payments. The loans are due upon the sale, lease, rental or transfer of title to the property. Our annual compliance mailing and drive by inspections is the system/process, which assist HCD staff to identify significant items/events affecting the repayment of the loan. Further, the Courts forward notifications of foreclosure action to the CAO for processing. The CAO then notifies HCD of the pending foreclosure action and the CAO pursues the action and notifies HCD staff of any funds recovered. For instances of non-compliance with respect to maintenance and upkeep of the property, the Monitoring and Compliance Officers makes direct contact with clients and sends certified mail to ensure that they bring the property into compliance. Currently ongoing. The Monitoring Procedures will be reviewed and revised to be specific as to the required steps by September 30, 2006. Staff training will be conducted simultaneously and completed on the same date.” **Estimated completion date September 30, 2006.**

Recommendation 17. *Establish written procedures to develop an accounting log in the HOME loan file to accurately record all project cost details and reconcile to FAMIS as part of the contract closeout process. Differences should be documented and fully explained as part of the reconciliation process and the maximum authorized funding for a particular loan compared to actual project costs.*

Management Comment. *Management concurred with the finding and recommendation and stated:* “As indicated earlier, the Housing Programs policies and guidelines are being updated to ensure that all program requirements are documented. These improvements will include the accounting log amendments, reconciliation documents and compliance with maximum funding verification.” **Estimated completion date September 30, 2006.**

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GENERAL CDBG

FINDING 7

HCD did not have evidence to support feedback received from citizens as part of HCD's community outreach, which is essential to memorialize dissemination of information/discussions held by City staff and citizen participants.

HUD Homes and Communities web site concerning Citizen Participation states, "A grantee must develop and follow a detailed plan which provides for, and encourages, citizen participation and which emphasizes participation by persons of low- or moderate-income, particularly residents of predominately low- and moderate-income neighborhoods, slum or blighted areas, and areas in which the grantee proposes to use CDBG funds."

Per discussion with the HCD staff, feedback was received from the community/citizens, who attend annual planning meetings. However, the discussion points were not documented to evidence feedback received. HCD maintained sign-in sheets as evidence to support outreach efforts and did not require comments received by the community/citizens be documented.

Proper documentation to substantiate outreach efforts and feedback from citizens who attended and participated in public meetings held will assist in providing evidence of grant compliance.

RECOMMENDATION 18

The HCD Manager should establish a procedure to document key issues discussed during public meetings in order to evidence and preserve a historical record of Community Outreach compliance efforts and citizens' feedback.

MANAGEMENT COMMENT

Management concurred with the finding and recommendation and stated: "The Federal Regulations under 24CFR Part 570.486(a) provide for a Citizens Participation process. The City's Citizen Participation process is outlined in our 5 Year Consolidated Plan and yearly Annual Action Plan. The annual CDBG funding cycle includes planning meetings held during the day and in the evening to assure that all persons interested have access to the process. The meetings are

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advertised in two local publications, Fort Lauderdale Sun Sentinel and the Westside Gazette. Prior planning meetings documented attendance by sign in sheets of persons attending the planning meeting. Notes are written by HCD Manager and HCD Secretary but not formalized in a report format. Comments are included as a part of the Annual Plan that is approved by the City Commission and HUD. Future CDBG funding cycle planning meetings will provide for a process of formal note taking so as to include all comments, not just those of significant value to the process. This procedure will be committed to the Procedural Steps by September 30, 2006, and will be included for all future CDBG funding cycle planning meetings. These meetings are annually held in February and March of each fiscal year. This procedure will be committed to the Procedural Steps by September 30, 2006, and will be included for all future CDBG funding cycle planning meetings. These meetings are annually held in February and March of each fiscal year.”
Estimated completion date September 30, 2006.

FINDING 8

The HCD Office did not have a contingency plan for restoration and recovery of records that may be lost or destroyed as a result of a disaster, and loan program files were not stored in fire-resistant cabinets.

A contingency plan for the recovery and restoration of records after a disaster represents a critical element in a comprehensive system of internal controls.

In response to questions posed to determine HCD’s disaster recovery preparedness, Assistant HCD Program Manager stated on January 11, 2006 that HCD does not have a formalized contingency plan and the majority of records are not stored in fire-resistant cabinet.

HCD management has not planned for the possibility of a disaster.

Having a well designed and tested contingency plan will assure records will continue to be available after a disaster.

RECOMMENDATION 19

The HCD Manager should prepare a contingency plan to prepare for recovery from a disaster, including budgeting for replacement of non fire-resistant

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cabinets, as well as exploring the cost effectiveness of imaging or micro-filming the HCD loan records.

MANAGEMENT COMMENT

Management concurred in principle with the finding and recommendation and stated: “The HCD Assistant Manager’s response to the contingency plan question was that the primary back up would be our entries for HOME projects in FAMIS (**Exhibit 6**). The information of the entries included the name and address of the client, the IDIS project number, the funding source and amount, funds expended to whom and when. Additionally, loan documents are recorded in Broward County and can be researched and copied from the Internet. IDIS, the Federal Disbursement System for HUD funds, would have all the demographic information required to qualify for participation in the HOME program. Through these systems, a replacement file with the basic information could be regenerated. Funds for Fire-resistant cabinets, required for the current documentation in the HCD offices would run more than \$200,000.00. This expense is not feasible as it far exceeds the limits of our grant-funded Administration budget. The formation of a contingency plan to prepare for recovery from a disaster will be prepared. A review of the cost effectiveness of imaging or microfilming HCD loan records is underway. This contingency plan and a determination of the cost effectiveness of imaging or microfilming is being considered as a part of the current budget process for the 2006-2007 Program Year. The cost effectiveness study and contingency plan will be completed by September 30, 2006.” **Estimated completion date September 30, 2006.**

NOTES RECEIVABLE

FINDING 9

The City was not accounting separately for various loan program types from different funding sources (Federal and State) in FAMIS, including State Housing Initiatives Partnership Program (SHIP) loans funded by the State of Florida, in the General Ledger (GL) loan balance for HUD Grants - Notes Receivable.

The Federal Office of Management and Budget, Circular A-87 - Annual Reconciliation of Continuing Assistance Awards states, “These fiscal and administrative requirements must be sufficiently specific to ensure that: funds are used in compliance with all applicable

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Federal statutory and regulatory provisions, costs are reasonable and necessary for operating these programs, and funds are not to be used for general expenses required to carry out other responsibilities of a State or its sub-recipients.”

The CDBG–Notes Receivable comment mentioned in the external auditor’s Management Letter had a \$9.3 million loan balance for fiscal year ending September 30, 2003. Our review revealed the loan balance in FAMIS, as of September 30, 2004, consisted of the following loan types/funding sources:

Program/Description	Balance Loan Amt	% of Total
CDBG	\$2,915,014	29.3%
CDBG and HOME	23,218	0.2%
CDBG and SHIP	142,288	1.4%
Capital Facilities Improvement Program	138,719	1.4%
HOME	1,622,004	16.3%
Housing Opportunities for Persons with Aids	135,800	1.4%
Rental Rehabilitation	501,262	5.0%
SHIP Program	4,269,659	42.9%
SHIP and HOME	208,252	2.1%
Total	\$9,956,216	100.00%

Includes SHIP loans funded by the State of Florida.

The make up of the HUD Grants-Notes Receivable balance in FAMIS has not been critically analyzed and reviewed for accuracy and proper allocation.

Disaggregating the Notes Receivable balance by proper funding source and program type would improve accountability and facilitate reconciliation of loan program balances to source documentation.

RECOMMENDATIONS AND MANAGEMENT COMMENTS

The *City Treasurer* should:

Recommendation 20. *Separate out the \$9,956,216 HUD Grants - Notes Receivable balance by funding source (Federal, State or local) and program type (HOME, HOPWA, Rental Rehabilitation, etc.) and establish a separate FAMIS subsidiary account for each category to improve overall accountability for these loans.*

Management Comment. *Management concurred with the finding and recommendation and stated:* “The City Treasurer will set up separate FAMIS subsidiary accounts for each category loan and make the required accounting adjustments before September 30, 2006. The City Treasurer requests that the

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Office of Management and Budget share the documentation for their breakdown by account type to facilitate implementation of this recommendation.” **Estimated completion date September 30, 2006.**

The *HCD Manager* should:

Recommendation 21. *On an annual basis, before the fiscal ending period, require staff to audit each of these accounts to prove the accuracy of the ending loan balance. The results of this review should be documented in writing and maintained in a year-end audit file.*

Management Comment. *Management concurred with the finding and recommendation and stated:* “A complete review of the FAMIS system and how HCD projects are included, tracked and closed in that system must be conducted to assess a reliable reconciliation tool. The review of this task should be completed after the closeout of our 2005-2006 Program year, which ends September 30, 2006. The audit of the accounts will be completed by December 31, 2006. If this process proves an efficient one, it will be implemented and the Audit Division notified.” **Estimated completion date December 31, 2006.**

ADDITIONAL MANAGEMENT COMMENTS

FINDING 1

“HUD regulations under 24CFR Part 570.611 clearly identify the Conflicts of Interest that are prohibited. A separate Conflict of Interest Project file is maintained in the office for all possible such situations as evidenced in request for determinations for activities ranging from the Sam Mitchell property acquisition (Mr. Mitchell was a member of the Community Services Advisory Board); a request for determination on the Lennard Robinson and Sean Jones (members of the CRA Advisory Board) projects, as well as a request for determination on Carlton Moore as a sitting Commissioner for the Fort Lauderdale Community Development Corporation application for HOME funds.

The Director of Miami’s Office of Housing and Urban improvement Community Development and Planning’s letter to the City of Fort Lauderdale dated February 8, 2002, was in response to a fax from Faye Outlaw, requesting a determination of Conflict of Interest for the McKinley Financial Services loan.

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It should be noted that the loan to McKinley Financial was made in 2000 and discussion was held before the City Commission with reference to the Conflict of Interest question at that time. It was consensus at the City Commission meeting that since Commissioner Moore recused himself from the dais and did not take an active part in the discussion or approval of the loan, that there was no conflict of interest.

It was only when a request was received from McKinley Financial in 2001 for a subordination of the City's loan did the conflict of interest question arising a second time. At this point, the Director of Community and Economic Development (CED) requested the HUD determination.

Since HCD staff did not have access to processing and completion of this loan and was not advised by Economic Development staff, we were not aware that this situation existed. Future loans will be monitored appropriately to avoid this reoccurring.

Since HCD staff did not have access to processing and completion of this loan and was not advised by Economic Development staff, we were not aware that this situation existed. Future loans will be monitored appropriately to avoid this reoccurring. Additionally, the recorded loan document assured that notification would go to the CAO who would handle the foreclosure action.

The Enterprise Zone Loan Program (EZ Loan) was approved by the City Commission in 1997. As was discussed during the audit, the Program was changed several times and prior to the first EZ Loan being granted, there was major discussion as to who would process and be accountable for the loan program.

Since the program is funded by CDBG dollars, the HCD Office should have had responsibility for not only monitoring/compliance but for application intake, and documentation. The decision was made by the then Assistant City Manager that the Economic Development Director and his staff and later the CRA Director and her staff, would be responsible for intake, documentation and processing of these EZ Loans. The then HCD Manager requested that the HCD Office be removed from accountability of these loans.”

FINDING 6

“The latest HOME files included in this audit were processed in 2001; the oldest file was from 1993. Forms and checklists have been added and modified in the

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ensuing 5-year period to address most of these concerns. Current system will be assessed to determine deficiencies in program oversight and adjustments completed to ensure compliance goals are being met.

This 1993 file is one of twenty-eight files forwarded to the City Attorney's office in 2001 (**Exhibit #4**) requesting assistance in securing an assumption of mortgage document from program eligible heirs. To date, eleven accounts have been repaid; one assumed by the daughter of the deceased client and one foreclosed. In this particular case, the last notation from the then Monitoring & Compliance Specialist was that the heir(s) proved uncooperative. The course of action was to be at the direction of the CAO. The current Monitoring & Compliance Specialist has been systematically going through the list and updating the available information. It was through her efforts the one assumption of mortgage was secured.

Subsequent to this action, we are in receipt of CAO memo #05-0611 with a determination that an assumption document is not required but the City could send a letter to the successors in interest in cases such as these to inform the new property owner that a mortgage exists on the property and that the new property owner should review the mortgage and call the City for answers to any questions the mortgage might inspire. (**Exhibit 5**)

When there is a death of recipient and an heir does not contact our office, the annual monitoring program will flag active accounts and the Specialist will make every effort to contact the responsible parties and secure the needed documentation. As detailed in the Assistant City Attorney's Memo of December 22, 2000; the City's lien "... continues to remain attached to the real property with or without an express assumption by a party.

As the new guidelines and procedures are incorporated, the completion and inclusion of the required paperwork will be confirmed by the Intake Specialist and verified by the Housing Programs Supervisor. A signed affidavit will be included in the file. This step will be completed prior to the financial file being reviewed by the Sr. Accounting Clerk and Financial Supervisor. This review and reconciliation currently takes place as each project file is completed and put into monitoring. All expenses are reviewed and confirmed with the entries in FAMIS. To document this process, checkpoints have been added to the accounting log currently used for each file to verify reconciliation with FAMIS.

The maximum funding for an individual project is determined by the equity of the client's property and/or the maximum limits set by the City Commission. At the

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initiation of a project, the FAMIS account is opened at the maximum or below as instructed by the Intake Specialist. Any required increases or “change orders” are authorized by the Intake Specialists for those cases not meeting the City Commission limits or equity limits whichever is least. In some instances, individual cases are brought to the City Commission for authorization to spend above the limit due to escalations in construction costs or other extenuating circumstances. If approved, a copy is entered into the file and the accounting sheet adjusted to reflect the information.

Past audits by HUD, have recommended changes that we have incorporated. The controls and systems currently in place have met the requirements for HOME funding as of the 2003 HUD HOME audit. We will continue to make the needed improvements to guarantee maximum funding for both CDBG and HOME.”

EVALUATION OF MANAGEMENT COMMENTS

Management comments provided and actions taken and/or planned are considered responsive to the recommendations.

City of Fort Lauderdale - Office of Management and Budget
Review of Community Development Block Grant Loan Programs
Characteristics of Loans Selected in Sample

Schedule 1

Ref#	Loan Recipient/Case No.	Loan Term (Years)	Loan Begin Date	Loan Maturity Date	Interest Rate	Original Loan Amount	Loan Balance as of 9/30/04
Enterprise Zone Loans :							
1	Bob Young dba Bob Young Builders	10	01/01/01	12/01/11	5%	\$ 175,845.00	\$ 142,385.96
2	McKinley Financial Services, Inc.	15	06/22/00	06/01/15	5%	187,600.00	150,410.72
3	Sixth Street Plaza	10	12/21/00	11/01/10	5%	140,000.00	116,300.19
4	Seacris Enterprises, Inc. dba The Jerk Machine	10	08/05/98	07/01/08	5%	45,000.00	34,129.62
						548,445.00	443,226.49
HOME Rehabilitation Loans :							
1	RS 99-016	20	Dec-00	11/01/20	0%	\$ 39,241.47	\$ 39,241.47
2	RS 01-004	20	May-02	04/01/22	0%	34,909.50	34,909.50
3	RS 01-005	20	Jun-02	05/01/22	0%	34,368.25	34,368.25
4	RS 97-008	99	Nov-97	N/A	0%	22,831.25	22,831.25
5	RS 93-069	13	06/23/94	05/01/07	0%	17,312.02	17,312.02
6	RS 95-025	13	Mar-98	02/01/11	0%	22,080.00	15,456.00
7	RS 95-022	13	Jul-96	06/01/09	0%	23,538.41	14,123.05
8	RS 94-005	13	Jun-94	05/01/07	0%	22,158.92	13,295.36
9	RS 95-027	13	Mar-96	02/01/09	0%	22,113.11	13,267.87
10	RS 94-006	99	Jan-94	N/A	0%	13,682.30	12,594.03
11	RS 96-020	13	Nov-96	10/01/09	0%	20,202.75	12,121.63
12	RS 94-011	13	03/28/94	02/01/07	0%	23,213.78	11,606.88
13	RS 95-021	13	Sep-96	08/01/09	0%	18,535.45	11,121.27
						314,187.21	252,248.58
Grand Total						\$ 862,632.21	\$ 695,475.07
Legend:							
N/A	Not Applicable						

**City of Fort Lauderdale - Office of Management and Budget
Review of Community Development Block Grant Loan Programs
Enterprise Zone Compliance Testing**

Schedule 2

Ref #	Criteria Source	EZ Loan Compliance Requirements	Bob Young Builders	McKinley Financial Services, Inc	6th Street Plaza	Seacris dba The Jerk Machine
1	b	Is the business receiving the EZ loan located in the Enterprise Zone in the City of Fort Lauderdale?	IC	IC	IC	IC
2	a	Is a written loan agreement documented in the project files and was the loan for no more than 75% of the total project costs?	IC	IC	NIC	IC
3	a	Is there a commitment in loan file for matching funds on the project?	IC	IC	ND	ND
4	a	Does loan file contain a denial letter from a legitimate lending institution?	ND	ND	ND	ND
5	a	Was loan reviewed and approved by Economic Development staff to ensure completion?	ND	ND	ND	ND
6	a	Was loan approved by loan committee?	ND	ND	ND	ND
7	a	Was loan approved by City Commission?	IC	IC	ND	IC
8	a	Was the interest rate on the EZ loan established at 5% with a 10-15 year amortization/term?	PC	PC	PC	PC
9	a	Is CDBG funding availability published in local newspapers?	IC	IC	IC	IC
10	a	Was a lien recorded in the Broward County Public Records to secure loan?	IC	IC	ND	IC
11	b	Did the agreement include a commitment from the applicant that a permanent position would be created for each \$35,000 of CDBG funds provided?	IC	IC	IC	IC
12	b	Were the required number of jobs created per the 1:\$35,000 ratio or the terms of the EZ Loan Agreement, if greater?	PC	ND	PC	PC
13	b	Was an annual monitoring performed in the last year?	IC	IC	IC	IC
14	a	Does current proof of required insurances exist naming the City as an additional insured?	ND	ND	ND	PC
15	a	Did application include a business plan?	ND	ND	ND	IC
16	a	Did applicant provide two years of Pro Forma Financial Statements?	NIC	ND	ND	ND
17	a	Did applicant provide a copy of the most recent federal income tax return for the business or his personal one?	IC	ND	ND	ND
18	a	Does loan file include a one page impact statement about the benefit to the Enterprise Zone?	IC	ND	ND	ND
19	a	Was the loan to value ratio after rehab no more than 90%?	ND	ND	ND	NIC
20	a	Were 2 written cost estimates provided from State licensed building contractors detailing the requested property improvements?	NA	IC	ND	NA
21	c	Did the participant(s) set up and maintain a replacement reserve to be used for the purpose of performing non-routine repairs and improvements to maintain the property in good condition?	NA	NA	NA	ND

City of Fort Lauderdale - Office of Management and Budget
 Review of Community Development Block Grant Loan Programs
 Enterprise Zone Compliance Testing

Ref #	Criteria Source	EZ Loan Compliance Requirements	Bob Young Builders	McKinley Financial Services, Inc	6 th Street Plaza	Seacris dba The Jerk Machine
22	d	Did the Monitoring Specialist verify the annual ad-valorem taxes were paid?	ND	ND	ND	NIC
Criteria Legend:						
a	Enterprise Zone Loan Program Application					
b	Housing and Community Development Monitoring Guidelines					
c	EZ Loan Agreement					
d	Per Initial Interview with the HCD Manager					
Summarized Results of Testing						
Condition Legend:						
			Qty	%		
	IC	In Compliance	31	35.2%		
	NIC	Not in Compliance	4	4.5%	A	
	PC	Partial Compliance	8	9.1%	B	
	ND	Not Documented	40	45.5%	C	
	NA	Not Applicable	5	5.7%		
	Total		88	100%		
	Total Compliance Requirements with Errant Conditions		52	59.1%	A+B+C	

**City of Fort Lauderdale -
Office of Management and Budget
Review of Community Development Block Grant Loan Programs
HOME Rehab Loans Compliance Matrix**

Schedule 3

Ref #	Compliance Requirements per CFL Community Development Division Housing Programs Application	RS 99-016	RS 01-004	RS 01-005	RS 97-008	RS 93-069	RS 95-025	RS 95-022	RS 94-005	RS 95-027	RS 94-006	RS 96-020	RS 94-011	RS 95-021
1	Were loan proceeds used to rehab a single family home?	IC	IC	IC	IC	IC	IC	IC	IC	IC	IC	IC	IC	IC
2	Is subject property located in Fort Lauderdale?	IC	IC	IC	IC	IC	IC	IC	IC	IC	IC	IC	IC	IC
3	Is loan secured by a mortgage on the property?	IC	IC	IC	IC	IC	IC	IC	ND	IC	IC	IC	IC	IC
4	Is there a dated & signed Application on file?	IC	IC	IC	IC	IC	IC	IC	ND	ND	ND	IC	IC	IC
5	Is Applicant a citizen or permanent resident of the U.S.?	IC	IC	ND	IC	IC	ND	N/D	ND	IC	ND	IC	IC	ND
6	Was total household income less than Federally mandated income limits?	IC	IC	PC	IC	IC	PC	PC	ND	IC	IC	IC	IC	PC
7	Were income amounts independently verified?	PC	IC	ND	IC	IC	ND	ND	ND	IC	IC	IC	IC	ND
8	At the time of eligibility determination did file contain the most recently dated & signed Income Tax Return?	PC	ND	NA	ND	ND	IC	IC	IC	ND	IC	IC	IC	ND
9	Does loan file contain 2 consecutive months of bank statements for all checking and savings accounts?	IC	ND	IC	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND
10	Does loan file contain copies of all mortgages?	IC	IC	ND	ND	IC	ND	IC	IC	IC	IC	IC	IC	IC
11	Was subject property valued at more than \$137,360?	IC	IC	IC	ND	IC	IC	ND	IC	IC	IC	IC	IC	IC
12	Does loan file contain proof that Ad-Valorem Taxes on property are paid/ current?	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	IC	ND	ND
13	Does loan file contain proof that insurances on the property are paid/current?	ND	ND	ND	ND	ND	ND	IC	ND	ND	ND	IC	ND	ND
Compliance Status Summary		Qty	%											
IC	In Compliance	102	60.4%											
PC	Partial Compliance	6	3.6%											
ND	Not Documented	60	35.5%											
NA	Not Applicable	1	0.6%											
Total		169	100.0%											

**City of Fort Lauderdale - Office of Management and Budget
Review of Community Development Grant Loan Programs
Analysis of HOME Rehab Loan Disbursements for Case No. RS 93-069**

Date	Vendor	Description	Check No.	Total Authorized Funding	Project Cost Details per Loan File	Project Cost Details per FAMIS	Differences
				\$24,496.27			
4/21/94	Broward County Board of County Commissioners	Recording Fees & Doc Stamps	08918		\$ 150.85	\$ 150.85	
10/19/94	Broward County Board of County Commissioners	Recording Fees & Doc Stamps	24807		24.75	24.75	
10/3/94	Federal Land Title Corporation	Abstracting, Title Insurance & Document Preparation	24407		552.07	552.07	
10/17/94	Federal Land Title Corporation	Additional Document Preparation fee	25015		75.00	75.00	
12/29/94	Gladys Edwards & Arthur's Maintenance	Payment #1 Rehab Client HOME Project - Gladys Edwards 1237 NW 24th Ave	30617		3,830.00	3,830.00	
2/10/95	Gladys Edwards & Arthur's Maintenance	Payment #2 Rehab Client HOME Project - Gladys Edwards 1237 NW 24th Ave	34139		3,460.00	3,460.00	
3/29/95	Russell C. Chase Architect, Inc.	Architectural Services	30966		300.00	300.00	
3/13/95	The Scottsman Group, Inc.	Trailer Rental	37854		492.00	-	
4/14/95	The Scottsman Group, Inc.	Trailer Rental	40274		100.00	-	
4/14/95	Gladys Edwards & Arthur's Maintenance	Payment #3 Rehab Client HOME Project - Gladys Edwards 1237 NW 24th Ave	40366		3,465.00	3,465.00	
8/10/95	Anthony J. Rembert Construction, Inc.	Remove/Rebuild Stairway	48975		2,975.00	2,975.00	
9/12/95	Anthony J. Rembert Construction, Inc.	Certificate of Occupancy; Remove/replace tub fixtures; Remove (3) interior doors ...	51326		975.00	975.00	
10/5/95	Anthony J. Rembert Construction, Inc.	Warranty Work for Gladys Edwards	54219		375.00	375.00	
9/21/95	King Pest Control	Fumigation Services	53593		375.00	375.00	
6/26/95	Broward County Board of County Commissioners	Recording Fees & Doc Stamps	44912			14.35	
					\$17,149.67	\$16,572.02	\$ 577.65
				\$ 24,496.27		\$16,572.02	\$ 7,924.25
<div style="border: 1px solid black; padding: 5px;"> <p>Excess of Project Cost details documented in loan file vs. FAMIS = \$577.65</p> <p>Underutilized authorized funding which appears could have been reprogrammed = \$7,924.25</p> </div>							

CONFLICT OF INTEREST QUESTIONNAIRE For vendor or other person doing business with local governmental entity

Name of person doing business with local governmental entity. 1

2

Describe each affiliation or business relationship with a person who is a local government officer and who appoints or employs a local government officer of the local governmental entity that is the subject of this questionnaire.

4

3

Describe each affiliation or business relationship with an employee or contractor of the local governmental entity who makes recommendations to a local government officer of the local governmental entity with respect to expenditure of money.

Date Received

Amended 01/13/2006

**Name of local government officer with whom filer has affiliation or business relationship.
(Complete this section only if the answer to A, B, or C is YES.)**

This section, item 5 including subparts A, B, C & D, must be completed for each officer with whom the filer has affiliation or business relationship. Attach additional pages to this Form CIQ as necessary.

6

Signature of person doing business with the governmental entity Date

CONFLICT OF INTEREST QUESTIONNAIRE

A. Is the local government officer named in this section receiving or likely to receive taxable income from the filer of the questionnaire?

Yes No

B. Is the filer of the questionnaire receiving or likely to receive taxable income from or at the direction of the local government officer named in this section AND the taxable income is not from the local governmental entity?

Yes No

C. Is the filer of this questionnaire affiliated with a corporation or other business entity that the local government officer serves as an officer or director, or holds an ownership of 10 percent or more?

Yes

No

FORM CIQ Page 2

For vendor or other person doing business with local governmental entity

D. Describe each affiliation or business relationship.

7

5

Describe any other affiliation or business relationship that might cause a conflict of interest.

MEMORANDUM NO. 00-1566

DATE: November 1, 2000

TO: Mayor Jim Naugle
Vice Mayor Tim Smith
Commissioner Gloria F. Katz
Commissioner Carlton B. Moore
Commissioner Cindi Hutchinson

FROM: F. T. Johnson, City Manager

VIA: Pete Witschen, Assistant City Manager
Kim Jackson, CRA Manager

BY: Eve Bazer, Enterprise Zone Manager

SUBJECT: November 7, 2000 Consent Agenda – \$147,437.25 Enterprise Zone Loan for Sixth Street Plaza, Inc.

On February 18, 1997, the City Commission approved an Enterprise Zone Direct Loan Program to assist new and expanding businesses that will create jobs for zone residents. Applicants on targeted streets or non-profit organizations may be eligible for up to 75% financing through the program.

Maria Freeman and Teresa Jackson are the principals of 6th Street Plaza, Inc., and currently own the building located at 900 NW 6th Street. Housed at that location are the Sixth Street Pharmacy, one of the oldest businesses on the Sistrunk corridor, Dickey Consulting Services, Roundtree and Peyton Law Offices, Sistrunk Bail Bond, Airam Construction Group and Space Realty. Utilizing their own funds and grants from the Façade Program, the building has undergone some basic improvements and will be doing major external renovations in the coming months.

The 6th Street Plaza, Inc. is requesting \$147,437.25 from the Enterprise Zone Loan Program to purchase the two lots adjoining the existing property. One property has an existing structure, the other is a vacant lot. Ms. Freeman has expressed her desire to create an additional 8,000 square feet of office space, and increase the retail space on the ground level from 2,300 square feet to approximately 4,000 square feet. She is currently working with the architectural firm Tuthill and Associates on incorporating the current structure into the new building and creating a courtyard effect visible from the street.

At the October 31st meeting of the Community Redevelopment Agency Board, Kim Jackson, CRA Manager for the City of Fort Lauderdale, discussed a plan to house the staff of the CRA and the Housing & Community Development Division in the new building. This plan would demonstrate the City of Fort Lauderdale's commitment to the area and offer an anchor tenant for the project. The CRA Board enthusiastically accepted the proposal to create a public private partnership on the Sistrunk corridor. As per the request of the CRA Board, the CRA will prepare a request to proposal open for responses for 30 days so that other building owners with available space on the Sistrunk corridor may participate.

We recommend approval a loan for \$147,437.25 with a 30-year amortization rate, due in 10 years, secured by a first mortgage on the property. The City would assume second position once 6th Street Plaza, Inc. secures bank financing for the new structure. The loan would have a 5% interest rate fixed for the term of the loan. Repayment by the applicant would commence 12 months from receipt of the loan.

CONSENT AGENDA

**Enterprise Zone (EZ) Loan -
Sixth Street Plaza, Inc. (Maria Freeman and Teresa Jackson)**

(M-11)

A motion approving an EZ Loan in the amount of \$147,437.25 to Sixth Street Plaza, Inc.

Recommend: Motion to approve.

Exhibit: Memo No. 00-1566 from City Manager.

**Interagency Agreement and Transfer of Law Enforcement Trust Fund (LETF) -
FY 2000/2001 Youth Motivation Program an Alternative to Suspension (YMP)**

(M-12)

A motion authorizing the proper City officials to transfer \$27,000 from the LETF to Fund 29, Miscellaneous Grants, in support of the YMP; and further authorizing the proper City officials to execute all documents necessary to accept YMP funds in the amount of \$367,729 in support of the YMP.

Funds: Department of Community Affairs \$60,000; School Board of Broward County \$41,673 and "Safe Schools" Grant \$119,056; LETF cash match \$27,000; Local Law Enforcement Block Grant \$50,000; and Community Development Block Grant \$50,000.

Recommend: Motion to approve.

Exhibit: Memo No. 00-905 from City Manager.

**Agreement – Jane Carroll,
Supervisor of Elections of Broward County – Pollworker Services
for 2000 Special Municipal Elections, District III City Commissioner**

(M-13)

A motion authorizing the proper City officials to execute an agreement with Jane Carroll, Supervisor of Elections of Broward County, to provide pollworker services for the 2000 Special Municipal Elections for District III City Commissioner to be held December 5 and 19, 2000.

Recommend: Motion to approve.

Exhibit: Memo No. 00-1660 from City Clerk.

**Grant and Transfer of
Law Enforcement Trust Fund – The Starting Place, Inc.
(TSP) - Police Referral Outreach Program for FY 2000/2001**

(M-14)

A motion authorizing the proper City officials to execute a grant agreement with TSP and further authorizing the transfer of \$25,000 from LETF to Fund 29, Miscellaneous Grants, in support of the Police Referral Outreach Program.

Funds: See Memo

Recommend: Motion to approve.

Exhibit: Memo No. 00-1496 from City Manager.

MEMORANDUM NO. 02-080

DATE: January 18, 2002

TO: Mayor Jim Naugle
Vice-Mayor Gloria Katz
Commissioner Tim Smith
Commissioner Carlton B. Moore
Commissioner Cindi Hutchinson

FROM: F. T. Johnson, City Manager

VIA: Pete Witschen, Assistant City Manager
Kim Jackson, CRA Director

BY: Eve Bazer, Administrative Assistant II

SUBJECT: January 23, 2002 Consent Agenda – Subordination of McKinley Financial Services, Inc. \$212,600 Enterprise Zone Loan

The Fort Lauderdale City Commission approved a \$212,600 Enterprise Zone Loan for McKinley Financial Services, Inc. on June 6, 2000. Since then \$187,600 has been disbursed to the company, with the remaining \$25,000 to be used for the demolition of a residential structure and an automotive storage facility on the property upon 50% completion of the project, as determined by the City Manager.

The Loan Agreement and Mortgage between the City of Fort Lauderdale and McKinley Financial Services, Inc., called for the project to be completed by November 22, 2001. The loan is in default since the deadline was not met. Jim McKinley has requested an extension to December 1, 2002.

At the time of the initial disbursement the City of Fort Lauderdale agreed to subordinate the loan to a private purchase money mortgage of \$450,000. Since then McKinley Financial Services, Inc. has entered a construction loan agreement with First Southern Bank for \$500,000 of construction funding ("bank loan"). A condition of the bank loan is that the City subordinate its mortgage to the bank's loan. First Southern Bank has had an appraisal of the property (**Exhibit 1**). The appraisal, conducted by Meacham and Associates, Inc., gives an as-built value of \$1.4 million, which exceeds the value of all three loans. To place the City in privity with the appraiser, the appraisal will be certified by the City. City real estate staff will review the appraisal information for acceptability.

The bank loan sets forth a disbursement schedule whereby significant borrower equity is disbursed prior to disbursement of bank loan funds. Should the Commission approve this transaction, the City's Loan Agreement will be amended so that there can be no modification of the proportionate disbursements borrower vs. bank funds without the City's express written consent.

Additional subordination terms negotiated by staff include (1) issuance of a title insurance policy insuring City's mortgage as a third mortgage subordinate to the bank's \$500,000 mortgage and the first purchase money mortgage of \$450,000; (2) all costs of the transaction, title insurance, recording costs, etc. are to be borne by borrower.

Staff recommends the City Commission approve the request to subordinate the City's \$212,600 loan to the bank loan pursuant to the above terms and conditions and subject to the review by City real estate staff. Approval of this item would provide authorization for the proper City

officials to execute the subordination documents and any other documents reasonably necessary to effectuate such subordination.

It is also recommended that the Loan Agreement be amended to (1) incorporate the proportionate disbursement schedule from the bank loan into the City's Loan Agreement, (2) extend the construction completion date to December 1, 2002, (3) make a default under the bank's loan agreement or bank's note or mortgage a default under the City's note and mortgage. Approval of this item would include authorization for the proper City officials to execute an amendment to the City's Loan Agreement.

Attachment

CONSENT AGENDA

Broward County Challenge Grant Agreement – Riverside Park Improvements**(M-6)**

A motion authorizing the proper City officials to execute an agreement with Broward County to accept Challenge Grant Program funding in the amount of \$441,370 for construction of Riverside Park improvements.

Recommend: Motion to approve.

Exhibit: Memo No. 02-48 from City Manager.

Reimbursement of Costs – Florida East Coast Railway Company (FEC) – Reconstruction of N.E. 3 Avenue Railroad Crossing**(M-7)**

A motion authorizing the payment of \$49,126.81 to FEC as the City's share of the N.E. 3 Avenue railroad rehabilitation.

Recommend: Motion to approve.

Exhibit: Memo No. 02-16 from City Manager.

Use Agreement – Gulfstream Sailing Club Marine Industries Association of South Florida (MIASF) 2002 Fort Lauderdale Gulfstream Regatta**(M-8)**

A motion authorizing the proper City officials to execute an agreement with the Gulfstream Sailing Club for use of the S.E. 15 Street boat ramp facility for the Gulfstream Sailing Club MIASF 2002 Fort Lauderdale Gulfstream Regatta.

Recommend: Motion to approve.

Exhibit: Memo No. 02-58 from City Manager.

Nonprofit Acquisition and Improvement Loan (NAIL) – Northwest Boys and Girls Club, Nan Knox Unit – 832 N.W. 2 Street**(M-9)**

A motion authorizing the proper City officials to approve a nonprofit acquisition and improvement loan (NAIL) for the Northwest Boys and Girls Club, Nan Knox Unit, located at 832 N.W. 2 Street, in the amount of \$341,062.50.

Recommend: Motion to approve.

Exhibit: Memo No. 02-76 from City Manager.

Subordination of Enterprise Zone Loan – McKinley Financial Services, Inc.**(M-10)**

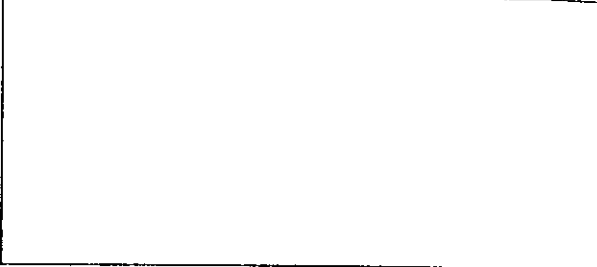
A motion authorizing the subordination of an Enterprise Zone (EZ) Loan in the amount of \$212,600 to third position for McKinley Financial Services, Inc., for property located 545-551 North Andrews Avenue.

Recommend: Motion to approve.

Exhibit: Memo No. 02-80 from City Manager.

AGENDA ITEM REQUEST FORM

For City Clerk's Office Use Only.



CITY COMMISSION MEETING

DATE: January 23, 2002

CONFERENCE AGENDA	REGULAR AGENDA
<input type="checkbox"/> Old/New Business - <i>Requires Presentation</i>	<input checked="" type="checkbox"/> Consent Agenda <input type="checkbox"/> Motion for Discussion
<input type="checkbox"/> Conference Reports	<input type="checkbox"/> Public Hearing <input type="checkbox"/> Ordinance <input type="checkbox"/> Resolution

TITLE OF AGENDA ITEM (SUBJECT):
 Subordination of Mckinley Financial Services, Inc. Enterprise Zone Loan.

DESCRIPTION OF ITEM AND ACTION DESIRED:
 Request City Commission approve subordination of \$212,600 Enterprise Zone Loan to McKinley Financial Services, Inc., to third position, contingent upon the terms and conditions outlined in memo, and amend the Loan Agreement to reflect the changes as approved.

FUNDS REQUESTED (PROVIDE INDEX CODE, SUBOBJECT, AND TITLE OF SUBOBJECT):
 N/A

RECOMMENDED ACTION (Use ONLY for Regular Agenda) :
 Motion to Approve Introduce Ordinance Introduce Resolution

APPEARANCE (NAMES AND TITLES OF OUTSIDE INDIVIDUALS ONLY):

EXHIBITS: AGENDA MEMO NO. 02-080 FROM CITY MANAGER
 Exhibit 1: Property Appraisal

COMMENTS/NOTES:

SIGNATURE OF DEPARTMENT HEAD: _____ **DATE:** January 18, 2002

NAME AND TITLE OF AUTHOR: Eve Bazer, Administrative Assistant II **PHONE NUMBER:** 828-4505

DISTRIBUTION: ORIGINAL TO CITY CLERK'S OFFICE COPY TO CITY ATTORNEY'S OFFICE COPY FOR DEPARTMENT FILES

AGENDA ITEM REQUEST

October 20, 1998

RTA
Pg 2

Meeting Date

<input type="checkbox"/> Conference Meeting	<input checked="" type="checkbox"/> Regular Meeting
<input type="checkbox"/> Old/New Business <input type="checkbox"/> Conf Reports	<input type="checkbox"/> Public Hearing <input type="checkbox"/> Resolution
<input type="checkbox"/> Advisory Boards	<input type="checkbox"/> Ordinance <input checked="" type="checkbox"/> Consent <input type="checkbox"/> Motio

TITLE: Fort Lauderdale Negro Chamber of Commerce
Enterprise Zone (EZ) Loan Request - \$200,000.

ITEM DESCRIPTION:

Motion to approve EZ Loan to the Fort Lauderdale Negro Chamber of Commerce, Inc. in the amount of \$200,000, to be used for demolition of their existing building and construction of a new facility on the property they own at 1021 NW 6th Street, Fort Lauderdale.

FUNDS: CDBG

RECOMMENDED ACTION: Approve Motion

APPEARANCE:

EXHIBIT(S):

Memo No. 98-1446 from City Manager
(NUMBER) (CITY MANAGER/CITY ATTORNEY)

SUMMARY EXPLANATION/BACKGROUND INFORMATION:

SIGNATURE OF DEPARTMENT HEAD:

PERSON WITH ADDITIONAL INFORMATION:

Name: James O. Hill, Business Retention & Expansion Mgr. Phone: 468-1507
and Phil Bacon, Economic Development Manager at 468-1535.

ORIGINAL: CITY CLERK COPY: CITY ATTORNEY COPY: DEPARTMENT
(REQUIRED)

MEMORANDUM NO. 98-1446

DATE: October 12, 1998

TO: Mayor Jim Naugle
Vice Mayor John E. Aurelius
Commissioner Tim Smith
Commissioner Carlton B. Moore
Commissioner Jack Latona

FROM: Floyd T. Johnson, City Manager

VIA: Scott Adams, Director Planning/Economic
Development Department
Philip Bacon, Economic Development Manager

BY: James O. Hill, Business Retention & Expansion Manager

SUBJECT: October 20, 1998 Consent Agenda/ EZ Loan Request/Fort
Lauderdale Negro Chamber of Commerce, Inc.- \$200,000.

For the past several years the old Negro Chamber of Commerce Building located at 1021 Sistrunk Boulevard has gone unused and the facility has deteriorated to a level that has been determined by the owners and the City to be economically unfeasible to renovate. The Negro Chamber of Commerce, Inc., a nonprofit organization owns the facility and would like to demolish the existing structure and construct a new building at the same location. They are requesting a \$200,000 Enterprise Zone (EZ) Loan from the City as partial funding for this project, secured by a second mortgage. Total project cost is estimated at \$350,000. At this time, they have not selected a primary lender for the project, but have indicated that this will occur within ninety days.

The EZ Loan Program, which was approved by the City Commission on February 17, 1997, is a direct loan incentive program for businesses and nonprofit organizations who want to establish or expand in the Enterprise Zone. For nonprofit organizations, the program guidelines allow the City to fund up to 75% of the total development cost with a zero (0) percent deferred loan, due upon sale or transfer of the property.

Attached as Exhibits A and B is a preliminary site plan and illustration of the proposed new Negro Chamber of Commerce (NCC) facility. It will be resited on the property for improved function, aesthetics and marketability. They have been working closely with Planning and Economic Development staff in developing the plans for this project including it's need for additional off street parking. The old building contained approximately 3200 square feet. The new building will be enlarged to 4000 square feet and include second floor loft space. The NCC has recently purchased the commercial lot directly north of their existing building to accommodate the additional space requirements of the project. Site Plan approval is not required. However, in order to accommodate their parking needs, and as suggested by staff, they will be making application to the City Planning and Zoning Board for a Parking Reduction approval. They calculate that they have a parking need of 18 spaces and can

only accommodate 13 spaces on site. Their application will be requesting a reduction based on the availability of the City owned and unmetered Sistrunk off street parking lot, which is located within 700 feet of their building. This lot is greatly underutilized and could be used to provide the additional parking spaces needed to serve their project (Exhibit C).

Located in the center of the Sistrunk Business corridor and the Fort Lauderdale Main Street project core area, the new NCC facility will become the economic revitalization headquarters for the business community. At the new facility, the Negro Chamber of Commerce has agreed to provide at no cost to the City, office space and meeting facilities to house the Fort Lauderdale Main Street Program. In addition to this program and space to house their operations, the new facility will provide 3200 square feet of prime leasable office and retail space currently unavailable on the corridor. This space, estimated to rent for \$7.00 per square foot, is anticipated to generate sufficient cash flow to off set their first mortgage debt service and operating expenses (Exhibit D). The project is also estimated to create a minimum of six (6) new permanent jobs in the Enterprise Zone.

Commission authorization is requested to enter into a loan agreement with the Fort Lauderdale Negro Chamber of Commerce, Inc. to provide a \$200,000, 0% interest deferred EZ Loan payable upon sale or transfer of the property, subject to proof of first mortgage financing and Planning and Zoning Board Parking Reduction Approval within six months.

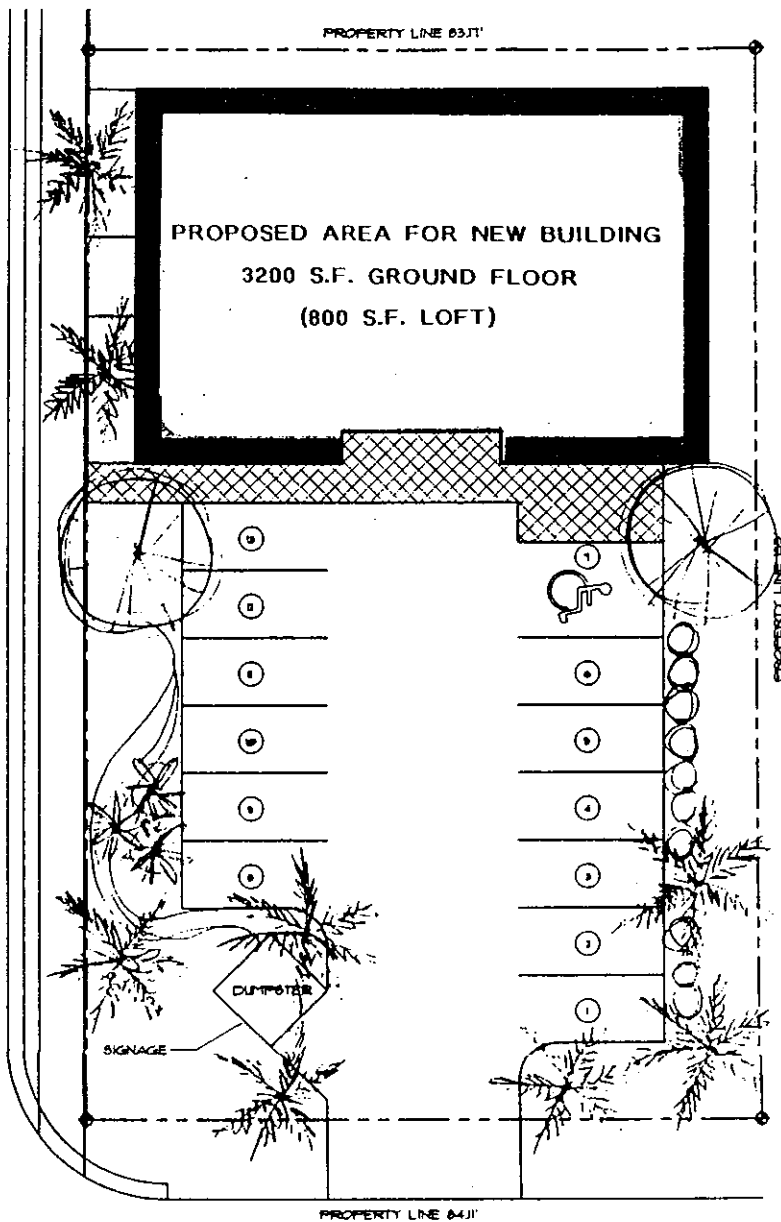
FTJ/SDA/PB/JH/bw/ccm981446

attachments

EXHIBIT A

C:\0 Tuthill Drawings\9825 Negro Chamber Of Commerce\SP-1.dwg Fri Oct 09 11:31:11 1998 Copyright 1998 Tuthill Architecture

SISTRUNK BOULEVARD



ADDRESS

1015 NW 10th STREET
FORT LAUDERDALE, FLORIDA

LEGAL DESCRIPTION

LOTS 21-24, BLOCK 331 OF "PROGRESSO"
ACCORDING TO THE PLAT THEREOF, AS RECORDED
IN PLAT BOOK 7, PAGE 18, OF THE PUBLIC RECORDS
OF DADE COUNTY, FLORIDA.

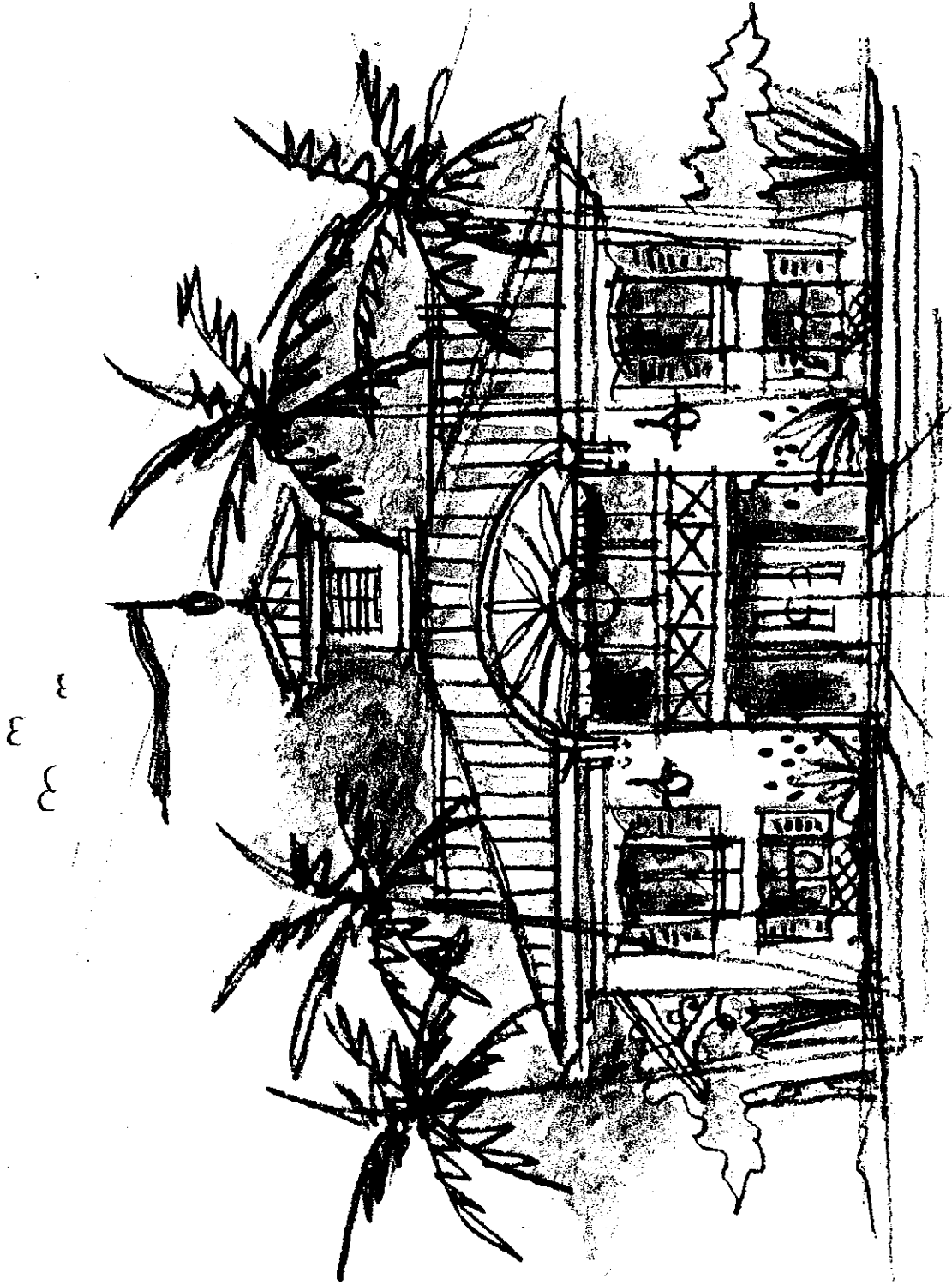
FLOOD ZONE AND BASE ELEVATION: 1.00 FEET MINIMUM



SITE PLAN
SCALE: 1/16" = 1'-0"

		<p>tuthill architecture</p>	<p>NEGRO CHAMBER OF COMMERCE NEW CONSTRUCTION 1015 N. 10th STREET FORT LAUDERDALE, FLORIDA</p>	<p>REVISIONS</p> <table border="1"> <tr> <td> </td> <td> </td> </tr> </table>		

EXHIBIT B



PROPOSED NEW NEGRO CHAMBER OF COMMERCE

ARCHITECTS ILLUSTRATION

**Negro Chamber of Commerce
1st year loan engagement**

(Proforma Cash Flow periods 1-12)

Period	1	2	3	4	5	6	7	8	9	10	11	12	Total	%
% of Revenue	8.33%	8.33%	8.33%	8.33%	8.33%	8.33%	8.33%	8.33%	8.33%	8.33%	8.33%	8.33%	8.33%	8.33%

Anticipated Revenue:

Income from operations	1,867	1,867	1,867	1,867	1,867	1,867	1,867	1,867	1,867	1,867	1,867	1,867	1,867	22,400
Gross Rent	1,867	1,867	1,867	1,867	1,867	1,867	1,867	1,867	1,867	1,867	1,867	1,867	1,867	22,400
Total Revenue	1,867	1,867	1,867	1,867	1,867	1,867	1,867	1,867	1,867	1,867	1,867	1,867	1,867	22,400

EXPENSES

Property operating expenses

Maintenance & Repair	19	19	19	19	19	19	19	19	19	19	19	19	19	224	1.00%
Insurance	28	28	28	28	28	28	28	28	28	28	28	28	28	336	1.50%
Taxes	154	154	154	154	154	154	154	154	154	154	154	154	154	1,845	8.23%
Vacancy	93	93	93	93	93	93	93	93	93	93	93	93	93	1,120	5.00%
Utilities	50	51	52	53	54	55	56	57	58	59	60	61	61	666	2.97%
Reserve	56	56	56	56	56	56	56	56	56	56	56	56	56	672	3.00%
totals	400	401	402	403	404	405	406	407	408	409	410	411	411	4,863	21.71%
Total Expenses	400	401	402	403	404	405	406	407	408	409	410	411	411	4,863	21.71%
Net Operating Income	1,467	1,466	1,465	1,464	1,463	1,462	1,461	1,460	1,459	1,458	1,457	1,456	1,456	17,538	78.29%
Debt Service	1,207	1,207	1,207	1,207	1,207	1,207	1,207	1,207	1,207	1,207	1,207	1,207	1,207	14,483	64.66%
Cash Flow	260	259	258	257	256	255	254	253	252	251	250	249	249	3,054	13.64%

Total Leaseable	3,200
\$/Square foot	\$ 7.00
Project Cost	350,000

Analysis

Loan Analysis

	Potential	Actual
NOI	17,538	17,538
DCR	1.3	1.3
Possible DS	13,490	14,483
Interest Rate	9.00%	9.00%
Max Loan	149,893	160,925

Loan Package

Proposed Loan	350,000
Land Value	62,000
Total Value	412,000

Loan to Value 85%

Valuation

	Expected Capital Participation	Expected rate of Return	Product
Lender	85%	9%	7.65%
Owner	15%	7.5%	1.13%
		Cap Rate	8.78%

NOI	17,538	8.78%	199,863
Maximum Loan Potential	199,863	85%	169,884

Loan Analysis

In our cash flow analysis, net operating income (NOI) was \$17,538. Anticipated debt coverage ratio is 1.3 times debt service. Therefore possible debt service is \$13,490. In our cash flow analysis actual debt service is \$14,483. If the anticipated interest rate is 9%, then the maximum loan to achieve this debt service is \$149,893 (9% divided by the debt service).

Loan Package

The proposed loan is \$350,000 combined with a land value of \$62,000. The total value of the project then is \$412,000. The loan to value is \$350,000 divided by \$412,000 or 85%.

Valuation

The lender's expected capital participation is 85%, therefore the Owner's must be 15%. The lender's expected rate of return is equal to the anticipated interest rate or 9%. The Owner's expected rate of return is 7.5% (which is slightly higher than the bank CD deposit rate of 5% but less than the lending rate of 9%). The product of 85% X's 9% is 7.65% for the lender. Using the same format the product is 15% X's 7.5% or 1.13% for the owner. The sum of these two numbers is equal to the cap rate of 8.78% for the project.

The Capitalization Rate or "Cap rate" is defined as the weighted cost of capital for the project. If the weighted cost of capital is 8.78% and net operating income is \$17,538, then \$199,749 must be the value of the project (the value necessary to produce \$17,538 at a return of 8.78%). If this is so, then 199,749 X's 85% or the lender's participation yields a value of \$169,787 as the maximum amount that can be expected to be loaned on the project by a private lender.

Conclusions

The project can absorb a loan with active debt service not to exceed \$150,000 at 9% interest with a 30 year term. Higher debt service induced by a higher interest rate or principle would cause negative cash flow at current market gross rental rates (see cash flow analysis). This is currently only available with primary financing (See loan analysis potential).

Given current NOI and 8.78% cap rate, project is valued between \$150,000 (\$149,893) and \$170,000 (\$169,884).

Project cost is \$350,000 thereby requiring GAP financing of between \$180,000 and \$200,000. The City of Fort Lauderdale is currently proposing a soft second GAP financing of \$200,000.

DATE: May 31, 2000

TO: Mayor Jim Naugle
Vice Mayor Tim Smith
Commissioner Gloria F. Katz
Commissioner Carlton B. Moore
Commissioner Cindi Hutchinson

FROM: F. T. Johnson, City Manager

VIA: Pete Witschen, Assistant City Manager
Philip Bacon, Economic Development Manager

BY: Eve Bazer, Enterprise Zone Manager

SUBJECT: June 6, 2000 Consent Agenda – \$175,845.00 Enterprise Zone Program
Loan for Bob Young Builders

On February 18, 1997, the City Commission approved an Enterprise Zone Direct Loan Program to assist new and expanding businesses that will create jobs for zone residents. The program provides 20% of the total project costs at a 5% interest rate for a term of 10 to 15 years. On February 15, 2000, the City Commission approved a request to increase the funding to 75% of the project costs if the property is on Sistrunk Boulevard or other targeted streets.

We are requesting authorization to loan \$175,845.00, plus closing costs, to Bob Young Builders. Mr. Young has been operating his construction business in Fort Lauderdale for the past fifteen years. His business includes construction of new single family homes, townhouses, and office buildings, renovation of existing structures, demolition, and related services. Mr. Young is currently constructing the Negro Chamber of Commerce, directly across the street from his new proposed headquarters at 1120 Sistrunk Boulevard (see **Exhibit 1**). The new building Mr. Young is proposing will house the headquarters for his business and his wife's fashion design business.

At the current time Mr. Young employs four residents from the Enterprise Zone. Upon completion of the project he and his wife expect to hire at least five additional employees from the Zone. Mr. Young is waiting to take possession of the property adjoining his proposed headquarters and anticipates creating an identical building in the future. These structures, along with the soon to be completed Negro Chamber of Commerce, will have a significant positive impact on this section of Sistrunk Boulevard.

The loan would have a 30-year amortization rate, due in 10 years, and secured by a first mortgage on the property. Under these terms the monthly payments would be approximately \$943.97 plus incorporation of the closing costs. The loan would have a 5% interest rate fixed for the term of the loan. The \$143,980.59 approximate balance will be due at the time of the final installment. Repayment by the applicant would commence nine months from the receipt of the loan.

Staff has review the applicants proposal and recommends Commission approval to extend a \$175,845.00 loan, plus closing costs, to Bob Young Builders.

Attachment

EXHIBIT 2

CAI-Net Mail

To: SilverL@ftlaud1
cc: FayeO BobW GlennieS EveM GeneG LilianaJ
Re: Request EZ funding approvals

From SilverL@ftlaud1 (Silver Lee - PED/ADM) Sent 14:14 10 Nov 98

Phil, I received a request from Glennie this morning regarding the EZ funding approval with the following companies:

1. SCI-FI
2. Laundromax
3. Jerk Machine
4. Negro Chamber of Commerce
5. 100 Black Men

She needs the names, addresses, contact persons, funds approved, and pending. I only have one in my possession, which is SCI-FI. Where, and how soon can I obtain the rest of the info?

From PhilipB Sent 03:07 11 Nov 98

Check with Bob W....we need to have a coordinator for these contracts and determine who's going to service these. We need a meeting.

Glennie Simmons

From: Margarett Hayes
Sent: Friday, March 02, 2001 3:43 PM
To: Eve Bazer
Cc: Kim Jackson; Pete Witschen; Kathy Malie; Glennie Simmons
Subject: RE: HUD Audit

I think Glennie as compliance/monitoring coordinator would be better qualified to do this.

-----Original Message-----

From: Eve Bazer
Sent: Friday, March 02, 2001 2:41 PM
To: Margarett Hayes
Cc: Kim Jackson; Pete Witschen
Subject: HUD Audit

Would you and/or Kathy meet with me to show me exactly how HUD prefers to see our files. Would like to be prepared in the event we have a future audit. Thanks.

HOUSING & COMMUNITY DEVELOPMENT DIVISION**INTEROFFICE MEMO**

TO: Dennis Lyles, City Attorney

FROM: Faye W. Outlaw, HCD Manager

SUBJECT: Deceased Clients – Mortgage Deeds

DATE: November 21, 2000

This is to request the assistance of your office with a recurring situation we encounter with deceased housing replacement and housing rehab assisted clients. Both programs require homeowners to execute loan agreements that set forth the terms and conditions of our funds which are secured by mortgage liens against the assisted properties. In general, repayment of the funds is not required so long as the owner remains in the house. When the owner dies, the loan agreement usually passes on to an eligible heir who is extended the same benefits received by the deceased client. In a growing number of cases, our deceased clients have no wills in place establishing heirs to the property nor are the surviving family members typically in a position to probate the property. These situations leave our mortgages in limbo as there is no one person legally responsible for the property or adhering to our other loan provisions such as the insurance requirements.

Currently, we have 5 outstanding deceased replacement housing client cases and 22 outstanding deceased housing rehab client cases. The cases date as far back as 1989 and there are 3 different kind of loan agreements between the two programs. One loan runs in perpetuity and is repaid upon sale, transfer or lease of the property unless it is transferred to either an heir or other income eligible persons; exhibit A. The second loan is a 13-year, 10 percent principal reduction loan, beginning in the fourth year, and is repaid upon sale, transfer or lease of the property unless it is transferred to an heir; exhibit B. The third loan runs in perpetuity and is repaid upon sale, transfer or lease of the property unless it is transferred to blood relatives of the property owner, exhibit C.

For these 27 cases, we are not able to enforce the loan provisions or convey the loan agreements to a surviving member. Foreclosure seems to be the appropriate course of action. However, it is not considered a viable recourse because it would displace the surviving family members and give us the properties which we have no means of maintaining. Our preference is to assign the loan agreements to a surviving relative.

In that regard, is there an instrument that would provide for the assumption of our mortgage in cases like these where there is no will in place and probate will not be taken?

The family would have to agree on who would assume the mortgage and that person would become responsible for maintaining the property in compliance with our agreement. If so, please have your staff draft the document and forward it to my office.

attachments

cc: Pete Witschen, ACM (w/o attachments)

Memo

To: Bob Dunckel, City Attorney
From: Margarete Hayes, Interim Housing & CD Manager
Date: (Date Copy Archived)
Subject: Deceased Clients/Mortgage Deeds

This memo is in follow up to your communication No. 00-2549, in response to our memo to Dennis Lyles regarding the above (see attached). Also attached is the schedule of information you requested in order to provide the proper course of action to resolve this situation.

Again, most cases do not have wills and, therefore, we require assistance from the City Attorney's office. Hope Calhoun has suggested that an option to consider is the assumption of property in accordance with Homestead laws. If you require additional information, please advise.

FO/GS/ss/deceased clients2

Attachments

To: Faye Outlaw, Housing & Community Development Mngr.
From: Robert B. Dunckel, Assistant City Attorney / 5036
Date: December 22, 2000
Re: Deceased Clients / Mortgage Deeds

City Attorney Communication
No. 00-2549

You have asked for assistance relative to the housing rehabilitation and housing replacement programs where the original grantee/borrower is now deceased. The problem you encounter is that quite frequently there is no probate of an estate. The programs allow for the property to descend to heirs or devisees of the deceased grantee/borrower, but without probate there is not a definitive determination as to who the proper parties should be.

In conjunction with that, you have inquired as to whether there is a document that this Office can draft relative to allowing an assumption of the mortgage where the "family" can agree on who would assume the mortgage.

Initially, it must be understood that a mortgage is a lien and when properly executed and recorded, attaches to the real property. If the terms and conditions of the mortgage are not being complied with, the mortgage is in default. The mortgage continues to remain attached to the real property with or without an express assumption by a party.

In the event the City were to foreclose on the mortgage, then whoever holds title would need to be named a party to the litigation. For that reason, it appears that to protect the City's interest identification of the title holder is needed. Identification of the title holder does not necessarily mean that an estate must be probated.

In order for this Office to analyze and recommend the appropriate course(s) of action to pursue, there are a number of items upon which we will need further information. Accordingly, as to the 27 cases you have referenced in your Memorandum, please provide us with a Schedule responding to the following issues:

December 22, 2000

Page 2

1. Property Address
2. Date of Loan/Grant
3. Amount of Loan/Grant
4. Party or parties to whom made
5. Date of death of party or parties in #4
6. Person currently in possession of the property
7. Documentation from your files verifying or establishing that the person in possession (#6) is the heir or devisee entitled to ownership of the property.
8. At the time of death of the party or parties in #4, identify the following who were alive at the time of death of #4:
 - A. Spouse
 - B. Children of #4 (whether by this spouse or any previous spouse or out of wedlock)
 - C. Decedent's brothers or sisters and descendants of deceased brothers or sisters
 - D. Father or Mother of #4
 - E. Grandfather or Grandmother of #4
 - F. Uncles or Aunts of #4
 - G. Descendants of deceased Uncles or Aunts.

[NOTE: In completing #8, you only need to proceed to the second level for which there are living heirs.]

[E.g. Decedent John is survived by 2 children and a Mother. You need not go any further down the ladder than Mother.]

[E.g. Decedent Barbara is survived by Husband Jim and 2 children. You need not go any further than Step "B".]

We look forward to receiving the schedule of information and working with you on devising a proper course of action to resolve this situation.

ROBERT B. DUNCKEL

RBD/dsb/m-00-2549

cc: Hope W. Calhoun, Assistant City Attorney

Below please find the response to your City Attorney Communication Memo No. 00-2549, regarding Deceased Clients/Mortgage Deeds.

DECEASED CLIENTS

REPLACEMENT HOUSES

1. Ruth Adams:

1. 1021 NW 5 Ct.
2. Loan agreement was signed August 8, 1996.
3. \$45,475.06.
4. Ruth Adams
5. The date of death is October 9, 1999.
6. As far as we know, her daughter, Arlene Adams-Brown is living in the house.
7. N/A
8. We know of at least one daughter, Arlene Adams Brown.

pd 2.

James Brown:

1. 1012 NW 2 St.
2. Loan agreement was signed January 18, 1994
3. \$39,740.32 (balance is now \$31,792.26)
4. James Brown & Gerlene Fredrick, formerly known as Gerlene Brown, joined by her husband, William Henry Fredrick
5. February 8, 1999
6. Unoccupied
7. Quit Claim Deed from Gerlene Frederick to Medicus Brown, James' brother (brother is not living in the house, as stated above)
8. Ex-wife, Gerlene Frederick & brother, Medicus Brown

3. Francis Ferguson:

1. 434 NW 8 Ave.
2. Loan Agreement was signed August 12, 1996
3. \$49,007.54
4. Francis Ferguson
5. July 21, 2000
6. N/A
7. N/A
8. N/A

4. Ida Freeman:

1. 623 NW 13 Terrace
2. Loan Agreement was signed March 27, 1998
3. \$47,410.90
4. Ida M. Freeman
5. July 31, 2000
6. Marian Currington, daughter (we are also building a new house for her)
7. Her attorney is handling probate. We have a Power of Attorney on file.

Marian Currington, daughter. She is considering her grandson as eligible to live in the house.

5. Mattie Jacobs:

1. 829 NW 2 Ave.
2. January 20, 1993
3. \$33,301.35 (balance is \$19,980.79)
4. Mattie S. Jacobs
5. November 3, 1999
6. Anthony Jacobs, son
7. Will
8. Anthony Jacobs, James Jacobs, Jr., Franklin Jacobs, Michael Jacobs, sons & Mattie Pearl Jenkins, Angela Coleman & Robin West, daughters. Ida Williams & Maria Hamilton, sisters & Andrew Tharpe, brother.

REHAB HOUSES

6. Estelle Brown:

1. 2311 NW 9 Place
2. Loan Agreement was signed April 2, 1991
3. \$9,741.18
4. Estelle Brown
5. The date of death is November 20, 1999
6. N/A
7. Obituary
8. Daughters, Francis Spellman, Carolyn Davis; sons, Oscar, James & Maurice; sister, Geneva Batth

7. Mary Bynes:

1. 408 NW 17 Ave.
2. Loan Agreement was signed November 16, 1989
3. \$24,962.00
4. Willie & Mary Bynes
5. July, 1998
6. N/A
7. N/A
8. Husband is deceased. We know that there is at least one child, Willi Roberts.

pub 8.

Amos & Amber Carter:

1. 431 NW 18 Ave.
2. Loan Agreement was signed May 2, 1989
3. \$24,965.65
4. Amos & Amber Lee Carter
5. Received call from Jerry Carter, their son, that both parents are deceased.
6. Grandson
7. N/A
8. We know of a least one child, Jerry Carter

9. Victory Claridy:
1. 401 NW 18 Ave.
 2. Loan Agreement was signed May 20, 1987
 3. \$19,994.15
 4. Victory Claridy
 5. April 4, 1993
 6. Geraldine Dean
 7. N/A
 8. We know of at least one child, Geraldine Dean

- pub* 10. Louella Clark:
1. 230 SW 29 Ave.
 2. Loan Agreement was signed September 5, 1996
 3. \$19,288.90
 4. Louella Clark
 5. 1999 (one of our staff informed us she was deceased)
 6. Son was living there during rehab
 7. N/A
 8. We know of at least one son who was living there

- pub* 11. Corine Clayton:
1. 808 NW 20 Ave.
 2. Loan Agreement was signed July 25, 1990
 3. \$9,704.36
 4. Corine Clayton
 5. October 8, 1990
 6. Altamease Clayton
 7. Recorded Probate Document
 8. We know of at least one child, Altamease Clayton

- pub* 12. Johnnie Mae Dukes:
1. 711 NW 19 Terrace
 2. Loan Agreement was signed January 22, 1990
 3. \$24,865.85
 4. Johnnie Mae Dukes
 5. February 8, 1999
 6. Gwendolyn Lott, daughter & her family
 7. Last Will & Testament
 8. As far as we know, Gwendolyn Lott & her family

13. Gladys Edwards:
1. 1237 NW 24 Ave.
 2. Loan Agreement was signed June 23, 1994
 3. \$17,312.02
 4. Gladys Edwards
 5. February 12, 1997
 6. N/A

7. N/A
8. There is a notation that there is a daughter, Veronica Hunter & a granddaughter, C. Daniels

pd 14.

Susan Everett:

1. 1900 NW 5 St.
2. Loan Agreement was signed December 23, 1987
3. \$15,830.85
4. Susan Everett
5. September 10, 2000
6. N/A
7. N/A
8. We know that there is at least one daughter

pd 15.

Ruby Fuller:

1. 415 NW 19 Ave.
2. August 10, 1988
3. \$19,285.10
4. Rubylee Fuller
5. June 4, 2000
6. Dorothy Johnson, daughter, Elsie McBride, daughter & Charles Fuller, son (disabled)
7. Last Will & Testament
8. Dorothy Johnson, Mary Fuller, Alonzo Fuller, Willie Fuller, Charles Fuller, Leroy Wimbley & Elsie McBride

16. Leila Hightower:

1. 741 NW 4 Ave.
2. March 25, 1991
3. \$14,143.00
4. Leila Hightower
5. October 8, 1999
6. N/A
7. N/A
8. We know of at least one daughter, Valentine Hightower

pd 17.

Walter Lipski:

1. 1381 SW 25 Ave.
2. September 27, 1990
3. \$9,964.00
4. Walter & Helen L. Lipski
5. Walter – March 20, 2000 (Helen N/A)
6. Daughter Joanne & her son
7. N/A
8. We know of at least one daughter, Joanne

18. John Love:

1. 1013 NW 5 St.
2. September 23, 1994
3. \$1,902.50 (balance is \$1,522.00)
4. John W. Love, Sr.
5. March 21, 1996
6. Gracie Larondos, daughter
7. N/A
8. We know of at least one daughter, Gracie Larondos

19. Frances McNair:

1. 433 NW 7 Terrace
2. November 14, 1990
3. \$9,998.32
4. Frances McNair
5. July 16, 1992
6. N/A (Bessie Brown, daughter lives in Tampa --property in her name)
7. Last Will & Testament
8. We know of at least one daughter, Bessie Brown & one son, Curtis Wilson (do not know if he was alive at time of death)

Ref

20. Laura McNair:

1. 1501 NW 5 St.
2. December, 1991
3. \$8,336.38
4. N/A
5. N/A
6. Case file is in Legal. This is the Bolden Case.

21. Reese Oliver:

1. 429 NW 14 Terrace
2. August 28, 1996
3. \$12,791.25
4. Reese Oliver & Hiroko Oliver
5. June, 1999
6. Horace Oliver, son
7. N/A
8. We know of at least Horace Oliver, son & Elizabeth Wilson, daughter

F

22. Jean Pappalardo:

1. 1101 NW 2 Ave.
2. December 23, 1999
3. \$8,020.40
4. Jean Pappalardo
5. We were notified October 23, 2000
6. N/A
7. N/A

8. N/A
23. Frank Simac:
1. 1224 SW 29 Terrace
 2. June 28, 1993
 3. \$11,683.05 (balance: \$7,009.81)
 4. Frank D. Simac
 5. Son came in November 22, 2000 to inform us.
 6. N/A
 7. N/A
 8. We know of at least one son
- pd* 24. John Stranack:
1. 450 SW 22 Ave.
 2. April, 1993
 3. \$14,122.70 (balance is \$12,592.98)
 4. John Stranack
 5. N/A
 6. N/A
 7. This case is in Legal (Stranack/Steskal)
25. Verdell Tolbert:
1. 1725 NW 7 St.
 2. August 30, 1990
 3. \$8,783.48
 4. Verdell Tolbert
 5. December 2, 1990
 6. Tommy Horne, son
 7. N/A
 8. We know of one son, Tommy Horne
26. Ossie Lee Wilcox: *assumed by daughter, Katherine Freeman*
1. 506 NW 14 Ave.
 2. Loan Agreement was signed May 22, 1992
 3. \$2,096.37
 4. Ossie Lee Wilcox
 5. October, 2000
 6. Katherine Freeman, daughter
 7. N/A
 8. We know of at least one daughter, Katherine Freeman
27. Bernice Williams:
1. 515 NW 13 Ave.
 2. March 8, 1989
 3. \$21,637.20
 4. Bernice Williams
 5. April 25, 1997

6. We understand there are tenants in the property
7. N/A
8. We know of a granddaughter, Sandra Hunter. She claims property was paid off & they do not owe us any money. Property is still showing under Bernice Williams name.

P

28. Willie Mae Willis:

1. 509 NW 15 Ave.
2. October 28, 1985
3. \$13,525.40
4. Willie Mae Willis, formerly known as Willie Mae Fryer
5. June 29, 1991
6. Annette lived there until 6/00-water & electric was discontinued, no insurance.
7. N/A
8. We know of at least one daughter, Annette Willis-Brown

.DECEASED CLIENTS –

- Ruth Adams:** Dec: 10/9/99. Death certificate in file. 7/26/00): GS made visit. Daughter, Arlene living there.
- Estelle Brown:** Dec: 11/20/99. 6/21/00: Son & daughter were in to see Glennie & notify her of the death of mother.
- M. Bynes:** Dec: 7/98. 10/28/98: GS visited property & spoke with her daughter & explained what she needs to do to get property transferred. She said she'd call when she has the papers. No will or death certificate on file. 1/14/00: spoke w/Debra Frederick of Dorsey Heights. Told us house is neglected & they may have moved someone in there.
- Carter:** Deceased. Jerry Carter's parents. Sent copies of agreement & mortgage to Jerry 8/00.
- Claridy:** Dec: 4/98. 10/28/98, GS spoke with daughter, Geraldine Dean. She'll contact court/probate Div. to get docs to declare heirship. No death certificate on file.
- Clayton:** Dec: 10/90. Waiting for written request re: transfer of ownership & then we'll prepare Assumption. 10/28/98, Glennie left her card in the mailbox. Recorded probate & death certificate on file. Only need letter from Altamese Clayton requesting Assumption.
- G. Edwards:** Deceased 2/12/97. In probate: possible legal. 9/3/98, Glennie called the house & they weren't very cooperative.
- F. Ferguson:** Deceased 7/21/00
- I. Freeman:** Deceased 8/2000. CD made visit to daughter 9/13/00. Property needs to be probated. 9/21/00: let. Sent for death certificate.
- Fuller:** 6/20/00: dtr called – mother is Deceased. Received will & death certificate & taxes & intent to assume.
- Leila Hightower:** 10/8/99: Deceased. Have to pay monitoring visit.
- M. Jacobs:** Dec. 11/99 - son, Anthony, came in to advise of his mother's death.
- Love/Larandos:** Dec. 3/96. Death certificate on file. Loan was for \$1,902.50; her balance is \$1,522. Recommend Sat. of Mort.

Oliver, Reese: Son, Horace, living in house. 6/99: Letter sent to him asking for copy of death certificate and other related documents. 7/26/00: GS made monitoring visit – no one home.

Pappalardo: Deceased 2000-foreclosure notice received

Simac: Deceased. Son came in – he intends to sell the house.

Tolbert/Horne: Dec. 12/90. 6/6/97: notified Tommy Horne (her son) to contact Lawyer's referral since there is no will or court document on file. 9/3/98: GS will make monitoring visit.

Wilcox: Deceased 2000. Dtr. K. Freeman lives in the house. GS visited 10/25/00. We ned will & death certificate. 12/26/00: received call from mort. Co. for info. We were told property was quit claimed over to one of the daughters.

B. Williams: 4/97 Deceased. Granddaughter stated that loan was paid. Contacted Calif. For copy of settlement statement of closing. 7/30/97, 2/12/98, 6/98, 9/3/98, 9/15/98 called AVCO Financial Services in Calif. & left message. GS spoke with granddaughter, Sandra 10/30/98. She'll send paid receipts/documents to us by end of the week. We'll send to legal. 7/26/00: GS made visit & spoke w/neighbor.

Memorandum

No. 05-0611

RECEIVED
City Attorney's Office
MAY 11 2005

To: Margarette Hayes, Director, Community Development

From: Cindy B. Bortman, Assistant City Attorney/5091 *CB*

Date: May ¹⁶ ~~13~~ ⁰⁶ 2005

Re: Your request for a "mortgage assumption document" for the City's mortgage given by Ossie Lee Wilcox, 506 NW 14 Ave.
(CAO File No. A-04-654)

Margarette,

Quite a while ago you requested that I prepare a "mortgage assumption document" for the above-referenced property owner, who, you advised, is deceased. It appears that the property owner died in 1999.

On May 22, 1992 the City entered into a Housing Improvement Program Loan Agreement with Ossie Lee Wilcox. This agreement provided, in Paragraph I.(k), that, "The remaining principal amount of this loan may be assigned to or assumed only be heirs of the estate of the original Property Owner(s) under the same conditions of the original agreement. Assumption is only valid after written notice is given to the City and only after execution of such assumption documents as deemed necessary by the City."

Ossie Lee Wilcox gave a mortgage to the City as a result of this HIP Loan Agreement. The mortgage was recorded on 7/8/92 at 19660/0415. The mortgage itself provides, in Paragraph 23, that the mortgage is binding upon the heirs of the mortgagor.

You have informed me that Katherine Freeman would qualify for participation in the Housing Improvement Program and that she is the daughter of the original participant. Based on this information, and because an assumption of the Housing Improvement Program Loan Agreement is discretionary, I think that the City's interest in the property is secured by the simple fact that Katherine Freeman took title to the property subject to the City's mortgage. Katherine Freeman took partial title via warranty deed 7/3/99 at 29623/1811. Her interest in the property included right of survivorship.

We've discussed drafting a letter to send to successors-in-interest in cases like this. The letter would be intended to inform the new property owner that a mortgage exists upon the property and that the new property owner should review the mortgage and call the City for answers to any questions the mortgage might inspire. I think that in this case, it is appropriate for you to send such a letter to Katherine Freeman.

Note that the following City documents concern this property:

1. HIP Loan Agreement signed 5/22/92 and not recorded
2. Mortgage 7/8/92 19660/0415
3. Modification 9/17/92 19876/735
4. Mortgage (future adv.) 2/17/93 20373/0266
5. HIP Grant Agreement signed 5/22/92 but recorded 10/25/93 21310/0838
6. Rel from Grant Agrmt 8/12/97 26846/0663

Also, there is a Warranty Deed 7/3/99 29623/1811 conveying property to self and Katherine Freeman

The CAO will close file A-04-654.

CBB/m-05-0611

L:\CBB\MEMOS\2005\mh051305.wpd

Susan Batchelder

From: Susan Batchelder
Sent: Wednesday, January 11, 2006 11:05 AM
To: James Hamill
Cc: Margarette Hayes; Renee Foley
Subject: RE: HCD Disaster Recovery Preparedness re CDBG Loan Documentation & Records

Good Morning James,

Question # 1 - HCD financial records are recorded in Famis, recovery of this information is assured from the back up procedures performed by IT.

Question # 2 - The majority of our file cabinets are not fire rated and documents are not imaged or microfilmed.

Susan Batchelder

Administrative Assistant II
Housing and Community Development
Phone: 954-828-5251
Fax: 954-847-3754

-----Original Message-----

From: James Hamill
Sent: Monday, January 09, 2006 8:55 AM
To: Margarette Hayes
Cc: Susan Batchelder; Renee Foley
Subject: HCD Disaster Recovery Preparedness re CDBG Loan Documentation & Records

Good Morning Maragarette

Question: Does HCD have a contingency plan for restoration and recovery of records that may be lost or destroyed as a result of a disaster?

Are CDBG loan documentation and records currently stored in Fire resistant cabinets and have they been imaged/microfilmed?

If you have a contingency plan please forward a copy to me by close of business on 01/10/06.

Thanks,

James Hamill,
Financial Management Analyst
City of Fort Lauderdale
Office of Management & Budget

voice (954) 828-5861
fax (954) 828-5850