

**MOORPARK CITY COUNCIL
AGENDA REPORT**

To: Honorable City Council

From: Nancy Burns, Senior Management Analyst 

Date: May 25, 2006 (CC Mtg. of June 7, 2006)

Subject: Consider Approving Proposal for Services Associated with First Time Home Buyer Program from Cabrillo Economic Development Corporation (CEDC) and Authorizing Execution of Agreement for Professional Services

BACKGROUND

During Round One of the City's First Time Home Buyer Program, Cabrillo Economic Development Corporation (CEDC) provided services including planning, Spanish translation, First Time Home Buyer educational workshops, application review, counseling, loan packaging, and preparing potential low income buyers for home ownership. Post-purchase workshops were conducted by CEDC staff to provide information on issues such as predatory lending and property taxes to further educate and support new buyers in this program.

DISCUSSION

The City has received a proposal from CEDC for similar services to assist with Round Two of the City's First Time Home Buyer Program. The completion of two (2) designated units for First Time Home Buyers in Shea I Canterbury Lane is anticipated soon, and seventeen (17) affordable units are anticipated later this year or in early 2007. Staff recommends processing all potential buyers of the nineteen (19) units at one time, for greatest efficiency.

STAFF RECOMMENDATION

Approve proposal from CEDC for First Time Home Buyer Services and Agreement for Professional Services, subject to final language approval by the City Manager and City Attorney, and authorize City Manager to execute said Agreement.

Attachment: Agreement for Professional Services

AGREEMENT FOR PROFESSIONAL SERVICES

This **AGREEMENT** is made and entered into this _____ day of ____, 2006, between the **City of Moorpark**, a municipal corporation, hereinafter referred to as "**CITY**", and Cabrillo Economic Development Corporation (CEDC), Inc., a non-profit developer of low income housing, hereinafter referred to as "**CONSULTANT**".

WITNESSETH:

WHEREAS, CITY has the need for professional services related to the First Time Home Buyer Program; and

WHEREAS, CITY desires to contract for such services with an organization experienced in preparing low income individuals for home ownership, knowledgeable in lending principles, and skilled in home ownership program development for the City of Moorpark First Time Home Buyer Program, in anticipation that said organization can provide such services in a manner acceptable to CITY; and

WHEREAS, CITY wishes to retain CONSULTANT for the performance of said services.

NOW, THEREFORE, in consideration of the mutual covenants, benefits and promises herein stated, the parties hereto agree as follows:

CITY does hereby retain CONSULTANT to perform the services in accordance with the terms and conditions hereinafter set forth in Exhibit "A", SCOPE OF SERVICES.

I. COMPENSATION

CONSULTANT shall receive compensation at an hourly rate of \$100.00 per hour for pre-screening, advanced screening, application processing and individual meetings with buyers, and one-on-one counseling, and at flat rates for workshops as indicated on Cost of Services in CONSULTANT's proposal, Exhibit "A", with a maximum fee of \$33,800.

II. TERMINATION

This agreement may be terminated with or without cause by either party at any time with no less than 10 days written notice of such termination to the other party.

In the event of such termination, CONSULTANT shall be compensated for services rendered up to the date of termination. Such compensation for work in progress shall be limited to actual services performed.

III. GENERAL CONDITIONS

- A. CITY shall not be called upon to assume any liability for the direct payment of any salary, wage or other compensation to any person employed by CONSULTANT performing services hereunder for CITY.
- B. CONSULTANT is and shall at all times remain as to CITY a wholly independent contractor. Neither CITY nor any of its officers, employees, servants, or Agents shall have control over the conduct of CONSULTANT or any of the CONSULTANT's officers, employees, or Agents, except as herein set forth.
- C. At the time of termination of this agreement, all original documents, computer files, notes or other related materials, whether prepared by CONSULTANT or its officers, employees, or agents, or obtained in the course of providing the services to be performed pursuant to this agreement shall be made available to CITY upon 24 hours notice for duplications and retention of duplicates.
- D. CONSULTANT shall hold harmless and indemnify CITY and the City of Moorpark and the officers, employees, servants, and Agents serving as independent contractors in the role of City Engineer, Building Official, Building Inspector, City Administrative Staff, or City Attorney from any claim, demand, damage, liability, loss, cost or expense, for any damage whatsoever, including but not limited to death or injury to any person and injury to any property, resulting from misconduct, negligent acts, of CONSULTANT or any of its officers, employees, or agents in the performance of this agreement, except such damage as is caused by the negligence of CITY or any of its officers, employees, servants, agents or others not under the control of CONSULTANT.

CITY shall hold harmless and indemnify CONSULTANT against any claims arising from CITY's interpretations or enforcement of CITY's Deed Restrictions and other special provisions pertaining to the resale of the units being sold under this Agreement.

CITY does not, and shall not, waive any rights that it may possess against CONSULTANT because of the acceptance by CITY, or the deposit with CITY, of any insurance policy or certificate required pursuant to this agreement. This hold harmless and indemnification provision shall apply regardless of whether or not any insurance policies are determined to be applicable to the claim, demand, damage, liability, loss, cost or expense.

CONSULTANT shall secure from a good and responsible company or companies doing insurance business in the State of California, pay for, and maintain in full force and effect for the duration of this Agreement the policies of insurance required by this section and shall furnish to the City Clerk certificates of said insurance on or before the commencement of the term of this Agreement. CONSULTANT shall provide general public liability insurance including automobile liability and property damage insurance in an amount not less than one million dollars (\$1,000,000) per occurrence and annual aggregate.

Consistent with this section, CONSULTANT shall provide workers' compensation insurance as required by the California Labor Code. If any class of employees engaged by CONSULTANT in work under this Agreement is not protected by the workers' compensation law, CONSULTANT shall provide adequate insurance for the protection of such employees to the satisfaction of CITY.

Notwithstanding any inconsistent statement in any of said policies or any subsequent endorsement attached thereto, the protection offered by the policies shall:

1. Name CITY and the officers, employees, servants and agents and independent contractors serving in the role of City Manager, Assistant City Manager, City Clerk, and Director of Community Development as additional insured with CONSULTANT. Confirmation of this coverage shall be provided on an Insurance Services Office (ISO) form CG 20 10 11 85, or other form stipulated in writing by City Clerk.

2. Bear an endorsement or have attached a rider whereby it is provided that, in the event of cancellation or amendment of such policy for any reason whatsoever, CITY shall be notified by mail, postage prepaid, not less than thirty (30) days before the cancellation or amendment is effective. CONSULTANT shall give

CITY thirty (30) days written notice prior to the expiration of such policy.

3. Be written on an occurrence basis.
- E. CONSULTANT shall not assign this agreement or any of the rights, duties, or obligations hereunder. It is understood and acknowledged by the parties that CONSULTANT is uniquely qualified to perform the services provided for in this agreement.
 - F. Payment to CONSULTANT shall be made by CITY within 30 days of receipt of invoice, except for those which are contested or questioned and returned by CITY, with written explanation within 30 days of receipt of invoice. CONSULTANT shall provide to CITY a written response to any invoice contested or questioned and further, upon request of CITY, provide CITY with any and all documents related to any invoice.
 - G. Any notice to be given pursuant to this agreement shall be in writing and all such notices and any other document to be delivered shall be delivered by personal service or by deposit in the United States mail, certified or registered, return receipt requested, with postage prepaid, and addressed to the party for whom intended as follows:

To: City of Moorpark
799 Moorpark Avenue
Moorpark, CA 93021
(805) 517-6212
Att: Steven Kueny, City Manager

To: Cabrillo Economic Development Corporation
702 County Square Drive
Ventura, CA 93003
(805) 659-3791
Att: Bertha Garcia, Director,
Home Ownership Center

Either party may, from time to time, by written notice to the other, designate a different address, which shall be substituted for the one above specified. Notices, payments and other documents shall be deemed delivered upon receipt by personal service or upon deposit in the United States mail.

- H. CONSULTANT acknowledges that, except as expressly set forth herein, no representations of any kind or character made to CONSULTANT by CITY, or by any of its officers, agents, employees, representatives or attorneys has been relied upon as an inducement for the execution of this Agreement.
- I. Titles included in this Agreement are for Reference only and are not part of the terms of this Agreement, nor do they in any way modify the terms of this Agreement.
- J. Nothing contained in this agreement shall be deemed, construed, or represented by CITY or CONSULTANT or by any third person to create the relationship of principal and agent, or of a partnership, or of a joint venture, or of any other association of any kind or nature between CITY and CONSULTANT.
- K. This agreement constitutes the entire agreement of the parties concerning the subject matter hereof and all prior written agreements or understandings, oral or written, are hereby merged herein. This agreement shall not be amended in any way except by a writing expressly purporting to be such an amendment, signed and acknowledged by both of the parties hereto.
- L. Should interpretation of this agreement, or any portion thereof be necessary, it is deemed that this agreement was prepared by the parties jointly and equally, and shall not be interpreted against either party on the ground that a party prepared the agreement or caused it to be prepared.
- M. No waiver of any provision of this agreement shall be deemed, or shall constitute a continuing or subsequent waiver of the same provision. No waiver shall be binding, unless executed in writing by the party making the waiver.
- N. Cases involving a dispute between CITY and CONSULTANT may be decided by an arbitrator if both sides agree in writing to arbitration and on the arbitrator selected, with costs proportional to the judgment of the arbitrator.
- O. This agreement is made, entered into, executed in Ventura County, California, and any action filed for arbitration for the interpretation, enforcement or other action to herein, shall be filed in the applicable court in Ventura County, California.

P. The captions and headings of the various Articles and Paragraphs of this agreement are for convenience and identification only and shall not be deemed to limit or define the content of the respective Articles and Paragraphs hereof.

Q. If any portion of this agreement is held to be invalid, void, or unenforceable, the remaining provisions will nevertheless continue in full force without being impaired or invalidated in any way.

IV. RESPONSIBLE INDIVIDUAL

The individual directly responsible for CONSULTANT's overall performance of the contract provisions herein above set forth and to serve as principal liaison between CITY and CONSULTANT shall be Bertha Garcia.

The individual directly responsible for the CITY shall be Hugh R. Riley, Assistant City Manager.

V. IMPLEMENTATION

CITY shall provide CONSULTANT with written notice in advance of the date at which these services are to be implemented if different than the date of the agreement.

CITY OF MOORPARK

CABRILLO ECONOMIC
DEVELOPMENT CORPORATION

By _____
Steven Kueny
Executive Director

By _____
Rodney Fernandez
Executive Director

Date _____

Date _____

EXHIBIT A



Bringing Community Home

May 11, 2006

Nancy Burns
Senior Management Analyst
City of Moorpark
799 Moorpark Avenue
Moorpark, CA 93021

RE: Proposal for City of Moorpark Home Buyer Program

Dear Nancy,

Thank you for the opportunity for the Cabrillo Economic Development Corporation (CEDC) NeighborWorks® Home Ownership Center (HOC) to continue to work with the City of Moorpark to help move families into affordable homeownership.

The HOC staff is ready and excited to continue to provide consulting services relating to the Home Buyer Program. The services will include:

- Pre-screening of applicants for new affordable housing developments;
• Selection of qualified buyers for new affordable housing developments;
• Offer one-on-one counseling sessions to help families understand budgeting, credit, and other financial necessities of homeownership;
• Providing pre-purchase homebuyer workshops to prepare families to be successful buyers;
• Packaging first mortgage loans through our secondary market partnership with NHTSA and lending subordinate mortgages through our non-profit subsidiary, the Ventura County Community Development Corporation,
• Offering post-purchase education and counseling (either on a mandatory or voluntary basis depending on the City's affordable housing program policies) to families to ensure they have the supports they need to remain successful homeowners, and
• Administration/Coordination of the City of Moorpark Home Buyer Program.

Please see attached proposal for a summary of the services mentioned above, flowchart outlining the key steps to select qualified buyers for homes that are nearing construction, and cost of services and description of CEDC's roles at each step of the process.

Should you have any questions regarding the proposal, please feel free to contact me at (805) 659-6868 x131, or email me at [redacted]. Again, the HOC staff is very excited to assist you and the City in your work; thank you for the opportunity.

Sincerely,

[Handwritten signature of Bertha M. Garcia]

Bertha M. Garcia
HOC Director

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MOORPARK

000350



CEDC NeighborWorks® Home Ownership Center (HOC)

PROPOSAL - CITY OF MOORPARK

SCOPE OF WORK HOMEBUYER EDUCATION AND COUNSELING SERVICES

Background

The mission of the NeighborWorks Home Ownership Center is, "to enable and empower individuals and families to successfully purchase and retain homes by providing education, counseling, and lending services; and to advocate for all individuals and families throughout the experience of owning a home, regardless of age, race, economic status, or other defining characteristics."

Launched on a smaller scale in 1998, the HOC extended its services countywide in September 2001 when it joined the NeighborWorks® Network run by Neighborhood Reinvestment Corporation, now known as NeighborWorks America, a national intermediary serving community development corporations. Since 1998, the HOC has provided education and counseling to more than 2,000 households preparing to purchase a home and has helped 266 families move into homeownership through \$40 million in first mortgage loan packaging.

The philosophy and services offered by the HOC center around helping families of all income categories become successful homeowners. All HOC education and counseling services are open to the public, regardless of income category. Staff work as a team to ensure that families are as well-informed as possible before entering into the financial and personal responsibility of homeownership. Finally, as part of the largest non-profit housing developer in Ventura County, the HOC draws on extensive in-house expertise in affordable housing development and focuses on helping underserved communities realize the dream of homeownership.

Below is an overview of core services that the HOC is purposing to provide to the City of Moorpark and its residents for the Home Buyer Program; the narrative also includes a brief discussion of the impact and value of our services it has on clients.

I. CORE SERVICES

A. Orientation and Pre-screening of Applicants

The HOC will work with the City of Moorpark as the new constructed affordable housing units become available. In particular, the HOC will assist with the preparation of the orientations, which will consist of explaining the program guidelines and requirements for eligibility and the distribution of applications to interested participants. Once the applications are submitted, the HOC staff will pre-screen the applications for completeness and confirm that they meet the basic eligibility requirements before going into the random lottery.

B. Pre-Purchase Education

CEDC's pre-purchase education curriculum will consist of 8 hours of homebuyer education, which will be offered on a quarterly basis or as needed. HOC staff will teach the pre-purchase on a Saturday. Classes will be taught at both the HOC and/or suitable locations around Ventura County.

Homebuyer Education. The purpose of this course is to prepare the participant for the home buying process by providing them with an overview of the mortgage process, a basic understanding of mortgage finance terms and conditions, choosing a real estate agent and lender, and foreclosure prevention. In addition, the workshop covers:

- The difference between renting and owning
- Budgeting
- Understanding their credit
- Understanding the escrow process
- Understanding title and insurance
- Understanding the appraisal and home inspection process
- Avoiding problems with mortgage payment

The course includes its own curriculum, written by HOC staff with information collected from several national homebuyer education curricula, and incorporates presentations from housing and real estate professionals around the County.

C. One-on-one Counseling

CEDC will provide on-on-one counseling to help clients better understand their financial history and current financial situation, and prepare for homeownership. Topic typically covered at counseling session include: a review of credit and credit counseling, money management, and budgeting. The first counseling session usually lasts one hour, with subsequent sessions of 30 minutes apiece. During counseling sessions, clients complete an action plan with concrete steps to help them with the homeownership process.

In addition, the HOC will work with the City to adapt the curricula of both classes to make the information most relevant for Moorpark buyers. Counseling and education classes will take place at the CEDC Homeownership Center office, 702 County Square Drive, Ventura, CA 93003.

D. Loan Packaging

In addition to pre-purchase and financial education and counseling, CEDC offers loan origination services according to need and the type of financing offered to the family. HOC loan packaging services are offered through partnerships with a variety of lender partners and Neighborhood Housing Services of America (NHSA), a secondary market provider that operates in collaboration with NeighborWorks® America, of which CEDC is an affiliate. NHSA, through its partner lenders Wells Fargo, World Savings, Citibank, California Bank & Trust, and Bank of America, offers a loan product with a fixed, below-market interest rate (currently at 5.95%) and minimal fees. In addition, NHSA is not credit-driven, enabling it to help traditionally underserved populations. All families, regardless of income level, are eligible for NHSA products. In this relationship, the HOC originates and packages first mortgage loans and acts as the conduit between the bank and the secondary market.

E. Resale Restrictions Orientation

The HOC staff will assist with the preparation and translation of the power point presentation, regarding the resale and affordability restriction for the Home Buyer Program with the City of Moorpark. At the orientation, HOC staff will also help facilitate the meeting by translating, if necessary.

F. Post Purchase Education

Studies prove that post-purchase education is essential to retain homeowners, especially those that are purchasing for the first time. HOC post-purchase classes are 2 hours long and start with a topic overview followed by a presentation by an expert in the related field. Key topics for post-purchase education include: foreclosure prevention, refinancing, avoiding predatory lending, home maintenance, connection with one's community, and others.

II. SUPPLEMENTAL SERVICES

A. Post Purchase One-on-One Counseling

The HOC also offers post-purchase one-on-one counseling to families. In the last 18 months, the HOC has experienced an increase in calls from homeowners in the community who are delinquent on loan payments or who have filed Notices of Default. In these situations, the HOC works with the family, the bank, and other outside entities to create a work-out solution that satisfies the needs of all parties involved. While the HOC does not anticipate this problem for families who receive pre-purchase education and counseling services and sound loan products, the service is available for those families in need in the greater community and would be part of its scope of services with the City of Moorpark.

III. VALUE AND IMPACT

Research has proven that pre- and post-purchase education and counseling enables families to increase their understanding of the homeownership process and take the appropriate steps to move toward homeownership readiness. Education and counseling also increases the chances that homeowners will be able to **retain** their homes and experience the personal, economic, and societal benefits of being a homeowner. For families who are purchasing for the first time, or who are at greater risk of becoming victims of foreclosure or predatory lending, education and counseling are invaluable to ensuring their success at homeownership.

To confirm this research, the HOC recently conducted an internal study to determine the personal, economic, and community impact of homeownership education and counseling services on clients. A core component of the study was the dissemination of a written survey to a random sample of 400 renters and 170 homeowners who utilized HOC services. Key findings included:

- Eighty-four percent of all respondents noted that their spending habits had changed "greatly" or "somewhat" since receiving HOC services. Clients were most likely to change spending habits by "reducing debt/paying off bills," "shopping smarter," and "changing the way [they] use credit cards." These are all key economic steps toward preparing for the financial responsibility of purchasing and owning a home.
- Almost 75 percent of all respondents noted that their understanding of the homeownership process had increased since receiving HOC services

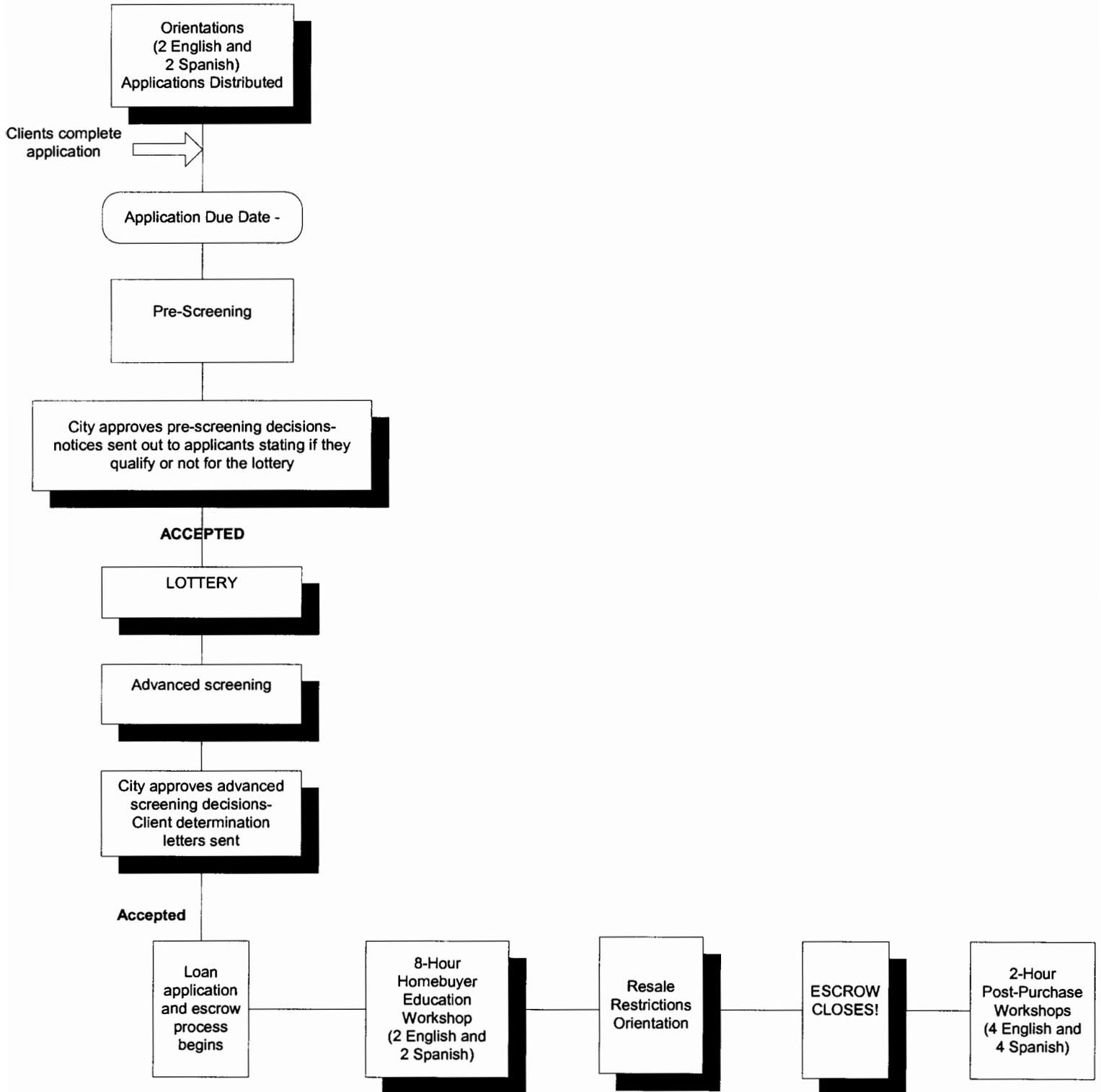
May 11, 2006

- Eighty-nine percent of homeowners indicated that they would recommend HOC services to others, and 82 percent of homeowner respondents noted that HOC staff prepared them for homeownership “extremely well” or “well.”

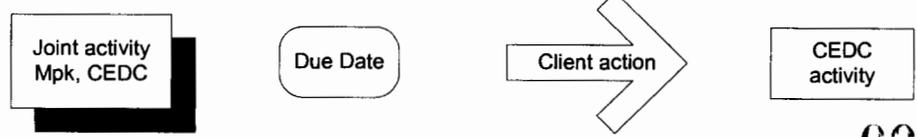
The survey and in-person focus groups revealed high customer satisfaction with HOC education and counseling services, and the positive impact of HOC services on moving clients toward homeownership. The HOC expects similar feedback and positive change from Moorpark clients.

Thank you again for the opportunity to work with the City of Moorpark. We look forward to discussing this proposal further, and to supporting your efforts toward providing affordable homeownership opportunities to Moorpark residents.

City of Moorpark/CEDC Homeownership Services Flowchart



SYMBOLS



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**City of Moorpark
Cost of Services**

May 2006 - April 2007

Activity	Cost	Number (Classes or Clients)	Hours/ Client	Total
Orientation participation - Program Eligibility Orientations, 2 English and 2 Spanish - Presentation of spanish workshops and services as needed, at all workshops	\$150.00	5		\$750.00
Pre-Screening - Review applications to meet initial criteria for lottery - Prepare files for all clients - Summarize applicant status to Moorpark staff - Assist City to prepare and send letters alerting applicants of status - CEDC will invoice the City quarterly based on # of clients seen	\$100/hour	250 exact # TBD	0.5	\$12,500.00
Advanced Screening and One-on-One Counseling - Review applicant's credit, financial history, and pertinent information in detail - Manage all correspondence with applicants - Prepare files of all client - Summarize applicant status to Moorpark staff - Assist City to prepare and send letters alerting applicants of status - Cost includes any one-on-one meetings between HOC and clients - CEDC will invoice the City quarterly based on # of clients seen	\$100/hour	80 exact # TBD	0.75	\$6,000.00
City of Moorpark Application Process and Individual Meetings with Buyers - Collect updated information from participant regarding income and assets - Verify applicant's credit, financial history, and pertinent information in detail - Summarize applicant status to Moorpark staff - Prepare final files for the City - Assist City to prepare and send letters alerting applicants of status - Cost includes any one-on-one meetings between HOC and clients - CEDC will invoice the City quarterly based on # of clients seen	\$100/hour	21	2.5	\$5,250.00
Pre-purchase workshops - 8-hour group courses using "Opening New Doors" curriculum - Taught at Moorpark facility and/or CEDC facility - Adapt curriculum slightly to include time for Mpk. presentation - Two workshops in English and two workshops in Spanish	\$900.00	4		\$3,600.00
Resale Restrictions Orientation - Translation of PowerPoint summarizing resale restrictions with City of Moorpark program - Translation for spanish speaking clients	\$250.00	2		\$500.00
Loan Packaging Services	Cost to buyer			N/A
Post-Purchase Classes - 2-hour modules (4 English and 4 Spanish) - 4 workshops (Property taxes, Predatory lending, Foreclosure prevention, and buyers Choice) - Cost includes adaptation of existing curriculum	\$300.00	8		\$2,400.00
Administration/Coordination - Consultation of Program Services - HOC Staff meetings with City Representative and follow-up - Translation of documents/materials	\$100/hour	24 hours		\$2,400.00
Materials - Costs cover all education, orientation, and post-purchase course materials - Costs to cover all administrative materials for client correspondence	\$100/quarter	4		\$400.00
TOTAL (subject to change based on number of clients for pre-screening and advanced screening)				\$33,800.00

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