



Date: February 7, 2012

To: Thomas J. Bonfield, City Manager
Through: Keith Chadwell, Deputy City Manager
From: Reginald J. Johnson, Interim Director
Department of Community Development
Subject: Amendment to Loan Originating and Underwriting Agreement
with SunTrust Mortgage, Inc. FY 2009 - 2012

Executive Summary

On February 16, 2009, City Council authorized the City Manager to execute a performance based contractual agreement with the SunTrust Mortgage, Inc. up to \$185,350.00 in General Funds for originating and underwriting services of all City of Durham’s residential mortgage loans. The Agreement is for a three-year period beginning March 2, 2009 and will expire on March 2, 2012.

Recommendation

The Department of Community Development recommends that City Council authorize the City Manager to amend the performance based contractual agreement with SunTrust Mortgage, Inc. FY 2009-2012 to extend the term of the contract from March 3, 2012 until March 4, 2013; and to make changes to the agreement which do not increase the agreement amount or lessen the duties of SunTrust Mortgage, Inc.

Background

For the past thirteen (13) years, SunTrust Mortgage, Inc. has done an outstanding job originating, underwriting, and performing loan closings for the City of Durham’s affordable housing loans for first time homebuyers.

The City currently provides downpayment and housing assistance to lower-to-moderate income households, either through direct mortgage loans to homebuyers or to developers of housing to be occupied by lower-to-moderate income households.

Because City staff is currently creating housing assistance and incentives for homebuyers and developers for the Southside Neighborhood Revitalization, the originating and underwriting services may be drastically altered going forward. Given the distressed economy, emphasis will be placed on creating an attractive and marketable package to the homebuyer with a mixture of loans, grants and/or forgivable mortgage loans. The Agreement currently provides these services.

The extension of the current originating and underwriting service Agreement will allow the City more time to complete the strategies and incentives for the Southside Neighborhood.

Issues and Analysis

SunTrust Mortgage, Inc. originates and underwrites the City's loans in accordance with customary and generally accepted industry procedures. They perform all duties applicable to the federal, state and local statues, regulation and ordinances.

Alternatives

The City Council may elect to not extend the term of the originating and underwriting services. It should be noted however that there will be a break in service beginning March 3, 2012 if the Agreement is not extended.

Financial Impact

Bond Program Income funds are already encumbered for the extension of this Agreement under contract # 6910. No additional funds are needed to the cover the extension period, therefore; no impact on the General fund budget

SDBE Summary

SDBE goals are not applicable to this contract.