

**STAFF SUMMARY AND RECOMMENDATION  
Yolo Family Service Agency (Yolo)**

**Amended Resolution Number HII-177**

**January 26, 2006**

**APPROVED HELP II LOAN AMOUNT: \$320,000**

**PURPOSE OF AMENDMENT:** This amendment will remove the HELP II loan approval requirement of securing the loan with two separate properties and will result in the loan being secured by one property located at 455 First Street in Woodland.

**BACKGROUND:** The Authority approved a \$320,000 HELP II loan at the October 2005 Authority Meeting for Yolo Family Service Agency (Yolo). Loan proceeds will be used to refinance two existing HELP II loans and replace the roof on the Woodland property. Due to Yolo's recent weak operating results, the loan approval was contingent upon the Authority taking a first position lien on the following properties:

455 First Street, Woodland, CA (market value of \$750,000).

1105 Kennedy Place, Davis, CA (market value of \$280,000).

Subsequent to submission of the HELP II loan application in August, Yolo obtained a line of credit from First Northern Bank, which was initially secured by a second lien on the Davis property above. Unknown to staff in October, First Northern Bank approved the line with the contingency of its loan ultimately being in the first lien position, thus requiring the Authority to subordinate or remove its lien.

Subsequent to the October Authority meeting, the Authority received a market analysis indicating a current value of \$750,000 for the Woodland property. The proposed amendment results in a loan to value ratio of 43%, given the loan amount of \$320,000 and the market value of \$750,000. This meets the standard HELP II underwriting guideline, which permits a maximum loan to value ratio of 95%. Given adequate security in the Woodland property, staff is recommending removing the lien on the Davis property.

**FINANCIAL UPDATE:** No material changes in the financial condition of Yolo.

**RECOMMENDATION:** Staff recommends the Authority approve an amendment to HII-177 to remove the loan approval contingency requirement of securing a first lien on the property located at 1105 Kennedy Place, Davis, CA.