


Office of the Executive Officer

INFORMATION CALENDAR

April 20, 2004

To: Honorable Chairperson and
Members of the Housing Authority

From:  Phil Kamlarz, Acting Executive Officer

Subject: Status of Option to Purchase 1654 Fifth Street from the Redevelopment Agency (CF 19-04)

INTRODUCTION

This report is in response to a request for information from the Housing Authority regarding an option to purchase a house owned by the Berkeley Redevelopment Agency (BRA) at 1654 Fifth Street. As described in further detail below, John and Sherry Thompson (the Thompsons) rent the house and had an option to purchase, which expired on December 31, 2003.

CURRENT SITUATION AND ITS EFFECTS

The Thompsons have rented 1654 Fifth Street under an agreement with the Redevelopment Agency that was created in 1991. However, because the unit was being rehabilitated and was not approved for reoccupancy until the end of 1993, the Agency negotiated an agreement with the Thompsons that allowed them to preserve their status as renters and also maintain the option for them to purchase the property for ten years after re-occupancy. (See attachment A).

This purchase option period expired on December 31, 2003. Although the option had expired, staff agreed to recommend an extension if the Thompsons received financing approval by mid-February (see attachment B, letter dated January 27, 2004), because they were making good faith efforts at the close of the option period in their negotiations with Citibank. Citibank did not make a timely decision on the Thompson's loan application despite the Agency's follow-up calls.

The Agency then received correspondence on February 6, 2004 (see attachment C) from Alvita White, Director of Bay Area Hope, on behalf of the Thompsons, asking for a further extension to the purchase option period. Rather than penalize the Thompsons for Citibank's lack of responsiveness, staff permitted the Thompsons to take the additional time needed to get a final decision from Citibank. Had Citibank approved the Thompson's loan application, staff intended to request the Agency to approve an extension and the sale.

On February 18, 2004, staff received a Loan Declination Memorandum from Citibank (see attachment D). The document indicates that the loan to the Thompsons was not approved because of issues with the Thompson's personal financial situation. Since the loan was not approved, and the ten-year option period has expired, staff advised the Thompsons that we would not support any recommendation to further extend the option period. Staff also requested the

quitclaim deed deeding their interest in the property back to the Agency within 60 days of notice (February 25, 2004 letter, attachment E) as required by Section 5 of the Option Agreement.

Rhiannon, the Thompsons, and Ms. White appeared before the Housing Authority on March 16, 2004, raising several issues about the denial of the loan application (see attachments F). First, the Thompsons and Rhiannon claimed that a mechanic's lien against the property (and therefore against the Agency), dated May 21, 1993, was the reason for Citibank's recent denial of financing. However, the language of the Loan Declination Memorandum (see Attachment C) does not mention a mechanic's lien¹, nor was staff aware of one. Mr. Johnson, loan officer for Citibank, verbally confirmed that the "tax lien" language in the Declination relates to personal State Income Tax owed by the Thompsons.

Rhiannon also claims that the lender was told that the contract with the Thompsons was the result of "settlement of a lawsuit" in 1987. Citibank's Jim Johnson states that the Thompsons provided him a copy of the tenant's original lawsuit and the settlement document that was later negotiated. The Agency has not provided any such information to Citibank or any other lender.

In sum, there were no Agency impediments to giving the tenants clear title. In fact, the Agency has worked diligently to support the Thompson's purchase of the unit since July 7, 2003 (the date the Thompsons signed the Berkeley Housing Authority Model Lease, the Lease Addendum, and a Settlement Agreement, in addition to paying \$2,000 in back rent due to the Agency), when they cured defaults under the original occupancy agreement and became eligible again to exercise their option to purchase. (See attachment B for chronology of events).

BACKGROUND

The agreement with the Thompsons for the purchase option for the property is similar to the previous agreements offered to the other 10 owners of the so-called "D&E properties" in the Redevelopment Area (see attached map G). The "D&E" properties were bought with bond (not tax increment) money as part of the original establishment of the West Berkeley Redevelopment Project Area. The Agency still owns and manages two remaining "D&E" properties that contain rental units: 1654 Fifth Street and 729/731 Virginia Street. The general terms of sale for all of the D&E properties includes: eligibility for receiving financing in an amount such that total expense for loan principal and interest, plus property taxes and insurance would not exceed 28% of the their total income, no requirement to make a down payment for the purchase, and, the Redevelopment Agency was to provide financing for the balance of the purchase price. This financing was to bear an interest rate of 8% (some earlier loans were at a higher rate) and be for a

¹ A mechanic's lien was filed in May of 1993 against the Agency by a contractor who rehabilitated the property. However, the law relating to mechanic's liens prevents the use of a mechanic's lien on a "public work", and the construction work to renovate the units in 1993 is considered a "public work". Therefore, the lien was not recorded using proper legal procedure. In addition, and regardless of procedural technicalities, the law states that a mechanic's lien is no longer valid 90 days past recording unless an action is brought to enforce it (i.e. foreclosure). Section 3144 of the Civil Code states a mechanic's lien in this circumstance is "null and void" and "shall have no further force or effect".

term of 30 years, with all payments deferred for the full term of the loan. Additionally, all principal and interest on this loan was to be automatically forgiven at such time as the Thompson's had occupied the property under this arrangement for 30 years from the purchase.

Although the units occupied by the Thompsons and Rhiannon are owned by the BRA, several departments and agencies are involved in setting rental requirements, making inspections, and providing day-to-day property management. This background section briefly captures the main elements of responsibility for these units.

Rental Requirements and Subsidies

The Thompsons are required as part of the occupancy agreement to be on Section 8 assistance. This assistance pays the majority of the cost of renting the unit. To maintain their qualifications, the Thompsons must meet income standards and other guidelines set by the Federal Government. The Agency's Occupancy Agreement with the tenant sets the total rental amount.

Inspections

The Berkeley Housing Authority's primary mission is to ensure that publicly subsidized housing remains in livable condition. Problems regarding Redevelopment Agency units noted by the Berkeley Housing Authority Inspectors (or reported by the tenants) are forwarded to the Redevelopment Agency for follow up. Inspectors of the Housing Department may also be called in to assist where necessary.

Property Maintenance

The Redevelopment Agency is responsible for responding when an inspection reveals conditions needing repair or maintenance for these units. Since March 1, 2001, Affordable Housing Associates (AHA) has performed these services by agreement with the Agency. AHA collects rent from the tenants, schedules pest control at the tenant's or Agency's request, provides preventative and emergency maintenance repair, including scheduling of repairs, and provides the agency with a monthly financial statement. The cost of these services is deducted from the rental payments. Prior to March 2, 1001, the Berkeley Housing Authority performed this service for the Agency.

Agency Policy and Role in Purchase

In 1987 and 1988 the Agency rehabilitated and sold 10 of the 12 "D&E" affordable housing properties for terms similar to those cited for the Thompsons. The Agency's primary role in property purchases has been to support potential homebuyers by communicating the specific terms and conditions under which the Agency will back the loan, and offering support in working with banks or other lending agencies. Terms, such as the stipulation that the loan amount may not exceed 28% of the their total income, or that there is no down payment required for purchase, are conveyed to the lender. Any agreements the Agency may have with the tenant are kept in confidence between the Agency and the individual, however the individual purchaser may choose to release such information to the bank in support of their application.

POSSIBLE FUTURE ACTION

Now that the Thompson's purchase option has expired, the Agency can begin to consider other options for the property. Staff has not yet completed researching the potential range of actions possible. The Agency will develop a plan to determine the future of the unit, since the Thompson's ten-year option period to purchase is now complete.

In the coming months, staff will prepare a report outlining and recommending possible options for 1654 Fifth Street.

FISCAL IMPACTS OF POSSIBLE FUTURE ACTION

Unknown.

CONTACT PERSON

Iris Starr, AICP
Redevelopment Coordinator
981-7520

Approved:



Dan Marks, Director of Planning and Development

(A)

RESOLUTION NO. 1119

AUTHORIZING THE EXECUTIVE OFFICER TO EXECUTE AGREEMENTS REGARDING CONTINUED OCCUPANCY WITH AN OPTION TO PURCHASE WITH JOHN AND SHERRY THOMPSON FOR THE UNIT AT 1654 FIFTH STREET AND RHIANNON FOR THE UNIT AT 731 VIRGINIA STREET.

BE IT RESOLVED by the Redevelopment Agency of the City of Berkeley as follows:

That the Executive Officer of the Redevelopment Agency is hereby authorized to execute agreements regarding continued occupancy with an option to purchase with John and Sherry Thompson for the unit at 1654 Fifth Street and Rhiannon for the unit at 731 Virginia Street.

FURTHER RESOLVED, that record signature copies of said agreements are to be on file in the office of the Agency Clerk.

Copies sent 7/24/91
To: Redevelopment Agency Staff
Auditor

RESOLUTION

NO. 1119

Dated July 16, 1991

Adopted by the Redevelopment Agency of the City of Berkeley as follows:

Ayes: Agency Members Chandler, Collignon, Dean, Goldfarb, Shirek,
Skinner, Wainwright, Woodworth, and Chairperson Hancock.

Noes: None.

Abstaining: None.

Absent: None.

LONI HANCOCK
Chairperson

Attest: MARIE McKECHNIE
Secretary and Clerk of the
Redevelopment Agency

WHEN RECORDED MAIL TO:

City of Berkeley
Community Development
Housing and Redevelopment Division
2180 Milvia Street
Berkeley, CA 94704

OPTION AGREEMENT

THIS AGREEMENT is entered into this 31st day of July, 1991, by and between the Redevelopment Agency of the City of Berkeley, California, hereinafter referred to as "OPTIONOR" and John and/or Sherry Thompson, with rights of survivorship, hereinafter referred to as "OPTIONEES."

RECITALS

WHEREAS, Optionor owns certain real property situated in Alameda County, hereinafter known as "the Property," located at 1654 Fifth Street, Berkeley, California, and more particularly described in Exhibit A which is attached hereto and made a part hereof;

WHEREAS, Optionees desire to acquire the exclusive right to purchase, without becoming obligated to purchase the Property, at an agreed upon price and under the terms and conditions of this Agreement;

WHEREAS, Optionor and Optionees have entered into an agreement dated _____, 1991, on Optionees' rights to continue occupancy of the Property (the "Relocation Agreement") to which this Option Agreement is attached;

NOW, THEREFORE, the parties hereto agree as follows:

1. Grant of Option

Optionor hereby grants to Optionees the exclusive right to purchase the Property under the following terms and conditions:

a. Option Price. The Option Price shall be the appraised value of the Property at the time of sale as determined by an independent appraisal obtained by the Optionor.

b. Financing. In order to exercise this Option, Optionees must obtain purchase financing from a bank, mortgage company or other financing organization. Optionees shall obtain financing in an amount such that Optionees' total expense for loan principal and interest, plus property taxes and insurance, will equal 28 percent of Optionees' total income. Optionor will assist Optionees in obtaining purchase financing from a first-time homebuyers program, if such financing is available at the time of exercise of this Option.

c. Downpayment. Optionees shall not be required to make a downpayment for this purchase.

d. Financing By Optionor. Optionor shall provide Optionees financing for the balance of the purchase price not paid from the financing obtained pursuant to Paragraph b. hereof. Said financing shall bear an interest rate of 8 percent and be for a term of 30 years. All payments shall be deferred for the full term of the loan. All principal and interest on said loan shall be automatically forgiven at such time that Optionee has occupied the Property 30 years.

e. Resale Controls. To assure long-term affordability of the Property to lower-income purchasers, Optionees will enter into an agreement establishing resale controls with Optionor, substantially in the form of the Agreement regarding Resale Restrictions attached hereto as Exhibit B. Optionor will convey title with a Grant Deed with Resale Control, substantially in the form of Exhibit C.

f. Closing Costs. Optionor shall pay all closing costs.

2. Option Period

This Option shall commence on the day Optionees relocate back into the rehabilitated unit on the Property and shall remain in effect until ten years thereafter or until the time at which Optionees move permanently from the Property, whichever is sooner.

3. Consideration

This Option is granted in consideration of Optionees' payment to Optionor of the sum of \$1 payable in cash at the time of execution of this Option.

4. Exercise of Option

Optionees may exercise this Option at any time after its execution, provided that Optionees are not in violation of any of the terms of this Option or the Relocation Agreement. To exercise this Option, Optionees will provide Optionor a written notice of their intent to exercise 90 days in advance of the anticipated date of transfer of title. Said written notice shall include documentation, satisfactory to Optionor, of Optionees' having

obtained the purchase financing required under Paragraph 2.b. hereof.

Optionor shall review Optionees' notice of intent and notify Optionees of their compliance with the terms of this Agreement and Optionor's intent to proceed with the purchase within 30 days of receipt of said notice. If Optionees are in compliance, Optionor will open escrow and prepare all contracts and related documents required for closing and deliver said documents to Optionees within 30 days of notice of Optionor's intent to proceed. Optionor will take all actions necessary to close escrow within 30 days of delivery of all documents to Optionees.

5. Automatic Termination

If Optionees fail to exercise this Option in accordance with its terms and within the option period, then this Option and the rights of Optionees shall automatically and immediately terminate without notice. Thereafter, Optionees shall properly execute, acknowledge and deliver to Optionor a quitclaim deed quitclaiming their interest in the Property within 60 days of request therefor.

6. Assignability

This Option is not assignable to any other party, nor can it be transferred by devise.

7. Notices

For purposes of this Agreement, all notices to the Agency shall be addressed as follows:

Administrator
Berkeley Redevelopment Agency
2180 Milvia street, Room 210
Berkeley, California, 94704

For purposes of this Agreement, all notices to Optionees shall be addressed as follows:

John and Sherry Thompson
1654 Fifth Street
Berkeley, California, 94710

8. Recording

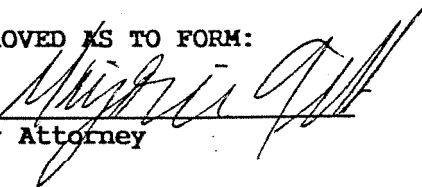
This Agreement shall be recorded with the County Recorder.

IN WITNESS WHEREOF, Optionor and Optionees have executed this Agreement as of the date first above written.

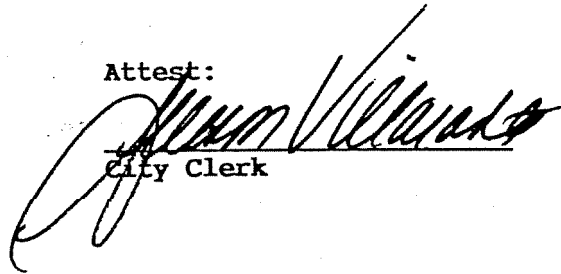
OPTIONOR

By 
Michael F. Brown, Executive Officer

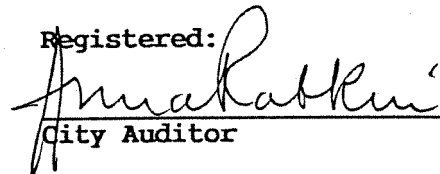
APPROVED AS TO FORM:


City Attorney

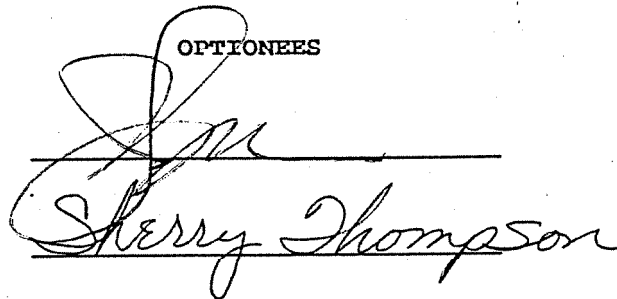
Attest:


City Clerk

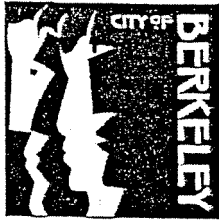
Registered:


City Auditor

OPTIONEES


Sherry Thompson

(B)



Planning and Development Department
Redevelopment Division

John and Sherry Thompson
1654 Fifth Street
Berkeley, CA 94710-1715

January 27, 2004

Re: Property located at 1654 Fifth Street

Dear Mr. And Mrs. Thompson:

I am writing in response to your request for an extension of the time period to exercise your option to purchase 1654 Fifth Street pursuant to the Option Agreement with the Agency. As you are aware, the term of the Option Agreement expired on December 31, 2003.

We have been working diligently to support you since June 26, 2003, the date you signed the Berkeley Housing Authority Model Lease, the Lease Addendum, and a Settlement Agreement. By signing these documents and paying \$2,000 in back rent due to the Agency on July 7, 2003, you cured your defaults under the Occupancy Agreement and became eligible again to exercise your option to purchase.

On August 6, 2003 you called my office and requested assistance with the purchase. I contacted the Housing Department and received directions to work with the California Housing Finance Agency, information that I forwarded to you via email. Later that same day I forwarded information about a Mortgage Credit Certificate program through Alameda County, with information and a contact person named Cecette Cooper. On August 7, 2003 I spoke to Richard Ruiz, a personal banker at Wells Fargo, to find out what they offer for first-time homebuyers and the requirements. We agreed to a meeting with Mr. Ruiz on August 11, 2003, but you emailed me that morning to advise me that you had to cancel. We re-set the appointment for Friday, August 15, 2003. In the meanwhile, I urged you to contact Cecette Cooper. The meeting with Mr. Ruiz occurred on August 15 as planned, and at the conclusion, you were to give Mr. Ruiz additional information on your income and other items that you did not have at hand.

On Tuesday, September 16, 2003, I sent a follow up email to ask how the loan process was going. You reported speaking with Mr. Ruiz three times and then leaving a message for his supervisor, Ms. Susan Gehring. I called Ms. Gehring to follow up, and she sent you an email on September 18, 2003, asking for an appointment with you. Mr. Terry Terteling, your neighbor, wrote on September 23, 2003, to advise me that the Wells Fargo representatives were not offering useful assistance to you. I replied to Mr. Terteling and thanked him for the notice. Although I had not heard from you, I asked the Housing Department to send me another referral for possible assistance. This referral was to Ms. Alvita White, which I gave to you in a phone conversation on September 23, 2003.

John & Sherry Thompson

January 27, 2004

Page 2

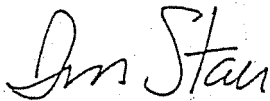
I sent another email to you on October 7, 2003, requesting the status of your loan application. You replied on October 8 that you were exploring other avenues, as Susan Gehring of Wells Fargo was unable to assist you. On November 16, 2003, you sent me an email notifying me that you were working with Alvita White and R&R Financial on getting a loan. Ms. White contacted Deputy City Attorney Laura McKinney on November 19, 2003 to request an extension on the Option to purchase. Ms. McKinney explained to Ms. White that this would require the Redevelopment Agency Board's action. On November 26, 2003 I sent an email urging you to continue working with your financial advisors, and notifying you that no one had contacted me with any questions about your loan.

I am now aware that you submitted a mortgage application with Citibank on December 4, 2003, because we received a call from Mr. Jim Johnson requesting an updated appraisal. (The appraised price was provided to Mr. Johnson on December 18, 2003). In addition, on December 10, 2003, Ms. Alvita White called Ms. McKinney again to request an extension of your Option term. Ms. McKinney returned Ms. White's call, but Ms. White did not respond further to that voicemail message. Then, on December 11, 2003, you verbally requested an extension of the term of your Option Agreement during the public comment period of the West Berkeley Project Area Commission (PAC) meeting. However, since this issue was not scheduled as an action item, the PAC took no action with regard to your request. The Agency went into its winter recess on December 20, 2003.

On January 13, 2004, Ms. Spencer left Mr. Johnson a voice message requesting the status of your loan application. Ms. Spencer called Mr. Johnson again on January 16, 2004, and made Mr. Johnson aware that you needed to qualify for a loan on the basis of 28% of your total income. As a follow-up, the Agency wrote to Mr. Johnson on January 22, 2004, clarifying the sale process and requesting the status of the loan application. We have not heard anything further from Citibank.

We have worked diligently with you since the end of June 2003 to assist you in exercising your option, including working with Citibank at the very end of the option term to process your loan application. However, it appears that you have been unable or unwilling to secure the financing required by the Option Agreement. Given the circumstances as set forth above, I will not recommend an extension of the option term to the Agency Board unless you secure financing for purchase of the property as required by the Option Agreement within 2 weeks from the date of this letter.

Sincerely,



Iris Starr, AICP

Redevelopment Coordinator

cc: Laura McKinney, Deputy City Attorney
Stephen Barton, Housing Director
Dan Marks, Planning and Development Director

Bay Area HOPE
P.O. Box 14101
Berkeley, CA 94712
www.bayareahope.com



4

February 6, 2004

City of Berkeley
Planning and Development Department
Iris Starr, AICP
Redevelopment Coordinator

RECEIVED AT
COUNCIL MEETING C

MAR 16 2004

OFFICE OF THE CITY CLERK
CITY OF BERKELEY

RE: Property located at 1654 Fifth Street

Dear Ms. Starr:

This letter is in response to your letter to John & Sherry Thompson dated January 27th, 2004 concerning their option to purchase the property at 1654 Fifth Street in Berkeley, the agreement expiration date of December 31st, and my involvement in their current attempts to purchase the property.

I began working with (met with, and took an initial pre-qualifying application for BHA's Section 8 Homeownership Program from) the Thompson's on November 12, 2003, after I had to cancel 2 attempts to meet with them because of personal illness. At that time I received and copied a portion of the settlement the Thompson's have with the City of Berkeley's Community Development, Housing and Redevelopment Division. The Thompson's decided they wanted to utilize the Section 8 Homeownership Program to purchase the property, because of their current disabilities and the safety factor of the low cost through the Section 8 Homeownership Program they felt they needed.

I immediately called the only bank in Northern California allowed to work with the Section 8 Homeownership Program, and Home Choice Loans for disabled individuals (Citi Bank), and arranged for John and Sherry to meet with a loan agent by the name of Jim Johnson who is currently working with other Section 8 clients.

On November 19, I contacted City Attorney Laura McKinney to request an extension of the expiration time on the purchase of the property. She informed me that she would contact the Redevelopment Agency Board because an extension would require their vote. On November 20th I was informed by Loan Agent Jim Johnson, that Citi Bank could finance the loan.

Mr. Johnson took John and Sherry's application, and submitted it to the underwriters. During this time period I was informed that the Redevelopment Agency Board was going on break and would not be back until after January 1st. The Thompson's or myself received no information about the status of the Loan application before the Board went on break. When the Board came back from break, we still did not have any report to give them on the status of the Loan. The loan application was still with the underwriters

February 6, 2004

who were utilizing the Section 8 Homeownership Program, and Fannie Mae's Home Choice Loan for disabled individuals for the purchase of this home. The processing of these two products take longer than the usual loan.

The Thompson's credit score was also lower than required for conventional loans because of Sherry's disability and the families inability to pay off and clear up all past due bills because of the permanently disabled status of both of the Thompson's. It can take several months' to pull the loan together with the special circumstances involved, especially with the settlement information that was somewhat difficult for the underwriters to understand.

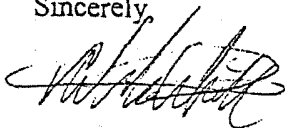
As of Thursday, February 5, 2004 Jim Johnson from Citi Bank called me and informed me that the loan application had went from him to the first Underwriter, then to a Senior Underwriter, then to special Committee. He said they had found a way to grant the loan, but that they needed a one or two page simplified explanation of the terms of the Settlement with the City of Berkeley. He said that the committee needs it immediately, and that the loan would be funded sometimes this week.

The Thompson's gave me a copy of a letter from you, to them dated January 27th, 2004. In that letter you stated that you would not recommend the request be granted for an extension of the time to exercise the purchase option, unless they secure financing for the sale 2 weeks from the date of that letter. Today's date is February 6, 2004 and I have been told verbally (February 5th, by Jim Johnson), that the underwriters have secured financing.

The 2 weeks time frame in which the Thompson's have to show proof of financing will be due on February 16th, if you are counting business days, or on February 10th, if you are counting 14 days from January 27th.

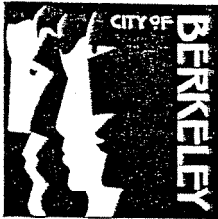
I am requesting again, that even though this has been a long process for all involved, that you grant them the extension of time needed to complete the purchase of the home, using the Section 8 Homeownership Program, and Home Choice Loan from Fannie Mae, through Citi Bank. Thank you for your consideration in this matter.

Sincerely,



Alvita White,
Director

cc: John and Sherry Thompson
Laura McKinney, Deputy City Attorney
Steve Barton, Housing Director
Dan Marks, Planning and Development Director



E

Planning and Development Department
Redevelopment Division

February 25, 2004

Mr. John and Sherry Thompson
1654 Fifth Street
Berkeley, CA 94710

Dear Mr. And Mrs. Thompson:

I am writing to inform you that the ten-year option agreement entered into between the Redevelopment Agency and you (John & Sherry Thompson) to purchase the property located at 1654 Fifth Street has expired. We stated that we would recommend extension of the option period beyond 12/31/03 only if financing was secured by 2/10/04 and, since it was not, the Agency will not support any recommendation to further extend the option period.

Since you have failed to exercise the Purchase Option Agreement in accordance with its terms and within the option period, your rights regarding the Option Agreement have automatically and immediately been terminated. Therefore, we are requesting that you properly execute, acknowledge and deliver a quitclaim deed quitclaiming your interest in the Property back to the Agency within 60 days of this notice as required by Section 5 of the Option Agreement.

The Agency has received a copy of the Loan Declination Memorandum from CitiBank, represented by Jim Johnson, dated 2/18/2004, which we have attached for your review.

I am sorry that you were unable to take advantage of this opportunity.

Sincerely,

Iris Starr, AICP
Redevelopment Coordinator

Attachment: Section 5 of the Agreement

Cc: Alvita White of Bay Area HOPE
Stephen Barton, Director of Housing
Laura McKinney, Deputy City Attorney

obtained the purchase financing required under Paragraph 2.b. hereof.

Optionor shall review Optionees' notice of intent and notify Optionees of their compliance with the terms of this Agreement and Optionor's intent to proceed with the purchase within 30 days of receipt of said notice. If Optionees are in compliance, Optionor will open escrow and prepare all contracts and related documents required for closing and deliver said documents to Optionees within 30 days of notice of Optionor's intent to proceed. Optionor will take all actions necessary to close escrow within 30 days of delivery of all documents to Optionees.

5. Automatic Termination

If Optionees fail to exercise this Option in accordance with its terms and within the option period, then this Option and the rights of Optionees shall automatically and immediately terminate without notice. Thereafter, Optionees shall properly execute, acknowledge and deliver to Optionor a quitclaim deed quitclaiming their interest in the Property within 60 days of request therefor.

6. Assignability

This Option is not assignable to any other party, nor can it be transferred by devise.

7. Notices

For purposes of this Agreement, all notices to the Agency shall be addressed as follows:

Administrator
Berkeley Redevelopment Agency
2180 Milvia street, Room 210
Berkeley, California, 94704

For purposes of this Agreement, all notices to Optionees shall be addressed as follows:


John and Sherry Thompson
1654 Fifth Street
Berkeley, California, 94710

8. Recording

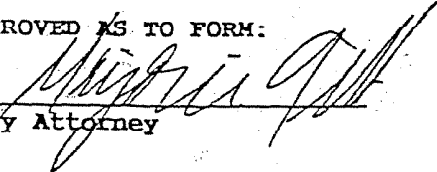
This Agreement shall be recorded with the County Recorder.

IN WITNESS WHEREOF, Optionor and Optionees have executed this Agreement as of the date first above written.

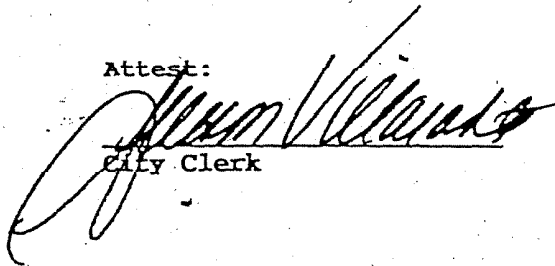
OPTIONOR

By 
Michael F. Brown, Executive Officer

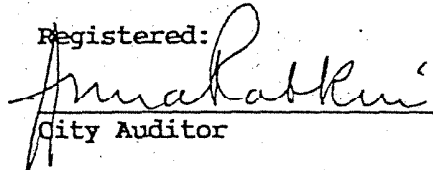
APPROVED AS TO FORM:


City Attorney

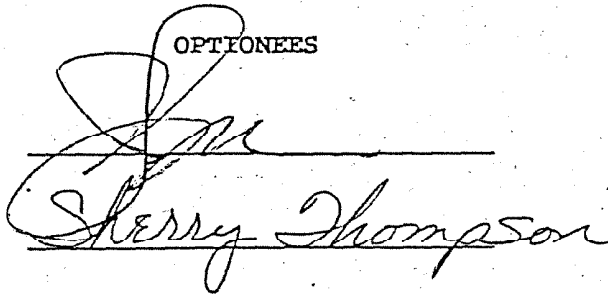
Attest:


City Clerk

Registered:


City Auditor

OPTIONEES


Sherry Thompson

MARCH 16, 2004

RECEIVED AT
COUNCIL MEETING OF:
MAR 16 2004
OFFICE OF THE CITY CLERK
CITY OF BERKELEY

(F)

2

GOOD EVENING:

HONORABLE MAYOR, CITY COUNCIL, AND STAFF AND TO ALL GATHERED HERE.

MY NAME IS SHERRY THOMPSON I LIVE AT 1654 FIFTH STREET WHICH IS OWNED BY THE REDEVELOPEMENT AGENCY. MY FAMILY AND I HAVE LIVED IN THE HOUSE FOR OVER TWENTY YEARS. WE HAVE A CONTRACT AGREEMENT WITH THE REDEVELOPMENT AGENCY WITH A TEN YEAR OPTION TO PURCHASE THIS PROPERTY.

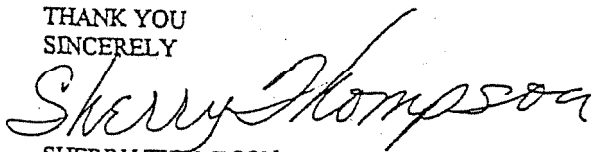
WE HAVE BEEN TRYING FOR SOMETIME TO OBTAIN FINANCING FOR THIS PROPERTY AND HAVE BEEN UNABLE TO FIND A LENDER UNTIL NOW. WE BEGAN THE PROCESS TO EXERCISE THE OPTION TO PURCHASE IN NOVEMBER 2003. A DEADLINE OF DECEMBER 31, 2003 WAS DEMANDED OF US BY THE ASST CITY ATTORNEY TO OBTAIN THE FINANCING FOR THE PURCHASE OF THE PROPERTY. DUE TO DELAYS IN OBTAINING INFORMATION REQUIRED BY THE BANK FROM THE REDEVELOPMENT AGENCY THE DATE WAS EXTENDED TO FEB. 2004.

THE PROCESS SEEMED TO BE GOING SMOOTHLY AND THE BANK WAS ASSURING ME THAT ALL WAS GOING WELL AND IT WOULD NOT BE LONG. BUT WHEN THE BANK RECEIVED THE INFORMATION FROM THE REDEVELOPMENT AGENCY THINGS CHANGED VERY QUICKLY. I HAD NO IDEA WHAT WAS SENT TO THE BANK UNTIL AFTER THE DENIAL OF THE FINANCING FOR THE PURCHASE. THE BANK SENT ME A LETTER A COUPLE OF WEEKS AFTER THE VERBAL REFUSAL AS TO WHY THE LOAN WAS DENIED. IT WAS DUE TO A MECHANICS LIEN AGAINST THE REDEVELOPMENT AGENCY ON THIS PROPERTY. THIS LIEN IS 10 YEARS OLD AND HAS NOT BEEN TAKEN CARE OF AND BECAUSE OF IT I WAS NOT ABLE TO OBTAIN FINANCING.

THE LETTER FROM IRIS STARR (REDEVELOPMENT STAFF) DATED FEBRUARY 25, 2004 IS A LETTER REQUESTING A QUIT CLAIM LETTER FROM ME IN SIXTY DAYS GIVING UP MY RIGHT TO EXERCISE MY OPTION TO PURCHASE BECAUSE OF NOT BEING ABLE TO OBTAIN FINANCING. THIS DENIAL FOR A HOME LOAN IS NOT THROUGH FAULT OF MY OWN.

WHAT I AM ASKING OF YOU IS TO LOOK INTO THIS MATTER, AS WELL AS OUR CONTRACT AND TO REVOKE THE QUIT CLAIM REQUEST AND THE OPTION DEADLINE UNTIL THE REDEVELOPMENT AGENCY TAKES CARE OF THIS TAX LIEN AGAINST THIS PROPERTY SO WE CAN REAPPLY FOR THE HOME LOAN.

THANK YOU
SINCERELY


SHERRY THOMPSON

Berkeley City Council members and
Berkeley City Council as Redevelopment Agency

Re: Oceanview Tenants Association

Tuesday, March 16, 2004

RECEIVED AT
COUNCIL MEETING - CR
MAR 15 2004
OFFICE OF THE CITY CLERK
CITY OF BERKELEY

I am writing on behalf of my neighbors, the Thompsons, who have recently received a letter from the Redevelopment Agency requesting a quitclaim on their purchase option because they were denied the financing needed to exercise their option. We have recently learned that their financing was refused not for any deficiency on their part, but because there is a Mechanics lien totaling nearly \$200,000 (\$60,000 plus ten percent per year for 11 years) on both of the Agency owned Tenant Occupied properties. This lien stems from the 1993 rehab of the houses which was never completed and so the Agency never made the final payments to the contractor. Although we have only just discovered the existence of the lien, Agency staff has been fully aware of it since it was they who provided this information to the lender. The Thompsons were told by the bank that this was the main cause of their refusal, and it could explain why the tenants' previous attempts at getting financing over the years have been denied without explanation. The lender was also told that our contracts were some type of settlement of a lawsuit filed against the Agency in 1987. Throughout our decades of tenancy in the Agency's Tenant Occupied properties we have never yet filed suit against the Agency or the City of Berkeley.

In Section 6 of our contracts, the Agency agreed not to convey the property in a manner that would jeopardize our rights to purchase our homes. It can be assumed that the Agency was made aware of this lien when it was filed in May of 1993; and by neither contesting nor clearing the lien over the past decade, the Agency has violated that clause. The financing of our home ownership depends upon the cooperation of the Agency in providing clear title without prior liens. We are not privy to the information that has been given to prospective lenders over the years, but if this is an example, then we feel that the Agency has not been helping our efforts. To impose an arbitrary deadline on obtaining financing when it has been the Agency itself that has been blocking our attempts throughout the years is not only unfair, but it violates both the letter and the intent of the contracts which we signed in good faith. We need the Agency to clear this lien and cooperate with both the tenants and prospective lenders in order to assist us in gaining

financing, and we need you to give us an extension on the City Attorney's unilateral deadline decision in order to make up for the years that we have been unable to acquire financing due to the contractor's lien on our homes.



Rhiannon
731 Virginia St
Berkeley 94710
510-524-9586

PS: This problem is time sensitive, and we were preparing to bring this to the Redevelopment Agency at its scheduled meeting on 3/23, but that meeting was canceled and we didn't have enough warning to prepare for the meeting rescheduled for last week. We would have brought it to the PAC, but their meeting for this month was also canceled.

CEDAR STREET

FOURTH STREET

SIXTH STREET

VIRGINIA STREET

DE SOTO CHEMICAL COATINGS INC

ROLAND ROOFING

HARDWARE WAREHOUSE

VACANT SITE

ROOFING MATERIALS WAREHOUSE

TRANSFER STORAGE

TRANSFER STORAGE

1607
1609
1613
1615
1621
1625
1629
FIFTH ST.
1646
1650
1654

1645

725

731

1610

M ZONE

SI ZONE

R-1A

