

LET'S ROLL

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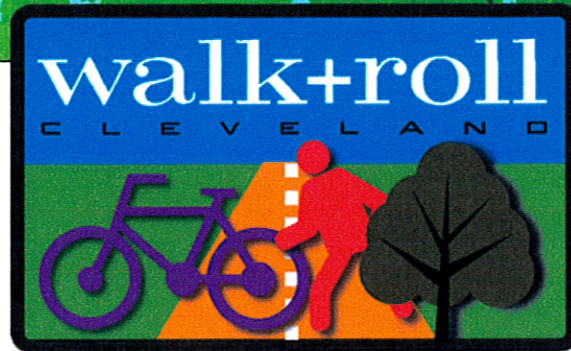
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Walk+Roll promotes bicycling, walking, alternative transportation, public health, diversity and community-building through human-powered neighborhood programs that combine fun with active living, learning and participating.

MARK YOUR CALENDAR

For 2008, we are moving the party, having a party and collaborating on Cleveland Bicycle Week! Mark your calendars for:

Saturday July 19: Walk+Roll Lakewood - 4pm to 9pm - FREE!

Join us as we celebrate Lakewood's walkability and its finest assets: a vibrant downtown, historic architecture and a spectacular Lake Erie park. Two-miles of streets in the heart of our urban community will be closed for walking, running, strolling, bicycling, blading and socializing. Programming includes tumbling, dancing, aerobics, yoga, a bike rodeo, skateboard demonstrations and more. All activities are free and will take place on the streets or in Lakewood Park. Visitors will have the opportunity to join "classes" on an impromptu basis. This is a progressive and unique event for health, environmental and community-minded Ohioans.

With more than 185 miles of sidewalks within 5.5 sq miles, Lakewood is considered by many to be Ohio's most walkable city. Visit the nation's #1 library, walk or bike down to the lakefront, note our beautiful homes and return for dinner in the downtown district. Come experience wonderful, walkable, Lakewood!

Sunday August 24: Walk+Roll Cleveland - 11am to 6pm - FREE!

In Rockefeller Park and The Cultural Gardens. This is our signature event where we open the park to people by closing the street to cars. For 2008, a number of groups are bringing their activities to Walk+Roll - The Hungarian Cultural Garden will be celebrating their 70-year anniversary and a neighborhood organization is bringing musicians and artists for a faire. Bring your group and join the day!

Join the mailing list to get occasional updates and be the first to know about Walk+Roll events.

VIDEO HIGHLIGHTS



GREAT SNAP!



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HOT NEWS



[Cleveland Magazine mentions Walk+Roll](#)



CITY OF KENT, OHIO

DEPARTMENT OF COMMUNITY DEVELOPMENT

June 24, 2008

TO: Dave Ruller
City Manager

FROM: Gary Locke
Community Development Director



RE: Recommended Changes To City's Current Loan
Subordination Policy related to Housing Rehabilitation

The letter attached to this memo was received on June 11, 2008 from Kent resident Judith Wearden. The letter was addressed to Kent City Council but sent to my attention. Thus, I am forwarding the correspondence to both your office and the Clerk of Council's office, and in the interest of time, attaching some commentary and recommendations to Ms. Wearden's request. I have been speaking to Ms. Wearden about her situation for several weeks and explained to her what the City's current policy is on loan subordinations and that the policy would need to be revised in order for us to be able to assist her with her request for a loan subordination.

Ms. Wearden is one of over 130 homeowners who currently have a loan out with the City for housing rehabilitation work on her home. These loans are secured by a Promissory Note and Mortgage given in favor of the City. Since the City holds a security interest in these properties, it is often asked to consider a loan subordination (subordination of its lien position) when one of these homeowners attempts to obtain additional financing or new financing on their homes. This is a result of lenders, who understandably, want their larger loan amounts to be secured by top lien position. The City currently has a policy which governs subordinations and provides direction to staff in regard to the type of subordinations that can be approved by the Community Development Director. The current policy requires staff to consider the City's loan position in relation to the proposed financing and the appraised value of the home. More specifically, if the subordination of the City's lien position causes the City's loan to exceed 90% of the appraised value of the home, the subordination should not be approved. You may recall that several months ago when we were discussing the CDBG program activities for this coming year, we also discussed changing a similar criteria that we used to evaluate (initially) housing rehab loan applicants. At that time Council agreed to amend the policy governing the review of the initial applications and to allow staff to use a higher loan to value ratio when considering these applications.

Loan Subordination Policy Amendment Recommendation

Ms. Wearden's explanation of her situation is well written and is indicative of what many people are experiencing as a result of the aggressive "Adjustable Rate Mortgage (ARM)" products being featured several years ago. She, like many, are struggling to deal with the higher interest rates that have adjusted upward as part of the ARM and who are now trying to arrange lower rate, fixed rate loans. In many cases, the ability to refinance to a lower rate will be the difference for a family as to whether they can stay in a home or have to lose it because they no longer can afford it.

Staff is of the opinion that it is important to facilitate home ownership in any way that the City can, especially considering that most of our current housing programs are focused on promoting home ownership. While the City may take on more risk by subordinating to more debt, the alternative is to deny the subordinations and put homeowners at risk of losing their homes. I would not think that the City wants to be in the latter position, and even more so, the loss of the home would only make it more susceptible to being converted to a rental property. As such, I would recommend the following modifications to the current loan subordination policy:

1. That the City may waive the 90% loan to value limitation on subordinations in cases where the homeowner is attempting to refinance to a lower, fixed, interest rate than they currently have. Closing costs may be financed into the new loan but there shall be no cash out of the new loan to the homeowner.
2. Given this type of subordination, the City would not pursue collection of any money owed the City at the time of sale if the proceeds of the sale could not generate enough cash to repay all of the money owed to the City.

I have included a copy of the existing Subordination Policy with the proposed changes highlighted in bold lettering. This request will need to be placed in the appropriate City Council committee.

If there are any questions, please let me know.

Cc: James Silver, Law Director
Linda Copley, Clerk of Council
Judith Wearden

June 5, 2008

RECEIVED
JUN 11 2008
COMMUNITY DEVELOPMENT
CITY OF KENT

Dear City Council Members:

I am a homeowner in the City of Kent who purchased property on S. Francis Street in February 2007. Prior to that time, I was living in an apartment due to a life change. When the home on S. Francis was put on the market, I immediately fell in love with it as did my 14-year-old son. It became our dream to make it our own.

I did not qualify for a conventional loan with a reasonable interest rate. Still, we really wanted the home and I was determined to achieve our goal. A mortgage broker assisted me with the purchase and I took on a high interest loan with an adjustable rate, believing that it was my only shot at getting the property, and also believing it would be possible to refinance once I was in the home and making regular, on-time payments.

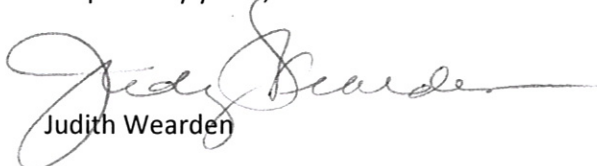
It has been a struggle to make the high monthly mortgage payments - - and my son and I have, without regret, made many sacrifices in order to meet that obligation, but refinancing, in order to reduce the payments, would certainly go a long way to insure I will be able to continue to meet mortgage payments and we will be able to stay in the home that we love.

In 2006, I was successful in obtaining a home rehabilitation loan from the City of Kent, Department of Development for the purpose of replacing the roof. I understood, at the time, that the City would need to subordinate any future loans in connection with the property.

I am now engaged in an attempt to refinance. An appraisal was done recently and the value was reported at \$95,000. I owe approximately \$88,500. A lender is offering a 15-year fixed rate (6.375, down from the current 9.75) to assume the original mortgage and roll the closing costs into the loan. The appraised value does not meet the current loan-to-value criteria that would permit the City of Kent to subordinate the new loan. My purpose for writing this letter to you is to respectfully request that you consider modifying the policy so that it reflects current housing market conditions and allows for flexibility with regard to subordinating a refinance.

I can only assume that I am not alone and that others, who are attempting to refinance, are experiencing disappointing valuations as well. My home is very important to my children, my grandsons and me. In order for us to continue to live there, refinancing is critical. I will appreciate your consideration of this request and be happy to appear before you to answer any questions you may have.

Respectfully yours,


Judith Wearden

HOUSING REHABILITATION LOAN PROGRAM
DOWNPAYMENT ASSISTANCE LOAN PROGRAM
LOAN SUBORDINATION POLICY

(Kent Community Development Department)
(5-16-06)

Proposed Changes in Bold

The City shall consider requests to subordinate its lien position when both the borrower and the City determine it is in their mutual interest. In general, the borrower will submit an application in a form prescribed by the City and the City will use the following criteria to review the request:

1. The City's subordinated position will place its loan at a position no greater than 90% of the appraised value of the property. The applicant is responsible for supplying a full, current appraisal of the property to the City at their own cost. **The City may waive the 90% loan to value limitation on subordinations in cases where the homeowner is attempting to refinance to a lower, fixed, interest rate than they currently have. Closing costs may be financed into the new loan but there shall be no cash out of the new loan to the homeowner. Given this type of subordination, the City would not pursue collection of any money owed the City at the time of sale if the proceeds of the sale could not generate enough cash to repay all of the money owed to the City.**
2. The refinancing of superior debt enhances (reduces) the borrower's housing expenses and costs for such subordination, such as appraisal, filing, etc. shall be born by the borrower. The City reserves the right to consider other criteria such as credit reports, tax delinquencies, etc., as it deems appropriate

The City reserves the right to reject any subordination request which is lacking information or does not meet the established criteria noted above. The City may place conditions on any subordination as it deems appropriate and may require applicants to obtain credit / debt counseling as a condition of considering the application.

When considering the request for a loan subordination, the City will request the following information:

- A completed loan subordination application on a form established by the City of Kent. The application must be signed by the property owner who is requesting the subordination, not the lender.
- A copy of the actual loan application filed with the lender.

Loan Subordination Policy

- A copy of a current appraisal (not more than 3 months old, unless the City determines that another form of documentation is acceptable).
- Copy of a Good Faith Estimate of Closing Costs or HUD-1.
- Other information that may be deemed necessary by the City of Kent.

JEDD REVOLVING LOAN FUND (RLF) PROPOSALS

In an attempt to provide additional incentives for businesses and property owners to sign JEDD petitions, the Board of Directors may wish to consider establishing a Revolving Loan Fund (RLF). The City of Kent currently operates two RLFs oriented toward businesses, and has experienced a significant level of success in promoting business expansion and attraction through the use of these programs. The funds are loaned out to companies that agree to meet certain guidelines, and as the interest and principal are repaid to the program, the funds are made available to other qualifying companies needing business financing.

Listed below is a brief description of each of these programs and their various features and requirements:

RLF I - This program permits the financing of up to 30% of a project's total cost, at an interest rate of 1/2 to 3/4 of the going prime rate. For each \$10,000, or portion thereof, that is loaned through this program, at least one job must be created or retained. RLF I funds may be used to finance the purchase of land and buildings, building construction and renovations, leasehold improvements, the purchase of machinery and equipment, and in some cases, the financing of working capital needs associated with the project. The business owner must contribute at least 10% of the total project costs, with the balance of the financing needs generally provided by a private lending institution. The City will take a subordinate lien position on all collateral pledged to the project, and may match the loan term as specified by the private lending institution.

RLF II - This program is structured the same as RLF I; however, since RLF II is funded through the use of the U. S. Department of Commerce, Economic Development Administration (EDA) monies, any projects funded through this source which involves construction or reconstruction must comply with federal Davis-Bacon, prevailing wage requirements.

If the Board is interested in pursuing the use of Revolving Loan Funds to both promote the economic expansion in the JEDD Area, and to be used as an incentive to attract JEDD petitions, then two alternatives should be considered, both individually and jointly: City of Kent RLF I & II and JEDD RLF I

City of Kent RLF I & II Alternative

The City of Kent's Revolving loan Funds currently have a combined available balance of \$305,623. While certainly not considered a lot of money in the field of business finance, using the existing program guidelines this sum would leverage almost \$1,000,000 in total investment, and create or retain 30 jobs. The amount of the RLF loan varies according to the specifics of a given project; however, the average loan amount is currently around \$65,000 per project, which would imply funding for four or five projects.

Operationally, the use of these funds would require Kent City Council approval for both funds, and RLF II would be required to meet the economic distress criteria established by the Economic Development Administration. All loans should be routed through the existing City of Kent

Revolving Loan Fund Review Board for loan approval, and if approved, the loan would be administered through our existing arrangement with Home Savings Bank.

JEDD RLF I

This option involves the establishment of a newly created Revolving Loan Fund program designed to address the needs of those companies currently in the JEDD area, or considering locating within the JEDD. Funding for this program would be drawn from the JEDD income tax receipts in a manner and amount agreeable to both communities.

Operationally, some of the challenges associated with this approach might include:

- Development of the program policies
- Establishment of a loan review board
- Arranging for the processing of the loan repayments and accounting
- Operational oversight by the Board, and/or the legislative bodies of the two communities
- Auditing requirements

It might be possible to have the JEDD RLF I administered through the arrangements already in place for the Kent RLFs.

HORNING ROAD ACCESS PATH

MEMORANDUM OF UNDERSTANDING

**FRANKLIN TOWNSHIP,
KENT STATE UNIVERSITY
AND
THE CITY OF KENT**

**ALL PARTIES BEING IN THE COUNTY OF PORTAGE,
STATE OF OHIO**

This Memorandum of Understanding, dated _____ 2008, is an agreement made and entered into between Franklin Township (the "Township"), Kent State University ("KSU") and the City of Kent, Ohio, duly formed under the laws of the State of Ohio (the "City").

WITNESSETH:

WHEREAS, The Township, KSU and the City have agreed to work together to complete pedestrian and bicycle improvements along Horning Road from Loop Road to the East Corporation Limits of the City; and

WHEREAS, The City of Kent Department of Engineering has taken the lead to design the improvements needed and has agreed to manage the construction of this project; and

WHEREAS, The Parties agree that each entity will pay their respective proportional share of the improvements based upon the construction cost divided by the number of linear feet of improvement located in each jurisdiction. Based on the agreed upon design, the Township's share would entail 0% based on a total of 0 LF. KSU's share would entail 13.0% based on a total of 130 LF. The City's share would entail 87.0% based on a total of 847 LF. The City will invoice KSU for their share of the work at the completion of the project; and

WHEREAS, The Township and KSU agree to compensate the City of Kent 5% (2.5% from each entity) of the total construction cost for the City's engineering, design and construction management services for these projects. The estimated construction cost will be \$70,000.00. At 5%, the total compensation would be \$3,500.00. The Township would owe \$0.00 based on no work being performed within the Township's jurisdiction. KSU would owe \$3,500.00 based on the 5.0% Engineering Management compensation fee; and

WHEREAS, The Parties agree that the City will perform all of the construction work. There will not be a warranty period once the project has been completed and all Parties agree that the respective Parties will be responsible for maintaining the portion of the path within their jurisdiction once construction is complete; and

WHEREAS, The Township does hereby give permission to the City of Kent, its agents, employees and contractors to enter upon Township lands for the purpose of constructing and restoring the area affected by the construction of the Horning Road Access Path. It is also agreed that in granting this permission, said City may enter upon Township premises at any reasonable time, and the Township further, hereby, waives any and all grants and actions in trespassing which we may have as a result of the City, its employees and agents entrance upon Township land. The City will not enter upon private property within the Township until an agreement has been signed by all pertinent Parties permitting such access; and

WHEREAS, KSU does hereby give permission to the City of Kent, its agents, employees and contractors to enter upon KSU lands for the purpose of constructing and restoring the area affected by the construction of the Horning Road Access Path. It is also agreed that in granting this permission, the City may enter upon KSU premises at any reasonable time, and KSU further, hereby, waives any and all grants and actions in trespassing which KSU may have as a result of the City, its employees and agents entrance upon KSU land.

In witness whereof, the Parties hereto have offered their hands and seals:

CITY OF KENT

Reviewed and Recommended by:

James S. Bowling, P.E.
City of Kent, City Engineer

Witness:_____

Date: _____

Approved and Accepted by:

Dave Ruller
City of Kent, City Manager

Witness:_____

Date: _____

Approved as to Form:

Jim Silver
City of Kent, Law Director

Witness:_____

Date: _____

Certificate of Director of Budget and Finance

It is hereby certified that the amount

(\$ _____)
required to meet the contract, agreement, obligation, payment or expenditure, for the
above, has been lawfully appropriated or authorized or directed for such purpose and is in
the City Treasury or in the process of collection to the credit of

Funds free from any obligation or certificates now outstanding.

Barb Rissland
Director of Budget and Finance

FRANKLIN TOWNSHIP TRUSTEES

Approved & Accepted by:

Mark Beckwith,
Franklin Township Trustee

Witness: _____

Date: _____

KENT STATE UNIVERSITY

Approved and Accepted by:

Robert Heisler,
Interim Senior Vice President
for Administration

Witness: _____

Date: _____