



SAN DIEGO
HOUSING
COMMISSION

HOUSING AUTHORITY REPORT

DATE ISSUED: May 9, 2011

REPORT NO: HAR 11-022

ATTENTION: Members of the Housing Authority of the City of San Diego
For the Agenda of June 7, 2011

SUBJECT: Proposed Mortgage Loan Payoff – Maya Apartments

COUNCIL DISTRICT: 5

REQUESTED ACTION:

That the Housing Authority of the City of San Diego (“Housing Authority”) approve the mortgage loan payoff on the Maya Apartments.

STAFF RECOMMENDATION:

1. Approve the \$2,982,084.84 mortgage loan pay off to J.P. Morgan Chase & Co. on the Maya Apartments property per the terms of the loan agreement.
2. Authorize the President and Chief Executive Officer of the San Diego Housing Commission (“CEO”) or designee, to execute necessary documents and instruments in the form approved by the CEO and General Counsel, to take actions as are necessary to implement these transactions.

SUMMARY:

In June 21, 1995, the San Diego Housing Commission (“Housing Commission”) entered into a loan agreement with Home Savings of America, FSB to finance the purchase and rehabilitation of the Maya Apartments located on 10101 Maya Linda Road, San Diego, California 92126.

The Maya Apartment complex consists of 132 apartments built on 4.47 acres located on the west side of Interstate 15 in the community of Mira Mesa. The complex consists of ten buildings forming a large rectangle with parking areas to the east, south, and west sides of the buildings.

The apartment mix includes 40 one bedroom/one bath units with 728 square feet each, 59 two bedroom/one bath units with 858 square feet each, 24 two bedroom/two bath units with 936 square feet each, and 9 three bedroom/two bath units with 1,014 square feet each.

The purchase price of the property was \$6,300,000. The total development budget, including rehabilitation and relocation costs, was \$6,825,000. The Housing Commission used \$2,100,000 of HOME Funds to acquire this project and incurred a \$4,725,000 debt on this property in the form of a Deed of Trust. Loan payments were based on a 30 year amortization schedule with a variable interest rate indexed on the 11th District cost of funds. The maturity date of the loan is July 1, 2011, at which date the entire unpaid balance of principal and interest is due and payable. The outstanding loan balance as of April 1, 2011 is \$2,991,472. The current holder of the note is J.P. Morgan Chase (“Chase”).

Maya Apartments is the only mixed-income property owned by the Housing Commission. The property has affordability restrictions on 40 of the 132 total units. Twenty percent of the total units (26 units) are

rented to families earning less than fifty percent of the Area Median Income (currently \$39,250 for a family of four) and ten percent of the total units (14 units) are rented to families making less than sixty percent of Area Median Income. The affordability restrictions on these units expire in September 2015. The remaining seventy percent of total units are rented at market rental rates.

On December 2010, Housing Commission staff began analyzing the different alternatives for the refinance or payoff of the mortgage loan. Chase's current policy regarding its Community Development Real Estate loan portfolio is to require that all existing permanent loans be paid off in full upon maturity. Since Chase is not offering extensions of credit at this time, refinancing the loan with Chase is not an alternative. In addition, given the recent credit crisis, lending institutions are downsizing their Community Reinvestment Act portfolio, which severely constrains refinancing alternatives.

Housing Commission staff recommends paying off the loan on July 1, 2011, and refinancing the Maya Apartments at a future date. If Maya Apartments are considered for a refinance, Housing Commission staff will seek Housing Commission Board and Housing Authority approval.

The Housing Commission has an escrow account balance of approximately \$700,515 as of April 1, 2011, which will be reimbursed to the Housing Commission once the mortgage loan is paid off. Chase estimates 30-60 days for the Commission to receive reimbursement of escrow funds.

FISCAL CONSIDERATIONS:

Funds for the Maya loan payoff are included in the Fiscal Year 2012 Budget, approved by the Housing Commission on March 18, 2011. Moving to Work ("MTW") funds are set aside to pay off the mortgage loan.

PREVIOUS COUNCIL and/or COMMITTEE ACTION:

This item was approved unanimously at the May 13, 2011 Housing Commission Board Meeting.

The Housing Commission and the Housing Authority approved the acquisition of Maya Apartments on May 15, 1995, and May 23, 1995, respectively.

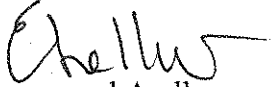
KEY STAKEHOLDERS AND PROJECTED IMPACTS:

Stakeholders include the Housing Commission, J.P. Morgan Chase, and the clients of the Housing Commission.

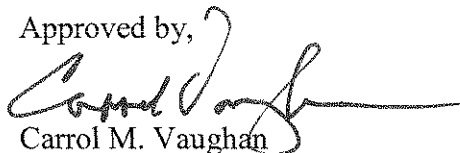
ENVIRONMENTAL REVIEW:

The loan payoff is not a project pursuant to Section 15060(c)(3) of the State of California Environmental Quality Act Guidelines. This activity is exempt from processing under the National Environmental Policy Act pursuant to 24 CFR 58.34(a)(11).

Respectfully submitted,


Emmanuel Arellano
Senior Program Analyst

Approved by,


Carol M. Vaughan
Executive Vice President &
Chief Operating Officer

May 9, 2011

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Attachments: Chase Payoff Statement

Hard copies are available for review during business hours in the main lobby of the San Diego Housing Commission offices at 1122 Broadway, San Diego, CA 92101 and at the Office of the San Diego City Clerk, 202 C Street, San Diego, CA 92101. You may also review complete docket materials on the San Diego Housing Commission website at www.sdhc.org.



PAYOFF STATEMENT

5/4/2011 12:53:57 PM

Requestor(s): SAN DIEGO HOUSING COMMISSION
ATTN: EMMANUEL ARELLANO
FAX# (619) 578-7354
LOAN # 701791899

Regarding: SAN DIEGO HOUSING COMMISSION
Property: 10101 MAYA LINDA RD
SAN DIEGO CA 92126 Rate Change 6/1/2011

PAYOFF DATE	7/1/2011	Reconveyance Fee	\$100.00
CURRENT NOTE RATE	3.000000%		
NEXT PAYMENT DUE DATE	6/1/2011		
Principal Balance	\$2,963,138.75		
Interest	\$14,815.69		
Late Charges	\$4,030.40		
Default Interest	\$0.00		
Misc Fees/Amounts	\$0.00		
Prepayment Fee	\$0.00		
Recap Fee	\$0.00		
Suspense Escrow	\$0.00		
Insurance Escrow	\$0.00		
Tax Escrow	\$0.00		
Daily Per Diem Charge	\$246.93	TOTAL AMOUNT DUE	\$2,982,084.84

SPECIAL PAYOFF INSTRUCTIONS

PAYOFF QUOTE GOOD FOR PAYOFF DATE ONLY. Quote may NOT be increased or decreased by the daily per diem. Funds received on any other day are subject to return.

Quote provided as ESTIMATE only. Payoff must be updated prior to receipt of funds.

Prepayment Premium calculation based on payoff date. Subject to recalculation if funds received on any other date.

WARNINGS AND CONDITIONS

If this is an Adjustable Rate Loan, this figure is subject to change. The total amount necessary to pay off the loan is subject to final verification from the Note holder. Figures may be adjusted if any funds previously sent are rejected by the Note holder or by the institution upon which they were drawn.

If at any time JPMorgan Chase Bank, N.A. ("Chase") discovers that a payoff statement, demand, or quote is incorrect or contains any error which was caused by a clerical mistake, calculation error, documentation interpretation error, computer error, printing error or any other similar error such that the payoff statement, demand or quote demands an amount that is insufficient to fully payoff the outstanding indebtedness of the subject loan, then Borrower shall, upon demand by Chase immediately pay all such amounts demanded to fully payoff the outstanding indebtedness of the subject loan.

Issuance of this statement does not suspend the requirement to make the loan payments when due under the loan contract. Late charges will continue to be assessed in accordance with your loan documentation and will be added to the payoff total is received after the due date and any applicable grace days.

It is the customer's responsibility to cancel any automatic payment arrangement. Autopay will continue to withdraw unless cancellation is requested and received at least 15 business days prior to the withdrawal date.

Chase does not assume any liability for any escrow shortage or deficiency due to a disbursement made after the date of this quote according to the terms of the note.

ALL REMITTANCES MUST BE MADE BY CASHIER'S CHECK, CERTIFIED FUNDS, OR WIRE TRANSFER.
Wires received after 3:30 pm Central Time will be considered next business day's activity.

Chase reserves the right to reject any incorrect payoff amount received.

MAILING ADDRESS:
JPMorgan Chase Bank, N.A.
(877) 344-3080
ATTN: TX1-1709 -- CASH MGMT
3929 WEST JOHN CARPENTER FREEWAY
IRVING, TX 75063

Wiring Instructions:
Bank: JPMorgan Chase Bank, N.A.
Address: 3929 West John Carpenter Fwy
Irving, TX 75063
ABA: 021000021
Account#: 9008114395
Attn: CTL Servicing Loan # 701791899



PREPARED BY: _____ r104940

APPROVED BY: _____ E106697