



INFORMATIONAL REPORT

DATE ISSUED: August 10, 2015

REPORT NO: HCR15-072

ATTENTION: Chair and Members of the San Diego Housing Commission
For the Agenda of September 11, 2015

SUBJECT: Status of Loan Portfolio – Fourth Quarter Fiscal Year 2015

COUNCIL DISTRICT: Citywide

NO ACTION IS REQUIRED ON THE PART OF THE HOUSING COMMISSION

SUMMARY

Pursuant to San Diego Housing Commission (Housing Commission) Lending Authority Policy No. 600.101, the Housing Commission prepares quarterly reports listing the following:

- all loans funded during the reporting period
- all loans delinquent by 30 days or more
- all loans in foreclosure; and
- the disposition of foreclosed properties

As of June 30, 2015, the loan portfolio totaled \$330,396,713; representing 2,733 loans. The portfolio has four separate categories:

- 1) Multifamily Rental
- 2) Rehabilitation - One to Four Units
- 3) First Time Homebuyer
- 4) Affordable For-Sale Housing Program

All loan programs, except the Affordable For-Sale Housing Program, are funded using federal, state and local monies; all program loans are approved and funded in accordance with the General Lending Authority Policy No. 600.101. The Affordable For-Sale Housing Program uses a Promissory Note that represents the difference between (a) the fair market value of the property at the time it is purchased, and (b) the actual affordable price paid to purchase the property.

I. Loan and Grant Funds

During the fourth quarter of Fiscal Year (FY) 2015 (April 1, 2015 – June 30, 2015), the Housing Commission generated 56 loans and grants totaling \$902,834 that will benefit 34 families. The loans and grants for the fourth quarter are briefly described below.

- The Home Safe Home team assisted 24 families by originating 36 loans and grants totaling \$308,629; which consists of the following types of projects:

- 4 - Redevelopment Area Forgivable Loans or Grants / Owner-Occupied - \$101,877
 - 6 - Lead-Based Paint Hazard Control Program Grants / Owner-Occupied - \$17,590
 - 2 - Healthy Homes Production Grants / Owner-Occupied - \$7,400
 - 11- Mobile Home Grants / Owner-Occupied - \$59,445
 - 7 - Lead-Based Paint Hazard Control Program Grants / Rental - \$104,617
 - 6 - Healthy Homes Production Grants / Rental - \$17,700
- The Homebuyer team originated 20 loans and grants totaling \$594,205 that assisted 10 families with the purchase of a home under the Housing Commission’s First Time Homebuyer Program.
 - 9 - 3 Percent Interest, Deferred Payment Loans / 80 percent of San Diego Area Median Income (AMI) - \$437,257
 - 9 - Closing Cost Assistance Grants / 80 percent of AMI - \$86,265
 - 1 - 3 Percent Interest, Deferred Payment Loan / 100 percent of AMI - \$61,183
 - 1 - Closing Cost Assistance Grant / 100 percent of AMI - \$9,500

II. Defaults

The overall default ratio, which consists of loans that are 30 days or more delinquent and loans in foreclosure, is 0.16 percent (\$519,593 of \$330,396,713) for this reporting period (See Attachment 1). This is a slight increase from the third quarter of FY 2015 (\$386,718 of \$329,506,992 or 0.12 percent). The figures include all Housing Commission loans that are delinquent, as well as loans for which the senior lien holder has filed a Notice of Default. The senior lien in foreclosure means that the Housing Commission loan is in default under the agreed upon terms.

There are two types of loans in the Housing Commission loan portfolio:

1. Loans requiring monthly or annual payments; and
2. Loans that are deferred or have residual receipts repayment terms.

	Rehab	FTHB	Multifamily Rental	Affordable For Sale	Total
Loans Requiring Payments	16	9	17	0	42
Deferred/Residual Receipt Loans	924	1,390	101	276	2,691
Total Loans	940	1,399	118	276	2,733
Loans that are Delinquent	1	1	2	0	4
Loans that are in Default	1	5	0	0	6

Of the 42 loans requiring payments, there are four delinquent loans: a) one rehabilitation loan totaling \$7,504; b) a first-time homebuyer loan for \$74,500; and c) two multifamily loans with a total of \$11,716 past due. The four past due loans total \$296,083. (Attachment 2)

In addition, there are a total of six Housing Commission loans in default as shown on Attachment 3: a) one rehabilitation loan totaling \$19,885; and b) five first-time homebuyer loans totaling \$203,625. No payments are required on the Housing Commission's loans. These defaults exist because the borrowers are not making the payments owed the senior lien holder.

Attachment 4 provides loan information for the full fiscal year.

Respectfully submitted,

Vicki Monce

Vicki Monce
Loan Services Manager
Real Estate Division

Approved by,

Deborah N. Ruane

Deborah N. Ruane
Senior Vice President
Real Estate Division

- Attachments: 1) Loan Portfolio Default Status
 2) Delinquent Loans Requiring Payments
 3) Loans in Foreclosure
 4) Fiscal Year 2015 – Year in Review

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.

ATTACHMENT 1

LOAN PORTFOLIO DEFAULT STATUS As of June 30, 2015

The Housing Commission's loan portfolio currently totals \$330,396,713. The overall default ratio, which consists of all loans 30 days or more delinquent and loans in foreclosure, is 0.16 percent. The following is the present status by loan category:

<u>Loan Type</u>	<u>Loan Portfolio</u>	<u># Loans</u>	<u>Default Ratio</u>
Multifamily Rental	\$203,329,626	118	.11%
Rehabilitation - Single and Multifamily	17,531,569	940	.16%
First-Time Homebuyer	49,508,873	1,399	.56%
Affordable For-Sale Housing	<u>60,026,645</u>	<u>276</u>	<u>.00%*</u>
	\$330,396,713	2,733	.16%

At the present time, six properties are in foreclosure.

*Any defaulted affordable for-sale housing loans are not funds actually disbursed by the Housing Commission. The promissory note for the affordable restricted units represents the difference between the fair market value of the property at the time of the original purchase and the actual affordable price paid to purchase the property.

SAN DIEGO HOUSING COMMISSION
 PAYMENTS REQUIRED - DELINQUENT LOANS
 As of June 30, 2015

LOAN NUMBER	NAME/ PROPERTY ADDRESS/ STATUS	NO. OF UNITS	TYPE OF PROPERTY	DUE DATE	PRINCIPAL BALANCE	MONTHLY / ANNUAL PRINCIPAL & INTEREST PAYMENT	AMOUNT PAST DUE
30+ DAYS DELINQUENT							
	None in this quarter.						
SUB-TOTAL							
60+ DAYS DELINQUENT							
	None in this quarter.						
SUB-TOTAL							
90+ DAYS DELINQUENT							
	None in this quarter.						
SUB-TOTAL							
120+ DAYS DELINQUENT							
Rehab 3-27-0019	LUSAIN 3038 Clay Avenue San Diego, CA 92113 <i>Original borrower passed away, loan assumed by daughter with limited income.</i>	1	SFD	3/1/2014	\$ 7,504	\$ 195	Principal - \$3,315 Penalties - \$1,284 Total - \$4,599
Multifamily 2-29-0025	GREATER GOLDEN HILL CDC 1825-1827 Felton Street San Diego, CA 92102 <i>Borrower is working on plan for repayment and may be requesting a refinance</i>	2	Duplex	4/24/2013	\$ 121,410	Residual Receipts	\$ 4,926
Multifamily 2-90-0003	GREATER GOLDEN HILL CDC 1801-1803 Gregory Street San Diego, CA 92102 <i>Borrower is working on plan for repayment and may be requesting a refinance</i>	2	Duplex	4/24/2013	\$ 92,669	Residual Receipts	\$ 6,790
FTHB 4-R9-1206	ASMUS 1080 Park Blvd. No. 605 San Diego, CA 92101 <i>CCDC loan - HOA filed a Notice of Default. Property sold to Smart Corner Owners Association. Civic San Diego believe they are in a senior position to the Homeowners Association.</i>	1	CONDO	1/1/2013	\$ 74,500	\$ 250	Principal - \$7,000 Penalties - \$375 Total - \$7,375
SUB-TOTAL					\$ 296,083		
TOTAL					\$ 296,083		
GRAND TOTAL OF FIRST TIME HOMEBUYER, REHAB AND MULTIFAMILY DELINQUENT LOANS REQUIRING PAYMENTS LOAN PORTFOLIO DELINQUENCY = 1.11%							

ATTACHMENT 2

**ATTACHMENT 3
LOANS IN FORECLOSURE
As of June 30, 2015**

A. Status of Rehabilitation Loans in Foreclosure:

1. G. Rader

2519 Violet Street

San Diego, CA 92105

1 unit – A \$15,000 Memorandum of Lien and a \$4,885 Memorandum of Lien were recorded against the property in fifth and sixth position.

Status:

The first trust deed holder, Fannie Mae, recorded a Notice of Default against the property because the March 1, 2014, payment and all subsequent payments have not been paid. The 90-day reinstatement period ended March 9, 2015. A Trustee's Sale has been scheduled several times and postponed due to the owner filing for bankruptcy relief. Authorization for the Trustee's Sale to proceed without Housing Commission participation was approved pursuant to Housing Commission Policy 600.103.

B. Status of First-Time Homebuyer Loans in Foreclosure:

1. M. Domingo and F. Reyes

9380 Twin Trails Drive, No. 102

San Diego, CA 92129

1 unit – A \$23,000 Shared Equity Loan was recorded against the property in second position.

Status:

The first trust deed holder, Bank of America, recorded a Notice of Default against the property because the November 10, 2010 payment and all subsequent payments have not been paid. A Trustee's Sale was held on March 22, 2011 and was subsequently rescinded because the borrower filed a Chapter 13 bankruptcy on March 21, 2011. The bankruptcy was terminated August 24, 2012. In October 2012 another Chapter 13 bankruptcy was filed by Mrs. Domingo (without her spouse). She is on a 5-year repayment plan through the bankruptcy court. The court is sending payments directly to the lender.

2. A. Carmel

3050 Rue D 'Orleans, No. 350

San Diego, CA 92110

1 unit – A \$47,750 Shared Appreciation Loan was recorded against the property in third position. A \$5,730 Deed of Trust in favor of California Housing Finance Agency recorded in second position.

Status:

The first trust deed holder, Bank of America, recorded a Notice of Default against the

property because the November 1, 2009 payment and all subsequent payments have not been paid. The 90-day reinstatement period ended May 5, 2015. A Notice of Trustee's Sale has not been recorded.

3. F. McInnis and S. McInnis
10460 Caminito Rimini
San Diego, CA 92129
1 unit – A \$27,500 Shared Appreciation Loan was recorded against the property in third position.

Status:

The first trust deed holder, Guild Mortgage Company, recorded a Notice of Default against the property because the December 1, 2014 payment and all subsequent payments have not been paid. The 90-day reinstatement period will end August 14, 2015.

4. A. Newbery
6330 Genesee Ave., #202
San Diego, CA 92122
1 unit – A \$46,500 Shared Appreciation Loan was recorded against the property in third position.

Status:

The first trust deed holder, Guild Mortgage Company, recorded a Notice of Default against the property because the November 1, 2014 payment and all subsequent payments have not been paid. The 90-day reinstatement period ended July 17, 2015. A Trustee's Sale is scheduled for August 19, 2015. Housing Commission staff completed a report recommending the sale proceed without Housing Commission participation due to insufficient equity in the property to cover our lien against the property.

5. O. Massot
4444 Cherokee Ave., #5
San Diego, CA 92116
1 unit – A \$58,875 Shared Appreciation Loan was recorded against the property in second position.

Status:

Our borrower, Ms. Massot, is deceased. The first trust deed holder, Wachovia Mortgage, recorded a Notice of Default against the property because the January 1, 2014 payment and all subsequent payments were not paid. The 90-day reinstatement period ended and a Trustee's Sale was held on March 30, 2015. The property was purchased by a third party bidder. The transfer of title was rescinded because the executor for the estate filed bankruptcy prior to the date of sale.

ATTACHMENT 4

FISCAL YEAR 2015 – YEAR IN REVIEW

During Fiscal Year 2015 (July 1, 2014 – June 30, 2015), the Housing Commission generated **294 loans and grants totaling \$11,363,876**. The loans and grants for the fiscal year are briefly described below.

A) Home Safe Home team originated 141 loans and grants totaling \$1,492,431 which consists of the following types of projects:

- 10 - Deferred Payment Loans / Owner Occupied \$ 199,639
- 25 - Redevelopment Area Forgivable Loans or Grants / Owner Occupied \$ 593,875
- 27 - Lead Based Paint Grants / Owner Occupied \$ 155,701
- 20 - Healthy Homes Production Grants / Owner Occupied \$ 61,998
- 34 - Mobile Home Emergency Grants / Owner Occupied \$ 185,030
- 1 - Neighborhood Stabilization Program / Owner Occupied \$ 5,060
- 16 - Lead Based Paint Grants / Rental Property \$ 268,028
- 8 - Healthy Homes Production Grants / Rental Property \$ 23,100

B) Loan Management team originated 151 first time homebuyer loans and grants totaling \$4,371,445 that are summarized below:

First Time Homebuyer

- 78 - 3% Interest Deferred Payment Loans \$3,735,258
- 73 - Closing Cost Assistance Grants \$ 636,187

C) Housing Finance and Development team funded two projects totaling \$5,500,000 in loan funds which provided 130 affordable housing units restricted at 30 to 60 percent of area median income (AMI). The following are the income levels for the 130 affordable housing units:

- 42 - units available to persons/families earning 30 percent or less of AMI
- 30 - units available to persons/families earning 40 percent or less of AMI
- 21 - units available to persons/families earning 45 percent or less of AMI
- 34 - units available to persons/families earning 50 percent or less of AMI
- 3 - units available to persons/families earning 60 percent or less of AMI