



RELEASE OF REGULATORY AGREEMENT
AND DEED OF TRUST UPON SALE OF
PROPERTY AND REPAYMENT OF LOAN
1243 RIPLEY STREET, SANTA ROSA

Housing Authority Meeting
June 17, 2024

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Housing and Community Services Department

OVERVIEW

- In July of 1992, the Housing Authority committed \$47,000.00 to Social Advocates for Youth for acquisition of 1243 Ripley Street.
- This property was designated as a six-bed youth shelter.
- Loan terms included 3% simple interest and a due date of August 3, 2023.
- 30-year Regulatory Agreement to August 3, 2023

LOAN MODIFICATION

SAY applied for modification of loan terms on August 25, 2022.

- The loan repayment date was extended by 15 years to 2038.
- Accrued interest of approximately \$41,229.95 was forgiven.
- Future interest accruals were set to 0%.
- Provisions were made to allow the Authority to conduct necessary property inspections.

CURRENTLY

- SAY laid off all employees and ceased operations in February 2024.
- SAY filed for Chapter 7 Bankruptcy to liquidate its assets and is preparing the property for sale.
- The Trustee, through its law firm Fennemore Wendel, has requested that upon the sale of the property and repayment of the Note, the Authority release the Regulatory Agreement and Deed of Trust.

ANALYSIS

- The organization is in bankruptcy and sale of the property will allow the Authority to recoup its loan.
- Repayment of the loan is the best option for the Authority in the proceedings.
- Removal of the Regulatory Agreement will facilitate the sale of the property.

RECOMMENDATION

It is recommended by the Housing and Community Services Department that the Housing Authority, by resolution, authorize the termination and release of the Regulatory Agreement and Deed of Trust with Individuals Now, Inc. DBA Social Advocates for Youth for the youth shelter located at 1243 Ripley Street, Santa Rosa upon the sale of the property repayment of the outstanding principal of the Housing Authority Loan No. 9021-0274-93.