

Shall the Authority Authorize the Executive Director to Execute an Agreement Subordinating its Shared Equity Encumbrance on Keola La‘i Unit No. 1607 and Consenting to the Owner’s Request to Consolidate its Home Equity Line of Credit Into a New First Mortgage?

Staff Report
July 22, 2015

Background: The Keola La‘i condominium project was completed by A&B Kakaako LLC (“A&B”) in 2008. Pursuant to its development permit requirements, A&B sold twenty percent (20%) of the apartment units as reserved housing units subject to the two (2) year buy-back and shared equity encumbrances. In 2008, Mr. and Mrs. Landon and Charlene Murata, purchased Unit No. 1607 as a reserved housing unit for \$375,000 and with the fair market value at the time being \$586,050, the Authority’s Shared Equity encumbrance is at least \$211,050. In 2010, the two (2) year buy-back encumbrance expired.

According to Mr. and Mrs. Landon Murata’s June 3, 2015 letter requesting the Authority’s subordination of its shared-equity encumbrance and consent to Mr. and Mrs. Murata’s refinancing of their 2011 refinanced mortgage of THREE HUNDRED FIFTY-FIVE THOUSAND FIVE HUNDRED DOLLARS (\$355,500) and also consolidation of their 2011 Home Equity Line of Credit (“HELOC”) of FIFTY THOUSAND DOLLARS (\$50,000). The HCDA did not approve or otherwise subordinate its shared equity interest to the HELOC. The amount of the first new mortgage is THREE HUNDRED SEVENTY-TWO THOUSAND DOLLARS (\$372,000) and will not exceed the Original Sale Contract Price of THREE HUNDRED SEVENTY-FIVE THOUSAND DOLLARS (\$375,000). A copy of this letter and email from their financial broker is attached hereto as Exhibit A and B. Mr. and Mrs. Murata contend this refinance is to lower their interest rate and cash out. Currently the Unit is appraised at SIX HUNDRED EIGHTY-FIVE THOUSAND TWO HUNDRED DOLLARS (\$685,200).

Pursuant to Hawaii Administrative Rules §15-22-188(b)(3) the Authority may defer its shared equity encumbrance on a case-by-case basis if it deems that the waiver will allow permanent financing by other mortgage lenders. Should the Authority agree to subordinate its interest, the Authority would resume its second lien position behind Mr. and Mrs. Murata’s refinance mortgage lender. Should the Authority decline to subordinate its shared equity interest, the Authority would take a second lien position behind the first mortgage, effectively triggering repayment of the unauthorized HELOC.

Recommendation: Staff recommends that the Authority authorize the Executive Director to execute an agreement subordinating its shared equity encumbrance in Keola La‘i Unit No. 1607 into a new first mortgage, maintaining its second lien position, and consenting to Mr.

and Mrs. Murata's refinancing of its 2011 refinanced mortgage and 2011 Home Equity Line of Credit for their Unit.

Attachment: Exhibit A – June 4, 2015 Letter from Mr. and Mrs. Murata
Exhibit B – Email from Financial Manager John Ball, Hawaii State Federal
Credit Union
Exhibit C - Hawaii Information Systems Current Market Value

Hawaii Community Development Authority
Attn: Executive Director Anthony Ching
547 Queen St, Honolulu, HI 96813

RECEIVED
2015 JUN 4 AM 10 34
HAWAII COMMUNITY
DEVELOPMENT
AUTHORITY

Landon & Charlene Murata
Keola Lai, 600 Queen St, Unit #1607, Honolulu, HI 96813

Re: Subordination of Equity Sharing Requirement.

We are in the process of, and have approval for refinancing/ consolidating our current 1st and 2nd mortgages into a new first mortgage with Hawaii State Federal Credit Union at more favorable rates.

To close this refinance transaction, we are requesting that we receive permission for and subordination of the Equity Sharing Requirement.

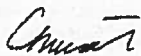
Sincerely,



Landon Mako Misawa Murata

6/3/15

Date



Charlene Sieu Phan Tran Murata

6/3/15

Date



Murata loan amount
John C. Ball
to:
Loretta Ho
07/14/2015 01:23 PM
Hide Details
From: "John C. Ball" <JohnB@HSFCU.com>
To: Loretta Ho <Loretta@hcdaweb.org>,

Dear Loretta,

Per your request-

The Murata's are requesting a first mortgage of \$372,000 to consolidate the existing 1st mortgage and an American Savings Heloc.

Thank you,

John Ball NMLS #332546
Mortgage Loan Officer, Manager
Office: 426-4376
Cell Direct: 375-0875
Fax: 587-5357

Hawaii State Federal Credit Union
1099 Alakea St., Ste. 100
Honolulu, HI 96813

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600 QUEEN ST, Apt 1607 Lai | Taxkey: 1-2-1-48-8-109 | Project: Keola

PROPERTY BASICS

Owner: MURATA, LONDON M M &
CHARLENE S P T

Tax Payer: MURATA, LONDON M M

Tax Bill: 600 QUEEN ST APT 1607,
HONOLULU, HI 96813 USA

Tenure: Fee Simple

Annual Tax (2014): \$2,056.60

Buildings: 1

Zoning: KAK

Dwellings: 1

PITT Code: 1-RESIDENTIAL(All Island)

Land Use:

Census Tract:

Bedrooms/Baths: 2/2

Lot#:

	Assessed Value(2015)	Exemption	Size
Land:	\$44,900	\$0	
Total Bldg:	\$640,300	\$80,000	1,045 sq ft
Total:	\$685,200	\$80,000	

Condo Name: Keola Lai

Condo Type: Interior

Floor: 15

Condo Interest: 0.30%

Condo Style: Highrise

View: Other View

Parking Spaces: 1

Common Property:

SALES

2/25/2008	DEED	MURATA, LONDON MAKO MISAWA, H/W(Tenants By Entirety) MURATA, CHARLENE SIEU PHAN TRAN, H/W(Tenants By Entirety) CONDO MAP #4101	\$375,000 DOC 08- 026824	BOC
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DEVELOPER'S PUBLIC REPORT/ASSOCIATION BIENNIAL REGISTRATION

Project No: 2609	Project Name: QUEEN EMMALANI TOWER	Address: 600 QUEEN ST	Developer: KAKAAKO M-P DEVELOPMENT
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Project No: 5680	Project Name: KEOLA LA`I	Address: 600 QUEEN ST	Developer: A&B KAKAAKO LLC
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Exhibit C

BUILDING DETAILS**TAXKEY: 1-2-1-48-8-109****BLDG 1 OF 1****CARD 1 OF 1**

Year Built: 2008	Style: Condo	Bldg Quality: (6) Very Good
Effective Year Built:	Shape: Rectangle	Occupancy: HPR
Physical Condition: Average	Roof Structure: Concrete	Framing: Steel
Cost & Design Factor: 1.00%	Roof Material: Other	Exterior Wall: Other
Economic Factor:	Roof Design: Flat	Interior Wall Structure: Double wall
Percent Complete: 100%	Foundation: Concrete	Interior Wall Material: Plaster Board
Building Value: \$640,300	Central AC/Heat: Central Air	Flooring: Carpet
Attic: None	Basement: None	Floor Construction: Concrete slab
Pool: None	Ceiling: Other	

FLOOR AREAS		ROOMS		BATHS	
LLLA	0	Family Rms	0	Full Baths	2
1st Story	1,045	Bedrooms	2	Half Baths	0
2nd Story	0	Rec Rooms	No	Add'l Fixt.	2
Addl Story	0	Total Rms	4	Total Fixt.	8
Half Story	0				
Attic	0				
Total SFLA 1	1,045	Rec Room area	0		
Basement	0				

1-2-1-48-8-109 Card 1

RESIDENTIAL BUILDING ADDITIONS

#	Area
Main	1,045.00

DEPARTMENT OF PLANNING AND PERMITTING

This data from the Department of Planning and Permitting is unofficial and is subject to change without notice. It is the user's responsibility to verify the accuracy of information from official documents which are available for inspection at the City department responsible for the data.

COUNCIL DIST. EFFECTIVE 2003	6 - TULSI GABBARD TAMAYO
DEVELOPMENT PLAN AREA	PRIMARY URBAN CENTER
DEVELOPMENT PLAN DESIG	COMMERCIAL (PUC ONLY; NO PARCEL DESIGNATIONS FOR OTHER DPs)
FLOOD ZONE	X - BEYOND 500 YEAR FLOOD PLAIN
HEIGHT LIMIT	STATE JURISDICTION
HISTORIC SITE REGISTER	NO
LOT RESTRICTIONS	NONE
NEIGHBORHOOD BOARDS	11 - ALA MOANA/KAKAAKO
SMA/SHORELINE	NOT IN SMA
SPECIAL DISTRICT	KAKAAKO COMM DIST--ADM BY HCDA
STATE LAND USE	URBAN DISTRICT
STREET SETBACK	YES--SEE DTS MAP PUC-10. VERIFY WITH TRB 768-8083
ZONING (LUO)	STATE JURISDICTION: KAKAAKO COMMUNITY DEVELOPMENT DISTRICT (ADMIN. BY HCDA)

<p>This information has been supplied by third parties and has not been independently verified by Hawaii Information Service and is, therefore, not guaranteed.</p>
