

# Newsletter

October 2009

DRE License #00800939

Newsletter for  
Clients and Friends  
of SUMMiT Properties

## **MORTGAGE CRISIS MAY STRIKE COMMERCIAL REAL ESTATE**

*By Theresa C. Hite, BROKER, CERTIFIED PROPERTY MANAGER*

Two recent trends portend a repeat of the residential mortgage crisis in the commercial sector. Not surprisingly in today's economy, occupancy rates for office properties have fallen since 2007. Unfortunately many lenders underwrote loans on the basis that occupancy rates and hence rents would continue to rise. Adding to the recipe for a potential crisis is that many property owners will find themselves unable to refinance their loans when they become due in the next few years due to falling property values.

As with the residential market, commercial mortgages were also packaged and sold to investors as mortgage-backed securities. This means that not only will property owners be hurt by the inability to refinance their commercial loans, but those who bought the mortgage-backed securities that backed up these loans, financial institutions, pension funds, and mutual funds, will also be hit with substantial losses. The best hope for avoiding a commercial mortgage meltdown would seem to be an improving economy driving occupancy rates back up coupled with increased capitalization of publically traded real estate investment trusts.



## **SUMMiT ACTIVE IN COMMERCIAL LEASING**

Mary Ann Rollison, Commercial Property Specialist for Summit Properties recently represented the Area Agency on Aging Napa-Solano in the purchase of a 3,250 square foot building located at 400 Contra Costa St., Vallejo California. The seller was the City of Vallejo. The Area Agency on Aging, Napa-

Solano is one of 33 agencies located throughout California whose objectives are to plan, coordinate, and advocate for the development of local programs to meet the needs of older persons (age 60 and over). Over 95,000 adults are currently served by the Solano-Napa agency.

Rollison also completed a five year lease transaction between Straw Hat Pizza and the Skyline Business Center located at 1295 Horizon Drive in Fairfield, having represented both parties. Straw Hat Pizza indicates their grand opening is scheduled to take place during the first week of October. For further information, Mary Ann Rollison may be reached at 707-451-1251.

**Franchise Tax Board to Collect  
Quarterly taxes from Non-California  
Resident Property Owners  
Effective January 1, 2010!**

### **\*\*\*PROPERTY TAX ALERT\*\*\***

The December property taxes will be paid in November. Please check your November Profit/Loss Statement to verify that a current month tax payment is shown. If SUMMiT Properties should have made the tax payment and there is NO payment shown for the current month please call Bookkeeper Nathaniel Mitchell at 448-8906, Ext. 13 as soon as possible.

## LOCAL NEWS

By William Hite, REALTOR® / Residential  
Property Manager

- Solano County needs to build 23,000 more homes during the next 25 years to accommodate 63,000 new residents according to planners with the Association of Bay Area Governments. During this period Vallejo and Fairfield are expected to add about 15,000 residents each while Vacaville will grow by about 11,000. Questions remain as to whether this growth will be in the form of more high density housing, as favored by regional planners, or a continuation of current suburban trends. Solano County is also expected to add about 70,000 jobs during this same period, most of them in Fairfield. Traffic congestion is expected to remain about the same with the average commuter stuck in traffic about 26 hours a year.
- The median price of Solano County homes sold in August was \$200,500, 25.7% below the median price of homes sold a year earlier. However, the bigger news may be that the median price rose for the second month in a row from the month before, the first time in two years Solano County home prices have risen for two consecutive months. Median prices fell to their lowest point, \$180,000, in April of this year before rising in May, falling back slightly in June, and rising again in both July and August.



**Don't forget to turn your clocks back 1 hour at 2am  
on Sunday, November 1st!**



## GUTTER CLEANING ESSENTIAL

By Marisa Zelaya, Maintenance Supervisor

With autumn upon us, do not forget that roof gutter cleaning is essential to the maintenance of a home. Dirty gutters can cause an array of issues:

1. Dry debris in the rain gutters and roof can cause house fires from falling ashes.
2. Insects and other bugs are attracted to an unclean gutter for nesting and food sources.
3. Clogged gutters can overflow down the back of the gutter and cause water to seep into the house or create wood rot.
4. Overflowing water from a clogged gutter can erode the soil around your homes foundation.

### Our tenant's lease agreement states:

"**Roof gutters** clog from time to time. Resident will check down-spouts for free flow of water at least once monthly during the rainy season. Resident will advise SUMMiT Properties if roof gutters or down-spouts are clogged and resident is not able to clear them. Clogged gutters cause roof leaks!"

We try to get tenants to handle the gutters in order to keep your expenses down, however we will not force them to get on a ladder and clean gutters due to liability reasons. The cost can range from \$75 to \$300, depending on how much cleaning is needed.

## COMMERCIAL CLIENT OFFERS PRAISE

George R. Purves, President, Purves & Associates Insurance recently wrote SUMMiT Properties to say "You have a class organization and our working together was one of the very few positive experiences I had with my Building Partnership." Thanks for taking the time to write George. We strive to provide outstanding service to all of our commercial and residential clients.