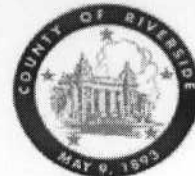


**SUBMITTAL TO THE BOARD OF SUPERVISORS
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**

424



FROM: Economic Development Agency

SUBMITTAL DATE:
January 5, 2006

SUBJECT: Second Amendment to HOME Loan Agreement For Cottonwood II Apartments in the City of Moreno Valley

RECOMMENDED MOTION: That the Board of Supervisors:

1. Approve the Second Amendment to Loan Agreement, Promissory Note and Deed of Trust with Heacock Cottonwood II Limited Partnership;
2. Approve the Subordination Agreement with Chartermac Mortgage Capital Corporation;
3. Authorize the Chairman of the Board to execute the Second Amendment to Loan Agreement, Promissory Note and Deed of Trust and Subordination Agreement; and
4. Authorize the Assistant County Executive Officer/EDA or designee to take all necessary steps to implement these Agreements, including signing subsequent essential and relevant documents.

BACKGROUND: On July 1, 2003, the Board of Supervisors approved a Loan Agreement for the Use of HOME Funds with Heacock Cottonwood II Limited Partnership which provided for construction of a 61 unit multi-family rental housing project in the city of Moreno Valley.

(Cont'd)

Robin Zimpfer

RZ:JC:JV:ER:TF

S:\CDBG\HOME\2003 HOME - TOM F\Cottonwd II\Form 11\second amendment.doc

Robin Zimpfer
Assistant County Executive Officer/EDA

FINANCIAL DATA	Current F.Y. Total Cost:	\$0	In Current Year Budget:	Yes
	Current F.Y. Net County Cost:	\$0	Budget Adjustment:	No
	Annual Net County Cost:	\$0	For Fiscal Year:	2005/2006

COMPANION ITEM ON BOARD OF DIRECTORS AGENDA: No

SOURCE OF FUNDS: HOME Investment Partnerships Act Grant Funds

Positions To Be Deleted Per A-30	<input type="checkbox"/>
Requires 4/5 Vote	<input type="checkbox"/>

C.E.O. RECOMMENDATION:

APPROVE

FORM APPROVED COUNTY COUNSEL

JAN 18 2006

County Executive Office Signature

Iva Brandl

BY *Lee A. Vincent*

Policy

Consent

Dep't Recomm.:
Per Exec. Ofc.:

Prev. Agn. Ref.: 3.7-12/21/2004;3.15-11/18/2003;3.13-7/1/2003.

District: 5th

Agenda Number:

**ATTACHMENTS FILED
WITH THE CLERK OF THE BOARD**

3.9

BACKGROUND (Cont'd):

The project was completed and the certificate of occupancy was received on June 20, 2005.

The owner of the complex, Heacock Cottonwood II Limited Partnership, is securing a permanent financing to pay off the construction loan on this project and has requested that the County HOME loan be subordinate to the permanent first mortgage provided by Chartermac Mortgage Capital Corporation ("Lender"). The lender also intends to sell, transfer, and assign the first mortgage to Fannie Mae. In order to comply with certain repayment requirements imposed by Fannie Mae, the Owner is also requesting that the HOME Agreement be amended.

The County's financial position in the project will not be altered by such request.

PROJECT DESCRIPTION:

The project is located at the southeast corner of Heacock Street and Cottonwood Avenue in the city of Moreno Valley. Eleven HOME-assisted units are set aside for the benefit of very low-income residents for 55 years.

County Counsel has reviewed and approved the attached Agreements.

FISCAL IMPACT:

The project will be funded with HOME Investment Partnerships Act grant funds, and there will be no impact on the County's General Fund.