

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

AHS



FROM: Economic Development Agency

SUBMITTAL DATE:
February 10, 2010

SUBJECT: First Amendment to Loan Agreement for the Use of Neighborhood Stabilization Program Funds with Rancho Housing Alliance

RECOMMENDED MOTION: That the Board of Supervisors:

1. Approve the First Amendment to Loan Agreement for the Use of Neighborhood Stabilization Program ("NSP") Funds between the County of Riverside and Rancho Housing Alliance, Inc. ("First Amendment");
2. Authorize the Chairman of the Board of Supervisors to execute First Amendment (attached); and
3. Authorize the Assistant County Executive Officer/EDA or designee to take all necessary steps to implement the First Amendment including, but not limited to, signing subsequent necessary and relevant documents.

BACKGROUND: (Commences on Page 2)

Robert Field

Robert Field
Assistant County Executive Officer/EDA

FINANCIAL DATA	Current F.Y. Total Cost:	\$ 1,500,000	In Current Year Budget:	Yes
	Current F.Y. Net County Cost:	\$ 0	Budget Adjustment:	No
	Annual Net County Cost:	\$ 0	For Fiscal Year:	2009/2010

COMPANION ITEM ON BOARD OF DIRECTORS AGENDA: No

SOURCE OF FUNDS: Neighborhood Stabilization Program Funds	Positions To Be Deleted Per A-30	<input type="checkbox"/>
	Requires 4/5 Vote	<input type="checkbox"/>

C.E.O. RECOMMENDATION: APPROVE

Jennifer V. Sargent

BY: Jennifer V. Sargent
County Executive Office Signature

FORM APPROVED COUNTY COUNSEL
 BY: MICHELLE CLACK
 DATE: 2/10/10
 Departmental Concurrence
 Dep't Recomm.: Consent
 Per Exec. Ofc.: Consent

BACKGROUND:

On July 14, 2009, the Board of Supervisors approved a Loan Agreement for the use of NSP Funds with Rancho Housing Alliance, Inc. ("RHA"), a nonprofit public benefit corporation, in an amount up to \$1,500,000 to finance the acquisition and rehabilitation of approximately eight vacant, foreclosed and bank-owned multi-unit properties and rent approximately 18 units to very low-income ("VLI") households in designated NSP Target Areas, as defined in the County of Riverside Substantial Amendment to the 2008-2009 One-Year Action Plan, within the cities of Desert Hot Springs and Cathedral City (the "Project").

RHA has acquired five multi-unit properties and obligated approximately \$1,185,500 (79% of the NSP Loan) through recorded deeds of trust for the Project.

RHA has requested additional NSP funds to purchase approximately six additional multi-unit properties for the same activity of acquisition, rehabilitation and rental of affordable units.

Staff recommends the amount of the NSP Loan be increased from \$1,500,000 to \$3,000,000. The number of multi-unit properties for acquisition would be amended from approximately eight to twelve vacant, foreclosed and bank-owned multi-unit properties.

Amending the NSP Loan Agreement will assist the County to fulfill its requirements under the Neighborhood Stabilization Program and satisfy the 25% set-aside requirement to assist VLI households whose incomes do not exceed 50% of the area median income for the County, adjusted by family size at the time of occupancy.

County Counsel has reviewed and approved as to form the attached First Amendment to Loan Agreement for the Use of Neighborhood Stabilization Program Funds. Staff recommends that the Board approved the First Amendment to Loan Agreement for the Use of Neighborhood Stabilization Program Funds.

1 NO FEE FOR RECORDING PURSUANT
2 TO GOVERNMENT CODE 6103

3 RECORDING REQUESTED BY AND
4 WHEN RECORDED MAIL TO:

5 County of Riverside
6 Economic Development Agency
7 3403 10th Street, Suite 200
8 Riverside, CA 92501
9 Attn: Mervyn Manalo

10 SPACE ABOVE THIS LINE FOR RECORDERS USE

11 **FIRST AMENDMENT TO LOAN AGREEMENT FOR THE USE OF**
12 **NEIGHBORHOOD STABILIZATION PROGRAM (NSP) FUNDS**

13 This First Amendment to Loan Agreement for the Use of Neighborhood Stabilization
14 Program Funds ("First Amendment") is made and entered into as of the ____ day of
15 _____, 2010, by and between the COUNTY OF RIVERSIDE ("COUNTY"), a
16 political subdivision of the State of California and RANCHO HOUSING ALLIANCE, INC.
17 ("RHA"), a California nonprofit public benefit corporation.

18 WITNESSETH:

19 WHEREAS, COUNTY and RHA entered into a Loan Agreement for the Use of
20 Neighborhood Stabilization Program Funds ("NSP Loan Agreement") on July 14, 2009 ,
21 recorded on September 30, 2009, as Instrument No. 2009-0505609 in the Official Records of
22 Riverside County; and

23 WHEREAS, pursuant to the NSP Loan Agreement, COUNTY agreed to lend up to One
24 Million Five Hundred Thousand Dollars (\$1,500,000) in NSP funds (the "NSP Loan") to
25 RHA for individual financing to acquire and rehabilitate approximately eight (8) vacant,
26 foreclosed and bank-owned multi-unit properties ("Properties") and rent approximately
27 eighteen (18) units ("Assisted Units") to very low-income households ("VLI") in the County
28 of Riverside (the "Project") which is further described in Exhibit A of the NSP Loan
Agreement; and

WHEREAS, RHA has acquired five (5) multi-unit properties and obligated
approximately \$1,185,500 (79% of the NSP Loan) through recorded deeds of trust for the
Project; and

1 WHEREAS, RHA has applied and requested for additional NSP funds to purchase
2 approximately six (6) additional multi-unit properties for the same activity of acquisition,
3 rehabilitation and rental of affordable units; and

4 WHEREAS, COUNTY will amend the NSP Loan Agreement and increase the NSP
5 Loan from One Million Five Hundred Thousand Dollars (\$1,500,000) to Three Million
6 Dollars (\$3,000,000); and

7 WHEREAS, the number of multi-unit properties for acquisition will be amended from
8 approximately eight (8) to twelve (12) foreclosed and bank-owned multi-unit properties; and

9 WHEREAS, amending the NSP Loan Agreement will assist the COUNTY to fulfill its
10 requirements under the Neighborhood Stabilization Program and satisfy the 25% set-aside
11 requirement to assist VLI households whose incomes do not exceed fifty percent (50%) of the
12 area median income for the County, adjusted by family size at the time of occupancy.

13 NOW, THEREFORE, in consideration of the foregoing, and the promises and mutual
14 covenants and conditions hereinafter set forth, COUNTY and RHA do hereby agree as
15 follows:

- 16 1. The amount of the NSP Loan shall be modified and increased from \$1,500,000 to
17 \$3,000,000 in NSP funds.
- 18 2. The number of multi-unit properties for acquisition will be amended from
19 approximately eight (8) to twelve (12) foreclosed and bank-owned multi-unit
20 properties.
- 21 3. Section 11, Reallocation of Funds, of the NSP Loan Agreement is deleted in its
22 entirety and replaced with the following:

23 "a. Encumbered funds are defined as funds obligated in the form of a
24 recorded deed of trust and promissory note for each Property. In the event
25 RHA does not close escrow on all additional six (6) multi-unit properties
26 within four (4) months of the First Amendment's Effective Date ("Acquisition
27 Deadline"), the COUNTY will reallocate the balance of unencumbered NSP
28 funds.

1 b. COUNTY is not required to provide RHA the notice and cure period
2 pursuant to Section 32 herein prior to reallocation of the unencumbered NSP
3 funds set forth in Section 11(a).

4 c. In the event RHA is unable to close escrow on all additional six (6)
5 multi-unit properties due to force majeure conditions, the COUNTY, in its
6 sole and absolute discretion, may extend the Acquisition Deadline up to two
7 (2) weeks. The extension on the Acquisition Deadline shall be in writing and
8 executed by the parties. The COUNTY's Assistant County Executive
9 Officer/EDA or designee is authorized to execute the amendment to extend
10 the Acquisition Deadline.

11 d. If COUNTY reallocates the unencumbered NSP funds pursuant to
12 Section 11(a), RHA shall remain responsible for completing rehabilitation of
13 RHA acquired properties and rental of affordable units in accordance with this
14 Agreement.”

- 15 4. All other terms and conditions of the NSP Loan Agreement shall remain
16 unmodified and in full force and effect.
- 17 5. This First Amendment may be signed by the different parties hereto in counterparts,
18 each of which shall be an original, but all of which together shall constitute one and
19 the same agreement.
- 20 6. The effective date of this First Amendment is the date the parties execute this First
21 Amendment. If the parties execute the First Amendment on more than one date,
22 then the last date the First Amendment is executed by a party shall be the Effective
23 Date.
- 24 7. The First Amendment is not binding until approved by the Board of Supervisors.

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26 //
27 //
28 //

1 IN WITNESS WHEREOF, the parties hereto have executed this First Amendment as of
2 the date first written above.


3
4 COUNTY OF RIVERSIDE

RANCHO HOUSING ALLIANCE, INC.
a California nonprofit benefit corporation

5
6
7 By: _____
8 MARION ASHLEY
9 Chairman, Board of Supervisors

By: _____
JEFFREY A. HAYS
Executive Director

10
11 APPROVED AS TO FORM:
12 PAMELA J. WALLS
13 County Counsel

14 By:  2/10/10
15 Deputy, Michelle Clack

16
17 ATTEST:
18 KECIA HARPER-IHEM
19 Clerk of the Board

20 By: _____
21 Deputy

22
23
24
25 **(Signatures on this page need to be notarized)**
26
27
28

CALIFORNIA ALL-PURPOSE ACKNOWLEDGEMENT

STATE OF CALIFORNIA }

COUNTY OF _____ }

On _____, before me, _____
Date Here Insert Name and Title of the Officer

personally appeared _____
Name(s) of Signer(s)

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity (ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Place Notary Seal Above

Signature _____
Signature of Notary Public

CALIFORNIA ALL-PURPOSE ACKNOWLEDGEMENT

STATE OF CALIFORNIA }

COUNTY OF _____ }

On _____, before me, _____
Date Here Insert Name and Title of the Officer

personally appeared _____
Name(s) of Signer(s)

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity (ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____

Place Notary Seal Above

Signature of Notary Public