

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

327



FROM: Economic Development Agency

SUBMITTAL DATE:
March 11, 2010

SUBJECT: First Amendment to Loan Agreement for the Use of Neighborhood Stabilization Program Funds with Riverside Housing Development Corporation

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 Riverside Housing Development Corporation ("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
By Dan Martinez, EDA Managing Director

FINANCIAL DATA	Current F.Y. Total Cost:	\$ 200,000	In Current Year Budget:	Yes
	Current F.Y. Net County Cost:	\$ 0	Budget Adjustment:	No
	Annual Net County Cost:	\$ 0	For Fiscal Year:	09/10

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

BY: *Jennifer L. Sargent*
Jennifer L. Sargent

County Executive Office Signature

FORM APPROVED COUNTY COUNSEL
BY: *Michelle Clack*
MICHELLE CLACK
DATE: 3/11/10

Departmental Concurrence

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

Prev. Agn. Ref.: 3.26 of 6/16/2009

District: 1

Agenda Number:

ATTACHMENTS FILED
WITH THE CLERK OF THE BOARD

3.11

BACKGROUND:

On June 16, 2009, the Board of Supervisors approved a Loan Agreement for the use of NSP Funds with Riverside Housing Development Corporation ("RHDC"), a nonprofit public benefit corporation, in an amount up to \$2,800,000 to finance the acquisition and rehabilitation of approximately 15 vacant, foreclosed and bank-owned single-family properties and resale homes to qualified low-, moderate-, and middle-income (LMMI) first-time homebuyers in the County of Riverside inside designated NSP Target Areas, as defined in the County of Riverside Substantial Amendment to the 2008-2009 One-Year Action Plan, within the city of Lake Elsinore (the "Project").

RHDC has acquired 10 single-family properties and obligated approximately \$2,785,130 (99.5% of the NSP Loan) through recorded deeds of trust for the Project.

RHDC has requested an additional \$200,000 in NSP funds to purchase one additional single-family property for the same activity of acquisition, rehabilitation and resale to qualified low-, moderate-, and middle-income (LMMI) first-time homebuyers in the County of Riverside.

Staff recommends the amount of the NSP Loan to be increased from \$2,800,000 to \$3,000,000. Amending the NSP Loan Agreement will assist the County to fulfill its requirements under the Neighborhood Stabilization Program.

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 Tenth Street, Suite 500
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 RIVERSIDE HOUSING
17 DEVELOPMENT CORPORATION ("RHDC"), a California nonprofit public benefit
18 corporation.

19 WITNESSETH:

20 WHEREAS, COUNTY and RHDC entered into a Loan Agreement for the Use of
21 Neighborhood Stabilization Program Funds ("NSP Loan Agreement") on June 16, 2009; and

22 WHEREAS, pursuant to the NSP Loan Agreement, COUNTY agreed to lend up to
23 Two Million Eight Hundred Thousand Dollars (\$2,800,000) in NSP funds (the "NSP Loan")
24 to RHDC for individual financing to acquire and rehabilitate approximately fifteen (15)
25 vacant, foreclosed and bank-owned single-family properties ("Properties") and resale homes
26 to qualified low-, moderate-, and middle-income (LMMI) first-time homebuyers in the
27 County of Riverside; and

28 WHEREAS, RHDC has acquired ten (10) single-family properties and obligated
approximately \$2,785,130 (99.5% of the NSP Loan) through recorded deeds of trust for the
Project; and

WHEREAS, RHDC has requested for an additional \$200,000 in NSP funds to purchase
one (1) additional property for the same activity of acquisition, rehabilitation and resale; and

1 WHEREAS, COUNTY will amend the NSP Loan Agreement and increase the NSP
2 Loan from Two Million Eight Hundred Thousand Dollars (\$2,800,000) to Three Million
3 Dollars (\$3,000,000); and

4 WHEREAS, amending the NSP Loan Agreement will assist the COUNTY in fulfilling
5 its requirements under the Neighborhood Stabilization Program.

6 NOW, THEREFORE, in consideration of the foregoing, and the promises and mutual
7 covenants and conditions hereinafter set forth, COUNTY and RHDC do hereby agree as
8 follows:

- 9 1. The amount of the NSP Loan shall be modified and increased from \$2,800,000 to
10 \$3,000,000 in NSP funds.
- 11 2. Section 11, Reallocation of Funds, of the NSP Loan Agreement is deleted in its
12 entirely and replaced with the following:

13 “a. Funds shall become encumbered on the date escrow closes for the
14 Assisted Unit and results in a recorded deed of trust and promissory note in
15 the Riverside County Clerk’s office. In the event RHDC does not close
16 escrow on the Assisted Units within two (2) months of the First Amendment’s
17 Effective Date (“Acquisition Deadline”), as defined in Section 5 of the First
18 Amendment, the COUNTY will reallocate the balance of unencumbered NSP
19 funds.

20 b. The reallocation of unencumbered NSP funds shall be evidenced by a
21 written amendment to this Agreement agreed upon by both parties, which
22 decreases the NSP Loan by the amount of unencumbered NSP funds. The
23 Assistant County Executive Officer/EDA or designee is authorized to execute,
24 subject to County Counsel approval, the amendment reducing the NSP Loan
25 amount by the balance of unencumbered NSP funds pursuant to Section 11(a).

26 c. In the event RHDC is unable to close escrow on the Assisted Unit due to
27 force majeure conditions, the COUNTY, in its sole and absolute discretion,
28 may extend the Acquisition Deadline up to two (2) weeks. The extension on

1 the Acquisition Deadline shall be in writing and executed by the parties. The
2 COUNTY's Assistant County Executive Officer/EDA or designee is
3 authorized to execute the amendment to extend the Acquisition Deadline.

4 d. If COUNTY reallocates the unencumbered NSP funds pursuant to
5 Section 11(a), RHDC shall remain responsible for completing rehabilitation of
6 RHDC acquired properties and sale of Assisted Units in accordance with this
7 Agreement.”

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

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

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4 COUNTY OF RIVERSIDE

RIVERSIDE HOUSING DEVELOPMENT
CORPORATION,
a California nonprofit public benefit corporation

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

By: _____
BRUCE KULPA
Executive Director

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

14 By: 
15 Deputy, Michelle Clack 3/10/10

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)

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.

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WITNESS my hand and official seal.

Place Notary Seal Above

Signature _____
Signature of Notary Public