

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

328



**FROM:** Economic Development Agency

**SUBMITTAL DATE:**  
March 11, 2010

**SUBJECT:** Third Amendment to Loan Agreement for the Use of Neighborhood Stabilization Program Funds with Habitat for Humanity Riverside, Inc.

**RECOMMENDED MOTION:** That the Board of Supervisors:

1. Approve the Third Amendment to Loan Agreement for the Use of Neighborhood Stabilization Program ("NSP") Funds between the County of Riverside and Habitat for Humanity Riverside, Inc. ("Third Amendment");
2. Authorize the Chairman of the Board of Supervisors to execute Third Amendment (attached); and
3. Authorize the Assistant County Executive Officer/EDA or designee to take all necessary steps to implement the Third 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

<b>FINANCIAL DATA</b>	Current F.Y. Total Cost:	\$ 85,000	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

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

**C.E.O. RECOMMENDATION:** APPROVE

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

**County Executive Office Signature**

FORM APPROVED COUNTY COUNSEL  
BY: MICHELLE CLACK  
DATE: 3/15/10  
Departmental Concurrence

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

**Prev. Agn. Ref.:** 3.29 of 7/14/09; 3.26 of 10/27/09; 3.12 of 1/5/10 | **District:** 2, 5 | **Agenda Number:** 3.12

ATTACHMENTS FILED  
WITH THE CLERK OF THE BOARD

**BACKGROUND:**

On July 14, 2009, the Board of Supervisors approved a Loan Agreement for the use of NSP Funds with Habitat for Humanity Riverside, Inc. ("HFHR"), a nonprofit public benefit corporation, in an amount up to \$1,915,000 for financing of acquisition, rehabilitation and resale of approximately eleven (11) single-family homes to qualified very low-income (VLI) first-time homebuyers (the "NSP Loan Agreement") within designated NSP Target Areas in the community of Rubidoux as defined in the County of Riverside Substantial Amendment to the 2008-2009 One-Year Action Plan.

On October 27, 2009, the Board of Supervisors approved a First Amendment to the NSP Loan Agreement to allow HFHR to purchase single-family properties that are 50 years or older and must not be listed on, or eligible for listing on, the National Register of Historic Places.

On January 5, 2010, the Board of Supervisors approved a Second Amendment to the NSP Loan Agreement to allow HFHR to purchase single-family properties in the communities of Rubidoux and Highgrove.

HFHR has acquired seven (7) single-family properties with one (1) property preparing to close. HFHR has obligated approximately \$1,723,171 (89.9% of the NSP Loan) through recorded deeds of trust. HFHR has requested an additional \$85,000 in NSP funds to purchase one additional single-family property for the same activity of acquisition, rehabilitation and resale to qualified VLI first-time homebuyers in the County of Riverside.

Staff recommends the amount of the NSP Loan to be increased from \$1,915,000 to \$2,000,000. 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 fifty percent (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 Third Amendment to Loan Agreement for the Use of Neighborhood Stabilization Program Funds. Staff recommends that the Board approve the Third 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 **THIRD AMENDMENT TO LOAN AGREEMENT FOR THE USE OF**  
12 **NEIGHBORHOOD STABILIZATION PROGRAM (NSP) FUNDS**

13 This Third Amendment to Loan Agreement for the Use of Neighborhood Stabilization  
14 Program Funds ("Third 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 HABITAT FOR HUMANITY  
17 RIVERSIDE, INC. ("HFHR"), a California nonprofit public benefit corporation.

18 WITNESSETH:

19 WHEREAS, COUNTY and HFHR entered into a Loan Agreement for the Use of  
20 Neighborhood Stabilization Program Funds ("NSP Loan Agreement") on July 14, 2009; and

21 WHEREAS, pursuant to the NSP Loan Agreement, COUNTY agreed to lend up to One  
22 Million Nine Hundred Fifteen Thousand Dollars (\$1,915,000) in NSP funds (the "NSP Loan")  
23 to HFHR for individual financing to acquire and rehabilitate approximately eleven (11)  
24 vacant, foreclosed and bank-owned single-family properties ("Properties") and resale homes  
25 to very low-income (VLI) first-time homebuyers in the County of Riverside, which is further  
26 described in Exhibit A of the NSP Loan Agreement; and

27 WHEREAS, HFHR has acquired seven (7) single-family properties with one (1)  
28 property preparing to close and obligating approximately \$1,723,171 (89.9% of the NSP  
Loan) through recorded deeds of trust for the Project; and

WHEREAS, HFHR has requested an additional \$85,000 in NSP funds to purchase one  
(1) additional property for the same activity of acquisition, rehabilitation and resale; and

WHEREAS, COUNTY will amend the NSP Loan Agreement and increase the NSP

1 Loan from One Million Nine Hundred Fifteen Thousand Dollars (\$1,915,000) to Two Million  
2 Dollars (\$2,000,000); and

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

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

10 1. The amount of the NSP Loan shall be modified and increased from \$1,915,000 to  
11 \$2,000,000 in NSP funds.

12 2. Section 11, Reallocation of Funds, of the NSP Loan Agreement is deleted in its  
13 entirety and replaced with the following:

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

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

27 c. In the event HFHR is unable to close escrow on the Assisted Unit due to  
28 force majeure conditions, the COUNTY, in its sole and absolute discretion,

1           may extend the Acquisition Deadline up to two (2) weeks. The extension on  
2           the Acquisition Deadline shall be in writing and executed by the parties. The  
3           COUNTY's Assistant County Executive Officer/EDA or designee is  
4           authorized to execute the amendment to extend the Acquisition Deadline.

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

- 9           3. All other terms and conditions of the NSP Loan Agreement shall remain  
10          unmodified and in full force and effect.
- 11          4. This Third Amendment may be signed by the different parties hereto in  
12          counterparts, each of which shall be an original, but all of which together shall  
13          constitute one and the same agreement.
- 14          5. The effective date of this Third Amendment is the date the parties execute this  
15          Third Amendment. If the parties execute the Third Amendment on more than one  
16          date, then the last date the Third Amendment is executed by a party shall be the  
17          Effective Date.
- 18          6. The Third 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 Third Amendment as of  
2 the date first written above.


3  
4 COUNTY OF RIVERSIDE

HABITAT FOR HUMANITY RIVERSIDE, INC.,  
5 a California nonprofit public benefit corporation

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

By: \_\_\_\_\_  
10 JOHN C. TERELL  
11 Board President

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

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

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

20 By: \_\_\_\_\_  
21 Deputy

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

**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