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SUBMITTAL TO THE BOARD OF COMMISSIONERS OF THE HOUSING AUTHORITY COUNTY OF RIVERSIDE, STATE OF CALIFORNIA

FROM: Housing Authority

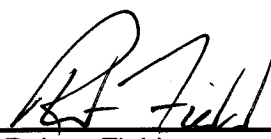
SUBMITTAL DATE:
December 2, 2010

SUBJECT: Second Amendment to Loan Agreement for the Use of Neighborhood Stabilization Program Funds with Housing Authority of the County of Riverside

RECOMMENDED MOTION: That the Board of Supervisors:

1. Approve the second amendment to loan agreement for the use of Neighborhood Stabilization Program (NSP) Funds between the Housing Authority of the County of Riverside and County of Riverside (Second Amendment);
2. Authorize the Chairman of the Board of Commissioners to execute the attached Second Amendment; and

(Continued)



 Robert Field
 Executive Director

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:	2010/11

COMPANION ITEM ON BOARD OF SUPERVISORS AGENDA: Yes

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

County Executive Office Signature

FORM APPROVED COUNTY COUNSEL
 DATE 11-23-10
 DEPARTMENTAL CONCURRENCE
 ANITA C. WILLIS

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

Prev. Agn. Ref.: 10.1-12/22/2009; 10.1-6/16/2009
District: 1, 2, 3, 5
Agenda Number: 10.2

ATTACHMENTS FILED WITH THE CLERK OF THE BOARD

RECOMMENDED MOTION: (Continued)

3. Authorize the Executive Director of HACR or designee to take all necessary steps to implement Second Amendment including, but not limited to, signing subsequent necessary and relevant documents.

BACKGROUND:

On June 16, 2009, the Board of Commissioners approved a Loan Agreement for the use of NSP Funds with the County of Riverside, in the amount up to \$3,000,000 for financing of acquisition, rehabilitation and disposition of approximately twelve single-family homes to qualified low-, moderate- and middle-income (LMMI) first-time homebuyers in designated Target Areas, as defined in the County of Riverside Substantial Amendment to the 2008-2009 One-Year Action Plan, within Lake Elsinore, Canyon Lake, Temecula, Beaumont, Rubidoux, Murrieta, San Jacinto, Eastvale, Home Gardens, and French Valley.

Subsequent to that, a first amendment to the loan agreement was approved and executed by the Board on December 22, 2009. The first amendment to the loan agreement allowed the HACR to purchase and rehab homes up to 50 years old and perform lead abatement as needed.

HACR has acquired 15 single-family properties and obligated approximately \$3,000,000 (100% of the NSP loan) through recorded Deeds of Trust for the project.

In light of a recent NSP guidance requirement the HACR has to be reclassified as a public entity subrecipient of NSP funds in accordance with 24 CRF 570.202(b)(1). As a public entity subrecipient the HACR will not be eligible to receive the 10% developer fee allowed under the NSP loan agreement. Therefore, the HACR is requesting \$300,000 in NSP admin funds from the County in order to pay for costs associated with administering the NSP funds. The total NSP loan amount of \$3,000,000 will not change.

Staff recommends the Board approve the second amendment to the NSP loan agreement. Amending the NSP loan agreement will assist the County to fulfill its requirements under the Neighborhood Stabilization Program.

HACR Counsel has reviewed and approved as to form the attached second amendment to loan agreement for the use of Neighborhood Stabilization Program Funds.

**SECOND AMENDMENT TO LOAN AGREEMENT FOR THE USE OF
NEIGHBORHOOD STABILIZATION PROGRAM FUNDS**

This Second Amendment to Loan Agreement for the Use of Neighborhood Stabilization Program Funds ("Second Amendment") is made and entered into as of the ____ day of _____, 2010, by and between the COUNTY OF RIVERSIDE ("COUNTY") and HOUSING AUTHORITY OF THE COUNTY OF RIVERSIDE ("HACR"), a public body, corporate and politic of the State of California.

WITNESSETH:

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

WHEREAS, under the terms and conditions of the NSP Loan Agreement, COUNTY agreed to lend up to Three Million Dollars (\$3,000,000) of NSP funds to HACR for individual financing of acquisition, rehabilitation and disposition of approximately twelve (12) single-family homes to qualified low-, moderate- and middle-income ("LMMI") first-time homebuyers in the County of Riverside (the "Project") which is further described in Exhibit A of the NSP Loan Agreement; and

WHEREAS, on December 12, 2009, COUNTY agreed to amend the NSP Loan ("First Amendment") and allow HACR to acquire homes up to 50 years old which are not listed on, or eligible for listing on, the National Register of Historic Places; and

WHEREAS, because HACR, is a public entity, it cannot be classified as a developer pursuant to 24 CFR 570.202(b)(1);

WHEREAS, pursuant to 24 CRF 570.202(b)(1) HACR is not eligible to receive the 12% developer fee set forth in the NSP Loan Agreement;

WHEREAS, HACR is eligible to be reimbursed for its costs associated with administering the NSP funds;

WHEREAS, HACR has requested to amend the NSP Loan Agreement to allow the HACR to collect up to Three Hundred Thousand Dollars (\$300,000) in NSP administrative funds from the COUNTY to pay for costs associated with administering the NSP funds.; and

WHEREAS, amending the NSP loan agreement will assist the COUNTY to fulfill its

1 requirements under the Neighborhood Stabilization Program; and

2
3 NOW, THEREFORE, in consideration of the foregoing, and the promises and mutual
4 covenants and conditions hereinafter set forth, COUNTY and HACR do hereby agree as
5 follows:

6 1. Section 1 of the NSP Loan Agreement is deleted and replaced in its entirety with
7 the following:

8 “PURPOSE. The COUNTY agrees to lend up to Three Million Dollars (\$3,000,000) of
9 NSP funds to the HACR upon the terms and conditions set forth herein. HACR will
10 borrow the NSP funds from the COUNTY for individual financing of acquisition,
11 rehabilitation and disposition of each Assisted Unit of the Project (“NSP Loan”). Up to
12 Three Hundred Thousand Dollars (\$300,000) of the NSP funds will be paid to HACR
13 and allocated as COUNTY NSP administrative funds to pay for costs associated with
14 administering NSP funds. HACR promises and agrees to undertake and assist with the
15 NSP-assisted activities by utilizing such NSP funds, as identified in **Exhibit A.**”

16 2. Section 15 of the NSP Loan Agreement is deleted and replaced in its entirety
17 with the following:

18 “NSP ADMINISTRATIVE FEE AND COMMISSIONS. The NSP Administrative fee
19 plus all real estate commissions, including sales of the Assisted Units, cannot exceed
20 Ten Percent (10%) of total Project costs.”

21 3. All references to “Developer’s Fee” in the NSP Loan Agreement are hereby
22 deleted and replaced with “NSP Administrative Fee”.

23 4. This Second Amendment, First Amendment, and NSP Loan Agreement set
24 forth and contain the entire understanding and agreement of the parties hereto. There
25 are no oral or written representations, understandings, or ancillary covenants,
26 undertakings or agreements, which are not contained or expressly referred to within this
27 Second Amendment, First Amendment, and the NSP Loan Agreement.

28 5. Except as modified and amended by First Amendment and Second

1 Amendment all other terms and conditions of the NSP Loan Agreement remain
2 unmodified and in full force and effect.

3 6. This Second Amendment may be signed by the different parties hereto in
4 counterparts, each of which shall be an original but all of which together shall constitute
5 one and the same agreement.

6 7. The effective date of this Second Amendment is the date the parties execute
7 the Second Amendment. If the parties execute the Second Amendment on more than one
8 date, then the last date the Second Amendment is executed by a party shall be the
9 effective date.

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11 (SIGNATURES ON NEXT PAGE)

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

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4 COUNTY:
5 COUNTY OF RIVERSIDE

HACR:
HOUSING AUTHORITY OF THE
6 COUNTY OF RIVERSIDE

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

By: _____
MARION ASHLEY
Chairman, Board of Commissioners

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

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14 By:  _____
15 Deputy, Anita Willis

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

19
20 By: _____
21 Deputy

22
23
24
25 (All 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.

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