

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

607



FROM: Economic Development Agency

SUBMITTAL DATE:
May 5, 2011

SUBJECT: Subordination Agreement for Rancho Dorado North Apartment Project in the City of Moreno Valley

RECOMMENDED MOTION: That the Board of Supervisors:

1. Authorize the Assistant County Executive Officer/EDA, or designee, to execute a Subordination Agreement with Centerline Mortgage Capital Inc., and MV Rancho Dorado II, L.P. in connection with a permanent loan in amount up to \$1,750,000, subject to approval by County Counsel; and
2. Authorize the Assistant County Executive Officer/EDA, or designee to take all necessary steps to implement the Subordination Agreement with Centerline Mortgage Capital Inc., and MV Rancho Dorado II, L.P., including, but not limited to, signing subsequent essential and relevant documents.

BACKGROUND: (Commences on page 2)

Robert Field
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:	2010/11

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

BY:
Jennifer L. Sargent

County Executive Office Signature

FORM APPROVED COUNTY COUNSEL
 BY: Anita C. Willis
 DATE: 4/28/11
 District Conference

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

Prev. Agn. Ref.: 3.18 of 9/15/09; 3.35 of 6/2/09

District: 5

Agenda Number:

3.9

BACKGROUND: On June 2, 2009, the Board of Supervisors approved a Loan Agreement for the Use of HOME Funds with MV Rancho Dorado II Limited Partnership (Owner) in the amount of \$650,000 (the HOME Loan) for the development and construction of an 71-unit, multi-family apartment complex, Rancho Dorado North Apartments, in the City of Moreno Valley (the Project).

The Project was completed October 2010 and now the Owner is in the process of securing permanent financing to replace construction financing of the Project and has requested that the County HOME Loan be subordinate to the permanent first mortgage loan provided by Centerline Mortgage Capital Inc. The construction loan being replaced is in the amount of \$1,750,000, and the permanent loan from Centerline Mortgage Capital Inc. will be in the amount not-to-exceed \$1,750,000. The county's financial position in the Project will not be altered by such request.

Staff recommends that the Board approve the subordination of the HOME Loan to the Mortgage Capital Inc. loan.

FINANCIAL DATA:

Not applicable.