

FORM APPROVED COUNTY COUNSEL
 BY: GREGORY P. PRIAMOS DATE: 11/17/14
 Departmental Concurrence

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

275



FROM: Executive Office

SUBMITTAL DATE:
 November 13, 2014

SUBJECT: Approve the Loan Agreement between the County of Riverside and the Housing Authority of the County of Riverside for the Use of General Funds, District 1/District 1, [\$1,600,000], General Fund (100%), CEQA Exempt

RECOMMENDED MOTION: That the Board of Supervisors:

1. Find that the Loan Agreement for the Use of County of Riverside General Funds for an amount up to \$1,600,000 to pay off the outstanding principal and interest on predevelopment loans incurred for entitlements, land carrying costs, design, architecture and engineering costs attributable to Tres Lagos Senior Apartments in the City of Wildomar, and to pay transaction fees, e.g., escrow fees to consummate the transfer of the vacant property from Wildomar Tres Lagos Limited Partnership to the Housing Authority of the County of Riverside will not have an adverse or significant effect on the environment and is exempt under CEQA pursuant to Section 15002 of the CEQA Guidelines;

(Motions continued on page 2)

Rohini Dasika
 Senior Management Analyst

FINANCIAL DATA	Current Fiscal Year:	Next Fiscal Year:	Total Cost:	Ongoing Cost:	POLICY/CONSENT (per Exec. Office)
COST	\$ 1,600,000	\$	\$ 1,600,000	\$ 0	Consent <input type="checkbox"/> Policy <input checked="" type="checkbox"/>
NET COUNTY COST	\$ 1,600,000	\$	\$ 1,600,000	\$ 0	

SOURCE OF FUNDS: General Fund (100%)

Budget Adjustment:	Yes
For Fiscal Year:	14/15

C.E.O. RECOMMENDATION:

APPROVE
 BY:
 Alex Gann

County Executive Office Signature

MINUTES OF THE BOARD OF SUPERVISORS

- A-30
- Positions Added
- 4/5 Vote
- Change Order

Prev. Agn. Ref.: | District:1 | Agenda Number:

3-16

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

FORM 11: Approve the Loan Agreement for the Use of County of Riverside General Funds, District 1/District 1, [\$1,600,000], General Fund (100%), CEQA Exempt

DATE: November 13, 2014

PAGE: 2 of 4

RECOMMENDED MOTION: (Continued)

2. Approve the attached Loan Agreement for the Use of County of Riverside General Funds between the County of Riverside and the Housing Authority of the County of Riverside, including the Promissory Note and Deed of Trust, providing a loan for an amount up to \$1,600,000 derived from County of Riverside General Funds to pay off the outstanding principal and interest on predevelopment loans for entitlements, land carrying costs, design, architecture and engineering costs attributable to Tres Lagos Senior Apartments in the City of Wildomar, and to pay transaction fees, e.g., escrow fees to consummate the transfer of the vacant property from Wildomar Tres Lagos Limited Partnership to the Housing Authority of the County of Riverside;
3. Authorize the Chairman of the Board of Supervisors to execute the attached Loan Agreement for the Use of County of Riverside General Funds;
4. Authorize the Chief Assistant County Executive Officer, or designee, to take all necessary steps to implement the Loan Agreement for the Use of County of Riverside General Funds, including, but not limited to, signing subsequent necessary and relevant documents, subject to approval by County Counsel; and
5. Direct the Clerk of the Board to file the Notice of Exemption.

BACKGROUND:

Summary

On June 5, 2007, the former Redevelopment Agency for the County of Riverside (RDA) approved \$4,365,000 in Redevelopment Low and Moderate-Income Housing Taxable Bond proceeds to Palm Desert Development Company, now known as Palm Communities (Palm), to acquire 10.16 acres of land for the development and construction of a 204-unit apartment complex for low-income senior households located in the former unincorporated area of the County of Riverside in the community of Wildomar, east of Arnett Road, west of Fox Ridge Lane and south of Catt Road. On June 24, 2008, the former RDA and Palm entered into that certain First Amendment to Loan Agreement converting the Acquisition Loan to a grant.

On July 1, 2008, the community of Wildomar incorporated into a city and Wildomar was no longer in the territorial jurisdiction of the former RDA, halting further RDA funding for development and construction of the Project. On September 27, 2010, California Senate Bill No. 977 was passed allowing the former RDA jurisdiction to fund further development and construction of the Project. During this time, the Partnership secured predevelopment loans against the property to fund work for entitlements, land carrying costs, design, architecture and engineering costs attributable to the Project including a \$2,500,000 loan from Farmers & Merchants Bank and a \$900,000 loan from Century Housing Corporation. The current outstanding amount for the predevelopment loans is \$1,503,036.61 plus interest and closing costs.

On December 9, 2008, the former RDA approved that certain Assignment and Contribution Agreement with Palm to assign Wildomar Tres Lagos Limited Partnership (Partnership) to construct and operate the Project.

(Continued)

SUBMITTAL TO THE BOARD OF SUPERVISORS, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA
FORM 11: Approve the Loan Agreement for the Use of County of Riverside General Funds, District 1/District 1, [\$1,600,000], General Fund (100%), CEQA Exempt
DATE: November 13, 2014
PAGE: 3 of 4

BACKGROUND:
Summary (Continued)

On June 29, 2011, Assembly Bill X1 26 (AB x1 26), which provided for the dissolution of all California redevelopment agencies, was adopted and enacted into law. California redevelopment agencies were dissolved on February 1, 2012 such that the former RDA is now deemed a former redevelopment agency under Health and Safety Code section 34173 and AB x1 26, as modified by Assembly Bill No. 1484.

Pursuant to Health and Safety Code Section 34176 (a), and Housing Authority Resolution Nos. 2012-035, 2012-001 and 2012-005, all housing functions previously performed by the former RDA, including related rights, powers, duties, obligations, and housing assets (excluding amounts in the Low and Moderate Income Housing Fund and enforceable obligations retained by the successor agency) were transferred to the Housing Authority. On July 17, 2012, Housing Authority and Partnership entered into that certain Loan Agreement for Tres Lagos Senior Apartments in Wildomar in the amount of \$10,500,000 to develop the first phase of Tres Lagos Senior Apartments (Development Loan), an 81-unit apartment complex for low-income senior households in the City of Wildomar. The Parties understood that the implementation of AB 1484 may impact the funding of the development, so the loan was contingent upon approval of funding pursuant to AB x1 26 and AB 1484 and the transfer of funds from the Successor Agency to the Housing Authority.

On December 18, 2012, the California Department of Finance issued its final determination after a meet and confer process which concluded with the denial of funding for the project, thereby making the project infeasible. As a result, the Partnership and Housing Authority mutually desire to terminate the project and Partnership agrees to convey and transfer the vacant property to the Housing Authority. The property will remain available for low and moderate income housing purposes. The Partnership will have exclusive negotiating rights to develop the property for a period of three years from the close of escrow.

In order to convey and transfer the property, Partnership has requested \$1,600,000 from Authority to pay off the outstanding principal and interest on predevelopment loans for entitlements, land carrying costs, design, architecture and engineering costs attributable to Tres Lagos Senior Apartments in the City of Wildomar, and to pay transaction fees to consummate the transfer of the vacant property from Wildomar Tres Lagos Limited Partnership to the Housing Authority of the County of Riverside. Housing Authority has requested a loan from the County and proposes to repay the County loan from the sale of Housing Authority land assets.

The approval of the loan agreement will not have an adverse or significant impact on the environment as stated in CEQA Guidelines Section 15002. The County is simply loaning money to the Authority to acquire vacant land. There are no planned improvements.

County Counsel has reviewed and approved the attached Loan Agreement for the Use of County of Riverside General Funds as to form. Staff recommends the Board of Supervisors approve the Loan Agreement for the Use of County of Riverside General Funds. The term of the loan is two years.

Impact on Citizens and Businesses

Approving this item will preserve the County's investment to produce affordable housing for low-income households. The Housing Authority will continue to seek out an affordable housing project on the property which is expected to generate construction, permanent maintenance and property management jobs, and provide affordable housing for residents of the County of Riverside.

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

FORM 11: Approve the Loan Agreement for the Use of County of Riverside General Funds, District 1/District 1, [\$1,600,000], General Fund (100%), CEQA Exempt

DATE: November 13, 2014

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(Continued)

SUPPLEMENTAL:

Additional Fiscal Information

\$1,600,000 in County General Funds will be loaned to the Housing Authority to consummate the transfer and the loan will be repaid from the sale of Housing Authority assets within two years.

ATTACHMENTS:

Loan Agreement for the Use of County of Riverside General Funds

Notice of Exemption

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**LOAN AGREEMENT FOR THE USE OF
COUNTY OF RIVERSIDE GENERAL FUNDS**

This Loan Agreement for the Use of County of Riverside General Funds (“Agreement”) is made and entered into as of the _____ day of _____, 2014 by and between the County of Riverside, a political subdivision of the State of California (“County”), and the Housing Authority of the County of Riverside (“Authority”), a public entity, corporate and politic, in its capacity as housing successor to the former Redevelopment Agency for the County of Riverside (“RDA”). The County and Authority may be individually referred to herein as a “Party” and collectively as the “Parties.”

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RECITALS

A. WHEREAS, on June 5, 2007, the former RDA and Palm Desert Development Company, a California corporation and affordable housing developer now known as “Palm Communities” (“Palm”), entered into that certain loan agreement for \$4,365,000 in Redevelopment Low- and Moderate-Income Housing Taxable Bond proceeds (“Acquisition Loan”) for Palm to acquire 10.16 acres of land, located east of Arnett Road, west of Fox Ridge Lane, and south of Catt Road in the city of Wildomar (“Property”), as legally described in **Exhibit A** of this Agreement, which is attached hereto and by this reference incorporated herein, for the development and construction of Tres Lagos Senior Apartments, a 204-unit apartment complex for low-income senior households (“Project”);

B. WHEREAS, on June 24, 2008, the former RDA and Palm entered into that certain First Amendment to Loan Agreement for Tres Lagos Senior Apartments converting the Acquisition Loan to a grant;

C. WHEREAS, on July 1, 2008, the community of Wildomar incorporated into a city and Wildomar was no longer in the territorial jurisdiction of the former RDA, which halted further RDA funding for development and construction of the Project;

D. WHEREAS, on September 27, 2010, California Senate Bill No. 977 passed allowing the former RDA jurisdiction to fund further development and construction of the Project;

1 E. WHEREAS, on December 9, 2008, the former RDA approved that
2 certain Assignment and Contribution Agreement with Palm to assign to Wildomar Tres Lagos
3 Limited Partnership, a California limited partnership (“Partnership”), the right to construct and
4 operate the Project;

5 F. WHEREAS, Partnership secured predevelopment loans against the
6 property to fund work for entitlements, land carrying costs, design, architecture and
7 engineering costs attributable to the Project with lenders (collectively, the “Predevelopment
8 Loans”) and principal amounts as follows: a) \$2,500,000 loan from Farmers & Merchants
9 Bank and b) \$900,000 loan from Century Housing Corporation.

10 G. WHEREAS, California redevelopment agencies were dissolved on
11 February 1, 2012 such that the former RDA is now deemed a former redevelopment agency
12 under Health and Safety Code section 34173 and AB x1 26, as modified by Assembly Bill No.
13 1484 (“Dissolution Act”), which added Parts 1.8 and 1.85 to Division 24 of the California
14 Community Redevelopment Law (Health and Safety Code sections 33000 et seq., the “CRL”);

15 H. WHEREAS, pursuant to Health and Safety Code Section 34176 (a), and
16 Authority Resolution Nos. 2012-035, 2012-001 and 2012-005, all housing functions previously
17 performed by the former RDA, including related rights, powers, duties, obligations, and
18 housing assets (excluding amounts in the Low and Moderate Income Housing Fund and
19 enforceable obligations retained by the successor agency) were transferred to Authority,
20 including the Development Loan (defined below);

21 I. WHEREAS, Authority is a California housing authority acting under the
22 California Housing Authorities Law, Part 2 of Division 24 of the Health and Safety Code (the
23 “Housing Authorities Law”) acting in its capacity as housing successor to the former RDA;

24 J. WHEREAS, Authority and Partnership entered into that certain Loan
25 Agreement for Tres Lagos Senior Apartments in Wildomar (“Development Loan”), dated July
26 17, 2012, for Ten Million Five Hundred Thousand Dollars (\$10,500,000) to develop the first
27 phase of Tres Lagos Senior Apartments, consisting of eighty (80) affordable rental housing
28 units for qualified low- to extremely low-income senior households and one (1) onsite

1 manager's unit;

2 K. WHEREAS, the Parties understood that the implementation of AB 1484
3 may impact the funding of the Development Loan;

4 L. WHEREAS, the Development Loan was contingent upon approval of
5 funding pursuant to AB x1 26 and AB 1484 and the transfer of funds from the Successor
6 Agency to Authority;

7 M. WHEREAS, pursuant to Section 45 of the Development Loan, entitled
8 Conditional Loan Commitment, the loan agreement was expressly subject to and conditioned
9 upon: (1) approvals from the State of California Department of Finance, the Oversight Board
10 of the Successor Agency and the Successor Agency to the former Redevelopment Agency for
11 the County of Riverside; (2) receipt of financing commitments by June 1, 2013; and (3) start of
12 construction within twelve (12) months of the date of the Development Loan;

13 N. WHEREAS, on December 18, 2012, the California Department of
14 Finance issued a final determination after a meet and confer process and denied funding for the
15 Project, thereby making the Project infeasible;

16 O. WHEREAS, pursuant to Section 45 of the Development Loan, if
17 Partnership fails to receive the approvals, the project financing or start construction as required,
18 then either Authority or Partnership may elect to terminate the loan agreement with ten (10)
19 days written notice to the other party;

20 P. WHEREAS, upon such termination, the Development Loan shall be null
21 and void, and Partnership is waiving its right to notice and cure set forth in Section 28 of the
22 Development Loan;

23 Q. WHEREAS, Partnership and Authority mutually desire to terminate the
24 Development Loan and request to be released and discharged from its obligations under the
25 Development Loan and all costs incurred by each party on the project will be assumed
26 respectively;

27 R. WHEREAS, Authority shall cancel the Promissory Note;

28 S. WHEREAS, upon termination of the Development Loan, Partnership

1 shall convey and transfer Property to Authority;

2 T. WHEREAS, Partnership has requested One Million Six Hundred
3 Thousand Dollars (\$1,600,000) in assistance from Authority to pay the outstanding principal
4 and interest on the Predevelopment Loans (“Outstanding Balance”);

5 U. WHEREAS, Authority has confirmed that the Predevelopment Loan
6 expenditures set forth herein were in furtherance of the Project and has agreed to pay an
7 amount not to exceed the Outstanding Balance plus escrow fees and Partnership agrees to pay
8 all other unrecorded or recorded liens or encumbrances, should there be any;

9 V. WHEREAS, Authority has requested a loan for One Million Six Hundred
10 Thousand Dollars (\$1,600,000) from the County of Riverside General Fund (“Bridge Loan”)
11 and Authority has proposed to pledge its sales proceeds from the sale of its Authority-owned
12 properties to repay the Bridge Loan, as further described in **Exhibit A** of this Agreement; and

13 W. WHEREAS, County has agreed to provide Bridge Loan under the terms
14 and conditions of this Agreement in order to consummate the transfer of Property from
15 Partnership to Authority.

16 NOW THEREFORE, based upon the foregoing Recitals and for good and valuable
17 consideration, the receipt and sufficiency of which is acknowledged by all Parties, the County
18 and Authority hereby agree as follows:

19 1. PURPOSE. County has agreed to lend up to One Million Six Hundred
20 Thousand Dollars (\$1,600,000) of its County General Funds to Authority to pay off the
21 outstanding principal and interest on Predevelopment Loans against the Property to pay for
22 entitlements, land carrying costs, design, architecture and engineering costs attributable to the
23 Project, and pay escrow fees to transfer the Property to Authority, upon satisfaction of the
24 terms and conditions set forth herein (“County Loan”).

25 2. AUTHORITY’S OBLIGATIONS. Upon the disbursement of County
26 General Funds to escrow, Authority shall undertake and complete the following activities:

27 a. Acquire and maintain the Property in compliance with applicable
28 local, state, federal laws, codes and regulations.

1 3. COUNTY'S OBLIGATIONS. County shall complete the following
2 activities subject to Authority's satisfactory completion of the conditions precedent to
3 disbursement set forth below:

4 a. Provide General Funds to Authority in the amount identified in
5 **Section 1** of this Agreement.

6 4. Loan. Subject to the satisfaction of the conditions precedent to
7 disbursement of County Loan funds set forth in **Section 7** below, County shall provide
8 financing to Authority in the form of a loan pursuant to the following terms and conditions:

9 a. Term. The maturity of the County Loan shall be two (2) years
10 from the Effective Date of this Agreement.

11 b. Principal. The principal of the County Loan shall not exceed the
12 amount of the County Loan and shall be evidenced by a Promissory Note, substantially
13 conforming in form and substance to the Promissory Note attached hereto as **Exhibit C** and
14 incorporated herein by this reference ("Note"), which note shall be secured by a Deed of Trust
15 with Assignment of Rents, substantially conforming in form and substance to the Deed of Trust
16 with Assignment of rents attached hereto as **Exhibit B** and incorporated herein by this
17 reference ("Deed of Trust").

18 c. Interest. The interest rate shall be zero percent (0%) per annum.

19 d. Prepayment. Prepayment of principal and/or interest may occur at
20 any time without penalty.

21 5. TERM OF AGREEMENT. This Agreement shall become effective upon
22 execution as more specifically discussed in **Section 28** below, and unless terminated earlier
23 pursuant to the terms hereof, shall continue in full force and effect until two (2) years from the
24 Effective Date (the "Agreement Term").

25 6. AUTHORITY'S REPRESENTATIONS. Authority represents and
26 warrants to County as follows:

27 a. Authority. Authority is a public entity, corporate and politic, in its
28 capacity as housing successor to the former Redevelopment Agency for the County of

1 Riverside. Authority has full right, power and lawful authority to accept the conveyance of the
2 Property, as defined in **Exhibit A** of this Agreement, and undertake all obligations as provided
3 herein and the execution, performance and delivery of this Agreement by Authority has been
4 fully authorized by all requisite actions on the part of Authority.

5 b. No Conflict. To the best of Authority's knowledge, Authority's
6 execution, delivery and performance of its obligations under this Agreement will not constitute
7 a default or a breach under contract, agreement or order to which Authority is a party or by
8 which it is bound.

9 c. Prior to Closing. Authority shall upon learning of any fact or
10 condition which would cause any of the warranties and representations in this **Section 6** not to
11 be true as of the date of the close of escrow, shall immediately give written notice of such fact
12 or condition to County. Such exception(s) to a representation shall not be deemed a breach by
13 Authority hereunder, but shall constitute an exception which County shall have the right to
14 approve or disapprove if such exception would have an effect on the value and/or ownership of
15 the Property.

16 7. CONDITIONS PRECEDENT TO DISTRIBUTION OF COUNTY
17 LOAN FUNDS. Prior to County disbursing funds, Authority shall provide County instructions,
18 including amount, account and wire information, to disburse County Loan funds directly into
19 escrow upon Authority's review and approval of the estimated closing statement, and subject
20 to Authority's satisfaction of the following conditions:

21 a. Authority executes this Agreement.

22 b. Authority executes the Deed of Trust, substantially conforming in
23 form and substance to the Deed of Trust with Assignment of Rents, which is attached hereto as
24 **Exhibit B**, and in recordable form.

25 c. Authority executes the Note, substantially conforming in form
26 and substance to the Promissory Note attached hereto as **Exhibit C**.

27 8. DISTRIBUTION OF COUNTY LOAN FUNDS. Disbursement of
28 General Funds for acquisition is expressly conditioned upon the satisfaction of conditions set

1 forth in **Section 7**. County shall deposit the sum specified in **Section 1** above directly into
2 escrow upon Authority's review and approval of the estimated closing statement.

3 9. COMPLIANCE WITH LAWS AND REGULATIONS. By executing
4 this Agreement, Authority hereby certifies that it will adhere to and comply with all federal,
5 state and local laws, regulations and ordinances.

6 10. EVENTS OF DEFAULT. The occurrence of any of the following events
7 shall constitute an "Event of Default" under this Agreement:

8 a. Monetary Default. (1) Authority's failure to pay when due any
9 sums payable under the Note or any advances made by County under this Agreement, (2)
10 Authority's or any agent of Authority's use of funds for costs other than costs or for uses
11 inconsistent with terms and restrictions set forth in this Agreement;

12 b. General Performance of Loan Obligations. Any substantial or
13 continuous or repeated breach by Authority or Authority's agents of any material obligations
14 on Authority imposed in this Agreement;

15 c. General Performance of Other Obligations. Any substantial or
16 continuous or repeated breach by Authority or Authority's agents of any material obligations
17 on the Project imposed by any other agreement with respect to the financing, development, or
18 operation of the Project; whether or not County is a party to such agreement; but only
19 following any applicable notice and cure periods with respect to any such obligation;

20 d. Representations and Warranties. A determination by County that
21 any of Authority's representations or warranties made in this Agreement, any statements made
22 to County by Authority, or any certificates, documents, or schedules supplied to County by
23 Authority were untrue in any material respect when made, or that Authority concealed or failed
24 to disclose a material fact from County.

25 11. NOTICE OF DEFAULT AND OPPORTUNITY TO CURE. For
26 monetary and non-monetary Events of Default, the County shall give written notice to
27 Authority, at the address listed in Section 23 below, of any Event of Default by specifying: (a)
28 the nature of the Event of Default or the deficiency giving rise to the default, (b) the action

1 required to cure the deficiency, if an action to cure is possible, and (c) a date, which shall not
2 be more than sixty (60) calendar days from the date of the mailing of the notice, by which such
3 action to cure must be taken. Authority shall have the right to cure any and all defaults under
4 this Agreement no later than sixty (60) calendar days from the date of the mailing of the notice
5 of default.

6 12. COUNTY REMEDIES. Upon the occurrence of an Event of Default and
7 a failure by Authority to cure said default within the time period specified in the notice of
8 default (if an action to cure is specified in said notice), County 's obligation to disburse County
9 Loan funds shall terminate, and County may also in addition to other rights and remedies
10 permitted by this Agreement or applicable law, proceed with any or all of the following
11 remedies in any order or combination County may choose in its sole discretion:

12 a. Terminate this Agreement, in which event the entire amount as
13 well as any other monies advanced to Authority by County under this Agreement including
14 administrative costs, shall immediately become due and payable at the option of County.

15 b. Accelerate the County Loan, and demand immediate full payment
16 of the principal payment outstanding and all accrued interest under the Note, as well as any
17 other monies advanced to Authority by County under this Agreement.

18 c. Pursue any other remedy allowed at law or in equity.

19 13. HOLD HARMLESS AND INDEMNIFICATION. Authority shall
20 indemnify and hold harmless the County of Riverside, its Agencies, Districts, Special Districts
21 and Departments, their respective directors, officers, Board of Supervisors, elected and
22 appointed officials, employees, agents and representatives from any liability whatsoever, based
23 or asserted upon any services of Authority, its officers, employees, subcontractors, agents or
24 representatives arising out of their performance under this Agreement, including but not
25 limited to property damage, bodily injury, or death or any other element of any kind or nature
26 whatsoever arising from the performance of Authority, its officers, agents, employees,
27 subcontractors, agents or representatives under this Agreement. Authority shall defend, at its
28 sole expense, all costs and fees including, but not limited, to attorney fees, cost of

1 investigation, defense and settlements or awards, the County of Riverside, its Agencies,
2 Districts, Special Districts and Departments, their respective directors, officers, Board of
3 Supervisors, elected and appointed officials, employees, agents and representatives in any
4 claim or action based upon such alleged acts or omissions.

5 With respect to any action or claim subject to indemnification herein by
6 Authority, Authority shall, at their sole cost, have the right to use counsel of their own choice
7 and shall have the right to adjust, settle, or compromise any such action or claim without the
8 prior consent of County; provided, however, that any such adjustment, settlement or
9 compromise in no manner whatsoever limits or circumscribes Authority's indemnification to
10 County as set forth herein.

11 Authority's obligation hereunder shall be satisfied when Authority has provided
12 to County the appropriate form of dismissal relieving County from any liability for the action or
13 claim involved.

14 14. TERMINATION.

15 a. Notwithstanding the provisions of this **Section 15**, County may
16 suspend or terminate this Agreement upon written notice to Authority of the action being taken
17 and the reason for such action in the event one of the following events occur:

18 (1) In the event Authority fails to perform the covenants herein
19 contained at such times and in such a manner as provided in this Agreement after the applicable
20 notice and cure provision hereof; or

21 (2) In the event there is a conflict with any federal, state or
22 local law, ordinance, regulation or rule rendering any material provision, in the judgment of
23 County of this Agreement invalid or untenable.

24 b. Upon expiration of this Agreement, Authority shall transfer to
25 County any unexpended County Loan funds in its possession at the time of expiration of this
26 Agreement as well as any accounts receivable held by Authority which are attributable to the
27 use of County Loan funds provided pursuant to this Agreement.

28 15. ENTIRE AGREEMENT. It is expressly agreed that this Agreement

1 embodies the entire agreement of the parties in relation to the subject matter hereof, and that no
2 other agreement or understanding, verbal or otherwise, relative to this subject matter, exists
3 between the parties at the time of execution.

4 16. AUTHORITY TO EXECUTE. The persons executing this Agreement or
5 exhibits attached hereto on behalf of the parties to this Agreement hereby warrant and
6 represent that they have the authority to execute this Agreement and warrant and represent that
7 they have the authority to bind the respective parties to this Agreement to the performance of
8 its obligations hereunder.

9 17. WAIVER. Failure by a party to insist upon the strict performance of any
10 of the provisions of this Agreement by the other party, or the failure by a party to exercise its
11 rights upon the default of the other party, shall not constitute a waiver of such party's rights to
12 insist and demand strict compliance by the other party with the terms of this Agreement
13 thereafter.

14 18. INTERPRETATION AND GOVERNING LAW. This Agreement and
15 any dispute arising hereunder shall be governed by and interpreted in accordance with the laws
16 of the State of California. This Agreement shall be construed as a whole according to its fair
17 language and common meaning to achieve the objectives and purposes of the parties hereto,
18 and the rule of construction to the effect that ambiguities are to be resolved against the drafting
19 party shall not be employed in interpreting this Agreement, all parties having been represented
20 by counsel in the negotiation and preparation hereof.

21 19. JURISDICTION AND VENUE. Any action at law or in equity arising
22 under this Agreement or brought by a party hereto for the purpose of enforcing, construing or
23 determining the validity of any provision of this Agreement shall be filed in the Superior
24 Courts of Riverside County, State of California, and the parties hereto waive all provisions of
25 law providing for the filing, removal or change of venue to any other court or jurisdiction.

26 20. SEVERABILITY. Each paragraph and provision of this Agreement is
27 severable from each other provision, and if any provision or part thereof is declared invalid, the
28 remaining provisions shall nevertheless remain in full force and effect.

1 21. MINISTERIAL ACTS: County's Chief Assistant County Executive
2 Officer or designee(s) is authorized to take such ministerial actions as may be necessary or
3 appropriate to implement the terms, provisions, and conditions of this Agreement as it may be
4 amended from time to time by both parties.

5 22. NOTICES. All notices, requests, demands and other communication
6 required or desired to be served by either party upon the other shall be addressed to the
7 respective parties as set forth below or the such other addresses as from time to time shall be
8 designated by the respective parties and shall be sufficient if sent by United States first class,
9 certified mail, postage prepaid, or express delivery service with a receipt showing the date of
10 delivery:

11 AUTHORITY

12 Assistant Director
13 Housing Authority
14 of the County of Riverside
 5555 Arlington Avenue
 Riverside, CA 92504

COUNTY

 Chief Assistant County Executive Officer
 Riverside County
 Executive Office
 4080 Lemon Street, Suite 400
 Riverside, CA 92501

15 23. MODIFICATION OF AGREEMENT. County or Authority may
16 consider it in its best interest to change, modify or extend a term or condition of this
17 Agreement, provided such change, modification or extension is agreed to in writing by the
18 other party. Any such change, extension or modification, which is mutually agreed upon by
19 County and Authority shall be incorporated in written amendments to this Agreement. Such
20 amendments shall not invalidate this Agreement, nor relieve or release County or Authority
21 from any obligations under this Agreement, except for those parts thereby amended. No
22 amendment to this Agreement shall be effective and binding upon the parties, unless it
23 expressly makes reference to this Agreement, is in writing and is signed and acknowledged by
24 duly authorized representatives of all parties.

25 24. EXHIBITS AND ATTACHMENTS. Each of the attachments and
26 exhibits attached hereto is incorporated herein by this reference.

27 25. COUNTERPARTS. This Agreement may be signed by the different
28 parties hereto in counterparts, each of which shall be an original but all of which together shall

1 constitute one and the same agreement.

2 26. EFFECTIVE DATE. The effective date of this Agreement is the date the
3 parties execute this Agreement. If the parties execute this Agreement on more than one date,
4 then the last date this Agreement is executed by a party shall be the effective date.

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8 [remainder of page intentionally blank]

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10 [signatures on following page]

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1 IN WITNESS WHEREOF, County and Authority have executed this Agreement as of
2 the date first above written.

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4 **AUTHORITY:**

5 Housing Authority of the County of Riverside,
6 a public entity, corporate and politic, in its
7 capacity as housing successor to the former
8 Redevelopment Agency for the County of
9 Riverside

10 By: _____
11 Jeff Stone, Chairman
12 Board of Commissioners

COUNTY:

COUNTY OF RIVERSIDE, a political
Subdivision of the State of California

By: _____
Jeff Stone, Chairman
Board of Supervisors

11 ATTEST:

12 KECIA HARPER-IHEM
13 Clerk of the Board

14
15 By: _____
16 Deputy

ATTEST:

KECIA HARPER-IHEM
Clerk of the Board

By: _____
Deputy

17 APPROVED AS TO FORM:

18 GREGORY P. PRIAMOS
19 COUNTY COUNSEL

20 By: *Shaila R. Brown*
21 Shaila R. Brown,
22 Deputy County Counsel

APPROVED AS TO FORM:

GREGORY P. PRIAMOS
COUNTY COUNSEL

By: *Anita C. Willis*
Anita C. Willis,
Assistant County Counsel

EXHIBIT A

BORROWER: Housing Authority of the County of Riverside
Address: 5555 Arlington Avenue, Riverside, CA 92504

Property: The Project Site is approximately 10.16 acres and situated to the east of Arnett Road and to the west of Fox Ridge Lane on the south side of Catt Road in the City of Wildomar in Riverside County as described in the Legal Description included herein.

Authority has identified the following properties to be utilized for repayment of the County Loan:

1. Camino Real property
 - a. Assessor's Parcel Numbers (APN) 185-460-001, 185-470-001, and 185-470-002

2. Lockhart property
 - a. APN 177-020-012, 177-020-018 and 177-110-005

3. Cottonwood property
 - a. APN 179-330-003, 179-330-005 and 179-330-002

LEGAL DESCRIPTION OF PROPERTY

PARCEL 1:

PARCEL 3 OF PARCEL MAP NO. 8617, AS SHOWN BY PARCEL MAP ON FILE IN BOOK 35, PAGE(S) 32 OF PARCEL MAPS, RECORDS OF RIVERSIDE COUNTY, CALIFORNIA.

PARCEL 2:

ALL THAT PORTION OF PARCEL 1 AND LETTERED LOT "B" OF PARCEL MAP 9084 AS SHOWN BY MAP RECORDED IN PARCEL MAP BOOK 40 PAGE 25 OF RECORDS OF RIVERSIDE COUNTY, EXCEPTING THEREFROM THE EAST 260.00 FEET, SAID 260.00 FEET BEING MEASURED ALONG THE NORTH AND SOUTH LINES OF SAID PARCEL 1.

PARCEL 3:

PARCEL 1, 2 AND LOT B OF PARCEL MAP NO. 8617, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, RECORDED MAY 17, 1977 IN BOOK 35, PAGE 32 OF PARCEL MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

PARCEL 4:

THE EAST 260 FEET OF PARCEL (S) 1 OF PARCEL MAP NO. 9084, AS PER PLAT RECORDED IN BOOK 40 OF OF PARCEL MAPS, PAGE (S) 25, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, PER CERTIFICATE OF COMPLIANCE RECORDED NOVEMBER 16, 1978 AS INSTRUMENT NO. 242267, OFFICIAL RECORDS.

APN: 380-100-009-5 (Affects: Parcel 4) and 380-100-012-7 (Affects: Parcel 1) and 380-100-008-4 (Affects: Parcel 2) and 380-100-010-5 (Affects: Parcel 1 of Parcel 3) and 380-100-011-6 (Affects : Parcel 2 and Lot B of Parcel 3)

EXHIBIT B

Deed of Trust

EXEMPT RECORDING FEE CODE 6103

RECORDING REQUESTED BY AND
WHEN RECORDED MAIL TO:

County of Riverside
4080 Lemon Street, Suite 400
Riverside, CA 92501
Attn. County Chief Assistant
County Executive Officer

SPACE ABOVE THIS LINE FOR RECORDER'S USE

**DEED OF TRUST WITH ASSIGNMENT OF RENTS
(SHORT FORM)**

This DEED OF TRUST, made as of November _____, 2014, between

the HOUSING AUTHORITY OF THE COUNTY OF RIVERSIDE, a public entity, corporate and politic, in its capacity as housing successor to the former Redevelopment Agency for the County of Riverside, herein called TRUSTOR, whose address is: 5555 Arlington Avenue, Riverside, CA 92504;

FIRST AMERICAN TITLE INSURANCE COMPANY, a California corporation, herein called TRUSTEE; and

the COUNTY OF RIVERSIDE, a political subdivision of the State of California, herein called BENEFICIARY;

WITNESSETH: That Trustor grants to Trustee in trust, with power of sale, that property in the County of Riverside, State of California, described as:

SEE EXHIBIT B-1 ATTACHED HERETO AND MADE A PART HEREOF.

together with the rents, issues and profits thereof, subject, however, to the right, power and authority hereinafter given to and conferred upon Beneficiary to collect and apply such rents, issues and profits for the purpose of securing (1) payment of the sum of One Million Six Hundred Thousand (\$1,600,000) with interest thereon according to the terms of a promissory note or notes of even date herewith made by Trustor, payable to order of Beneficiary, and extensions or renewals thereof, (2) the performance of each agreement of Trustor incorporated by reference or contained herein and (3) payment of additional sums and interest thereon which may hereafter be loaned to Trustor, or his successors or assigns, when evidenced by a promissory note or notes reciting that they are secured by this Deed of Trust.

To protect the security of this Deed of Trust, and with respect to the property above described, Trustor expressly makes each and all of the agreements, and adopts and agrees to perform and be bound by each and all of the terms and provisions set forth in subdivision A, and it is mutually agreed that each and all of the terms and provisions set forth in subdivision B of the fictitious deed of trust recorded in Orange County August 17, 1964, and in all other counties August 18, 1964, in the book and at the page of Official Records in the office of the county recorder of the county where said property is located, noted below opposite the name of such county, namely:

COUNTY	BOOK	PAGE	COUNTY	BOOK	PAGE	COUNTY	BOOK	PAGE	COUNTY	BOOK	PAGE
Alameda	1288	556	Kings	858	713	Placer	1028	379	Sierra	38	187
Alpine	3	130-31	Lake	437	110	Plumas	166	1307	Siskiyou	506	762
Amador	133	438	Lassen	192	367	Riverside	3778	347	Solano	1287	621
Butte	1330	513	Los Angeles	T3878	874	Sacramento	5039	124	Sonoma	2067	427
Calaveras	185	338	Madera	911	136	San Benito	300	405	Stanislaus	1970	56
Colusa	323	391	Marin	1849	122	S. Bernardino	6213	768	Sutter	655	585
Contra Costa	4684	1	Mariposa	90	453	S. Francisco	A-804	596	Tehama	457	183
Del Norte	101	549	Mendocino	667	99	S. Joaquin	2855	283	Trinity	108	595
El Dorado	704	635	Merced	1660	753	S. Luis Obispo	1311	137	Tulare	2530	108
Fresno	5052	623	Modoc	191	93	San Mateo	4778	175	Tuolumne	177	160
Glenn	469	76	Mono	69	302	Santa Barbara	2065	881	Ventura	2607	237
Humboldt	801	83	Monterey	357	239	Santa Clara	6626	664	Yolo	769	16
Imperial	1189	701	Napa	704	742	Santa Cruz	1638	607	Yuba	398	693
Inyo	165	672	Nevada	363	94	Shasta	800	633			
Kern	3756	690	Orange	7182	18	San Diego	1964	149774			
						Series 5					

shall inure to and bind the parties hereto, with respect to the property above described. Said agreements, terms and provisions contained in said subdivisions A and B, (identical in all counties, and printed on pages 3 and 4 hereof) are by the within reference thereto, incorporated herein and made a part of this Deed of Trust for all purposes as fully as set forth at length herein, and Beneficiary may charge for a statement regarding the obligation secured hereby, provided the charge therefor does not exceed the maximum allowed by law.

The undersigned Trustor, requests that a copy of any notice of default and any notice of sale hereunder be mailed to him at his address hereinbefore set forth.

[remainder of page intentionally blank]

[signatures on following page]

BY SIGNING BELOW, TRUSTOR accepts and agrees to the terms and covenants contained in this Deed of Trust.

TRUSTOR:

Housing Authority of the County of Riverside,
a public entity, corporate and politic, in its
capacity as housing successor to the former
Redevelopment Agency for the County of
Riverside

By: _____
Jeff Stone, Chairman
Board of Commissioners

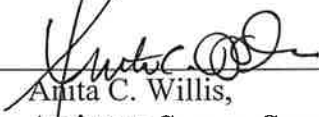
ATTEST:

KECIA HARPER-IHEM
Clerk of the Board

By: _____
Deputy

APPROVED AS TO FORM:

GREGORY P. PRIAMOS
COUNTY COUNSEL

By:  _____
Anita C. Willis,
Assistant County Counsel

(TRUSTOR signature needs 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

EXHIBIT B-1

LEGAL DESCRIPTION OF PROPERTY

PARCEL 1:

PARCEL 3 OF PARCEL MAP NO. 8617, AS SHOWN BY PARCEL MAP ON FILE IN BOOK 35, PAGE(S) 32 OF PARCEL MAPS, RECORDS OF RIVERSIDE COUNTY, CALIFORNIA.

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APN: 380-100-009-5 (Affects: Parcel 4) and 380-100-012-7 (Affects: Parcel 1) and 380-100-008-4 (Affects: Parcel 2) and 380-100-010-5 (Affects: Parcel 1 of Parcel 3) and 380-100-011-6 (Affects : Parcel 2 and Lot B of Parcel 3)

EXHIBIT C

Promissory Note

PROMISSORY NOTE

\$1,600,000

Riverside, CA

For value received, the Housing Authority of the County of Riverside, a public entity, corporate and politic, in its capacity as housing successor to the former Redevelopment Agency for the County of Riverside (“Borrower”) promises to pay the County of Riverside, a political subdivision of the State of California (“County”), or order, at 4080 Lemon Street, Suite 400, Riverside, CA 92501, the sum of One Million Six Hundred Thousand Dollars (U.S. \$1,600,000) (the “Loan”) which at the time of payment is lawful for the payment of public and private debts.

This Promissory Note (“Note”) is given in accordance with that certain Loan Agreement for the Use of County of Riverside General Funds (the “Loan Agreement”) executed by County and Borrower, dated as of November, 2014 Except to the extent otherwise expressly defined in this Note, all capitalized terms shall have the meanings established in the Loan Agreement. The rights and obligations of the Borrower and County under this Note shall be governed by the Loan Agreement and the following terms:

- (1) The Loan evidenced by this Note and secured by the Deed of Trust is made pursuant to the Loan Agreement. Borrower agrees for itself, its successors and assigns that the use of the Property shall be subject to the restrictions on rent and occupancy set forth in the Loan Agreement between Borrower and County.
- (2) The interest rate shall be zero percent (0%) per annum.
- (3) The Deed of Trust and the terms of this Agreement shall be in a first place lien position.
- (4) This Note may be prepaid in whole or in part by the undersigned at any time without prepayment penalty or premium.

[remainder of page intentionally blank]

[signatures on following page]

BORROWER:

Housing Authority of the County of Riverside,
a public entity, corporate and politic, in its
capacity as housing successor to the former
Redevelopment Agency for the County of
Riverside

By: _____
Jeff Stone, Chairman
Board of Commissioners

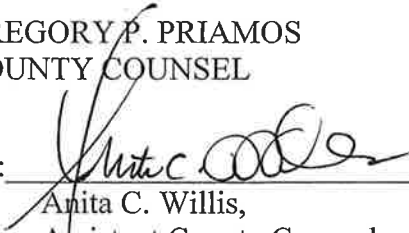
ATTEST:

KECIA HARPER-IHEM
Clerk of the Board

By: _____
Deputy

APPROVED AS TO FORM:

GREGORY P. PRIAMOS
COUNTY COUNSEL

By:  _____
Anita C. Willis,
Assistant County Counsel

DATE: _____