

FORM APPROVED COUNTY COUNSEL 11/3/15
 BY: GREGORY P. PRIAMOS DATE

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

825



SUBMITTAL DATE:
 November 5, 2015

FROM: Housing Authority

SUBJECT: Subordination Agreement for Mountain View Estates in the Community of Oasis In Connection With the Development of Phase II; District 4, [\$0]

RECOMMENDED MOTION: That the Board of Commissioners:

1. Approve the attached Subordination Agreement (Subordination Agreement) between the Housing Authority of the County of Riverside, in its capacity as housing successor to the former Redevelopment Agency for the County of Riverside (Housing Authority) and the Bank of Southern California, N.A.(Bank);

(Continued)

Robert Field
 Executive Director

FINANCIAL DATA	Current Fiscal Year:	Next Fiscal Year:	Total Cost:	Ongoing Cost:	POLICY/CONSENT (per Exec. Office)
COST	\$ 0	\$ 0	\$ 0	\$ 0	Consent <input type="checkbox"/> Policy <input checked="" type="checkbox"/>
NET COUNTY COST	\$ 0	\$ 0	\$ 0	\$ 0	
SOURCE OF FUNDS: N/A				Budget Adjustment: No	
				For Fiscal Year: 2015/2016	

C.E.O. RECOMMENDATION:

APPROVE
 BY:
 Rohini Dasika

County Executive Office Signature

MINUTES OF THE HOUSING AUTHORITY BOARD OF COMMISSIONERS

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

Prev. Agn. Ref.: _____ District: 4 Agenda Number: _____

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

Housing Authority

FORM 11: Subordination Agreement for Mountain View Estates in the Community of Oasis In Connection With the Development of Phase II; District 4, [\$0]

DATE: November 5, 2015

PAGE: 2 of 3

RECOMMENDED MOTION: (Continued)

2. Authorize the Executive Director, or designee, to execute the attached Subordination Agreement subordinating the Housing Authority's Deed of Trust securing a Promissory Note evidencing a \$6,500,000 grant to Desert Empire Homes for the development of Phase I of Mountain View Estates to the Bank's Deed of Trust securing a Promissory Note evidencing a loan in an amount up to \$3,000,000 for the development of Phase II of Mountain View Estates, subject to approval by County Counsel; and
3. Authorize the Executive Director, or designee, to take all necessary steps to implement the Subordination Agreement with Bank of Southern California N.A., including, but not limited to signing subsequent, necessary and relevant documents, subject to approval by County Counsel.

BACKGROUND:

Summary

On April 8, 2008, the former Redevelopment Agency for the County of Riverside (former RDA) and Desert Empire Homes, a California corporation (Owner) entered into a Grant Agreement for Mountain View Estates (Grant Agreement), which provided for, among other things, a grant to Owner in the amount of \$5,000,000 (RDA Grant) for the development and construction of the first phase of a 398 space mobile home park known as Mountain View Estates, identified as Assessor's Parcel No. 751-280-018 and 019, Thermal, CA (Property). Phase I consisted of the development of 181 mobile home park spaces 90 of which were reserved for use by very low income households for 55 years. On January 26, 2010, the Former RDA and Owner entered into the First Amendment to Grant Agreement for Mountain View Estates increasing the grant amount by \$1,500,000 to cover unanticipated construction costs. On December 10, 2013, Owner and the Housing Authority of the County of Riverside (Housing Authority) entered into the Second Amendment to Grant Agreement for Mountain View Estates reducing the RDA Grant from \$6,500,000 to \$6,340,409.

The RDA Grant is evidenced by the Grant Agreement which is secured by a Deed of Trust with Assignment of Rents executed by Owner for the benefit of the Former RDA (RDA Deed of Trust) (see attached). The affordability restrictions are secured by a Covenant Agreement recorded against the Property. The Housing Authority in its capacity as "housing successor" to the Former RDA has assumed all rights and interests of the Former RDA under the Grant Agreement, including all amendments, the RDA Deed of Trust and the Covenant Agreement.

On June 14, 2014 a Notice of Completion (DOC # 2014-0218702) was filed with the County of Riverside Assessor, County Clerk and Records Office rendering Phase I of Mountain View Estates complete. The Owner has initiated the development of Phase II of Mountain View Estates and proposes a mix use of 110 spaces for rent for mobile home owners and rentals that will include the space and mobile home. The Housing Authority will not be providing any financing towards the development of Phase II of the project.

The Owner has applied for a loan in the amount of \$3,000,000 with the Bank of Southern California N.A. (Bank) to finance the development of Phase II of Mt. View Estates. Bank has required, as a condition precedent to the funding of its loan, that the RDA Deed of Trust is subordinated to the Banks Deed of Trust. Subordination of the RDA Deed of Trust is necessary since an economically feasible alternative method of financing Phase II of the project is not available without subordination.

(Continued)

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

Housing Authority

FORM 11: Subordination Agreement for Mountain View Estates in the Community of Oasis In Connection With the Development of Phase II; District 4, [\$0]

DATE: November 5, 2015

PAGE: 3 of 3

BACKGROUND:

Summary

(Continued)

As a result of such subordination, the RDA Deed of Trust will be in a junior lien position to the Bank's Deed of Trust. The Covenant Agreement will not be subordinated ensuring Phase I of the project remains affordable. The proposed Subordination Agreement is attached.

County Counsel has reviewed and approved the attached Subordination Agreement. Staff recommends approval of the proposed Subordination Agreement.

Impact on Citizens and Businesses

The mobile homes space rentals that will be available after the development of Phase II of Mountain View Estates will provide residents of unpermitted mobile home parks the opportunity to rent a space in a permitted mobile home park that is not currently available to them.

ATTACHMENT:

Subordination Agreement
Housing Authority Deed of Trust

SUBORDINATION AGREEMENT

(behind this page)

NO FEE FOR RECORDING PURSUANT
TO GOVERNMENT CODE SECTION 6103

RECORDING REQUESTED BY AND
WHEN RECORDED MAIL TO:

Bank of Southern California, N.A.
12265 El Camino Real, Suite 100
San Diego, CA 92130
Attention: _____

SPACE ABOVE THIS LINE FOR RECORDERS USE

APN: 751-280-018 and 019

SUBORDINATION AGREEMENT

NOTICE: THIS SUBORDINATION AGREEMENT RESULTS IN YOUR SECURITY INTEREST IN THE PROPERTY BECOMING SUBJECT TO AND LOWER PRIORITY THAN THE LIEN OF SOME OTHER OR LATER SECURITY INSTRUMENT.

THIS SUBORDINATION AGREEMENT (“Agreement”) is made as of month, day, year , by and between DESERT EMPIRE HOMES, a California corporation (“Borrower”), BANK OF SOUTHERN CALIFORNIA, N.A., a national banking association (“Senior Lender”) and the HOUSING AUTHORITY OF THE COUNTY OF RIVERSIDE, a public entity, corporate and politic, (“Housing Authority”) in its capacity as housing successor to the former Redevelopment Agency for the County of Riverside (“Former RDA”).

RECITALS

WHEREAS, Borrower owns that certain real property located at 68990 Harrison Street and 68555 Polk Street, Thermal, California, 92274, County of Riverside, also known as Assessor Parcel Nos. 751-280-018 and 019, as described in the legal description attached hereto as Exhibit “A” and incorporated herein by this reference (“Property”); and

WHEREAS, the Former RDA and Borrower entered into that certain Grant Agreement for Mountain View Estates dated April 8, 2008, which was recorded in the Official Records of the County of Riverside (“Official Records”) on October 22, 2009 as Document No. 2009-0546732, as amended by that certain First Amendment to Grant Agreement for Mountain View

Estates in Oasis dated January 26, 2010 and recorded in the Official Records on _____, 2015 as Document No. _____, and that certain Second Amendment to the Grant Agreement dated December 10, 2013 and recorded in the Official Records on November 5, 2015 as Document No. _____ (collectively, "Grant Agreement"), wherein, among other things, the Former RDA provided a grant to Borrower in the amount of Six Million Three Hundred Forty Thousand Four Hundred and Nine Dollars (\$6,340,409) ("RDA Grant") to be used to pay costs to develop and construct the first phase (comprised of 181 mobile home park spaces) of a 398 space mobile home park. The RDA Grant is evidenced by the Grant Agreement;

WHEREAS, the Grant Agreement is secured by that certain Deed of Trust with Assignment of Rents executed by Borrower for the benefit of the Former RDA, dated April 8, 2008 and recorded in the Official Records as Document No. 2009-0546734 ("RDA Deed of Trust") The Grant Agreement and RDA Deed of Trust are referred to individually as a "Housing Authority Loan Document" and collectively as the "Housing Authority Loan Documents". In addition, in connection with the RDA Grant, the Former RDA and Borrower have executed and recorded in the Official Records a Covenant Agreement dated April 8, 2008 and recorded in the Official Records as Document No. 2009-0546733 ("RDA Covenants"). The RDA Covenants and its priority is not affected by this Agreement. The RDA Covenants is not a Housing Authority Loan Document;

WHEREAS, Housing Authority acts as the housing successor to the Former RDA pursuant to California Health & Safety Code section 34176, and is the successor in interest to the former RDA under all Housing Authority Loan Documents and the RDA Covenants;

WHEREAS, pursuant to a Business Loan Agreement ("Senior Lender Loan Agreement") dated as of _____, 2015 by and between Senior Lender and Borrower, Senior Lender has provided a loan to Borrower in the approximate principal amount of Three Million Dollars (\$3,000,000) ("Senior Lender Loan") to pay costs associated with the development of the Property. The Senior Lender Loan is evidenced by a promissory note in the amount equal to the Senior Lender Loan, dated _____, 2015 and executed by Borrower in favor of the Senior Lender ("Senior Lender Note"). The Senior Lender Note is secured by that certain Deed

of Trust executed by Borrower for the benefit of Senior Lender dated _____, 2015, and recorded concurrently herewith in the Official Records (“Senior Lender Deed of Trust”) against the Property;

WHEREAS, the Senior Lender Loan Agreement, Senior Lender Note, and Senior Lender Deed of Trust are referred to collectively herein as the “Senior Lender Documents;”

WHEREAS, The Senior Lender is willing to make the Senior Lender Loan provided the Senior Lender Documents are liens, claims or charges upon the Property prior and superior to the Housing Authority Loan Documents, and provided that the Housing Authority specifically and unconditionally subordinates and subjects the Housing Authority Loan Documents to the liens, claims or charges of the Senior Lender Documents; and

WHEREAS, the Housing Authority is willing to specifically and unconditionally subordinate the Housing Authority Loan Documents to achieve and maintain the order of priority listed in the recital above.

NOW THEREFORE, in consideration of the mutual benefits accruing to the lenders and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Housing Authority and Senior Lender hereby agree as follows:

1. The Senior Lender Loan and the Senior Lender Documents shall at all times be prior and superior to the liens or charges of the RDA Grant and the Housing Authority Loan Documents.

2. The RDA Grant and the Housing Authority Loan Documents shall at all times be junior and are hereby subordinated to the Senior Lender Loan and the Senior Lender Documents.

3. The Senior Lender would not have made the Senior Lender Loan without this Subordination Agreement.

4. This Agreement shall be the whole and only agreement with regard to the priority and subordination of the Senior Lender Loan, the Senior Lender Documents and the RDA Grant and the Housing Authority Loan Documents, and shall supersede and cancel, but only insofar as would affect the priority among the loans and documents referred to hereinabove, any prior agreements as to such subordination including, but not limited to, those provisions, if

any, contained in any of such loans and documents which provide for the subordination of the lien or charge thereof to another loan or loans, document or documents, deed or deeds of trust or to a mortgage or mortgages.

5. Housing Authority and Senior Lender declare, agree and acknowledge that:

(a) Housing Authority consents to and approves (i) all provisions of the Senior Lender Note and Senior Lender Deed of Trust; (ii) all agreements, including but not limited to reserve agreements, loan agreements, development or escrow agreements, between Borrower and Senior Lender for the origination, disbursement and servicing of the Senior Lender Loan, which prior to or concurrently herewith have been submitted to Housing Authority. Any increase in Senior Lender Loan amount shall require the prior consent of the Housing Authority;

(b) Senior Lender consents to and approves all provisions of the Housing Authority Loan Documents described in the Recitals, above; and

(c) Housing Authority intentionally and unconditionally waives, relinquishes and subordinates the lien, charge and encumbrance of the Housing Authority Loan Documents in favor of the prior lien, charge and encumbrance of the Senior Lender Documents as set forth in Paragraph 1 above upon the Property as referred to in this Agreement in favor of the Senior Lender in the order of priority specified in this Agreement and understands that in reliance upon, and in consideration of, this waiver, relinquishment and subordination, specific loans and advances are being and will be made, and specific monetary and other obligations are being and will be entered into which would not be made or entered into but for Senior Lender's reliance upon this waiver, relinquishment and subordination.

6. Notwithstanding anything to the contrary contained in this Subordination Agreement, the Senior Lender hereby agrees as follows:

(a) Following any notice from the Senior Lender to the Borrower that a default or breach exists under the terms of the Senior Lender Documents and each of them, and prior to completion of a foreclosure sale thereunder, Senior Lender shall promptly (but in no event later than the following business day) send a copy of such notice ("Bank Notice of default") to the Housing Authority by certified or registered U.S. Mail at the address set forth in

Section 8. below, and the Housing Authority shall have the right, but not the obligation, to cure the default as follows: Housing Authority shall have ninety (90) days from receipt of the Bank Notice of Default to effect a cure prior to exercise of remedies by Senior Lender under the Senior Lender Documents, or such longer period of time as may be specified in the Senior Lender Documents, provided however, if the default is such that it is not reasonably capable of being cured within such ninety (90) days, or such longer period if so specified, and if the Housing Authority (a) initiates corrective action within said period, and (b) diligently, continually, and in good faith works to effect a cure as soon as possible, then the Housing Authority shall have such additional time as is reasonably necessary to cure the default prior to exercise of any remedies by Senior Lender;

(b) The Housing Authority shall have the right, but not the obligation, during the cure periods set forth in Section 6. (a) above to cure Borrower's default relative to the Senior Lender Loan and Senior Lender shall accept any such cure and Senior Lender agrees that Senior Lender will not cause an acceleration (or will cause a de-acceleration) of the indebtedness or other obligations of the Borrower under the Senior Lender Documents by reason of the default or breach which has been cured by the Housing Authority;

(c) After a default under the Senior Lender Deed of Trust and/or other Senior Lender Documents, but prior to a foreclosure sale or deed in lieu assignment of the Property, the Housing Authority shall have the right (for itself or any assignee of Housing Authority), but not the obligation, to take title to the Property and cure the default relative to the Senior Lender Documents, without Senior Lender exercising any right it might otherwise have to accelerate the Senior Lender Loan by reason of such title transfer; and

(d) After a default under the Senior Lender Deed of Trust and/or other Senior Lender Documents, but prior to a foreclosure sale or deed in lieu assignment of the Property, the Housing Authority shall have the right (for itself or any assignee of the Housing Authority) (but not the obligation) to purchase the Property from the Borrower and pay all amounts due and owing under the Senior Lender Documents, and Senior Lender agrees that the acquisition of title to the Property by the Housing Authority (or such assignee) shall not constitute an accelerating sale or transfer or an event of default pursuant to the Senior Lender

Documents and that upon receipt of such payment Senior Lender shall immediately terminate, release, discharge and reconvey the Senior Lender Deed of Trust and any other liens or encumbrances of Senior Lender on the Property.

7. In connection with the RDA Grant, the Former RDA and Borrower have executed and recorded in the Official Records the RDA Covenants. The RDA Covenants is not a Housing Authority Loan Document and its priority is not affected by this Agreement, and shall not be extinguished, terminated or cancelled by a foreclosure sale under the Senior Lender Loan.

8. All Notices provided for in this Agreement shall be deemed received when personally delivered, or two (2) days following mailing by certified mail, return receipt requested. All mailing shall be addressed to the respective parties at their addresses set forth below, or at such other address as each party may designate in writing:

Senior Lender: Bank of Southern California, N.A.
12265 El Camino Real, Suite 100
San Diego, CA 92130

Housing Authority: Housing Authority of the County of Riverside County
5555 Arlington Avenue, Riverside, CA 92504
Attention: John Aguilar

Borrower: Desert Empire Homes
68-990 Harrison Street
Thermal, CA 92274-9143

9. This Agreement may be executed in counterparts, each of which shall be an original and all of which shall constitute one and the same instrument. The signature pages of one or more counterpart copies may be removed from such counterpart copies and all attached to the same copy of this Agreement, which, with all attached signature pages, shall be deemed to be an original Agreement.

10. This Agreement shall be binding on and inure to the benefit of the legal representatives, heirs, successors and assigns of the parties.

11. This Agreement shall be governed by and construed in accordance with the laws of the State of California. Any legal action related to the performance or interpretation of this Agreement shall be filed only in the Superior Court of the State of California located in Riverside, California, and the parties waive any provision of law providing for a change of venue to another location. In the event any provision in this Agreement is held by a court of competent jurisdiction to be invalid, void, or unenforceable, the remaining provisions will nevertheless continue in full force without being impaired or invalidated in any way.

THE PARTIES HEREIN AGREE THAT THIS AGREEMENT IS CONTINGENT UPON THE RECORDING OF THIS AGREEMENT WITH THE COUNTY OF RIVERSIDE ASSESSOR-COUNTY CLERK-RECORDER. IF THIS AGREEMENT IS NOT RECORDED WITH THE COUNTY OF RIVERSIDE ASSESSOR-COUNTY CLERK-RECORDER WITHIN THIRTY (30) DAYS OF THE DATE THIS AGREEMENT IS MADE, THEN THIS AGREEMENT WILL BECOME NULL AND VOID IN ITS ENTIRETY WITHOUT FURTHER ACTION OF THE PARTIES.

[Remainder of Page Intentionally Blank]

[Signatures on Following Page]

IN WITNESS WHEREOF, the Housing Authority, Borrower and Senior Lender have executed this Agreement as of the dates set forth below.

“HOUSING AUTHORITY”

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: _____
Heidi Marshall,
Deputy Executive Director

Date: _____

APPROVED AS TO FORM
Gregory P. Priamos
County Counsel

By: Jhaila R. Brown
Jhaila R. Brown
Deputy County Counsel

“BORROWER”

DESERT EMPIRE HOMES, a California corporation

By: _____
Robert B. Melkesian, President

Date: _____

“SENIOR LENDER”

BANK OF SOUTHERN CALIFORNIA, N.A., a national banking association

By: _____

Name: _____

Its: _____

Date: _____

(All signatures on this page are required to be notarized)

EXHIBIT A

LEGAL DESCRIPTION

All that real property located in the City of Thermal, County of Riverside and legally described as follows:

All that certain real property situated in the County of Riverside, State of California, described as follows:

Parcel 1: (Assessor's Parcel No: 751-280-018 and 019)

That portion of the North half of Section 21, Township 7 South, Range 8 East, San Bernardino Base and Meridian, described as follows:

Commencing at the Northeast corner of said Section 21;

Thence South, along the Easterly line of the North half of said Section 1,333.65 feet to the one-sixteenth Section corner, which corner is the true point of beginning;

Thence continuing South along the Easterly line of the North half of said Section, 685.00 feet, to a point designated herein as Point "A";

Thence North 88°32'40" West 618.45 feet;

Thence South 88°59' West 395.32 feet to a point designated herein as Point "B";

Thence South 31°47' East 754.00 feet, to a point designated herein as Point "C";

Thence South 89°31'40" West 714.44 feet, to a point designated herein as Point "D";

Thence South 00°06'30" East 15.00 feet to a point designated herein as Point "E";

Thence South 89°29'30" West 1,248.00 feet, more or less, to a point on the Northeasterly line of State Highway No. 99, said point designated herein as Point "F";

Thence North 44°52'30" West 1,136.22 feet;

Thence North 48°38'30" East, along the center line of a certain storm drain channel, 802.47 feet, to the Northerly line of the South half of the North half of said Section;

Thence North 89°East, along the Northerly line of the South half of the North half of said Section 2,758.98 feet, more or less, to the true point of beginning.

Except therefrom that portion thereof conveyed to the Coachella Valley County Water District by deed recorded December 1950, as Instrument No. 2158 of Official Records.

Parcel 2:

A road easement 10.00 feet in width located in the North half of Section 21, Township 7 South, Range 8 East, San Bernardino Base and Meridian, lying Southerly and Easterly of and adjacent to the lines described in Parcel 1 which lie between Points "A" and "B", "B" and "C", "C" and "D", "D" and "E".

Assessor's Parcel No: 751-280-018-2; 751-280-019-3

CALIFORNIA ALL-PURPOSE ACKNOWLEDGEMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

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 _____
Signature of Notary Public

Place Notary Seal Above

CALIFORNIA ALL-PURPOSE ACKNOWLEDGEMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

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 _____

Signature of Notary Public

Place Notary Seal Above

CALIFORNIA ALL-PURPOSE ACKNOWLEDGEMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

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

DEED OF TRUST

(behind this page)

CLERK'S COPY

to Riverside County Clerk of the Board, Stop 1010
Post Office Box 1147, Riverside, Ca 92502-1147

3/25/2008, File No: RD4-07-004
Mountain View Estates Mobile Home Park, Oasis

Thank you. NO FEE FOR RECORDING PURSUANT
TO GOVERNMENT CODE SECTION 6103

Order No.
Escrow No.
Grant No.

DOC # 2009-0546734
10/22/2009

Customer Copy Label

The paper to which this label is
affixed has not been compared
with the recorded document

Larry W Ward

County of Riverside
Assessor, County Clerk & Recorder

RECORDING REQUESTED BY AND
WHEN RECORDED MAIL TO

Redevelopment Agency
For the County of Riverside
1325 Spruce Street, Suite 400
Riverside, CA 92507
ATTN: Monica Telles

S	R	U	PAGE	SIZE	DA	MISC	LONG	RFD	COPY
M	A	L	465	426	PCOR	NCOR	SMF	NCHG	EXAM
									81

DEED OF TRUST WITH ASSIGNMENT OF RENTS
(Fictitious Deed of Trust)

C
809

This DEED OF TRUST, made on April 8, 2008, by and
between Desert Empire Homes
("TRUSTOR" or "OWNER"), and whose address is
85400 Grapefruit Blvd. Coachella, Ca. 92236
COUNTY OF RIVERSIDE, ("TRUSTEE"), and the REDEVELOPMENT AGENCY OF THE
COUNTY OF RIVERSIDE, a public body, corporate and politic ("AGENCY" or
"BENEFICIARY"), whose address is 1325 Spruce Street, Suite 400, Riverside, CA 92507.

WITNESSETH: That TRUSTOR IRREVOCABLY GRANTS, TRANSFERS and ASSIGNS to
TRUSTEE IN TRUST, WITH POWER OF SALE, that property in Riverside County, California,
describes as:

Commencing at the Northeast corner of said Section 21;

thence South, along the Easterly line of the North half of said Section, 1,333.65 feet, to the one-
sixteenth section corner, which corner is true point of beginning;

thence, continuing South, along the Easterly line of the North half of said Section, 685.00 feet,
to a point designated herein as Point "A";

thence North 88° 32' 40" West 618.45 feet;

thence South 88° 59' West 395.32 feet to a point designated herein as Point "B";

thence South 31° 47' East 754.00 feet, to a point designated herein as Point "C";

thence South 89° 32' 40" West 704.44 feet, to a point designated herein as Point "D"

thence South 00° 06' 30" East 15.00 feet to a point designated herein as Point "E";

thence South 89° 29' 30" West 1,248.00 feet, more or less to a point on the Northeasterly line of State Highway No. 99, said point designated herein as Point "F";

thence North 44° 52' 30" West 1,136.22 feet;

thence North 48° 38' 30" East, along the center line of a certain storm drain channel, 802.47 feet, to the Northerly line of the South half of the North half of said Section;

thence North 89° 30' East, along the Northerly line of the South half of the North half of said Section 2758.98 feet, more or less, to the true point of beginning.

EXCEPT THEREFROM that portion thereof conveyed to the Coachella Valley County Water District by deed recorded December 1950, as Instrument No. 2158 Official Records.

Parcel 2:

A road easement 10.00 feet in width located in the North half of Section 21, Township 7 South, Range 8 East, San Bernardino base and meridian, lying Southerly and Easterly of and adjacent to the lines described in Parcel 1 which lie between Points "A" and "B", "B" and "C", "C" and "D", "D" and "E".

Assessor's Parcel Number: 751-280-016, 751-280-017

TOGETHER WITH the rents, issues and profits thereof, SUBJECT, HOWEVER, to the right, power and authority given to and conferred upon Beneficiary by paragraph (10) of the provisions incorporated herein by reference to collect and apply such rents, issues and profits.

For the Purpose of Securing: 1. Performance of each agreement of Trustor incorporated by reference or contained herein. 2. Payment of the indebtedness evidenced by one promissory note of even date herewith, and any extension or renewal thereof, executed by Trustor in favor of Beneficiary or order. 3. Payment of such further sums as the then record owner of said property hereafter may borrow from Beneficiary, when evidenced by another note (or notes) reciting it is so secured.

To Protect the Security of this Deed of Trust, Trustor Agrees:

By the execution and delivery of this Deed of Trust and the notes secured hereby, that provisions (1) to (14), inclusive, of the fictitious deed of trust recorded in Riverside County, and 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, 68-800 Harrison Street, Thermal, CA 92274 which provisions, are hereby adopted and incorporated herein and made a part hereof as fully as though set forth herein at length; that Trustor will observe and perform said provisions; and that the references to property, obligations, and parties set forth in this Deed of Trust.

The undersigned Trustor request that a copy of any Notice of Default and any Notice of Sale hereunder be mailed to him at his address hereinbefore set forth.

The following is a copy of provisions (1) to (14), inclusive, of the fictitious deed of trust, recorded in Riverside County in California, as stated in the foregoing Deed of Trust and

incorporated by reference in said Deed of Trust as being a part thereof as if set forth at length therein.

TO PROTECT THE SECURITY OF THIS DEED OF TRUST, TRUSTOR AGREES:

- (1) To keep said property in good condition and repair; not to remove or demolish any building thereon; to complete or restore promptly and in good and workmanlike manner any building which may be constructed, damaged or destroyed thereon and to pay when due all claims for labor performed and materials furnished therefore; to comply with all laws affecting said property on requiring any alterations or improvements to be made thereon; not to commit or permit waste thereof; not to commit, suffer or permit any act upon said property in violation of law; to cultivate, irrigate, fertilize, fumigate, prune and do all other acts which from the character or use of said property may be reasonably necessary, the specific enumerations herein not excluding the general.
- (2) To provide, maintain and deliver to Beneficiary fire insurance satisfactory to and with loss payable to Beneficiary. The amount collected under any fire or other insurance policy may be applied by Beneficiary upon any indebtedness secured hereby and in such order as Beneficiary may determine, or at option of Beneficiary the entire amount so collected or any part thereof may be released to Trustor. Such application or release shall not cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice.
- (3) Not used.
- (4) To pay: at least ten days before delinquency all taxes and assessments affecting said property, including assessments on appurtenant water stock; when due, all encumbrances, charges and liens, with interest, on said property or any part thereof, which appear to be prior or superior hereto; all costs, fees and expenses of this Trust. Should Trustor fail to make any payment or to do any act as herein provided, then Beneficiary or Trustee, but without obligation so to do and without notice to or demand upon Trustor and without releasing Trustor from any obligation hereof, may: make or do the same in such manner and to such extent as either may deem necessary to protect the security hereof, Beneficiary or Trustee being authorized to enter upon said property for such purposes; appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee; pay, purchase, contest or compromise any encumbrance, charge or lien which in the judgment of either appears to be prior or superior hereto; and, in exercising any such powers, pay necessary expenses, employ counsel and pay his reasonable fees.
- (5) To pay immediately and without demand all sums so expended by Beneficiary or Trustee, and to pay for any statement provided for by law in effect at the date hereof regarding the obligation secured hereby any amount demanded by the Beneficiary not to exceed the maximum allowed by law at the time when said statement is demanded.
- (6) That any award of damages in connection with any condemnation for public use of or injury to said property or any part thereof is hereby assigned and shall be paid to

Beneficiary who may apply or release such moneys received by him in the same manner and with the same effect as above provided for disposition of proceeds of fire or other insurance.

- (7) That by accepting payment of any sum secured hereby after its due date, Beneficiary does not waive his right either to require prompt payment when due of all other sums so secured or to declare default for failure so to pay.
- (8) That at any time or from time to time, without liability therefore and without notice, upon written request of Beneficiary and presentation of this Deed and said note for endorsement, and without affecting the personal liability of any person for payment of the indebtedness secured hereby, Trustee may: reconvey any part of said property; consent to the making of any map or plat thereof; join in granting any easement thereon; or join in any extension agreement or any agreement subordinating the lien or charge hereof.
- (9) That upon written request of Beneficiary stating that all sums secured hereby have been paid, and upon surrender of this Deed and said note to Trustee for cancellation and retention and upon payment of its fees, Trustee shall reconvey, without warranty, the property then held hereunder. The recitals in such reconveyance of any matters or facts shall be conclusive proof of the truthfulness thereof. The Grantee in such reconveyance may be described as "the person or persons legally entitled thereto." Five years after issuance of such full reconveyance, Trustee may destroy said note and this Deed (unless directed in such request to retain them).
- (10) That as additional security, Trustor hereby gives to and confers upon Beneficiary the right, power and authority, during the continuance of these Trusts, to collect the rents, issues and profits of said property, reserving unto Trustor the right, prior to any default by Trustor in payment of any indebtedness secured hereby or in performance of any agreement hereunder, to collect and retain such rents, issues and profits as they become due and payable. Upon any such default, Beneficiary may at any time without notice, either in person, by agent, or by a receiver to be appointed by a court, and without regard to the adequacy of any security for the indebtedness hereby secured, enter upon and take possession of said property or any part thereof, in his own name sue for or otherwise collect such, rents, issues, and profits, including those past due and unpaid, and apply the same, less costs and expenses of operation and collection, including reasonable attorney's fees, upon any indebtedness secured hereby, and in such order as Beneficiary may determine. The entering upon and taking possession of said property, the collection of such rents, issues and profits and the application thereof as aforesaid, shall not cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice.
- (11) That upon default by Trustor in payment of any indebtedness secured hereby or in performance of *any agreement hereunder*, Beneficiary may declare all sums secured hereby immediately due and payable by delivery to Trustee of written declaration of default and demand for sale and of written notice of default and of election to cause to be sold said property, which notice Trustee shall cause to be filed for record. Beneficiary also shall deposit with Trustee this Deed, said note and all documents evidencing

expenditures secured hereby. After the lapse of such time as may then be required by law following the recordation of said notice of default, and notice of sale having been given as then required by law, Trustee, without demand on Trustor, shall sell said property at the time and place fixed by it in said notice of sale, either as a whole or in separate parcels, and in such order as it may determine, at public auction to the highest bidder for cash of lawful money of the United States, payable at time of sale. Trustee may postpone sale of all or any portion of said property by public announcement at such time and place of sale, and from time to time thereafter may postpone such sale by public announcement at the time fixed by the proceeding postponement. Trustee shall deliver to such purchaser its deed conveying the property so sold, but without any covenant or warranty, express or implied. The recitals in such deed of any matters or facts shall be conclusive proof of the truthfulness thereof. Any person, including Trustor, Trustee, or Beneficiary as hereinafter defined, may purchase at such sale. After deducting all costs, fees and expenses of Trustee and of this Trust, including cost of evidence of title in connection with sale, Trustee shall apply the proceeds of sale to payment of: all sums expended under the terms hereof, not then repaid, with accrued interest at the amount allowed by law in effect at the date hereof; all other sums then secured hereby; and the remainder, if any, to the person or persons legally entitled thereto.

- (12) Beneficiary, or any successor in ownership of any indebtedness secured hereby, may from time to time, by instrument in writing, substitute a successor or successors to any Trustee named herein or acting hereunder, which instrument, executed by the Beneficiary and duly acknowledged and recorded in the office of the recorder of the county or counties where said property is situated, shall be conclusive proof of proper substitution of such successor Trustee or Trustees, who shall, without conveyance from the Trustee predecessor, succeed to all its title, estate, rights, powers and duties. Said instrument must contain the name of the original Trustor, Trustee and Beneficiary hereunder, the book and pages where this Deed is recorded and the name and address of the new Trustee.
- (13) That this Deed applies to, inures to the benefit of, and binds all parties hereto, their heirs, legatees, devisees, administrators, executors, successors and assigns. The term Beneficiary shall mean the owner and holder, including pledgees, of the note secured hereby, whether or not named as Beneficiary herein. In this Deed, whenever the context so requires, the masculine gender includes the feminine and/or neuter, and the singular number includes the plural.
- (14) That Trustee accepts this Trust when this Deed, duly executed and acknowledged, is made a public record as provided by law. Trustee is not obligated to notify any party hereto of pending sale under any other Deed of Trust or of any action or proceeding in which Trustor, Beneficiary or Trustee shall be a party unless brought by Trustee.

WHEN DOCUMENT IS FULLY EXECUTED RETURN

CLERK'S COPY

to Riverside County Clerk of the Board, Stop 1010

Post Office Box 1147, Riverside, Ca 92502-1147

Thank you.

3/25/2008, File No: RD4-07-004

Mountain View Estates Mobile Home Park, Oasis

IN WITNESS WHEREOF, the AGENCY and the OWNER have executed this DEED OF TRUST as of

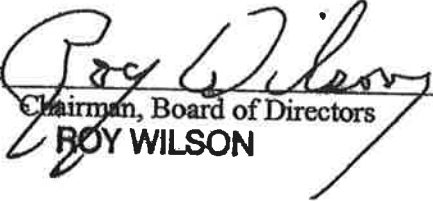
APR - 8 2008, 2008.


AGENCY:

OWNER:

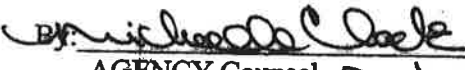
REDEVELOPMENT AGENCY
FOR THE COUNTY OF RIVERSIDE

DESERT EMPIRE HOMES,
a California corporation

By: 
Chairman, Board of Directors
ROY WILSON

By: 
Robert B. Melkesian
Chief Executive Officer

APPROVED AS TO FORM:

By:  3/27/08
AGENCY Counsel Deputy Michelle Clock

ATTEST: **NANCY ROMERO**

By: 
Clerk of the Board **DEPUTY**

(All signatures on this page need to be notarized)

CALIFORNIA ALL-PURPOSE ACKNOWLEDGEMENT

STATE OF CALIFORNIA }

COUNTY OF Riverside }

On July 8, 2009, before me, Araceli Castro, Notary Public
Date Here Insert Name and Title of the Officer

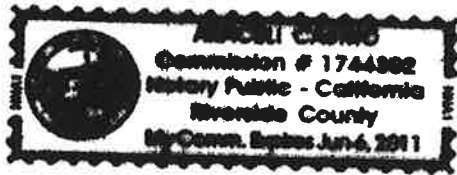
personally appeared Robert B. Melkesian
Name(s) of Signer(s)

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 Araceli Castro
Signature of Notary Public



Place Notary Seal Above