

**SUBMITTAL TO THE BOARD OF DIRECTORS OF THE
REDEVELOPMENT AGENCY
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**

673



FROM: Redevelopment Agency

SUBMITTAL DATE:
April 22, 2010

SUBJECT: First Amendment to Loan Agreement with SL-Imperial, LLC

RECOMMENDED MOTION: That the Board of Directors:

1. Approve the attached First Amendment to Loan Agreement for the use of Redevelopment Agency Funds between the Redevelopment Agency for the County of Riverside and SL-Imperial, LLC;
2. Adopt the attached Resolution No. 2010-026 delegating authority for the approval and execution of subordination agreements and covenant agreements related to the Redevelopment Agency Foreclosed Home Assistance Program;
3. Authorize the Chairman of the Board to sign the attached First Amendment; and
4. Authorize the Executive Director or his designee to take all necessary steps to implement the First Amendment including, but not limited to, signing subsequent necessary and relevant documents.

BACKGROUND: (Commences on Page 2)

Robert Field
Executive Director

FINANCIAL DATA	Current F.Y. Total Cost:	\$ 1,500,000	In Current Year Budget:	Yes
	Current F.Y. Net County Cost:	\$ 0	Budget Adjustment:	No
	Annual Net County Cost:	\$ 0	For Fiscal Year:	09/10

COMPANION ITEM ON BOARD OF SUPERVISORS AGENDA: No

SOURCE OF FUNDS: Redevelopment Low-and Moderate-Income Housing 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

MINUTES OF THE BOARD OF DIRECTORS OF THE REDEVELOPMENT AGENCY

On motion of Supervisor Buster, seconded by Supervisor Stone and duly carried by unanimous vote, IT WAS ORDERED that the above matter is approved as recommended.

Ayes: Buster, Tavaglione, Stone, Benoit and Ashley
Nays: None
Absent: None
Date: May 4, 2010
xc: RDA

Kecia Harper-Ihem
Clerk of the Board
By:
Deputy

Prev. Agn. Ref.: 4.1 of 9/1/2009

District: ALL

Agenda Number:

4.3

ATTACHMENTS FILED
WITH THE CLERK OF THE BOARD

FOR HIM APPROVED COUNTY COUNSEL
DATE 4/22/10
MICHELLE CLACK
Departmental Concurrence

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

BACKGROUND:

On September 1, 2009, the Board of Directors approved a Loan Agreement for the use of Redevelopment Agency funds with SL-Imperial, LLC (Imperial) in the amount up to \$3,000,000 for acquisition, rehabilitation and resale of approximately 16 vacant, foreclosed and bank-owned single-family homes to qualified low- and moderate-income first-time homebuyers in the Jurupa Valley community of the unincorporated area of the County of Riverside in the Second Supervisorial District.

Imperial has identified approximately 25 eligible properties and is requesting to expand its current work area outside the Jurupa Valley Redevelopment Project Area to acquire the single-family homes with the objective of rehabilitating the homes and returning them to owner occupancy.

Imperial is requesting an additional \$1,500,000 in Redevelopment Agency funds to purchase the additional properties for the activity of acquisition, rehabilitation and resale within all the unincorporated areas of the County of Riverside. Imperial is also requesting to amend the agreement and remove the requirement that assisted units must be built after 1978.

Staff recommends the amount of the loan to be increased from \$3,000,000 to \$4,500,000 for the activity of acquisition, rehabilitation and resale within all the unincorporated areas of the County of Riverside and remove the requirement that assisted units must be built after 1978. Amending the Loan Agreement will assist the Redevelopment Agency in preserving, protecting, improving and increasing the supply of affordable housing within the community.

To facilitate implementation of loans approved by the Board of Directors with individual homeowners, as well as increase program efficiency and save administrative costs, the Redevelopment Agency is requesting the Board of Directors to delegate authority to the Executive Director or designee to approve and execute the standard subordination agreements and covenant agreements subject to approval by County Counsel.

County Counsel has reviewed and approved as to form the attached First Amendment to Loan Agreement for the Use of Redevelopment Agency Funds and Resolution 2010-026 Delegating Authority for the Approval and Execution of Subordination Agreements and Covenant Agreements for the Redevelopment Agency Foreclosed Home Assistance Program. Staff recommends that the Board approve the First Amendment to Loan Agreement for the Use of Redevelopment Agency Funds and adopt Resolution 2010-026 Delegating Authority for the Approval and Execution of Subordination Agreements and Covenant Agreements for the Redevelopment Agency Foreclosed Home Assistance Program.

2 RDA RESOLUTION NO. 2010-026

3 **DELEGATING AUTHORITY FOR THE APPROVAL AND EXECUTION OF**
4 **SUBORDINATION AGREEMENTS AND COVENANT AGREEMENTS FOR THE**
5 **REDEVELOPMENT AGENCY FORECLOSED HOME ASSISTANCE PROGRAM**

6 **(All Supervisorial Districts)**

7 **WHEREAS**, the Redevelopment Agency for the County of Riverside ("Agency")
8 is a redevelopment agency duly created, established and authorized to transact
9 business and exercise its powers, all under and pursuant to the provisions of the
10 California Community Redevelopment Law which is Part 1 of Division 24 of the
11 California Health and Safety Code (commencing with Section 33000 et seq.); and

12 **WHEREAS**, the Agency's Board of Directors approved and executed loan
13 agreements between the Agency and individual homeowners for the acquisition,
14 rehabilitation and resale of single-family homes ("Loans") within the County of Riverside
15 related to the Redevelopment Agency Foreclosed Home Assistance Program
16 ("Program"); and

17 **WHEREAS**, the Loans are funded by Redevelopment Low- and Moderate-
18 Income Housing Funds and are secured by deeds of trusts; and

19 **WHEREAS**, the Loans do not exceed seventy-five thousand (\$75,000) dollars
20 per homeowner and are currently in second and/or third position to senior financing
21 loans; and

22 **WHEREAS**, the individual homeowners desire to re-finance the senior financing
23 loans and the Agency is frequently required to execute standard subordination
24 agreements subordinating the Loans to the new senior financing loans; and

25 **WHEREAS**, the Agency would remain in subordinate position to the new senior
26 financing loan and would not be lower than the current position; and

27 **WHEREAS**, the Agency would not subordinate to an amount greater than the
28 existing senior financing loan; and

WHEREAS, the Loans also require the execution of a standard covenant
agreement which requires that the homes remain affordable to low and moderate

FORM APPROVED COUNTY COUNSEL
BY: 
MICHELLE CLACK
DATE 7/22/10

1 income households for a period of not less than forty-five (45) years; and

2 **WHEREAS**, delegating authority to the Executive Director or his designee to
3 approve and execute the standard subordination agreements and covenant agreements
4 would facilitate implementation of the Loans, increase the Program's efficiency and
5 save administrative costs.

6 **NOW THEREFORE, BE IT RESOLVED, FOUND, DETERMINED, AND**
7 **ORDERED** by the Board of Directors of the Redevelopment Agency for the County of
8 Riverside, State of California, in regular session assembled on May 4, 2010, as follows:

9 1. That the Board of Directors hereby finds and declares that the above
10 recitals are true and correct.

11 2. That the Board of Directors has determined that delegating authority to the
12 Executive Director or his designee to execute standard subordination agreements and
13 covenant agreements would facilitate implementation of the Loans, increase the
14 Program's efficiency and save administrative costs.

15 3. That the Board of Directors hereby delegates to the Executive Director or
16 his designee the authority to execute subordination agreements and covenant
17 agreements provided the following are met:

18 a) The loan is related to the acquisition, rehabilitation and resale of
19 single-family homes for the Redevelopment Agency Foreclosed
20 Home Assistance Program.

21 b) The loan amount being subordinated does not exceed \$75,000 per
22 homebuyer.

23 c) The subordination agreement has been approved by Agency
24 Counsel.

25 d) The subordination agreement does not put the Redevelopment
26 Agency for the County of Riverside in a position less than the
27 current existing position authorized by the Board of Directors.

28 e) The re-financed senior loan is not greater than the previously

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existing senior loan.

- f) The covenant agreement his related to the acquisition, rehabilitation and resale of single-family homes for the Redevelopment Agency Foreclosed Home Assistance Program.
- g) The covenant agreement has been approved by the Agency Counsel.

ROLL CALL:

Ayes: Buster, Tavaglione, Stone, Benoit, and Ashley
Nays: None
Absent: None

The foregoing is certified to be a true copy of a resolution duly adopted by said Board of Supervisors on the date therein set forth.

KECIA HARPER-IHEM, Clerk of said Board

By: _____
Deputy

CLERK'S COPY

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

4/22/10, File No: RDA2-09-001-12345
SL-IMPERIAL

1 NO FEE FOR RECORDING PURSUANT
2 TO GOVERNMENT CODE 6103
3 RECORDING REQUESTED BY AND
4 WHEN RECORDED MAIL TO:
5 Redevelopment Agency for the
6 County of Riverside
3403 10th Street, Suite 500
Riverside, CA 92501
Attn: Mervyn Manalo

SPACE ABOVE THIS LINE FOR RECORDERS USE

**FIRST AMENDMENT TO LOAN AGREEMENT FOR THE USE OF
REDEVELOPMENT AGENCY FUNDS**

This First Amendment to Loan Agreement for the Use of Redevelopment Agency Funds ("First Amendment") is made and entered into as of the ____ day of _____, 2010, by and between the REDEVELOPMENT AGENCY FOR THE COUNTY OF RIVERSIDE, a public body, corporate and politic ("AGENCY") and SL-IMPERIAL, LLC, a California Limited Liability Company ("IMPERIAL").

WITNESSETH:

WHEREAS, AGENCY and IMPERIAL entered into Loan Agreement for the Use of Redevelopment Agency Funds ("AGENCY Loan") on September 1, 2009; and

WHEREAS, under the terms and conditions of the AGENCY Loan, AGENCY agreed to lend up to Three Million Dollars (\$3,000,0000) of AGENCY funds to IMPERIAL for acquisition, rehabilitation and resale of approximately sixteen (16) vacant, foreclosed and bank-owned single-family homes to qualified low- and moderate-income first-time homebuyers; and

WHEREAS, IMPERIAL has identified approximately twenty-five (25) eligible properties and is requesting to expand its current work area outside the Jurupa Valley community to acquire the single-family homes with the objective of rehabilitating the homes and returning them to owner occupancy; and

WHEREAS, IMPERIAL is requesting an additional \$1,500,000 in AGENCY funds to purchase the additional properties for the activity of acquisition, rehabilitation and resale within all the unincorporated areas of the County of Riverside; and

MAY 04 2010 4:3

1 WHEREAS, pursuant to Exhibit "A" of the AGENCY Loan, eligible properties or
2 assisted units must be built after 1978; and

3 WHEREAS, IMPERIAL has requested to amend the AGENCY Loan and remove the
4 requirement that assisted units must be built after 1978; and

5 WHEREAS, AGENCY will amend and increase the AGENCY Loan from Three
6 Million Dollars (\$3,000,000) to Four Million Five Hundred Thousand Dollars (\$4,500,000);
7 and

8 WHEREAS, amending the AGENCY Loan will assist the AGENCY in preserving,
9 protecting, improving and increasing the supply of affordable housing within the community.

10 NOW, THEREFORE, in consideration of the foregoing, and the promises and mutual
11 covenants and conditions hereinafter set forth, AGENCY and IMPERIAL do hereby agree as
12 follows:

- 13 1. The amount of the AGENCY Loan shall be modified and increased from \$3,000,000 to
14 \$4,500,000.
- 15 2. Exhibit "A" of the AGENCY Loan is hereby replaced with the revised Exhibit "A" of
16 this First Amendment, which is attached hereto and by this reference incorporated
17 herein.
- 18 3. This First Amendment and AGENCY Loan set forth and contains the entire
19 understanding and agreement of the parties hereto. There are no oral or written
20 representations, understandings, or ancillary covenants, undertakings or agreements,
21 which are not contained or expressly referred to within this First Amendment and
22 AGENCY Loan.
- 23 4. Each of the attachments and exhibits attached hereto are incorporated herein by this
24 reference.
- 25 5. All other terms and conditions of the AGENCY Loan remain unmodified and in full
26 force and effect.
- 27 6. This First Amendment may be signed by the different parties hereto in counterparts,
28 each of which shall be an original but all of which together shall constitute one and the

1 same agreement.

2 7. The effective date of this First Amendment is the date the parties execute the First
3 Amendment. If the parties execute the First Amendment on more than one date, then the
4 last date the First Amendment is executed by a party shall be the effective date.

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6 (END OF AGREEMENT)

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1 IN WITNESS WHEREOF, the AGENCY and IMPERIAL have executed this First
2 Amendment as of the date first above written.

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4 AGENCY:

IMPERIAL:

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6 REDEVELOPMENT AGENCY FOR
7 THE COUNTY OF RIVERSIDE

SL-IMPERIAL, LLC
a California Limited Liability Company

8
9 By: Marion Ashley By: _____
10 MARION ASHLEY STEVEN LEVENSON
11 Chairman, Board of Directors Member

12 APPROVED AS TO FORM:

13 PAMELA J. WALLS
14 Agency Counsel

15
16 Michelle Clack 4/22/10
17 Deputy, Michelle Clack

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

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.

22 By: Kecia Harper-Ihem
23 Deputy

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26 (Signatures need to be notarized)
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STATE OF CALIFORNIA

COUNTY OF RIVERSIDE

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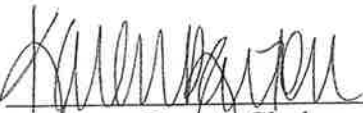
On May 4, 2010, before me, Karen Barton, Board Assistant, personally appeared Marion Ashley, Chairman of the Redevelopment Agency Board of Directors, who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument; and that a copy of this paper, document or instrument has been delivered to the chairperson.

I certify under the 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

Kecia Harper-Ihem
Clerk of the Board of Supervisors

By:



Deputy Clerk

(SEAL)

CALIFORNIA ALL-PURPOSE ACKNOWLEDGEMENT

STATE OF CALIFORNIA }

COUNTY OF _____ }

On _____, before me, _____
Date Here Insert Name and Title of the Officer

personally appeared _____
Name(s) of Signer(s)

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity (ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____

Place Notary Seal Above

Signature of Notary Public

CALIFORNIA ALL-PURPOSE ACKNOWLEDGEMENT

STATE OF CALIFORNIA }

COUNTY OF _____ }

On _____, before me, _____
Date Here Insert Name and Title of the Officer

personally appeared _____
Name(s) of Signer(s)

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity (ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____

Place Notary Seal Above

Signature of Notary Public

Exhibit A

RECIPIENT: SL-IMPERIAL, LLC (“IMPERIAL”)
Address: 2082 Michelson Drive, Suite 100, Irvine, CA 92612
Project Title: Acquisition, Rehabilitation and Resale of Foreclosed or Abandoned Single Family Homes
Location: Unincorporated areas of the County of Riverside
Funding Source: Redevelopment Low and Moderate Income Housing Funds (“AGENCY Funds”)

Project Description:

The Redevelopment Agency for the AGENCY of Riverside (“AGENCY”) will provide up to \$4,500,000.00 in AGENCY Funds for acquisition, rehabilitation and resale of approximately Twenty-five (25) vacant, foreclosed and bank-owned single-family homes to qualified low- and moderate-income first-time homebuyers within all the unincorporated areas of the County of Riverside.

AGENCY Assisted Units will be sold to qualified low- and moderate-income first-time homebuyers whose incomes do not exceed 120% of the area median income for the County of Riverside. Qualified homebuyers must not have owned a home within the past 3 years and are required to attend an eight (8) hour home buyer counseling session provided by homebuyer counseling agency approved by AGENCY.

IMPERIAL will utilize AGENCY Funds for acquisition, rehabilitation and disposal costs of properties for the Project. AGENCY Assisted Units shall be affordable for a period of at least 45 years from the transfer of title to qualified first-time homebuyers.

Eligible Properties (“Assisted Units”)

Any single-family home, condominium or town home that meets all of the following minimum criteria:

1. The home must be foreclosed or abandoned and bank-owned or real estate owned.
2. The home must be currently vacant for a period of at least 90 days prior to the Initial Notice and Offer form (Exhibit D).
3. The home must be permanently fixed to a permanent foundation.
4. The home must not be listed on, or eligible for listing on, the National Register of Historic Places.
5. The home must be assessed in accordance with the provisions of the California Environmental Quality Act (CEQA).
6. Single-Family homes with in-ground pools or spas are eligible for acquisition.

Resale Price Limitation

The Selling Price of each Assisted Unit shall not exceed the fair market value of each AGENCY Assisted Unit and must be affordable to a low or moderate income household.

Appraisals

1. All foreclosed homes participating in this program must be acquired directly from the foreclosing entity and the purchase price must meet or exceed the minimum one percent (1%) discount below the **Current Market Appraised Value (CMAV)**. At AGENCY’s discretion, AGENCY may modify the percentage discount requirement below the CMAV. The cost of each appraisal shall be at the sole cost and expense of IMPERIAL, except if subject property is not purchased for any reason other than IMPERIAL default.
2. Initial Notice and Offer. Upon receipt of a completed and signed Initial Notice and Offer form for each property in consideration, as provided in **Exhibit D**, AGENCY will conduct an appraisal of the property through an independent fee contract appraiser (“Appraiser”). The Appraiser contracted by AGENCY will be State licensed or certified

in accordance with Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA). The initial purchase price, identified in the Initial Notice and Offer form, will be considered as the Initial Offer. Bulk purchases must identify purchase prices for each property.

3. Final Notice and Offer. The final purchase price must be at least one percent (1%) below the CMAV. Properties may be purchased in bulk, but the minimum one percent (1%) discount applies to each property, and not an overall discount.

- a) If the Initial Offer does meet or exceed the minimum one percent (1%) discount, then the Seller and RECIPIENT (“Buyer”) will be required to submit a Final Notice and Offer form, as provided in **Exhibit D**, and the Initial Offer will be considered as the Final Offer. The Final Notice and Offer form must be received and dated within sixty (60) days of the completed AGENCY appraisal report. Failure to submit this in a timely manner will result in denial of the property.
- b) If the Initial Offer does not meet the minimum one percent (1%) discount below CMAV, then the Buyer will be required to re-negotiate to meet the minimum one percent (1%) discount. If the Seller and Buyer could not reach an amicable agreement for the purchase price of the property, then the property by the Buyer will be denied and the cost of the appraisal will be paid for by AGENCY.

Estimated Project Sources and Uses of Fund:

Sources:

AGENCY Loan 12 months @ 0%	\$ 4,500,000.00
Total Sources	\$ 4,500,000.00

Estimated Uses:

Acquisition	\$ 2,800,000.00
Appraisals	\$ 12,500.00
Rehabilitation Costs	\$ 500,000.00
Off-Site Work	\$ -
Building Permits	\$ 12,500.00
Title/Recording/Other Closing Costs (2.5%)	\$ 118,750.00
Interim Maintenance	\$ 12,500.00
Insurance	\$ 35,000.00
Marketing	\$ 12,500.00
Property Taxes	\$ 33,600.00
Broker Fee (6% of sales price)	\$ 285,000.00
Contingency	\$ 195,507.14
	\$ 4,017,857.14
Developer Fee	\$ 482,142.86
	\$ 4,500,000.00
Total Estimated Uses	\$ 4,500,000.00

Assumptions:

Avg Purchase Price/home	\$ 140,000.00
20% Discount	\$ 112,000.00
Est. number of homes	25
Appraisal Cost/home	\$ 500.00
Avg Rehab cost/home	\$ 20,000.00
Permits/home	\$ 500.00
Closing Costs	0.025
Interim Maintenance /home	\$ 500.00
Insurance/home	\$ 1,400.00
Marketing/home	\$ 500.00
Property Taxes (1.2% for 12 mos)	0.012
Estimated Sales Price	\$ 190,000.00
Contingency	\$ 0.05

IMPLEMENTATION SCHEDULE

Milestone	Completion Date
1. AGENCY Loan Agreement executed	1 September 2009
2. Acquisition of Assisted Units completed	31 May 2010
3. Rehabilitation Plan and revised budget	30 June 2010
4. Marketing Plan Status and Outreach	30 June 2010
5. Rehabilitation of Assisted Units completed	30 September 2010
6. Transfer of title to Qualified Homebuyer	30 November 2010
7. Submission of Closing Documents	15 December 2010

DOCUMENT SUBMISSION SCHEDULE

Documents	Due Date
1. AGENCY Activities Reporting and Project Photos	Monthly, due by the 15 th of each month
2. Liability and Certificate of Workers' Compensation Insurance for RECIPIENT and General Contractor	RECIPIENT – At the execution of this Agreement. GC – Before start of construction. Copies of Certificates must be filed and up-to-date throughout the course of the Project with the AGENCY additionally insured.
3. Notice of Completion	End of Construction
4. Certificate of Occupancy	End of Construction
5. Conditional/Unconditional Release for Final from GC, and if applicable, Sub-contractors	Close of Rehabilitation
6. Rehabilitation Completion Report	Close of Rehabilitation
7. Final Development Cost - Sources and Uses	Close of Rehabilitation
8. Qualified Homebuyer Selection Policy	Marketing Stage
9. Flyers, Community Contacts, Outreach, Press Releases, Grand Opening info	Marketing Stage
10. Updated Preliminary Title Report showing Transfer of title to Qualified Homebuyer	Close of Escrow

