

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

607



**FROM:** Economic Development Agency

**SUBMITTAL DATE:**  
May 5, 2011

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

**RECOMMENDED MOTION:** That the Board of Supervisors:

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

**BACKGROUND:** (Commences on page 2)

Robert Field  
Assistant County Executive Officer/EDA

<b>FINANCIAL DATA</b>	Current F.Y. Total Cost:	\$ 0	In Current Year Budget:	Yes
	Current F.Y. Net County Cost:	\$ 0	Budget Adjustment:	No
	Annual Net County Cost:	\$ 0	For Fiscal Year:	2010/11

**COMPANION ITEM ON BOARD OF DIRECTORS AGENDA:** No

<b>SOURCE OF FUNDS:</b> HOME Investment Partnerships Act Grant Funds	<b>Positions To Be Deleted Per A-30</b>	<input type="checkbox"/>
	<b>Requires 4/5 Vote</b>	<input type="checkbox"/>

**C.E.O. RECOMMENDATION:** APPROVE  
BY: Jennifer L. Sargent

**County Executive Office Signature**

**MINUTES OF THE BOARD OF SUPERVISORS**

On motion of Supervisor Buster, seconded by Supervisor Tavaglione 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 17, 2011  
xc: EDA

Kecia Harper-Ihem  
Clerk of the Board  
By: Deputy

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

District: 5

Agenda Number: **3.9**

FORM APPROVED COUNTY COUNSEL  
 BY: ANITA C. WILLIS  
 DATE: 5/2/11  
 Original Circumstances

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

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

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

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

**FINANCIAL DATA:**

Not applicable.