

412



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

FROM: Economic Development Agency

SUBMITTAL DATE:

April 5, 2012

SUBJECT: Third Amendment to Loan Agreement for the Use of Neighborhood Stabilization Program-1 Funds with Coachella Valley Housing Coalition

RECOMMENDED MOTION: That the Board of Supervisors:

1. Approve the Third Amendment to Loan Agreement for the Use of Neighborhood Stabilization Program (NSP-1) Funds between the County of Riverside and Coachella Valley Housing Coalition (Third Amendment);
2. Authorize the Chairman of the Board of Supervisors to execute the attached Third Amendment; and
3. Authorize the Assistant County Executive Officer/EDA, or designee, to take all necessary steps to implement the Third Amendment including, but not limited to, signing subsequent necessary and relevant documents.

BACKGROUND: (Commences on Page 2)

Robert Field
Assistant County Executive Officer/EDA

FINANCIAL DATA	Current F.Y. Total Cost:	\$ 83,000	In Current Year Budget:	Yes
	Current F.Y. Net County Cost:	\$ 0	Budget Adjustment:	No
	Annual Net County Cost:	\$ 0	For Fiscal Year:	2011/12

COMPANION ITEM ON BOARD OF DIRECTORS AGENDA: No

SOURCE OF FUNDS: Neighborhood Stabilization Program-1 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 SUPERVISORS

On motion of Supervisor Tavaglione, 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: April 17, 2012
 xc: EDA, Auditor

Kecia Harper-Ihem
 Clerk of the Board
 By:
 Deputy

Prev. Agn. Ref.: 3.17-11/2/10; 3.43-5/4/2010; 3.21-6/16/2009 **District:** 4/4

Agenda Number:

3.6

ATTACHMENTS FILED
WITH THE CLERK OF THE BOARD

FISCAL PROCEDURES APPROVED
 PAUL ANGULO, CPA AUDITOR-CONTROLLER
 BY: 4/4/12
 SAMUEL WONG
 Departmental Concurrence
 DATE: 7/13/12
 FORM APPROVED COUNTY COUNSEL
 BY: ANNIET T. SAHAR

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

BACKGROUND:

On June 16, 2009, the Board of Supervisors approved a loan agreement for the use of NSP-1 funds with Coachella Valley Housing Coalition (CVHC), a non-profit corporation, in an amount up to \$2,500,000 to finance the acquisition and rehabilitation of approximately 20 vacant, foreclosed, and bank-owned single-family properties and resale homes to qualified low-, moderate-, and middle-income (LMMI) first-time homebuyers in the County of Riverside inside designated NSP Target Areas, as defined in the County of Riverside Substantial Amendment to the 2008-2009 One-Year Action Plan.

The Board of Supervisors approved a first amendment to the loan agreement on May 4, 2010. The first amendment to the loan agreement called for an additional \$111,665 in NSP funds to finance acquisition and rehabilitation of an additional property. Subsequent to that, the Board of Supervisors approved a second amendment to the loan agreement on November 2, 2010, for an additional \$32,600 in NSP funds to cover unforeseen repairs on two of the homes.

CVHC has acquired 17 single-family properties; of those 17 homes 12 of the homes have been sold to eligible buyers, 4 homes are in escrow, and 3 potential buyers have been identified for the last home. The term of the agreement has since expired as of December 31, 2011; CVHC has requested a 6 month extension of the loan agreement to fulfill its obligation under the loan agreement to sell all 17 homes. In addition, CVHC is requesting an additional \$83,000 in NSP-1 funds to cover unforeseen holding costs for 7 unsold homes between December 2011 and July 31, 2012. Holding costs include unexpected repairs due to vandalism, ongoing landscaping maintenance costs, marketing costs, and installation and monitoring fees of security alarms for the extended period of time.

Staff recommends extending the term of loan agreement to July 31, 2012, and to increase the amount of the NSP-1 loan agreement from \$2,644,265 to \$2,727,265. Amending the NSP-1 loan agreement will assist the County in fulfilling its requirements under the Neighborhood Stabilization Program-1.

County Counsel has reviewed and approved as to form the attached Third Amendment to loan agreement for the use of Neighborhood Stabilization Program-1 Funds. Staff recommends that the Board approve the Third Amendment to loan agreement for the Use of Neighborhood Stabilization Program-1 Funds.

FINANCIAL DATA:

All the costs related to this project will be fully funded with NSP-1 funds.

Attachments:

Third Amendment to Loan Agreement

**THIRD AMENDMENT TO LOAN AGREEMENT FOR THE USE OF
NEIGHBORHOOD STABILIZATION PROGRAM (NSP) FUNDS**

This Third Amendment to Loan Agreement for the Use of Neighborhood Stabilization Program Funds ("Third Amendment") is made and entered into as of the 17 day of April, 2012, by and between the COUNTY OF RIVERSIDE ("COUNTY"), a political subdivision of the State of California and COACHELLA VALLEY HOUSING COALITION ("CVHC"), a California non-profit corporation.

WITNESSETH:

WHEREAS, COUNTY and CVHC entered into a Loan Agreement for the Use of Neighborhood Stabilization Program Funds ("NSP Loan Agreement") on June 16, 2009;

WHEREAS, pursuant to the NSP Loan Agreement, COUNTY agreed to lend up to Two Million Five Hundred Thousand Dollars (\$2,500,000) in NSP funds (the "NSP Loan") to CVHC for individual financing to acquire and rehabilitate approximately twenty (20) vacant, foreclosed and bank-owned single-family properties ("Properties") and resale homes to qualified low-, moderate-, and middle-income (LMMI) first-time homebuyers in the County of Riverside;

WHEREAS, on May 4, 2010, COUNTY agreed to amend the NSP Loan ("First Amendment") and increase the principal amount of the NSP Loan by One Hundred Eleven Thousand Six Hundred Sixty Five Dollars (\$111,665);

WHEREAS, on November 2, 2010, COUNTY agreed to amend the NSP Loan ("Second Amendment") and increase the principal amount of the NSP Loan by Thirty Two Thousand Six Hundred Dollars (\$32,600);

WHEREAS, CVHC has acquired seventeen (17) single-family properties and obligated approximately \$2,644,265 (100% of the NSP Loan) through recorded deeds of trust for the Project;

WHEREAS, the term of NSP Loan Agreement expired December 31, 2011;

WHEREAS, CVHC is requesting a 6 month extension to the NSP Loan Agreement;

WHEREAS, CVHC has requested for an additional \$83,000 in NSP funds to cover

1 extended holding costs of Properties;

2 WHEREAS, COUNTY will amend the NSP Loan Agreement to modify the term of the
3 NSP Loan Agreement and increase the NSP Loan from Two Million Six Hundred Forty Four
4 Thousand Two Hundred Sixty Five Dollars (\$2,644,265) to Two Million Seven Hundred
5 Twenty Seven Thousand Two Hundred Sixty Five Dollars (\$2,727,265); and

6 WHEREAS, amending the NSP Loan Agreement will assist the COUNTY in fulfilling
7 its requirements under the Neighborhood Stabilization Program.

8 NOW, THEREFORE, in consideration of the foregoing, and the promises and mutual
9 covenants and conditions hereinafter set forth, COUNTY and CVHC do hereby agree as
10 follows:

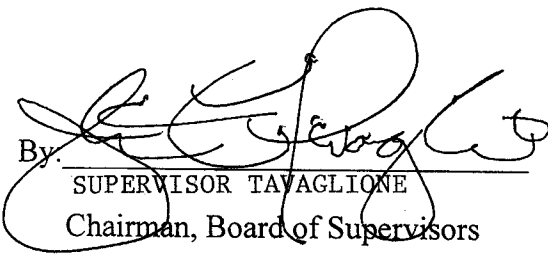
- 11 1. The term of the NSP Loan Agreement is extended for 6 months and expires June
12 30, 2012.
- 13 2. The amount of the NSP Loan shall be modified and increased from \$2,644,265 to
14 \$2,727,265 in NSP funds.
- 15 3. All other terms and conditions of the NSP Loan Agreement shall remain
16 unmodified and in full force and effect.
- 17 4. This Third Amendment may be signed by the different parties hereto in
18 counterparts, each of which shall be an original, but all of which together shall
19 constitute one and the same agreement.
- 20 5. The effective date of this Third Amendment is the date the parties execute this
21 Third Amendment. If the parties execute the Third Amendment on more than one
22 date, then the last date the Third Amendment is executed by a party shall be the
23 Effective Date.
- 24 6. The Third Amendment is not binding until approved by the Board of Supervisors.

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1 IN WITNESS WHEREOF, the parties hereto have executed this Third Amendment as of
2 the date first written above.

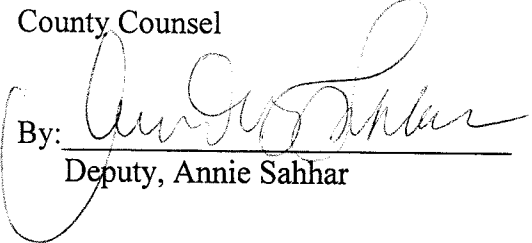
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5 COUNTY:
6 COUNTY OF RIVERSIDE

CVHC:
7 COACHELLA VALLEY
8 HOUSING COALITION

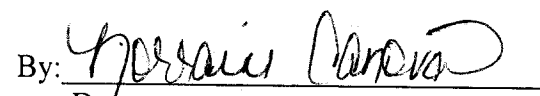
9 By: 
10 SUPERVISOR TAVAGLIONE
11 Chairman, Board of Supervisors

By: 
12 JOHN F. MEALEY, CFO
13 Executive Director

14 APPROVED AS TO FORM:
15 PAMELA J. WALLS
16 County Counsel

17 By: 
18 Deputy, Annie Sahhar

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

22 By: 
23 Deputy