

THE INFORMATION IN THIS BOX IS NOT A PART OF THE CONTRACT AND IS FOR COUNTY USE ONLY



Contract Number  
99-1165 A2

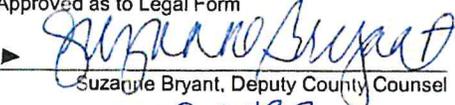
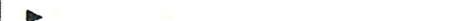
SAP Number

### Community Development and Housing Department

<b>Department Contract Representative</b>	<u>Diana Atkeson</u>
<b>Telephone Number</b>	<u>909-382-3983</u>
<b>Contractor</b>	<u>Southern California Housing Development of The Inland Empire</u>
<b>Contractor Representative</b>	<u>Jason Neal</u>
<b>Telephone Number</b>	<u>909-204-3491</u>
<b>Contract Term</b>	<u>1/24/2023 – 1/1/2056</u>
<b>Original Contract Amount</b>	<u>\$1,000,000</u>
<b>Amendment Amount</b>	<u>\$0.00</u>
<b>Total Contract Amount</b>	<u>\$1,000,000</u>
<b>Cost Center</b>	<u>N/A</u>

**Briefly describe the general nature of the contract:** *Southern California Housing Development of The Inland Empire will be refinancing The Crossings located in the City of Rialto at 177 West South Street. Amendment No. 2 to HOME Investment Partnership Agreement No. 99-1165 clarifies the Annual Operating Expenses and Residual Receipts definitions, outline repayment terms and incorporates a schedule for repairing the capital improvements needed.*

**FOR COUNTY USE ONLY**

Approved as to Legal Form	Reviewed for Contract Compliance	Reviewed/Approved by Department
 Suzanne Bryant, Deputy County Counsel		
Date <u>1/19/2023</u>	Date _____	Date _____

**AMENDMENT NO. 2 TO THE  
HOME INVESTMENT PARTNERSHIP AGREEMENT**

by and between

**SAN BERNARDINO COUNTY**

and

**THE SOUTHERN CALIFORNIA HOUSING DEVELOPMENT OF THE INLAND  
EMPIRE, Managing General Partner for RIALTO HOUSING PARTNERS, L.P., a  
California Limited Partnership**

for

“THE CROSSINGS” Affordable Housing – Rialto, CA

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THIS AMENDMENT NO. 2 TO THE HOME INVESTMENT PARTNERSHIP AGREEMENT (this “Amendment”) is entered into by and between San Bernardino County, formerly known as the County of San Bernardino (“County”), and Southern California Housing Development Corporation of the Inland Empire (“Borrower”) and is dated as of January 24, 2023. This Amendment shall amend the previously executed HOME Investment Partnership Agreement (the “HOME Agreement”) dated December 14, 1999. The Borrower is the Managing General Partner of Rialto Housing Partners, L.P., a California Limited Partnership which is the Designated Owner of the property located at 177 West South Street, Rialto, CA 92376 (the “Property”).

RECITALS

- A. The County has disbursed HOME funds pursuant to the HOME Agreement in an amount equal to \$1,000,000 (sometimes referred to herein as the “County Loan”) for the development of the Property identified in the HOME Agreement for the 100-unit multifamily rental complex known as “The Crossings.” The HOME funds are used to make five two-bedroom units and six three-bedroom units affordable and available to residents earning fifty percent (50%) or less of the area median income (“AMI”) for a period of fifty-five years from initial occupancy (through 2056). The County Loan was evidenced by the HOME Agreement and the Promissory Note and is secured by the Deed of Trust.
- B. The Borrower has proposed a \$2,255,000.00 bridge loan from National Community Renaissance of California with a 5-year term to refinance the senior debt encumbering the Property.
- C. The parties intend by this Amendment to amend certain terms of the HOME Agreement and to provide assurances for the continued compliance by the Borrower with the terms of the HOME Agreement, as modified by this Amendment.
- D. The parties intend that this Amendment shall be recorded.

- E. The County has determined by the approval and execution of this Amendment that the County consents to the Borrower's \$2,255,000.00 interest only bridge loan from National Community Renaissance of California subject to the amended terms and provisions of the HOME Agreement as modified by this Amendment.

**NOW THEREFORE, IN CONSIDERATION OF THE MUTUAL PROMISES AS CONTAINED HEREIN, THE COUNTY AND THE BORROWER HEREBY AGREE AS FOLLOWS:**

**Section 1. Amend Section 101.26:** The definition of "Operating Expenses" is deleted and replaced with:

"Annual Operating Expenses" shall mean the following costs reasonably and actually incurred for operation and maintenance of the Property in a particular calendar year to the extent that they are consistent with an annual independent audit performed by a certified public accountant using generally accepted accounting principles:

- (i) Property taxes and assessments imposed on the Property;
- (ii) Debt service currently due on a non-optional basis (excluding debt service due from residual receipts or surplus cash of the Property) on loans, including without limitation the Primary Loan, associated with the development of the Property and approved by the County;
- (iii) Property management fees and reimbursements, pursuant to a management contract approved by the County, not to exceed \$65 per unit per month with an annual escalation equal to the lesser of: (a) three percent (3%) or (b) the annual increase in rents as determined by the United States Department of Housing and Urban Development (HUD);
- (iv) Premiums for property damage and liability insurance;
- (v) Any annual license or certificates of occupancy fees required for operation of the Property;
- (vi) Security services;
- (vii) Advertising and marketing costs;
- (viii) Cash deposited into reserves for capital replacements of the Property in an amount to be approved by the County, as the same may increase during the Term with the approval of the County (but no greater than \$500 per month per unit);
- (ix) Cash deposited into an operating reserve in an amount to be approved by the County annually;
- (x) Partnership Related Fees, including any partnership management and/or asset management fees, not to exceed \$35,000 per year and escalated annually at the lesser of (a) three percent (3%) or (b) the prior Year Consumer Price Index for Urban Wage Earners and Clerical Workers for the Los Angeles-Riverside-Orange County area (CPI) and approved by the County as part of the annual operating budget. In the event insufficient annual project revenues exist to provide payment of all or part of the Partnership Related Fees, no interest shall accrue on the

unpaid portions, but the unpaid balance will be added to the Partnership Related Fees due in the following year;

- (xi) Utility services not paid for directly by tenants, including without limitation, water, sewer, and trash collection;
- (xii) Maintenance and repair, including pest control, landscaping, grounds maintenance, painting and decorating, cleaning, common systems repair, janitorial supplies and services;
- (xiii) Social services fees and expenses;
- (xiv) Annual audit fees, inspection fees, or monitoring fees paid to third parties;
- (xv) Extraordinary operating costs specifically approved by the County in its reasonable discretion;
- (xvi) Payments of deductibles in connection with casualty insurance claims not normally paid from reserves, the amount of uninsured losses actually replaced, repaired or restored, and not normally paid from reserves;
- (xvii) Reasonable accounting fees and legal fees; and,
- (xviii) Other ordinary and reasonable operating expenses approved by the County in its reasonable discretion and not listed above.
- (xix) Annual Operating Expenses shall exclude the following: depreciation, amortization, depletion or other non-cash expenses or, any amount expended from a reserve account.”

**Section 2. Amend Section 101.34:** The definition of “Residual Receipts” is deleted and replaced with: “Residual Receipts’ shall mean, in a particular calendar year, the amount by which Gross Revenue exceeds Annual Operating Expenses. All calculations of Residual Receipts shall be subject to verification and approval by the County.”

**Section 3. Add Section 101.38:** The definition of “Gross Revenue” is added as Section 101.38 as follows:

“Gross Revenue with respect to a particular calendar year, shall mean all revenue, income, receipts, and other consideration actually received from operation and leasing of the Property, including but not limited to:

- (i) all rents, fees and charges paid by tenants, payments or other rental subsidy payments received for the dwelling units, deposits forfeited by tenants, all cancellation fees, price index adjustments and any other rental adjustments to leases or rental agreements resulting in actual income;
- (ii) The proceeds of business interruption or similar insurance;
- (iii) Any payment received in consideration for the leasing or other use of any portion of the Property;
- (iv) Subject to the rights of Senior Lenders, the proceeds of casualty insurance to the extent not utilized to repair or rebuild the Property (or applied toward the cost of recovering such proceeds);
- (v) Subject to the rights of Senior Lenders, condemnation awards for a taking of part or all of the Property for a temporary period; and,

- (vi) Gross Revenue shall exclude tenants' security deposits, loan proceeds, capital contributions or other similar advances.”

**Section 4. Amend Section 204:** Section 204 is deleted and replaced with:

“**204. Interest.** The County Loan shall bear interest at a rate of three percent (3%) simple interest as defined in the Note except that upon the occurrence of an Event of Default by Designated Owner as defined in Section 501. In the Event of Default, interest shall accrue on the unpaid principal balance of the Note at the rate of twelve percent (12%) per annum compounded annually from the date default as determined by the County until the Note is paid in full; provided, however, that if such rate of interest may not be collected under applicable law, interest shall accrue on the unpaid principal balance of the Note at the highest rate permitted under the laws of the State of California.”

**Section 5. Amend Section 205:** Section 205 is deleted and replaced with:

“**205. Repayment.** The Borrower or the Designated Owner shall submit annually to the County the Annual Financial Statement for The Crossings for the preceding year, not later than ninety (90) days after the end of the first calendar year (or partial year) covering the operation of the Project, and annually thereafter on the same day and month. The Borrower shall make repayments of the County Loan in the amount of fifty percent (50%) of the Residual Receipts for such prior year (the County’s “Share”) on July 1 of each year. The amount will be determined after a review of the Annual Financial Statements. Payment of the County’s Share of the Residual Receipts shall be credited first against unpaid accrued interest generated, and then against outstanding principal.

Notwithstanding the foregoing, the balance due under the Note shall be immediately due and payable at the election of the County upon the earlier of (i) the sale, lease, exchange, assignment or other conveyance (whether voluntary or by operation of law) of all or any part of the Property or any interest in the Property (other than the lease of Affordable Units to Very Low-Income and Low-Income tenants pursuant to the terms of this Agreement; (ii) the refinancing of the County Loan; or (iii) an Event of Default by the Borrower or the Designated Owner as defined in Section 501 hereinbelow. The note shall automatically be due and payable upon sale or transfer of the Property.

The unpaid balance of the loan and any interest shall be due and payable on January 1, 2056.

**Section 6. Add Section 309:** Section 309 is added as follows:

“**309. Capital Improvements.** Borrower shall repair and remediate all deficiencies identified in the Property Inspection Report of the Project of the inspection conducted on July 7, 2022 no later than January 31, 2024. The Property Inspection Report is on file with the County’s Community Development and Housing Department.”

**Section 7. Add Section 502.5:** Section 502.5 is added as follows:

5. **Foreclosure Standstill.** In the event of the potential foreclosure of the Property, County agrees to negotiate with Borrower for a period of sixty (60) days in order to allow Borrower to restructure its liabilities.

**Section 8. Amend Section 602:** Section 602 is deleted and replaced with:

“602. **Notices.** Any notice requirement set forth herein shall be deemed to be satisfied three (3) days after mailing of the notice first-class United States Certified Mail, postage prepaid, addressed to the appropriate party as follows:

**Borrower:** Southern California Housing Development Corporation of the Inland Empire  
Managing General Partner, and on behalf of Rialto Housing Partners, L.P  
9421 Haven Avenue  
Rancho Cucamonga, CA 91730  
ATTN: Executive Director

**Designated Owner:** Rialto Housing Partners, L.P., a California Limited Partnership  
9421 Haven Avenue  
Rancho Cucamonga, CA 91730

**County:** Community Development and Housing Department  
ATTN: Director  
San Bernardino County  
560 East Hospitality Lane, Suite 200  
San Bernardino, CA 92408

with a copy to:

County Counsel’s Office  
San Bernardino County  
385 N. Arrowhead Avenue, 4<sup>th</sup> Floor  
San Bernardino, CA 92415-0120

**Section 9. Recordation of Request for Notice of Default.** The parties agree that the County may record a Request for Notice under Civil Code Section 2924b (“Request for Notice of Default”) in substantially the same form attached hereto as Exhibit A or in such other form as may be approved for such purpose under applicable law.

**Section 10. All Other Terms Remain Unchanged.** Unless modified by the terms of this Amendment No. 2, the terms of the original Agreement shall remain unchanged. In the event of conflict between this Amendment No. 2 and the original Agreement, the terms of this Amendment No. 2 shall control.

This Amendment may be executed in any number of counterparts with the same effect as if all signatories had signed the same document.

IN WITNESS WHEREOF, the parties have caused this Amendment No. 2 to be executed as of the day and year first written above.

**BORROWER:**

**RIALTO HOUSING PARTNERS, L.P.**

A California limited Partnership

**By: Southern California Housing Development Corporation of the Inland Empire, a California nonprofit public benefit corporation**

**Its: Managing General Partner of Rialto Housing Partners, L.P. a California limited partnership**

By: [Signature]  
Name: Michael Finn  
Its: CFD  
Date: 1-20-23

**ACKNOWLEDGMENT**

State of California  
County of SAN BERNARDINO

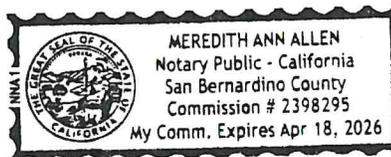
On JANUARY 20, 2023 before me, MEREDITH ANN ALLEN, NOTARY PUBLIC  
(insert name and title of the officer) personally appeared MICHAEL FINN, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they 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] (Seal)  
6

Amendment No. 2 to HOME Agreement  
The Crossings



**COUNTY:**

SAN BERNARDINO COUNTY, a political subdivision  
of the State of California

By: Dawn Rowe  
Dawn Rowe, Chair  
Board of Supervisors

Date: JAN 24 2023

SIGNED AND CERTIFIED THAT A COPY OF THIS  
DOCUMENT HAS BEEN DELIVERED TO THE CHAIR  
OF THE BOARD

Lynna Monell  
Clerk of the Board of Supervisors  
Of San Bernardino County

By: [Signature]  
Deputy



APPROVED AS TO LEGAL FORM:  
TOM BUNTON  
County Counsel

By: \_\_\_\_\_  
Suzanne Bryant, Deputy County Counsel

Date: \_\_\_\_\_

**COUNTY:**

SAN BERNARDINO COUNTY, a political subdivision  
of the State of California

By: \_\_\_\_\_  
Dawn Rowe, Chair  
Board of Supervisors

Date: \_\_\_\_\_

SIGNED AND CERTIFIED THAT A COPY OF THIS  
DOCUMENT HAS BEEN DELIVERED TO THE CHAIR  
OF THE BOARD

Lynna Monell  
Clerk of the Board of Supervisors  
Of San Bernardino County

By: \_\_\_\_\_  
Deputy

APPROVED AS TO LEGAL FORM:  
TOM BUNTON  
County Counsel

By:   
Suzanne Bryant, Deputy County Counsel

Date: 1-19-2023

**CALIFORNIA ACKNOWLEDGMENT**

**CIVIL CODE § 1189**

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 San Bernardino }

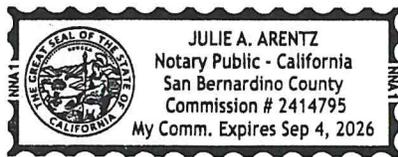
On 1/24/2023 before me, Julie Arentz, Notary Public  
Date Here Insert Name and Title of the Officer

personally appeared Dawn Rowe  
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 and/or Stamp Above

Signature Julie Arentz  
Signature of Notary Public

**OPTIONAL**

Completing this information can deter alteration of the document or fraudulent reattachment of this form to an unintended document.

**Description of Attached Document**

Title or Type of Document: \_\_\_\_\_

Document Date: \_\_\_\_\_ Number of Pages: \_\_\_\_\_

Signer(s) Other Than Named Above: \_\_\_\_\_

**Capacity(ies) Claimed by Signer(s)**

Signer's Name: \_\_\_\_\_

- Corporate Officer – Title(s): \_\_\_\_\_
- Partner –  Limited  General
- Individual  Attorney in Fact
- Trustee  Guardian or Conservator
- Other: \_\_\_\_\_

Signer is Representing: \_\_\_\_\_

Signer's Name: \_\_\_\_\_

- Corporate Officer – Title(s): \_\_\_\_\_
- Partner –  Limited  General
- Individual  Attorney in Fact
- Trustee  Guardian or Conservator
- Other: \_\_\_\_\_

Signer is Representing: \_\_\_\_\_

EXHIBIT A

REQUEST FOR NOTICE OF DEFAULT

COPY

EXHIBIT A

RECORDING REQUESTED BY  
AND WHEN RECORDED MAIL TO:

SAN BERNARDINO COUNTY  
Department of Community Development and Housing  
560 East Hospitality Lane, Suite 200  
San Bernardino, CA 92408-3546

ATTN: HOUSING DEVELOPMENT

EXEMPT PER GOVERNMENT CODE 6103

Request for Notice  
UNDER SECTION 2924b CIVIL CODE

In accordance with Civil Code, section 2924b, request is hereby made that a copy of any Notice of Default and a copy of any Notice of Sale under the Deed of Trust recorded concurrently herewith, official Records of San Bernardino County, California, and describing land therein as:

Executed by Rialto Housing Partners, L.P., as trustor

in which San Bernardino County, Department of Community Development and Housing (CDH) is named as

Beneficiary,  
be mailed to San Bernardino County, Department of Community Development and Housing At 560 East Hospitality Lane, Suite 200, San Bernardino, CA 92415-0043

NOTICE: A copy of any notice of default and of any notice of sale will be sent only to the address contained in this recorded request, if your address changes, a new request must be recorded.

Date 1/19/2023

Title Order No. \_\_\_\_\_  
Diana Atkeson  
Diana Atkeson

STATE OF CALIFORNIA  
COUNTY OF SAN BERNARDINO

On \_\_\_\_\_ before me, a Notary Public in and for said County and State, personally \_\_\_\_\_ appeared personally known to me or \_\_\_ 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.

WITNESS my hand and official seal

Signature \_\_\_\_\_

Escrow No. \_\_\_\_\_

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 San Bernardino )

On January 19, 2023, before me, Catherine Zabloudil, Notary Public, personally appeared Diana Atkinson, 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.



Catherine Zabloudil  
Name: \_\_\_\_\_  
Name: Notary Public

**FIRST AMENDMENT TO PROMISSORY NOTE**

THIS FIRST AMENDMENT TO PROMISSORY NOTE (“Amendment”), dated as of January 24, 2023, is entered into by the undersigned BORROWER to amend the PROMISSORY NOTE dated as January 13, 2000 as follows:

It is hereby agreed and understood that the Promissory Note shall be amended as follows:

Paragraphs 2 and 3 of the Promissory Note are hereby deleted and replaced as follows:

2. Repayments of this loan shall be consistent with Section 205. Of the HOME Loan Agreement, as amended, as follows: The Borrower or the Designated Owner shall submit annually to the County the Annual Financial Statement for The Crossings for the preceding year, not later than ninety (90) days after the end of the first calendar year (or partial year) covering the operation of the Project, and annually thereafter on the same day and month. The Borrower shall make repayments of the County Loan in the amount of fifty percent (50%) of the Residual Receipts for such prior year (the County’s “Share”) on July 1 of each year. The amount will be determined after a review of the Annual Financial Statements. Payment of the County’s Share of the Residual Receipts shall be credited first against unpaid accrued interest generated, and then against outstanding principal.

Notwithstanding the foregoing, the balance due under the Note shall be immediately due and payable at the election of the County upon the earlier of (i) the sale, lease, exchange, assignment or other conveyance (whether voluntary or by operation of law) of all or any part of the Property or any interest in the Property (other than the lease of Affordable Units to Very Low-Income and Low-Income tenants pursuant to the terms of this Agreement; (ii) the refinancing of the County Loan; or (iii) an Event of Default by the Borrower or the Designated Owner as defined in Section 501 hereinbelow. The note shall automatically be due and payable upon sale or transfer of the Property.

3. The unpaid balance of the loan, any interest incurred, and any residual receipts shall be due and payable on January 1, 2056.

Except as expressly amended and modified by this Amendment, the Promissory Note is and shall continue to be in full force and effect in accordance with the terms thereof. In the event of

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conflict between this Amendment and the original Promissory Note, the terms of this Amendment shall control.

**BORROWER:**

**Rialto Housing Partners, L.P.**, a California limited partnership

**By: Southern California Housing Development Corporation of the Inland Empire**, a California nonprofit public benefit corporation

Its: Managing General Partner

By:  \_\_\_\_\_

Name: **Michael Finn** \_\_\_\_\_

Its: **Chief Financial Officer** \_\_\_\_\_

Date: **1/18/20** \_\_\_\_\_