

Free Recording Requested Pursuant to
Government Code Section 27383

RECORDING REQUESTED BY:
AND WHEN RECORDED RETURN TO:

Rialto Housing Authority
150 S. Palm Avenue
Rialto, CA 92376

**MODIFICATION TO LOAN DOCUMENTS
AND RELEASE OF OPTION AGREEMENT**
(Citrus Grove Apartments)

This Modification to Loan Documents and Release of Option Agreement (the “Modification Agreement”) is entered into as of February ___, 2025, by and between the Rialto Housing Authority, a public body, corporate and politic (the “Housing Authority”) and Inland Valley Housing Partners, L.P., a California limited partnership (the “Borrower”).

RECITALS

- A. The Southern California Housing Development Corporation, a California nonprofit public benefit corporation (“SoCal”), the predecessor-in-interest to Borrower, and the Housing Authority, entered into that certain Affordable Housing Agreement dated as of February 1, 2005 (the “AHA”), pursuant to which, among other things, the Housing Authority agreed to sell to SoCal certain units of affordable housing (the “Project”) located on real property in the City of Rialto, County of San Bernardino (the “Property”) legally described in Exhibit “A” attached hereto, and to provide a loan in the original principal amount of Fourteen Million Seven Hundred Fifty Four Thousand Seven Hundred Twenty Two and No/100 Dollars (\$14,754,722) (the “Loan”) to enable SoCal to acquire, rehabilitate and operate such housing units as affordable housing.
- B. SoCal assigned the AHA to the Borrower in accordance with that certain Assignment and Assumption Agreement dated as of August 1, 2006 (the “Assignment”) and amended the AHA in accordance with that certain First Supplement to Affordable Housing Agreement, dated as of August 1, 2006 (the “Supplement”) by and between the Housing Authority and the Borrower.
- C. The Loan was evidenced by a promissory note (the “Note”) executed by Borrower in favor of the Housing Authority dated August 1, 2006, an Option Agreement dated as of August 1, 2006 by and between Borrower and the Housing Authority (the “Option Agreement”), recorded against the Property on August 17, 2006, as Instrument No. 2006-0563305 and secured by a Deed of Trust with Absolute Assignment of Leases and Rents, Security Agreement and Fixture Filing (the “Deed of Trust”), dated August 1, 2006, and recorded against the Property on August 17, 2006, as Instrument No. 2006-0563301 in the Official Records of the County of San Bernardino (the “Official Records”).

- D. The Loan is subject to the terms and conditions of a Regulatory Agreement (the “Original Regulatory Agreement”) by and between the Housing Authority and the Borrower dated August 1, 2006 and recorded against the Property on August 17, 2006, as Instrument No. 2006-0563300 in the Official Records. The Original Regulatory Agreement was amended by that certain First Amendment to Regulatory Agreement dated as of May 1, 2008 by and between the Housing Authority and Borrower and recorded against the Property on June 4, 2008, as Instrument No. 2008-0253726 in the Official Records (the “First Amendment to Regulatory Agreement”, and together with the Original Regulatory Agreement, as amended, the “Regulatory Agreement”).
- E. The AHA, Assignment, Supplement, Note, Option Agreement, Deed of Trust and Regulatory Agreement are hereinafter referred to collectively as the “Loan Documents.”
- F. The Housing Authority and the Borrower desire to make certain modifications to the Loan Documents as set forth herein.
- G. Capitalized terms utilized in this Modification Agreement but not defined in this Modification Agreement shall have the meanings set forth in the Loan Documents.

NOW, THEREFORE, in consideration of the mutual benefits accruing to the parties hereto and other valuable consideration, the receipt and sufficiency of which consideration are hereby acknowledged, the Housing Authority and the Borrower (referred to individually as the “Party” and collectively as the “Parties”) agree as follows:

1. **Amendment to Loan Documents.** The Loan Documents are hereby amended as follows:

- (a) **Modified Principal Amount on Loan:** As of the date of this Modification Agreement, the outstanding principal balance of the Loan is Eight Million Sixty-Four Thousand Nine Hundred Fifty-One and No/100 Dollars (\$8,064,951), which amount is comprised of \$[7,994,598] in outstanding principal and \$[568,967] in accrued but unpaid interest as of the date hereof. All references in the Loan Documents to the Loan shall henceforth be deemed to refer to a principal amount equal to \$8,064,951 (the “Note Amount”). The Note Amount reflects a forgiveness of the original Loan by the Housing Authority in the amount of \$13,913,212, consisting of forgiveness of \$ in principal and \$ in accrued interest.
- (b) **Modified Interest on Loan:** As of the date of this Modification Agreement, the Note Amount shall bear compound interest at the rate of [4.86]% per annum.
- (c) **Due and Payable Date on Note Amount:** Notwithstanding anything to the contrary contained in the Loan Documents, all outstanding amounts due on the Note Amount, including interest, shall be due and payable upon the achievement of Substantial Completion, as such term is defined in the Borrower’s Amended and Restated Agreement of Limited Partnership dated substantially concurrently herewith, but in all events no later than April 1, 2028. Funds used to repay the Loan (the “Repayment Funds”) shall be

deposited into an account controlled by JP Morgan Chase Bank, N.A. (“Senior Lender”) in the name of the Housing Authority. Upon Conversion, as such term is defined in the documents evidencing the loan from the Senior Lender to the Borrower, the Repayment Funds shall be used to make a new permanent loan to the Borrower. At or prior to the Conversion, the Housing Authority and the Borrower shall enter into an affordable housing loan agreement and an amendment to the Regulatory Agreement, if necessary, and Borrower shall execute a new promissory note secured by a deed of trust in substantially the forms attached hereto as Exhibit “C.”

- (d) Second Amendment to the Regulatory Agreement: As of the date of this Modification, the Housing Authority and Borrower shall have entered into a Second Amendment to the Regulatory Agreement reflecting the terms of this Modification Agreement in substantially the form attached hereto as Exhibit “C.”
- (e) Notice/Cure Upon Defaults: Notwithstanding anything to the contrary contained in the Loan Documents, if a non-monetary event of default occurs under the terms of any of the Loan Documents, prior to exercising any remedies thereunder, Housing Authority shall give Borrower and its limited partner simultaneous written notice of such default. If the default is reasonably capable of being cured within thirty (30) days, the Borrower and its limited partner shall have such period to effect a cure prior to exercise of remedies by the Housing Authority under the Loan Documents. If the default is such that it is not reasonably capable of being cured within thirty (30) days, and if the Borrower and/or its limited partner (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 Borrower and/or its limited partner shall have such additional time as is reasonably necessary, not to exceed 90 days, to cure the default prior to exercise of any remedies by the Housing Authority.
- (f) Prior Cure(s); Notices: Notwithstanding anything to the contrary contained in the Loan Documents, Housing Authority hereby agrees that any cure of any default made or tendered by one or more of the Borrower’s limited partners shall be deemed to be a cure by the Borrower and shall be accepted or rejected on the same basis as if made or tendered by the Borrower. Following admission of an investor limited partner to Borrower, copies of all notices which are sent to the Borrower under the terms of the Loan Documents shall also be sent to such limited partner at the address provided for below. The Borrower’s limited partners may change their address for receipt of copies of notices by giving notice in writing stating its new address to the Housing Authority.

RSEP Holding, LLC
c/o Red Stone Equity Partners, LLC
90 Park Avenue, 28th Floor
New York, NY 10016
Attn: General Counsel

with a copy to:

Nixon Peabody LLP
Exchange Place
53 State Street
Boston, MA 02109

Attention: Roger W. Holmes

(g) Non-Default Events: Notwithstanding anything to the contrary contained in the Loan Documents, none of the following shall constitute a violation of the Loan Documents:

- (i) The withdrawal, removal, replacement, and/or addition of a general partner of the Borrower pursuant to the terms of Borrower's partnership agreement, provided that any new general partner is a qualified, experienced affordable housing provider and: (i) is an entity that is exempt from federal taxation pursuant to Section 501(c)(3) of the Internal Revenue Code of 1986, as amended from time to time (or any successor statute), or (ii) is an affiliate of the limited partner. Such transfers of interests shall be subject to the Housing Authority's consent not to be unreasonably withheld, conditioned or delayed; and
- (ii) The transfer of any of the limited partners' interests in the Borrower or transfers of interests in the limited partner. Transfers of the limited partner interests to a third party shall be subject to the Housing Authority's consent not to be unreasonably withheld, conditioned or delayed; and
- (iii) The execution and delivery of a purchase option and right of first refusal agreement in favor of the general partner of Borrower or an affiliate or its assignee thereof shall not constitute a default under the Loan Documents or accelerate the maturity of the Loan thereunder and the exercise of said purchase option and right of first refusal agreement by the general partner, an affiliate thereof or its assignee, as applicable, identified therein.

(h) Subordination; Priority of Tenant/Affordability Requirements: The Borrower and the Housing Authority hereby agree that the liens of the Deed of Trust and the Regulatory Agreement shall be subordinate to and inferior in lien priority to deeds of trust and regulatory agreements, as applicable, entered into by Borrower in connection with new acquisition and rehabilitation financing for the Project. Housing Authority agrees to enter into subordination agreements, in form and substance reasonably acceptable to the Housing Authority, to evidence the foregoing subordination. Notwithstanding the above, to the extent the regulatory agreements entered into by Borrower in connection with new acquisition and rehabilitation financing for the Project are less restrictive with respect to the requirements applicable to tenant selection, tenant income levels and unit rent levels than as provided in the Regulatory Agreement, AHA and Supplement, the terms of the Regulatory Agreement, AHA and Supplement shall control.

(i) Revised Affordability Period: Affordability Period in the Loan Documents should be replaced in the Loan Documents with the following:

“Duration of Affordability Requirements. The Housing Units shall be subject to the requirements of this Agreement for a term that is fifty-five (55) years from the date of the issuance of the Certificate of Completion for the Rehabilitation of the Housing Units. The duration of this requirement shall be known as the “Affordability Period.” In the event that the Parties reasonably determine that the Housing Units can no longer be used for multifamily housing purposes, and that it is infeasible to Rehabilitate the Housing Units,

the parties may agree to terminate the Affordability Period upon the date that the Housing Units are no longer habitable for multifamily housing purposes.

(j) **Revised Scope of “Rehabilitation” Work Being Financed:** Notwithstanding anything to the contrary contained in the Loan Documents, particularly the AHA and Regulatory Agreement as may be revised or amended pursuant to this Modification Agreement, the terms “Rehabilitation,” “Rehabilitate” or any variation thereof shall include, in addition to that work already defined in the AHA and Regulatory Agreement, that further rehabilitation work to be performed at the Property as described in Exhibit “B” hereto. The Rehabilitation work described in Exhibit “B” shall be performed and completed by the Substantial Completion Date identified in Section 1(c) above.

2. **Option Agreement.** Borrower and the Housing Authority agree that the Option Agreement is hereby terminated, released, and is no longer in effect.

3. **Nonrecourse Loan.** Notwithstanding anything to the contrary contained in the Loan Documents, the Housing Authority and Borrower agree that the Loan is a nonrecourse obligation of Borrower and neither Borrower nor any member, officer, partner or employee of Borrower shall have any personal liability for repayment of the Loan. Housing Authority shall resort only to the Project for repayment should the Borrower fail to repay the Loan.

4. **Effective Date.** This Modification Agreement and amendments and deletions described in this Modification Agreement shall be effective as of the date first set forth above.

5. **Full Force and Effect.** Except as set forth in the Assignment and this Modification Agreement, the Loan Documents remain unmodified and are in full force and effect.

6. **Successors and Assigns.** This Modification Agreement shall be binding on and inure to the benefit of the legal representatives, heirs, successors and assigns of the parties.

7. **Invalidity.** Any provision of this Modification Agreement which is determined by a court to be invalid or unenforceable shall be deemed severed here from, and the remaining provisions shall remain in full force and effect as if the invalid or unenforceable provision had not been a part hereof.

8. **California Law.** This Modification Agreement shall be governed by and construed in accordance with the laws of the State of California.

9. **Counterparts.** This Modification Agreement may be signed by the different parties hereto in counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same agreement.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day first above written.

BORROWER:

Inland Valley 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 general partner

By: _____

Its: _____

HOUSING AUTHORITY:

Rialto Housing Authority

By: Joe Baca
Its: Authority Chair

ATTEST:

By: _____
Barbara A. McGee
Its: Authority Secretary

APPROVED AS TO FORM:

By: _____ Eric S. Vail
Its: Authority Counsel

STATE OF CALIFORNIA)
)
COUNTY OF SAN BERNARDINO)

On _____, before me, _____, Notary Public, personally appeared _____, 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.

Notary Public

STATE OF CALIFORNIA)
)
COUNTY OF SAN BERNARDINO)

On _____, before me, _____, Notary Public, personally appeared _____, 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.

Notary Public

EXHIBIT A

LEGAL DESCRIPTION OF THE PROPERTY

EXHIBIT B

SCOPE OF ADDITIONAL REHABILITATION WORK TO BE PERFORMED

EXHIBIT C

ATTACH COPIES OF AFFORDABLE HOUSING LOAN AGREEMENT, PROMISSORY
NOTE AND SECOND AMENDMENT TO REGULATORY AGREEMENT