

**FIRST AMENDMENT TO THE LOAN AGREEMENT
BETWEEN THE CITY OF STOCKTON AND
CAL WEBER ASSOCIATES, LP FOR
PROPERTY LOCATED AT 512 EAST WEBER AVENUE
(CAL WEBER 40)**

This Amendment (“Amendment”) is entered into on _____, 2016, between the City of Stockton, California, a municipal corporation (“City”) and Cal Weber Associates LP, a California limited partnership (“Borrower”).

RECITALS

- A. On June 24, 2014, the City Council approved a \$2,500,000 loan to Borrower (Resolution # 2014-06-24-1506) funded with Two Million Sixty Nine Thousand Dollars (\$2,069,000) of HOME Investment Partnerships Act (HOME) funds and Four Hundred Thirty One Thousand Dollars (\$431,000) of Housing Enabled by Local Partnership (HELP) funds (the “Loan”) to assist with the renovation of improvements on the property located at 512 East Weber Avenue, Stockton, California (the “Project”).
- B. The Loan was evidenced by a Loan Agreement, a Promissory Note, a Regulatory Agreement and Declaration of Restrictive Covenants, and a Deed of Trust and Security Agreement, all dated March 5, 2015.
- C. The funds were provided as a fifty-five (55) year, three percent (3%) interest loan with annual payments equal to fifty percent (50%) of the Residual Receipts from the preceding calendar year.
- D. After Borrower began the renovation, infrastructure work was needed that was not originally planned and therefore not included in the original project budget. Additional requirements were also placed on the project which further increased project costs.
- E. The Borrower requested an additional loan of \$525,000 from the Low-Moderate Income Housing fund to pay for the increased costs and to allow the completion of the project. The additional amount increases the City loan to a total of \$3,025,000.

- F. On _____, 2016, the City Council approved the additional loan with the terms recommended by staff.

AGREEMENT

1. TERMS – Recital D, Section 1.1 (w), Section 2.1, and Exhibit B of the original Loan Agreement shall be amended to read as follows:

Recital D. Borrower wishes to borrow and the City wishes to extend a ~~Two Million Five Hundred Thousand Dollars (\$2,500,000)~~ **Three Million Twenty Five Thousand Dollar (\$3,025,000)** loan (“The Loan”) for eligible rehabilitation costs. The City has agreed to fund the Loan with HELP Program Income, HOME funds, and Low-Moderate Income Housing funds. The project will contain ten (10) HOME-assisted units.

Section 1.1 (w). “Loan” shall mean the loan from the City to Borrower in the total principal amount of ~~Two Million Five Hundred Thousand Dollars (\$2,500,000)~~ Three Million Twenty Five Thousand Dollars (\$3,025,000).

Section 1.1 (y). “Low-Moderate Income Housing Loan” shall mean the City loan of Low-Moderate Income Housing funds to Borrower pursuant to this Agreement in the total principal amount of Five Hundred Twenty Five Thousand Dollars (\$525,000).

Section 1.1 (y) to (ii).

~~(y)~~ (z) “Management Agent” means the management agent employed by the Borrower and approved by the City.

~~(z)~~ (aa) “Marketing and Management Plan” means the marketing and management plan prepared by the Borrower to be approved by the City.

~~(aa)~~ (bb) “Note” shall mean the promissory note that will evidence Borrower's obligation to repay the Loan. The form of the Note shall be provided by the City.

~~(bb)~~ (cc) ("Parties" shall mean the City and Borrower.

~~(ee)~~ (dd) "Property" shall mean the real property located at 512 East Weber Avenue in the City of Stockton, County of San Joaquin, California, more particularly described in the attached Exhibit A.

~~(dd)~~ (ee) "Regulatory Agreement" shall mean the Regulatory Agreement and Declaration of Restrictive Covenants between the City and the Borrower associated with the Loan. The form of the Regulatory Agreement shall be provided by the City.

~~(ee)~~ (ff) "Supplemental Financing" shall mean any financing received by the Borrower for the Development, including the Tax Credit Funds.

~~(ff)~~ (gg) "TCAC" shall mean the California Tax Credit Allocation Committee.

~~(gg)~~ (hh) "Term" shall mean the term of this Agreement, which shall consist of the period commencing as of the Effective Date and expiring on the earlier of: (1) Fifty-five (55) years from the date of the issuance of the occupancy permit for the Development; or (2) Fifty-seven (57) years after the date of the Note.

~~(hh)~~ (ii) "Transfer" shall have the meaning set forth in Section 4.11 below.

~~(ii)~~ (jj) "Unit" means one of forty (40) housing units to be renovated on the Property.

Section 2.1 Loan. Subject to satisfaction of the conditions set forth in Section 2.5, the City shall lend to the Borrower the principal sum not to exceed ~~Two Million Five Hundred Thousand Dollars (\$2,500,000)~~ Three Million Twenty Five Thousand Dollars (\$3,025,000), for the purposes set forth in Section 2.3 of the Loan Agreement. The Loan shall be evidenced by a promissory note ("Note") in a form to be provided by the City, which shall be executed by the Borrower concurrently herewith.

Exhibit B. Exhibit B is hereby deleted and replaced with the revised Exhibit B attached hereto.

2. COSTS AND EXPENSES – Unless otherwise expressly provided within this Amendment, each party shall pay its own costs, expenses, including legal and other professional fees, incurred in connection with this Amendment.

- 3. OTHER TERMS – All other terms and conditions of the original Loan Agreement shall remain in full force and effect except as modified by this Amendment.

IN WITNESS WHEREOF, AMENDMENT is executed as of the date first written above.

BORROWER:

CAL WEBER ASSOCIATES LP, a California limited partnership

By: RCC MGP LLC, a California limited liability company, its managing general partner

By: Riverside Charitable Corporation, Inc., a California nonprofit public benefit corporation, its Manager

By: _____
Kenneth S. Robertson, President

By: DFA Development LLC, a California limited liability company, its administrative general partner

By: _____
Daniel Fred, Managing Member

CITY:

CITY OF STOCKTON, a municipal corporation

ATTEST:

BONNIE PAIGE
City Clerk of the City of Stockton

By: _____
Kurt O. Wilson
City Manager

APPROVED AS TO FORM:

JOHN M. LUEBBERKE
CITY ATTORNEY

By: _____

EXHIBIT B

REVISED DEVELOPMENT BUDGET

All amounts are estimates, subject to modification upon request by the Borrower and written approval by the City Manager.

<i>Original Budget Items</i>	<i>Amount</i>
Land/Option/Acquisition Cost	\$2,153,850
Hard Construction Costs	\$7,210,581
Construction Contingency	\$721,058
Local Development Impact Fees/Permit Fees	\$992,586
Environmental Assessments	\$10,000
Architecture/Engineering/Geotechnical	\$375,000
Appraisal/Market Study	\$27,500
Loan Fees/Interest	\$414,500
Permanent Financing Costs	\$28,000
Attorney Fees	\$165,000
Reserves	\$155,000
Marketing	\$5,000
Other Costs	\$233,680
Developer Costs	\$1,435,280
Original Total Budget	\$13,927,035
<i>Additional Budget Items</i>	
Surveying/Staking	\$9,500
Special Inspections	\$5,500
Grading/Paving	\$141,480
Dust Control	\$7,750
Storm & Sanitary Systems - City Parking Lot	\$53,480
Off-site Flat Work	\$193,310
Bike Racks/Trash Cans/Street Planters	\$38,675
Office Site Trench - Fire Service, Electrical & Gas	\$181,605
Elevated Parking Deck	\$248,000
Erosion Control	\$5,000
Bring water across California St.	\$13,250
Insurance/General Conditions/Overhead	\$136,876
Additional Budget Total	\$ 1,034,426
TOTAL PROJECT COST	\$14,961,461