

**TOWN OF
APPLE VALLEY, CALIFORNIA
AGENDA MATTER**

Subject Item:

FIRST AMENDMENT TO THE LOAN AGREEMENT BETWEEN THE REDEVELOPMENT AGENCY OF THE TOWN OF APPLE VALLEY AND AMCAL MULTI-HOUSING, INC.

Background:

On June 28, 2011, the Redevelopment Agency Board approved a loan agreement in the amount of \$3,000,000 between the Town of Apple Valley and AMCAL Multi-Housing, Inc., and further authorized staff to negotiate a Disposition and Development Agreement (DDA) in an amount not to exceed \$4,643,730.

Summary Statement:

The Redevelopment Agency Board selected a senior housing proposal by AMCAL at a special meeting on June 28, 2011 and directed staff to bring forward a Disposition and Development Agreement (DDA) for development of a 50 unit affordable senior housing project no later than June 28, 2011. Due to the severe time constraints and the length of a reasonable timeframe necessary to process a DDA, legal counsel suggested that the Town and AMCAL enter into a loan agreement in the interim. The loan agreement set forth general terms and timing to negotiate a mutually acceptable DDA for consideration by the Town Council and the Agency Board at a public hearing no later than October 22, 2011.

The passage of Assembly Bill 1X 26 and Assembly Bill 1X 27 on June 29, 2011 provided provisions for dissolution and immediately suspended all new redevelopment activities and the ability to incur debt. Assembly Bill 1X 27 allowed for the adoption of a Continuing Ordinance in order to continue to assume the legal functions and activities of a redevelopment agency. A Continuing Ordinance was adopted by the Town on August 2, 2011.

On July 18, 2011, the League of California Cities and the California Redevelopment Association filed suit in the Supreme Court of the State of California challenging the constitutionality of these bills. On August 11, 2011, the Supreme Court agreed to take the case and issued an immediate stay of enforcement of AB 1X 26 in part and a stay of AB 1X 27 in its entirety, thereby precluding the Town's ability to bring forward the DDA prior to the Court's final ruling on the matter.

(Continued)

Recommended Action:

That the Redevelopment Agency Board approve the First Amendment to the Loan Agreement between the Redevelopment Agency of the Town of Apple Valley and AMCAL Multi-Housing, Inc.

Proposed by Economic Development & Housing Division **Item Number** _____

T. M. Approval: _____ **Budgeted Item** Yes No N/A

Summary Statement
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Due to the State Supreme Court's stay, staff is recommending that the Agency Board extend the loan agreement with AMCAL Multi-Housing, Inc., for an additional one-hundred, eighty (180) days. No other changes to the Loan Agreement are proposed.

A copy of the agreement is provided for your review as "Exhibit A"

Staff recommends adoption of the form motion.

EXHIBIT A

FIRST AMENDMENT
TO
LOAN AGREEMENT

between

THE REDEVELOPMENT AGENCY OF THE TOWN OF APPLE VALLEY
a public body, corporate and politic

and

AMCAL MULTI-HOUSING, INC.
a California corporation

(Apple Valley Senior Apartments – Dale Evans Parkway and Thunderbird Road)

[Dated ~~August~~June-25~~8~~, 2011 for reference purposes only]

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FIRST AMENDMENT
TO
LOAN AGREEMENT

THIS FIRST AMENDMENT TO THE LOAN AGREEMENT (Apple Valley Senior Apartments – Dale Evans Parkway and Thunderbird Road) (“Loan Agreement”) is dated as of ~~August~~~~June~~ 25~~8~~, 2011, by and between the REDEVELOPMENT AGENCY OF THE TOWN OF APPLE VALLEY, a public body, corporate and politic (“Agency”), and AMCAL MULTI-HOUSING, INC., a California corporation (“Developer”). Agency and Developer are sometimes referred to in this Loan Agreement individually as “Party” and collectively as “Parties.”

RECITALS

This Loan Agreement is entered into with reference to the following recitals of fact (“Recitals”):

WHEREAS, pursuant to the provisions of California Community Redevelopment Law (Health and Safety Code Section 33000 et seq.) (“CRL”), the Victor Valley Economic Development Authority (“VVEDA”) approved and adopted a redevelopment plan referred to as the 1993 Redevelopment Plan (“Redevelopment Plan”) for a project area commonly known as the 1993 Victor Valley Redevelopment Project Area (“Project Area”), which encompasses the territorial jurisdiction of the Town of Apple Valley (“Town”).

WHEREAS, the boundaries of the Project Area were approved by the Town by Resolution Number 93-70, effective November 23, 1993, as to that portion of the Project Area located within the territorial jurisdiction of the Town.

WHEREAS, pursuant to the Joint Powers Agreement governing the operation and management of VVEDA each participating entity receives its proportionate share of tax increment, including Low and Moderate Housing Set Aside Funds.

WHEREAS, the Agency is engaged in activities to implement the Redevelopment Plan for that portion of the Project Area located within the Town, including the development of affordable housing within the Project Area.

WHEREAS, the Agency owns an approximately 4.59 acre parcel of real property located within the Project Area commonly referred to as Assessor Parcel Number 0441-133-01, located at the northwest corner of Dale Evans Parkway and Thunderbird Road in the Town (“Property”).

WHEREAS, the Agency and the Town conducted a request for proposals process (“RFP”) pursuant to which the Agency and Town sought proposals for a development entity to design and construct an affordable senior rental housing project in the Project Area.

WHEREAS, pursuant to the RFP, Developer submitted a proposal to design, develop and operate a project consisting of one (1) non-restricted residential unit for an on-site manager and forty-nine (49) low and very low income senior affordable housing rental units, and all related on- and off-site improvements.

WHEREAS, Developer was selected by the Town Council and the Agency's governing board ("Agency Board") to fund, design and construct the Project, with funding assistance from the Agency as described herein.

WHEREAS, the Parties intend to timely negotiate the terms and conditions of a disposition and development agreement ("DDA") in order to effectuate the transfer of the Property to Developer for the purposes of development of the Project, and to provide for Agency financial assistance to the Project, all as further described herein.

WHEREAS, pursuant to the CRL Section 33334.2 and 33334.3, the VVEDA and the Agency are required to set aside 20% of the general property tax increment allocation for the purposes of increasing, providing and preserving the community's supply of low and moderate income housing available at an affordable housing cost to persons and families of low or moderate income ("Set-Aside Funds").

WHEREAS, VVEDA and the Agency are required to timely expend the Set-Aside Funds for the purposes identified above, and is restricted from accumulating an "excess surplus" of these funds, as that term is defined in CRL Section 33334.12.

WHEREAS, in order to avoid penalties that may be imposed pursuant to CRL Section 33334.12 as a result of an excess surplus of Set-Aside Funds by the Agency, and to ensure that these funds will be available for the Project, the Agency must immediately encumber these funds for the Project.

WHEREAS, the purpose of this Loan Agreement is to encumber the Set-Aside Funds for the Project during the pendency of negotiations of the DDA.

WHEREAS, the Parties understand and agree that the funding allocated pursuant to this Loan Agreement is in an amount sufficient to avoid any violation of the excess surplus rules, and may not constitute the entire Agency funding anticipated to be provided to Developer for the Project.

WHEREAS, following refinement of the Project components and a financial analysis of the anticipated Project, the Parties acknowledge that additional Agency funds may be necessary and requested by the Developer to ensure the feasibility of the development of the Project.

WHEREAS, the Parties understand and agree that any obligation of the Agency to provide the Agency Loan, as further described herein, shall be expressly contingent on, among other things, the execution of a DDA that is mutually agreeable to both Parties, and the satisfaction of all funding contingencies contained therein.

WHEREAS, The passage of Assembly Bill 1X 26 and Assembly Bill 1X 27, which took effect on June 29, 2011 immediately suspended all new redevelopment activities and incurrence of indebtedness, and dissolved redevelopment agencies effective October 1, 2011 and subsequently terminated virtually all otherwise legal functions of the redevelopment agency until the effective adoption of the Town's continuing ordinance, which occurred on August 2, 2011.

WHEREAS, On July 18, 2011, the League of California Cities and the California Redevelopment Association filed suit in the Supreme Court of the State of California challenging the constitutionality of these bills. On August 11, 2011, the Supreme Court agreed to take the case and issued an immediate stay of enforcement of AB 1X 26 in part and a stay of AB 1X 27 in its entirety, thereby precluding the Town's ability to bring forward the DDA prior to the Court's final ruling on the matter.

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NOW, THEREFORE, in consideration of the above referenced facts and for the covenants and agreements contained herein, the Parties hereto agree as follows:

ARTICLE 1

EFFECTIVE DATE; PARTIES; DEFINITIONS

1.1 **Effective Date of Agreement.** This First Amendment to the Loan Agreement shall not become legally effective or binding until the date ("Effective Date") on which this First Amendment to the Loan Agreement has been approved by the Agency Board, and executed by the Agency's and Developer's duly authorized representatives. Agency shall confirm the Effective Date to Developer in writing within five (5) business days of the Effective Date.

1.2 **Parties to Loan Agreement.**

1.2.1 **The Agency.** The address of the Agency is 14955 Dale Evans Parkway Apple Valley, CA 92307; Attention: Assistant Town Manager; telephone (760) 240-7000, ext. 7900; facsimile (760) 240-7910.

1.2.2 **The Developer.** The address of the Developer is 30141 Agoura Road, Suite 100, Agoura Hills, CA 91301, Attention: Frank Chang; telephone (818) 706-0694 x 186; facsimile (818) 899-9158.

1.3 **Definitions.** All initially capitalized terms used in this Loan Agreement shall have the meanings set forth below or, if not set forth below, where such terms first appear in this Loan Agreement.

1.3.1 **“Affordable Rent”** means as set forth in California Health and Safety Code Section 50053, as that section may hereafter be amended from time-to-time, and shall provide an allowance for utilities and maintenance costs established by the State of California Department of Housing and Community Development from time to time, in accordance with adjustment factors adopted and amended from time to time by the United States Department of Housing and Urban Development pursuant to Section 8 of the United States Housing Act of 1937.

1.3.2 **“Agency”** means the Redevelopment Agency of the Town of Apple Valley, a California public agency, corporate and politic, and any nominee, assignee of, or successor to its rights, powers and responsibilities.

1.3.3 **“Agency Loan”** means the amount of \$3,000,000 from the Agency’s Low and Moderate Income Housing Funds to be loaned by the Agency to Developer, upon satisfaction of all conditions precedent set forth herein, and to be set forth in the DDA, for the purposes developing and constructing the Project.

1.3.4 **“AMI”** means the area median income for San Bernardino County, California.

1.3.5 **“Close of Escrow”** means the date on which the grant deed transferring the Agency’s interest in the Property to the Developer is recorded in the official records of San Bernardino County, and as shall be further defined in the DDA.

1.3.6 **“CRL”** or **“Community Redevelopment Law”** means the California Community Redevelopment Law, California Health and Safety Code Sections 33000, et seq., as it may be amended from time to time.

1.3.7 **“Developer”** means AMCAL Multi-Housing, Inc., a California corporation, and any nominee, assignee of, or successor to its rights, powers and responsibilities approved in writing by Agency.

1.3.8 **“Project”** means the design, development and operation of a senior affordable housing development consisting of approximately fifty (50) units, one of which shall be set aside for a resident manager and the remainder shall be restricted to Qualified Households, and including all related on and off-site improvements, and all other amenities as presented in the Proposal or as subsequently negotiated by the Parties. The Parties acknowledge that Developer has submitted multiple variations of the same basic project. The Project eligible for funding shall be in substantial conformance with the Proposal.

1.3.9 **“Project Area”** means the project area commonly known as the 1993 Victor Valley Redevelopment Project Area, which encompasses the territorial jurisdiction of the Town, the boundaries of which were approved by the Town by Resolution Number 93-70, effective November 23, 1993, as to that portion of the Project Area located within the territorial jurisdiction of the Town.

1.3.10 **“Proposal”** means the Developer’s proposal, dated April 27, 2011, and submitted to the Town and the Agency in response to the RFP, as well as any adjustments to the Developer’s proposal presented at the public hearing before the Town Council and Agency Board held on June 2, 2011. The Proposal is incorporated into this Loan Agreement by reference as though fully set forth herein.

1.3.11 **“Qualified Households.”** Means, as applicable, either a “Senior 50% Household” or a “Senior 60% Household” as defined below:

(a) **“Senior 50% Household”** means an individual or household who, at the commencement of the occupancy of a Unit, at least one member of which is fifty-five (55) years of age or older and had a maximum allowable household income equal to or less than fifty percent (50%) of the then-current AMI; and

(b) **“Senior 60% Household”** means an individual or household who, at the commencement of the occupancy of a Unit, at least one member of which is fifty-five (55) years of age or older and had a maximum allowable household income equal to or less than sixty percent (60%) of the then-current AMI.

1.3.12 **“Redevelopment Plan”** means the Redevelopment Plan for the Project Area adopted pursuant to the CRL, as it may have been, or may be from time to time hereafter, amended.

ARTICLE 2

TERMS AND CONDITIONS OF AGENCY LOAN.

2.1 **Agency Loan.** The Agency shall disburse the Agency Loan to the Developer pursuant to a disbursement schedule to be agreed upon by the Parties in the DDA. The Agency Loan shall be used solely for allowable Project development and construction costs. The Agency’s obligation to disburse all or any portion of the Agency Loan is expressly conditioned on the satisfaction or waiver by the Agency of the conditions precedent set forth below in Section 2.2 of this Loan Agreement, and any other conditions precedent as shall be set forth in the DDA.

2.2 **Conditions Precedent to Disbursement of Agency Loan.** As a condition precedent to the Agency’s obligation to disburse all or any portion of the Agency Loan, the Agency and Developer shall have negotiated and entered into a DDA containing all of the following terms and conditions, except as otherwise agreed upon by the Parties, in addition to any other mutually agreeable terms and conditions.

2.2.1 Agency Assistance.

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(a) *Total Agency Assistance.* Developer shall design and construct the Project, and all elements thereof, with a subsidy from the Agency. The Parties acknowledge that pursuant to the Proposal the Developer has estimated the needed subsidy at \$4,643,730 to \$4,498,646 depending on the design of the Project. The Parties shall negotiate the final subsidy amount to be memorialized in the DDA. Upon execution of the DDA, the Developer shall be solely responsible for ensuring completion of the Project without any financial assistance from the Agency in excess of the total amount specified in this paragraph and the DDA. Developer acknowledges that any unanticipated costs or cost overruns shall be borne sole by the Developer and shall not be a basis for an increase in Agency assistance.

(b) *Agency Funding.* The Agency Loan shall be funded by any legally available funding source. Notwithstanding the foregoing, no less than three million (\$3,000,000) of the Agency's Low and Moderate Income Housing Set Aside Fund monies ("Set Aside Loan") shall be encumbered for the purpose of developing the Project as of the Effective Date of this Loan Agreement. The Set Aside Loan is being encumbered as of the Effective Date to ensure compliance with Health and Safety Code Section 33334.12 and equal to the approximate amount of the Agency's excess surplus. It is anticipated that the Project will require additional funding to be feasible and the Agency may provide, in its sole and absolute discretion, additional funding, up to the total amount set forth above in paragraph (a) if determined by the Agency to be in the best interest of the community and necessary to make the Project feasible.

(c) *Terms of Agency Loan.* The Agency Loan shall be a residual receipts loan with a term of fifty-five (55) years, to bear interest at a rate agreed upon by the Parties, with the principal amount of the Agency Loan to be due at the end of the term. The Agency Loan shall be evidenced by a promissory note secured by a deed of trust to be recorded against the Property at the Close of Escrow. Developer shall make interest payments from residual receipts generated by the Project, as shall be further detailed in the DDA and in the foregoing referenced promissory note and/or deed of trust.

(d) *Unit Breakdown.* Unless otherwise agreed to by the Parties in the DDA, the Project shall include approximately forty (40) one-bedroom units, nine (9) two-bedroom units, and one (1) two-bedroom manager's unit. The number of units designated for use by 50% Senior Households 60% Senior Households shall be:

20 (1) bedroom	50% AMI
20 (1) bedroom	60% AMI
5 (2) bedroom	50% AMI
4 (2) bedroom	60% AMI

2.2.2 *Project Elements.* Except as otherwise agreed upon by the Parties, the Project shall contain all of the architectural and design features set forth in the Proposal.

(a) *LEED Gold.* The Project shall achieve a Leadership in Energy and Environmental Design (LEED) Gold certification from the U.S. Green Building Council.

(b) *On and Off-Site Improvements.* The Project shall include design and construction by the Developer of all on and off-site improvements.

(c) *Enlarged Community Room.* The Proposal included a community room of approximately 1800 square feet. Developer, at the public hearing held on June 2, 2011, agreed to increase the size of the community room to 3000 square feet at no additional cost to the Agency.

(d) *Garages.* Developer shall add 50 garages to the Project.

2.2.3 Fifty-five (55) Year Affordability Covenants. At the Close of Escrow on the Property, Developer shall cause the escrow agent to record a regulatory agreement containing restrictive covenants against the Property, the terms of which shall be superior to any other encumbrance on the Property, to run with the land for fifty-five (55) years commencing as of the date of issuance of a certificate of completion for the Project. The covenants shall restrict the Project to occupancy by Qualified Households at an Affordable Rent, with the unit breakdowns as set forth in Section 2.2.2 above, and one (1) unit for a manager's unit. The regulatory agreement shall include maintenance standards for the Project and other terms and conditions to ensure the maintenance and operation of the Project in accordance with standards acceptable to the Agency, and in conformance with the Agency's obligations under the CRL.

(a) *Notice of Affordability Covenant.* In addition to the regulatory agreement described above, the Developer shall also cause the escrow agent to record, at the Close of Escrow, a "Notice of Affordability Covenant" in conformance with the requirements of the CRL.

2.2.4 Total Project Cost. The Developer's Proposal indicates a total Project cost of approximately \$9,367,998. The actual Project cost shall be determined prior to execution of the DDA. The DDA shall set forth the Project budget, which shall be in substantial conformance with the Project budget and pro-forma submitted by Developer in the Proposal, and as approved by the Agency. Developer shall complete the Project in substantial conformance with the Project budget as set forth in the DDA. The DDA shall include additional terms regarding Developer's compliance with the Project budget.

2.2.5 Developer Financing.

(a) *Tax Credit Allocation Application.* Developer shall, at the earliest date practical following the effective date of the DDA, apply for an allocation from the Tax Credit Allocation Committee ("TCAC") of four percent (4%) federal low income housing tax credits in an amount anticipated to be approximately but not less than \$3,224,007 to finance a portion of the Project costs. The Parties agree that the estimated pricing of the tax credits shall be \$0.86. To the extent additional revenues are generated, those funds shall be applied to the Project and the Agency financial assistance shall be decreased in an equal amount to the additional funds generated. In the alternative, the Agency may, in its sole discretion, approve a

modification to the Project to provide for additional amenities equal in value to the additional tax credit revenues. The DDA shall provide that if the Developer fails to obtain a tax credit allocation in the foregoing amount, or such other amount as the Parties shall agree is sufficient to cover the costs of completing the Project, the Agency shall have the option to allow the Developer to submit a subsequent application to TCAC in the following submission round, to terminate the DDA, or to identify alternative funding sources for the Project that are reasonably acceptable to the Agency.

(b) *Construction Loan.* Developer shall, at the earliest date practical following the effective date of the DDA, obtain a binding commitment from a construction lender acceptable to the Agency for a construction loan in an amount anticipated to be approximately but not less than \$4,330,266. The construction loan shall bear interest at the then current market rate for similar loans available to qualified developers with excellent credit rating, shall have a term of twenty-four (24) months, and shall be subject to commercially reasonable terms acceptable to the Agency.

(c) *Permanent Loan.* Developer shall, at the earliest date practical following the effective date of the DDA, evidence its ability to obtain a permanent loan for the Project in an amount anticipated to be approximately but not less than \$1,414,495. The permanent loan shall bear interest at the then current market rate for similar loans available to qualified developers with excellent credit rating. The permanent loan shall have a term of seventeen (17) years, with amortization over thirty (30) years. The permanent loan shall be subject to commercially reasonable terms acceptable to the Agency.

(d) *Financing Plan.* The DDA shall include, as an exhibit, Developer's detailed financing plan for the Project, in form and substance acceptable to the Agency.

2.2.6 Property Transfer.

(a) General Terms Related to Transfer. The DDA shall set forth the terms and conditions governing the transfer of the Property from the Agency to Developer pursuant to a grant deed in the form as shall be provided in the DDA. Such terms shall include the Agency's and Developer's conditions precedent to the Close of Escrow, and other standard terms and conditions related to the Property transfer, including, but not limited to, Developer's title review and due diligence review of the Property.

(b) Grant Deed with Power of Termination. The grant deed pursuant to which the Agency shall transfer the Property to Developer shall include a power of termination. Said deed shall allow the Agency to terminate Developer's interest in the Property, and to revert the Property, and any improvements thereon, in the Agency, at no cost to the Agency, upon a material default of the Developer under the DDA prior to recordation of a certificate of completion for the Project.

2.2.7 Developer Performance Requirements; Completion Security.

(a) *Development Schedule.* The DDA shall set forth the performance schedule for completion of the Project, which schedule shall be in substantial conformance with the development schedule set forth in the Proposal, with start and finish dates adjusted, as applicable, to commence with the effective date of the DDA.

(b) *Completion Guarantee.* Developer shall covenant to complete the Project, and shall provide a completion guarantee to ensure full completion of the Project pursuant to the terms of the DDA. The completion guarantee shall be on a form provided or approved by the Agency.

(c) *Notice of Agreement.* A "Notice of Agreement" setting forth the basic terms and conditions of the DDA, and in a form provided or approved by the Agency, shall be recorded against the Property at the Close of Escrow.

2.2.8 *Insurance Requirements.* The DDA shall set forth insurance requirements ensuring that Developer obtain insurance coverage sufficient to protect the Agency, in the Agency's sole discretion. Developer and all agents and consultants of Developer working on the Project shall be required to provide, as applicable, the following insurance policies, with coverage amounts as shall be set forth in the DDA: commercial general liability insurance, automobile liability insurance, worker's compensation, professional errors and omissions insurance, contractor's insurance and builder's risk insurance. The Agency and the Town shall be added as additional insureds under the foregoing policies, as applicable, and shall be provided with additional insured endorsements prior to commencement by Developer of any work on the Project.

2.2.9 *Developer Indemnification of Agency and Town.* The DDA shall generally require Developer and any agents and consultants of Developer on the Project ("Developer Indemnitors") to indemnify, defend and hold harmless the Agency and the Town for any breach of the DDA terms, and all acts, omissions, fault or negligence of Developer Indemnitors related to the Project or the DDA. The indemnification requirements shall be further set forth in the DDA.

2.3 **Timing for Negotiation of DDA; Termination of Agreement.** The Parties shall timely negotiate a mutually acceptable DDA, and shall bring forth the proposed DDA, and all related documents and reports, for consideration by the Town Council and the Agency Board. The Parties anticipate bringing the DDA and related documents forward for consideration at a duly noticed public hearing no later than August 23, 2011. If the Parties are unable to negotiate a DDA for consideration by the Town Council and the Agency Board within two hundred forty days sixty (24060) days following the foregoing specified date, and/or if the Town Council and the Agency Board fail to approve the DDA, then this Loan Agreement, and all obligations contained herein, shall automatically terminate with no liability to either Party.

ARTICLE 3

MISCELLANEOUS PROVISIONS

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3.1 **Counterpart Originals; Integration.** This Loan Agreement may be executed in triplicate originals, each of which is deemed to be an original. This Loan Agreement represents the entire understanding of the parties and supersedes all negotiations or previous agreements between the Parties with respect to all or any part of the subject matter hereof.

3.2 **No Waiver.** Failure to insist on any one occasion upon strict compliance with any of the terms, covenants or conditions hereof shall not be deemed a waiver of such term, covenant or condition, nor shall any waiver or relinquishment of any rights or powers hereunder at any one time or more times be deemed a waiver or relinquishment of such other right or power at any other time or times.

3.3 **Binding Commitment of the Agency.** This Loan Agreement represents a binding commitment of the Agency to encumber Set-Aside Funds in the amount of the Agency Loan, and such funds shall be distributed to the Developer for the Project upon satisfaction or waiver of all conditions precedent to this Loan Agreement, and any conditions precedent to be set forth in the DDA.

3.4 **No Third Party Beneficiaries.** This Loan Agreement and its provisions are for the sole and exclusive benefit of the Agency and the Developer. No other parties or entities are intended to be, or shall be considered, a beneficiary of the performance of any of the parties' obligations under this Loan Agreement.

3.5 **Jurisdiction and Venue.** Any action or proceeding concerning this Loan Agreement shall be filed and prosecuted in the appropriate state court in the County of San Bernardino, California. This Agreement shall be governed by the laws of the State of California.

3.6 **Severability.** If any term of this Loan Agreement is held invalid the remainder of this Loan Agreement shall remain in effect.

3.7 **Incorporation of Recitals.** The Recitals set forth above are true and correct and are incorporated into this Loan Agreement as though fully set forth herein.

3.8 **Entire Agreement.** This Loan Agreement sets forth the entire understanding between the parties. Changes or amendments shall be made in writing and signed by the parties.

[Signatures on following page]

SIGNATURE PAGE
OF THE FIRST AMENDMENT TO
LOAN AGREEMENT

(Apple Valley Senior Apartments – Dale Evans Parkway and Thunderbird Road)

AGENCY:

THE REDEVELOPMENT AGENCY OF THE
TOWN OF APPLE VALLEY, a public body,
corporate and politic

By: _____

Executive Director

ATTEST:

Agency Secretary

APPROVED AS TO LEGAL FORM:

BEST BEST & KRIEGER LLP

Agency Counsel

[Signatures continued on following page]

**SIGNATURE PAGE TO
LOAN AGREEMENT**

(Apple Valley Senior Apartments – Dale Evans Parkway and Thunderbird Road)

DEVELOPER:

AMCAL MULTI-HOUSING INC.
a California corporation

By: _____

Its: _____