



# County of Monterey

**Item No.**

## Board Report

Board of Supervisors  
Chambers  
168 W. Alisal St., 1st Floor  
Salinas, CA 93901

**Legistar File Number: 26-413**

**May 12, 2026**

**Introduced:** 4/28/2026

**Current Status:** Agenda Ready

**Version:** 1

**Matter Type:** General Agenda Item

- a. Approve and authorize borrower Rippling River Affordable Housing Limited Partnership, a California limited partnership, to refinance the first lien through JPMorgan Chase Bank, N.A. for an amount of \$6,000,000.00, and issue a Subordination Agreement placing the County of Monterey's \$1,262,500.00 loan in a subordinate collateral position to JPMorgan Chase Bank's loan; and
- b. Approve and authorize the Housing and Community Development Director, or his designee, to execute the approved Subordination Agreement (Affordable) and any minor amendments which do not significantly alter the scope of work or the County's security position in the Rippling River Apartments housing development.

### RECOMMENDATION:

It is recommended that the Board of Supervisors:

- a. Approve and authorize borrower Rippling River Affordable Housing Limited Partnership, a California limited partnership, to refinance the first lien through JPMorgan Chase Bank, N.A. for an amount of \$6,000,000.00, and issue a Subordination Agreement placing the County of Monterey's \$1,262,500.00 loan in a subordinate collateral position to JPMorgan Chase Bank's loan; and
- b. Approve and authorize the Housing and Community Development Director, or his designee, to execute the approved Subordination Agreement (Affordable) and any minor amendments which do not significantly alter the scope of work or the County's security position in the Rippling River Apartments housing development.

### SUMMARY:

The recommended actions will allow the Rippling River Affordable Housing Limited Partnership, a California limited partnership, to secure a more favorable senior loan for the Rippling River Apartment complex. The County of Monterey is being asked to execute the enclosed Subordination Agreement (Affordable) consenting to subordinate the County's loan to the new proposed senior loan.

### DISCUSSION:

Monterey County Housing Authority Development Corporation, a California nonprofit corporation, is the sole owner of Rippling River Affordable Housing Limited Partnership, a California limited partnership ("Rippling River"). Rippling River is the owner of record for the existing affordable housing development known as Rippling River Apartments, a 79-unit apartment complex, which is located at 53 East Carmel Valley Road, Carmel Valley, California 93924 (the "Property").

Back in 2006, the County of Monterey approved a HOME Investment Partnership Funding and

Community Development Block Grant rehabilitation loan to the Rippling River in the amount of \$1,262,500 for the Rippling River Apartments. Rippling River also borrowed a first lien for \$16,552,533.00, Deed of Trust Instrument No. 2006042832, in favor of Citicorp North America, Inc., which was subsequently assigned to Federal Home Loan Mortgage Corporation ("Freddie Mac") (the "Senior Lender"). The County did approve and execute a Subordination Agreement to the Senior Lender, thus the County's lien is recorded in second position. The third lien was secured with an original indebtedness of \$8,070,000.00, secured with a Deed of Trust Instrument No. 2006042838 in favor of the Housing Authority of the County of Monterey.

The recommended actions will allow the Rippling River Affordable Housing Limited Partnership, a California limited partnership, to borrow new credit facility (the "New Senior Loan") to be provided by JPMorgan Chase Bank, N.A. (the "New Senior Lender"). The final loan amount for the New Senior Loan is anticipated to be \$6,000,000. In connection with this refinancing, a new first-priority deed of trust will be recorded against the Property in favor of the New Senior Lender to secure the New Senior Loan, which will replace the existing Senior Lender currently held by Freddie Mac (as successor to Citicorp North America, Inc.). The County's Loan, Deed of Trust Instrument No. 2006042834, will remain in the second lien position, and the New Senior Loan will assume the first lien position currently occupied by the Senior Lender. The County's lien priority relative to the Housing Authority Deed of Trust will remain unchanged.

The proposed subordination will not affect the County's restrictive covenants on the Property and is consistent with the Inclusionary Housing Ordinance.

**OTHER AGENCY INVOLVEMENT/COMMITTEE ACTIONS:**

The County Counsel Office has reviewed this report, and the Subordination Agreement (Affordable), and the following supporting documents:

1. Letter from HDC for request for refinance/subordination
2. Copy of the drafted JPMorgan Chase Loan Agreement
3. Copy of drafted JPMorgan Chase Note for \$6,000,000
4. Copy of the drafted JPMorgan Chase Multifamily Deed of Trust which will be approved for \$6,000,000
5. Copy of Construction to Permanent Deed of Trust, Doc #2006042832 (Senior Lender)
6. Copy of Regulatory Agreement and Declaration of Restrictive Covenants, Doc #2006042833 (County Covenants)
7. Copy of Deed of Trust with Assignment of Rents, Security Agreement, and Fixture Filing, Doc #2006042834 (County Loan)
8. Copy of Promissory Note for \$1,262,500 (County Loan)
9. Copy of Subordination Agreement, Doc #2006042835 (to Senior Lender)
10. Copy of First Amended and Restated CDBG and HOME Subrecipient Loan Agreement (County Loan)
11. Copy of completed board order (BOS Meeting, May 2, 2006)
12. Copy of preliminary title report from First American Title Insurance Company

**HOUSING IMPACTS:**

     Reduces constraints on Housing Development

Increases constraints on Housing Development

Neutral

Not applicable [N/A]

FINANCING:

There is no fiscal impact on the General Fund or on revenues. Staff time to prepare this report is included in the FY2025-26 Adopted Budget for Housing and Community Development Appropriation Unit HCD001, Unit 8542.

BOARD OF SUPERVISORS STRATEGIC PLAN GOALS:

The County's grant-funded loans provide rental opportunities in the unincorporated areas of Monterey County to extremely low-, very low-, and low-income households.

Well-Being and Quality of Life

Sustainable Infrastructure for the Present and Future

Safe and Resilient Communities

Diverse and Thriving Economy

Dynamic Organization and Employer of Choice

Prepared by: Rosa Camacho-Chavez, Housing Project Analyst II, x5389

Approved by: Craig W. Spencer, Director of Housing & Community Development, x5233

Attachments:

Attachment A - Rippling River Apartments Subordination Agreement (Affordable).pdf