

# Orange Countywide Oversight Board

Agenda Item No. 7a

Date: 9/22/2020

From: Successor Agency to the Cypress Redevelopment Agency

Subject: Resolution of the Countywide Oversight Board Approving the Dissolution of the Successor Agency to the Cypress Redevelopment Agency

## Recommended Action:

Approve resolution to dissolve the Successor Agency to the Cypress Redevelopment Agency.

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The Cypress Successor Agency requests approval of the dissolution of the Successor Agency to the Cypress Redevelopment Agency conditioned on the approval by the Countywide Oversight Board, Orange County Auditor-Controller and California Department of Finance of the assignment and assumption of a Cypress Successor Agency receivable due on February 1, 2029.

State law requires a request to dissolve a successor agency be submitted to its oversight board within 30 days of all enforceable obligations being retired or paid in full, all real property disposed of and all outstanding litigation resolved. On June 30, 2020, the last outstanding enforceable obligation of the Cypress Successor Agency was paid in full. The Agency has previously disposed of all real property and resolved all outstanding litigation, therefore formal dissolution of the Agency is required.

The Cypress Successor Agency approved a resolution requesting the dissolution on July 13, 2020 and a notification of this request to dissolve was submitted to the Orange County Auditor-Controller on July 30, 2020.

The request to dissolve by the Cypress Successor Agency is contingent upon multiple parties agreeing to the attached assignment and assumption agreement. The Cypress Successor Agency has one outstanding receivable related to the construction of the Cypress Sunrise Apartments which is scheduled to be paid to the Cypress Successor Agency in February 2029. Upon maturity, the receivable will total \$500,932 and the proceeds received by the Cypress Successor Agency would be required to be remitted to the Orange County Auditor-Controller for distribution to taxing entities in accordance with dissolution law. The Cypress Successor Agency's dissolution will not change the share of the proceeds to which the various taxing entities are entitled.

In order to begin the Agency dissolution process, any remaining assets must be transferred out of its name. It is recommended the Cypress Sunrise Apartments receivable be assigned to, and assumed by, the Orange County Auditor-Controller as part of the request to dissolve the Agency. The Oversight Board, the California Department of Finance (DOF) and the Auditor-Controller must each agree to the assignment and assumption in order for Agency dissolution to proceed. The request to proceed with dissolution would be rescinded if the assignment and assumption is not agreed to by all parties.

## Impact on Taxing Entities

All Cypress Successor Agency administrative reporting requirements will end upon dissolution, resulting in a nominal amount of additional revenue available to taxing entities.

There is no impact from assigning the Cypress Sunrise Apartments loan to the Orange County Auditor-Controller. If the loan were retained by the Cypress Successor Agency through maturity, the proceeds received in February 2029 would be required to be remitted the Orange County Auditor-Controller for

distribution to the appropriate taxing entities.

Staff Contact(s)

Matt Burton, Director of Finance and Administrative Services  
Donna Mullally, Assistant Director of Finance and Administrative Services

Attachments

Countywide Oversight Board Resolution dated September 22, 2020  
Cypress Successor Agency Approved Resolution dated July 13, 2020

**RESOLUTION NO. \_\_\_\_\_**

**IN THE MATTER OF APPROVING THE SUCCESSOR AGENCY TO  
THE CYPRESS REDEVELOPMENT AGENCY REQUEST TO  
DISSOLVE THE SUCCESSOR AGENCY, CONDITIONED UPON  
APPROVAL BY THE ORANGE COUNTYWIDE OVERSIGHT BOARD,  
ORANGE COUNTY AUDITOR-CONTROLLER AND CALIFORNIA  
DEPARTMENT OF FINANCE TO THE ASSIGNMENT AND  
ASSUMPTION OF A SUCCESSOR AGENCY ACCOUNT  
RECEIVABLE DUE IN 2029**

**WHEREAS**, the Successor Agency to the Cypress Redevelopment Agency (“Successor Agency”) has been duly created and existing in accordance with applicable law, including Part 1.85 (commencing with Section 34170) of Division 24 of the Health and Safety Code (the “Dissolution Law”), as the successor-in-interest by operation of law of the former Cypress Redevelopment Agency (“RDA”); and

**WHEREAS**, in accordance with the Dissolution Law, the Successor Agency has over the years duly submitted the Recognized Obligation Payment Schedule (“ROPS”) to the Countywide Oversight Board to the Successor Agency (“Oversight Board”) and California Department of Finance (“DOF” or “department”), which have duly been approved by the Oversight Board and DOF; and

**WHEREAS**, in accordance with the Dissolution Law, all “enforceable obligations” (as defined in Health and Safety Code section 34171(d)) of the former Cypress RDA have been paid off pursuant to the duly approved ROPS; and

**WHEREAS**, the only remaining account receivable owing to the Successor Agency, as the successor-in-interest to the former Cypress RDA, is that certain promissory note from National Church Residences of Cypress, California, for payment of offsite improvements and construction costs relating to the Cypress Sunrise Apartments (the “Promissory Note”); and

**WHEREAS**, the Promissory Note was initially issued for up to \$192,455 in September 1987 and due to mature February 1, 2029; on or about September 24, 1987, a total of \$120,384 was issued based on actual required assistance, followed by a payment of \$16,573 on or about September 29, 1987, leaving a net principal outstanding balance of \$103,761; and

**WHEREAS**, the Promissory Note is not payable, in whole or in part, either to principal or interest, prior to February 1, 2029, and the fixed interest rate on the Promissory Note is 9.25% per annum and is not compounded, such that the outstanding interest accrued on the note though June 30, 2020 was \$314,734, and the total combined principal and interest outstanding on June 30, 2019 was \$418,495; and

**WHEREAS**, the total combined principal and interest outstanding balance on the Promissory Note, owed to the Successor Agency as the successor-in-interest to the former RDA, when the Promissory Note matures on February 1, 2029, will be \$500,931.61 (the “Account Receivable”); and

**WHEREAS**, pursuant to Health and Safety Code section 34187(b) in the Dissolution Law (“Section 34187(b)”), “When all of the enforceable obligations have been retired or paid off, all real

property has been disposed of pursuant to Section 34181 or 34191.4, and all outstanding litigation has been resolved, the successor agency shall, within 30 days of meeting the aforementioned criteria, submit to the oversight board a request, with a copy of the request to the county auditor-controller, to formally dissolve the successor agency[, and the] oversight board shall approve the request within 30 days, and shall submit the request to the department[]”; and

**WHEREAS**, except for the Account Receivable from the Promissory Note, the Successor Agency meets all criteria in Section 34187(b) to request and ultimately process to completion the formal dissolution of the Successor Agency; and

**WHEREAS**, the Successor Agency prefers to commence the process to formally dissolve at this time and well before the maturity date on the Promissory Note, in accordance with the Dissolution Law, conditioned upon the following terms and conditions (the “Conditions of Formal Dissolution”): (i) An assignment and assumption of the Account Receivable from the Successor Agency to the Orange County Auditor-Controller (“Auditor-Controller”) pursuant to a valid assignment and assumption agreement in a form approved by the Successor Agency, Auditor-Controller, Oversight Board, and DOF, (ii) An acknowledgement and agreement by the Auditor-Controller that, upon receipt by the Auditor-Controller of the Account Receivable on or about February 1, 2029, the Auditor-Controller will distribute to the taxing entities the proceeds from the Account Receivable in accordance with Health and Safety Code section 34188 (or successor statute) in the Dissolution Law; and (c) Approval by the Oversight Board and DOF, in accordance with the Dissolution Law, of the conditions in clauses (i) and (ii) of this recital; and

**WHEREAS**, pursuant to Section 34187(b) the Successor Agency approved the commencement of the process to formally dissolve the Successor Agency at its meeting of July 13, 2020. Such approval requests the Oversight Board commence the process subject to and conditioned upon the Conditions of Formal Dissolution; and

**NOW THEREFORE, BE IT RESOLVED BY THE ORANGE COUNTYWIDE OVERSIGHT BOARD:**

**SECTION 1.** The Recitals above are true and correct and are incorporated into the Resolution by this reference.

**SECTION 2.** The Oversight Board hereby approves the Successor Agency’s request to commence the process to formally dissolve the Successor Agency, subject to and conditioned upon the Conditions of Formal Dissolution.

**SECTION 3.** The Oversight Board hereby acknowledges and approves proceeding with the Assignment and Assumption Agreement (Exhibit 1) between the Successor Agency and the Auditor-Controller associated with the note due the Successor Agency on February 1, 2029.

**SECTION 4.** If any of the Conditions of Formal Dissolution are not satisfied, or any of the requirements set forth as part of the formal dissolution process in Section 34187(b) or any other applicable provisions in the Dissolution Law are not met by the Auditor-Controller or DOF, this Resolution shall be rescinded and of no force and effect, without any need for further action by the Successor Agency, and the process for final dissolution of the Successor Agency shall immediately

cease and shall not proceed, and the Successor Agency shall not be dissolved until a future request by the Successor Agency for final dissolution is submitted to the Oversight Board.

**SECTION 5.** The approval of this Resolution does not commit the Oversight Board to any action that may have a significant effect on the environment. As a result, such action does not constitute a project subject to the requirements of the California Environmental Quality Act.

**SECTION 6.** If any provision of this Resolution or the application of any such provision to any person or circumstance is held invalid, such invalidity shall not affect other provisions or applications of this Resolution that can be given effect without the invalid provision or application, and to this end, the provisions of this Resolution are severable. The Oversight Board hereby declares that the Oversight Board would have adopted this Resolution irrespective of the invalidity of any particular portion of this Resolution.

**SECTION 7.** This Resolution shall be effective immediately upon adoption.

**SECTION 8.** The Clerk of the Oversight Board shall certify to the adoption of this Resolution.

**ASSIGNMENT AND ASSUMPTION AGREEMENT**

This **ASSIGNMENT AND ASSUMPTION AGREEMENT** (the “Agreement”) is dated this \_\_\_\_\_, 2020, and is by and among the **SUCCESSOR AGENCY TO THE CYPRESS REDEVELOPMENT AGENCY** (“Successor Agency”) acting by and through the **CITY OF CYPRESS**, a California municipal corporation (the “Assignor”), and the **ORANGE COUNTY AUDITOR-CONTROLLER**, in his/her/their official capacity as the duly elected or appointed auditor-controller for the County of Orange, a political subdivision of the State of California (the “Assignee”). Assignor and Assignee are periodically referred to herein individually as a “party” and collectively as the “parties.”

**RECITALS**

A. On or about September 8, 1987, the former Cypress Redevelopment Agency, a political body, corporate and politic (“RDA”) and National Church Residences of Cypress, CA, a nonprofit Ohio corporation (“Developer”), entered into that certain Disposition and Development Agreement (“DDA”), which, among other terms and conditions, furthered the Redevelopment Plan for the Civic Center Redevelopment Project Area (“Project Area”) by providing financial assistance for the development of a 75-unit rental housing project for the elderly and handicapped (the “Project”) on certain real property located within the Project Area and more particularly described in the legal description attached to the Subordinated Deed of Trust defined in Recital B (the “Property”). The DDA is a public record and available for review at the Cypress City Hall during regular business hours.

B. In furtherance of the financing of the Project, the RDA loaned to Developer the amount of One Hundred Ninety Two Thousand Four Hundred Fifty-Five Dollars (\$192,455.00) (the “RDA Loan”), with interest thereon at the rate of 9.25% per annum, not to be compounded, and evidenced by that certain Residual Receipts Promissory Note executed by Developer on September 24, 1987, attached hereto as Exhibit A and incorporated herein by this reference (the “Promissory Note”). The Promissory Note and the payment and performance obligations therein are secured by that certain Subordinated Short Form Deed of Trust and Assignment of Rents A.P.N., recorded against the Property on September 28, 1987, as Instrument No. 87-545594 of the Official Records of Orange County, California, and attached hereto as Exhibit B and incorporated herein by reference (the “Subordinated Deed of Trust”). The Promissory Note and Subordinated Deed of Trust are collectively referred to as the “Loan Documents.”

C. Among other terms and conditions in the Promissory Note, repayment of the RDA Loan, both principal and interest, were not required until February 1, 2029, which is the maturity date of a note and deed of trust in favor of the Secretary of Housing and Urban Development (“Secretary” and “HUD,” respectively) covering HUD Project No. 122-EH391-WAH-L8 as described and accommodated in the DDA. Developer could, however, make prepayments on the Loan after the final closing of the note held by the Secretary. The total combined principal and interest outstanding balance on the Promissory Note, that will be owed to the Successor Agency as of February 1, 2029, will be Five Hundred Thousand Nine Hundred Thirty-Two Dollars \$500,932 (the “Account Receivable”).

D. On February 1, 2012, all redevelopment agencies in the State of California were

dissolved pursuant to Parts 1.85 (Commencing with Section 34170) of Division 24 of the Health and Safety Code (“Dissolution Law”), and the Successor Agency became the successor-in-interest to the RDA by operation of law. The Successor Agency has been winding down the RDA in accordance with the Dissolution Law, with only the Account Receivable from the Loan to the Developer evidenced by the Promissory Note remaining as under the jurisdiction of the Successor Agency. All other “enforceable obligations” as defined in Health and Safety Code section 34171(d) of the Dissolution Law have been paid off.

E. Pursuant to Health and Safety Code section 34187(b) in the Dissolution Law (“Section 34187(b)”), “When all of the enforceable obligations have been retired or paid off, all real property has been disposed of pursuant to Section 34181 or 34191.4, and all outstanding litigation has been resolved, the successor agency shall, within 30 days of meeting the aforementioned criteria, submit to the oversight board a request, with a copy of the request to the county auditor-controller, to formally dissolve the successor agency[, and the] oversight board shall approve the request within 30 days, and shall submit the request to the department[]”. Except for the Account Receivable from the Loan to the Developer evidenced by the Promissory Note, the Successor Agency meets all criteria in Section 34187(b) to request and ultimate process to completion the formal dissolution of the Successor Agency.

F. The Successor Agency preferred to commence the process to formally dissolve before the maturity date on the Promissory Note, in accordance with the Dissolution Law, conditioned upon the following terms and conditions (the “Conditions of Formal Dissolution”): (i) An assignment and assumption of the account receivable from the Successor Agency to the Assignee, Orange County Auditor-Controller (“Auditor-Controller”), pursuant to a valid assignment and assumption agreement in a form approved by the Successor Agency, Auditor-Controller, Oversight Board, and DOF, (ii) An acknowledgement and agreement by the Auditor-Controller that, upon receipt by the Auditor-Controller of the Account Receivable on or about February 1, 2029, the Auditor-Controller will distribute to the taxing entities the proceeds from the Account Receivable in accordance with Health and Safety Code section 34188 (or successor statute) in the Dissolution Law; and (c) Approval by the Oversight Board and DOF, in accordance with the Dissolution Law, of the conditions in clauses (i) and (ii) of this recital.

G. This Agreement is intended to facilitate the Conditions of Formal Approval, and Assignor and Assignee freely enter into and consent to this Agreement and Assignment (defined below).

NOW, THEREFORE, in consideration of the mutual benefits accruing to the parties hereto and other valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

### **AGREEMENT**

1. Assignor hereby assigns to Assignee all of Assignor’s rights, title, and interest in Loan Documents, and the Account Receivable evidenced by the Promissory Note and secured by Subordinated Deed of Trust (the “Assignment”).

2. Assignee hereby accepts the Assignment and assumes Assignor’s rights, title, and

interest in Loan Documents, and the Account Receivable evidenced by the Promissory Note and secured by Subordinated Deed of Trust.

3. Upon the receipt of the Account Receivable by the Assignee, Assignee shall distribute to the taxing entities the proceeds from the Account Receivable in accordance with Assignor and Assignee have full power, authority and legal right to enter into, execute and deliver this Agreement and to effectuate the Assignment provided herein.

4. This Agreement binds and inures to the benefit of the legal representatives, heirs, successors and assigns of all signatories hereto.

5. The laws of the State of California shall govern all matters arising out of this Agreement without regard to conflict of law principles.

6. The signatories hereto hereby agree to execute and deliver, record and file, at any time and from time to time, such additional documents, instruments and agreements deemed necessary or desirable for more fully supplementing this Agreement to reflect the Assignee's assumption of the Assignment, including but not limited to the recording of this Agreement, conveying the Subordinate Deed of Trust by recorded instrument to the Assignee, or any other document or recordable instrument that may be mutually agreeable by Assignor and Assignee.

7. This Agreement may be signed by the different signatories hereto in counterparts, each of which is deemed an original but all of which together constitute one and the same agreement.

***[Remainder of page left intentionally blank. Signature pages follow.]***

**IN WITNESS WHEREOF**, the parties have caused this Agreement to be executed and delivered on their behalf by their duly authorized representatives as of the date first set forth above.

***Assignor:***

THE CITY OF CYPRESS, a California municipal corporation

By: \_\_\_\_\_  
Peter Grant  
City Manager

***Attest:***

\_\_\_\_\_  
Alisha Farnell  
City Clerk

***Assignee:***

ORANGE COUNTY AUDITOR-CONTROLLER

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**CONSENT TO ASSIGNMENT:**

SECRETARY OF THE UNITED STATES  
DEPARTMENT OF HOUSING AND URBAN  
DEVELOPMENT

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Exhibit A

Promissory Note

[attached]

RESIDUAL RECEIPTS PROMISSORY NOTE

For value received, at the time and in the manner hereinafter provided, the undersigned NATIONAL CHURCH RESIDENCES OF CYPRESS, CA, (the "Maker"), promises to pay to THE CYPRESS REDEVELOPMENT AGENCY (the "Obligee") the sum of ONE HUNDRED NINETY-TWO THOUSAND FOUR HUNDRED FIFTY-FIVE AND NO/100 DOLLARS (\$192,455.00) at Cypress City Hall, Cypress, California with interest thereon at the rate of 9.25% per annum, which shall not be compounded, subject to the following conditions and limitations.

- (1) The indebtedness represented by this note shall not be payable, in whole or in part either as to principal or interest, prior to February 1, 2029, the maturity date of the note and deed of trust in favor of the Secretary of Housing and Urban Development ("Secretary"), and covering HUD Project No. 122-EH391-WAH-L8 (as further described in that certain Disposition and Development Agreement dated September 14, 1987 between the Maker and the Obligee).
- (2) This note is non-negotiable, and may not be sold, transferred, assigned or pledged by the Obligee except with the prior written approval of the Secretary.
- (3) This note represents an advance of funds by the Obligee to the Maker for the cost of certain improvements and construction costs relating to the aforementioned Project.
- (4) The Obligee and the Maker of this note understand the Department of Housing and Urban Development requires this to be a bona fide loan transaction with the intent that the note be paid from any residual receipts of the Maker, after obtaining the prior written approval of the Secretary. For purposes of this note, the term "residual receipts" means "residual receipts" as defined in that certain

Regulatory Agreement between the Maker and the Secretary dated September 1, 1987.

- (5) This note is secured by a subordinated lien on certain property of the Maker pursuant to that certain Subordinated Deed of Trust dated September 24, 1987, from Maker to Obligee.
- (6) Prepayments of this note may be made at the option of the Maker only after final closing of the note held by the Secretary and after the end of the semi-annual or an annual fiscal period.

Presentment, demand and notice of demand, non-payment and protest of this Note are waived.

Executed at Encino, Calif. this 24th day of September of 1987.

NATIONAL CHURCH RESIDENCES OF CYPRESS, CA  
Maker-Corporate Name

By Mimi W. Kinard *Mimi W. Kinard*  
Asst. Vice- President/ Asst. Secretary

Attest:

\_\_\_\_\_  
Secretary

The Obligee hereby certifies that this is a bona fide loan transaction and that it fully understands all the requirements of this note.

CYPRESS REDEVELOPMENT AGENCY

By William E. Davis  
Chairman

Exhibit B

Subordinated Deed of Trust

[attached]

87-545594

-150 PM SEP 28 '87

WORLD TITLE COMPANY

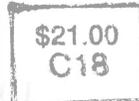
*Lee A Branch* COUNTY  
RECORDER

RECORDING REQUESTED BY:

CYPRESS REDEVELOPMENT AGENCY

AND WHEN RECORDED MAIL TO:

5275 Orange Avenue  
P. O. Box 609  
Cypress, California 90630



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SUBORDINATED SHORT FORM DEED OF TRUST  
AND ASSIGNMENT OF RENTS A.P.N.

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704753-71

THIS DEED OF TRUST made this 24th day of September, 1987 between National Church Residences of Cypress, CA, a non-profit corporation organized under the laws of the State of Ohio, herein called TRUSTOR, whose address is 2335 North Bank Drive, Columbus, Ohio 43220, Ticor Title Insurance Company of California, a California corporation, 333 South Grand Avenue, Los Angeles, California 90017, herein called TRUSTEE, and The Cypress Redevelopment Agency, herein called Beneficiary, WITNESSETH: That Trustor IRREVOCABLY GRANTS, TRANSFERS AND ASSIGNS to TRUSTEE IN TRUST, WITH POWER OF SALE, that property in Orange County, California, described in Exhibit A attached hereto and incorporated herein by reference.

TOGETHER WITH the rents, issues and profits thereof, SUBJECT, HOWEVER, to the right, power and authority given to and conferred upon Beneficiary by paragraph (10) of the provisions incorporated herein by reference to collect and apply such rents, issues and profits.

FOR THE PURPOSE OF SECURING: 1. Performance of each agreement of Trustor incorporated by reference or contained herein. 2. Payment of the indebtedness evidenced by one promissory note of even date herewith, and any extension or renewal thereof, in the principal sum of \$ 192,455.00 executed by Trustor in favor of Beneficiary or order. 3. Payment of such further sums as the then record owner of said property hereafter may borrow from Beneficiary, when evidenced by another note (or notes)

reciting it is so secured, provided that during the period HUD is the holder of a deed of trust and regulatory agreement on the Property any such loan(s) have the prior written approval of HUD.

TO PROTECT THE SECURITY OF THIS DEED OF TRUST TRUSTOR AGREES: By the execution and delivery of this Deed of Trust and the note secured hereby, including sections (1) and (17), inclusive, of this deed of trust set forth herein at length; that he will observe and perform said provisions; and that the references to property, obligations, and parties in said provisions shall be construed to refer to the property, obligations, and parties set forth in this Deed of Trust.

TO PROTECT THE SECURITY OF THIS DEED OF TRUST, TRUSTOR AGREES:

(1) To keep said property in good condition and repair; not to remove or demolish any building thereon; to complete or restore promptly and in good and workmanlike manner any building which may be constructed, damaged or destroyed thereon and to pay when due all claims for labor performed and materials furnished therefor; to comply with all laws affecting said property or requiring any alterations or improvements to be made thereon; not to commit or permit waste thereof; not to commit, suffer or permit any act upon said property in violation of law; to cultivate, irrigate, fertilize, fumigate, prune and do all other acts which from the character or use of said property may be reasonably necessary, the specific enumerations herein not excluding the general.

(2) To provide, maintain and deliver to Beneficiary fire insurance satisfactory to and with loss payable to Beneficiary. The amount collected under any fire or other insurance policy may be applied by Beneficiary upon any indebtedness secured hereby and in such order as Beneficiary may determine, or at option of Beneficiary the entire amount so collected or any part thereof may be released to Trustor. Such application or release shall not cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice.

(3) To appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee; and to pay all costs and expenses, including cost of evidence of title and attorney's fees in a reasonable sum, in any such action or

proceeding in which Beneficiary or Trustee may appear, and in any suit brought by Beneficiary to foreclose this Deed.

(4) To pay: at least ten days before delinquency all taxes and assessments affecting said property, including assessments on appurtenant water stock; when due, all encumbrances, charges and liens, with interest, on said property or any part thereof, which appear to be prior or superior hereto; all costs, fees and expenses of this Trust.

Should Trustor fail to make any payment or to do any act as herein provided, then Beneficiary or Trustee, but without obligation so to do and without notice to or demand upon Trustor and without releasing Trustor from any obligation hereof, may: make or do the same in such manner and to such extent as either may deem necessary to protect the security hereof, Beneficiary or Trustee being authorized to enter upon said property for such purpose; appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee; pay, purchase, contest or compromise any encumbrance, charge or lien which in the judgment of either appears to be prior or superior hereto; and, in exercising any such powers, pay necessary expenses, employ counsel and pay his reasonable fees.

(5) To pay immediately and without demand all sums so expended by Beneficiary or Trustee, with interest from date of expenditure at the amount allowed by law in effect at the date hereof, and to pay for any statement provided for by law in effect at the date hereof regarding the obligation secured hereby any amount demanded by the Beneficiary not to exceed the maximum allowed by law at the time when said statement is demanded.

(6) That any award of damages in connection with any condemnation for public use of or injury to said property or any part thereof is hereby assigned and shall be paid to Beneficiary who may apply or release such moneys received by him in the same manner and with the same effect as above provided for disposition of proceeds of fire or other insurance.

(7) That by accepting payment of any sum secured hereby after its due date, Beneficiary does not waive his right either to require prompt payment when due of all other sums so secured or to declare default for failure so to pay.

(8) That at any time or from time to time, without liability therefor and without notice, upon written request

of Beneficiary and representation of this Deed and said note for endorsement and without affecting the personal liability of any person for payment of the indebtedness secured hereby, Trustee may: reconvey any part of said property; consent to the making of any map or plat thereof; join in granting any easement thereon; or join in any extension agreement or any agreement subordinating the lien or charge hereof.

(9) That upon written request of Beneficiary stating that all sums secured hereby have been paid, and upon surrender of this Deed and said note to Trustee for cancellation and retention and upon payment of its fees, Trustee shall reconvey, without warranty, the property then held hereunder. The recitals in such reconveyance of any matters or facts shall be conclusive proof of the truthfulness thereof. The grantee in such reconveyance may be described as "the person or persons legally entitled thereto." Five years after issuance of such full reconveyance, Trustee may destroy said note and this Deed (unless directed in such request to retain them).

(10) That as additional security, Trustor hereby gives to and confers upon Beneficiary the right, power and authority, during the continuance of these Trusts, to collect the rents, issues and profits of said property, reserving unto Trustor the right, prior to any default by Trustor in payment of any indebtedness secured hereby or in performance of any agreement hereunder, to collect and retain such rents, issues and profits as they become due and payable. Upon any such default, Beneficiary may at any time without notice, either in person, by agent, or by a receiver to be appointed by a court, and without regard to the adequacy of any security for the indebtedness hereby secured, enter upon and take possession of said property or any part thereof, in his own name sue for or otherwise collect such rents, issues and profits, including those past due and unpaid, and apply the same, less costs and expenses of operation and collection, including reasonable attorney's fees, upon any indebtedness secured hereby, and in such order as Beneficiary may determine. The entering upon and taking possession of said property, the collection of such rents, issues and profits and the application thereof as aforesaid, shall not cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice.

(11) That upon default by Trustor in payment of any indebtedness secured hereby or in performance of any agreement hereunder Beneficiary may declare all sums secured

hereby immediately due and payable by delivery to Trustee of written declaration of default and demand for sale and of written notice of default and of election to cause to be sold said property, which notice Trustee shall cause to be filed for record. Beneficiary also shall deposit with Trustee this Deed, said note and all documents evidencing expenditures secured hereby.

After the lapse of such time as may then be required by law following the recordation of said notice of default, and notice of sale having been given as then required by law, Trustee, without demand on Trustor, shall sell said property at the time and place fixed by it in said notice of sale, either as a whole or in separate parcels, and in such order as it may determine, at public auction to the highest bidder for cash in lawful money of the United States payable at time of sale. Trustee may postpone sale of all or any portion of said property by public announcement at such time and place of sale, and from time to time thereafter may postpone such sale by public announcement at the time fixed by the preceding postponement. Trustee shall deliver to such purchaser its deed conveying the property so sold, but without any covenant or warranty express or implied. The recitals in such deed of any matters or facts shall be conclusive proof of the truthfulness thereof. Any person, including Trustor, Trustee, or Beneficiary as hereinafter defined, may purchase at such sale.

After deducting all costs, fees and expenses of Trustee and of this Trust, including cost of evidence of title in connection with sale, Trustee shall apply the proceeds of sale to payment of: all sums expended under the terms hereof, not then repaid, with accrued interest at the amount allowed by law in effect at the date hereof; all other sums then secured hereby; and the remainder, if any, to the person or persons legally entitled thereto.

Notwithstanding the foregoing, during any period when there is a first trust deed loan on the Property held by United States Department of Housing and Urban Development ("HUD") or an instrumentality thereof, Beneficiary's rights as set forth in this paragraph 11 and in paragraph 10 above shall have no force or effect.

(12) Beneficiary, or any successor in ownership of any indebtedness secured hereby, may from time to time, by instrument in writing, substitute a successor or successors to any Trustee named herein or acting hereunder, which instrument, executed by the Beneficiary and duly

acknowledged and recorded in the office of the recorder of the county or counties where said property is situated, shall be conclusive proof of proper substitution of such successor Trustee or Trustees who shall, without conveyance from the Trustee predecessor, succeed to all its title, estate, rights, powers and duties. Said instrument must contain the name of the original Trustor, Trustee and Beneficiary hereunder, the book and page where this Deed is recorded and the name and address of the new Trustee.

(13) That this Deed applies to, inures to the benefit of, and binds all parties hereto, their heirs, legatees, devisees, administrators, executors, successors and assigns. The term Beneficiary shall mean the owner and holder, including pledgees, of the note secured hereby, whether or not named as Beneficiary herein. In this Deed, whenever the context so requires, the masculine gender includes the feminine and/or neuter, and the singular number includes the plural.

(14) That Trustee accepts this Trust when this Deed, duly executed and acknowledged, is made a public record as provided by law. Trustee is not obligated to notify any part hereto of pending sale under any other Deed of Trustor of any action or proceeding in which Trustor, Beneficiary or Trustee shall be a party unless brought by Trustee.

This Deed of Trust is subordinated in interest to the lien created by that certain Deed of Trust by National Church Residences of Cypress, CA as Mortgagor and the Secretary of Housing and Urban Development, as Mortgagee, relating to the property and improvements herein described, which secures a loan made by the Secretary of Housing and Urban Development pursuant to Section 202 of the Housing Act of 1959, as amended, and to a Regulatory Agreement between the Trustor and HUD with respect to the Property, and a Building Loan Agreement with respect to the property.

(15) So long as the Secretary of HUD or his/her successor or assigns is the holder of the first deed of trust on Cypress Sunrise Apartments, HUD/FHA PROJECT #122-EH391-WAH-L8, payments due under the Note shall be payable only from residual receipts as that term is defined in the Regulatory Agreement between the Secretary of Housing and Urban Development and Trustor.

(16) In the event that the Secretary of HUD acquires title to the Property by foreclosure or deed in lieu of foreclosure, or otherwise, the lien of this Deed of

87-545594

Trust shall automatically terminate. The Beneficiary shall in any event be given an opportunity to cure the event of a default giving rise to HUD's rights to foreclose prior to HUD's acquisition by title by a deed in lieu of foreclosure.

(17) This Deed of Trust shall not be modified during the term of said Regulatory Agreement without the written approval of HUD.

The undersigned Trustor requests that a copy of any Notice of Default and of any Notice of sale hereunder be mailed to him at his address hereinbefore set forth.

Signature of Trust

NATIONAL CHURCH RESIDENCES  
OF CYPRESS, CA  
(a corporation)

By Mimi W. Kinard  
Mimi W. Kinard, Assistant Secretary

By \_\_\_\_\_  
(Secretary)

STATE OF CALIFORNIA  
COUNTY OF \_\_\_\_\_

On \_\_\_\_\_ before me the undersigned, a Notary Public in and for said State, personally appeared \_\_\_\_\_ personally known to me or proved to me on the basis of satisfactory evidence to be the person who executed the within instrument as the \_\_\_\_\_ President, and \_\_\_\_\_ personally known to me or proved to me on the basis of satisfactory evidence to be \_\_\_\_\_ Secretary of the Corporation that executed the within instrument and acknowledged to me that such corporation executed the within instrument pursuant to its by-laws or a resolution of its board of directors.

WITNESS my hand and official seal

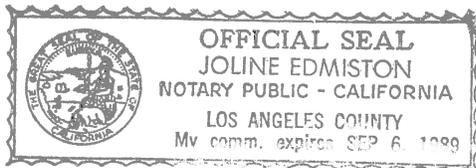
\_\_\_\_\_  
Notary Public

Title Order No. \_\_\_\_\_ Escrow or Loan  
No. \_\_\_\_\_

STATE OF CALIFORNIA  
COUNTY OF Los Angeles

On September 25, 1987 before me the undersigned, a Notary Public in and for said State, personally appeared Mimi W. Kinard personally known to me or proved to me on the basis of satisfactory evidence to be the person who executed the within instrument as the Assistant Secretary ~~personally known to me or proved to me on the basis of satisfactory evidence to be~~ ~~Secretary~~ of the Corporation that executed the within instrument and acknowledged to me that such corporation executed the within instrument pursuant to its by-laws or a resolution of its board of directors.

WITNESS my hand and official seal



Joline Edmiston  
Notary Public

GOV'T. CODE 27361.7

I CERTIFY THAT UNDER PENALTY OF PERJURY THAT THE NOTARY SEAL ON THE DOCUMENT TO WHICH THIS STATEMENT IS ATTACHED READS AS FOLLOWS:

NAME OF NOTARY: JOLINE EDMISTON

DATE COMMISSION EXPIRES: 9/6/89

COUNTY WHERE BOND IS FILED: LOS ANGELES COUNTY

PLACE OF EXECUTION: SANTA ANA

DATE: 9/28/87

FIRM NAME: **WORLD TITLE COMPANY** By: Tracy Johnson

EXHIBIT "A"

LEGAL DESCRIPTION OF THE PROPERTY

DESCRIPTION OF PARCEL 1 OF PROPOSED PM 86-230

THAT CERTAIN LAND SITUATED IN THE STATE OF CALIFORNIA, COUNTY OF ORANGE, CITY OF CYPRESS, DESCRIBED AS FOLLOWS:

Beginning at the Northeast corner of the Northwest quarter of the Northwest quarter of Section 16, Township 4 South Range 11 West, in the Rancho Coyotes, as shown on a Map recorded in Book 51 Page 11 of Miscellaneous Maps, records of Orange County; thence southerly along the East line of said Northwest quarter of the Northwest quarter, said line being also the centerline of Grindlay Street 60 feet wide, South  $0^{\circ}23'08''$  East 680.79 feet to the Southeast corner of the North half of said Northwest quarter of the Northwest quarter; thence westerly along the South line of said North half South  $89^{\circ}41'10''$  West 272.81 feet to the TRUE POINT OF BEGINNING; thence leaving said South line North  $0^{\circ}18'34''$  West 143.02 feet; thence along the following courses:

;

North $61^{\circ}02'24''$ West	45.00 feet
South $89^{\circ}41'26''$ West	78.00 feet
North $0^{\circ}18'34''$ West	25.00 feet
South $89^{\circ}41'26''$ West	230.00 feet

to the West line of the east 619.81 feet of said North half; thence along said West line South  $0^{\circ}23'08''$  East 190.04 feet to the South line of said North half; thence along said South line North  $89^{\circ}41'10''$  East 347.00 feet to the True Point of Beginning.

Exhibit "B" is attached hereto and made a part hereof by this reference.

The parcel of land described above contains 62602 square feet (1.437 acres) more or less.

 3-31-87  
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Jack P. Norris, RCE 15446      date  
Norris-Repke, Inc.

EXHIBIT "A"

SUCCESSOR AGENCY BOARD RESOLUTION NO. SA-9

A RESOLUTION OF THE SUCCESSOR AGENCY TO THE CYPRESS REDEVELOPMENT AGENCY REQUESTING OVERSIGHT BOARD ACTION TO DISSOLVE THE SUCCESSOR AGENCY, CONDITIONED UPON APPROVAL BY THE OVERSIGHT BOARD AND CALIFORNIA DEPARTMENT OF FINANCE TO THE ASSIGNMENT AND ASSUMPTION OF A SUCCESSOR AGENCY ACCOUNT RECEIVABLE PAYABLE IN 2029

WHEREAS, the Successor Agency to the Cypress Redevelopment Agency ("Successor Agency") has been duly created and existing in accordance with applicable law, including Part 1.85 (commencing with Section 34170) of Division 24 of the Health and Safety Code (the "Dissolution Law"), as the successor-in-interest by operation of law of the former Cypress Redevelopment Agency ("RDA"); and

WHEREAS, in accordance with the Dissolution Law, the Successor Agency has over the years duly submitted the Recognized Obligation Payment Schedule ("ROPS") to the Oversight Board to the Successor Agency ("Oversight Board") and California Department of Finance ("DOF" or "department"), which have duly been approved by the Oversight Board and DOF; and

WHEREAS, in accordance with the Dissolution Law, all "enforceable obligations" (as defined in Health and Safety Code section 34171(d)) of the former RDA have been paid off pursuant to the duly approved ROPS; and

WHEREAS, the only remaining account receivable owing to the Successor Agency, as the successor-in-interest to the former RDA, is that certain promissory note from National Church Residences of Cypress, California, for payment of offsite improvements and construction costs relating to the Cypress Sunrise Apartments (the "Promissory Note"); and

WHEREAS, the Promissory Note was initially issued for up to \$192,455 in September 1987 and due to mature February 1, 2029; on or about September 24, 1987, a total of \$120,384 was issued based on actual required assistance, followed by a payment of \$16,573 on or about September 29, 1987, leaving a net principal outstanding balance of \$103,761; and

WHEREAS, the Promissory Note is due on February 1, 2029, and the fixed interest rate on the Promissory Note is 9.25% per annum and is not compounded, such that the outstanding interest accrued on the note through June 30, 2019 was \$305,136, and the total combined principal and interest outstanding on June 30, 2019 was \$408,897; and

WHEREAS, the total combined principal and interest outstanding balance on the Promissory Note, owed to the Successor Agency as the successor-in-interest to the former RDA, when the Promissory Note matures on February 1, 2029, will be \$500,932 (the "Account Receivable"); and

WHEREAS, pursuant to Health and Safety Code section 34187(b) in the Dissolution Law ("Section 34187(b)"), "When all of the enforceable obligations have been retired or paid off, all real property has been disposed of pursuant to Section 34181 or 34191.4, and all outstanding litigation has been resolved, the successor agency shall, within 30 days of meeting the aforementioned criteria, submit to the oversight board a request, with a copy of the request to the county auditor-controller, to formally dissolve the successor agency[, and the] oversight board shall approve the request within 30 days, and shall submit the request to the department[.]" ; and

WHEREAS, except for the Account Receivable from the Promissory Note, the Successor Agency meets all criteria in Section 34187(b) to request and ultimate process to completion the formal dissolution of the Successor Agency; and

WHEREAS, the Successor Agency prefers to commence the process to formally dissolve at this time and well before the maturity date on the Promissory Note, in accordance with the Dissolution Law, conditioned upon the following terms and conditions (the "Conditions

of Formal Dissolution”): (i) An assignment and assumption of the Account Receivable from the Successor Agency to the Orange County Auditor-Controller (“Auditor-Controller”) pursuant to a valid assignment and assumption agreement in a form approved by the Successor Agency, Auditor-Controller, Oversight Board, and DOF, (ii) An acknowledgement and agreement by the Auditor-Controller that, upon receipt by the Auditor-Controller of the Account Receivable on or about February 1, 2029, the Auditor-Controller will distribute to the taxing entities the proceeds from the Account Receivable in accordance with Health and Safety Code section 34188 (or successor statute) in the Dissolution Law; and (c) Approval by the Oversight Board and DOF, in accordance with the Dissolution Law, of the conditions in clauses (i) and (ii) of this recital.

NOW THEREFORE, BE IT RESOLVED, by the Successor Agency to the Cypress Redevelopment Agency, as follows:

SECTION 1. The Recitals above are true and correct and comprise a substantive part of this Resolution.

SECTION 2. The Successor Agency, pursuant to Section 34187(b), hereby requests that the Oversight Board commence the process to formally dissolve the Successor Agency, subject to and conditioned upon the Conditions of Formal Dissolution.

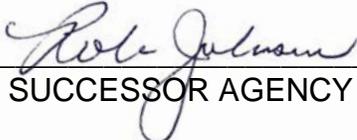
SECTION 3. If any of the Conditions of Formal Dissolution are not satisfied, or any of the requirements set forth as part of the formal dissolution process in Section 34187(b) or any other applicable provisions in the Dissolution Law are not met by the Oversight Board or DOF, this Resolution shall be rescinded and of no force and effect, without any need for further action by the Successor Agency, and the process for final dissolution of the Successor Agency requested by this Resolutions shall immediately cease and shall not proceed, and the Successor Agency shall not be dissolved until a future request by the Successor Agency for final dissolution is submitted to the Oversight Board.

SECTION 4. The Successor Agency hereby authorizes and directs the Executive Director of the Successor Agency to take any further actions on behalf of the Successor Agency, as may be necessary or appropriate, to implement the request, and satisfy the Conditions of Formal Dissolution, as provided for in this Resolution. The authorization and direction in this section includes but is not limited to the submittal of this Resolution to the Auditor-Controller in accordance with Section 34187(b), the negotiating and executing of an assignment and assumption agreement by and between the Successor Agency and Auditor-Controller, and submittal of any documents as may be requested by the Oversight Board or DOF.

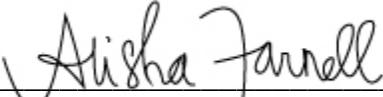
SECTION 5. If any provision of this Resolution or the application thereof to any person or circumstance is held invalid, such invalidity shall not affect other provisions or applications of this Resolution which can be given effect without the invalid provision or application, and to this end the provisions of this Resolution are severable. The Successor Agency hereby declares that it would have adopted this Resolution irrespective of the invalidity of any particular portion thereof.

SECTION 6 The Successor Agency Secretary shall certify to the adoption of this Resolution.

PASSED, APPROVED AND ADOPTED by the Successor Agency Board at a meeting held on the 13th day of July, 2020.

  
\_\_\_\_\_  
CHAIR, SUCCESSOR AGENCY BOARD

ATTEST:

  
\_\_\_\_\_  
SECRETARY, SUCCESSOR AGENCY BOARD

STATE OF CALIFORNIA  
COUNTY OF ORANGE ) SS  
CITY OF CYPRESS )

I, ALISHA FARNELL, Secretary to the Successor Agency Board, do hereby certify that the foregoing Resolution was adopted at a regular meeting of the Successor Agency Board, held on the 13th day of July, 2020, by the following roll call vote:

AYES:	5	BOARD MEMBERS:	Berry, Morales, Peat, Yarc and Johnson
NOES:	0	BOARD MEMBERS:	None
ABSENT:	0	BOARD MEMBERS:	None



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SECRETARY, SUCCESSOR AGENCY BOARD