

Resolution Number 4505

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PERRIS
APPROVING A MEMORANDUM OF UNDERSTANDING BETWEEN THE CITY OF
PERRIS REGARDING CLAIMS AGAINST REHAB FINANCIAL CORPORATION AND
ITS AGENTS**

WHEREAS, the City of Perris engaged Rehab Financial Corporation (RFC) in 2009 to provide assistance with servicing loans and construction disbursements for the Housing Division Substantial Rehabilitation and Homebuyer Assistance programs; and

WHEREAS, in March 2010 RFC abruptly closed operations and ceased all communications; and

WHEREAS, the City of Perris subsequently discovered that at least \$67,635 in housing funds was missing from RFC trust accounts or otherwise had been withdrawn without authorization; and

WHEREAS, in July 2010 the owner of RFC was convicted of embezzlement and reached a plea agreement in U.S. District Court; and

WHEREAS, separate civil actions were filed by affected cities against RFC seeking to recover damages for the loss of funds; and

WHEREAS, the affected cities were invited to attend a global mediation to resolve the respective claims and at the conclusion of mediation, RFC's insurer conveyed an offer of four hundred fifty thousand dollars (\$450,000) to settle all claims the other cities had against RFC including the City of Perris; and

WHEREAS, a Memorandum of Understanding has been prepared acknowledging that the City of Perris and the other involved cities agree to participate in the settlement of the civil actions against RFC and the City of Perris will receive \$6,041.80.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Perris, as follows:

Section 1. That the City of Perris approves the Memorandum of Understanding between the City of Perris and the other involved cities regarding claims against Rehab Financial Corporation and its agents effective with the date of this resolution.

Section 2. Delegates authority to the City Manager and City Attorney to sign all documents which may be necessary for the execution of the Memorandum of Understanding.

ADOPTED, SIGNED AND APPROVED this 12th day of June 2012.

Daryl R. Busch, Mayor

Attest:

Judy L. Haughney, C.M.C., City Clerk

STATE OF CALIFORNIA)
COUNTY OF RIVERSIDE) ss
CITY OF PERRIS)

I, Judy L. Haughney, City Clerk of the City of Perris, California, do hereby certify that the foregoing Resolution Number 4505 was duly and regularly adopted by the City Council of the City of Perris at a regular meeting thereof held on the 12th day of June 2012, by the following called vote:

Ayes: Evans, Rogers, Yarbrough, Landers, Busch

Noes:

Abstain:

Absent: