

**SUBMITTAL TO THE BOARD OF SUPERVISORS
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**

472



FROM: Economic Development Agency

SUBMITTAL DATE:
July 6, 2009

SUBJECT: Loan Agreement for the Use of Neighborhood Stabilization Program Funds in the City of Norco

RECOMMENDED MOTION: That the Board of Supervisors:

1. Approve the attached Loan Agreement for the Use of Neighborhood Stabilization Program Funds between the County of Riverside and Inspire Life Skills Training, Inc.;
2. Authorize the Chairman of the Board to sign the attached Loan Agreement; and
3. Authorize the Assistant County Executive Officer/EDA or his designee to take all necessary steps to implement the Loan Agreement including, but not limited to, signing subsequent deeds of trust for each property acquired and subsequent essential and relevant documents subject to approval by County Counsel.

Continued

Robert Field
Assistant County Executive Officer/EDA

FINANCIAL DATA	Current F.Y. Total Cost:	\$ 330,000	In Current Year Budget:	YES
	Current F.Y. Net County Cost:	\$ 0	Budget Adjustment:	NO
	Annual Net County Cost:	\$ 0	For Fiscal Year:	2009/2010

COMPANION ITEM ON BOARD OF DIRECTORS AGENDA: NO

SOURCE OF FUNDS: Neighborhood Stabilization Program Funds	Positions To Be Deleted Per A-30	<input type="checkbox"/>
	Requires 4/5 Vote	<input type="checkbox"/>

C.E.O. RECOMMENDATION: APPROVE

County Executive Office Signature BY: Serena Chow

FORM APPROVED COUNTY COUNSEL
BY: MICHELLE CLACK
DATE: 7/6/09
Concurrent Concurrence

Dep't Recomm.: Consent
Per Exec. Ofc.: Consent
Policy: Policy
Policy: Policy

Prev. Agn. Ref.: **District:** 2nd **Agenda Number:**

ATTACHMENTS FILED
WITH THE CLERK OF THE BOARD

3.27
REFD: 1
Form 11 (Rev 06/2003)

BACKGROUND:

The Neighborhood Stabilization Program (NSP) was enacted under Title III of Division B of the Housing and Economic Recovery Act of 2008 ("HERA") and appropriated under the Community Development Block Grant (CDBG) program for the purpose of assisting in the redevelopment of abandoned and foreclosed homes. The intent of NSP is to stabilize neighborhoods in areas with greatest need and to stem the decline of house values of neighboring homes in the County of Riverside.

On November 25, 2008, the Board of Supervisors approved the activity of acquisition, rehabilitation and rental of single-family housing units as a component of NSP ("NSP-2"). The 2008-2009 One Year Action Plan ("Action Plan") of the 2004-2009 Five-Year Consolidated Plan calls for the County of Riverside to partner with eligible public and private non-profit organizations.

On March 17, 2009, the Board of Supervisors approved the release of the Notice of Funding Availability ("NOFA") for NSP-2 activities.

Inspire Life Skills Training, Inc. ("Inspire"), a non-profit organization, has applied for NSP funds to acquire, rehabilitate and rent one (1) vacant, foreclosed and bank-owned single-family property to very low-income households in designated Target Areas, as described in the Action Plan, within the city of Norco (the "Project").

Staff has reviewed the application and is recommending a loan of \$330,000 in NSP funds for the Project. The purchase price will be approximately \$290,000. Rehabilitation costs are estimated around \$37,000. Pursuant to NSP regulations, all acquisitions must be at least 15% below the current market appraised value as determined within 60 days of the date of the final purchase price offer.

RHA will reserve the assisted unit for rent to very low-income households whose incomes do not exceed 50% of the area median income for the County, adjusted by family size at the time of occupancy. The period of affordability of the Project will be for fifty-five (55) years.

The estimated total acquisition and rehabilitation cost for the Project is approximately \$330,000.

County Counsel has reviewed and approved as to form the attached Agreement. Staff recommends that the Board approve the attached documents.

1 NO FEE FOR RECORDING PURSUANT
2 TO GOVERNMENT CODE SECTION 6103

3 RECORDING REQUESTED BY AND
4 WHEN RECORDED MAIL TO:

5 County of Riverside
6 Economic Development Agency
7 1325 Spruce Street, Suite 400
8 Riverside, CA 92507
9 Attn. Mervyn Manalo

10 SPACE ABOVE THIS LINE FOR RECORDERS USE

11 **LOAN AGREEMENT FOR THE USE OF**
12 **NEIGHBORHOOD STABILIZATION PROGRAM FUNDS**

13 This Agreement is made and entered into this ____ day of _____, 2009
14 by and between the COUNTY OF RIVERSIDE ("COUNTY"), a political subdivision of the
15 State of California and INSPIRE LIFE SKILLS TRAINING, INC. ("INSPIRE"), a California
16 nonprofit public benefit corporation.

17 **WITNESSETH:**

18 WHEREAS, the Neighborhood Stabilization Program ("NSP"), which was
19 enacted under Title III of Division B of the Housing and Economic Recovery Act of 2008
20 ("HERA") and appropriated under Community Development Block Grant (CDBG) funds, was
21 created under the heading of Emergency Assistance for the Redevelopment of Abandoned and
22 Foreclosed Homes for the purpose of assisting in the redevelopment of abandoned or
23 foreclosed homes; and

24 WHEREAS, the intent of NSP is to stabilize neighborhoods in areas with
25 greatest need and stem the decline of house values of neighboring homes; and

26 WHEREAS, COUNTY has qualified as an "Urban County" for purposes of
27 receiving CDBG funds, including NSP funds, which are to be used to assist and undertake
28 essential community development and housing assistance activities pursuant to the Housing
and Community Development Act of 1974, Title I, as amended, Public Law 93-383 (the
"Act"); and

WHEREAS, INSPIRE is eligible under NSP to apply and receive NSP funds to

For scanning
only

1 perform those activities described herein; and

2 WHEREAS, INSPIRE proposes to utilize NSP funds for the acquisition and
3 rehabilitation of one (1) vacant, foreclosed and bank-owned single-family property (“Property”
4 or “Assisted Unit”) and rent to very low-income households (“VLI”), as further described in
5 **Exhibit A** which is attached hereto and by this reference incorporated herein, within the city of
6 Blythe (the “Project”); and

7 WHEREAS, the Property will be located within an area of greatest need inside a
8 designated “Target Area” of the County of Riverside as defined in the COUNTY’s 2008-2009
9 One Year Action Plan (“Action Plan”); and

10 WHEREAS, the Assisted Unit will be available for rent to VLI households
11 whose incomes do not exceed fifty percent (50%) of the area median income for the County,
12 adjusted by family size at the time of occupancy; and

13 WHEREAS, all NSP assisted activities described herein comply with the
14 objectives as required under NSP; and

15 WHEREAS, the NSP assisted activities described herein are consistent with the
16 COUNTY’s Consolidated Plan and Action Plan.

17 NOW, THEREFORE, the COUNTY and INSPIRE mutually agree as follows:

18 1. PURPOSE. The COUNTY agrees to lend up to Three Hundred Thirty
19 Thousand Dollars (\$330,000) of NSP funds to INSPIRE (“NSP Loan”) upon the terms and
20 conditions set forth herein. INSPIRE will borrow the NSP funds from the COUNTY for
21 individual financing of acquisition and rehabilitation of the Property. INSPIRE promises and
22 agrees to undertake and assist with the NSP assisted activities by utilizing such NSP funds, as
23 identified in **Exhibit A**.

24 2. INSPIRE’S OBLIGATIONS. INSPIRE hereby agrees to undertake and
25 complete the following activities, subject to its receipt of the NSP funds:

26 a. Timeline. Carry out the Project in accord with the timeline set
27 forth in **Exhibit A**.

28 b. Recordation. INSPIRE shall, for the Property of the Project,

1 execute a promissory note, and execute and record a
2 corresponding deed of trust in the official records of Riverside
3 County.

4 c. Permits and Environmental Compliance. Before commencement
5 of rehabilitation or other works of improvement upon the
6 Property, INSPIRE shall, at its own expense, secure or cause to be
7 secured any and all permits and approvals that may be required
8 for rehabilitation of such Property pursuant to the applicable rules
9 and regulations of the County and any other governmental agency
10 affected by such rehabilitation of work. INSPIRE shall, without
11 limitation, apply for and secure any and all necessary studies
12 required for environmental review, as described in **Section 20**,
13 and pay all costs, charges and fees associated therewith.

14 d. Performance. Acquire and complete rehabilitation of the Property
15 in accordance with the timeline set forth in **Exhibit A** and **Section**
16 **27**.

17 e. Approval of Property. Submit information for the proposed
18 Property for COUNTY review and approval prior to acquisition.

19 f. Obtain Additional Funding. Obtain a grant from the Federal
20 Home Loan Bank in accordance with the timeline set forth in
21 **Exhibit A**.

22 g. Affordability. Operate the Project, in such a manner so that it will
23 remain affordable to qualified VLI households for an
24 Affordability Period as defined in **Section 14**.

25 h. Compliance. Implement and pursue the Project in full compliance
26 with all applicable Federal, State and local codes, laws,
27 regulations and ordinances as described in **Section 20**.

28 3. COUNTY'S OBLIGATIONS. COUNTY agrees to undertake and

1 complete the following activities, subject to its receipt of NSP funds from the U.S. Department
2 of Housing and Urban Development (“HUD”):

- 3 a. Provide a total amount identified in **Section 1** in NSP funds to
4 INSPIRE for financing acquisition and rehabilitation costs of the
5 Property.
6 b. Comply with all of its obligations as participating recipient under
7 the applicable regulations set forth under HUD regulations.

8 4. PRIOR COUNTY APPROVAL. INSPIRE shall obtain COUNTY’S
9 approval, through its Economic Development Agency (“EDA”), of all items requiring such
10 approval as described in this Agreement.

11 5. NSP Loan. INSPIRE shall borrow the NSP funds from the COUNTY for
12 individual financing of the Property under the following terms and conditions:

- 13 a. Term. This Agreement shall become effective upon execution (the
14 “Effective Date”), as defined in **Section 54**, and the maturity of
15 the NSP Loan shall be the first to occur of (i) July 1, 2067 or (ii)
16 fifty-five (55) years from the issuance of the Certificate of
17 Occupancy (the “Term”).
18 b. Principal. The principal of that portion of the NSP Loan
19 attributable to the Property shall be the amount of NSP funds
20 provided for acquisition and rehabilitation of such Property
21 evidenced by a promissory note (“Note”), as shown in **Exhibit C**,
22 which is attached hereto and by this reference incorporated herein,
23 executed by INSPIRE in favor of the COUNTY in a form
24 satisfactory to the COUNTY.
25 c. Interest. The interest rate for the Note shall be zero percent (0%)
26 per annum.
27 d. Repayment. The Note shall provide the following:
28 1) It is intended that the full amount of the NSP Loan attributable

1 to the Property will be forgiven at the end of the Affordability
2 Period as defined in **Section 14**.

3 2) The NSP Loan will accrue interest at a rate of zero percent
4 (0%) per annum, except in the case of default as hereinafter
5 provided, and shall be repaid on an annual basis from the
6 Project's Residual Receipts as defined herein;

7 i) Residual Receipts shall be determined based on a
8 review of certified financial statements for the
9 Project. Project Residual Receipts are defined as
10 gross receipts, not including interest on required
11 reserve accounts, less the following: auditing and
12 accounting fees;

13 ii) operating expenses;

14 iii) replacement reserves limited to \$400 annually; and

15 iv) payments of principal and interest on amortized
16 loans and indebtedness which have been approved
17 by the COUNTY.

18 3) Grant funds received from the Federal Home Loan Bank will
19 be repaid towards replacement reserves of the Project.

20 e. Security. The NSP Loan shall be secured by a "Deed of Trust" as
21 shown in **Exhibit B**, which is attached hereto and by this
22 reference incorporated herein, recorded against the Property (the
23 "Deed of Trust"). INSPIRE hereby agrees that the Deed of Trust
24 shall be in the first position.

25 f. Prepayment. Prepayment of principal and/or interest may occur at
26 any time without penalty. The requirements of **Section 20**,
27 Compliance with Laws and Regulations, however, shall remain in
28 full force and effect for a term specified in Section 6 hereof.

1 6. TERM OF AGREEMENT. This Agreement shall become effective upon
2 execution (the "Effective Date"), as defined in **Section 54**, and the maturity of the NSP Loan
3 shall be the first to occur of (i) July 1, 2067 or (ii) fifty-five (55) years from the issuance of the
4 Certificate of Occupancy (the "Term").

5 7. INSPIRE REPRESENTATIONS. INSPIRE represents and warrants to
6 COUNTY as follows:

7 a. Authority. INSPIRE is a duly organized nonprofit public benefit
8 corporation under the laws of the State of California. The copies
9 of the documents evidencing INSPIRE's organization that have
10 been delivered to the COUNTY, are true and complete copies of
11 the originals, amended to the date of this Agreement. INSPIRE
12 has full right, power and lawful authority to accept the
13 conveyance of eligible properties for the Project and undertake all
14 obligations as provided herein. INSPIRE's execution,
15 performance and delivery of this Agreement has been fully
16 authorized by all requisite actions on the part of INSPIRE.

17 b. No Conflict. To the best of INSPIRE's knowledge, INSPIRE's
18 execution, delivery and performance of its obligations under this
19 Agreement will not constitute a default or a breach under contract,
20 agreement or order to which INSPIRE is a party or by which it is
21 bound.

22 c. No Bankruptcy. INSPIRE is not the subject of a bankruptcy
23 proceeding.

24 d. Prior to Closing. INSPIRE shall, upon learning of any fact or
25 condition which would cause any of the warranties and
26 representations in this Agreement not to be true as of Closing,
27 immediately give written notice such fact or condition to
28 COUNTY. Such exception(s) to a representation shall not be

1 deemed a breach by INSPIRE hereunder, but shall constitute an
2 exception which COUNTY shall have the right to approve or
3 disapprove if such exception would have an effect on the value or
4 operation of the Project.

5 8. COMPLETION SCHEDULE. INSPIRE shall proceed consistent with the
6 completion schedule set forth in **Exhibit A** and with **Section 28**, as the same may be amended
7 in writing by the parties from time to time, and subject to force majeure delays.

8 9. EXTENSION OF TIME. COUNTY may grant an extension to the
9 completion schedule for the purpose of completing INSPIRE's activities which cannot be
10 completed as outlined in **Exhibit A**. INSPIRE shall request said extension in writing, stating
11 the reasons therefore, and may be granted only by receiving written approval from COUNTY.
12 Every term, condition, covenant, and requirement of this Agreement shall continue in full force
13 and effect during the period of any such extension.

14 10. LETTER TO PROCEED. INSPIRE shall neither initiate nor incur any
15 expenses for NSP funded activity covered under the terms of this Agreement prior to receiving
16 written authorization to proceed.

17 11. REALLOCATION OF FUNDS. If eighty percent (80%) of NSP funds
18 have not been drawn down after eight (8) months from the date of this Agreement, then the
19 balance of the NSP funds which have not been drawn down may be reallocated by COUNTY
20 after thirty (30) days' prior written notice is given and an opportunity to cure is given to
21 INSPIRE for a period of sixty (60) days. Upon such reallocation, this Agreement shall be
22 terminated and be of no further force and effect and INSPIRE shall be released and discharged
23 from any obligations under this Agreement.

24 12. CONDITIONS FOR DISPOSITION OF FUNDS. COUNTY's Board of
25 Supervisors shall determine the final disposition and distribution of all funds received by
26 COUNTY under NSP. COUNTY, through its EDA, shall: (1) make payments of the NSP Loan
27 to INSPIRE as specified in **Exhibit A**, and (2) monitor the Project to ensure compliance with
28 applicable federal, state and local laws, regulations, ordinances and the terms of this

1 Agreement.

2 There will be no disbursement of funds for acquisition costs for the Property into
3 escrow until the following events first occur:

- 4 a. INSPIRE shall execute this NSP Loan Agreement.
- 5 b. INSPIRE shall provide documentation to support compliance with
6 eligibility requirements for such Property.
- 7 c. INSPIRE shall provide the seller of the Property ("Seller") with a
8 letter of "Voluntary Acquisition of Foreclosed Property" as shown
9 in **Exhibit D**, which is attached hereto and by this reference
10 incorporated herein.
- 11 d. INSPIRE shall provide and cause the Seller of the Property to
12 provide a signed Initial Notice and Offer form, as shown in
13 **Exhibit D**, acknowledging that both INSPIRE and Seller have
14 read and understood:
- 15 1) The letter of Voluntary Acquisition of Foreclosed
16 Property;
- 17 2) The purchase price discount requirements of the
18 transaction;
- 19 3) The initial purchase price negotiated by INSPIRE and
20 Seller (the "Initial Offer") is contingent and subject to the
21 discount requirement of NSP and the Current Market
22 Appraised Value ("CMAV"), as defined in **Exhibit A**.
- 23 4) The Seller certifies that such Assisted Unit has been
24 vacant for a period of at least ninety (90) days prior to the
25 Initial Offer.
- 26 e. Prior to closing of escrow, INSPIRE shall provide at its expense,
27 a Preliminary Title Report, signed Purchase and Sale Agreement
28 and estimated closing cost statement for the Property from escrow

1 to COUNTY.

2 f. INSPIRE shall provide to COUNTY Escrow Instructions with
3 respect to the Property to be acquired.

4 g. INSPIRE shall provide and cause Seller to provide signed Final
5 Notice and Offer form for the Property, as shown in **Exhibit D**,
6 acknowledging that both INSPIRE and Seller have mutually
7 accepted a final purchase price that is fifteen percent (15%) or
8 more below the CMAV as determined within sixty (60) days of
9 the date of the final purchase offer. At COUNTY's discretion and
10 within NSP regulations of the NSP1 Federal Register Bridge
11 Notice, COUNTY may modify the percentage discount
12 requirement below the CMAV.

13 There will be no disbursement of funds for rehabilitation costs for the Property
14 until the following events first occur with respect to the Property:

15 h. INSPIRE shall provide at its expense an updated Preliminary Title
16 Report for the Property evidencing the recordation of all
17 documents to COUNTY.

18 i. If Davis Bacon wages are required to be paid, then INSPIRE must
19 hire a qualified professional firm or assign experienced staff to
20 review and monitor Davis-Bacon prevailing wage compliance for
21 all submissions of contractors certified payrolls to the COUNTY.

22 j. INSPIRE must provide satisfactory evidence that it has secured
23 any and all permits and approvals which may be required for
24 rehabilitation of the Property pursuant to the applicable rules and
25 regulations of the County and Cities where the Property is located
26 and any other governmental agency affected by such construction
27 of work.

28 k. INSPIRE shall provide a detailed Rehabilitation Plan and

1 timetable to complete the acquisition and rehabilitation of the
2 Property and rental of the Assisted Unit in accordance with the
3 completion schedule shown in **Exhibit A** including a detailed line
4 item rehabilitation cost budget per unit for review and approval by
5 COUNTY.

- 6 1. INSPIRE shall provide duly executed documents and instruments
7 showing the ownership of the Property as specifically identified in
8 **Exhibit A.**

9 COUNTY will retain ten percent (10%) of the final NSP fund disbursement.
10 COUNTY shall release final draw down of NSP funds for rehabilitation applicable to the
11 Property following receipt of all of the following Closing Documents from INSPIRE with
12 respect to the Property:

- 13 1) unconditional lien release from general contractor and any
14 subcontractors;
15 2) recorded Notice of Completion;
16 3) if applicable, all remaining Davis Bacon documentation, if
17 any, including, but not limited to, complete certified
18 payrolls, Section 3 certifications, fringe benefit forms, and
19 certificates of authorization and understanding;
20 4) final Contract and Subcontract Activity report, Minority
21 Business Enterprise/Women Business Enterprise
22 (MBE/WBE) report, HUD form 2516;
23 5) tenant checklist;
24 6) proposed rent;
25 7) final development costs and project budget; and
26 8) final sources and uses of funds.

27 13. DISTRIBUTION OF FUNDS. The Disaster Recovery Grant Reporting
28 (DRGR) system was developed by HUD's Office of Community Planning and Development

1 and will be utilized for NSP. The DRGR system is a computerized system which manages,
2 disburses, collects, and reports information on the use of NSP funds in the United States
3 Treasury Account.

4 Any disbursement of funds is expressly conditioned upon the satisfaction
5 of conditions set forth in **Section 12**. Subsequent to acquisition of the Property, COUNTY
6 shall pay INSPIRE for rehabilitation costs on a "cost-as-incurred" basis for all NSP-eligible
7 approved costs on a monthly basis. All disbursements of NSP funds for rehabilitation will be
8 made within thirty (30) days after INSPIRE has submitted its letter identifying payments made
9 and requesting reimbursement.

10 The developer's fee will be disbursed upon completion of rehabilitation of
11 the Property. INSPIRE shall comply with timely drawdown of funds by submitting monthly
12 requests for reimbursement. COUNTY will retain ten percent (10%) of the final NSP fund
13 disbursement. COUNTY shall release final draw down of NSP funds following receipt of all of
14 the items listed in **Section 12**.

15 14. TERMS OF AFFORDABILITY. The period of affordability for the
16 Property (the "Affordability Period") shall be the first to occur of (i) July 1, 2067 or (ii) fifty-
17 five (55) years from the issuance of the Certificate of Occupancy (the "Term").

18 15. DEVELOPER'S FEE. The developer's fee cannot exceed fifteen percent
19 (15%) of total Rehabilitation costs.

20 16. INSURANCE. Without limiting or diminishing INSPIRE's obligation to
21 indemnify or hold the COUNTY harmless, INSPIRE shall procure and maintain or cause to be
22 maintained, at its sole cost and expense, the following insurance coverage's during the term of
23 this Agreement.

24 a. Worker's Compensation Insurance.

25 If INSPIRE has employees as defined by the State of California,
26 INSPIRE shall maintain statutory Workers' Compensation
27 Insurance (Coverage A) as prescribed by the laws of the State of
28 California. Policy shall include Employers' Liability (Coverage

1 B) including Occupational Disease with limits not less than
2 \$1,000,000 per person per accident. The policy shall be endorsed
3 to waive subrogation in favor of the County of Riverside, and, if
4 applicable, to provide a Borrowed Servant/Alternate Employer
5 Endorsement.

6 b. Commercial General Liability Insurance.

7 Commercial General Liability insurance coverage, including but
8 not limited to, premises liability, contractual liability, products
9 and completed operations liability, personal and advertising
10 injury, and cross liability coverage, covering claims which may
11 arise from or out of INSPIRE'S performance of its obligations
12 hereunder. Policy shall name the County of Riverside as
13 additionally insured. Policy's limit of liability shall not be less
14 than \$1,000,000 per occurrence combined single limit. If such
15 insurance contains a general aggregate limit, it shall apply
16 separately to this Agreement or be no less than two (2) times the
17 occurrence limit.

18 c. Vehicle Liability Insurance.

19 If vehicles or mobile equipment are used in the performance of
20 the obligations under this Agreement, then INSPIRE shall
21 maintain liability insurance for all owned, non-owned or hired
22 vehicles so used in an amount not less than \$1,000,000 per
23 occurrence combined single limit. If such insurance contains a
24 general aggregate limit, it shall apply separately to this Agreement
25 or be no less than two (2) times the occurrence limit. Policy shall
26 name the County of Riverside as Additionally Insured.

27 d. General Insurance Provisions – All Lines.

28 1) Any insurance carrier providing insurance coverage

1 hereunder shall be admitted to the State of California and have an
2 A M BEST rating of not less than A: VIII (A:8) unless such
3 requirements are waived, in writing, by the COUNTY Risk
4 Manager. If the COUNTY's Risk Manager waives a requirement
5 for a particular insurer such waiver is only valid for that specific
6 insurer and only for one policy term.

7 2) INSPIRE'S insurance carrier(s) must declare its
8 insurance self-insured retentions. If such self-insured retentions
9 exceed \$500,000 per occurrence such retentions shall have the
10 prior written consent of the COUNTY Risk Manager before the
11 commencement of operations under this Agreement. Upon
12 notification of self insured retention unacceptable to the
13 COUNTY, and at the election of the COUNTY's Risk Manager,
14 INSPIRE'S carriers shall either; (a) reduce or eliminate such self-
15 insured retention as respects this Agreement with the COUNTY,
16 or (b) procure a bond which guarantees payment of losses and
17 related investigations, claims administration, and defense costs
18 and expenses.

19 3) INSPIRE shall cause INSPIRE's insurance carrier(s) to
20 furnish the County of Riverside with either 1) a properly executed
21 original Certificate(s) of Insurance and certified original copies of
22 Endorsements effecting coverage as required herein, and 2) if
23 requested to do so orally or in writing by the COUNTY Risk
24 Manager, provide original Certified copies of policies including
25 all Endorsements and all attachments thereto, showing such
26 insurance is in full force and effect. Further, said Certificate(s)
27 and policies of insurance shall contain the covenant of the
28 insurance carrier(s) that thirty (30) days written notice shall be

1 given to the County of Riverside prior to any material
2 modification, cancellation, expiration or reduction in coverage of
3 such insurance. In the event of a material modification,
4 cancellation, expiration, or reduction in coverage, this Agreement
5 shall terminate forthwith, unless the COUNTY receives, prior to
6 such effective date, another properly executed original Certificate
7 of Insurance and original copies of endorsements or certified
8 original policies, including all endorsements and attachments
9 thereto evidencing coverage's set forth herein and the insurance
10 required herein is in full force and effect. INSPIRE shall not
11 commence operations until the COUNTY has been furnished
12 original Certificate (s) of Insurance and certified original copies
13 of endorsements and if requested, certified original policies of
14 insurance including all endorsements and any and all other
15 attachments as required in this Section. An individual authorized
16 by the insurance carrier to do so, on its behalf, shall sign the
17 original endorsements for each policy and the Certificate of
18 Insurance.

19 4) It is understood and agreed to by the parties hereto that
20 INSPIRE's insurance shall be construed as primary insurance, and
21 the COUNTY's insurance and/or deductibles and/or self-insured
22 retention's or self-insured programs shall not be construed as
23 contributory.

24 5) If, during the term of this Agreement or any extension
25 thereof, there is a material change in the scope of services; or,
26 there is a material change in the equipment to be used in the
27 performance of the scope of work which will add additional
28 exposures (such as the use of aircraft, watercraft, cranes, etc.); or,

1 the term of this Agreement, including any extensions thereof,
2 exceeds five (5) years the COUNTY reserves the right to adjust
3 the types of insurance required under this Agreement and the
4 monetary limits of liability for the insurance coverage's currently
5 required herein, if; in the COUNTY Risk Manager's reasonable
6 judgment, the amount or type of insurance carried by INSPIRE
7 has become inadequate.

8 6) INSPIRE shall pass down the insurance obligations
9 contained herein to all tiers of subcontractors working under this
10 Agreement.

11 7) The insurance requirements contained in this
12 Agreement may be met with a program(s) of self-insurance
13 acceptable to the COUNTY.

14 8) INSPIRE agrees to notify COUNTY of any claim by a
15 third party or any incident or event that may give rise to a claim
16 arising from the performance of this Agreement.

17 17. FINANCIAL RECORDS. INSPIRE shall establish and maintain
18 financial, programmatic, statistical, and other supporting records of its operations and financial
19 activities in accordance with 24 CFR Part 84 or 85 as applicable and Part 570 and OMB
20 Circular Nos. A-102, revised, A-110, A-87, and A-122, as applicable and as they relate to the
21 acceptance and use of federal funds under this Agreement. Records shall be open to inspection
22 and audit by authorized representatives of the COUNTY, HUD, and the Comptroller General
23 of the United States or any of their authorized representatives, at any time during normal
24 business hours, as often as deemed necessary, to audit, examine, and make excerpts or
25 transcripts of all relevant data. Any deficiencies noted in audit reports must be fully cleared by
26 INSPIRE within thirty (30) days after receipt by INSPIRE. Failure of INSPIRE to comply with
27 the above audit requirements will constitute a violation of this contract and may result in the
28 withholding of future payments. COUNTY, HUD, and the Comptroller General, or any of their

1 representatives, have the right of access to any pertinent books, documents, papers, or other
2 records of INSPIRE, in order to make audits, examinations, excerpts, and transcripts. Said
3 records shall be retained for such time as may be required by the regulations of the
4 Neighborhood Stabilization Program, but in no case for less than five (5) years after the Project
5 completion date; except that records of individual tenant income verifications, project rents,
6 and project inspections must be retained for the most recent five (5) year period, until five (5)
7 years after the affordability period terminates. If any litigation, claim, negotiation, audit, or
8 other action has been started before the expiration of the regular period specified, the records
9 must be retained until completion of the action and resolution of all issues which arise from it,
10 or until the end of the regular period, whichever is later.

11 18. PROJECT MONITORING AND EVALUATION. Except as otherwise
12 provided for in this Agreement, INSPIRE shall maintain and submit records to the COUNTY
13 within ten (10) business days of the COUNTY's request which clearly documents INSPIRE's
14 performance under each requirement of NSP. A list of document submissions and timeline are
15 shown in **Exhibit A** and such list may be amended from time to time subject to HUD and
16 COUNTY reporting requirements.

17 19. ACCESS TO PROJECT SITE. The COUNTY and HUD shall have the
18 right to visit any Project site at all reasonable times, and upon completion of the Project upon
19 reasonable written notice to INSPIRE, to review the operation of the Project in accordance
20 with this Agreement.

21 20. COMPLIANCE WITH LAWS AND REGULATIONS. By executing this
22 Agreement, INSPIRE hereby certifies that it will adhere to and comply with all federal, state
23 and local laws, regulations and ordinances. In particular, INSPIRE shall comply with the
24 following as they may be applicable to INSPIRE of funds granted pursuant to the NSP
25 Program:

- 26 a. NSP regulations as set forth under HERA, as it now exists and
27 may hereafter be amended, and Federal Register / Vol. 73, No.
28 194 / Monday, October 6, 2008 / Docket No. FR-5255-N-01,

1 Notice of Allocations, Application Procedures, Regulatory
2 Waivers Granted to and Alternative Requirements for Emergency
3 Assistance for Redevelopment of Abandoned and Foreclosed
4 Homes Grantees Under the Housing and Economic Recovery Act,
5 2008.

6 b. CDBG statutory and regulatory provisions, including those at 24
7 CFR Part 570 subpart A, C, D, J, K, and O, as appropriate, shall
8 apply.

9 c. Other Federal requirements and non-discrimination. As set forth
10 in 24 CFR Part 5, subpart A, INSPIRE is required to include the
11 following requirements: non-discrimination and equal
12 opportunity; disclosure; debarred, suspended, or ineligible
13 contractors; and drug-free workplace.

14 d. Environmental Review. Each Assisted Unit will be subject to
15 environmental review prior to acquisition, demolition,
16 rehabilitation or new construction. The environmental effects of
17 each activity carried out with NSP funds must be assessed in
18 accordance with the provisions of the National Environmental
19 Policy Act of 1969 (NEPA) and related authorities listed at 24
20 CFR Part 58. The Project is required to comply with Laws and
21 Authorities of §58.5: Historic Preservation, Floodplain &
22 Wetlands, Coastal Zone, Aquifers, Endangered Species, Rivers,
23 Air, Farmlands, HUD Environmental Standards and
24 Environmental Justice.

25 e. Displacement, Relocation, and Acquisition. Each Assisted Unit
26 must be vacant for a minimum period of ninety (90) days prior to
27 the Initial Offer. The Project is subject to relocation requirements
28 of Title II and the acquisition requirements of Title III of the

1 Uniform Relocation Act (URA) and Real Property Acquisition
2 Policies Act of 1970, and the implementing regulations at 24 CFR
3 Part 42.

4 f. Prevailing Wages and Compliance with Davis-Bacon Act.

5 INSPIRE shall comply with any applicable labor regulations and
6 all other State and Federal Laws in connection with the
7 construction of the improvements which comprise the Project,
8 including if applicable, requirements relating to the Davis-Bacon
9 Act (40 U.S.C. 276a--276a-5). INSPIRE agrees and acknowledges
10 that it is the responsibility of INSPIRE to obtain a legal
11 determination, at INSPIRE's sole cost and expenses as to whether
12 prevailing wages must be paid during the rehabilitation of the
13 Project. INSPIRE agrees to identify, defend, and hold COUNTY
14 harmless from and against any and all liability arising out of and
15 related to INSPIRE's failure to comply with any and all
16 applicable prevailing wage requirements.

17 g. Lead-based Paint. Housing assisted with NSP funds is subject to
18 the lead-based paint regulations of 24 CFR Part 35, subparts A, B,
19 J, K, and R, issued pursuant to the Lead-Based Paint Poisoning
20 Prevention Act (42 U.S.C. 4821, et seq.).

21 h. Conflict of Interest. In the procurement of property and services
22 by INSPIRE, the conflict of interest provisions at §570.611 shall
23 apply.

24 i. Section 3 of the Housing and Urban Development Act of 1968.

25 To the greatest extent feasible, opportunities for training and
26 employment arising from NSP funds will be provided to low-
27 income persons residing in the Target Area. To the greatest extent
28 feasible, contracts for work to be performed in connection with

1 NSP funds will be awarded to business concerns that are located
2 in or owned by persons residing in the Target Area. Contracts
3 funded from Section 3 must abide by the Section 3 Clause
4 prescribed at 24 CFR 135.38.

5 j. Compliance with anti-discrimination laws. Conformity with title
6 VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d), the Fair
7 Housing Act (42 U.S.C. 3601-3619), and implementing
8 regulations.

9 k. Affirmative marketing and minority outreach program. INSPIRE
10 must adopt affirmative marketing procedures and requirements.
11 These should include:

- 12 1) Methods for informing the public, owners, and potential
13 tenants about Federal fair housing laws and the affirmative
14 marketing policy.
- 15 2) Requirements and practices that INSPIRE must adhere to
16 in order to carry out the affirmative marketing procedures
17 and requirements.
- 18 3) Procedures to be used by INSPIRE to inform and solicit
19 applications from persons in the housing market areas that
20 are not likely to apply without special outreach.
- 21 4) Records will be kept describing actions taken by INSPIRE
22 to affirmatively market units and to assess the results of
23 these actions.
- 24 5) A description of how INSPIRE will annually assess the
25 success of affirmative marketing actions and what
26 corrective actions will be taken where affirmative
27 marketing requirements are not met.
- 28 6) INSPIRE should prescribe procedures to establish and

1 oversee a minority outreach program to ensure the
2 inclusion, to the maximum extent possible, of minorities
3 and women, and entities owned by minorities and women,
4 including, without limitation, real estate firms,
5 construction firms, appraisal firms, management firms,
6 financial institutions, investment banking firms,
7 underwriters, accountants, and providers of legal services,
8 in all contracts entered into by INSPIRE with such persons
9 or entities, public and private, in order to facilitate the
10 activities of the County to provide affordable housing
11 authorized under this Act or any other Federal housing
12 law. Affirmative steps to assure that minority business
13 enterprises and women business enterprises are used when
14 possible in the procurement of property and services are at
15 24 CFR 85.36(e).

16 7) Anti-lobbying. INSPIRE must comply with restrictions on
17 lobbying required by 24 CFR Part 87.

18 l. Model Energy Code published by the Council of American
19 Building Officials.

20 m. Consultant Activities. Pursuant to 24 CFR 570.200(d), no person
21 providing consultant services in an employer-employee type of
22 relationship shall receive more than a reasonable rate of
23 compensation for personal services paid with CDBG funds.

24 n. Uniform Administrative Requirements of 24 CFR Part 84 or 85 as
25 applicable, Part 570 and OMB Circular Nos. A-102, revised, A-
26 110 (implemented at 24 CFR Part 84), A-87, and A-122, as
27 applicable and as they relate to the acceptance and use of federal
28 funds under this Agreement.

- 1 o. INSPIRE shall include written agreements that include all
2 provisions of this section if INSPIRE provides NSP funds to for-
3 profit owners or developers, non-profit owners or developers, sub-
4 recipients, homeowners, homebuyers, tenants receiving tenant-
5 based rental assistance, or contractors.

6 21. PURCHASE PRICE REQUIREMENT. Any purchase of a foreclosed
7 property shall be at a discount from the CMAV taking into account its current condition. The
8 purchase price of the Property must be at least fifteen percent (15%) below the CMAV of the
9 home (the "Discount"). The final offer meeting the Discount must be received by EDA within
10 sixty (60) days of the completed EDA appraisal or the property will be denied. At COUNTY's
11 discretion and within NSP regulations of the NSP1 Federal Register Bridge Notice, COUNTY
12 may modify the percentage discount requirement below the CMAV.

13 22. INCOME TARGETING REQUIREMENTS. INSPIRE will set aside the
14 Assisted Unit of the Project to be limited to households whose incomes do not exceed fifty
15 percent (50%) of the median family income for the County of Riverside, adjusted by family
16 size at the time of occupancy.

17 23. RENT LIMITATIONS. INSPIRE agrees that Assisted Unit shall remain
18 affordable in accordance with the rent limitations set forth in California Health and Safety
19 Code Section 50053(b)(2) as the minimal compliance with this standard. The maximum
20 monthly allowances for utilities and services (excluding telephone) will not exceed utility
21 allowance set by the Housing Authority of the County of Riverside.

22 24. TENANT PROTECTIONS. INSPIRE shall provide protection to the
23 tenants in accordance to the requirements set forth at 24 CFR 92.253 and described as follows:

- 24 a. Provide written lease agreement for not less than one year, unless
25 by mutual agreement between the tenant and INSPIRE. COUNTY
26 shall review the initial form of the lease agreement prior to
27 INSPIRE executing any leases and, provided that INSPIRE uses
28 the approved lease form, INSPIRE shall be permitted to enter into

1 residential leases without the COUNTY's prior written consent.

2 b. Prohibited Lease Terms. The rental agreement/lease may not
3 contain any of the following provisions:

4 (1) Agreement to be sued. Agreement by the tenant to be
5 sued, to admit guilt or to a judgment in favor of INSPIRE in a lawsuit
6 brought in connection with the lease.

7 (2) Treatment of property. Agreements by tenant that
8 INSPIRE may take, hold, or sell personal property of household members
9 without notice to the tenant and a court decision on the rights of the
10 parties. This prohibition, however, does not apply to an agreement by the
11 tenant concerning disposition of personal property remaining in the
12 housing unit after the tenant has moved out of the unit. INSPIRE may
13 dispose of this personal property in accordance with State law.

14 (3) Excusing INSPIRE from responsibility. Agreement by the
15 tenant not to hold INSPIRE or INSPIRE's agents legally responsible for
16 any action or failure to act, whether intentional or negligent.

17 (4) Waiver of notice. Agreement of the tenant that INSPIRE
18 may institute a lawsuit without notice to the tenant.

19 (5) Waiver of legal proceeding. Agreement by the tenant that
20 the INSPIRE may evict the tenant or household members without
21 instituting a civil court proceeding in which the tenant has the
22 opportunity to present a defense, or before a court decision on the rights
23 of the parties.

24 (6) Waiver of a jury trial. Agreement by the tenant to waive
25 any right to a trial by jury.

26 (7) Waiver of right to appeal court decision. Agreement by the
27 tenant to waive the tenant's right to appeal, or to otherwise challenge in
28 court, a court decision in connection with the lease.

1 (8) Tenant chargeable with cost of legal actions regardless of
2 outcome. Agreement by the tenant to pay attorneys' fees or other legal
3 costs even if the tenant wins in a court proceeding by INSPIRE against
4 the tenant. The tenant, however, may be obligated to pay costs if the
5 tenant loses.

6 25. FEDERAL REQUIREMENTS. INSPIRE shall comply with the
7 provisions of NSP and any amendments thereto and all applicable federal regulations and
8 guidelines now or hereafter enacted.

9 26. SALE OR TRANSFER OF THE PROJECT. INSPIRE hereby covenants
10 and agrees not to sell, transfer or otherwise dispose of the Project or any portion thereof,
11 without obtaining the prior written consent of the COUNTY, which consent shall be
12 conditioned solely upon receipt by the COUNTY of reasonable evidence satisfactory to the
13 COUNTY that transferee has assumed in writing and in full, and is reasonably capable of
14 performing and complying with INSPIRE's duties and obligations under this Agreement and
15 where upon INSPIRE shall be released of all obligations hereunder which accrue from and
16 after the date of such sale.

17 27. INDEPENDENT CONTRACTOR. INSPIRE and its agents, servants and
18 employees shall act at all times in an independent capacity during the term of this Agreement,
19 and shall not act as, shall not be, nor shall they in any manner be construed to be agents,
20 officers, or employees of COUNTY.

21 28. PERFORMANCE REQUIREMENTS. INSPIRE must complete the
22 following activities within the time specified:

- 23 a. Acquisition of the Property within four (4) months from the
24 Effective Date; and
25 b. Rehabilitation of the Property within seven (7) months from
26 Effective Date.

27 29. NONDISCRIMINATION. INSPIRE shall abide by 24 CFR 570.602
28 which requires that no person in the United States shall on the grounds of race, color, national

1 origin, religion, or sex be excluded from participation in, be denied the benefits of, or be
2 subjected to discrimination under any program or activity receiving Federal financial assistance
3 including NSP. Under the Act, Section 109 directs that the prohibitions against discrimination
4 on the basis of age under the Age Discrimination Act and the prohibitions against
5 discrimination on the basis of disability under Section 504 shall apply to programs or activities
6 receiving Federal financial assistance under Title I programs. The policies and procedures
7 necessary to ensure enforcement of section 109 are codified in 24 CFR Part 6.

8 30. PROHIBITION AGAINST CONFLICTS OF INTEREST:

- 9 a. INSPIRE and its assigns, employees, agents, consultants, officers
10 and elected and appointed officials shall become familiar with and
11 shall comply with the conflict of interest provisions in OMB
12 Circular A-110, 24 CFR 85.36, 24 CFR 84.42, 24 CFR 570.611
13 and Policy Manual #A-11, attached hereto as **Exhibit F** which is
14 attached hereto and by this reference incorporated herein.
- 15 b. INSPIRE understands and agrees that no waiver or exception can
16 be granted to the prohibition against conflict of interest except
17 upon written approval of HUD pursuant to 24 CFR 92.356(d).
18 Any request by INSPIRE for an exception shall first be reviewed
19 by COUNTY to determine whether such request is appropriate for
20 submission to HUD.
- 21 c. Prior to any funding under this Agreement, INSPIRE shall
22 provide COUNTY with a list of all employees, agents,
23 consultants, officers and elected and appointed officials who are
24 in a position to participate in a decision-making process, exercise
25 any functions or responsibilities, or gain inside information with
26 respect to the NSP activities funded under this Agreement.
27 INSPIRE shall also promptly disclose to COUNTY any potential
28 conflict, including even the appearance of conflict that may arise

1 with respect to the NSP activities funded under this Agreement.

- 2 d. Any violation of this section shall be deemed a material breach of
3 this Agreement, and the Agreement shall be immediately
4 terminated by the COUNTY.

5 31. EVENTS OF DEFAULT. The occurrence of any of the following events
6 shall constitute an "Event of Default" under this Agreement:

- 7 a. Monetary Default. (1) INSPIRE's failure to pay when due any
8 sum payable under any Note, or any advance made by the
9 COUNTY under this Agreement; (2) INSPIRE's or any agent of
10 INSPIRE's use of NSP funds for costs inconsistent with terms and
11 restrictions set forth in this Agreement; (3) INSPIRE's failure to
12 obtain and maintain the insurance coverage required under this
13 Agreement; (4) INSPIRE's or any agent of INSPIRE's failure to
14 make any other payment of any assessment or tax due under this
15 Agreement;

- 16 b. Non-Monetary Default - Operation. (1) Discrimination by
17 INSPIRE or INSPIRE's agent on the basis of characteristics
18 prohibited by this Agreement or applicable law; (2) the imposition
19 of any encumbrances or liens on the Project without the
20 COUNTY's prior written approval that are prohibited under this
21 Agreement or that have the effect of reducing the priority or
22 invalidating the NSP Deed of Trust; (3) any material adverse
23 change in the condition of INSPIRE or the Project or permanent
24 financing or funding for the Project that gives the COUNTY
25 reasonable cause to believe that the Project cannot be operated
26 according to the terms of this Agreement;

- 27 c. General Performance of Loan Obligations. Any substantial or
28 continuous or repeated breach by INSPIRE or INSPIRE's agents

1 of any material obligations on INSPIRE imposed in the NSP
2 Agreement;

3 d. General Performance of Other Obligations. Any substantial or
4 continuous or repeated breach by INSPIRE or INSPIRE's agents
5 of any material obligations on the Project imposed by any other
6 agreement with respect to the financing, development, or
7 operation of the Project; whether or not the COUNTY is a party to
8 such agreement; but only following any applicable notice and
9 cure periods with respect to any such obligation;

10 e. Representations and Warranties. A determination by the
11 COUNTY that any of INSPIRE's representations or warranties
12 made in this Agreement, any statements made to the COUNTY by
13 INSPIRE, or any certificates, documents, or schedules supplied to
14 the COUNTY by INSPIRE were untrue in any material respect
15 when made, or that INSPIRE concealed or failed to disclose a
16 material fact from the COUNTY.

17 f. Damage to Project. In the event that any Assisted Unit is
18 materially damaged or destroyed by fire or other casualty, and
19 INSPIRE receives an award or insurance proceeds for the repair
20 or reconstruction of the same, and INSPIRE does not use such
21 award or proceeds to repair or reconstruct the Assisted Unit in
22 question.

23 g. Bankruptcy, Dissolution and Insolvency. INSPIRE (1) filing for
24 bankruptcy, dissolution, or reorganization, or failure to obtain a
25 full dismissal of any such involuntary filing brought by another
26 party before the earlier of final relief or thirty (30) days after such
27 filing; (2) making general assignment for the benefit of creditors;
28 (3) applying for the appointment of a receiver, trustee, custodian,

1 or liquidator, or failure to obtain a full dismissal of any such
2 involuntary application brought by another party before the earlier
3 of final relief or forty-five (45) days after such filing; (4)
4 insolvency; or (5) failure, inability or admission in writing of its
5 inability to pay its debts as they become due.

6 32. NOTICE OF DEFAULT AND OPPORTUNITY TO CURE. For
7 monetary and non-monetary Events of Default, the COUNTY shall give written notice to
8 INSPIRE of any Event of Default by specifying: (a) the nature of the Event of Default or the
9 deficiency giving rise to the default, (b) the action required to cure the deficiency, if an action
10 to cure is possible, and (c) a date, which shall be at least thirty (30) calendar days from the
11 mailing of the notice, by which such action to cure must be taken. The COUNTY agrees that
12 INSPIRE shall have the right to cure any and all defaults under this Agreement.

13 33. COUNTY REMEDIES. Upon the happening of an Event of Default and a
14 failure by INSPIRE to cure said default within the time specified in the notice of default (if an
15 action to cure is specified in said notice), the COUNTY's obligation to disburse NSP funds
16 shall terminate, and the COUNTY may also in addition to other rights and remedies permitted
17 by this Agreement or applicable law, proceed with any or all of the following remedies in any
18 order or combination the COUNTY may choose in its sole discretion:

19 a. Terminate this Agreement, in which event the entire amount as
20 well as any other monies advanced to INSPIRE by the COUNTY
21 under this Agreement including administrative costs, shall
22 immediately become due and payable at the option of the
23 COUNTY.

24 b. Bring an action in equitable relief (1) seeking the specific
25 performance by INSPIRE of the terms and conditions of this
26 Agreement, and/or (2) enjoining, abating, or preventing any
27 violation of said terms and conditions, and/or (3) seeking
28 declaratory relief.

- 1 c. Accelerate the NSP Loan, and demand immediate full payment of
2 the principal payment outstanding and all accrued interest under
3 the Note, as well as any other monies advanced to INSPIRE by the
4 COUNTY under this Agreement.
- 5 d. Pursue any other remedy allowed at law or in equity.

6 34. INSPIRE'S REMEDIES. Upon the fault or failure of the COUNTY to
7 meet any of its obligations under this Agreement, INSPIRE may:

- 8 a. Demand payment from the COUNTY of any sums due INSPIRE;
9 and/or
- 10 b. Bring an action in equitable relief seeking the specific performance
11 by the COUNTY of the terms and conditions of this Agreement;
12 and/or
- 13 c. Pursue any other remedy allowed at law or in equity.

14 35. INSPIRE'S WARRANTIES. INSPIRE represents and warrants (1) that
15 it has access to professional advice and support to the extent necessary to enable INSPIRE to
16 fully comply with the terms of this Agreement, and to otherwise carry out the Project, (2) that
17 it is duly organized, validly existing and in good standing under the laws of the State of
18 California, (3) that it has the full power and authority to undertake the Project and to execute
19 this Agreement, (4) that the persons executing and delivering this Agreement are authorized to
20 execute and deliver such documents on behalf of INSPIRE and (5) that neither INSPIRE nor
21 any of its principals is presently debarred, suspended, proposed for debarment, declared
22 ineligible, or voluntarily excluded from participation in connection with the transaction
23 contemplated by this Agreement.

24 36. INSPIRE'S CERTIFICATION. INSPIRE certifies, to the best of its
25 knowledge and belief, that:

- 26 a. No federally appropriated funds have been paid or will be paid, by
27 or on behalf of the undersigned, to any person for influencing or
28 attempting to influence an officer or employee of any agency, a

1 member of Congress, an officer or employee of Congress, or an
2 employee of a member of Congress in connection with the
3 awarding of any federal contract, the making of any federal grant,
4 the making of any federal loan, the entering into of any cooperative
5 agreement, and the extension, continuation, review, amendment, or
6 modification of any federal contract, grant, loan, or cooperative
7 agreement.

8 b. If any funds other than federally appropriated funds have been paid
9 or will be paid to any person for influencing or attempting to
10 influence an officer or employee of any agency, a member of
11 Congress, an officer or employee of Congress, or an employee of a
12 member of Congress in connection with this federal contract,
13 grant, loan, or cooperative agreement, the undersigned shall
14 complete and submit Standard Form-LLL, "Disclosure Form to
15 Report Lobbying," in accordance with its instructions.

16 c. The undersigned shall require that the language of this certification
17 be included in the award documents for all sub-awards at all tiers
18 (including subcontracts, sub-grants, and contracts under grants,
19 loans, and cooperative agreements) and that INSPIRE shall certify
20 and disclose accordingly. This certification is a material
21 representation of fact upon which reliance was placed when this
22 transaction was made or entered into.

23 37. HOLD HARMLESS AND INDEMNIFICATION. INSPIRE shall
24 indemnify and hold harmless the COUNTY, its Agencies, Districts, Special Districts and
25 Departments, their respective directors, officers, Board of Supervisors, elected and appointed
26 officials, employees, agents and representatives from any liability whatsoever, based or asserted
27 upon any services of INSPIRE, its officers, employees, subcontractors, agents or representatives
28 arising out of or in any way relating to this Agreement, including but not limited to property

1 damage, bodily injury, or death or any other element of any kind or nature whatsoever arising
2 from the performance of INSPIRE, its officers, agents, employees, subcontractors, agents or
3 representatives from this Agreement. INSPIRE shall defend, at its sole expense, all costs and
4 fees including, but not limited, to attorney fees, cost of investigation, defense and settlements or
5 awards, the County of Riverside, its Agencies, Districts, Special Districts and Departments,
6 their respective directors, officers, Board of Supervisors, elected and appointed officials,
7 employees, agents and representatives in any claim or action based upon such alleged acts or
8 omissions.

9 With respect to any action or claim subject to indemnification herein by INSPIRE,
10 INSPIRE shall, at its sole cost, have the right to use counsel of its own choice and shall have the
11 right to adjust, settle, or compromise any such action or claim without the prior consent of
12 COUNTY; provided, however, that any such adjustment, settlement or compromise in no
13 manner whatsoever limits or circumscribes INSPIRE's indemnification to COUNTY as set forth
14 herein.

15 INSPIRE's obligation hereunder shall be satisfied when INSPIRE has provided to
16 COUNTY the appropriate form of dismissal relieving COUNTY from any liability for the action
17 or claim involved.

18 The specified insurance limits required in this Agreement shall in no way limit or
19 circumscribe INSPIRE's obligations to indemnify and hold harmless the COUNTY herein from
20 third party claims.

21 In the event there is conflict between this clause and California Civil Code Section 2782,
22 this clause shall be interpreted to comply with Civil Code 2782. Such interpretation shall not
23 relieve INSPIRE from indemnifying the COUNTY to the fullest extent allowed by law.

24 38. TERMINATION.

25 a. INSPIRE. INSPIRE may terminate this Agreement consistent with
26 the Act, the regulations consistent implementing the Act, and 24
27 CFR 85.44.

28 b. COUNTY. Notwithstanding the above provision hereof, COUNTY

1 may suspend or terminate this Agreement upon written notice to
2 INSPIRE of the action being taken and the reason for such action:

3 i. In the event INSPIRE fails to perform the covenants
4 herein contained at such times and in such manner as
5 provided in this Agreement after the applicable notice
6 and cure provision hereof; or

7 ii. In the event there is a conflict with any federal, state or
8 local law, ordinance, regulation or rule rendering any of
9 the provisions of this Agreement invalid or untenable;
10 or

11 iii. In the event that COUNTY's NSP funding from HUD,
12 as referred to in **Section 1**, is terminated or otherwise
13 becomes unavailable.

14 c. This Agreement may be terminated or funding suspended in whole
15 or in part for cause in accordance with 24 CFR 85.43. Cause shall
16 be based on the failure of INSPIRE to materially comply with
17 either the terms or conditions of this Agreement after the
18 applicable notice and cure provision hereof. Upon suspension of
19 funding, INSPIRE agrees not to incur any costs related thereto, or
20 connected with, any area of conflict from which the COUNTY has
21 determined that suspension of funds is necessary. The award may
22 be terminated for convenience in accordance with 24 CFR 85.44.

23 d. Upon expiration of this Agreement, INSPIRE shall transfer to the
24 COUNTY any unexpended NSP funds in its possession at the time
25 of expiration of the Agreement as well as any accounts receivable
26 held by INSPIRE which are attributable to the use of NSP funds
27 awarded pursuant to this Agreement.

28 39. AFFORDABILITY RESTRICTIONS. The COUNTY and INSPIRE

1 hereby declare their express intent that the restrictions set forth in this Agreement for the
2 Assisted Unit of the Project shall be affordable for the Affordability Period, and shall bind all
3 successors in title to the Assisted Unit until the expiration of this Agreement. Each and every
4 contract, deed or other instrument hereafter executed covering and conveying the Assisted Unit
5 or any portion thereof shall be held conclusively to have been executed, delivered and accepted
6 subject to such restrictions, regardless whether such restrictions are set forth in such contract,
7 deed or other instrument.

8 40. MECHANICS LIENS AND STOP NOTICES. If any claim of mechanics
9 lien is filed against the Project or a stop notice affecting the NSP Loan is served on the
10 COUNTY, INSPIRE must, within twenty (20) days of such filing or service, either pay and
11 fully discharge the lien or stop notice, obtain a release of the lien or stop notice by delivering to
12 the COUNTY a surety bond in sufficient form and amount, or provide the COUNTY with
13 other assurance reasonably satisfactory to COUNTY that the lien or stop notice will be paid or
14 discharged.

15 41. ENTIRE AGREEMENT. It is expressly agreed that this Agreement
16 embodies the entire agreement of the parties in relation to the subject matter hereof, and that no
17 other agreement or understanding, verbal or otherwise, relative to this subject matter, exists
18 between the parties at the time of execution.

19 42. AUTHORITY TO EXECUTE. The persons executing this Agreement or
20 exhibits attached hereto on behalf of the parties to this Agreement hereby warrant and
21 represent that they have the authority to execute this Agreement and warrant and represent that
22 they have the authority to bind the respective parties to this Agreement to the performance of
23 its obligations hereunder.

24 43. WAIVER. Failure by a party to insist upon the strict performance of any
25 of the provisions of this Agreement by the other party, or the failure by a party to exercise its
26 rights upon the default of the other party, shall not constitute a waiver of such party's rights to
27 insist and demand strict compliance by the other party with the terms of this Agreement
28 thereafter.

1 44. INTERPRETATION AND GOVERNING LAW. This Agreement and
2 any dispute arising hereunder shall be governed by and interpreted in accordance with the laws
3 of the State of California. This Agreement shall be construed as a whole according to its fair
4 language and common meaning to achieve the objectives and purposes of the parties hereto,
5 and the rule of construction to the effect that ambiguities are to be resolved against the drafting
6 party shall not be employed in interpreting this Agreement, all parties having been represented
7 by counsel in the negotiation and preparation hereof.

8 45. JURISDICTION AND VENUE. Any action at law or in equity arising
9 under this Agreement or brought by a party hereto for the purpose of enforcing, construing or
10 determining the validity of any provision of this Agreement shall be filed in the consolidated
11 Courts of Riverside County, State of California, and the parties hereto waive all provisions of
12 law providing for the filing, removal or change of venue to any other court or jurisdiction.

13 46. SEVERABILITY. Each paragraph and provision of this Agreement is
14 severable from each other provision, and if any provision or part thereof is declared invalid, the
15 remaining provisions shall nevertheless remain in full force and effect.

16 47. MINISTERIAL ACTS. The COUNTY's Assistant County Executive
17 Officer/EDA or designee(s) are authorized to take such ministerial actions as may be necessary
18 or appropriate to implement the terms, provisions, and conditions of this Agreement as it may
19 be amended from time to time by both parties.

20 48. MODIFICATION OF AGREEMENT. The COUNTY or INSPIRE may
21 consider it in its best interest to change, modify or extend a term or condition of this
22 Agreement. Any such change, extension or modification, which is mutually agreed upon by the
23 COUNTY and INSPIRE shall be incorporated in written amendments to this Agreement. Such
24 amendments shall not invalidate this Agreement, nor relieve or release the COUNTY or
25 INSPIRE from any obligations under this Agreement, except for those parts thereby amended.
26 No amendment to this Agreement shall be effective and binding upon the parties, unless it
27 expressly makes reference to this Agreement, is in writing and is signed and acknowledged by
28 duly authorized representatives of all parties.

1 49. ASSIGNMENT. INSPIRE will not make any sale, assignment,
2 conveyance, or lease of any trust or power, or transfer in any other form with respect to this
3 Agreement or the Project, other than the sale of Assisted Unit to Qualified Homebuyers.

4 50. EXHIBITS AND ATTACHMENTS. Each of the attachments and
5 exhibits attached hereto is incorporated herein by this reference.

6 51. MEDIA RELEASES. INSPIRE agrees to allow COUNTY to coordinate
7 all media releases regarding the Project, with prior approval of INSPIRE. Any publicity
8 generated by INSPIRE for the Project must make reference to the contribution of COUNTY in
9 making the Project possible. COUNTY's name shall be prominently displayed in all pieces of
10 publicity generated by INSPIRE, including flyers, press releases, posters, signs, brochures, and
11 public service announcements. INSPIRE agrees to cooperate with COUNTY in any COUNTY-
12 generated publicity or promotional activities with respect to the Project.

13 52. NOTICES. All notices, requests, demands and other communication
14 required or desired to be served by either party upon the other shall be addressed to the
15 respective parties as set forth below or the such other addresses as from time to time shall be
16 designated by the respective parties and shall be sufficient if sent by U.S. first class, certified
17 mail, postage prepaid, or express delivery service with a receipt showing the date of delivery.

18	<u>COUNTY</u>	<u>INSPIRE</u>
19	Director of Housing Development	Executive Director
20	Riverside County	Inspire Life Skills Training, Inc.
21	Economic Development Agency	2279 Eagle Glen Parkway, #112
	1325 Spruce Street, Suite 400	Corona, CA 92883
	Riverside, CA 92507	

22 53. COUNTERPARTS. This Agreement may be signed by the different
23 parties hereto in counterparts, each of which shall be an original but all of which together shall
24 constitute one and the same agreement.

25 54. EFFECTIVE DATE. The effective date of this Agreement is the date the
26 parties execute the Agreement. If the parties execute the Agreement on more than one date,
27 then the last date the Agreement is executed by a party shall be the effective date.

1 IN WITNESS WHEREOF, the COUNTY and INSPIRE have executed this Agreement as of
2 the date first above written.

3
4
5 COUNTY OF RIVERSIDE


INSPIRE LIFE SKILLS TRAINING, INC.
a California nonprofit benefit corporation

6
7 By: _____
8 JEFF STONE
9 Chairman, Board of Supervisors

By: _____
KRISTI CAMPLIN
Executive Director

10 APPROVED AS TO FORM:

11
12 PAMELA J. WALLS
13 County Counsel

14 By:  7/2/09
15 Deputy Michale Clark

16
17 ATTEST:
18 KECIA HARPER-IHEM
19 Clerk of the Board

20
21 By: _____
22 Deputy

CALIFORNIA ALL-PURPOSE ACKNOWLEDGEMENT

STATE OF CALIFORNIA }

COUNTY OF _____ }

On _____, before me, _____
Date Here Insert Name and Title of the Officer

personally appeared _____
Name(s) of Signer(s)

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____
Signature of Notary Public

Place Notary Seal Above

CALIFORNIA ALL-PURPOSE ACKNOWLEDGEMENT

STATE OF CALIFORNIA }

COUNTY OF _____ }

On _____, before me, _____
Date Here Insert Name and Title of the Officer

personally appeared _____
Name(s) of Signer(s)

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____

Place Notary Seal Above

Signature of Notary Public

Exhibit A

INSPIRE: INSPIRE LIFE SKILLS TRAINING, INC.
Address: 2279 Eagle Glen Parkway, #112, Corona, CA 92883
Project Title: NSP-2 Inspire, City of NORCO

Project Description:

INSPIRE is requesting \$330,000 in NSP funds for acquisition and rehabilitation of one (1) vacant, foreclosed and bank-owned single-family property ("Property" or "Assisted Unit") and rent to very low-income (VLI) households within Target Areas, as shown hereof, in the city of Blythe.

NSP Assisted Units will be rented to VLI households whose incomes do not exceed 50% of the area median income for the County.

INSPIRE will utilize NSP funds for acquisition and rehabilitation costs of the Property for the Project. The Assisted Unit shall be affordable for a period of at least 55 years from the transfer of title to qualified first-time homebuyers.

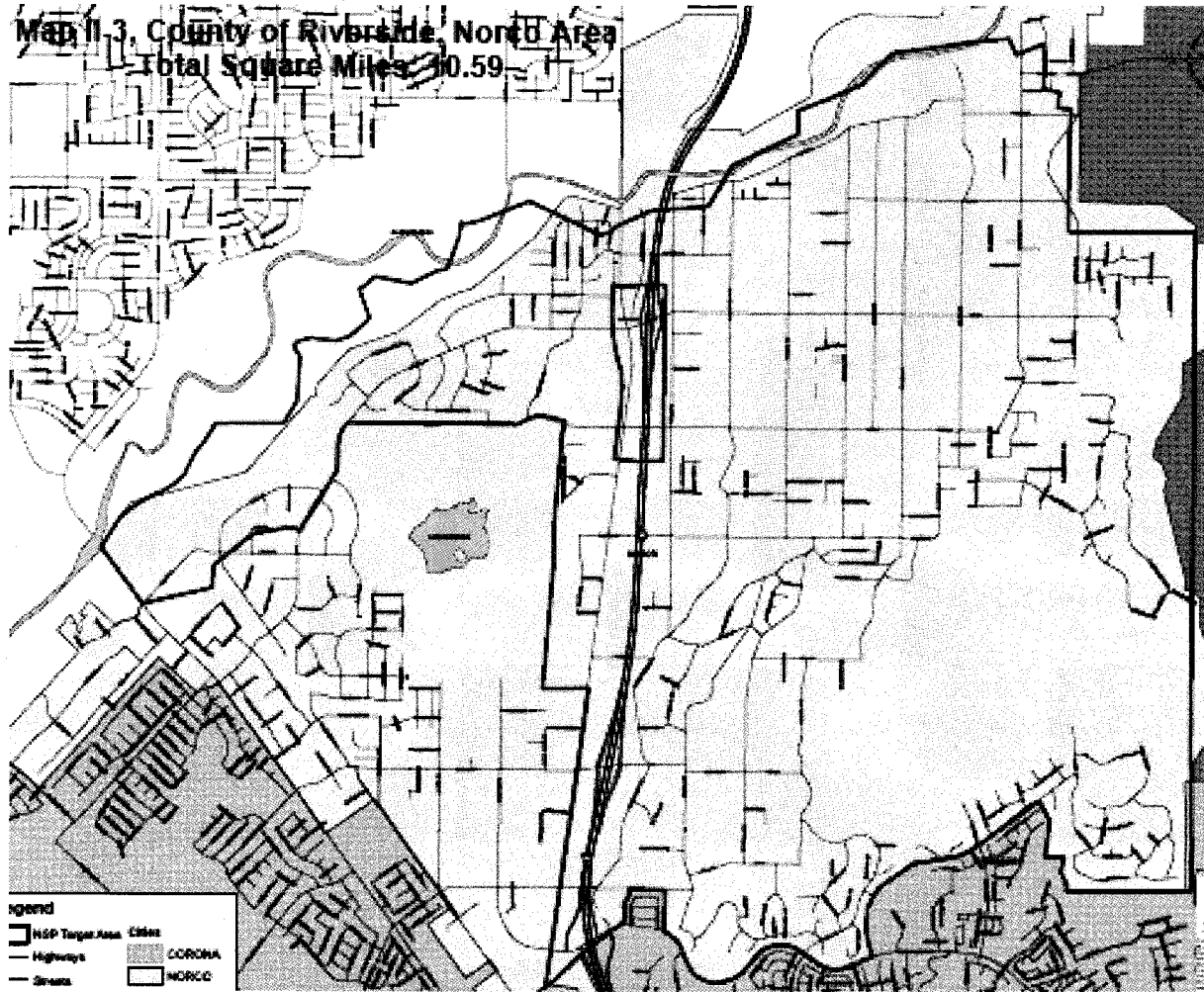
Eligible Properties ("Assisted Units")

Any single-family home, condominium or town home that meets all of the following minimum criteria:

1. The home must be foreclosed or abandoned and bank-owned.
2. The home must be currently vacant for a period of at least 90 days prior to the Initial Notice and Offer form (Exhibit D).
3. The home must be permanently fixed to a permanent foundation.
4. The home must be built after 1978. Homes constructed after January 1, 2000 are preferred. Older dwellings are eligible if they are suitable for renovation and if rehabilitation costs are reasonable. However, all properties must be constructed post-1978 and must not be listed on, or eligible for listing on, the National Register of Historic Places.
5. The home must be assessed in accordance with the provisions of the National Environmental Policy Act of 1969 (NEPA) and comply with Laws and Authorities of §58.5: Historic Preservation, Floodplain & Wetlands, Coastal Zone, Aquifers, Endangered Species, Rivers, Air, Farmlands, HUD Environmental Standards and Environmental Justice.

Target Areas

Assisted Units must reside inside areas of greatest need within the designated Target Areas of the County of Riverside as defined in the County's 2008-2009 One Year Action Plan. Not all areas inside the city boundary are Target Areas. The Assisted Units for this Project must lie within the Target Areas of city of Desert Hot Springs and Cathedral City. The boundaries are shown in red below.



Appraisals

1. All foreclosed homes participating in this program must meet or exceed the minimum fifteen percent (15%) discount below the **Current Market Appraised Value (CMAV)**. The CMAV is the value of a foreclosed upon home that is established through an appraisal made in conformity with appraisal requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (URA) and its implementing regulations at 49 CFR 24.103 and completed within sixty (60) days prior to a final offer made for the property. At COUNTY's discretion and within NSP regulations of the NSP1 Federal Register Bridge Notice, COUNTY may modify the percentage discount requirement below the CMAV.
2. EDA will pay for appraisal costs as follows:
 - a) If the property's purchase price does not meet the minimum fifteen percent (15%) discount below the Current Market Appraised Value, then EDA will only pay up to \$1,500 per property, a maximum \$15,000 per Applicant, of which will be paid by EDA. Beyond that amount, INSPIRE must pay for the cost of subsequent appraisals.
 - b) If the property's purchase price does meet or exceed the minimum fifteen percent (15%) discount below the Current Market Appraised Value, then the cost of appraisal will be paid from the closing costs budget for the project.
3. Initial Notice and Offer. Upon receipt of a completed and signed Initial Notice and Offer form for each property in consideration, as provided in **Exhibit D**, EDA will conduct an appraisal of the property through an independent fee contract appraiser ("Appraiser"). The Appraiser contracted by EDA will be State licensed or certified in accordance with Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA). The initial purchase price, identified in the Initial Notice and Offer form, will be considered as the Initial Offer. Bulk purchases must identify purchase prices for each property.
4. Final Notice and Offer. The final purchase price must be at least fifteen percent (15%) below the CMAV. Properties may be purchased in bulk, but the minimum fifteen percent (15%) discount applies to each property, and not an overall discount.
 - a) If the Initial Offer does meet or exceed the minimum fifteen percent (15%) discount, then the Seller and INSPIRE ("Buyer") will be required to submit a Final Notice and Offer form, as provided in **Exhibit D**, and the Initial Offer will be considered as the Final Offer. The Final Notice and Offer form must be received and dated within sixty (60) days of the completed EDA appraisal report. Failure to submit this in a timely manner will result in denial of the property.
 - b) If the Initial Offer does not meet the minimum fifteen percent (15%) discount below CMAV, then the Buyer will be required to re-negotiate to meet the minimum fifteen percent (15%) discount. If the Seller and Buyer could not reach an amicable agreement for the purchase price of the property, then the property by the Buyer will be denied and the cost of the appraisal will be paid for by EDA.

Project Sources and Uses of Fund:

Sources:

County of Riverside NSP Loan	\$ 330,000
Total Sources	\$ 330,000

Uses:

	Total Project Costs
Acquisition	290,000
Rehabilitation	37,000
Appraisals	500
Title and Recording	500
Insurance	1,000
Marketing	500
Escrow	500
TOTAL PROJECT COSTS	330,000

IMPLEMENTATION SCHEDULE

Milestone	Completion Date
1. NSP Loan Agreement executed	July 14, 2009
2. Acquisition of Assisted Units completed*	November 14, 2009 (4 th month)
3. Rehabilitation Plan and revised budget	November 15, 2009
4. Marketing Plan Status and Outreach	December 1, 2009
5. Rehabilitation of Assisted Units completed*	February 14, 2010 (7 th month)
6. Submission of Closing Documents	June 1, 2010

* Section 27 – Performance Requirements

DOCUMENT SUBMISSION SCHEDULE

Documents	Due Date
1. NSP Activities Reporting and Project Photos	Monthly, due by the 15 th of each month
2. Liability and Certificate of Workers' Compensation Insurance for INSPIRE and General Contractor	INSPIRE – At the execution of this Agreement. GC – Before start of construction. Copies of Certificates must be filed and up-to-date throughout the course of the Project with the COUNTY additionally insured.
3. Minority & Women Business Enterprise Report – HUD form 2516, and Section 3 Reporting	Semi-Annually– Sept 30th & March 31st Completion of Project
4. Notice of Completion	End of Construction
5. Certificate of Occupancy	End of Construction
6. Conditional/Unconditional Release for Final from GC, and if applicable, Sub-contractors	Close of Rehabilitation
7. Rehabilitation Completion Report	Close of Rehabilitation
8. Final Development Cost - Sources and Uses	Close of Rehabilitation
9. Qualified Homebuyer Selection Policy	Marketing Stage
10. Flyers, Community Contacts, Outreach, Press Releases, Grand Opening info	Marketing Stage
11. Updated Preliminary Title Report showing Transfer of title to Qualified Homebuyer	Close of Escrow

EXHIBIT B

Deed of Trust
(sample)

EXEMPT RECORDING FEE CODE 6103
RECORDING REQUESTED BY AND
WHEN RECORDED MAIL TO:

Riverside County
Economic Development Agency
1325 Spruce St., Suite 400
Riverside, CA 92507
ATTN: Mervyn Manalo

SPACE ABOVE THIS LINE FOR RECORDER'S USE

DEED OF TRUST WITH ASSIGNMENT OF RENTS

This DEED OF TRUST is made on this ____ day of _____, 2009. The grantor is INSPIRE LIFE SKILLS TRAINING, INC., a California nonprofit public benefit corporation ("Borrower" or "INSPIRE"), and whose address is 2279 Eagle Glen Parkway, #112, Corona, CA 92883. The trustee is RIVERSIDE COUNTY ECONOMIC DEVELOPMENT AGENCY ("Trustee"). The lender is the COUNTY OF RIVERSIDE ("COUNTY" or "Lender"), a public agency, organized and existing under the laws of the State of California, and whose address is 1325 Spruce St. Suite 400, Riverside, CA 92507.

Pursuant to the terms of the NSP Loan Agreement, dated _____ (the "Agreement"), Borrower owes Lender the sum of _____ **Dollars (U.S. \$ _____)** (the "NSP Loan") for acquisition and rehabilitation of property at _____ (the "Property"), as legally described in **Exhibit B-1** which is attached hereto and by this reference incorporated herein, and rental of Assisted Units. Capitalized terms not defined herein shall have the meaning ascribed to them in the Agreement. This debt is evidenced by Borrower's Note dated _____ ("Note").

The Note shall provide the following:

It is intended that the full amount of the NSP Loan attributable to the Property will be forgiven at the end of the Affordability Period as defined in the Agreement.

The NSP Loan will accrue interest at a rate of zero percent (0%) per annum, except in the case of default as provided in the Agreement, and shall be repaid on an annual basis from the Project's Residual Receipts as defined herein;

Residual Receipts shall be determined based on a review of certified financial statements for the Project. Project Residual Receipts are defined as gross receipts, not including interest on required reserve accounts, less the following:

- i) auditing and accounting fees;*
- ii) operating expenses;*
- iii) replacement reserves limited to \$400 annually; and*
- i) payments of principal and interest on amortized loans and indebtedness which have been approved by the COUNTY.*

The NSP Loan is evidenced by the Note and secured by this Deed of Trust ("Security Instrument"). The Security Instrument secures to Lender: (a) the repayment of the debt evidenced by the Note, with interest as provided in the Note, and all renewals, extensions and modifications of the Note; (b) the payment of all other sums, with interest as provided in the Note, advanced under paragraph 8 to protect the security of this Security Instrument; and (c) the performance of Borrower's covenants and agreements under this Security Instrument and the Note. For this purpose, Borrower irrevocably grants and conveys to Trustee, in trust, with power of sale, all of Borrower's right, title and interest in and to the Assisted Unit located in Riverside County, California, which is further described as:

LEGAL DESCRIPTION: See **Exhibit B-1**.

TOGETHER WITH all the improvements now or hereafter erected on the property, and all easements, appurtenances, and fixtures now or hereafter a part of the property. All replacements and additions shall also be covered by this Security Instrument. All of the foregoing is referred to in this Security Instrument as the "Property".

BORROWER COVENANTS that the Borrower is lawfully seized of the estate hereby conveyed and has the right to grant and convey its fee and leasehold interest in the Property, as applicable, and the Property is unencumbered. Borrower warrants and will defend generally the title to the Property against all claims and demands, subject to such encumbrances of record.

THIS SECURITY INSTRUMENT combines uniform covenants for national use and non-uniform covenants with limited variations by jurisdiction to constitute a uniform security instrument covering real property.

UNIFORM COVENANTS Borrower and Lender covenant and agree as follows:

1. **Payment of Principal; Late Charges.** Borrower shall promptly pay when due the principal of on the debt evidenced by the Note and any late charges due under the Note.
2. **Taxes and Insurance.** Borrower shall pay at least ten (10) 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.
 - a. Should Borrower fail to make any payment or to do any act herein provided, then Lender or Trustee, but without obligation so to do and upon written notice to or demand upon Borrower and without releasing Borrower 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, Lender or Trustee being authorized to enter upon said property for such purposes; appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of Lender 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 or her reasonable fees.

- 3 Application of Payments.** Unless applicable law provides otherwise, all payments received by Lender under paragraphs 1 and 2 shall be applied: first, to amounts payable under paragraph 2; second, to interest due; third, to principal due; and last, to any late charges due under the Note.
- 4 Prior Deeds of Trust; Charge; Liens.** The Borrower shall perform all of the Borrower's obligations under this Deed of Trust, including Borrower's covenants to make payments when due, subject to applicable cure periods. Borrower shall pay all taxes, assessments, charges, fines and impositions attributable to the Property which may attain priority over this Security Instrument, and leasehold payments or ground rents, if any, subject to applicable cure periods. Borrower shall pay these obligations in the manner provided in paragraph 2, or if not paid in that manner, Borrower shall pay them on time directly to the person owed payment. Borrower shall promptly furnish to Lender all notices of amounts to be paid under this paragraph. If Borrower makes these payments directly, Borrower shall promptly furnish to Lender receipts evidencing the payments.

 - a) Except for the liens permitted by the Lender, Borrower shall promptly discharge any other lien which shall have attained priority over this Security Instrument unless Borrower: (1) agrees in writing to the payment of the obligation secured by the lien in a manner acceptable to Lender; (2) contests in good faith the lien by, or defends against enforcement of the lien in, legal proceedings which in the Lender's opinion operate to prevent the enforcement of the lien; (3) bond around the lien; or (4) secures from the holder of the lien an agreement satisfactory to Lender subordinating the lien to this Security Instrument. If Lender determines that any part of the Property is subject to a lien which may attain priority over this Security Instrument, Lender may give Borrower a notice identifying the lien. Borrower shall satisfy such lien or take one or more of the actions set forth above within thirty (30) days of the giving of notice.
- 5 Subordination.** This Deed of Trust shall be recorded in first position. This Deed of Trust shall remain in a superior position over any other trust deed that may be issued to secure additional public and/or private financing for the Project. The Lender hereby agrees to execute any and all documents necessary to effectuate such subordination concerning this loan, construction and permanent loans, and any future refinancing upon Borrower's request. Borrower shall request Lender approval of any additional subordination and Lender consent shall not be unreasonably withheld.
- 6 Hazard or Property Insurance.** Borrower shall keep the improvements now existing or hereafter erected on the Property insured against loss of fire, hazards included within the term "extended coverage" and any other hazards, including floods or flooding, for which Lender requires insurance. This insurance shall be maintained in the amounts and for the periods as required in the Loan Agreement. The insurance carrier providing the insurance

shall be chosen by Borrower subject to Lender's approval which shall not be unreasonably withheld. If Borrower fails to maintain coverage described above, Lender may, at Lender's option, obtain coverage to protect Lender's rights in the Property in accordance with paragraph 8.

- a) All insurance policies and renewals shall be acceptable to Lender and shall include a standard mortgagee clause. All requirements hereof pertaining to insurance shall be deemed satisfied if the Borrower complies with the insurance requirements under the Senior Deeds of Trust. All original policies of insurance required pursuant to the Senior Deeds of Trust shall be held by the Senior Lien Holders; provided, however, Lender may be named as a loss payee as its interest may appear and may be named as an additional insured. Borrower shall promptly give to Lender certificates of insurance showing the coverage is in full force and effect and that Lender is named as additional insured. In the event of loss, Borrower shall give prompt notice to the insurance carrier, the Senior Lien Holders and Lender. Lender may make proof of loss if not made promptly by the Senior Lien Holders or the Borrower.
- b) Unless Lender and Borrower otherwise agree in writing, and subject to the terms of the Senior Deeds of Trust, insurance proceeds shall be applied to restoration or repair of the Property damaged, provided Borrower determines that such restoration or repair is economically feasible and there is no default continuing beyond the expiration of all applicable cure periods. If Borrower determines that such restoration or repair is not economically feasible or if a default exists after expiration of all applicable cure periods, the insurance proceeds shall be applied to the sums secured by this Deed of Trust, with the excess, if any, paid to Borrower. If the Property is abandoned by Borrower, or if Borrower fails to respond to Lender within 30 days from the date notice is mailed by Lender to Borrower that the insurance carrier offers to settle a claim for insurance benefits, Lender is authorized to collect and apply the insurance proceeds at Lender's option either to restoration or repair of the Property or to the sums secured by this Deed of Trust.
- c) Unless Lender and Borrower otherwise agree in writing, any application of proceeds to principal shall not extend or postpone the due date of Note. If under paragraph 23 the Property is acquired by Lender, Borrower's right to any insurance policies and proceeds resulting from damage to the Property prior to the acquisition shall pass to Lender to the extent of the sums secured by this Security Instrument immediately prior to the acquisition.
- d) Notwithstanding the above, the Lender's rights to collect and apply the insurance proceeds hereunder shall be subject and subordinate to the rights of the Senior Lien Holders to collect and apply such proceeds in accordance with the Senior Deeds Trust.

7. Preservation, Maintenance and Protection of the Property; Borrower's Loan Application; Leaseholds. Borrower shall not destroy, damage or impair the Property, allow the Property to deteriorate, or commit waste on the Property. Borrower shall be in default if any forfeiture action or proceeding, whether civil or criminal, is begun that in Lender's good faith judgment could result in forfeiture of the Property or otherwise materially impair the lien created by this Security Instrument or Lender's security interest. Borrower may cure such a default and reinstate, as provided in paragraph 19, by causing the action or proceeding to be dismissed with a ruling that, in Lender's good faith determination, precludes forfeiture of the Borrower's interest in the Property or other material impairment of the lien created by this Security Instrument or Lender's security interest. Borrower shall also be in default if Borrower, during the loan application process, gave materially false or inaccurate information or statements to Lender (or failed to provide Lender with any material information) in connection with the loan evidenced by the Note, including, but not limited to representations concerning Borrowers use of Property for affordable housing. If this Security Instrument is on a leasehold, Borrower shall comply with all provisions of the lease. If Borrower acquires fee title to the Property, the leasehold and the fee title shall not merge unless Lender agrees to the merger in writing.

- a) The Borrower acknowledges that this Property is subject to certain use and occupancy restrictions (which may be further evidenced by a separate agreement recorded in the land records where the Property is located), limiting the Property's use to very low-income housing for households earning no more than fifty percent (50%) of the median income within Riverside County. The use and occupancy restrictions may limit the Borrower's ability to sell the Property. The violation of any use and occupancy restrictions may, if not prohibited by federal law, entitle the Lender to the remedies provided in Section 23 hereof.

8. Protection of Lender's Rights in the Property. If Borrower fails to perform the covenants and agreements contained in this Security Instrument, or there is a legal proceeding that may significantly affect Lender's rights in the Property (such as a proceeding in bankruptcy, probate, for condemnation or forfeiture or to enforce laws or regulations), then, subject to any applicable grace periods or cure periods, Lender may do and pay for whatever is necessary to protect the value of the Property and Lender's rights in the Property. Lender's actions may include paying any sums secured by a lien which has priority over this Security Instrument (including sums secured by the Senior Deeds of Trust), appearing in court, paying reasonable attorneys' fees and entering on the Property to make repairs. Although Lender may take action under this paragraph 8, Lender does not have to do so.

- a. Any amounts disbursed by Lender under this paragraph 8 shall become additional debt of Borrower secured by this Security Instrument. Unless Borrower and Lender agree to other terms of payment, these amounts shall bear interest from the date of disbursement at the Note rate and shall be

payable, with interest, upon notice from Lender to Borrower requesting payment.

- b. Prior to taking any actions under this Section 8, however, Lender shall notify the Senior Lien Holder of such default in the manner provided in Section 23 of this Security Instrument, and shall provide the Senior Lien Holder with the opportunity to cure any such default under this Security Instrument. All amounts advanced by a Senior Lien Holder to cure a default hereunder shall be deemed advanced by such Senior Lien Holder and shall be secured by the applicable Senior Deed of Trust. In addition, the Lender agrees that it will not commence foreclosure proceedings or accept a deed in lieu of foreclosure, or exercise any other rights or remedies hereunder until it has given the Senior Lien Holders at least 60 days' prior written notice. Any action by Lender hereunder to foreclose or accept a deed in lieu of foreclosure shall be subject to the "due on sale" provisions of the Senior Deeds of Trust.
- c. Lender and Borrower further agree that a default hereunder shall constitute a default under the Senior Deed of Trust. In the event of a default hereunder, the Senior Lien Holder shall have the right to exercise all rights and remedies under the Senior Deed of Trust.

9. Mortgage Insurance. (Not used)

10. Inspection. Lender or its agent may make reasonable entries upon and inspections of the Property. Lender shall give Borrower notice at the time of or prior to an inspection specifying reasonable cause for the inspection.

11. Condemnation. The proceeds of any award or claim for damages, direct or consequential, in connection with any condemnation or other taking of any part of the Property, or for conveyance in lieu of condemnation, are hereby assigned and shall be paid to Lender, subject to the terms of the Senior Deeds of Trust.

- a. In the event of a total taking of the Property, the proceeds shall be applied to the sums secured by this Security Instrument, whether or not then due, with any excess paid to Borrower. In the event of a partial taking of the Property in which the fair market value of the Property immediately before the taking is equal to or greater than the amount of the sums secured by this Security Instrument immediately before the taking, unless Borrower and Lender otherwise agree in writing, the sums secured by this Security Instrument shall be reduced by the amount of the proceeds multiplied by the following fraction: (a) the total amount of the sums secured immediately before the taking, divided by (b) the fair market value of the Property immediately before the taking. Any balance shall be paid to Borrower. In the event of a partial taking of the Property in which the fair market value of the Property immediately before the taking is less than the amount of the sums secured immediately before the taking, unless Borrower and Lender otherwise agree in

writing or unless applicable law otherwise provides, the proceeds shall be applied to the sums secured by this Security Instrument whether or not the sums are then due. Notwithstanding the foregoing, so long as the value of Lender's lien is not impaired, any condemnation proceeds may be used by Borrower for repair and/or restoration of the project.

- b. If the Property is abandoned by Borrower, or if, after notice by Lender to Borrower that the condemner offers to make an award or settle a claim for damages, Borrower fails to respond to Lender within 30 days after the date the notice is given, Lender is authorized to collect and apply the proceeds, at its option, either to restoration or repair of the Property or to the sums secured by this Security Instrument, whether or not then due.
- c. Unless Lender and Borrower otherwise agree in writing, any application of proceeds to principal shall not extend or postpone the due date of the monthly payments referred to in paragraphs 1 and 2 or change the amount of such payments.

12. Borrower Not Released; Forbearance By Lender Not a Waiver. Except in connection with any successor in interest approved by lender, extension of the time for payment or modification of amortization of the sums secured by this Security Instrument granted by Lender to any successor in interest of Borrower shall not operate to release the liability of the original Borrower or Borrower's successors in interest. Lender shall not be required to commence proceedings against any successor in interest or refuse to extend time for payment or otherwise modify amortization of the sums secured by this Security Instrument by reason of any demand made by the original Borrower or Borrower's successors in interest. Any forbearance by Lender in exercising any right or remedy shall not be a waiver of or preclude the exercise of any right or remedy.

13. Successors and Assigns Bound; Joint and Several Liability. The covenants and agreements of this Security Instrument shall bind and benefit the successors and assigns of Lender and Borrower, subject to the provisions of paragraph 18. Borrower's covenants and agreements shall be joint and several.

14. Loan Charges. If the loan secured by this Security Instrument is subject to a law which sets maximum loan charges, and that law is finally interpreted so that the interest or other loan charges collected or to be collected in connection with the loan exceed the permitted limits, then: (a) any such loan charge shall be reduced by the amount necessary to reduce the charge to the permitted limit; and (b) any sums already collected from Borrower which exceeded permitted limits will be promptly refunded to Borrower. Lender may choose to make this refund by reducing the principal owed under the Note or by making a direct payment to Borrower. If a refund reduces principal, the reduction will be treated as a partial prepayment without any prepayment charge under the Note.

15. Notices. Any notice to Borrower provided for in this Security Instrument shall be given by delivering it or by mailing it by first class mail unless applicable law requires use of

another method. The notice shall be directed to the Borrower's mailing address stated herein or any other address Borrower designates by notice to Lender. Any notice to Lender shall be given by first class mail to Lender's address stated herein or any other address Lender designates by notice to Borrower. Any notice required to be given to a Senior Lien Holder shall be given by first class mail to any Senior Lien Holder at such address Senior Lien Holder designates by notice to the Borrower. Any notice provided for in this Security Instrument shall be deemed to have been given to Borrower or Lender when given as provided in this paragraph.

- 16. Governing Law; Severability.** This Security Instrument shall be governed by state law and the law of the jurisdiction in which the Property is located. In the event that any provision or clause of this Security Instrument or the Note conflicts with applicable law, such conflict shall not affect other provisions of this Security Instrument or the Note which can be given effect without the conflicting provision. To this end the provisions of this Security Instrument and the Note are declared to be severable.
- 17. Borrower's Copy.** Borrower shall be given one conformed copy of the Note and of this Security Instrument.
- 18. Transfer of the Property or a Beneficial Interest in Borrower.** Except for a conveyance to the trustee(s) under the Senior Deeds of Trust and the sale of units in the Project, if all or any part of the Property or any interest in it is sold or transferred (or if a beneficial interest in Borrower is sold or transferred and Borrower is not a natural person) without Lender's prior written consent (including a transfer of all or any part of the Property to any person who, at initial occupancy of the Property, does not use the Property for "low income housing" within the meaning of California Community Redevelopment Law) Lender may, at its option, require immediate payment in full of all sums secured by this Security Instrument. However, this option shall not be exercised by Lender if exercise is prohibited by federal law as of the date of this Security Instrument. Nothing in this Security Instrument shall be deemed to require Lender's approval of a transfer of limited partnership interests in the Borrower.
- a. If Lender exercises the foregoing option, Lender shall give Borrower and the Senior Lien Holder prior written notice of acceleration. The notice shall provide a period of not less than 30 days from the date the notice is delivered or mailed within which Borrower must pay all sums secured by this Security Instrument. If Borrower fails to pay these sums prior to the expiration of this period, Lender may invoke any remedies permitted by this Security Instrument without further notice or demand on Borrower.
 - b. Notwithstanding Lender's right to invoke any remedies hereunder, as provided in Section 8 above, Lender agrees that it will not commence foreclosure proceedings or accept a deed in lieu of foreclosure, or exercise any other rights or remedies hereunder until it has given the Senior Lien Holders at least 60 days' prior written notice. The Borrower's limited partners shall have the same right to cure as Senior Lien Holders.

- c The Borrower and the Lender agree that whenever the Note or this Security Instrument gives the Lender the right to approve or consent with respect to any matter affecting the Property (or the construction of any improvements thereon) or otherwise (including the exercise of any "due on sale" clause), and a right of approval or consent with regard to the same matter is also granted to the Senior Lien Holders pursuant to the Senior Deeds of Trust, the Senior Lien Holders' approval or consent or failure to approve or consent, as the case may be, shall be binding on the Borrower and the Lender.

19. Borrower's Right to Reinstate. If Borrower meets certain conditions, Borrower shall have the right to have enforcement of this Security Instrument discontinued at any time prior to the earlier of: (a) 5 days (or such other period as applicable law may specify for reinstatement) before sale of the Property pursuant to any power of sale contained in this Security Instrument; or (b) entry of a judgment enforcing this Security Instrument. Those conditions are that Borrower: (a) pays Lender all sums which then would be due under this Security Instrument and the Note as if no acceleration had occurred; (b) cures any default of any other covenants or agreements; (c) pays all expenses incurred in enforcing this Security Instrument, including, but not limited to, reasonable attorneys' fees; and (d) takes such action as Lender may reasonably require to assure that the lien of this Security Instrument, Lender's rights in the Property and Borrower's obligation to pay the sums secured by this Security Instrument shall continue unchanged. Upon reinstatement by Borrower, this Security Instrument and the obligations secured hereby shall remain fully effective as if no acceleration had occurred. However, this right to reinstate shall not apply in the case of acceleration under paragraph 18.

20. Sale of Note; Change of Loan Servicer. The Note or a partial interest in the Note (together with this Security Instrument) may be sold one or more times without prior notice to Borrower. A sale may result in a change in the entity (known as the "Loan Servicer") that collects monthly payments due under the Note and this Security Instrument. There also may be one or more changes of the Loan Servicer unrelated to a sale of the Note. If there is a change of the Loan Servicer, Borrower will be given written notice of the change in accordance with paragraph 15 above and applicable law. The notice will state the name and address of the new Loan Servicer and the address to which payments should be made. The notice will also contain any other information required by applicable law.

21. No Assignment. Until the loans secured by the Senior Deeds of Trust have been satisfied in full, the Lender and the Borrower agree that the Note and the Security Instrument will not be assigned without the Senior Lien Holders' prior written consent.

22. Hazardous Substances. Borrower shall not cause or permit the presence, use, disposal, storage, or release of any Hazardous Substances on or in the Property. Borrower shall not do, nor allow anyone else to do, anything affecting the Property that is in violation of any Environmental Law. The preceding two sentences shall not apply to the presence, use, or storage on the Property of small quantities of Hazardous Substances that are

generally recognized to be appropriate to normal residential uses, construction, and to maintenance of the Property.

- a. Borrower shall promptly given Lender written notice of any investigation, claim, demand, lawsuit or other action by any governmental or regulatory agency or private party involving the Property and any Hazardous Substance or Environmental Law of which Borrower has actual knowledge. If Borrower learns, or is notified in writing by any governmental or regulatory authority, that any removal or other remediation of any Hazardous Substance affecting the Property is necessary, Borrower shall promptly take all necessary remedial actions in accordance with Environmental Law. Prior to taking any such remedial action, however, the Borrower shall notify the Senior Lien Holders that such remedial action is necessary and shall obtain the Senior Lien Holders' prior written consent for such remedial action.
- b. As used in this paragraph 22, "Hazardous Substances" are those substances defined as toxic or hazardous substances by Environmental Law and the following substances: gasoline, kerosene, other flammable or toxic petroleum products, toxic pesticides and herbicides, volatile solvents, materials containing asbestos or formaldehyde, and radioactive materials. As used in this paragraph 22, "Environmental Law" means federal laws and laws of the jurisdiction where the Property is located that relate to health, safety or environmental protection.

NON-UNIFORM COVENANTS. Borrower and Lender further covenant and agree as follows:

23. Acceleration; Remedies. Lender shall give notice to Borrower, Borrower's investment limited partner (the "Investment Limited Partner") and the Senior Lien Holders prior to acceleration following Borrower's breach of any covenant or agreement in this Security Instrument. The notice shall specify: (a) the default; (b) the action required to cure the default; (c) a date, not less than 30 days from the date the notice is given to Borrower and the Investment Limited Partner (and with respect to a Senior Lien Holder, 60 days from the date the notice is given to such Senior Lien Holder), by which the default must be cured; and (d) that failure to cure the default on or before the date specified in the notice may result in acceleration of the sums secured by this Security Instrument and sale of the Property. The notice shall further inform Borrower of the right to reinstate after acceleration and the right to bring a court action to assert the non-existence of a default or any other defense of Borrower to acceleration and sale. If the default is not cured by the Borrower on or before the date specified in the notice, and the Senior Lien Holders or the Investment Limited Partner have not exercised their right to cure the default, then Lender at its option may require immediate payment in full of all sums secured by this Security Instrument without further demand and may invoke the power of sale and any other remedies permitted by applicable law. Notwithstanding Lender's right to invoke any remedies hereunder, as provided in Section 8 above, the Lender agrees that it will not commence foreclosure proceedings or accept a deed in lieu of foreclosure, or exercise any other rights or remedies hereunder until it has given the Senior Lien Holders, the

Special Limited Partner and the Investment Limited Partner at least 60 days' prior written notice. Lender shall be entitled to collect all expenses incurred in pursuing the remedies provided in this paragraph 23, including, but not limited to, reasonable attorneys' fees and costs of title evidence.

- a. If Lender invokes the power of sale, Lender or Trustee shall mail copies of a notice of sale in the manner prescribed by applicable law to Borrower, the Investment Limited Partner, the Senior Lien Holders and to the other persons prescribed by applicable law. Trustee shall give notice of sale by public advertisement for the time and in the manner prescribed by applicable law. Trustee, without demand on Borrower, shall sell the Property at public auction to the highest bidder for cash at the time and place and under the terms designated in the notice of sale in one or more parcels and in any order Trustee determines. Trustee may postpone sale of all or any parcel of the Property to any later time on the same date by public announcement at the time and place of any previously scheduled sale. Lender or its designee may purchase the Property at any sale.
- b. Trustee shall deliver to the purchaser Trustee's deed conveying the Property without any covenant or warranty, expressed or implied. The recitals in the Trustee's deed shall be prima facie evidence of the truth of the statements made therein. Trustee shall apply the proceeds of the sale in the following order: (a) to all expenses of the sale, including, but not limited to, reasonable Trustee's and attorneys' fees; (b) to all sums secured by this Security Instrument; and (c) any excess to the person or persons legally entitled to it.

24. Release. Upon payment of all sums secured by this Security Instrument, Lender shall release this Security Instrument without charge to Borrower. Borrower shall pay any recordation costs.

25. Substitute Trustee. Lender, at its option, may from time to time remove Trustee and appoint a successor trustee to any Trustee appointed hereunder by an instrument recorded in the county in which this Security Instrument is recorded. Without conveyance of the Property, the successor trustee shall succeed to all the title, power and duties conferred upon Trustee herein and by applicable law.

26. Modification of Senior Deeds of Trust Loan Documents. The Lender consents to any agreement or arrangement in which a Senior Lien Holder waives, postpones, extends, reduces or modifies any provisions of the applicable Senior Deed of Trust loan documents, including any provisions requiring the payment of money.

27. Not Used.

28. General Partner Change. The withdrawal, removal, and/or replacement of a general partner of the Borrower pursuant to the terms of the Partnership Agreement of Borrower (as the same may be amended from time to time) shall not constitute a default under any

of the Loan Documents, and any such actions shall not accelerate the maturity of the Loan, provided that any required substitute general partner is reasonably acceptable to Lender and is selected with reasonable promptness. Any proposed General Partner replacement shall have the qualifications and financial responsibility as reasonably determined by the Lender necessary and adequate to fulfill the obligations undertaken in the NSP Loan, as amended.

(SIGNATURES ON NEXT PAGE)

BY SIGNING BELOW, the Borrower and the Lender accept and agree to the terms and covenants contained in this Deed of Trust.

Date: _____

BORROWER:

INSPIRE LIFE SKILLS TRAINING, INC.
a California nonprofit benefit corporation

By: _____
KRISTI CAMPLIN
Executive Director

(SIGNATURES CONTINUE ON NEXT PAGE)

ALL SIGNATURES MUST BE NOTARIZED

LENDER:

COUNTY OF RIVERSIDE

By: _____
ROBERT FIELD
Assistant County Executive Officer/EDA

APPROVED AS TO FORM:
PAMELA J. WALLS
County Counsel

By:  7/2/09
Deputy Michelle Clark

ALL SIGNATURES MUST BE NOTARIZED

CALIFORNIA ALL-PURPOSE ACKNOWLEDGEMENT

STATE OF CALIFORNIA }

COUNTY OF _____ }

On _____, before me, _____
Date Here Insert Name and Title of the Officer

personally appeared _____
Name(s) of Signer(s)

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____

Place Notary Seal Above

Signature of Notary Public

CALIFORNIA ALL-PURPOSE ACKNOWLEDGEMENT

STATE OF CALIFORNIA }

COUNTY OF _____ }

On _____, before me, _____
Date Here Insert Name and Title of the Officer

personally appeared _____
Name(s) of Signer(s)

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____

Place Notary Seal Above

Signature of Notary Public

REQUEST FOR RECONVEYANCE

TO TRUSTEE:

The undersigned is the holder of the Note or Notes secured by this Security Instrument (Deed of Trust). Said Promissory Note or Notes, together with all other indebtedness secured by this Security Instrument (Deed of Trust), have been paid in full. You are hereby directed to cancel said Promissory Note or Notes and this Security Instrument (Deed of Trust), which are delivered hereby, and to reconvey, without warranty, all the estate now held by you under this Deed of Trust to the person or persons legally entitled thereto.

Dated: _____

EXHIBIT C

(sample “Note”)

PROMISSORY NOTE

\$ _____ **Riverside, CA**

In installments as hereafter stated, for value received, INSPIRE LIFE SKILLS TRAINING, INC., a California nonprofit benefit corporation ("Borrower" or "INSPIRE") promises to pay the COUNTY OF RIVERSIDE, a political subdivision of the State of California ("COUNTY"), or order, at 1325 Spruce Street, Suite 400, Riverside, CA 92507, the sum of _____ Dollars (U.S. \$ _____) (the "NSP Loan"), at the rate of zero percent (0%) per annum, pursuant to the terms of the NSP Loan Agreement, dated _____ (the "Agreement"), for acquisition and rehabilitation of property at _____ (the "Property") and rental of Assisted Units. Capitalized terms not defined herein shall have the meaning ascribed to them in the Agreement.

This Promissory Note shall provide the following:

It is intended that the full amount of the NSP Loan attributable to the Property will be forgiven at the end of the Affordability Period as defined in the Agreement.

The NSP Loan will accrue interest at a rate of zero percent (0%) per annum, except in the case of default as provided in the Agreement, and shall be repaid on an annual basis from the Project's Residual Receipts as defined herein;

Residual Receipts shall be determined based on a review of certified financial statements for the Project. Project Residual Receipts are defined as gross receipts, not including interest on required reserve accounts, less the following:

- iv) auditing and accounting fees;*
- v) operating expenses;*
- vi) replacement reserves limited to \$400 annually; and*
- vii) payments of principal and interest on amortized loans and indebtedness which have been approved by the COUNTY.*

Pursuant to the Agreement, the Agreement shall become effective upon execution the Effective Date and the maturity of the NSP Loan with respect to the Property shall be the first to occur of (i) July 1, 2067 or (ii) fifty-five (55) years from the issuance of the Certificate of Occupancy.

In any action commenced to enforce the obligation of the Borrower to pay principal and interest under the Note, the obligations hereunder shall be non-recourse to the Borrower and the judgment shall not be enforceable personally against the Borrower, Borrower's partners, or the Borrower's assets, and the recourse of the County for the collection of such amounts shall be limited to actions against the Property described in the Deed of Trust executed by the Borrower to secure the Note and the rents, profits, issues, products, and income from the Property.

Should default be made in payment of principal when due and such default shall continue beyond the applicable notice and cure period provided in the Deed of Trust, the outstanding principal balance of this Note shall become immediately due at the option of the holder of this Note. Principal is payable in lawful money of the United States. If action be instituted on this Note, the undersigned promises to pay such sums as the Court may fix as attorney's fees.

The Borrower and its partners, officers, directors, employees, and agents shall not have any direct or indirect personal liability for payment of the principal of, or interest on, the Property

Loan or the performance of the Borrower's obligations under the NSP documents. The sole recourse of the COUNTY with respect to payment of the principal of, or interest on, the Property Loan, shall be to the Project. No money judgment (or execution on a money judgment) entered in any action (whether legal or equitable) on the NSP documents shall be enforced personally against the Borrower or its partners, officers, directors, employees, and agents, but shall be enforced only against the Project and such other property as may from time to time be hypothecated in connection with the Borrower's obligations under the NSP documents. This non-recourse provision does not limit or impair the enforcement against all such security for the Property Loan of all the rights and remedies of the COUNTY, nor does it impair the right of the COUNTY to assert the unpaid principal amount of the Property Loan as a demand for money within the meaning of California Code of Civil Procedure Section 431.70 or any successor provision. In addition, this non-recourse provision does not relieve the Borrower of personal liability for damage to or loss suffered by the COUNTY as a result of any of the following (i) fraud or willful misrepresentation; (ii) any misappropriation of rental proceeds resulting in the failure to pay taxes, assessments, or other charges that could create statutory liens on the Project and that are payable or applicable prior to any foreclosure under the Deed of Trust; (iii) the fair market value of any personal property of fixtures removed or disposed of by the Borrower other than in accordance with the Deed of Trust; (iv) the misapplication of any proceeds under any insurance policies or awards resulting from condemnation or the exercise of the power of eminent domain or by reason of damage, loss, or destruction to any portion of the Project (to the extent of the misapplied proceeds or awards); and (v) any rental income or other income arising with respect to the Project received by the Borrower after the COUNTY has properly exercised its rights under the Deed of Trust to receive such income upon an Event of Default (as defined under the Deed of Trust).

(SIGNATURE ON NEXT PAGE)

DATE: _____

BORROWER:

INSPIRE LIFE SKILLS TRAINING, INC.
a California nonprofit benefit corporation

By: _____
KRISTI CAMPLIN
Executive Director

EXHIBIT D

- 1. INITIAL NOTICE AND OFFER**
- 2. FINAL NOTICE AND OFFER**



INITIAL NOTICE AND OFFER
NSP form

Informational Notice To Seller
VOLUNTARY ACQUISITION OF
FORECLOSED PROPERTY

Date	
------	--

_____, (hereinafter referred to as “Buyer”)

is interested in acquiring the property you own at:

_____(Address)

which may receive funding assistance from the U.S. Department of Housing and Urban Development (HUD) under the Neighborhood Stabilization Program (NSP) created by the Housing and Economic Recovery Act of 2008 to purchase foreclosed homes at a discount. The Buyer intends to apply and qualify for the Riverside County Economic Development Agency (EDA) NSP assistance. Acquisitions financed with NSP funds are subject to Uniform Relocation Assistance and Real Property Acquisition Policies Act (URA).

Please be advised that the Buyer does not have the authority to acquire your property by eminent domain. In the event the Buyer cannot reach an amicable agreement for the purchase of your property, the proposed acquisition cannot be consummated under NSP and the application for the NSP assistance will be denied.

In accordance with the URA, owner-occupants who move as a result of a voluntary acquisition are not eligible for relocation assistance. A tenant-occupant who moves as a result of a voluntary acquisition for a federally-assisted project may be eligible for relocation assistance. Such displaced persons may include not only current lawful occupants, but also former tenants required to move for any reason other than an eviction for cause in accordance with applicable federal, state, and local law. If the property is currently tenant-occupied or a tenant lawfully occupied the property within the past ninety (90) days prior to this offer, we need to know immediately. Further, you should not order current occupant(s) to move, or fail to renew a lease, in order to sell the property to us as vacant.



FINAL NOTICE AND OFFER

NSP form

FINAL NOTICE

(Section completed by EDA**)**

EDA has obtained an appraisal report of the property under consideration, dated _____.

The appraisal indicates the property's CMAV is \$ _____ and the fifteen percent (15%) discount is \$(_____).

The final purchase price must be equal to or less than \$ _____ and will expire on midnight of _____.

Buyer's Initial Purchase Price, dated _____, is \$ _____.

Buyer's Initial Purchase Price

- is less than 15% of the CMAV.
- is not less than 15% of the CMAV.

FINAL OFFER

(Section completed by Buyer and Seller**)**

The Initial Offer is

- Fifteen percent (15%) or more** below the CMAV. Buyer and Seller acknowledged that they mutually accepted the Final Purchase Price of \$ _____.
- Less than fifteen percent (15%)** of the CMAV. This offer is less than the CMAV as required by the NSP. Buyer is prepared to offer you \$ _____ to purchase Seller's property. The Final Offer/Purchase price must be received and dated within sixty (60) days of the completed EDA appraisal report, as stated above.

By signing below, Buyer and Seller acknowledged that they have mutually accepted the Final Purchase Price of \$ _____. Signature of **all parties below** must be dated before the expiration of offer to be valid.

Signature of Seller Date

Print Name

Signature of Seller Date

Print Name

Signature of Buyer Date

Print Name

Signature of Buyer Date

Print Name

EXHIBIT E

RIVERSIDE COUNTY

ECONOMIC DEVELOPMENT AGENCY

SECTION 3

24 CFR PART 135

ECONOMIC OPPORTUNITIES FOR LOW-AND VERY LOW-INCOME PERSONS

CONTRACT REQUIREMENTS

RIVERSIDE COUNTY ECONOMIC DEVELOPMENT AGENCY

I. Section 135.1 Purpose

The purpose of Section 3 of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701u) (Section 3) is to ensure that employment and other economic opportunities generated by certain HUD financial assistance shall, to the greatest extent feasible, and consistent with existing Federal, State and local laws and regulations, be directed to low-and very low-income persons, particularly those who are recipients of government assistance for housing, and to business concerns which provide economic opportunities to low- and very low-income persons.

Section 135.30 Numerical Goals for Meeting the Greatest Extent Feasible Requirement

A. GENERAL

- (1) Recipients and covered contractors may demonstrate compliance with the "greatest extent feasible" requirement of Section 3 by meeting the numerical goals set forth in this Section for providing training, employment, and contracting opportunities to Section 3 residents and Section 3 Business Concerns.
- (2) The goals established in this section apply to the entire amount of the Section 3 covered assistance awarded to a recipient in any Federal Fiscal Year (FY) commencing with the first FY following the effective date of this rule - (October 1, 1994).
- (3) For Recipients that do not engage in training, or hiring, but award contracts to contractors that will engage in training, hiring and subcontracting, recipients must ensure that, to the greatest extent feasible, contractors will provide training, employment, and contracting opportunities to Section 3 residents and Section 3 Business Concerns.
- (4) The numerical goals established in this Section represent minimum numerical goals.

B. TRAINING AND EMPLOYMENT

The numerical goals set forth in this Section apply to new hires. The numerical goals reflect the aggregate hires. Efforts to employ Section 3 residents, to the greatest extent feasible, should be made at all levels.

Recipients of section 3 covered community development assistance, and their contractors and subcontractors may demonstrate compliance with the requirements of this part by committing to employ section 3 residents as:

- (i) 10 percent of the aggregate number of new hires for the one year period beginning in FY 1995 (October 1, 1994 to September 30, 1995),
- (ii) 20 percent of the aggregate number of the new hires for the one year period beginning in FY 1996 (October 1, 1995 to September 1996); and

- (iii) 30 percent of the aggregate number of new hires for the one year period beginning in FY 1997 and continuing thereafter (October 1, 1996 and thereafter).

C. CONTRACTS

Numerical goals set forth in this Section apply to contracts awarded in connection with all Section 3 covered project and Section 3 covered activities. Each recipient and contractor and subcontractor may demonstrate compliance with the requirements of this part by committing to award to Section 3 Business Concerns:

- (1) At least 10 percent of the total dollar amount of all Section 3 covered contracts for building trades work arising in connection with housing rehabilitation, housing construction and other public construction; and
- (2) At least three (3) percent of the total dollar amount of all other Section 3 covered contracts.

D. SAFE HARBOR AND COMPLIANCE DETERMINATIONS

- (1) In the absence of evidence to the contrary, a recipient that meets the minimum numerical goals set forth in this section will be considered to have complied with the Section 3 preference requirements.
- (2) In evaluating compliance, a recipient that has not met the numerical goals set forth in this section has the burden of demonstrating why it was not feasible to meet the numerical goals set forth in this section. Such justification may include impediments encountered despite actions taken. A recipient or contractor also can indicate other economic opportunities, such as those listed in Sec. 135.40, which were provided in its efforts to comply with Section 3 and the requirement of this part.

III. SECTION 135.34 Preference for Section 3 Residents in Training and Employment Opportunities.

A. Order of providing preference. Recipients, contractors, and subcontractors shall direct their efforts to provide, to the greatest extent feasible, training and employment opportunities generated from the expenditure of Section 3 covered assistance to Section 3 residents in the order of priority provided in this section.

- (1) Housing and community development programs. In housing and community development programs, priority consideration shall be given, where feasible, to:
 - (i) Section 3 residents residing in the Riverside or San Bernardino County (collectively, referred to as category 1 residents); and
 - (ii) Participants in HUD Youth build programs (category 2 residents).
 - (iii) Where the section 3 project is assisted under the Stewart B. McKinney Homeless Assistance Act (42 U.S.C. 11301 et seq.), homeless persons residing in the Riverside or San Bernardino County shall be given the highest priority;

B. Eligibility for Preference: A Section 3 resident seeking the preference in training and employment provided by this part shall certify, or submit evidence to the

recipient contractor or subcontractor, if requested, that the person is a Section 3 resident, as defined in Sec. 135.5 (An example of evidence of eligibility for the preference is evidence of receipt of public assistance, or evidence of participation in a public assistance program.)

- C. Eligibility for employment: Nothing in this part shall be construed to require the employment of a Section 3 resident who does not meet the qualifications of the position to be filled.

IV SECTION 135.36 Preference for Section 3 Business Concerns in Contracting Opportunities.

- A. Order of Providing Preference: Recipients, contractors and subcontractors shall direct their efforts to award Section 3 covered contract, to the greatest extent feasible, to Section 3 Business Concerns in the order of priority provided in this section.

- (1) Housing and community development programs. In housing and community development programs, priority consideration shall be given, where feasible, to:

- (i) Section 3 business concerns that provide economic opportunities for section 3 residents in the Riverside or San Bernardino County (category 1 businesses); and
- (ii) Applicants (as this term is defined in 42 U.S.C. 12899) selected to carry out HUD YouthBuild Programs (category 2 businesses);
- (iii) Other section 3 business concerns.

- B. Eligibility for Preference: A Business Concern seeking to qualify for a Section 3 contracting preference shall certify or submit evidence, if requested, that the Business Concern is a Section 3 Business Concern as defined in Section 135.5.

- C. Ability to Complete Contract: A Section 3 Business Concern seeking a contract or a subcontract shall submit evidence to the recipient, contractor, or subcontractor (as applicable), if requested, sufficient to demonstrate to the satisfaction of the party awarding the contract that the business concern is responsible and has the ability to perform successfully under the terms and conditions of the proposed contract. (The ability to perform successfully under the terms and conditions of the proposed contract is required of all contractors and subcontractors subject to the procurement standards of 24 CFR 85.36 (see 24 CFR 85.36 (b) (8)). This regulation requires consideration of, among other factors, the potential contractor's record in complying with public policy requirements. Section 3 compliance is a matter properly considered as part of this determination.

SECTION 135.38 Section 3 Clause.

All section 3 covered contracts shall include the following clause (referred to as the Section 3 clause):

- A. The work to be performed under this contract is subject to the requirements of Section 3 of the Housing and Urban Development Act of 1968, as amended, 12 U.S.C. 1701u (Section 3). The purpose of section 3 is to ensure that employment and other economic opportunities generated by HUD assistance of HUD-assisted projects covered by Section 3, shall,

to the greatest extent feasible, be directed to low-and very low-income persons, particularly persons who are recipients of HUD assistance for housing.

- B. The parties to this contract agree to comply with HUD's regulations in 24 CFR part 135, which implement Section 3. As evidenced by their execution of this contract, the parties to this contract certify that they are under no contractual or other impediment that would prevent them from complying with the part 135 regulations.
- C. The contractor agrees to send to each labor organization or representative of workers with which the contractor has a collective bargaining agreement or other understanding, if any, a notice advising the labor organization or workers' representative of the contractor's commitments under this Section 3 clause, and will post copies of the notice in conspicuous places at the work site where both employees and applicants for training and employment positions can see the notice. The notice shall describe the Section 3 preference, shall set forth minimum number and job titles subject to hire, availability of apprenticeship and training positions, the qualifications for each; and the name and location of the person(s) taking applications for each of the positions; and the anticipated date the work shall begin.
- D. The contractor agrees to include this Section 3 clause in every subcontract subject to compliance with regulations in 24 CFR part 135, and agrees to take appropriate actions, as provided in an applicable provision of the subcontract or in this Section 3 clause, upon a finding that the subcontractor is in violation of the regulations in 24 CFR part 135. The contractor will not subcontract with any subcontractor where the contractor has notice or knowledge that the subcontractor has been found in violation of the regulations in 24 CFR part 135.
- E. The contractor will certify that any vacant employment positions, including training positions, that are filled (1) after the contractor is selected but before the contract is executed, and (2) with persons other than those to whom the regulations of 24 CFR part 35 require employment opportunities to be directed, were not filled to circumvent the contractor's obligations under 24 CFR part 135.
- F. Noncompliance with HUD's regulations in 24 CFR part 135 may result in sanctions, termination of this contract for default, and debarment or suspension from future HUD assisted contracts.

VI. SECTION 135.40 Providing Other Economic Opportunities

- A. General. In accordance with the findings of the Congress, as stated in Section 3, that other economic opportunities offer an effective means of empowering low-income persons, a recipient is encouraged to undertake efforts to provide to low-income persons economic opportunities other than training, employment, and contract awards, in connection with Section 3 covered assistance.

- B. Other training and employment related opportunities. Other economic opportunities to train and employ Section 3 residents include, but need not be limited to, use of "upward mobility", "bridge" and trainee positions to fill vacancies; hiring Section 3 residents in management and maintenance positions within other housing developments; and hiring Section 3 residents in part-time positions.
- C. Other business related economic opportunities:
 - (1) A recipient or contractor may provide economic opportunities to establish stabilize or expand Section 3 Business Concerns, including micro-enterprises. Such opportunities include, but are not limited to the formation of Section 3 Joint Ventures, financial support for affiliating with franchise development, use of labor only contracts for building trades, purchase of supplies and materials from housing authority resident-owned businesses, purchase of materials and supplies from Public Housing Agency resident-owned businesses. A recipient or contractor may employ these methods directly or may provide incentives to non-Section 3 businesses to utilize such methods to provide other economics opportunities to low-income persons.
 - (2) A Section 3 Joint Venture means an association of Business Concerns, one of which qualifies as a Section 3 Business Concern, formed by written joint venture agreement to engage in and carry out a specific business venture for which purpose the Business Concerns combine their efforts, resources, and skills for joint profit, but not necessarily on a continuing or permanent basis for conducting business generally, and for which the Section 3 Business Concern:
 - (i) Is responsible for clearly defined portion of the work to be performed and holds management responsibilities in the joint venture; and
 - (ii) Performs at least 25 percent of the work and is contractually entitled to compensation proportionate to its work.

VII. SECTION 135.5 Definitions.

As used in this part:

Applicant means any entity which makes an application for Section 3 covered assistance and includes, but is not limited to, any State, unit of local government, public housing agency, Indian housing authority, Indian tribe, or other public body, public or private nonprofit organization, private agency or institution, mortgagor, owner, developer, limited dividend sponsor, builder, property manager, community housing development organization (CHDO), resident management corporation, resident council, or cooperative association.

Assistant Secretary means the Assistant Secretary for Fair Housing and Equal Opportunity.

Business Concern means a business entity formed in accordance with State law, and which is licensed under State, county or municipal law to engage in the type of business activity for which it was formed.

Contract. See the definition of "Section 3 covered contract" in this section.

Contractor means any entity which contracts to perform work generated by the expenditure of Section 3 covered assistance, or for work in connection with a section 3 covered project.

Department or HUD means the Department of Housing and Urban Development, including its Field Offices to which authority has been delegated to perform functions under this part.

Employment opportunities generated by Section 3 covered assistance means (with respect to Section 3 covered housing and community development assistance), this term means all employment opportunities arising in connection with Section 3 covered projects (as described in Section 135.3(a) (2)), including management and administrative jobs connected with the Section 3 covered project. Management and administrative jobs, include architectural, engineering or related professional services required to prepare plans, drawings, specifications, or work write-ups; and jobs directly related to administrative support of these activities, e.g., construction manager, relocation specialist, payroll clerk, etc.

Housing and community development assistance means any financial assistance provided or otherwise made available through a HUD housing or community development program through any grant, loan, loan guarantee, cooperative agreement, or contract, and includes community development funds in the form of community development block grants, and loans guaranteed under Section 108 of the Housing and Community Development Act of 1974, as amended. Housing and community development assistance does not include financial assistance provided through a contract of insurance or guaranty.

Housing development means low-income housing owned, developed, or operated by public housing agencies or Indian housing authorities in accordance with HUD's public and Indian housing program regulations codified in 24 CFR Chapter IX.

HUD Youth build Programs means programs that receive assistance under subtitle D of Title IV of the National Affordable Housing Act, as amended by the Housing and Community Development Act of 1992 (42 U.S.C. 12899), and provide disadvantaged youth with opportunities for employment, education, leadership development, and training in the construction or rehabilitation of housing for homeless individuals and members of low and very low-income families.

Low income person. See the definition of "Section 3 Resident" in this section.

New hires mean full-time employees for permanent, temporary, or seasonal employment opportunities.

Public Housing resident has the meaning given this term in 24 CFR Part 963.

Recipient means any entity which receives Section 3 covered assistance, directly from HUD or from another recipient and includes, but is not limited to, any State, unit or local government, PHA, Indian Housing Authority, Indian tribe, or other public body, public or private nonprofit organization, private agency or institution, mortgagor, owner,

PARTICIPANT, developer, limited dividend sponsor, builder, property manager, community development organization, resident management corporation, resident council, or cooperative association. Recipient also includes any successor, assignee, or transferee of any such entity, but does not include any ultimate beneficiary under the HUD program to which Section 3 applies and does not include contractors.

Secretary means the Secretary of Housing and Urban Development.

Section 3 means Section 3 of the Housing and Urban Development Act of 1968, as amended (12 U.S.C. 1701u)

Section 3 Business Concern means a business concern, as defined in this Section:

- (1) That is 51 percent or more owned by Section 3 residents; or
- (2) Whose permanent, full-time employees include persons, at least 30 percent of whom are currently Section 3 residents, or within three years of the date of first employment with the business concern were section 3 residents; or
- (3) That provides evidence of a commitment to subcontract in excess of 25 percent of the dollar award of all subcontracts to be awarded to business concerns that meet the qualifications set forth in Sections (1) or (2) in this definition of "Section 3 Business Concern"

Section 3 Clause means the contract provisions set forth in Sec. 135.38.

Section 3 covered activity means any activity which is funded by Section 3 covered assistance public and Indian housing assistance.

Section 3 covered assistance means:

- (1) Assistance provided under any HUD housing or community development program that is expended for work arising in connection with:
 - (i) Housing rehabilitation (including reduction and abatement of lead-based paint hazards, but excluding routine maintenance, repair and replacement):
 - (ii) Housing construction; or
 - (iii) Other public construction project (which includes other buildings or improvements regardless of ownership).

Section 3 covered contract means a contract or subcontract (including a professional service contract) awarded by a recipient or contractor for work generated by the expenditure of section 3 covered assistance, or for work arising in connection with a section 3 covered project. "Section 3 covered contracts" do not include contracts awarded under HUD's procurement program, which are governed by the Federal Acquisition Regulation System (see 48 CFR, Chapter 1). "Section 3 covered contracts" also do not include contracts for the purchase of supplies and materials. However, whenever a contract for materials includes the installation of the materials, the contract constitutes a Section 3 covered contract. For example, a contract for the purchase and installation of a furnace would be a Section 3 covered contract because the contract is for work (i.e., the installation of the furnace) and thus is covered by Section 3.

Section 3 covered project means the construction, reconstruction, conversion or rehabilitation of housing (including reduction and abatement of lead-based paint hazards), other public construction which includes buildings or improvements (regardless of ownership) assisted with housing or community development assistance.

Section 3 resident means:

- (1) A public housing resident; or
- (2) An individual who resides in the San Bernardino or Riverside County, and who is:
 - (i) A low income person, is defined as families whose incomes do not exceed 80 percent of the median income for the Riverside and San Bernardino Counties, as determined by the Secretary, with adjustments for smaller and larger families.
 - (ii) A very low income person, is defined as families whose incomes do not exceed 50 percent of the median income for the Riverside and San Bernardino Counties, as determined by the Secretary, with adjustments for smaller and larger families.
 - (iii) A person seeking the training and employment preference provided by Section 3 bears the responsibility of providing evidence (if requested) that the person is eligible for the preference.

Subcontractor means any entity (other than a person who is an employee of the contractor) which has a contract with a contractor to undertake a portion of the contractor's obligation for the performance of work generated by the expenditure of Section 3 covered assistance, or arising in connection with a section 3 covered project.

Very low income person. See the definition of "Section 3 resident" in this section.

Exhibit E

RIVERSIDE COUNTY ECONOMIC DEVELOPMENT AGENCY

CONTRACTOR CERTIFICATION

REGARDING STATUS AS A SECTION 3 BUSINESS CONCERN

I, _____, hereby certify that the business
(print name and title)

known as _____
(print business name)

_____ is not a Section 3 business. (Please complete the bottom section.)

_____ is a Section 3 business **because** (check one of the following:)

_____ 51 percent or more is owned by Section 3 residents; or

_____ 30 percent of the permanent full-time employees are currently Section 3 residents or were Section 3 residents when first hired (if within the past three years); **or**

_____ The business commits in writing to subcontract over 25 percent of the total dollar amount of all subcontracts to be let to businesses that meet the requirements of Sections 1 and 2 of this definition;

AND

The business was formed in accordance with state law and is licensed under state, county, or municipal law to engage in the business activity for which it was formed.

A Section 3 Resident is a person living in San Bernardino or Riverside County who is a Public Housing resident or who is low income.

Low-Income Persons mean families (including single persons) whose income does not exceed 80 percent of the median income, as adjusted by HUD, for Riverside and San Bernardino Counties.

Signature _____

Project _____

Date _____

Project _____

\$ _____

Effective 02/2009

Persons in Household	1	2	3	4	5	6	7	8
Low Income Family	\$37,300	\$42,650	\$47,950	\$53,300	\$57,550	\$61,850	\$66,100	\$70,350

A new hire is qualified as a Section 3 resident if he/she resides in Riverside or San Bernardino County and his/her total family income is less than the family income shown above for his/her household size.

Prohibition Against Conflicts of Interest

EXHIBIT F

§ 92.356 Conflict of interest.

(a) Applicability. In the procurement of property and services by participating jurisdictions, State recipients, and sub-recipients, the conflict of interest provisions in 24 CFR 85.36 and 24 CFR 84.42, respectively, apply. In all cases not governed by 24 CFR 85.36 and 24 CFR 84.42, the provisions of this section apply.

(b) Conflicts prohibited. No persons described in paragraph (c) of this section who exercise or have exercised any functions or responsibilities with respect to activities assisted with NSP funds or who are in a position to participate in a decision making process or gain inside information with regard to these activities, may obtain a financial interest or benefit from a NSP assisted activity, or have an interest in any contract, subcontract or agreement with respect thereto, or the proceeds thereunder either for themselves or those with whom they have family or business ties, during their tenure or for one year thereafter.

(c) Persons covered. The conflict of interest provisions of paragraph (b) of this section apply to any person who is an employee, agent, consultant, officer, or elected official or appointed official of the COUNTY, State recipient, or sub-recipient which are receiving NSP funds.

(d) Exceptions: Threshold requirements. Upon the written request of the recipient, HUD may grant an exception to the provisions of paragraph (b) of this section on a case-by-case basis when it determines that the exception will serve to further the purposes of the NSP Investment Partnerships Program and the effective and efficient administration of the COUNTY's program or project. An exception may be considered only after the recipient has provided the following:

(1) A disclosure of the nature of the conflict, accompanied by an assurance that there has been public disclosure of the conflict and a description of how the public disclosure was made; and

(2) An opinion of the recipient's attorney that the interest for which the exception is sought would not violate State or local law.

(e) Factors to be considered for exceptions. In determining whether to grant a requested exception after the recipient has satisfactorily met the requirements of paragraph (d) of this section, HUD shall consider the cumulative effect of the following factors, where applicable:

(2) Whether the exception would provide a significant cost benefit or an essential degree of expertise to the program or project which would otherwise not be available;

(3) Whether the person affected is a member of a group or class of low-income persons intended to be the beneficiaries of the assisted activity, and the exception will permit such person to receive generally the same interests or benefits as are being made available or provided to the group or class;

- (4) Whether the affected person has withdrawn from his or her functions or responsibilities, or the decision making process with respect to the specific assisted activity in question;
- (5) Whether the interest or benefit was present before the affected person was in a position as described in paragraph (c) of this section;
- (6) Whether undue hardship will result either to the COUNTY or the person affected when weighed against the public interest served by avoiding the prohibited conflict;
- (7) Any other relevant considerations.

Owners/Participants and Developers.

- (1) No owner, developer, or sponsor of a project assisted with NSP funds (or officer, employee, agent or consultant of the owner, developer, or sponsor) whether private, for profit or non-profit (including a community housing development organization (CHDO) when acting as an owner, developer or sponsor) may occupy a NSP assisted affordable housing unit in a project. This provision does not apply to an individual who receives NSP funds to acquire or rehabilitate his or her principal residence or to an employee or agent of the owner or developer of a rental housing project who occupies a housing unit as the project manager or maintenance worker.
- (2) Exceptions. Upon written request of owner or developer, the COUNTY may grant an exception to the provisions of paragraph (f)(1) of this section on a case-by-case basis when it determines that the exception will serve to further the purpose of the NSP program and the effective and efficient administration of the owner's or developer's NSP assisted project. In determining whether to grant a requested exception, the COUNTY shall consider the following factors:
 - (i) Whether the person receiving the benefit is a member of a group or class of low-income persons intended to be the beneficiaries of the assisted housing, and the exception will permit such person to receive generally the same interests or benefits as are being made available or provided to the group or class;
 - (ii) Whether the person has withdrawn from his or her functions or responsibilities, or the decision making process with respect to the specific assisted housing in question;
 - (iii) Whether the tenant protection requirements of § 92.253 are being observed;
 - (iv) Whether the affirmative marketing requirements of § 92.351 are being observed and followed; and
 - (v) Any other factor relevant to the COUNTY's determination, including the timing of the requested exception.

TOPIC: CONFLICT OF INTEREST CODED
RIVERSIDE COUNTY
ECONOMIC DEVELOPMENT AGENCY
DATE: MARCH 1999

This Conflict of Interest Code is written to comply with Federal Regulations (24 CFR Part 85). These Regulations. "Administrative Requirements for Grants and Cooperative Agreements to State, Local and Federally Recognized Indian Tribal Governments" require that grantees and sub-grantees will maintain a written code of standards of conduct governing the performance of their employees engaged in the award and administration of contracts.

- 1) No employee, officer, or agent of the grantee shall participate in the selection, in the award or in the administration of a contract supported by Federal Funds if a conflict of interest, real or apparent, would be involved.
- 2) Such a conflict will arise when:
 - i) The employee, officer or agent;
 - ii) Any member of the immediate family;
 - iii) His/Her partners; or
 - iv) An organization which employs, or is about to employ any of the above has a financial or other interest in the firm's selection for award.
- 3) The grantee's or sub-grantee's officers, employees or agents will neither solicit nor accept gratuities, favors or anything of monetary value from contractors or parties to sub-agreements except as noted in Section 4.
- 4) A grantee's or sub-grantee's officers, employees or agents will be presumed to have a financial interest in a business if their financial interest exceeds the following:
 - i) Any business entity in which the official has a direct or indirect investment worth one thousand dollars (\$1,000) or more.
 - ii) Any real property in which the official has a direct or indirect interest worth one thousand dollars (\$1,000) or more.
 - iii) Any source of income, other than gifts and other than loans by a commercial lending institution in the regular course of business on terms available to the public without regard to official status, aggregating two hundred fifty dollars (\$250) or more in value provided to, received by or promised to the official within 12 months prior to the time when the decision is made.
 - iv) Any business entity in which the official is a director, officer, partner, trustee, employee, or holds any position of management.
 - v) Any donor of, or any intermediary or agent for a donor of, a gift or gifts aggregating two hundred fifty dollars (\$250) or more in value provided to, received by, or promised to the official within 12 months prior to the time when the decision is made.
- 5) For purposes of Section 4, indirect investment or interest means any investment or interest owned by the spouse or dependent child of an official, by an agent on behalf of an official, or by a business entity or trust in which the official, the official's agents, spouse, and dependent children own directly, indirectly, or beneficially a 10-percent interest or more.