

**SUBMITTAL TO THE BOARD OF DIRECTORS OF THE  
REDEVELOPMENT AGENCY  
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**

831



**FROM:** Redevelopment Agency

**SUBMITTAL DATE:**  
October 29, 2009

**SUBJECT:** Loan Agreement for the use of Redevelopment Agency Funds with Inspire Life Skills Training, Inc.

**RECOMMENDED MOTION:** That the Board of Directors:

1. Approve the attached Loan Agreement for the use of Redevelopment Agency Funds between the County of Riverside and with Inspire Life Skills Training, Inc;
2. Authorize the Chairman of the Board to sign the attached Loan Agreement; and
3. Authorize the Executive Director or his designee to take all necessary steps to implement the Loan Agreement including, but not limited to, signing the attached deed of trust, covenant agreement, and subsequent essential and relevant documents subject to approval by County Counsel.

**BACKGROUND:** (Commences on Page 2)

Robert Field  
Executive Director

<b>FINANCIAL DATA</b>	Current F.Y. Total Cost:	\$ 330,000	In Current Year Budget:	Yes
	Current F.Y. Net County Cost:	\$	Budget Adjustment:	No
	Annual Net County Cost:	\$	For Fiscal Year:	2009/2010

**COMPANION ITEM ON BOARD OF SUPERVISORS AGENDA:**

<b>SOURCE OF FUNDS:</b> Redevelopment Low-and Moderate-Income Housing Funds	<b>Positions To Be Deleted Per A-30</b>	<input type="checkbox"/>
	<b>Requires 4/5 Vote</b>	<input type="checkbox"/>

**C.E.O. RECOMMENDATION:**

APPROVE

BY:   
Jennifer L. Sargent

County Executive Office Signature

FORM APPROVED COUNTY COUNSEL  
BY: MICHELLE CLACK  
DATE: 10/29/09  
Departmental Concurrence

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

Prev. Agn. Ref.:

District: 2<sup>nd</sup>

Agenda Number:

ATTACHMENTS FILED  
WITH THE CLERK OF THE BOARD

4.2

**BACKGROUND:** Inspire Life Skills Training ("Inspire"), Inc (a non-profit organization) has applied for RDA funds to acquire, rehabilitate and rent one (1) single-family home to very low-income persons that are between the ages of 18 and 22 years of age that are emancipated former foster youth whose incomes do not exceed 50% of the area median income for the County of Riverside ("Project"). Inspire proposes to buy the home within the unincorporated areas of the County of Riverside in the second Supervisorial District.

The RDA has reviewed the application and is recommending a maximum loan of \$330,000 in RDA funds for the Project.

The maximum purchase price shall not exceed the actual 95 percent of the area median sales price, or the FHA 203(b) limit, whichever is lower, as updated and published regularly by HUD. The current limit is set at \$292,686. In addition, the purchase price shall not exceed the appraised value of the property. Inspire agrees to enforce the affordability period for 55 years as required by the California Health and Safety Code Section 33334.3.

Agency Counsel has reviewed and approved the attached Loan Agreement, Deed of Trust with Assignment of Rents, Promissory Note, and Covenant 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. Juan Garcia

10 SPACE ABOVE THIS LINE FOR RECORDERS USE

11 **LOAN AGREEMENT FOR THE USE OF**  
12 **LOW AND MODERATE INCOME HOUSING**

13 This Agreement is made and entered into this \_\_\_\_\_ day of \_\_\_\_\_, 2009  
14 by and between the REDEVELOPMENT AGENCY FOR THE COUNTY OF RIVERSIDE, a  
15 public body, corporate and politic (hereinafter referred to as the "AGENCY) and INSPIRE  
16 LIFE SKILLS TRAINING INC., a California nonprofit public benefit corporation (hereinafter  
17 referred to as "INSPIRE").

18 WITNESSETH:

19 WHEREAS, the AGENCY is a redevelopment agency duly created, established  
20 and authorized to transact business and exercise its powers, all under and pursuant to the  
21 provisions of the California Community Redevelopment Law, which is Part 1 of Division 24 of  
22 the California Health and Safety Code (commencing with Section 33000 et seq.); and,  
23 WHEREAS, the AGENCY, pursuant to Section 33334.2 of the California Health and Safety  
24 Code, wishes to utilize its Low- and Moderate-Income Housing Set-Aside Funds to improve  
25 and increase the supply of the affordable housing in the unincorporated area of the County of  
26 Riverside (hereinafter referred to as the "County"); and

27 WHEREAS, INSPIRE has proposed that the AGENCY loan its funds for the  
28 acquisition and rehabilitation of one (1) single-family property and rent to very low-income  
households ("VLI"), within the unincorporated areas of the County of Riverside 2<sup>nd</sup>  
Supervisory District (the "Project"), as further described in **Exhibit A** which is attached  
hereto and by this reference incorporated herein; and

1 WHEREAS, eligible single-family home (hereinafter referred to as the “Assisted  
2 Unit”) are also more fully described in **Exhibit A**; and

3 WHEREAS, on July 9, 1996, the County adopted Ordinance No. 763 creating a  
4 redevelopment plan for an area within the County known as the Jurupa Valley Project Area  
5 (hereinafter referred to as the “PROJECT AREA”); and

6 WHEREAS, the Project may be located inside or outside the Project Area; and

7 WHEREAS, ON December 20, 2005, the AGENCY adopted Resolution RDA  
8 2005-35 finding that the use of Low- and Moderate-Income Housing Set-Aside Funds outside  
9 the Project Area is of benefit to the Project Area; and

10 WHEREAS, ON December 20, 2005, the County Board of Supervisors adopted  
11 Resolution No. 2005-374 making a similar finding; and

12 WHEREAS, the AGENCY endeavors to preserve, protect, improve and increase  
13 the affordable housing stock and eliminate blight; and

14 WHEREAS, the PROJECT will alleviate blighting conditions as set forth in  
15 Section 33031 of the California Health and Safety Code; and

16 WHEREAS, INSPIRE has represented that it has the necessary expertise, skill,  
17 and ability to carry out the commitments contained in this Agreement; and

18 WHEREAS, AGENCY agrees to loan Low- and Moderate-Income Housing Set-  
19 Aside Funds (hereinafter referred to as “AGENCY Funds”) to INSPIRE to complete the  
20 Project and maximize the affordability of the Assisted Unit; and

21 WHEREAS, concurrently with the acquisition of the single-family home, a deed  
22 of trust and a covenant restriction evidencing this loan will be recorded;

23 NOW, THEREFORE, the AGENCY and INSPIRE mutually agree as follows:

24 1. PURPOSE. The AGENCY agrees to lend up to Three Hundred Thirty  
25 Thousand Dollars (\$330,000) of AGENCY funds to INSPIRE (“ AGENCY Loan”) upon the  
26 terms and conditions set forth herein. INSPIRE promises and agrees to undertake and assist  
27 with the AGENCY assisted activities by utilizing such AGENCY Funds, as identified in  
28 **Exhibit A**.

1           2.     INSPIRE'S OBLIGATIONS. INSPIRE hereby agrees to undertake and  
2 complete the following activities:

- 3           a.     Timeline. Carry out the Project in accordance with the timeline  
4 set forth in **Exhibit A**.
- 5           b.     Recordation. INSPIRE shall, for the Assisted Unit of the Project,  
6 execute a promissory note, and execute and record a  
7 corresponding deed of trust in the official records of Riverside  
8 County.
- 9           c.     Permits and Environmental Compliance. Before commencement  
10 of rehabilitation or other works of improvement upon the Assisted  
11 Unit, INSPIRE shall, at its own expense, secure or cause to be  
12 secured any and all permits and approvals that may be required  
13 for rehabilitation of such Assisted Unit pursuant to the applicable  
14 rules and regulations of the County and any other governmental  
15 agency affected by such rehabilitation of work. INSPIRE shall,  
16 without limitation, apply for and secure any and all necessary  
17 studies required for environmental review, as described in **Section**  
18 **20**, and pay all costs, charges and fees associated therewith.
- 19           d.     Performance. Acquire and complete rehabilitation of the Assisted  
20 Unit in accordance with the timeline set forth in **Exhibit A** and  
21 **Section 29**.
- 22           e.     Approval of Assisted Unit. Submit information for the proposed  
23 Assisted Unit for AGENCY review and approval prior to  
24 acquisition.
- 25           f.     Affordability. Operate the Project, in such a manner so that it will  
26 remain affordable to qualified VLI households for an  
27 Affordability Period as defined in **Section 14**.
- 28           g.     Compliance. Implement and pursue the Project in full compliance

1 with all applicable Federal, State and local codes, laws,  
2 regulations and ordinances as described in **Section 20**.

3 3. AGENCY'S OBLIGATIONS. AGENCY agrees to undertake and  
4 complete the following activities:

- 5 a. Provide a total amount identified in **Section 1** in AGENCY Funds  
6 to INSPIRE for financing acquisition and rehabilitation costs of  
7 the Project.  
8 b. Comply with all of its obligations as participating recipient under  
9 the applicable regulations set forth in California Redevelopment  
10 Law.

11 4. PRIOR AGENCY APPROVAL. INSPIRE shall obtain AGENCY'S  
12 approval of all items requiring such approval as described in this Agreement.

13 5. AGENCY Loan. INSPIRE shall borrow the AGENCY Funds from the  
14 AGENCY for financing of the Project under the following terms and conditions:

- 15 a. Term. The maturity of the Agency Loan shall be the first to occur  
16 of (i) July 1, 2065 or (ii) fifty-five (55) years from the issuance of  
17 the Certificate of Occupancy (the "Agency Loan Term").  
18 b. Principal. The principal of that portion of the AGENCY Loan  
19 attributable to the Assisted Unit shall be the amount of AGENCY  
20 Funds provided for acquisition and rehabilitation of the Assisted  
21 Unit evidenced by a promissory note ("Note"), as shown in  
22 **Exhibit C**, which is attached hereto and by this reference  
23 incorporated herein, executed by INSPIRE in favor of the  
24 AGENCY in a form satisfactory to the AGENCY.  
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 AGENCY Loan

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

3                   2) The AGENCY Loan will accrue interest at a rate of zero  
4                   percent (0%) per annum, except in the case of default as  
5                   hereinafter provided, and shall be repaid on an annual basis  
6                   from the 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 AGENCY.

18                  e.       Security. The AGENCY Loan shall be secured by a "Deed of  
19                  Trust" as shown in **Exhibit B**, which is attached hereto and by  
20                  this reference incorporated herein, recorded against the Assisted  
21                  Unit (the "Deed of Trust"). INSPIRE hereby agrees that the Deed  
22                  of Trust shall be in the first position. Any additional loan beyond  
23                  the AGENCY Loan must receive prior approval as noted in  
24                  section h below.

25                  f.       REQUEST FOR NOTICE. INSPIRE shall cause to be filed for  
26                  record in the Office of the Records of Riverside County,  
27                  California a request for a copy of any notice of default and notice  
28                  of sale under any deed of trust or mortgage with power of sale of

1 the Assisted Unit pursuant to California Civil Code Section  
2 2924(b) or any successor statute thereto. Such notice shall be  
3 mailed to the Agency as follows: Executive Director,  
4 Redevelopment Agency of the County of Riverside, 1325 Spruce  
5 Street, Suite 400, Riverside, CA 92507. A copy of the notice is  
6 attached as **Exhibit D**.

7 g. Prepayment. Prepayment of principal and/or interest may occur at  
8 any time without penalty. The requirements of **Section 20**,  
9 Compliance with Laws and Regulations, however, shall remain in  
10 full force and effect for a term specified in Section 6 hereof.

11 h. Subsequent Financing. INSPIRE shall obtain express approval  
12 from the AGENCY for any subsequent loan collateralized by this  
13 Property.

14 6. TERM OF AGREEMENT. Unless terminated earlier pursuant to the  
15 terms hereof, this Agreement shall continue in full force and effect for the Agency Loan Term.

16 7. COMPLETION SCHEDULE. INSPIRE shall proceed consistent with the  
17 completion schedule set forth in **Exhibit A** and with **Section 29**, as the same may be amended  
18 in writing by the parties from time to time, and subject to force majeure delays.

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

25 9. LETTER TO PROCEED. INSPIRE shall neither initiate nor incur any  
26 expenses for AGENCY funded activity covered under the terms of this Agreement prior to  
27 receiving written authorization to proceed.

28 10. REALLOCATION OF FUNDS. If eighty percent (80%) of AGENCY

1 Funds have not been drawn down after three (3) months from the date of this Agreement, then  
2 the balance of the AGENCY Funds which have not been drawn down may be reallocated by  
3 AGENCY after thirty (30) days' prior written notice is given and an opportunity to cure is  
4 given to INSPIRE for a period of sixty (60) days. Upon such reallocation, this Agreement shall  
5 be terminated and be of no further force and effect and INSPIRE shall be released and  
6 discharged from any obligations under this Agreement.

7 11. CONDITIONS FOR DISPOSITION OF FUNDS. AGENCY shall: (1)  
8 make payments of the AGENCY Loan to INSPIRE as specified in **Exhibit A**, and (2) monitor  
9 the Project to ensure compliance with applicable federal, state and local laws, regulations,  
10 ordinances and the terms of this Agreement.

11 There will be no disbursement of funds for acquisition costs for the Assisted Unit  
12 into escrow until the following events first occur:

- 13 a. INSPIRE shall execute this AGENCY Loan Agreement.
- 14 b. INSPIRE shall provide documentation to support compliance with  
15 eligibility requirements for such property.
- 16 c. INSPIRE shall provide the seller of the property ("Seller") with a  
17 letter of "Voluntary Acquisition of Property" as shown in **Exhibit**  
18 **E**, which is attached hereto and by this reference incorporated  
19 herein.
- 20 d. INSPIRE shall provide and cause the Seller of the property to  
21 provide a signed Purchase Offer form, as shown in **Exhibit E**,  
22 acknowledging that both INSPIRE and Seller have read and  
23 understood:
  - 24 1) The letter of Voluntary Acquisition of Property;
  - 25 2) The maximum purchase price shall not exceed the actual  
26 95 percent of the area median sales price, or the FHA  
27 203(b) limit, whichever is lower, as updated and published  
28 regularly by HUD. Also, purchase price of property shall

1 not exceed the appraised value. The appraised value of the  
2 property shall be established through an appraisal made by  
3 one of the AGENCY's approved appraisers.

4 3) If Assisted Unit is not an owner occupied home the Seller  
5 must certify that the home has been vacant for a period of  
6 at least ninety (90) days prior to the Purchase Offer.

7 e. Prior to closing of escrow, INSPIRE shall provide at its expense,  
8 a Preliminary Title Report, signed Purchase and Sale Agreement  
9 and estimated closing cost statement for the property from escrow  
10 to AGENCY.

11 f. INSPIRE shall provide to AGENCY Escrow Instructions with  
12 respect to the property to be acquired.

13 g. INSPIRE provides at its expense an ALTA policy insuring the  
14 deed of trust.

15 There will be no disbursement of funds for rehabilitation costs for the Assisted  
16 Unit until the following events first occur with respect to the Assisted Unit:

17 h. INSPIRE shall provide at its expense an updated Preliminary Title  
18 Report for the property evidencing the recordation of all  
19 documents to AGENCY.

20 i. If California state prevailing wages are required to be paid, then  
21 INSPIRE must hire a qualified professional firm or assign  
22 experienced staff to review and monitor prevailing wage  
23 compliance for all submissions of contractors certified payrolls to  
24 the AGENCY.

25 j. INSPIRE must provide satisfactory evidence that it has secured  
26 any and all permits and approvals which may be required for  
27 rehabilitation of the Assisted Unit pursuant to the applicable rules  
28 and regulations of the County and Cities where the Assisted Unit

1 is located and any other governmental agency affected by such  
2 construction of work.

3 k. INSPIRE shall provide a detailed Rehabilitation Plan and  
4 timetable to complete the acquisition and rehabilitation of the  
5 Assisted Unit and rental of the Assisted Unit in accordance with  
6 the completion schedule shown in **Exhibit A** including a detailed  
7 line item rehabilitation cost budget per unit for review and  
8 approval by AGENCY.

9 1. INSPIRE shall provide duly executed documents and instruments  
10 showing the ownership of the Assisted Unit as specifically  
11 identified in **Exhibit A**.

12 AGENCY will retain ten percent (10%) of the final AGENCY fund  
13 disbursement. AGENCY shall release final draw down of AGENCY Funds for rehabilitation  
14 applicable to the Assisted Unit following receipt of all of the following Closing Documents  
15 from INSPIRE with respect to the Assisted Unit:

- 16 1) unconditional lien release from general contractor and any  
17 subcontractors;
- 18 2) recorded Notice of Completion;
- 19 3) if applicable, all remaining California state prevailing  
20 documentation, if any, including, but not limited to,  
21 complete certified payrolls, Section 3 certifications, fringe  
22 benefit forms, and certificates of authorization and  
23 understanding;
- 24 4) tenant checklist;
- 25 5) proposed rent;
- 26 6) final development costs and project budget; and  
27 final sources and uses of funds.

28 12. INSPIRE REPRESENTATIONS. INSPIRE represents and warrants to

1 AGENCY as follows:

- 2 a. Authority. INSPIRE is a duly organized nonprofit public benefit  
3 corporation under the laws of the State of California. The copies  
4 of the documents evidencing INSPIRE's organization that have  
5 been delivered to the AGENCY, are true and complete copies of  
6 the originals, amended to the date of this Agreement. INSPIRE  
7 has full right, power and lawful authority to accept the  
8 conveyance of eligible properties for the Project and undertake all  
9 obligations as provided herein. INSPIRE's execution,  
10 performance and delivery of this Agreement has been fully  
11 authorized by all requisite actions on the part of INSPIRE.
- 12 b. No Conflict. To the best of INSPIRE's knowledge, INSPIRE's  
13 execution, delivery and performance of its obligations under this  
14 Agreement will not constitute a default or a breach under contract,  
15 agreement or order to which INSPIRE is a party or by which it is  
16 bound.
- 17 c. No Bankruptcy. INSPIRE is not the subject of a bankruptcy  
18 proceeding.
- 19 d. Prior to Closing. INSPIRE shall, upon learning of any fact or  
20 condition which would cause any of the warranties and  
21 representations in this Agreement not to be true as of Closing,  
22 immediately give written notice such fact or condition to  
23 AGENCY. Such exception(s) to a representation shall not be  
24 deemed a breach by INSPIRE hereunder, but shall constitute an  
25 exception which AGENCY shall have the right to approve or  
26 disapprove if such exception would have an effect on the value or  
27 operation of the Project.

28 13. DISTRIBUTION OF FUNDS. Any disbursement of funds is expressly

1 conditioned upon the satisfaction of conditions set forth in **Section 11**. Subsequent to  
2 acquisition of the Assisted Unit, AGENCY shall pay INSPIRE for rehabilitation costs on a  
3 "cost-as-incurred" basis for all AGENCY-eligible approved costs on a monthly basis. All  
4 disbursements of AGENCY Funds for rehabilitation will be made within thirty (30) days after  
5 INSPIRE has submitted its letter identifying payments made and requesting reimbursement.

6 The developer's fee will be disbursed upon completion of rehabilitation of  
7 the Assisted Unit. INSPIRE shall comply with timely drawdown of funds by submitting  
8 monthly requests for reimbursement. AGENCY will retain ten percent (10%) of the final  
9 AGENCY fund disbursement. AGENCY shall release final draw down of AGENCY Funds  
10 following receipt of all of the items listed in **Section 11**.

11 14. TERMS OF AFFORDABILITY. The period of affordability for the  
12 Assisted Unit (the "Affordability Period") shall be fifty-five (55) years from the issuance of the  
13 Certificate of Occupancy.

14 15. DEVELOPER'S FEE. The developer's fee cannot exceed ten percent  
15 (10%) of total Rehabilitation costs.

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

20 a. Worker's Compensation Insurance.

21 If INSPIRE has employees as defined by the State of California,  
22 INSPIRE shall maintain statutory Workers' Compensation  
23 Insurance (Coverage A) as prescribed by the laws of the State of  
24 California. Policy shall include Employers' Liability (Coverage  
25 B) including Occupational Disease with limits not less than  
26 \$1,000,000 per person per accident. The policy shall be endorsed  
27 to waive subrogation in favor of the AGENCY and the County of  
28 Riverside, and, if applicable, to provide a Borrowed

1                   Servant/Alternate Employer Endorsement.

2                   b.       Commercial General Liability Insurance.

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

14                  c.       Vehicle Liability Insurance.

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

24                  d.       General Insurance Provisions – All Lines.

25                         1) Any insurance carrier providing insurance coverage  
26                         hereunder shall be admitted to the State of California and have an  
27                         A. M. BEST rating of not less than A: VIII (A:8) unless such  
28                         requirements are waived, in writing, by the AGENCY Risk

1 Manager. If the AGENCY's Risk Manager waives a requirement  
2 for a particular insurer such waiver is only valid for that specific  
3 insurer and only for one policy term.

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

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

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

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

21 5) If, during the term of this Agreement or any extension  
22 thereof, there is a material change in the scope of services; or,  
23 there is a material change in the equipment to be used in the  
24 performance of the scope of work which will add additional  
25 exposures (such as the use of aircraft, watercraft, cranes, etc.); or,  
26 the term of this Agreement, including any extensions thereof,  
27 exceeds five (5) years the AGENCY reserves the right to adjust  
28 the types of insurance required under this Agreement and the

1 monetary limits of liability for the insurance coverage's currently  
2 required herein, if; in the AGENCY Risk Manager's reasonable  
3 judgment, the amount or type of insurance carried by INSPIRE  
4 has become inadequate.

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

8 7) The insurance requirements contained in this  
9 Agreement may be met with a program(s) of self-insurance  
10 acceptable to the AGENCY.

11 8) INSPIRE agrees to notify AGENCY of any claim by a  
12 third party or any incident or event that may give rise to a claim  
13 arising from the performance of this Agreement.

14 17. FINANCIAL RECORDS. INSPIRE shall maintain financial,  
15 programmatic, statistical and other supporting records of its operations and financial activities.  
16 Said records shall be retained for no less than five (5) years after the Project completion date.  
17 If any, records of individual tenant income verifications, Project rents, if any, and Project  
18 inspections must be retained for the most recent five (5) year period, until five (5) years after  
19 the affordability period terminates. If any litigation, claim, negotiation, audit, or other action  
20 has been started before the expiration of the regular period specified, the records must be  
21 retained until completion of the action and resolution of all issues which arise from it, or until  
22 the end of the regular period, whichever is later.

23 18. PROJECT MONITORING AND EVALUATION. Except as otherwise  
24 provided for in this Agreement, INSPIRE shall maintain and submit records to the AGENCY  
25 within ten (10) business days of the AGENCY's request which clearly documents INSPIRE's  
26 performance under each requirement of AGENCY. A list of document submissions and  
27 timeline are shown in **Exhibit A** and such list may be amended from time to time subject to  
28 AGENCY reporting requirements.

1           19.    ACCESS TO PROJECT SITE. The AGENCY shall have the right to  
2 visit any Project site at all reasonable times, and upon completion of the Project upon  
3 reasonable written notice to INSPIRE, to review the operation of the Project in accordance  
4 with this Agreement.

5           20.    COMPLIANCE WITH LAWS AND REGULATIONS. By executing this  
6 Agreement, INSPIRE hereby certifies that it will adhere to and comply with all federal, state  
7 and local laws, regulations and ordinances. In particular, INSPIRE shall comply with the  
8 following as they may be applicable:

9                   a.   Obligation to Refrain from Discrimination. INSPIRE covenants  
10                   and agrees there shall be no discrimination against or segregation  
11                   of any person, or group of persons, on account of sex, sexual  
12                   orientation, marital status, race, religion, color, creed- national  
13                   origin or ancestry in the sale, lease, sublease, transfer, use,  
14                   occupancy, tenure or enjoyment of the Project nor shall AGENCY  
15                   or any person claiming under or through INSPIRE establish or  
16                   permit any such practice or practices of discrimination or  
17                   segregation with reference to the selection, location, number, use  
18                   or occupancy of tenants, lessees, subtenants, sublessees, or  
19                   vendees of the Project.

20                   b.   Environmental Review. INSPIRE must comply with the  
21                   California Environmental Quality Act (CEQA) and its  
22                   implementation regulations.

23                   c.   Prevailing Wages and Compliance with State Laws. The  
24                   exclusive and sole public funds used to construct the Project will  
25                   be Redevelopment Low- and Moderate-Income Housing Set-  
26                   Aside Funds. INSPIRE shall comply with any applicable labor  
27                   regulations and all other State Laws in connection with the  
28                   construction of the improvements which comprise the Project,

1 including if applicable, requirements relating to prevailing wages.  
2 INSPIRE believes that the payment of California state prevailing  
3 wages, as defined by the California Department of Industrial  
4 Relations, is not required and agrees and acknowledges that it is  
5 the responsibility of INSPIRE to obtain a legal determination, if  
6 necessary, at INSPIRE'S sole cost and expenses as to whether  
7 prevailing wages must be paid for during the construction of the  
8 Project. INSPIRE agrees to indemnify, defend, and hold  
9 AGENCY harmless from and against any and all liability arising  
10 out of and related to INSPIRE'S failure to comply with any and  
11 all applicable prevailing wage requirements.

- 12 d. All construction contract and professional services for the Project  
13 must be performed by persons or entities licensed or otherwise  
14 authorized to perform the applicable construction work or service  
15 in the State of California.
- 16 e. Lead-Based Paint. INSPIRE shall comply with any and all, but  
17 not limited to, applicable requirements of the Lead-Based Paint  
18 Poisoning Prevention Act; Residential Lead-Based Paint Hazard  
19 Reduction Act (Title X, Sections 1012 and 1013, of the 1992  
20 Housing and Community Development Act); and Housing and  
21 Urban Development Lead Safe Housing Regulations (24 Code of  
22 Federal Regulations Part 35).
- 23 f. Displacement, Relocation, and Acquisition. INSPIRE shall  
24 comply with any and all, but not limited to, applicable  
25 requirements for relocation requirements and acquisition  
26 requirements of the laws of the State of California. Prior to  
27 rehabilitation, INSPIRE shall provide a Relocation Plan as set  
28 forth herein of this Agreement that describes and makes findings

1 for any and all relocation that is temporary, permanent or involves  
2 no relocation.

3 21. PURCHASE PRICE REQUIREMENT. The maximum purchase price  
4 shall not exceed the actual 95 percent of the area median sales price, or the FHA 203(b) limit,  
5 whichever is lower, as updated and published regularly by HUD. Also, purchase price of  
6 property shall not exceed the appraised value. The appraised value of the property shall be  
7 established through an appraisal prepared by one of the AGENCY's approved appraisers. The  
8 AGENCY will be responsible for ordering the appraisal.

9 22. INCOME TARGETING REQUIREMENTS. INSPIRE agrees to reserve  
10 the Project for very low-income ("VLI") housing to persons and households, as required by  
11 Section 33334.2 and 33334.3 of the California Health and Safety Code. Project shall be  
12 limited to VLI persons that are between the ages of 18 and 22 years of age that are  
13 emancipated former foster youth whose incomes do not exceed fifty percent (50%) of the area  
14 median family income for the Riverside County, adjusted by family size, at the time of  
15 occupancy, as defined by California Health and Safety Code Sections 50079.5, 50105 and  
16 50106, as defined in **Exhibit F**, which is attached hereto and by this reference incorporated  
17 herein.

18 23. RENT LIMITATIONS. INSPIRE agrees that the entire Project shall  
19 remain affordable in accordance with the rent limitations set forth in California Health and  
20 Safety Code Section 50053(b)(2), and as restricted in the Covenant Agreement for a period not  
21 less than fifty-five (55) years. INSPIRE shall ensure that the Assisted Unit are rented to  
22 qualified applicants at the rent levels not exceeding the affordable rental housing cost as  
23 defined in Section 50053. The maximum monthly allowances for utilities and services  
24 (excluding telephone) will not exceed utility allowance set by the Housing Authority of the  
25 County of Riverside.

26 24. TENANT PROTECTIONS. INSPIRE shall provide protection to the  
27 tenants in accordance to the requirements set forth and described as follows:

28 a. Provide written lease agreement for not less than one year, unless

1 by mutual agreement between the tenant and INSPIRE. COUNTY  
2 shall review the initial form of the lease agreement prior to  
3 INSPIRE executing any leases and, provided that INSPIRE uses  
4 the approved lease form, INSPIRE shall be permitted to enter into  
5 residential leases without the COUNTY's prior written consent.

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

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

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

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

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

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

28 (6) Waiver of a jury trial. Agreement by the tenant to waive

1 any right to a trial by jury.

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

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

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

17 26. STATE REQUIREMENTS. INSPIRE shall comply with the provisions of  
18 the California Community Redevelopment Law and any amendments thereto and all applicable  
19 regulations and guidelines now or hereafter enacted.

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

27 28. INDEPENDENT CONTRACTOR. INSPIRE and its agents, servants and  
28 employees shall act at all times in an independent capacity during the term of this Agreement,

1 and shall not act as, shall not be, nor shall they in any manner be construed to be agents, officers,  
2 or employees of AGENCY.

3 29. PERFORMANCE REQUIREMENTS. INSPIRE must complete the  
4 following activities within the time specified:

- 5 a) Acquisition of the Assisted Unit within three (3) months from the  
6 date of this Agreement;  
7 b) Rehabilitation of the Assisted Unit within five (5) months from  
8 the date of this Agreement; and

9 30. NOTICE OF AFFORDABILITY RESTRICTIONS. In accordance with  
10 Health and Safety Code, Section 33334.3, a Notice of Affordable Restrictions on Transfer of  
11 Property, as shown in **Exhibit G** which is attached hereto and by this reference incorporated  
12 herein, must be recorded with the County Recorder at the time of close of escrow.

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

- 15 a) Monetary Default. (1) INSPIRE'S or any agent of INSPIRE'S use  
16 of AGENCY Loan for costs disallowed under the California  
17 Community Redevelopment Law or for uses inconsistent with  
18 terms and restrictions set forth in this Agreement; (2) INSPIRE'S  
19 failure to obtain and maintain the insurance coverage required  
20 under this Agreement; (3) INSPIRE'S or any agent of INSPIRE'S  
21 failure to make any other payment of any assessment or tax due  
22 under this Agreement;
- 23 b) Non-Monetary Default - Operation. (1) Discrimination by  
24 INSPIRE or INSPIRE'S agent on the basis of characteristics  
25 prohibited by this Agreement or applicable law; (2) the imposition  
26 of any encumbrances or liens on the Project (other than the  
27 Permitted Liens) without the AGENCY'S prior written approval  
28 that are prohibited under this Agreement or that have the effect of

1 reducing the priority or invalidating the Deed of Trust; (3) any  
2 material adverse change in the condition of INSPIRE or the  
3 Project or permanent financing or funding for the Project that  
4 gives the AGENCY reasonable cause to believe that the Project  
5 cannot be operated according to the terms of this Agreement;

6 c) General Performance of Grant Obligations. (i) any continuous or  
7 repeated breach by INSPIRE or INSPIRES'S agents of any  
8 material obligations on INSPIRE imposed in the Agreement, and  
9 (ii) failure by INSPIRE to comply with all requirements specified  
10 in this Agreement by March 27, 2010. All remaining AGENCY  
11 Loan funds not expended will be subject to AGENCY'S sole  
12 discretion.

13 d) General Performance of Other Obligations. Any continuous or  
14 repeated breach by INSPIRE or INSPIRE'S agents of any  
15 material obligations on the Project imposed by any other  
16 agreement with respect to the financing, development, or  
17 operation of the Project; whether or not the AGENCY is a party to  
18 such agreement; but only following any applicable notice and  
19 cure periods with respect to any such obligation;

20 e) General Performance of Affordability Requirements. Any breach  
21 by INSPIRE or INSPIRE'S agents of any housing affordability  
22 requirements imposed in the AGENCY Agreement;

23 f) Representations and Warranties. A determination by the  
24 AGENCY that any of INSPIRE'S representations or warranties  
25 made in this Agreement, any statements made to the AGENCY by  
26 the INSPIRE, or any certificates, documents, or schedules  
27 supplied to the AGENCY by the INSPIRE were untrue in any  
28 material respect when made, or that INSPIRE concealed or failed

1 to disclose a material fact from the AGENCY;

2 g) Damage to Project. In the event that the Project is materially  
3 damaged or destroyed by fire or other casualty, and INSPIRE  
4 receives an award or insurance proceeds for the repair or  
5 reconstruction of the Project, and INSPIRE does not use such  
6 award or proceeds to repair or reconstruct the Project; provided,  
7 however, sufficient proceeds are available, no events of default  
8 exists and the restoration of the Project can be completed prior to  
9 maturity of the grant.

10 h) Bankruptcy, Dissolution and Insolvency. INSPIRE'S (1) filing for  
11 bankruptcy, dissolution, or reorganization, or failure to obtain a  
12 full dismissal of any such involuntary filing brought by another  
13 party before the earlier of final relief or thirty (30) days after such  
14 filing; (2) making a general assignment for the benefit of creditors;  
15 (3) applying for the appointment of a receiver, trustee, custodian,  
16 or liquidator, or failure to obtain a full dismissal of any such  
17 involuntary application brought by another party before the earlier  
18 of final relief or sixty (60) days after such filing; (4) insolvency or  
19 (5) failure, inability or admission in writing of its inability to pay  
20 its debts as they become due.

21 32. NOTICE OF DEFAULT AND OPPORTUNITY TO CURE. For  
22 monetary and non-monetary Events of Default, the AGENCY shall give written notice to  
23 INSPIRE and its investment limited partner, if any, of any Event of Default by specifying: (a)  
24 the nature of the Event of Default or the deficiency giving rise to the default, (b) the action  
25 required to cure the deficiency, if an action to cure is possible, and (c) a date, which shall not  
26 be less than sixty (60) calendar days from the mailing of the notice, by which such action to  
27 cure must be taken. The AGENCY agrees that INSPIRE shall have the right to cure any and  
28 all defaults under this Agreement.

1           33.     AGENCY REMEDIES. Upon the happening of an Event of Default and a  
2 failure by INSPIRE to cure said default within the time specified in the Notice of Default (if an  
3 action to cure is specified in said notice), the AGENCY'S obligation to disburse AGENCY  
4 Loan shall terminate, and the AGENCY may also in addition to other rights and remedies  
5 permitted by this Agreement or applicable law, proceed with any or all of the following  
6 remedies in any order or combination the AGENCY may choose in its sole discretion:

- 7                   a)     Terminate this Agreement, in which event the entire amount as  
8                             well as any other monies advanced to INSPIRE by the AGENCY  
9                             under this Agreement including administrative costs, shall  
10                            become immediately due and payable;
- 11                   b)     Bring an action in equitable relief (1) seeking the specific  
12                             performance by INSPIRE of the terms and conditions of this  
13                             Agreement, and/or (2) enjoining, abating, or preventing any  
14                             violation of said terms and conditions, and/or (3) seeking  
15                             declaratory relief;
- 16                   c)     Demand immediate full payment of the amount outstanding under  
17                             the Agreement, as well as any other monies advanced to INSPIRE  
18                             by the AGENCY under this Agreement, except for developer fees  
19                             earned to the point of default;
- 20                   d)     Enter the Project and take any remedial actions necessary in its  
21                             judgment with respect to hazardous materials that the AGENCY  
22                             deems necessary to comply with hazardous materials laws or to  
23                             render the Project suitable for occupancy;
- 24                   e)     Enter upon, take possession of, and manage the Project, either in  
25                             person, by agent, or by a receiver appointed by a court; and  
26                             Pursue any other remedy available at law or in equity.

27           34.     INSPIRE'S REMEDIES. Upon the fault or failure of the AGENCY to  
28 meet any of its obligations under this Agreement, INSPIRE may:

- 1 a) Demand payment from the AGENCY of any sums due INSPIRE;  
2 and/or  
3 b) Bring an action in equitable relief seeking the specific  
4 performance by the AGENCY of the terms and conditions of this  
5 Agreement; and/or  
6 c) Pursue any other remedy allowed at law or in equity.

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

17 36. HOLD HARMLESS AND INDEMNIFICATION. INSPIRE shall  
18 indemnify and hold harmless the AGENCY, the County and their respective Agencies,  
19 Districts, Special Districts, Departments, directors, officers, Board of Supervisors, elected and  
20 appointed officials, employees, agents and representatives ("Indemnified Parties") from any  
21 liability whatsoever, based or asserted upon any services of INSPIRE, its officers, employees,  
22 subcontractors, agents or representatives arising out of or in any way relating to this  
23 Agreement, including but not limited to property damage, bodily injury, or death or any other  
24 element of any kind or nature whatsoever arising from the performance of INSPIRE, its  
25 officers, agents, employees, subcontractors, agents or representatives from this Agreement.  
26 INSPIRE shall defend, at its sole expense, all costs and fees including, but not limited, to  
27 attorney fees, cost of investigation, defense and settlements or awards, the Indemnified Parties  
28 in any claim or action based upon such alleged acts or omissions.

1 With respect to any action or claim subject to indemnification herein by INSPIRE,  
2 INSPIRE shall, at its sole cost, have the right to use counsel of its own choice and shall have the  
3 right to adjust, settle, or compromise any such action or claim without the prior consent of  
4 AGENCY; provided, however, that any such adjustment, settlement or compromise in no  
5 manner whatsoever limits or circumscribes INSPIRE'S indemnification to AGENCY as set forth  
6 herein.

7 INSPIRE'S obligation hereunder shall be satisfied when INSPIRE has provided to  
8 AGENCY the appropriate form of dismissal relieving Indemnified Parties from any liability for  
9 the action or claim involved.

10 The specified insurance limits required in this Agreement shall in no way limit or  
11 circumscribe INSPIRE'S obligations to indemnify and hold harmless the Indemnified Parties  
12 herein from third party claims.

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

16 37. RESTRICTONS TO RUN WITH THE LAND. The AGENCY and  
17 INSPIRE hereby declare their express intent that the restrictions set forth in this Agreement  
18 shall run with the land, and shall bind all successors in title to the Project until the expiration of  
19 this Agreement. Each and every contract, deed or other instrument hereafter executed covering  
20 and conveying the Project or any portion thereof shall be held conclusively to have been  
21 executed, delivered and accepted subject to the restrictions, regardless whether such  
22 restrictions are set forth in such contract, deed or trust instrument.

23 38. AUTHORITY TO EXECUTE. The persons executing this Agreement or  
24 exhibits attached hereto on behalf of the parties to this Agreement hereby warrant and  
25 represent that they have the authority to execute this Agreement and warrant and represent that  
26 they have the authority to bind the respective parties to this Agreement to the performance of  
27 its obligations hereunder.

28 39. INTERPRETATION AND GOVERNING LAW. This Agreement and

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

7 40. MINISTERIAL ACTS. The Executive Director of the AGENCY or  
8 designee(s) are authorized to take such ministerial actions as may be necessary or appropriate  
9 to implement the terms, provisions, and conditions of this Agreement as it may be amended  
10 from time to time by AGENCY.

11 41. WAIVER. Failure by a party to insist upon the strict performance of any  
12 of the provisions of this Agreement by the other party, or the failure by a party to exercise its  
13 rights upon the default of the other party, shall not constitute a waiver of such party's rights to  
14 insist and demand strict compliance by the other party with the terms of this Agreement  
15 thereafter.

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

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

24 44. MODIFICATION OF AGREEMENT. The AGENCY or INSPIRE may  
25 consider it in its best interest to change, modify or extend a term or condition of this  
26 Agreement. Any such change, extension or modification, which is mutually agreed upon by the  
27 AGENCY and INSPIRE shall be incorporated in written amendments to this Agreement. Such  
28 amendments shall not invalidate this Agreement, nor relieve or release the AGENCY or

1 INSPIRE from any obligations under this Agreement, except for those parts thereby amended.  
2 No amendment to this Agreement shall be effective and binding upon the parties, unless it  
3 expressly makes reference to this Agreement, is in writing and is signed and acknowledged by  
4 duly authorized representatives of all parties.

5 45. ASSIGNMENT. INSPIRE will not make any sale, assignment,  
6 conveyance, or lease of any trust or power, or transfer in any other form with respect to this  
7 Agreement or the Project, without prior written approval of the AGENCY. Any proposed  
8 transferee shall have the qualifications and financial responsibility, as reasonably determined  
9 by the AGENCY necessary and adequate to fulfill the obligations undertaken in this  
10 Agreement by INSPIRE. Any proposed transferee shall, by instrument in writing, for itself and  
11 its successor and assigns, and expressly for the benefit of the AGENCY, assume all of the  
12 obligations of the INSPIRE under this Agreement and agree to be subject to all the conditions  
13 and restrictions to which the INSPIRE is subject.

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

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

23 47. MEDIA RELEASES. INSPIRE agrees to allow AGENCY to coordinate  
24 all media releases regarding the Project, with prior approval of INSPIRE. Any publicity  
25 generated by INSPIRE for the Project must make reference to the contribution of AGENCY in  
26 making the Project possible. AGENCY's and County's name shall be prominently displayed in  
27 all pieces of publicity generated by INSPIRE, including flyers, press releases, posters, signs,  
28 brochures, and public service announcements. INSPIRE agrees to cooperate with AGENCY in

1 any AGENCY-generated publicity or promotional activities with respect to the Project.

2 48. EXHIBITS AND ATTACHMENTS. Each of the attachments and  
3 exhibits attached hereto is incorporated herein by this reference.

4 49. COUNTERPARTS. This Agreement may be signed by the different  
5 parties hereto in counterparts, each of which shall be an original but all of which together shall  
6 constitute one and the same agreement.

7 50. EFFECTIVE DATE. The effective date of this Agreement is the date the  
8 parties execute the Agreement. If the parties execute the Agreement on more than one date,  
9 then the last date the Agreement is executed by a party shall be the effective date.

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

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REDEVELOPMENT AGENCY FOR  
THE COUNTY OF RIVERSIDE


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

By: \_\_\_\_\_  
JEFF STONE  
Chairman, Board of Directors

By: \_\_\_\_\_  
KRISTI CAMPLIN  
Executive Director

APPROVED AS TO FORM:

PAMELA J. WALLS  
Agency Counsel

By:   
Deputy Michelle Clark 10/23/09

ATTEST:  
KECIA HARPER-IHEM  
Clerk of the Board

By: \_\_\_\_\_  
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.

Place Notary Seal Above

Signature \_\_\_\_\_  
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

# Exhibit A

**INSPIRE:** INSPIRE LIFE SKILLS TRAINING, INC.  
**Address:** 2279 Eagle Glen Parkway, #112, Corona, CA 92883  
**Project Title:** Inspire Life Skills Training

## Project Description:

The Redevelopment Agency for the AGENCY of Riverside (“AGENCY”) will provide up to \$330,000.00 in AGENCY Funds for acquisition and rehabilitation of one (1) single-family property (“Property” or “Assisted Unit”) and rent to very low-income (“VLI”) persons, as defined herein, within the unincorporated areas of the County of Riverside 2<sup>nd</sup> Supervisorial District.

The AGENCY Assisted Unit will target to VLI persons that are between the ages of 18 and 22 years of age that are emancipated former foster youth whose incomes do not exceed 50% of the area median income for the County.

INSPIRE will utilize AGENCY Funds for acquisition and rehabilitation costs of the Property for the Project. The period of affordability for the Property (the “Affordability Period”) shall be fifty-five (55) years from the issuance of the Certificate of Occupancy.

## Eligible Property (“Assisted Unit”)

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

1. The home must be permanently fixed to a permanent foundation.
2. The home must be owner occupied or Seller must certify that the home has been vacant for a period of at least 90 days prior to the Purchase Offer form (Exhibit E).
3. 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.
4. The home must be assessed in accordance with the provisions of the California Environmental Quality Act (CEQA).

### **Target Area**

Assisted Unit must reside within the unincorporated areas of the County of Riverside 2<sup>nd</sup> Supervisorial District.

### **Purchase Price Requirement**

The maximum purchase price shall not exceed the actual 95 percent of the area median sales price, or the FHA 203(b) limit, whichever is lower, as updated and published regularly by HUD. The current limit is set at \$292,686. In addition, the purchase price of property shall not exceed the appraised value of the property. The appraised value of the property shall be established through an appraisal made by one of the AGENCY's approved appraisers. The AGENCY will be responsible for ordering the appraisal.

### **Appraisals**

1. Purchase Offer. Upon receipt of a completed and signed Purchase Offer form for property in consideration, as provided in **Exhibit D**, AGENCY will conduct an appraisal of the property through an independent fee contract appraiser ("Appraiser"). The Appraiser contracted by AGENCY will be State licensed or certified in accordance with Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA).
2. Final Purchase Price. The final purchase price must not exceed the actual 95 percent of the area median sales price, or FHA 203(b) limit, whichever is lower, as updated and published regularly by HUD. Purchase price of property shall not exceed the appraised value. The appraised value of the property shall be established through an appraisal prepared by one of the AGENCY's approved appraisers. The AGENCY will be responsible for ordering the appraisal.
  - a) If the initial offer does not meet the purchase price requirements, then the Buyer will be required to re-negotiate to meet the purchase price allowed. 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 AGENCY.

**Project Sources and Uses of Fund:**

Sources:

AGENCY Loan	\$ 330,000
Total Sources	\$ 330,000

Uses:

	Total Project Costs
Acquisition	292,686
Rehabilitation	28,100
Appraisals	500
Title and Recording	500
Insurance	1,000
Marketing	500
Escrow	500
Contingency	3,404
Subtotal	327,190
Developer Fee (10% of Rehabilitation Costs)	2,810
<b>Total Project Cost</b>	<b>330,000</b>

**IMPLEMENTATION SCHEDULE**

Milestone	Completion Date
1. AGENCY Loan Agreement executed	November 10, 2009
2. Acquisition of Assisted Unit*	December 30, 2009
3. Rehabilitation Plan and revised budget	January 15, 2009
4. Marketing Plan Status and Outreach	January 1, 2009
5. Rehabilitation of Assisted Unit completed*	March 27, 2010
6. Submission of Closing Documents	December 30, 2009

\* Section 29 – Performance Requirements

**DOCUMENT SUBMISSION SCHEDULE**

<b>Documents</b>	<b>Due Date</b>
1. AGENCY Activities Reporting and Project Photos	Monthly, due by the 5 <sup>th</sup> 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 of Riverside and AGENCY as additionally insured.
3. Notice of Completion	End of Construction
4. Certificate of Occupancy	End of Construction
5. Conditional/Unconditional Release for Final from GC, and if applicable, Sub-contractors	Close of Rehabilitation
6. Rehabilitation Completion Report	Close of Rehabilitation
7. Final Development Cost - Sources and Uses	Close of Rehabilitation
8. Qualified Tenant Selection Policy	Marketing Stage
9. Flyers, Community Contacts, Outreach, Press Releases, Grand Opening info	Marketing Stage

# **EXHIBIT B**

Sample Deed of Trust

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: Juan Garcia

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 REDEVELOPMENT AGENCY FOR THE COUNTY OF RIVERSIDE ("Trustee"). The lender is the REDEVELOPMENT AGENCY FOR THE COUNTY OF RIVERSIDE ("AGENCY" 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 AGENCY Loan Agreement, dated \_\_\_\_\_ (the "Agreement"), Borrower owes Lender the sum of **Three Hundred Thirty Thousand Dollars (U.S. \$330,000)** (the "AGENCY 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 Unit. 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 AGENCY Loan attributable to the Property will be forgiven at the end of the Affordability Period as defined in the Agreement.*

*The AGENCY 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;*

The AGENCY 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. Borrower shall obtain express approval from the AGENCY for any subsequent loan collateralized by this Property.
- 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 persons that are between the ages of 18 and 22 years of age that are emancipated former foster youth whose incomes do not exceed fifty percent (50%) of the area median family income for the 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.

(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:

REDEVELOPMENT AGENCY FOR  
THE COUNTY OF RIVERSIDE

By: \_\_\_\_\_  
ROBERT FIELD  
Executive Director

APPROVED AS TO FORM:  
PAMELA J. WALLS  
AGENCY Counsel

By: \_\_\_\_\_  
Deputy

**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 B-1**

**Project Site:**

**APN:**

**Legal Description:**

# **EXHIBIT C**

Sample Promissory Note

**PROMISSORY NOTE**

**\$330,000**

**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 REDEVELOPMENT AGENCY FOR THE COUNTY OF RIVERSIDE, a public body, corporate and politic (“AGENCY”), or order, at 1325 Spruce Street, Suite 400, Riverside, CA 92507, the sum of Three Hundred Thirty Thousand Dollars (U.S. \$330,000) (the “AGENCY Loan”), at the rate of zero percent (0%) per annum, pursuant to the terms of the AGENCY Loan Agreement, dated \_\_\_\_\_ (the “Agreement”), for acquisition and rehabilitation of property at \_\_\_\_\_ (the “Property”) and rental of Assisted Unit. 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 AGENCY Loan attributable to the Property will be forgiven at the end of the Affordability Period as defined in the Agreement.*

*The AGENCY 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*

Pursuant to the AGENCY Loan Agreement, the AGENCY Loan shall become effective upon execution the Effective Date and the maturity of the AGENCY Loan with respect to the Property shall be the first to occur of (i) July 1, 2065 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 AGENCY 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 AGENCY Loan or the performance of the Borrower’s obligations under the AGENCY documents. The sole

recourse of the AGENCY with respect to payment of the principal of, or interest on, the AGENCY 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 AGENCY 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 AGENCY documents. This non-recourse provision does not limit or impair the enforcement against all such security for the AGENCY Loan of all the rights and remedies of the AGENCY, nor does it impair the right of the AGENCY 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 AGENCY 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 AGENCY 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).

DATE: \_\_\_\_\_

BORROWER:

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

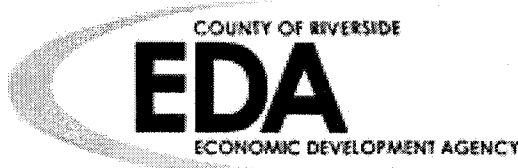
By: \_\_\_\_\_  
KRISTI CAMPLIN  
Executive Director

# **EXHIBIT D**

Sample Request for Notice

# **EXHIBIT E**

Purchase Offer Form



## PURCHASE OFFER FORM

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### Informational Notice To Seller VOLUNTARY ACQUISITION OF PROPERTY

Date	
------	--

\_\_\_\_\_, (hereinafter referred to as "Buyer")  
is interested in acquiring the property you own at:

\_\_\_\_\_  
(Address)

which may receive funding assistance from the Redevelopment Agency for the County of Riverside (AGENCY) to purchase one (1) single-family home. The Buyer intends to apply and qualify for AGENCY assistance. Acquisitions financed with AGENCY Funds are subject to California law regarding relocation of displaced persons.

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 AGENCY Agreement and the application for the AGENCY assistance will be denied.

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 an Agency 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.



# **EXHIBIT F**

California Health and Safety Codes

50053, 50079.5, 50105

### **Affordability Requirements**

#### California Health and Safety Codes 50053, 50079.5 and 50105

**50053.** (a) For any rental housing development that receives assistance prior to January 1, 1991, and a condition of that assistance is compliance with this section, "affordable rent" with respect to lower income households shall not exceed the percentage of the gross income of the occupant person or household established by regulation of the department that shall not be less than 15 percent of gross income nor exceed 25 percent of gross income.

(b) For any rental housing development that receives assistance on or after January 1, 1991, and a condition of that assistance is compliance with this section, "affordable rent," including a reasonable utility allowance, shall not exceed:

- (1) For extremely low income households the product of 30 percent times 30 percent of the area median income adjusted for family size appropriate for the unit.
- (2) For very low income households, the product of 30 percent times 50 percent of the area median income adjusted for family size appropriate for the unit.
- (3) For lower income households whose gross incomes exceed the maximum income for very low income households, the product of 30 percent times 60 percent of the area median income adjusted for family size appropriate for the unit. In addition, for those lower income households with gross incomes that exceed 60 percent of the area median income adjusted for family size, it shall be optional for any state or local funding agency to require that affordable rent be established at a level not to exceed 30 percent of gross income of the household.
- (4) For moderate-income households, the product of 30 percent times 110 percent of the area median income adjusted for family size appropriate for the unit. In addition, for those moderate-income households whose gross incomes exceed 110 percent of the area median income adjusted for family size, it shall be optional for any state or local funding agency to require that affordable rent be established at a level not to exceed 30 percent of gross income of the household.

(c) The department's regulation shall permit alternative percentages of income for agency-assisted rental and cooperative housing developments pursuant to regulations adopted under subdivision (f) of Section 50462. The department shall, by regulation, adopt criteria defining and providing for determination of gross income, adjustments for family size appropriate to the unit, and rent for purposes of this section. These regulations may

provide alternative criteria, where necessary, to be consistent with pertinent federal statutes and regulations governing federally assisted rental and cooperative housing. The agency may, by regulation, adopt alternative criteria, and pursuant to subdivision (f) of Section 50462, alternative percentages of income may be adopted for agency-assisted housing developments.

For purposes of this section, "area median income," "adjustments for family size appropriate to the unit," and "moderate-income household" shall have the same meaning as provided in Section 50052.5.

**50079.5.** (a) "Lower income households" means persons and families whose income does not exceed the qualifying limits for lower income families as established and amended from time to time pursuant to Section 8 of the United States Housing Act of 1937. The limits shall be published by the department in the California Code of Regulations as soon as possible after adoption by the Secretary of Housing and Urban Development. In the event the federal standards are discontinued, the department shall, by regulation, establish income limits for lower income households for all geographic areas of the state at 80 percent of area median income, adjusted for family size and revised annually.

(b) "Lower income households" includes very low income households, as defined in Section 50105, and extremely low income households, as defined in Section 50106. The addition of this subdivision does not constitute a change in, but is declaratory of, existing law.

(c) As used in this section, "area median income" means the median family income of a geographic area of the state.

**50105.** (a) "Very low income households" means persons and families whose incomes do not exceed the qualifying limits for very low income families as established and amended from time to time pursuant to Section 8 of the United States Housing Act of 1937. These qualifying limits shall be published by the department in the California Code of Regulations as soon as possible after adoption by the Secretary of Housing and Urban Development. In the event the federal standards are discontinued, the department shall, by regulation, establish income limits for very low income households for all geographic areas of the state at 50 percent of area median income, adjusted for family size and revised annually.

(b) "Very low income households" includes extremely low income households, as defined in Section 50106. The addition of this subdivision does not constitute a change in, but is declaratory of, existing law.

(c) As used in this section, "area median income" means the median family income of a geographic area of the state.

# **EXHIBIT G**

## **Sample Covenant Agreement**

6103 Government Code  
Order No.  
Escrow No.  
Loan No.

RECORDING REQUESTED BY AND  
WHEN RECORDED MAIL TO:  
Redevelopment Agency  
for the County of Riverside  
1325 Spruce Street, Suite 400  
Riverside, CA 92507  
Attn. Juan Garcia

SPACE ABOVE THIS LINE FOR RECORDERS USE

**AGREEMENT CONTAINING COVENANTS AFFECTING REAL PROPERTY  
BETWEEN THE  
REDEVELOPMENT AGENCY FOR THE COUNTY OF RIVERSIDE AND  
INSPIRE LIFE SKILLS TRAINING INC.**

THIS AGREEMENT is made this \_\_\_\_\_ day of \_\_\_\_\_ 2009, by and between the REDEVELOPMENT AGENCY FOR THE COUNTY OF RIVERSIDE, a public body, corporate and politic (hereinafter referred to as "AGENCY") and INSPIRE LIFE SKILLS TRAINING INC., a California nonprofit public benefit corporation (hereinafter referred to as "INSPIRE"), with respect to the following recitals:

**RECITALS**

A. On \_\_\_\_\_, AGENCY and INSPIRE entered into that certain Agreement for the acquisition and rehabilitation of one (1) single-family property and rent to very low-income ("VLI") persons that are between the ages of 18 and 22 years of age that are emancipated former foster youth whose incomes do not exceed 50% of the area median income for the County of Riverside (hereinafter referred to as "Project" or "Property") as specifically identified and described by the following legal description:

PARCEL:

Real property in the unincorporated area of the County of Riverside, State of California, described as follows:

<Legal Description>

B. Pursuant to the AGENCY Loan Agreement, INSPIRE has agreed to restrict the use of the Project.

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained in the AGENCY Loan Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, INSPIRE hereby declares as follows with regard to the Project, which declaration shall run with the land for the benefit of the AGENCY as follows:

1) TERMS OF AFFORDABILITY. For a period of fifty-five (55) years from the issuance of the Certificate of Occupancy, for itself and on behalf of its successors and assigns with regard to the Project, the following:

a) Affordable housing cost as defined in Section 50052.5b and 50053.b which dictates that the rent or cost for housing (including a utility allowance) shall not exceed:

i) Very low-income households - thirty percent (30%) times fifty percent (50%) of area median income adjusted for family size.

b) INSPIRE shall reserve the Project for persons that are between the ages of 18 and 22 years that are emancipated former foster youth whose incomes do not exceed 50% of the area median income for the County of Riverside.

2) MAINTENANCE REQUIREMENTS.

a) **Maintenance of Property.** INSPIRE shall, for the term of this Agreement, at its sole cost and expense, maintain and repair the Property and the improvements thereon, including, without limitation, the buildings, fencing, parkways, landscaping,

driveways, garages, carports, and lighting, in first class condition and repair, and in decent, safe and sanitary condition.

b) **Interior Maintenance.** INSPIRE shall, for the term of this Agreement, maintain the interior of the dwelling unit(s) located on the Property in a decent, safe and sanitary condition and shall immediately correct any health and safety code violations identified by staff of the County of Riverside or of AGENCY.

c) **Exterior Maintenance.** The Property shall, for the term of this Agreement, be kept free from the accumulation of debris and waste materials. All exterior, painted surfaces shall be maintained at all times in a clean and presentable manner, free from chipping, cracking, peeling and defacing marks. No building, patio, balcony, wall, fence or yard area, including parkways, may be left in an unmaintained condition so that any of the following exist:

- i) Buildings abandoned, boarded up, partially destroyed or left unreasonably in a state of partial construction; and
- ii) Abandoned or non-operational vehicles; and
- iii) Unpainted buildings or buildings with peeling paint; and
- iv) Cause dry rot, warping and termite infestation; and
- v) Constitute an unsightly appearance that detracts from the aesthetic or property values of neighboring properties; and
- vi) Broken windows, constituting hazardous conditions and/or inviting trespassers and malicious mischief; and
- vii) Broken or discarded furniture, appliances and other household equipment stored for periods exceeding one (1) week; and
- viii) Packing boxes, lumber, trash, dirt and other debris stored for periods exceeding one (1) week; and
- ix) Unscreened trashcans, bins or containers stored for periods exceeding fifteen (15) days in areas visible from public streets and common areas.

d) **Graffiti Removal.** All graffiti, and defacement of any type, including marks, words and pictures, must be removed and any necessary painting or repair completed within the earlier of seventy-two (72) hours of their creation or within forty-eight (48) hours after notice to INSPIRE from AGENCY.

e) **Trash.** All trash shall, for the term of this Agreement, be collected and placed in appropriate areas for pick-up by refuse haulers on normal trash pick-up days or hauled away, in a timely manner, by INSPIRE to an appropriate County approved dump site if trash service is not available.

f) **Landscaping.** All exterior areas of the Property that are not buildings, driveways or walkways shall, for the term of this Agreement, be adequately and appropriately landscaped and maintained. The landscaping shall meet minimum standards set from time to time by the AGENCY. Landscaping on the Property, including front, back and side yards and parkways shall be absent of the following:

- i) Lawns with grasses in excess of six (6) inches in height; and
- ii) Untrimmed hedges causing a nuisance to the public right of way; and
- iii) Trees, shrubbery, lawns and other plant life dying from lack of water or other necessary maintenance; and
- iv) Trees and shrubbery grown uncontrolled without proper pruning; and
- v) Vegetation so overgrown as to be likely to harbor rats or vermin; and
- vi) Dead, decayed or diseased trees, weeds and other vegetation; and Inoperative irrigation system(s), if any; and
- vii) Parkway with ground cover in excess of eighteen (18) inches in height

3) GRANT OF EASEMENT AND LICENSE TO ENTER. In addition to other remedies which AGENCY may have to enforce the covenants and agreements set forth above in Sections 1 and 2, INSPIRE hereby grants to AGENCY an easement and right of ingress and egress over and across the Real Property insofar as such ingress and egress is necessary to protect, maintain, and preserve such

architectural style and treatment of the facade in the event that INSPIRE (or its successors or assigns or successors in interest to the Real Property or any part thereof) shall cease or fail to protect, maintain, and preserve such architectural style and treatment of such facade. Pursuant to such grant, AGENCY, its agents, employees, and representatives, shall be permitted (but are not required) to enter upon the Real Property and perform such acts and work necessary to protect, maintain, and preserve such architectural style and treatment of such facade, and to attach a lien on the Real Property, or to assess the Real Property, in the amount of the expenditures arising from such acts and work of protection, maintenance, and preservation by INSPIRE arising from the enforcement of the covenants set forth in Sections 1 and 2 hereof. INSPIRE shall pay to AGENCY all amounts owed for maintenance or repairs which AGENCY has performed within thirty (30) days of being presented with an invoice with respect to such amounts; any such amounts that are not paid within thirty (30) days of delivery of an invoice with respect thereto shall bear interest at a rate equal to twelve percent (12%) per annum or the highest amount permitted by applicable law, whichever is lower. AGENCY shall not exercise the easement and right-of-entry provided herein without prior notice and a reasonable opportunity given to Grantor (or to its successors or assigns or its successors in interest to the Real Property) to comply with its covenants in Sections 1 and 2 hereof; thirty (30) days' notice shall be deemed to constitute reasonable notice and a reasonable opportunity for INSPIRE to comply with its covenantal obligations.

4) NONDISCRIMINATION. INSPIRE covenants by and for itself and any successors in interest that there shall be no discrimination against or segregation of any person or group of persons on account of race, religion, sex, sexual orientation, marital status, nationality, familial status, source of income or disability in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Properties, nor shall INSPIRE itself or any person claiming

under or through it establish or permit any such practice or practices of discrimination or segregation with reference to the election, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees of the real property. The foregoing covenants shall run with the land. Pursuant to Health and Safety Code Section 33435, INSPIRE shall refrain from restricting the sale of the Properties on the basis of race, religion, sex, sexual orientation, marital status, nationality, familial status, source of income or disability of any person. All such deeds, leases or contracts shall contain or be subject to substantially the following nondiscrimination or no segregation clauses:

- a) **In deeds:** “The Grantee herein covenants by and for himself for herself, his or her heirs, executors, administrators and assigns, and all persons claiming under or through them that there shall be no discrimination against or segregation of any person or group of persons on account of race, religion, sex, sexual orientation, marital status, nationality, familial status, source of income or disability in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the land herein conveyed, nor shall the grantee himself or herself nor any person claiming under or through him or her establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, numbers use or occupancy of tenants, lessees, subtenants, sublessees or vendees in the land herein conveyed. The foregoing covenants shall run with the land.”
- b) **In leases:** “The lessee herein covenants by and for himself or herself, his or her heirs, executors, administrators, and assigns, and all persons claiming under or through him or her, and this lease is made and accepted upon and subject to the following conditions:
  - i) There shall be no discrimination against or segregation of any person or group of persons on account of race, religion, sex, sexual

orientation, marital status, nationality, familial status, source of income or disability in the leasing, subleasing, transferring, use, occupancy, tenure or enjoyment of the premises herein leased nor shall the lessee himself or herself, or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, sublessees, subtenants or vendees in the premises herein leased.”

- c) **In contracts:** “There shall be no discrimination against or segregation of any person or group of persons on account of race, religion, sex, sexual orientation, marital status, nationality, familial status, source of income or disability in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the premises, nor shall the transferee himself or herself or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use, or occupancy of tenants, lessees, subtenants, sublessees or vendees of the premises.”

5) NOTICES. All Notices provided for in this Agreement shall be deemed when personally delivered, or two (2) days following mailing by certified mail, return receipt requested. All mailing shall be addressed to the respective parties at their addresses set forth below, or at such other address as each party may designate in writing and give to the other party:

<u>AGENCY</u>	<u>INSPIRE</u>
Director of Housing Development	Executive Director
Redevelopment Agency	Inspire Life Skills Training, Inc.
for the County of Riverside	2279 Eagle Glen Parkway, #112
1325 Spruce Street, Suite 400	Corona, CA 92883
Riverside, CA 92507	

6) BINDING EFFECT. The rights and obligations of this Agreement shall bind and inure to the benefit of the respective heirs, successors and assigns of the

parties.

7) ATTORNEY'S FEES. If any party hereto brings an action to enforce the terms hereof or declare its rights hereunder, the prevailing party in any such action shall be entitled to its reasonable attorneys' fees to be paid by the losing party as fixed by the Court.

8) SEVERABILITY. In the event that any provision, whether constituting a separate paragraph or whether contained in a paragraph with other provisions, is hereafter determined to be void and unenforceable, it shall be deemed separated and deleted from the agreement and the remaining provisions of this Agreement shall remain in full force and effect.

9) INTERPRETATION AND GOVERNING LAW.

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

10) AUTHORITY TO EXECUTE.

a) The persons executing this Agreement on behalf of the parties to this Agreement hereby warrant and represent that they have the authority to execute this Agreement and warrant and represent that they have the authority to bind the respective parties to this Agreement to the performance of its obligations hereunder.

11) ENTIRE AGREEMENT.

a) It is expressly agreed that this Agreement embodies the entire agreement of the parties in relation to the subject matter hereof, and that no other agreement or understanding, verbal or otherwise, relative to this subject matter, exists between the parties at the time of execution.

12) ASSIGNMENT.

a) INSPIRE will not make any sale, assignment, conveyance or lease of any trust or power, or transfer in any other form with respect to this Agreement without prior written approval of the AGENCY.

13) AMENDMENTS AND MODIFICATIONS.

a) Any amendments or modifications to this Agreement must be in writing and shall be effective only if executed by INSPIRE and AGENCY.

14) JURISDICTION AND VENUE.

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

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

16) EFFECTIVE DATE.

a) The effective date of this Agreement is the date the parties sign the Agreement. If the parties sign the Agreement on more than one date, then the last date the Agreement is signed by a party shall be the effective date.

**END OF AGREEMENT**  
**(SIGNATURES ON NEXT PAGE)**

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

**AGENCY**  
Redevelopment Agency  
for the County of Riverside

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

By: \_\_\_\_\_  
ROBERT FIELD  
Executive Director

By: \_\_\_\_\_  
KRISTI CAMPLIN  
Executive Director

APPROVED AS TO FORM:  
PAMELA J. WALLS  
AGENCY Counsel

By: \_\_\_\_\_  
Deputy

**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.

Place Notary Seal Above

Signature \_\_\_\_\_  
Signature of Notary Public

# **Exhibit G**

## **NOTICE OF AFFORDABILITY RESTRICTIONS ON TRANSFER OF PROPERTY**

Recording Requested By:  
Redevelopment Agency for  
COUNTY OF RIVERSIDE

AND WHEN RECORDED MAIL TO:  
REDEVELOPMENT AGENCY FOR THE  
COUNTY OF RIVERSIDE  
1325 Spruce St. Suite 400  
RIVERSIDE, CA 92507  
ATTN: Juan Garcia

NOTICE OF AFFORDABILITY RESTRICTIONS ON TRANSFER OF  
PROPERTY

This Notice is to be recorded concurrently with recordation of affordability restriction or within thirty (30) days of recording such document.

In accordance with the California Health and Safety Code Section 33334.3, all new or substantially rehabilitated housing units developed or otherwise assisted, with moneys from the Low and Moderate Income Housing Fund, shall remain available at affordable housing cost to, and occupied by, persons and families of low or moderate income and very low income and extremely low income households for the longest feasible time, but not less than fifty-five (55) years for units that are occupied by and affordable to very low income households.

A Covenant and Restriction with an expiration of \_\_\_\_\_ is recorded under Recording No. \_\_\_\_\_ on \_\_\_\_\_, in book \_\_\_\_\_, page \_\_\_\_\_, Official Records of Riverside County, California, on the property located at: \_\_\_\_\_ Corona, CA 92880 with assessors parcel number of \_\_\_\_\_ and more fully described as:

REDEVELOPMENT AGENCY  
FOR THE COUNTY OF RIVERSIDE

Dated \_\_\_\_\_

Tom Fan, Principal Development Specialist

**CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT**

STATE OF CALIFORNIA }  
COUNTY OF RIVERSIDE } S.S.

On \_\_\_\_\_ before me,  
Date

\_\_\_\_\_, personally appeared  
Name and Title of the Officer

\_\_\_\_\_, who proved to me on the basis  
Name(s) of signer(s)

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 of Notary Public

(This area for official notarial seal)