

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

941



FROM: Redevelopment Agency

SUBMITTAL DATE:
February 10, 2010

SUBJECT: First Amendment to the Agreement to Develop Valencia Homes in Mecca

RECOMMENDED MOTION: That the Board of Directors:

1. Approve the attached First Amendment to the Agreement to Develop Valencia Homes in Mecca by and between the Redevelopment Agency for the County of Riverside and Coachella Valley Housing Coalition, a California nonprofit public benefit corporation;
2. Authorize the Chairman of the Board to execute the attached First Amendment;
3. Authorize the Executive Director or designee to execute documents, subject to County Counsel approval, necessary to re-convey the recorded documents pursuant to the terms of the Agreement to Develop Valencia Homes in Mecca and its First Amendment; and
4. Authorize the Executive Director or designee to take all necessary steps to implement this Agreement and its Amendment, including but not limited to, signing subsequent, necessary and relevant documents.

BACKGROUND: (Commences on Page 2)

Robert Field

Robert Field
Executive Director

FINANCIAL DATA	Current F.Y. Total Cost:	\$ 1,000,000	In Current Year Budget:	YES
	Current F.Y. Net County Cost:	\$ 0	Budget Adjustment:	NO
	Annual Net County Cost:	\$ 0	For Fiscal Year:	09/10

COMPANION ITEM ON BOARD OF SUPERVISORS AGENDA: NO

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

C.E.O. RECOMMENDATION:

APPROVE

BY: *Jennifer L. Sargent*

Jennifer L. Sargent

County Executive Office Signature

FORM APPROVED COUNTY COUNSEL
BY: MICHELLE CLACK
DATE: 2/9/10
Departmental Concurrence

Dept'Rc Consent
Per Exec. Ofc. Consent

Policy
Policy

Prev. Agn. Ref.: 4.1 of 5/19/09

District: 4

Agenda Number:

4.3

ATTACHMENTS FILED
WITH THE CLERK OF THE BOARD

BACKGROUND:

On May 19, 2009, the Board of Directors approved a Loan Agreement for the Use of Low- and Moderate-Income Housing Set-Aside Funds by and between the Redevelopment Agency for the County of Riverside ("Agency") and Coachella Valley Housing Coalition, a California nonprofit public benefit corporation ("Developer") in the amount of \$1,000,000 ("Agency Loan") for the development and construction of forty-five (45) single family homes, also known as the Valencia homes through the Developer's Mutual Self-Help Program in the community of Mecca, an unincorporated area of Riverside County ("Project").

The Agency Agreement provides that \$500,000 of the Agency Loan will be utilized for development costs associated with the development of the Project ("Project Subsidy") and \$500,000 will be utilized to provide loans directly to qualified homebuyers for the purchase of a home in the Project ("Homebuyer Subsidy"). As of the date of the Agreement, thirty-three (33) lots in the Project have been sold and are currently under construction. Twelve (12) of these lots have been sold to qualified homebuyers restricted to very-low income households. The developer has drawn \$290,757 from the Homebuyer Subsidy to assist these qualified homebuyers with a remaining balance of \$209,243.

As a result of the current declining housing market, the appraised values for the remaining twelve (12) lots in the Project have decreased substantially, thereby, creating a gap between the construction cost and value of each home. In order to address this issue the Developer has requested to shift the balance of \$209,243 from the Homebuyer Subsidy to the Project Subsidy to write down the development costs of the Project. This action will allow the remaining twelve (12) lots be sold to qualified homebuyers and move forward with construction. Therefore, a total of 25 units restricted to very-low income households will be constructed and developed and remain affordable for a period of 45 years from the certificate of occupancy.

Agency Counsel has approved the attached First Amendment as to form. Staff recommends that the Board approve the attached Amendment.

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

3 RECORDING REQUESTED BY AND
4 WHEN RECORDED MAIL TO:

5 Redevelopment Agency
6 for the County of Riverside
7 3403 10th Street, Suite 200
8 Riverside, CA 92501
9 Attn. Monica Telles

10 SPACE ABOVE THIS LINE FOR RECORDERS USE

11 **FIRST AMENDMENT TO AGREEMENT TO DEVELOP**
12 **VALENCIA HOMES IN MECCA**

13 This First Amendment ("First Amendment") is made and entered into this 23rd day of
14 February, 2010, by and between the REDEVELOPMENT AGENCY FOR THE COUNTY OF
15 RIVERSIDE ("AGENCY"), a public body, corporate and politic, and The Coachella Valley
16 Housing Coalition, a California nonprofit public benefit corporation ("DEVELOPER").

17 WITNESSETH:

18 A. AGENCY and DEVELOPER entered into an "Agreement to Develop Valencia
19 Homes in Mecca" dated as of May 19, 2009 (the "Agreement"). Capitalized terms used in this
20 First Amendment and not defined shall have the meanings set forth in the Agreement.

21 B. The Agreement relates to the development by DEVELOPER of forty-five (45)
22 residential Lots to be sold to homebuyers and developed with single-family homes, pursuant to
23 Developer's Mutual Self-Help program (the "Project").

24 C. The Project is located in the community of Mecca, an unincorporated area of the
25 County of Riverside.

26 D. Pursuant to the Agreement, DEVELOPER agreed to sell twenty-two (22) of the
27 Lots (each an "Assisted Unit") to Qualified Homebuyers. The DEVELOPER has the right
28 under the Agreement to sell the remaining twenty-three (23) Lots in the Project without any
restriction as to purchaser income eligibility.

E. Pursuant to the Agreement, AGENCY agreed to provide DEVELOPER a loan in

1 the amount of \$1,000,000 the ("Project Subsidy") in Redevelopment Low- and Moderate-
2 Income Housing Set-Aside Funds ("AGENCY Funds"). The Project Subsidy was to be used in
3 equal parts for a \$500,000 subsidy loan to the DEVELOPER (the "AGENCY Loan") and
4 \$500,000 as the "Household Subsidy" to provide loans directly to Qualified Homebuyers
5 purchasing an Assisted Unit (the "Subsidy Loans").

6 F. As of the date of this First Amendment, thirty-three (33) Lots in the Project have
7 been sold as follows: (i) Eleven (11) unrestricted Lots were sold prior to the date of the
8 Agreement; (ii) nine (9) additional unrestricted Lots were sold in accordance with the
9 Agreement; and (iii) thirteen (13) Assisted Units were sold to Qualified Homebuyers in
10 accordance with the Agreement.

11 G. As of the date of this First Amendment, the remaining twelve (12) Lots in the
12 Project have not been sold, including three (3) Lots and nine (9) Assisted Units (collectively,
13 the "12 Unsold Lots."

14 H. In connection with the Agreement, the following documents were recorded in the
15 Official Records of Riverside County: (1) the Agreement was recorded on May 22, 2009
16 against the thirty-four (34) lots which were still owned by DEVELOPER as of the date of the
17 Agreement (Instrument No. 2009-0261938); (2) the Agency Deed of Trust was executed by
18 DEVELOPER and recorded on May 22, 2009 against the thirty-four (34) lots which were still
19 owned by DEVELOPER as of the date of the Agreement (Instrument No. 2009-0261937); (3)
20 the Covenant Agreement was executed by DEVELOPER and recorded October 22, 2009
21 against the 12 Unsold Lots (Instrument No. 2009-0547729); and (4) the Notice of Affordability
22 Restrictions was recorded on October 22, 2009 against the 12 Unsold Lots (Instrument No.
23 2009-0575268).

24 I. Pursuant to Section 4(d) of the Agreement, the AGENCY has forgiven the
25 Developer's obligation to repay \$323,529.36 of the AGENCY Loan (with respect to the 9
26 unrestricted Lots and 13 Assisted Units which were sold after the date of the Agreement), so
27 that the outstanding principal balance of the AGENCY Loan is currently \$176,470.64.

28 J. The Agency has disbursed a total of \$290,757 of the AGENCY Funds as Subsidy

1 Loans to each of the 13 Qualified Homebuyers who have purchased Assisted Units, so that
2 \$209,243 of the AGENCY Funds has not yet been disbursed for Subsidy Loans.

3 K. Due to the declining housing market, the appraised value of each Lot in the
4 Project has declined so that the amount of the AGENCY Loan is no longer sufficient to pay
5 development costs of the Project; and.

6 L. The DEVELOPER is requesting that the total principal amount of the Subsidy
7 Loans be reduced by the undisbursed balance of the Subsidy Loans (\$209,243), and that such
8 undisbursed balance of the Subsidy Loans be disbursed as a grant to the DEVELOPER (the
9 "AGENCY Grant"), so that the total amount of AGENCY funds provided to the DEVELOPER
10 will be \$709,243, equal to the sum of the \$500,000 AGENCY Loan plus the \$209,243
11 AGENCY Grant.

12 M. The parties have agreed that the 3 Lots which remain unsold will be
13 characterized as Assisted Units, so that each of the remaining 12 unsold Lots will be
14 characterized as, and subject to restrictions applicable to, the Assisted Units, and the Project
15 will contain a total of 25 Assisted Units. However, as a result of this decrease in the amount of
16 the Subsidy Loan, the Qualified Homebuyers who purchase the remaining 12 Assisted Units
17 will not receive a Subsidy Loan.

18 N. The amendments described above are intended to provide AGENCY Funds
19 directly to DEVELOPER to offset the Project construction and development costs related to
20 the declining appraised value of the remaining 12 Assisted Units in the Project.

21 O. The parties desire to amend the Agreement on the terms set forth herein.

22 NOW, THEREFORE, in consideration of the foregoing, and the promises and mutual
23 covenants and conditions hereinafter set forth, the AGENCY and OWNER do hereby agree as
24 follows:

25 1. Section 1 of the Agreement is deleted and replace in its entirety with the
26 following;

27 1. PURPOSE. The AGENCY agrees to provide One Million Dollars
28 (\$1,000,000) of Redevelopment Low- and Moderate-Income Housing

1 Set-Aside Funds to DEVELOPER upon the term and conditions set forth
2 herein.

3 a. The AGENCY agrees to provide to DEVELOPER a total of
4 Seven Hundred Nine Thousand Two Hundred Forty Three Dollars
5 (\$709,243), consisting of the \$500,000 AGENCY Loan and the
6 \$209,243 AGENCY Grant. The AGENCY has already forgiven
7 the DEVELOPER's obligation to repay \$323,529.36 of the
8 AGENCY Loan, so that the outstanding principal balance of the
9 AGENCY Loan is currently \$176,470.64. DEVELOPER
10 promises and agrees to undertake and assist with the AGENCY
11 activities by utilizing such AGENCY Funds for development
12 costs associated with the Project, as specifically identified in
13 Revised Exhibit "A", which is attached hereto and by this
14 reference incorporated herein, for the following project: "Valencia
15 Homes".

16 b. The AGENCY agrees to provide an additional Two Hundred
17 Ninety Thousand Seven Hundred Fifty Seven Dollars (\$290,757)
18 of AGENCY Funds to be allocated among and loaned directly to
19 13 Qualified Homebuyers, as defined herein, upon the terms and
20 conditions set forth herein (hereinafter referred to as the "Subsidy
21 Loans").

22 c. The remaining 12 Qualified Homebuyers will not receive a
23 Subsidy Loan.

24 2. Section 4(d) of the Agreement is deleted and replaced in its entirety with the
25 following:

26 d. Repayment. \$323,529.36 of the principal balance of the AGENCY
27 Loan has been forgiven at the time of the initial sale of the 22 Lots in the Project
28 (of the 33 Lots which have been sold). 1/12th of the current principal balance of

1 the AGENCY Loan of \$176,470.64, or \$14,705.89, will be forgiven at the time
2 of the sale of each of the remaining 12 Assisted Units in the Project. The
3 DEVELOPER shall have no obligation to repay the AGENCY Grant.

4 3. Section 5 of the Agreement is amended by revising the first sentence of that
5 section to read as follows:

6 “The AGENCY shall provide, or cause to be provided, the Subsidy Loans
7 to the first 13 Qualified Homebuyers according to the terms of this
8 Section 5. The remaining 12 Qualified Homebuyers shall not receive a
9 Subsidy Loan and shall not be subject to the provisions of Subsections a,
10 c or d of this Section 5 or any other provisions of this Agreement
11 pertaining to Subsidy Loans; however, all Qualified Homebuyers shall be
12 required to comply with the requirements of Section 5.b.”

13 4. Section 5.b of the Agreement is amended in its entirety to read as follows:

14 Concurrently with the initial sale of each Assisted Unit, each Qualified
15 Homebuyer will execute and record against such Assisted Unit (i) a
16 Covenant Agreement imposing affordability requirements on the Assisted
17 Unit for the Affordability Term, as shown in revised Exhibit “E” to this
18 First Amendment, (ii) a deed of trust securing the Qualified Homebuyer’s
19 obligations under the Covenant Agreement, as shown on revised Exhibit
20 “D” to this First Amendment (the “Homebuyer Deed of Trust”), and (iii)
21 a Notice of Affordability Restrictions in the form attached as Exhibit “G”
22 to the Agreement. The Covenant Agreement and the Homebuyer Deed of
23 Trust shall each be and remain in a junior position subordinate to
24 documents recorded in connection with acquisition/permanent financing
25 for the Assisted Unit.

26 5. Section 20 of the Agreement is amended by revising the first sentence of that
27 section to read as follows:

28 DEVELOPER agrees to transfer each Lot to a homebuyer in order to

1 develop and construct a total of approximately 45 single family units, and
2 to set-aside twenty-five (25) of those units for very low-income
3 households.

4 6. Section 21 of the Agreement is amended in its entirety to read as follows:

5 21. QUALIFIED HOMEBUYER: Qualified Homebuyer means (i) a
6 low or very low-income household, or (ii) with respect to the resale of
7 any of the 12 Unsold Lots, a household whose income does not exceed
8 120% of area median income, adjusted for household size; which
9 household shall be subject to the Covenant Agreement; and intends to
10 own and occupy the unit as their principal residence for the duration of
11 the Affordability Term and pays no more than an Affordable Housing
12 Cost at the time of purchase as defined in Section 22.

13 7. Section 22 of the Agreement is amended in its entirety to read as follows:

14 AFFORDABLE HOUSING COST: All Assisted Units shall be sold to
15 Qualified Homebuyers at an Affordable Housing Cost. The Affordable
16 Housing Cost is the maximum monthly housing cost that a household in a
17 certain income group should pay as set forth in California Health and
18 Safety Code Section 50052.5(b)(2), (b)(3) or b(4), as shown in Exhibit
19 "F" to the Agreement.

20 8. This First Amendment shall be recorded against each of the 12 Unsold Lots
21 which are owned by DEVELOPER as of the date of this First Amendment, a
22 legal description of which is attached hereto as Exhibit "H", each of which is
23 also an Assisted Unit. Upon the sale of each of the remaining Assisted Units, the
24 Agreement, the Agency Deed of Trust, the Covenant Agreement and the Notice
25 of Affordability Restrictions, each as described in Recital H to this First
26 Amendment, and this First Amendment, shall each be reconveyed from such
27 Assisted Unit, and the Agency Deed of Trust, the Covenant Agreement and the
28 Notice of Affordability Restrictions shall be terminated. The parties agree to

1 execute and record any documents necessary to effect such termination and
2 reconveyance. Notwithstanding the reconveyance of the Agreement and this
3 First Amendment, DEVELOPER shall be obligated to comply with the
4 provisions of the Agreement and this First Amendment until such time as a
5 certificate of occupancy has been issued for each of the 45 single-family homes
6 in the Project. This section shall not affect the obligations of each Qualified
7 Homebuyer to record a Covenant Agreement, a Homebuyer Deed of Trust and a
8 Notice of Affordability Restrictions against an Assisted Unit at the time of the
9 purchase of such Assisted Unit, as provided in Section 4 of this First
10 Amendment.

11 9. Exhibit "A" of the Agreement is hereby replaced with revised Exhibit "A" of this
12 First Amendment.

13 10. Each of the attachments and exhibits attached hereto are incorporated herein by
14 this reference

15 11. All other terms and conditions of the Agreement remain unmodified and in full
16 force and effect.

17 12. This First Amendment may be signed by the different parties hereto in
18 counterparts, each of which shall be an original but all of which together shall
19 constitute one and the same agreement.

20 13. The effective date of this First Amendment is the date the parties execute this
21 First Amendment. If the parties execute this First Amendment on more than one
22 date, then the last date this First Amendment is executed by a party shall be the
23 effective date.

24 END OF AGREEMENT
25 SIGNATURES ON NEXT PAGE
26
27
28

1 IN WITNESS WHEREOF, AGENCY and OWNER have executed this First Amendment as of
2 the date first above written.

3
4
5 REDEVELOPMENT AGENCY
6 FOR THE COUNTY OF RIVERSIDE

COACHELLA VALLEY
HOUSING COALITION
a California nonprofit public benefit corporation

7
8 By: _____
9 MARION ASHLEY
10 Chairman, Board of Directors

By: _____
JOHN F. MEALEY
Executive Director

11
12 APPROVED AS TO FORM:

13 PAMELA J. WALLS
14 Agency Counsel

15
16  2/9/10
Deputy, Michelle Clack

17
18 ATTEST:

19 KECIA HARPER-IHEM
20 Clerk of the Board

21
22 By: _____
Deputy

23
24
25 **(All signatures on this page need to 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

REVISED EXHIBIT "A"

Developer: Coachella Valley Housing Coalition

Address: 45-701 Monroe Street, Suite G

Indio, CA 92201

Project Title: Valencia Homes

Location:

The project site is approximately 6.32 acres in the unincorporated community of Mecca within Riverside County boundaries and located east of Dale Kiler Road, west of Johnson Street, north of 7th Street and south of 65th Avenue. The Assessor Parcel Number is 727-112-015.

Property A:

Lots 8 through 11 and lots 16 through 41 of Tract No. 34120, in the County of Riverside, State of California, as shown on map recorded in Book 431, pages 16, 17, and 18 of maps, in the office of the County Recorder of said county.

Property B:

Lots 1 through 4 of Tract No. 34612, in the County of Riverside, State of California, as shown on map recorded in Book 226, pages 84 through 85 of maps, in the office of the County Recorder of said county.

Description:

The Coachella Valley Housing Coalition (CVHC) is proposing to use up to \$1,000,000 in Redevelopment Housing Set-Aside funds in the following manner: \$709,243 (consisting of a \$500,000 loan and a \$209,243 grant) will be used for the construction of infrastructure improvements for a self-help development of single family homes for low-income families in the unincorporated community of Mecca. An additional \$290,757 will be used to provide mortgage financing to the qualified purchasers of 13 of the 25 Assisted Units. The proposed development, identified as Valencia Homes, consists of approximately 2 three-bedroom homes and approximately 43 four-bedroom homes. The three-bedroom homes are approximately 1,280 square feet and the four-bedroom homes are approximately 1,320 square feet. A total of approximately 45 single family homes will be located on approximately 6.32 acres of vacant land and built through CVHC's Mutual Self-Help Program. The program's method of construction enables groups of qualified low-income families to become first-time homeowners by requiring each family to contribute in the building of each others' homes under the skilled supervision of the DEVELOPER'S construction supervisors. Families working together earn "sweat equity" towards the down payment of their homes.

Twenty five (25) of the units in the Project (the "Assisted Units") shall be limited to very low income households whose incomes do not exceed fifty percent (50%) area median income for the County, adjusted by family size at the time of occupancy, for a period of 45 years from the issuance of Certificate of Occupancy for each such Assisted Unit.

Project Permanent Sources and Uses of Fund:

Sources:

USDA Section 502	\$ 5,835,493
County of Riverside	\$ 709,243
FWHG	\$ 500,000
AHP	\$ 450,000
Buyer Sweat Equity	\$ 48,300
County of Riverside RDA Loan 45 yrs @ 0%	\$ 290,757
Total Sources	\$ 7,833,793

Uses:

Public Utility Connection Costs	\$ 417,413
Construction Cost	\$ 3,881,708
Closing Costs	\$ 112,500
Labor (Self-Help)	\$ 48,300
Land & Acquisition Cost	\$ 3,284,100
City Permits	\$ 89,772
Total Uses	\$ 7,833,793

IMPLEMENTATION SCHEDULE (1)

Milestone	Completion Date
a. Site Plan	December 1, 2008
b. Zone Change	December 1, 2008
c. Design Review	December 1, 2008
d. Site Plan Review	December 1, 2008
e. Parcel Map	January 1, 2009
f. Building Permit & Permanent Financing Commitment	March 1, 2009
g. Families Selected	March 1, 2009
h. Construction Begins	April 1, 2009
i. Notice of Completion recorded w/copy to EDA (Last Assisted Unit)	May 1, 2012
j. Transfer of Title for all homes (Last Assisted Unit)	May 1, 2012
k. Submission of Final actual project costs and Sources & Uses of Funds	December 1, 2012

DOCUMENT SUBMISSION SCHEDULE

1. Construction Activities Reporting	Monthly, due by the 5 th
2. Detailed Report of Qualified Homebuyer	Monthly, due by the 5 th

DOCUMENT SUBMISSION SCHEDULE

1. Project Progress Reporting	Monthly, due by the 25 th of each month
1. Liability and Certificate of Workers' Compensation Insurance for	At the execution of this Agreement. Copies of Certificates must be filed and up-to-date throughout the course of the Project with the Agency additionally insured.
2. Project Site Photos	Bimonthly, due by the 5 th of each month
3. Notice of Completion	End of Construction
4. Certificate of Occupancy	If applicable, end of construction
5. Project Completion Report	Close of Project
6. Final Development Cost - Sources and Uses	Close of Project
7. Final Cost Certification by CPA	Close of Project and Audits Completed

Revised Exhibit “D”

Home Buyer Deed of Trust to be Recorded Against the 12 Unsold Lots

NO FEE FOR RECORDING PURSUANT
TO GOVERNMENT CODE SECTION 6103

RECORDING REQUESTED BY AND
WHEN RECORDED MAIL TO:

Redevelopment Agency
for the County of Riverside
3403 10th Street, Suite 200
Riverside, CA 92501
Attention: Monica Telles
Project: Valencia Homes

Loan Number:

SPACE ABOVE THIS LINE FOR RECORDERS USE

SUBORDINATE DEED OF TRUST

THIS SUBORDINATE DEED OF TRUST ("Security Instrument") is made this ___ day of _____, among the Trustor(s), _____ (herein "BORROWER"), RIVERSIDE COUNTY ECONOMIC DEVELOPMENT AGENCY (herein "Trustee"), and the Beneficiary, who is the Redevelopment Agency for the County of Riverside, a public agency (herein "LENDER").

BORROWER, in consideration of the indebtedness herein recited and the trust herein created, irrevocably grants and conveys to Trustee, in trust, with the power of sale, the following described property located in the County of Riverside, State of California:

LEGAL DESCRIPTION:

[insert legal description of Lot]

which has the address of _____ (Herein "Property Address").

TOGETHER with all the improvements now or hereafter erected on the property, and all easements, rights, appurtenances and rents (subject however to the rights and authorities given herein to LENDER to collect and apply such rents), all of which shall be deemed to be and

remain a part of the property covered by this Security Instrument; and all of the foregoing, together with said property (or the leasehold estate if this Security Instrument is on a leasehold) are hereinafter referred to as the "Property."

TO SECURE to LENDER the Borrower's performance of its obligations under the "Agreement Containing Covenants Affecting Real Property" dated _____ (herein "Covenant Agreement"), including but not limited to the Borrower's obligation under the Covenant Agreement to sell the Property to a Qualified Homebuyer for the affordability period of forty five (45) years from the date of issuance of a certificate of occupancy.

The BORROWER obtained financing (The "Senior Financing") from

[Insert Lenders' Full Address], (collectively, the "Senior Lender"), which financing is secured by senior Deed of Trust liens or other agreements recorded against the Property.

BORROWER covenants that BORROWER is lawfully seized of the estate hereby conveyed and has the right to grant and convey the Property, and except for the Senior Financing and other encumbrances of record acceptable to the Senior Lien Holder, that the Property is unencumbered. BORROWER warrants and will defend generally the title to the Property against all claims and demands, subject to encumbrances of record.

UNIFORM COVENANTS. BORROWER and LENDER covenant and agree as follows:

- 1) **Performance of Obligations.** BORROWER shall perform all obligations contained in the Covenant Agreement. Upon the expiration of the forty-five (45) year affordability period defined in the Section 2, the Borrower's obligations under the Covenant Agreement will be fully forgiven. This Deed of Trust secures only such performance, and not the repayment of any monetary obligation of Borrower, except as expressly provided herein..
- 2) **Affordability Period.** The affordability period for this Security Instrument is forty-five (45) years from the date of Certificate of Occupancy for the home to be constructed on the Property, even if the home has not been sold during that period.

3) **Sale Restriction.** At or prior to the opening of escrow for the sale of the Assisted Unit, the BORROWER shall submit to the LENDER those documents described in the Covenant Agreement verifying the prospective homebuyer's income, assets, and household composition, as well as other financial information in a form approved by LENDER and a copy of the underwriting analysis provided by any lender making a loan on the Assisted Unit. Within ten (10) business days of receipt of such documentation, the LENDER shall make a determination of whether the proposed purchaser is a Qualified Homebuyer, and shall so notify the BORROWER. Should the LENDER determine that the proposed purchaser is not a Qualified Homebuyer, then the BORROWER may not sell the Assisted Unit to the proposed purchaser and must identify another proposed purchaser in accordance with this Agreement. BORROWER shall submit all requests to the Redevelopment Agency for the County of Riverside, 3403 10th Street, Suite 200, Riverside, CA 92501 Attention: Emilio Ramirez.

4) **Funds for Taxes and Insurance.**

a) Subject to applicable law and if required by any Senior Lien Holder, BORROWER shall pay to the Senior Lien Holder a sum (herein "Funds") equal to (a) yearly taxes and assessments (including condominium and planned unit development assessments, if any) which may attain priority over this Security Instrument, and ground rents on the Property, if any; (b) yearly leasehold payments or ground rents on the Property, if any; (c) yearly premium installments for hazard insurance; (d) yearly premium installments for mortgage insurance, if any, that are reasonably estimated initially and from time to time by the Senior Lien Holder on the basis of assessments and bills and reasonable estimates thereof. If there is no Senior Lien Holder, BORROWER is to make all payments for taxes and insurance to the LENDER. BORROWER shall not be obligated to make such payments to the holder of a prior mortgage or Deed of Trust if such holder is an institutional LENDER. Said payments shall be made on the first day of each month commencing on the date of first payment.

b) If BORROWER pays Funds to LENDER, the Funds shall be held in an institution the deposits or accounts of which are insured or guaranteed by a federal or state agency. LENDER shall apply the Funds to pay said taxes, assessments, insurance premiums and ground rents. LENDER may not charge for so holding and applying the Funds, analyzing said account or verifying and compiling said assessments and bills, unless LENDER pays BORROWER interest on the Funds and applicable law permits LENDER to make such a charge. BORROWER and

LENDER may agree in writing at the time of execution of this Security Instrument that interest to be paid, LENDER shall not be paid to BORROWER, and unless such agreement is made or applicable law requires such interest to be paid, LENDER shall not be required to pay BORROWER any interest or earnings on the Funds. LENDER shall give to BORROWER, without charge, an annual accounting of the Funds showing credits and debits to the Funds and the purpose for which each debit to the Funds was made. The Funds are pledged as additional security for the sums secured by this Security Instrument.

c) If the amount of the Funds held by LENDER, together with the future monthly installments of Funds payable prior to the due dates of taxes, assessments, insurance premiums and ground rents exceed the amount required to pay said taxes, assessments, insurance premiums and ground rents as they fall due, such excess shall be, at BORROWER's option, either promptly repaid to BORROWER or credited to BORROWER on monthly installments of Funds. If the amount of the Funds held by LENDER shall not be sufficient to pay taxes, assessments, insurance premiums and ground rents as they fall due, BORROWER shall pay to LENDER any amount necessary to make up the deficiency in one or more payments as LENDER may require.

d) Upon performance in full of all obligations secured by this Security Instrument, LENDER shall promptly refund to BORROWER any Funds held by LENDER.

5) **Prior Mortgages and Deeds of Trust; Charges; Liens.** BORROWER shall perform all of BORROWER's obligations under any mortgage, Deed of Trust or other security agreement with a lien which has priority over this Deed of Trust, including BORROWER's covenants to make payments when due. BORROWER shall pay or cause to be paid all taxes, assessments and other charges, fines and impositions attributable to the Property, which may attain a priority over this Security Instrument and leasehold payments or ground rents, if any.

6) **Subordination.**

a) LENDER and BORROWER acknowledge and agree that this Security Instrument and the Covenant Agreement are each subject and subordinate in all respects to the liens, terms, covenants and conditions of the Senior Financing and to all advances heretofore made pursuant to the Senior Financing including all sums advanced for the purpose of (a) protecting or further securing the lien of the Senior Financing, curing defaults by the BORROWER under the Senior Financing or for any other purpose expressly permitted by the Senior Financing or (b) constructing, renovating, repairing, furnishing, fixtures or equipping the Property. The terms and

provisions of the Senior Financing are paramount and controlling, and they supersede any other terms and provisions herein conflict therewith. In the event of a foreclosure under the Senior Financing, any other provisions in any other collateral agreement restricting the use of the Property to low or moderate income households or otherwise restricting the BORROWER's ability to sell the Property shall have no further force or effect on subsequent owners or purchasers of the Property, any person, including his/her successors or assignees (other than the BORROWER or a related entity of the BORROWER), receiving title to the Property through a foreclosure or deed in lieu of foreclosure of the Senior Financing shall receive title to the Property free and clear from such restrictions. The restrictions will automatically terminate if title to the mortgaged property is transferred by foreclosure or deed-in-lieu of foreclosure, or if the mortgage is assigned to the Secretary of the United States Department of Housing and Urban Development (HUD).

b) Further, if the Senior Lender acquires title to the Property pursuant to a deed in lieu of foreclosure, the lien of the Security Instrument shall automatically terminate upon the Senior Lender's acquisition of title, provided that (1) the Lender has been given written notice of a default under the Senior Financing and (2) the Lender shall not have cured the default under the Senior Financing, or diligently pursued curing the default as determined by the Senior Financing, within the 60-day period provided in such notice sent to the Lender.

7) **Hazard Insurance.**

a) BORROWER shall keep the improvements now existing or hereafter erected on the Property insured against loss by fire, hazards included within the term "extended coverage," and such other hazards, including floods or flooding. This insurance shall be maintained in the amounts and for the periods that the Senior Lien Holder and/or the Lender may require and in such amounts and for such periods as the Senior Lien Holder and the Lender may require.

b) The insurance carrier providing the insurance shall be chosen by BORROWER. All insurance policies and renewals thereof shall include a standard mortgage clause in favor of and in a form acceptable to LENDER. LENDER shall have the right to hold the policies and renewals thereof, subject to the terms of any mortgage, deed of trust or other security agreement with a lien, which has priority over this Security Instrument. All original policies of insurance required pursuant to the Senior Financing shall be held by the Senior Lien Holder; provided, however, LENDER may be named as a loss payee as its interest may appear and may be named

as an additional insured. If LENDER requires, BORROWER shall promptly give to LENDER copies of all receipts of paid premiums and renewal notices. In the event of loss, BORROWER shall give prompt notice to the insurance carrier, the Senior Lien Holder and the LENDER. LENDER may make proof of loss if not made promptly by the Senior Lien Holder or the BORROWER.

c) Unless LENDER and BORROWER otherwise agree in writing, insurance proceeds shall be applied to restoration or repair of the Property damaged, if the restoration or repair is economically feasible, or LENDER's security would be lessened, the insurance proceeds shall be applied to the sums secured by this Security Instrument, whether or not then due, with any excess paid to BORROWER.

d) If the Property is abandoned by BORROWER, or if the 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 Security Instrument.

e) 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 Holder to collect and apply such proceeds in accordance with the Senior Financing.

8) **Occupancy, Preservation and Maintenance and Protection of the Property.** BORROWER shall occupy, establish, and use the Property as the BORROWER's principal residence and shall keep the Property in good repair and shall not commit waste or permit impairment or deterioration of the Property and shall comply with the provisions of any lease if this Deed of Trust is on a leasehold.

9) **Protection of LENDER's Security.**

a) If BORROWER fails to perform the covenants and agreements contained in this Security Instrument, or if any legal action or proceeding is commenced which materially affects LENDER's interest in the Property, then LENDER, at LENDER's option, upon notice to BORROWER, may make such appearances, disburse such sums, including reasonable attorneys' fees, and take such action as is necessary to protect LENDER's interest. LENDER's actions may include paying any sums secured by a lien, which has priority over this Security Instrument.

b) Any amounts disbursed by LENDER pursuant to this paragraph 7 shall become indebtedness of BORROWER secured by this Security Instrument. Unless BORROWER and LENDER agree to other terms of payment, such amounts shall be payable upon notice from LENDER to BORROWER requesting payment thereof. Nothing contained in this paragraph 7 shall require LENDER to incur any expense or take any action hereunder.

c) Prior to taking any actions, LENDER shall notify the Senior Lien Holder and shall provide the Senior Lien Holder with opportunity to cure a default hereunder advanced by the Senior Lien Holder and shall be secured by the Senior Financing. The Senior Lender shall have the right to exercise all rights and remedies under the Senior Financing.

10) **Omitted**

11) **Inspection.** LENDER or its agent may make or cause to be made reasonable entries upon and inspections of the Property, provided that LENDER shall give BORROWER notice prior to any such inspection specifying reasonable cause therefore related to LENDER's interest in the Property.

12) **Omitted**

13) **BORROWER Not Released; Forbearance by LENDER Not a Waiver.** Extension of the time for performance of the obligations secured by this Security Instrument granted by LENDER to any successor in interest of BORROWER shall not operate to release, in any manner, the liability of the original BORROWER and BORROWER's successors in interest. LENDER shall not be required to commence proceedings against such successor or refuse to extend time for payment or otherwise modify the sums secured by this Security Instrument by reason of any demand made by the original BORROWER and BORROWER's successors in interest. Any forbearance by LENDER in exercising any right or remedy hereunder, or otherwise afforded by applicable law, shall not be a waiver of or preclude the exercise of any such right or remedy.

14) **Successors and Assigns Bound; Joint and Several Liability; Co-signers.** The covenants and agreements herein contained shall bind, and the rights hereunder shall inure to, the respective successors and assigns of LENDER and BORROWER. All covenants and agreements of BORROWER shall be joint and several.

15) **Notices.** Except for any notice required under applicable law to be given in another manner, (a) any notice to BORROWER provided for in this Security Instrument shall be given by

delivering it or by mailing such notice by certified mail addressed to BORROWER at the Property Address or at such other address as BORROWER may designate by notice to LENDER as provided herein, and (b) any notice to LENDER shall be given by certified mail to LENDER's address stated herein. Any notice provided for in this Security Instrument shall have been given to BORROWER or LENDER when given in the manner designated herein. Any notices required to be given to the Senior Lien Holders shall be given by first class mail to the following addressees:

UNITED STATES OF AMERICA acting through the Rural Housing Service Agency or its successor agency
P.O. Box 66876 Saint Louis, MO 63166

Joe Serna, Jr. Farmworker Housing Grant Program
Department of Housing and Community Development
Rafael Galvan
1800 Third Street, Room 390-3
Sacramento, CA 95814

Department of Housing & Community Development
Division of Community Affairs
CalHOME Program
Rick Gadberry
1800 Third Street, Room 410
Sacramento, CA 95814

Bank of America, N.A.
Matthew Paoni
Community Development Banking
555 California Street - 6th Floor
San Francisco, CA 94104

or such other address any Senior Lien Holder designates by notice to the BORROWER.

16) **Governing Law; Severability.** The state and local laws applicable to this Security Instrument shall be the laws of the jurisdiction in which the Property is located. The foregoing sentence shall not limit the applicability of federal law to this Security Instrument. In the event that any provision or clause of this Security Instrument or the Covenant Agreement conflicts with applicable law, such conflict shall not affect other provisions of this Security Instrument or the Covenant Agreement which can be given effect without the conflicting provision, and to this end

the provisions of this Security Instrument and the Covenant Agreement are declared to be several. As used herein, "costs," "expenses" and "attorneys' fees" include all sums to the extent not prohibited by applicable law or limited herein.

17) **BORROWER's Copy.** BORROWER shall be furnished a conformed copy of the Covenant Agreement and Security Instrument at the time of execution or after recordation hereof.

18) **Transfer of the Property or a Beneficial Interest in BORROWER.**

Except for a conveyance to the Trustee under the Senior Financing or a transfer permitted under the Covenant Agreement, if all or any part of the Property or any interest in it is sold or transferred in violation of the Covenant Agreement, Lender may exercise all remedies available hereunder or under the Covenant Agreement. The Lender shall not exercise this option if federal law as of the date of this Security Instrument prohibits the exercise.

19) **BORROWER's Right to Reinstate.**

a) 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) five (5) days before the 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) cures any default of any other covenants or agreements; (b) pays all expenses incurred in enforcing this Security Instrument, including, but not limited to reasonable attorneys' fees; and (c) 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 obligations under the Covenant Agreement 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.

b) Notwithstanding, LENDER's right to invoke any remedies hereunder, as provided in Section 7 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 Holder at least 60 days prior written notice.

c) The BORROWER and the Lender agree that whenever the Covenant Agreement or this Security Instrument gives the Lender the right to approve or consent with respect to any matter affecting the Property or otherwise, and a right of approval or consent with regard to the same matter is also granted to the Senior Lender pursuant to the Financing, the Senior Lender's

approval or consent or failure to approve or consent, as the case may be, shall be binding on the BORROWER and the Lender.

20) **Omitted**

21) **No Assignment.** Until the Senior Financing has been satisfied in full, LENDER and the BORROWER agree that the Covenant Agreement and the Security Instrument will not be assigned without the Senior Lender's prior written consent.

22) **Hazardous Substances.**

a) 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 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 and to maintenance of the Property.

b) BORROWER shall promptly give 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 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, BORROWER shall notify the Senior Lender that such remedial action is necessary and shall obtain the Senior Lender's prior written consent for such remedial action.

c) As used in this Section, "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.

d) As used in this Section, "Environmental Law" means federal laws and the laws of the jurisdiction where the Property is located that relate to health, safety and environmental protection.

NON-UNIFORM COVENANTS. BORROWER and LENDER further covenant and agree as follows:

23) **Remedies.**

a) Upon BORROWER's breach of any covenant or agreement of BORROWER in this Deed of Trust, including the covenants to pay when due any sums secured by this Security Instrument, LENDER prior to exercising any remedies shall give notice to BORROWER as provided in Section 13 hereof specifying: (1) the breach; (2) the action required to cure such breach; (3) a date, not less than 30 days from the date of notice is mailed to BORROWER (and with respect to the Senior Lender, 60 days from the date the notice is given to the Senior Lender), by which such breach must be cured; and (4) that failure to cure such breach 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 nonexistence of a default or any other defense of BORROWER to acceleration and sale. If the breach is not cured on or before the date specified in the notice, and the Senior Lien Holder has not exercised its right to cure the breach, then LENDER, at LENDER's option, may declare the BORROWER in default hereunder and may invoke the power of sale and acceleration of the sums secured by this Security Instrument and sale of the Property.

b) Notwithstanding LENDER's right to invoke any remedies hereunder, 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 Lender at least 60 days prior written notice. LENDER shall be entitled to collect all expenses incurred in pursuing the remedies, including, but not limited to, reasonable attorneys' fees and costs of title evidence.

c) If LENDER invokes the power of sale, LENDER shall execute or cause Trustee to execute a written notice of the occurrence of an event of default and of LENDER's election to cause the Property to be sold and shall cause such notice to be recorded in each county in which the Property or some part thereof is located. LENDER or Trustee shall mail copies of such notice in the manner prescribed by applicable law. Trustee shall give public notice of sale to the persons and in the manner prescribed by applicable law. After the lapse of such time as may be required by applicable law, Trustee, without demand on BORROWER, shall sell the Property at public auction to the highest bidder at the time and place and under the terms designated in the notice of sale in one or more parcels and in such order as Trustee may determine. Trustee may postpone sale of all or any parcel of the Property by public announcement at the time and place

of any previously scheduled sale. LENDER or LENDER's designee may purchase the Property at any sale.

d) Trustee shall deliver to the purchaser Trustee's deed conveying the Property so sold 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 reasonable costs and expenses of the sale, including, but not limited to, reasonable Trustee's and attorneys' fees and costs of title evidence; (b) to all sums secured by this Security Instrument; and (c) the excess, if any, to the person or persons legally entitled thereto.

24) **Omitted**

25) **Reconveyances.** Upon performance or forgiveness of all obligations secured by this Security Instrument, LENDER shall request Trustee to reconvey the Property and shall surrender this Security Instrument and the Covenant Agreement to the Trustee. Trustee shall reconvey this Deed of Trust without warranty and without charge to the person or persons legally entitled thereto. Such person or persons shall pay all costs of recordation, if any.

26) **Substitute Trustee.** LENDER, at LENDER's option, may from time to time appoint a successor trustee to any Trustee appointed hereunder by an instrument executed and acknowledged by LENDER and recorded in the office of the recorder of the county where the Property is located. The instrument shall contain the name of the original LENDER, Trustee and BORROWER, the book and page where this instrument is recorded and the name and address of the successor trustee. The successor trustee shall, without conveyance of the Property, succeed to all the title, powers and duties conferred upon the Trustee herein and by applicable law. This procedure for substitution of Trustee shall govern to the exclusion of all other provisions for substitution.

27) **Modification of First Deed of Trust Loan Documents.** The Lender consents to any agreement or arrangement in which the Senior Lien Holder waives, postpones, extends, reduces or modifies any provisions of the First Deed of Trust documents, including provisions requiring the payment of money.

END OF AGREEMENT
SIGNATURES ON NEXT PAGE

BY SIGNING BELOW, the BORROWER accepts and agrees to the terms and covenants contained in this Security Instrument.

BORROWER

Date

Signatures must be notarized.

Revised Exhibit “E”

Covenant Agreement

NO FEE FOR RECORDING PURSUANT
TO GOVERNMENT CODE SECTION 6103
RECORDING REQUESTED BY AND
WHEN RECORDED MAIL TO:

Redevelopment Agency
for the County of Riverside
3403 10th Street, Suite 200
Riverside, CA 92501
Attn. Monica Telles
Project: Valencia Homes

SPACE ABOVE THIS LINE FOR RECORDERS USE

**AGREEMENT CONTAINING COVENANTS
AFFECTING REAL PROPERTY**

[insert property address]

THIS AGREEMENT is made this _____ day of _____ 2010, by and between the REDEVELOPMENT AGENCY FOR THE COUNTY OF RIVERSIDE, a public body, corporate and politic (hereinafter referred to as "AGENCY") and _____ (hereinafter referred to as "OWNER"), with respect to the following recitals:

RECITALS

A. On _____, AGENCY and The Coachella Valley Housing Coalition ("DEVELOPER") entered into that certain Agreement to Develop (the "Agreement") with the purpose of developing and constructing single family homes for very low-income families using the DEVELOPER'S Mutual Self-Help Program. The program's method of construction enables groups of qualified families to become first-time homeowners by requiring each family to contribute in the building of each others' homes under the skilled supervision of DEVELOPER'S construction supervisors. A total of 45 single family homes, including 22 homes for low-income families, will be built and located on approximately 6.32 acres of vacant land.

B. The parcel described below (the "Property") together with the home to be

constructed on the Property is one of the "Assisted Units" as defined in the Agreement and as specifically identified and described by the following legal description:

LEGAL DESCRIPTION OF THE PROPERTY:

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

LOT XXXX OF XXXX TRACT, UNIT NO. XXXX, IN THE COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, AS SHOWN BY MAP ON FILE IN BOOK XXXX, PAGE(S) XXXX, OF MAPS, RECORDS OF RIVERSIDE COUNTY

C. Pursuant to the Agreement to Develop, DEVELOPER has agreed to require OWNER to restrict the sale and occupancy of the Assisted Unit.

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

1) RESTRICTIONS. For a period of forty-five (45) years from the date of issuance of a certificate of occupancy for the Assisted Unit (the "Affordability Period"), OWNER, for itself and on behalf of its successors and assigns with regard to such Assisted Unit, the following:

- a) OWNER shall sell the Assisted Unit for an affordable housing cost, as defined in California Health & Safety Code Sections 50052.5(b)(2), (b)(3) or b(4), as applicable, which dictate that the "affordable housing cost" shall not exceed the product of thirty percent (30%) times fifty percent (50%) of the area median income adjusted for family size appropriate for the unit.

- b) OWNER shall reserve this Assisted Unit for a household whose income does not exceed 120% of area median income, adjusted for household size (a "Qualified Homebuyer").
- c) At or prior to the opening of escrow for the sale of the Assisted Unit, the BORROWER shall submit to the LENDER (1) copies of tax returns filed by the prospective purchaser for the past three calendar years, (2) a completed purchaser verification form, in the form attached hereto as Attachment 1, and (3) a copy of the underwriting analysis provided by any lender making a loan on the Assisted Unit. Within ten (10) business days of receipt of such documentation, the LENDER shall make a determination of whether the proposed purchaser is a Qualified Homebuyer, and shall so notify the BORROWER. Should the LENDER determine that the proposed purchaser is not a Qualified Homebuyer, then the BORROWER may not sell the Assisted Unit to the proposed purchaser and must identify another proposed purchaser in accordance with this Agreement. BORROWER shall submit all requests to the Redevelopment Agency for the County of Riverside, 3403 10th Street, Suite 200, Riverside, CA 92501 Attention: Emilio Ramirez.

2) MAINTENANCE OF THE IMPROVEMENTS. OWNER, on behalf of itself and its successors, assigns, and each successor in interest to the Assisted Unit or any part thereof hereby covenants to and shall protect, maintain, and preserve Assisted Unit in compliance with all applicable federal and state law and regulations and local ordinances.

3) 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, OWNER hereby grants to AGENCY a right of ingress and egress over and across the Assisted Unit 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 OWNER

(or its successors or assigns of or successors in interest to the Assisted Unit 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 following reasonable prior notice to the OWNER 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 such Assisted Unit, or to assess the Assisted Unit, in the amount of the expenditures arising from such acts and work of protection, maintenance, and preservation by OWNER arising from the enforcement of the covenants set forth in Sections 1 and 2 hereof. OWNER 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 OWNER to comply with its obligations.

4) NONDISCRIMINATION. OWNER 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 Assisted Unit, nor shall OWNER 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 Assisted Unit. The foregoing covenants shall run with the land. OWNER shall refrain from restricting the sale of the Assisted Unit 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.”

The foregoing covenants against discrimination or segregation shall continue in effect in perpetuity.

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:

AGENCY

Executive Director
Redevelopment Agency
For the County of Riverside
3403 10th Street, Suite 200
Riverside, CA 92501

OWNER

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) SUBORDINATION.

(a) The parties acknowledge and agree that this Covenant Agreement is and shall be subject and subordinate in all respects to the liens, terms, covenants and conditions of the deed(s) of trust or other documents securing mortgage financing for the Assisted Unit (collectively, the "Senior Financing") and to all advances heretofore made pursuant to the Senior Financing including all sums advanced for the purpose of (i) protecting or further securing the lien of the Senior Financing, curing defaults by the borrower under the Senior Financing or for any other purpose expressly permitted by the Senior Financing or (ii) constructing, renovating, repairing, furnishing, fixtures or equipping the Assisted Unit. The terms and provisions of the Senior Financing are paramount and controlling, and they supersede any other terms and provisions herein conflict therewith. In the event of a foreclosure under the Senior Financing, any other provisions in any other collateral agreement restricting the use of the Property to low or moderate income households or otherwise restricting the OWNER's ability to sell the Property shall have no further force or effect on

subsequent owners or purchasers of the Assisted Unit, any person, including his/her successors or assignees (other than the OWNER or a related entity of the OWNER), receiving title to the Property through a foreclosure or deed in lieu of foreclosure of the Senior Financing shall receive title to the Property free and clear from such restrictions. The restrictions will automatically terminate if title to the mortgaged property is transferred by foreclosure or deed-in-lieu of foreclosure, or if the mortgage is assigned to the Secretary of the United States Department of Housing and Urban Development (HUD).

(b) Further, if the Senior Lender acquires title to the Property pursuant to a deed in lieu of foreclosure, the lien of this Covenant Agreement shall automatically terminate upon the Senior Lender's acquisition of title, provided that (1) the AGENCY has been given written notice of a default under the Senior Financing and (2) the AGENCY shall not have cured the default under the Senior Financing, or diligently pursued curing the default as determined by the Senior Lender, within the 60-day period provided in such notice sent to the Lender.

10) COUNTERPARTS. This Covenant 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.

END OF AGREEMENT
SIGNATURES ON NEXT PAGE

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

Executed at Riverside, California

AGENCY

Redevelopment Agency
for the County of Riverside
3403 10th Street, Suite 200
Riverside, CA 92501

OWNER

By: _____
Emilio Ramirez, Director of Housing

Owner Signature

Printed Name

Signature

Printed Name

Signatures Must Be Notarized

ATTACHMENT 1 TO COVENANT AGREEMENT
Purchaser Verification Form
(Attached)

**Redevelopment Agency
for the County of Riverside
3403 10th Street, Suite 200
Riverside, CA 92501**

CERTIFICATION OF APPLICANT

- 1) The undersigned, herein referred to as APPLICANT, has applied to the Redevelopment Agency for the County of Riverside, hereinafter referred to as RDA, to determine eligibility of BUYER to purchase home located at: INSERT FULL PROPERTY ADDRESS hereinafter referred to as PROPERTY. The RDA in conjunction with SELLER NAME, hereinafter referred to as SELLER, will assist APPLICANT in determining if APPLICANT is eligible to purchase PROPERTY. APPLICANT hereby acknowledges and understands the following:
- a) APPLICANT is to obtain a mortgage loan for the purchase of PROPERTY, which is required to be used as your principal residence within sixty (60) days after the closing of the mortgage loan. The home shall not be used as a business or as a vacation (second) home.
 - b) The decision to grant the first mortgage loan is completely within the discretion of the mortgage lender to whom you have applied. The RDA makes no decision in regard to the approval of any first mortgage loan.
 - c) The decision to determine eligibility to purchase PROPERTY is within the sole discretion of the RDA, and is dependent upon APPLICANT'S application meeting all requirements of the RDA's program.
 - d) The decision of which home to buy is within the sole discretion of the APPLICANT and the buyer understands that eligibility is limited to specific homes. The buyer has performed their investigation of the home market, and has independently selected an eligible home to purchase.
 - e) The buyers shall satisfy themselves as to the condition of the PROPERTY prior to closing escrow. The buyer shall confirm that requested repairs are complete prior to close of escrow, and that all systems are operating properly. RDA shall not be responsible for any repairs to the PROPERTY at any time.

The following APPLICANT(s) requests to purchase PROPERTY:

Name of Applicant 1:	
Name of Applicant 2:	
Name of Applicant 3:	
Name of Applicant 4:	
Current Address:	
City, State, Zip Code	
Applicant's Work Phone Number:	
Applicant's Home Phone Number:	
Applicant's Cell Phone Number:	
Sales Price:	

Listed below are the names of all persons (regardless of age) who intend to reside in the PROPERTY and includes the income of all adults age 18 and older:

Name	Relation to Head of Household	Age	Social Security Number	Employer/Source of Income	Annual Income
					\$
					\$
					\$
					\$
					\$
					\$
					\$
					\$
					\$
				TOTAL	\$

You certify the following as listed above:

The total household gross annual income is:	\$
The Household Size is:	

Applicant Information

(For Statistical Purposes Only) Marital Status of Head of Household:

Married
Single
Divorced

Household Size _____

Age of applicant(s) and all household members:

(Please use the letter "H" to signify age of the head of household, and the letter "x" for age of each family member who will be occupying the property)

_____ Under 20

_____ 36-40

Head of Household:

_____ 20-25

_____ 41-50

Male

_____ 26-30

_____ 51-60

Female

_____ 31-35

Over 61

Hispanic: Yes No (Complete both Ethnicity & Race for Head of Household)

Race: Black or African American White Asian

Native Hawaiian/Pacific Islander

American Indian/Alaskan Native and White

Asian and White

Black/African American and White

American Indian/Alaskan Native and Black/African American

American Indian or Alaskan Native

Other

2) **Citizenship Status:**

Applicant 1: US Citizen Qualified Alien

Applicant 2: US Citizen Qualified Alien

Applicant 3: US Citizen Qualified Alien

Applicant 4: US Citizen Qualified Alien

3) You certify that you have provided to seller and RDA all required information to enable seller and RDA to determine your total income and assets e.g.:

- Evidence of income for the most recent month (e.g. 1 month paystubs)

- 3 years most recent federal tax returns
 - Most recent asset statement (e.g. savings, checking, retirement) for all accounts with assets
- 4) You certify that the first mortgage payment is a traditional 30-year fixed rate loan FHA, VA, CalHFA, USDA, Fannie Mae or Freddie Mac insured loan product with fully amortized loan payments and does not exceed the Affordable Housing Cost payment for moderate income buyers as determined by the RDA.
- 5) Prior to RDA issuing deed of trust, covenants and reconveyance, the seller will provide a the following items on behalf of APPLICANT:
- Copy of signed Loan Underwriting Transmittal Worksheet as approved by first mortgage lender
 - Copy of preliminary title report
 - Copy of estimated closing statement
 - Copy of fire insurance policy with RDA as additional insured
- 6) You acknowledge that a material misstatement **negligently** made in any statement by you in connection with an application for eligibility will constitute a violation of law punishable by a fine; and a material misstatement **fraudulently** made by you will constitute a violation of law punishable by a fine and a revocation of the eligibility, in addition to any criminal penalty imposed by law.
- 7) By affixing your signature to this document, you acknowledge that you have read and understand all of the elements as indicated, and give your consent to proceed with the application for eligibility through RDA. All persons who are over the age of 18 who will be occupying the property must sign this form.

(SIGNATURES ON NEXT PAGE)

Date: _____

Signature of Buyer _____

Printed Name _____

Signature of Buyer _____

Printed Name _____

Signature of Buyer _____

Printed Name _____

Signature of Buyer _____

Printed Name _____

Name of Seller _____

Signature of Authorized Seller Representative _____

Printed Name _____

Title _____

PLEASE SUBMIT ORIGINAL TO RDA AND GIVE THE BORROWERS A COPY OF THIS FORM

EXHIBIT "H"

Legal Description of the Remaining 12 Assisted Units

Lots 28 through 35 of Tract No. 34120, in the County of Riverside, Sate of California, as shown on map recorded in Book 431, pages 16, 17, and 18 of maps, in the office of the County Recorder of said county.

Lots 1 through 4 of Parcel Map 34612, in the County of Riverside, State of California, as shown on map recorded in Book 226, pages 84 through 85 of maps, in the office of the County Recorder of said county.