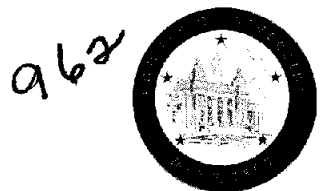


SUBMITTAL TO THE BOARD OF SUPERVISORS
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA



FROM: Economic Development Agency

SUBMITTAL DATE:
August 19, 2010

SUBJECT: Adoption of Resolution No. 2010-207, Authorization to Award and Loan Neighborhood Stabilization Program Funds

RECOMMENDED MOTION: That the Board of Supervisors:

1. Adopt Resolution No. 2010-207, Authorization to Award and Loan Neighborhood Stabilization Program (NSP) Funds;
2. Approve the attached template Loan Agreement for the Use of Neighborhood Stabilization Program Funds to be used to implement Resolution No. 2010-207 (the "NSP Loans");
3. Authorize the Assistant County Executive Officer/EDA, or designee, to award NSP funds and enter into the NSP Loans with the existing NSP Recipients set forth in Exhibit A, pursuant to Resolution No. 2010-207, subject to approval by County Counsel; and
4. Authorize the Assistant County Executive Officer/EDA, or designee, to take all necessary steps to implement the NSP Loans including, but not limited to, signing subsequent deeds of trust for each home acquired, subsequent homebuyer deeds of trust, and subsequent essential and relevant documents subject to approval by County Counsel.

BACKGROUND: (Commences on Page 2)

Robert Field
Assistant County Executive Officer/EDA

FINANCIAL DATA	Current F.Y. Total Cost:	\$ 0	In Current Year Budget:	Yes
	Current F.Y. Net County Cost:	\$ 0	Budget Adjustment:	No
	Annual Net County Cost:	\$ 0	For Fiscal Year:	2010/11

COMPANION ITEM ON BOARD OF DIRECTORS AGENDA: No

SOURCE OF FUNDS: Neighborhood Stabilization Program Funds

Positions To Be Deleted Per A-30 ☐
Requires 4/5 Vote ☐

C.E.O. RECOMMENDATION: APPROVE

County Executive Office Signature

BY:
Jennifer L. Sargent

Prev. Agn. Ref.: N/A

District: ALL

Agenda Number:

ATTACHMENTS FILED
WITH THE CLERK OF THE BOARD

3.39

FORM APPROVED COUNTY COUNSEL

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

Departmental Concurrence

AUG 17 2010

BACKGROUND: The Neighborhood Stabilization Program ("NSP") was enacted under Title III of Division B of the Housing and Economic Recovery Act of 2008, for the purpose of assisting in the redevelopment of abandoned or foreclosed homes. The intent of NSP is to stabilize neighborhoods in areas with greatest need and stem the decline of house values of neighboring homes.

On September 26, 2008, the U.S. Department of Housing and Urban Development announced that the County of Riverside would receive a grant of \$48,567,786 as part of NSP ("NSP grant funds"). On November 25, 2008, the County Board of Supervisors approved a Substantial Amendment to the 2008-2009 One Year Action Plan ("Action Plan") of the 2004-2009 Five Year Consolidated Plan to include NSP. Between June 2, 2009 and March 2, 2010, the Board approved loan agreements with developer partners ("NSP Recipients") to complete NSP activities within specific NSP Target Areas as defined in the Action Plan. The NSP Recipients and their approved allocations are identified and shown in the attached Exhibit A.

County has obligated approximately \$48,567,786 (100% of NSP grant funds) for the following: acquisition of 154 foreclosed single-family homes for rehabilitation and resale; acquisition of 12 foreclosed rental properties for rehabilitation and rent (95 rental housing units); and purchase price assistance for 33 first-time homebuyers.

Pursuant to NSP regulations, all foreclosed single-family acquisitions must be at least 1% below the current market appraised value as determined within 60 days of the date of the final purchase price offer. The resale price of each NSP assisted unit shall not exceed the the fair market value or the total cost to acquire, rehabilitate and dispose the NSP assisted unit. NSP assisted units will be affordable for a period of at least 15 years from the transfer of title to qualified first-time homebuyers. The average cost of acquisition, rehabilitation, and disposition is \$221,750 per single-family home.

Subsequent to the resale of each foreclosed single-family home, proceeds from the sale, minus transaction costs, fees, and purchase price assistance for the first-time homebuyer are returned to County ("Program Income"). NSP requires County to allocate and expend Program Income towards NSP activities prior to expending NSP grant funds. Program Income is derived from NSP grant funds and Board approved NSP funds from the State of California.

In order to expedite the process of expending Program Income towards NSP activities, maximize the use of NSP funds and assist County to fulfill its requirements and national objectives, staff recommends that the Board adopt Resolution No. 2010-207, Authorization to Award and Loan Neighborhood Stabilization Program Funds, approve the template Loan Agreement for the Use of Neighborhood Stabilization Program Funds as shown in Exhibit B, and authorize the Assistant County Executive Officer/EDA, or designee, to award NSP funds received from Program Income and enter into agreements with existing, Board approved and qualified NSP Recipients up to \$3,000,000 per NSP Recipient, upon availability of Program Income and subject to approval by County Counsel. Qualified NSP Recipients are expected to meet performance requirements, as defined in the Resolution No. 2010-207, before NSP funds can be awarded and loaned. Resolution No. 2010-207, will be effective August 31, 2010.

County Counsel has reviewed and approved as to form the attached Resolution No. 2010-207 and template agreement. Staff recommends that the Board adopt Resolution No. 2010-207, Authorization to Award and Loan Neighborhood Stabilization Program Funds and approve the template aoan agreement for the Use of Neighborhood Stabilization Funds.

Exhibit A

**Neighborhood Stabilization Program ("NSP") Allocation of funds
with developer partners ("NSP Recipients") approved by
the Board of Supervisors of the County of Riverside
for the activity of Acquisition, Rehabilitation and Resale ("NSP-1")**

<u>NSP Recipients</u>	<u>Allocation</u>
Housing Authority of the County of Riverside in Cathedral City	\$2,400,000
City of Desert Hot Springs Redevelopment Agency in Desert Hot Springs (DHS)	\$2,800,000
Coachella Valley Housing Coalition in Thousand Palms, DHS and Indio	\$2,611,665
Neighborhood Partnership Housing Services in Menifee and Perris	\$1,368,000
Housing Authority of the County of Riverside in Murrieta, Canyon Lake, Beaumont, Lake Elsinore, San Jacinto and unincorporated areas in the County	\$3,000,000
Riverside Housing Development Corporation in Lake Elsinore	\$3,038,000
Norco Redevelopment Agency in Norco	\$1,627,000
Riverside Housing Development Corporation in Valle Vista	\$2,000,000
City of Indio	\$2,800,000
Habitat for Humanity Inland Valley, Inc. in Temecula, Perris, Lake Elsinore, Murrieta and Menifee	\$1,717,000
Habitat for Humanity Riverside, Inc. in Rubidoux, Highgrove and unincorporated areas in the County	\$2,000,000
Sheffield Foreclosure Renovation, Inc. in Lake Elsinore, Canyon Lake, Temecula and unincorporated areas in the County	\$4,070,000
Riverside Housing Development Corporation in San Jacinto, Temecula, Banning and Lake Elsinore	\$2,962,000
Neighborhood Partnership Housing Services in Menifee and Perris and unincorporated areas in the County	\$2,500,000

BOARD OF SUPERVISORS

COUNTY OF RIVERSIDE

RESOLUTION NO. 2010-207

**AUTHORIZATION TO AWARD AND LOAN
NEIGHBORHOOD STABILIZATION PROGRAM FUNDS**

WHEREAS, the Neighborhood Stabilization Program ("NSP") was enacted under Title III of Division B of the Housing and Economic Recovery Act of 2008 under the heading of Emergency Assistance for Redevelopment of Abandoned and Foreclosed Homes for the purpose of assisting in the redevelopment of abandoned or foreclosed homes; and

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

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

WHEREAS, on September 26, 2008, the U.S. Department of Housing and Urban Development announced that the County would receive a grant of \$48,567,786 as part of NSP ("NSP grant funds"); and

WHEREAS, on November 25, 2008, the County Board of Supervisors (the "Board") approved a Substantial Amendment to the 2008-2009 One Year Action Plan ("Action Plan") of the 2004-2009 Five Year Consolidated Plan, to include NSP; and

WHEREAS, between June 2, 2009 and March 2, 2010, the Board approved loan agreements with developer partners ("NSP Recipients") to allocate the NSP grant funds in order to complete NSP activities within specific NSP Target Areas as defined in the Action Plan, as amended; and

WHEREAS, the County has obligated approximately \$48,567,786 (100% of NSP grant funds) for the following: acquisition of 154 foreclosed single-family homes for rehabilitation and resale; acquisition of 12 foreclosed rental properties for rehabilitation and rent (95 rental housing units); and purchase price assistance for 33 first-time homebuyers; and

1 **WHEREAS**, the above referenced approved loan agreements required that the
2 proceeds from the resale of each foreclosed single-family home, minus transaction costs,
3 fees and purchase price assistance for the first-time homebuyer be returned to the County
4 ("Program Income"); and

5 **WHEREAS**, Program Income is derived from NSP grant funds and the Board approved
6 NSP funds from the State of California; and

7 **WHEREAS**, NSP requires the County to allocate and expend Program Income towards
8 NSP activities prior to expending NSP grant funds; and

9 **WHEREAS**, Government Code Section 25207 provides that the Board may do and
10 perform all other acts and things required by law not enumerated in this part, or which are
11 necessary to the full discharge of the duties of the legislative authority of the county
12 government; and

13 **WHEREAS**, authorizing the Assistant County Executive Officer/EDA or designee to
14 award the Program Income and enter into loan agreements with existing NSP Recipients, up
15 to \$3,000,000 per NSP Recipient, will expedite the process of expending Program Income
16 towards NSP activities, maximize the use of NSP grant funds and assist the County to fulfill
17 its requirements and national objectives under the NSP.

18 **BE IT RESOLVED, FOUND DETERMINED, AND ORDERED** by the Board of
19 Supervisors for the County of Riverside, State of California, in regular session assembled on
20 August 31, 2010, as follows:

- 21 1) That the Board of Supervisors hereby finds and declares that the above recitals are true
22 and correct.
- 23 2) That authorizing the Assistant County Executive Officer/EDA or designee to award NSP
24 funds received from Program Income and enter into loan agreements with NSP
25 Recipients, up to \$3,000,000 per NSP Recipient ("NSP Loans") will expedite the
26 process of expending Program Income towards NSP activities, maximize the use of
27 NSP grant funds and assist the County to fulfill its requirements and national objectives
28 under the NSP.

1 3) That the Assistant County Executive Officer/EDA or designee is hereby delegated to
2 approve and execute NSP Loans provided all the following are met:

- 3 a. The NSP Loans involve the use of Program Income for the acquisition,
4 rehabilitation and resale of foreclosed, bank-owned single-family
5 properties to qualified low-, moderate- and middle-income first-time
6 homebuyers;
- 7 b. The NSP Loans are by and between the County of Riverside and the
8 NSP Recipients set forth in Exhibit A, which is attached hereto and
9 incorporated herein by reference;
- 10 c. The individual NSP Loans do not exceed three million dollars
11 (\$3,000,000);
- 12 d. The NSP Loans are in the form of the attached template agreement and
13 have been approved by County Counsel;
- 14 e. The NSP Loans shall include performance requirements that acquisition
15 of properties be completed within 4 months of the NSP Loan effective
16 date, rehabilitation be completed within 7 months of the NSP Loan
17 effective date, and resale of properties to qualified LMMI first-time
18 homebuyers be within 10 months of the NSP Loan effective date.
- 19 f. The NSP Loans provide that upon acquisition the purchase price of the
20 properties must be a minimum of one percent (1%) below the current
21 market appraised value.
- 22 g. The NSP Recipient's developer fee cannot exceed 10% of the total
23 project cost for each property.
- 24 h. Real estate commissions are limited to 3% of the resale price for each
25 property and cannot be calculated as part of the total project cost for the
26 purposes of determination of the developer fee.
- 27 i. The NSP Loans shall have a term of 12 months.
- 28 j. Program Income may be reallocated by County if Program Income has

- 1 not been obligated after 4 months from the NSP Loan effective date.
- 2 4) NSP Recipients must meet the following requirements prior to entering into a new NSP
- 3 Loan or amendment to NSP Loan with the County:
- 4 i. NSP Recipient must have a minimum of \$400,000 in net sale proceeds
- 5 returned to County. Net sale proceeds is defined as the total proceeds
- 6 from the sale, minus transaction costs, fees and purchase price
- 7 assistance for the first-time homebuyer.
- 8 ii. NSP grant funds are considered obligated once NSP Recipient and the
- 9 seller of property have agreed in writing to a final purchase price.
- 10 Recipient with existing NSP allocation, as shown in Exhibit A, must have
- 11 one of the following percentages of NSP grant funds obligated as
- 12 follows:
- 13 1. NSP Recipient with County allocations totaling less than \$3
- 14 million must have more than 80% obligated, or
- 15 2. NSP Recipient with County allocations totaling \$3 million or more
- 16 must have more than 95% obligated.
- 17 iii. NSP Recipient must have expended and drawn more than 75% of their
- 18 total NSP allocation, as shown in Exhibit A.
- 19 iv. NSP Recipient must have completed rehabilitation of 65% of the
- 20 acquired NSP units.
- 21 v. NSP Recipient must have sold or entered into purchase and sale
- 22 agreement for at least 25% of the acquired NSP units.
- 23 5) NSP Recipients may acquire and rehabilitate properties in accordance with the terms of
- 24 NSP within any of the 23 designated NSP Target Areas, as defined in the County of
- 25 Riverside Substantial Amendment to the 2008-2009 One-Year Action Plan, as
- 26 amended, subject to a letter of support from applicable cities.
- 27 6) Any amendment to the NSP Loans increasing the total amount of the loan in excess of
- 28 \$3,000,000 or modifying the required provisions set forth in 3(a) – (j) above shall

1 require the Board's approval.

- 2 7) The Assistant County Executive Officer/EDA or designee shall submit a report every six
3 (6) months to the Board of Supervisors describing the NSP Loans entered into under
4 this delegation of authority.

5
6 **ADOPTED** by the Board of Supervisors of the County of Riverside at a regular meeting
7 of said Board held on the 31st day of August, 2010, by the following vote:

8
9 **ROLL CALL:**

10 **AYES:**

11 **NAYS:**

12 **ABSENT:**
13
14

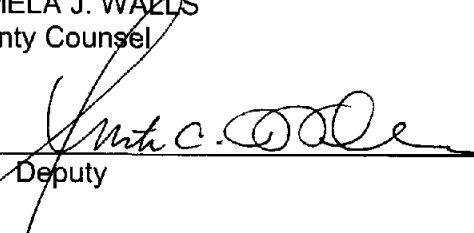
15 **ATTEST:**

16 **KECIA HARPER-IHEM**
17 Clerk of the Board

18
19 By: _____
Deputy

20
21 **APPROVED AS TO FORM:**

22 **PAMELA J. WALDS**
23 County Counsel

24 By: 
25 Deputy

26
27
28 S:\Housing\HOME\2009 NSP - Tom F\Form 11\NSP Loans delegation of authority - Resolution 2010-207.doc

NO FEE FOR RECORDING PURSUANT
TO GOVERNMENT CODE SECTION 6103

RECORDING REQUESTED BY AND
WHEN RECORDED MAIL TO:

County of Riverside
Economic Development Agency
3403 10th Street, Suite 500
Riverside, CA 92501
Attn.

SPACE ABOVE THIS LINE FOR RECORDERS USE

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

This Agreement is made and entered into this ____ day of _____,
2010 by and between the COUNTY OF RIVERSIDE ("COUNTY"), a political
subdivision of the State of California and _____ ("DEVELOPER").

W I T N E S S E T H:

WHEREAS, the Neighborhood Stabilization Program ("NSP"), which was
enacted under Title III of Division B of the Housing and Economic Recovery Act of
2008 ("HERA") and appropriated under Community Development Block Grant
(CDBG), was created under the heading of Emergency Assistance for Redevelopment
of Abandoned and Foreclosed Homes for the purpose of assisting in the
redevelopment of abandoned or foreclosed homes. The intent of NSP is to stabilize
neighborhoods in areas with greatest need and stem the decline of house values of
neighboring homes; and

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

WHEREAS, DEVELOPER is eligible under NSP to apply and receive
NSP funds to perform those activities described herein; and

1 **WHEREAS**, DEVELOPER has proposed to utilize NSP funds for the
2 acquisition, rehabilitation and resale of single-family homes to qualified low-,
3 moderate-, and middle-income ("LMMI") first-time homebuyers in the County of
4 Riverside (the "Project") as described in **Exhibit A** which is attached hereto and by
5 this reference incorporated herein; and

6 **WHEREAS**, eligible single-family homes ("Assisted Units" or "Assisted
7 Unit") are further described in **Exhibit A**; and

8 **WHEREAS**, Assisted Units must reside inside areas of greatest need
9 within the designated Target Areas of the County of Riverside as defined in the
10 COUNTY's 2008-2009 One Year Action Plan ("Action Plan") and its amendments; and

11 **WHEREAS**, Assisted Units must be sold to LMMI Qualified Homebuyers
12 as defined in **Section 23**; and

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

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

17 **NOW, THEREFORE**, the COUNTY and DEVELOPER mutually agree as
18 follows:

19 1. **PURPOSE**. The COUNTY agrees to lend up to <LOAN AMOUNT>
20 Dollars (\$<LOAN AMOUNT>) of NSP funds to DEVELOPER upon the terms and
21 conditions set forth herein. DEVELOPER will borrow the NSP funds from the
22 COUNTY for individual financing of acquisition, rehabilitation and disposition of each
23 Assisted Unit of the Project ("NSP Loan"). DEVELOPER promises and agrees to
24 undertake and assist with the NSP-assisted activities by utilizing such NSP funds, as
25 identified in **Exhibit A**.

26 2. **DEVELOPER'S OBLIGATIONS**. DEVELOPER hereby agrees to
27 undertake and complete the following activities, subject to its receipt of the NSP funds:

28 a. Carry out the Project in accordance with the timeline set

1 forth in **Exhibit A**.

2 b. DEVELOPER shall, for each Assisted Unit of the Project,
3 execute and record a Deed of Trust and execute a Note for
4 that portion of the NSP Loan applicable to the Assisted Unit.

5 c. Permits. Before commencement of rehabilitation or other
6 works of improvement upon an Assisted Unit, DEVELOPER
7 shall, at its own expense, secure or cause to be secured
8 any and all permits and approvals which may be required
9 for rehabilitation of such Assisted Unit pursuant to the
10 applicable rules and regulations of the County and any
11 other governmental agency affected by such rehabilitation
12 of work. DEVELOPER shall, without limitation, apply for and
13 secure any and all necessary studies required for
14 environmental review, as described in **Section 19**, and pay
15 all costs, charges and fees associated therewith.

16 d. Performance. Acquire and complete rehabilitation of the
17 Assisted Units in accordance with the timeline set forth in
18 **Exhibit A** and **Section 26**.

19 e. Approval of Assisted Units. Submit each Assisted Unit for
20 COUNTY review and approval prior to acquisition of such
21 Assisted Unit.

22 f. Compliance. Project shall remain in compliance with all
23 applicable Federal, State and local codes, laws, regulations
24 and ordinances as described in **Section 19**.

25 3. COUNTY'S OBLIGATIONS. The COUNTY agrees to undertake
26 and complete the following activities, subject to its receipt of NSP funds from the U.S.
27 Department of Housing and Urban Development ("HUD"):

28 a. Provide a total amount identified in **Section 1** in NSP funds

1 to DEVELOPER for financing acquisition, rehabilitation and
2 disposal costs of each Assisted Unit of the Project.

- 3 b. Comply with all of its obligations as participating recipient
4 under the applicable regulations set forth under HUD
5 regulations.

6 4. PRIOR COUNTY APPROVAL. DEVELOPER shall obtain
7 COUNTY'S approval, through its Economic Development Agency ("EDA"), of all items
8 requiring such approvals as described in this Agreement.

9 5. NSP Loan. DEVELOPER shall borrow the NSP funds from the
10 COUNTY for individual financing of each Assisted Unit of the Project under the
11 following terms and conditions:

- 12 a. Term. This Agreement shall become effective upon the
13 Effective Date, as defined in Section 53, and shall continue
14 in full force and effect for a period of twelve (12) months
15 (the "Term").

- 16 b. Principal. The principal of that portion of the NSP Loan
17 attributable to an Assisted Unit shall be the amount of NSP
18 funds provided for acquisition, rehabilitation and disposition
19 of such Assisted Unit evidenced by a promissory note
20 ("Note"), as shown in **Exhibit C**, which is attached hereto
21 and by this reference incorporated herein, executed by
22 DEVELOPER in favor of the COUNTY in a form satisfactory
23 to the COUNTY.

- 24 c. Interest. The interest rate shall be zero percent (0%) per
25 annum.

- 26 d. Repayment. Each Note shall provide the following:

- 27 1) The NSP Loan attributable to an Assisted Unit shall
28 be due and payable on the earliest of:

- (a) The date the Assisted Unit is sold; or
- (b) An Event of Default by DEVELOPER which has not been cured as provided for in this Agreement.

2) Notwithstanding the above, DEVELOPER's obligation to repay the full amount of the NSP Loan attributable to a particular Assisted Unit will be reduced by the sum of the Development Subsidy, the Homebuyer Subsidy, and Closing Costs, as defined below:

- (a) Development Subsidy. The Development Subsidy is the amount of the NSP Loan attributable to the Assisted Unit minus the Selling Price of the Assisted Unit (as defined in Section 22).
- (b) Homebuyer Subsidy. The Homebuyer Subsidy is the amount of the Selling Price of the Assisted Unit minus the Qualified Homebuyer's home loan (the "Homebuyer Loan"). The Homebuyer Subsidy is limited to thirty percent (30%) of the Selling Price and capped for a maximum amount of \$75,000. The Homebuyer Subsidy is an amount which will be assumed by the Qualified Homebuyer in the form of silent second mortgage assistance to Qualified Homebuyer; and
- (c) Closing Costs. Closing Costs include all costs payable by DEVELOPER in connection with

the sale of the Assisted Unit to a Qualified Homebuyer;

3) The NSP Loan less the Development Subsidy, Homebuyer Subsidy and Closing Costs for such Assisted Unit shall be repaid to COUNTY upon the sale of the Assisted Unit. Upon the repayment of the NSP Loan, DEVELOPER shall be released from its repayment obligations. At the time of each sale of the Assisted Unit to Qualified Homebuyer, as defined herein, COUNTY shall cause to be delivered to DEVELOPER a partial reconveyance of the Deed of Trust from such Assisted Unit and a termination of this Agreement as a lien on such Assisted Unit.

4) Upon transfer of title to the Qualified Homebuyer, a "Homebuyer Deed of Trust" between COUNTY and Qualified Homebuyer shall be recorded by DEVELOPER to secure the Homebuyer Subsidy ("Second Mortgage Loan"), and to require its repayment to COUNTY if the Assisted Unit is no longer the principal residence or upon any sale, rental, refinance, conveyance, transfer or change in title of the Assisted Unit in violation of the Homebuyer Deed of Trust prior to the expiration of the Affordability Period ; as defined in Section 13 below.

5) Sale, rental, refinance, conveyance, transfer or change in title of the Assisted Unit prior to the expiration of the affordability period will cause shared

equity, in addition to the principal, as provided in the
Homebuyer Deed of Trust to COUNTY.

- e. Security. Each NSP Loan shall be secured by a "Deed of Trust" as shown in **Exhibit B**, which is attached hereto and by this reference incorporated herein, recorded against each Assisted Unit. DEVELOPER agrees that each Deed of Trust shall be in the first position until the home has been sold to the Qualified Homebuyer.

6. TERM OF AGREEMENT. This Agreement shall become effective upon the Effective Date, as defined in Section 53, and shall continue in full force and effect for a period of twelve (12) months (the "Term").

7. DEVELOPER REPRESENTATIONS. DEVELOPER represents and warrants to COUNTY as follows:

- a. Authority. DEVELOPER is a duly organized non-profit corporation under the laws of the State of California. The copies of the documents evidencing the organization of DEVELOPER, which have been delivered to the COUNTY, are true and complete copies of the originals, amended to the date of this Agreement. DEVELOPER has full right, power and lawful authority to accept the conveyance of eligible properties for the Project and undertake all obligations as provided herein and the execution, performance and delivery of this Agreement by DEVELOPER has been fully authorized by all requisite actions on the part of DEVELOPER.

- b. No Conflict. To the best of DEVELOPER's knowledge, DEVELOPER's execution, delivery and performance of its obligations under this Agreement will not constitute a

1 default or a breach under contract, agreement or order to
2 which DEVELOPER is a party or by which it is bound.

3 c. No Bankruptcy. DEVELOPER is not the subject of a
4 bankruptcy proceeding.

5 d. Prior to Closing. DEVELOPER shall upon learning of any
6 fact or condition which would cause any of the warranties
7 and representations in this Agreement not to be true as of
8 Closing, immediately give written notice such fact or
9 condition to COUNTY. Such exception(s) to a
10 representation shall not be deemed a breach by
11 DEVELOPER hereunder, but shall constitute an exception
12 which COUNTY shall have the right to approve or
13 disapprove if such exception would have an effect on the
14 value or operation of the Project.

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

19 9. LETTER TO PROCEED. DEVELOPER shall not initiate nor incur
20 expenses for the NSP funded activity covered under the terms of this Agreement prior
21 to receiving written authorization to proceed.

22 10. REALLOCATION OF FUNDS.

23 a. Funds shall become encumbered on the date escrow
24 closes for the Assisted Unit and results in a recorded deed
25 of trust and promissory note in the Riverside County Clerk's
26 office. In the event DEVELOPER does not close escrow on
27 the Assisted Units within four (4) months of the Effective
28 Date, as defined in Section 53, ("Acquisition Deadline"), the

COUNTY will reallocate the balance of unencumbered NSP funds (the "Unused Balance").

b. The reallocation of the Unused Balance shall be evidenced by a written amendment to this Agreement agreed upon both parties, which decreases the NSP Loan by the Unused Balance (the "Effective NSP Loan"). The Assistant County Executive Officer/EDA or designee is authorized to execute, subject to County Counsel approval, the amendment reducing the NSP Loan amount by the Unused Balance pursuant to Section 10(a).

c. In the event DEVELOPER is unable to close escrow on the Assisted Units due to force majeure conditions, the COUNTY, in its sole and absolute discretion, may extend the Acquisition Deadline up to thirty (30) days. The extension on the Acquisition Deadline shall be in writing and executed by the parties. The COUNTY's Assistant County Executive Officer/EDA or designee is authorized to execute the amendment to extend the Acquisition Deadline.

d. If COUNTY reallocates the Unused Balance pursuant to Section 10(a), DEVELOPER shall remain responsible for the completion of rehabilitation of DEVELOPER acquired properties under the Effective NSP Loan and sale of Assisted Units in accordance with this Agreement.

Signature

11. CONDITIONS FOR DISPOSITION OF FUNDS. COUNTY, through its EDA, shall: (1) make payments of the NSP Loan to DEVELOPER as specified in **Exhibit A**, and (2) monitor the Project to ensure compliance with applicable federal,

1 state and local laws, regulations, ordinances and the terms of this Agreement.

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

- 4 a. DEVELOPER shall execute this Loan Agreement.
- 5 b. DEVELOPER shall provide documentation to support
6 compliance with eligibility requirements for each Assisted
7 Unit.
- 8 c. DEVELOPER shall provide the seller of each Assisted Unit
9 ("Seller") with a letter of "Voluntary Acquisition of
10 Foreclosed Property" as shown in **Exhibit E**, which is
11 attached hereto and by this reference incorporated herein.
- 12 d. DEVELOPER shall provide and cause the Seller to provide
13 for each Assisted Unit signed Initial Notice and Offer forms,
14 as shown in **Exhibit E**, or other similar forms approved by
15 COUNTY, acknowledging that both DEVELOPER and
16 Seller have read and understood:
 - 17 1) The acquisition is a Voluntary Acquisition and not
18 subject to eminent domain;
 - 19 2) The purchase price discount requirements of the
20 transaction;
 - 21 3) The initial purchase price negotiated by
22 DEVELOPER and Seller (the "Initial Offer") is
23 contingent and subject to the discount requirement of
24 NSP and the Current Market Appraised Value
25 ("CMAV"), as defined in **Exhibit A**.
 - 26 4) The Seller and or Listing Agent certifies one of the
27 following statements for such Assisted Unit: i)
28 Property was owner occupied at time of foreclosure,

or ii) If property was tenant occupied at time of foreclosure seller and or Listing Agent acknowledge and certify that the tenant was given 90 days notice as required by law before being asked to vacate the property and that the property has been vacant for at least ninety (90) days prior to the Initial Offer.

- e. Prior to closing of escrow, DEVELOPER shall provide at its expense, Preliminary Title Reports, signed Purchase and Sale Agreements and estimated closing cost statements from escrow to COUNTY.
- f. DEVELOPER shall provide to COUNTY Escrow Instructions listing each Assisted Unit in the transaction.
- g. DEVELOPER shall provide and cause Seller to provide signed Final Notice and Offer forms for each Assisted Unit, as shown in **Exhibit E**, or other similar forms approved by COUNTY, acknowledging that both DEVELOPER and Seller have mutually accepted a final purchase price that is one percent (1%) or more below the CMAV as determined within sixty (60) days of the date of the final purchase offer.

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

- h. DEVELOPER shall provide at its expense an updated Preliminary Title Report for the Assisted Unit evidencing the recordation of all documents to COUNTY.
- i. If Davis Bacon wages are required to be paid, then DEVELOPER must hire a qualified professional firm or assign experienced staff to review and monitor Davis-Bacon

prevailing wage compliance for all submissions of
contractors certified payrolls to the COUNTY.

j. DEVELOPER must provide satisfactory evidence that it has
secured any and all permits and approvals which may be
required for rehabilitation of the Assisted Unit pursuant to
the applicable rules and regulations of the County, Cities
where the properties are located and any other
governmental agency affected by such construction of work.

k. DEVELOPER shall provide a detailed Rehabilitation Plan
and timetable to complete the acquisition, rehabilitation and
resale of the Assisted Unit in accordance with the
completion schedule shown in **Exhibit A** including a
detailed line item rehabilitation cost budget per unit for
review and approval by COUNTY.

l. DEVELOPER provides duly executed documents and
instruments showing the ownership of the Assisted Units as
specifically identified in **Exhibit A**.

COUNTY shall release final draw down of NSP funds for rehabilitation
applicable to an Assisted Unit following receipt of all of the following Closing
Documents from DEVELOPER with respect to such Assisted Unit:

- 1) unconditional lien release from general contractor
and any subcontractors;
- 2) recorded Notice of Completion;
- 3) if applicable, all remaining Davis Bacon
documentation, if any, including, but not limited to,
complete certified payrolls, Section 3 certifications,
fringe benefit forms, and certificates of authorization
and understanding;

- 4) final Contract and Subcontract Activity report, Minority Business Enterprise/Women Business Enterprise (MBE/WBE) report, HUD form 2516;
- 5) final development costs and project budget; and
- 6) final sources and uses of funds.

12. DISTRIBUTION OF FUNDS. The Disaster Recovery Grant Reporting (DRGR) system was developed by HUD's Office of Community Planning and Development and will be utilized for NSP. The DRGR system is a computerized system which manages, disburses, collects, and reports information on the use of NSP funds in the United States Treasury Account.

Any disbursement of funds is expressly conditioned upon the satisfaction of conditions set forth in **Section 11**. Subsequent to acquisition of each Assisted Unit, COUNTY shall pay DEVELOPER for rehabilitation costs on a "cost-as-incurred" basis for all NSP-eligible approved costs on a monthly basis. All disbursements of NSP funds for rehabilitation will be made within thirty (30) days after DEVELOPER has submitted its letter identifying payments made and requesting reimbursement.

The developer's fee will be disbursed according to the following schedule: fifty percent (50%) upon completion of rehabilitation of Assisted Units and fifty percent (50%) upon sale of Assisted Units. Should DEVELOPER not be successful in selling an Assisted Unit within the allotted time under Section 26, DEVELOPER will only be entitled to 50% of the developer fee for each unit not sold and the other half of the developer fee shall be forfeited. DEVELOPER shall comply with timely drawdown of funds by submitting monthly requests for reimbursement. COUNTY shall release final draw down of NSP funds following receipt of all of the items listed in **Section 11**.

13. TERMS OF AFFORDABILITY. The period of affordability for each Assisted Unit (the "Affordability Period") shall be fifteen (15) years from the initial

1 transfer of title of such Assisted Unit to an individual Qualified Homebuyer.

2 14. DEVELOPER'S FEE AND REAL ESTATE SALE COMMISSIONS.

3 The developer's fee cannot exceed 10% of total Project costs. COUNTY will allow for
4 real estate commissions up to 3% of the resale price for each Assisted Unit.
5 Developer fee shall be disbursed in accordance with Section 12. The Real Estate
6 Commission fee will not be calculated as part of the Project Cost in determining the
7 developer's fee.

8 15. INSURANCE. Without limiting or diminishing DEVELOPER's
9 obligation to indemnify or hold the COUNTY harmless, DEVELOPER shall procure
10 and maintain or cause to be maintained, at its sole cost and expense, *the following*
11 insurance coverage's during the Term of this Agreement.

12 a. Worker's Compensation Insurance.

13 If DEVELOPER has employees as defined by the State of
14 California, DEVELOPER shall maintain statutory Workers'
15 Compensation Insurance (Coverage A) as prescribed by the
16 laws of the State of California. Policy shall include
17 Employers' Liability (Coverage B) including Occupational
18 Disease with limits not less than \$1,000,000 per person per
19 accident. The policy shall be endorsed to waive subrogation
20 in favor of the County of Riverside, and, if applicable, to
21 provide a Borrowed Servant/Alternate Employer
22 Endorsement.

23 b. Commercial General Liability Insurance.

24 Commercial General Liability insurance coverage, including
25 but not limited to, premises liability, contractual liability,
26 products and completed operations liability, personal and
27 advertising injury, and cross liability coverage, covering
28 claims which may arise from or out of DEVELOPER'S

performance of its obligations hereunder. Policy shall name the County of Riverside as additionally insured. Policy's limit of liability shall not be less than \$1,000,000 per occurrence combined single limit. If such insurance contains a general aggregate limit, it shall apply separately to this Agreement or be no less than two (2) times the occurrence limit.

c. Vehicle Liability Insurance.

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

d. General Insurance Provisions – All Lines.

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

2) DEVELOPER'S insurance carrier(s) must declare its insurance self-insured retentions. If such self-insured

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

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

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

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

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

limits of liability for the insurance coverage's currently required herein, if; in the COUNTY Risk Manager's reasonable judgment, the amount or type of insurance carried by DEVELOPER has become inadequate.

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

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

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

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

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

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

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

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

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

5255-N-01, Notice of Allocations, Application Procedures, Regulatory Waivers Granted to and Alternative Requirements for Emergency Assistance for Redevelopment of Abandoned and Foreclosed Homes Grantees Under the Housing and Economic Recovery Act, 2008.

- b. CDBG statutory and regulatory provisions, including those at 24 CFR Part 570 subpart A, C, D, J, K, and O, as appropriate, shall apply.
- c. Other Federal requirements and non-discrimination. As set forth in 24 CFR Part 5, subpart A, DEVELOPER is required to include the following requirements: non-discrimination and equal opportunity; disclosure; debarred, suspended, or ineligible contractors; and drug-free workplace.
- d. Environmental Review. Each Assisted Unit will be subject to environmental review prior to acquisition, demolition, rehabilitation or new construction. The environmental effects of each activity carried out with NSP funds must be assessed in accordance with the provisions of the National Environmental Policy Act of 1969 (NEPA) and related authorities listed at 24 CFR Part 58. The Project is required to comply with Laws and Authorities of §58.5: Historic Preservation, Floodplain & Wetlands, Coastal Zone, Aquifers, Endangered Species, Rivers, Air, Farmlands, HUD Environmental Standards and Environmental Justice.
- e. Displacement, Relocation, and Acquisition. Each Assisted Unit not owner occupied at time of foreclosure must be vacant for a minimum period of ninety (90) days prior to the

1 Initial Offer. The Project is subject to relocation
2 requirements of Title II and the acquisition requirements of
3 Title III of the Uniform Relocation Act (URA) and Real
4 Property Acquisition Policies Act of 1970, and the
5 implementing regulations at 24 CFR Part 42.

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

22 f. Lead-based Paint. Housing assisted with NSP funds is
23 subject to the lead-based paint regulations of 24 CFR Part
24 35, subparts A, B, J, K, and R, issued pursuant to the Lead-
25 Based Paint Poisoning Prevention Act (42 U.S.C. 4821, et
26 seq.). All homes built prior to 1978 shall be tested for lead
27 based paint.

28 g. Conflict of Interest. In the procurement of property and

services by DEVELOPER, the conflict of interest provisions at §570.611 shall apply.

h. Section 3 of the Housing and Urban Development Act of 1968. To the greatest extent feasible, opportunities for training and employment arising from NSP funds will be provided to low-income persons residing in the Target Area. To the greatest extent feasible, contracts for work to be performed in connection with NSP funds will be awarded to business concerns that are located in or owned by persons residing in the Target Area. Contracts funded from Section 3 must abide by the Section 3 Clause prescribed at 24 CFR 135.38, as shown in **Exhibit F** which is attached hereto and by this reference incorporated herein.

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

j. Affirmative marketing and minority outreach program. DEVELOPER must adopt affirmative marketing procedures and requirements. These should include:

- 1) Methods for informing the public, owners, and potential tenants about Federal fair housing laws and the affirmative marketing policy.
- 2) Requirements and practices that DEVELOPER must adhere to in order to carry out the affirmative marketing procedures and requirements.
- 3) Procedures to be used by DEVELOPER to inform and solicit applications from persons in the housing

market areas that are not likely to apply without special outreach.

- 4) Records will be kept describing actions taken by DEVELOPER to affirmatively market units and to assess the results of these actions.
- 5) A description of how DEVELOPER will annually assess the success of affirmative marketing actions and what corrective actions will be taken where affirmative marketing requirements are not met.
- 6) DEVELOPER should prescribe procedures to establish and oversee a minority outreach program to ensure the inclusion, to the maximum extent possible, of minorities and women, and entities owned by minorities and women, including, without limitation, real estate firms, construction firms, appraisal firms, management firms, financial institutions, investment banking firms, underwriters, accountants, and providers of legal services, in all contracts entered into by DEVELOPER with such persons or entities, public and private, in order to facilitate the activities of the County to provide affordable housing authorized under this Act or any other Federal housing law. Affirmative steps to assure that minority business enterprises and women business enterprises are used when possible in the procurement of property and services are at 24 CFR 85.36(e).
- 7) Anti-lobbying. DEVELOPER must comply with

restrictions on lobbying required by 24 CFR Part 87.

k. Model Energy Code published by the Council of American Building Officials.

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

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

n. DEVELOPER shall include written agreements that include all provisions of this section if DEVELOPER provides NSP funds to for-profit owners or developers, non-profit owners or developers, sub-recipients, homeowners, homebuyers, tenants receiving tenant-based rental assistance, or contractors.

20. PURCHASE PRICE REQUIREMENT. Any purchase of a foreclosed home shall be at a discount from the CMAV taking into account its current condition. The purchase price of the home must be at least one (1%) below the CMAV of the home (the "Discount"). Properties may be purchased in bulk, but the Discount applies to each property, and not an overall discount. The final offer meeting the Discount must be received by EDA within sixty (60) days of the completed EDA appraisal or the property will be denied.

21. INCOME TARGETING REQUIREMENTS. DEVELOPER shall resell Assisted Unit to LMMI households whose incomes are at or below one-hundred

twenty percent (120%) of the Area Median Income (AMI), adjusted by family size at the time of occupancy, for the County of Riverside.

22. RESALE REQUIREMENTS. DEVELOPER is required to sell each Assisted Unit to a Qualified Homebuyer and repay COUNTY with the proceeds from the sale. The Selling Price of each Assisted Unit shall not exceed (a) the fair market value or (b) the total costs to acquire, rehabilitate and dispose of each Assisted Unit pursuant to NSP. Each Qualified Homebuyer, as defined herein, will obtain a home loan from a financial institution for up to the Selling Price (the "Homebuyer Loan"). If the Homebuyer Loan is less than the Selling Price, then the Qualified Homebuyer will receive the difference as a "Silent Second Mortgage" or Homebuyer Subsidy from the COUNTY. The Homebuyer Subsidy is limited to thirty percent (30%) of the Selling Price of the Assisted Unit and capped for a maximum amount of \$75,000. Upon transfer of title to the Qualified Homebuyer, the amount of the Homebuyer Loan less the sum of the Development Subsidy, the Homebuyer Subsidy and closing costs and Subsidy Amount will be returned to the COUNTY and a Homebuyer Deed of Trust shall be recorded to secure this second mortgage loan, and to require its repayment if the Assisted Unit is no longer the principal residence or the Assisted Unit is sold prior to the expiration of the Affordability Period in violation of the Homebuyer Deed of Trust..

23. QUALIFIED HOMEBUYER. DEVELOPER shall provide to EDA evidence to support the following listed information for EDA's review and approval:

- a. Income Limits. In order for homebuyers to be eligible to purchase the rehabilitated homes, the homebuyer's annual income must not exceed one-hundred twenty percent (120%) of the AMI, as determined by HUD, adjusted for family size. The income and assets of all persons age eighteen (18) and older who will reside in the home must be included in the calculation to determine income eligibility.

- 1 b. Co-owners. Co-owners are only permitted if they will occupy
2 the home as their principal residence and qualify as first time
3 buyers. The income of all co-owners will be included in
4 determining if the household qualifies as moderate income, as
5 noted above. Co-signers are not permitted.
- 6 c. First-time homebuyer. In order to qualify as a first-time
7 homebuyer, the homebuyer cannot have owned a home for
8 the previous three years from the date the homebuyer enters
9 into a purchase agreement. DEVELOPER shall cause the
10 homebuyer to sign a sworn application attesting that they have
11 not owned a home and tax returns from the last three (3) years
12 will be reviewed to ascertain that no mortgage interest or real
13 estate tax deductions have been claimed.
- 14 d. Principal Residence. Homebuyer must be the principal
15 resident during the Affordability Period.
- 16 e. Occupancy Standard. All homebuyers must meet the
17 occupancy standard as defined in the Housing Quality Act
18 under 982.401 that states, "The dwelling unit must have at
19 least one bedroom or living/sleeping room for each two
20 persons." Children of opposite sex, other than very young
21 children, may not be required to occupy the same bedroom or
22 living/sleeping room.
- 23 f. Homebuyer Education. Each homebuyer must receive a
24 certificate of completion evidencing at least eight (8) hours of
25 homebuyer counseling from a HUD-approved housing
26 counseling agency before obtaining a mortgage loan.
- 27 g. Long Term Affordability. NSP assisted units must meet the
28 affordability requirements for fifteen (15) years after transfer of

1 title to Qualified Homebuyer. Affordability requirements apply
2 regardless of the term of any loan, mortgage or the transfer of
3 ownership. Affordability requirements are imposed by deed
4 restrictions, but may terminate upon foreclosure or transfer in
5 lieu of foreclosure.

6 h. Creditworthiness. Qualified Homebuyers must be creditworthy
7 and able to undertake traditional 30-year fixed rate loan FHA,
8 VA, CalHFA, Fannie Mae or Freddie Mac insured loan
9 products with fully amortized loan payments.

10 i. Equity Participation. In the event a Second Mortgage Loan is
11 required, as explained in **Section 4(d)**, repayment is required
12 to COUNTY if the Assisted Unit is no longer the principal
13 residence or upon sale, rental, refinance, conveyance, transfer
14 or change in title of the Assisted Unit prior to the expiration of
15 the Affordability Period in violation of the Homebuyer Deed of
16 Trust. Sale, rental, refinance, conveyance, transfer or change
17 in title of the Assisted Unit prior to the expiration of the
18 Affordability Period in violation of the Homebuyer Deed of
19 Trust will cause the Qualified Homebuyer to be obligated to
20 repay the COUNTY shared equity, in addition to the principal
21 amount of the Homebuyer Subsidy, as provided in the
22 Homebuyer Deed of Trust to COUNTY.

23 j. County Assistance. Only the County of Riverside's Mortgage
24 Credit Certificate program can be used to further assist eligible
25 first-time homebuyers buy an Assisted Unit. The following
26 County of Riverside programs are not eligible: First Time
27 Home Buyer Program, Neighborhood Stabilization
28 Homeownership Program and Redevelopment

Homeownership Program.

24. FEDERAL REQUIREMENTS. DEVELOPER shall comply with the provisions of NSP and any amendments thereto and all applicable federal regulations and guidelines now or hereafter enacted.

25. INDEPENDENT CONTRACTOR. DEVELOPER and its agents, servants and employees shall act at all times in an independent capacity during the Term of this Agreement, and shall not act as, shall not be, nor shall they in any manner be construed to be agents, officers, or employees of COUNTY.

26. PERFORMANCE REQUIREMENTS. DEVELOPER must complete all the following activities within the time specified below or the COUNTY shall either reallocate unencumbered funds pursuant to Section 10 or take title of Assisted Units:

- a. Close Escrow on the Assisted Units within four (4) months from the Effective Date;
- b. Rehabilitate the Assisted Units within seven (7) months from the Effective Date; and
- c. Sell the Assisted Units within ten (10) months from the Effective Date.
- d. In the event DEVELOPER fails to comply with Section 26(a), COUNTY may reallocate unencumbered NSP funds in accordance with Section 10.
- e. In the event DEVELOPER fails to comply with Section 26(b) or Section 26(c), upon COUNTY's request, DEVELOPER shall grant its ownership interest in the Assisted Units to COUNTY.

Signature

27. NONDISCRIMINATION. DEVELOPER shall abide by 24 CFR 570.602 which requires that no person in the United States shall on the grounds of race, color, national origin, religion, or sex be excluded from participation in, be denied

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

28. PROHIBITION AGAINST CONFLICTS OF INTEREST:

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

COUNTY any potential conflict, including even the appearance of conflict that may arise with respect to the NSP activities funded under this Agreement.

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

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

- a. Monetary Default. (1) DEVELOPER's failure to pay when due any sums payable under the Note or any advances made by the COUNTY under this Agreement; (2) DEVELOPER's or any agent of DEVELOPER's use of NSP funds for costs inconsistent with terms and restrictions set forth in this Agreement; (3) DEVELOPER's failure to obtain and maintain the insurance coverage required under this Agreement; (4) DEVELOPER's or any agent of DEVELOPER's failure to make any other payment of any assessment or tax due under this Agreement.
- b. Non-Monetary Default - Operation. (1) Discrimination by DEVELOPER or DEVELOPER's agent on the basis of characteristics prohibited by this Agreement or applicable law; (2) the imposition of any encumbrances or liens on the Project without the COUNTY's prior written approval that are prohibited under this Agreement or that have the effect of reducing the priority or invalidating the NSP Deed of Trust; (3) any material adverse change in the condition of DEVELOPER or the Project or permanent financing or funding for the Project that gives the COUNTY reasonable cause to believe

1 that the Project cannot be operated according to the terms of
2 this Agreement.

3 c. General Performance of Loan Obligations. Any substantial or
4 continuous or repeated breach by DEVELOPER or
5 DEVELOPER's agents of any material obligations on
6 DEVELOPER imposed in the NSP Agreement.

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

15 e. Representations and Warranties. A determination by the
16 COUNTY that any of DEVELOPER's representations or
17 warranties made in this Agreement, any statements made to
18 the COUNTY by DEVELOPER, or any certificates,
19 documents, or schedules supplied to the COUNTY by
20 DEVELOPER were untrue in any material respect when
21 made, or that DEVELOPER concealed or failed to disclose a
22 material fact from the COUNTY.

23 f. Damage to Project. In the event that the Project is materially
24 damaged or destroyed by fire or other casualty, and
25 DEVELOPER receives an award or insurance proceeds for
26 the repair or reconstruction of the Project, and DEVELOPER
27 does not use such award or proceeds to repair or reconstruct
28 the Project.

1 g. Bankruptcy, Dissolution and Insolvency. DEVELOPER (1)
2 filing for bankruptcy, dissolution, or reorganization, or failure
3 to obtain a full dismissal of any such involuntary filing brought
4 by another party before the earlier of final relief or one (1) day
5 after such filing; (2) making a general assignment for the
6 benefit of creditors; (3) applying for the appointment of a
7 receiver, trustee, custodian, or liquidator, or failure to obtain a
8 full dismissal of any such involuntary application brought by
9 another party before the earlier of final relief or forty-five (45)
10 days after such filing; (4) insolvency; or (5) failure, inability or
11 admission in writing of its inability to pay its debts as they
12 become due.

13 30. NOTICE OF DEFAULT AND OPPORTUNITY TO CURE. Except
14 for the performance obligations set forth in Section 26, for monetary and non-
15 monetary Events of Default, the COUNTY shall give written notice to DEVELOPER of
16 any Event of Default by specifying: (a) the nature of the Event of Default or the
17 deficiency giving rise to the default, (b) the action required to cure the deficiency, if an
18 action to cure is possible, and (c) a date, which shall not be more than thirty (30)
19 calendar days from the mailing of the notice, by which such action to cure must be
20 taken. Except for the performance obligations set forth in Section 26, the COUNTY
21 agrees that the DEVELOPER shall have the right to cure defaults under this
22 Agreement.

23 31. COUNTY REMEDIES. Upon the happening of an Event of Default
24 and a failure by DEVELOPER to cure said default within the time specified in the
25 notice of default (if an action to cure is specified in said notice), the COUNTY's
26 obligation to disburse NSP funds shall terminate, and the COUNTY may also in
27 addition to other rights and remedies permitted by this Agreement or applicable law,
28 proceed with any or all of the following remedies in any order or combination the

COUNTY may choose in its sole discretion:

- a. Terminate this Agreement, in which event the entire amount as well as any other monies advanced to DEVELOPER by the COUNTY under this Agreement including administrative costs, shall immediately become due and payable at the option of the COUNTY.
- b. Bring an action in equitable relief (1) seeking the specific performance by DEVELOPER of the terms and conditions of this Agreement, and/or (2) enjoining, abating, or preventing any violation of said terms and conditions, and/or (3) seeking declaratory relief.
- c. Accelerate the NSP Loan, and demand immediate full payment of the principal payment outstanding and all accrued interest under the Note, as well as any other monies advanced to DEVELOPER by the COUNTY under this Agreement.
- d. Reallocate unencumbered funds pursuant to Section 10.
- e. Pursue any other remedy allowed at law or in equity.

32. DEVELOPER'S REMEDIES. Upon the fault or failure of the COUNTY to meet any of its obligations under this Agreement, DEVELOPER may:

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

33. DEVELOPER'S WARRANTIES. DEVELOPER represents and warrants (1) that it has access to professional advice and support to the extent

1 necessary to enable DEVELOPER to fully comply with the terms of this Agreement,
2 and to otherwise carry out the Project, (2) that it is duly organized, validly existing and
3 in good standing under the laws of the State of California, (3) that it has the full power
4 and authority to undertake the Project and to execute this Agreement, (4) that the
5 persons executing and delivering this Agreement are authorized to execute and
6 deliver such documents on behalf of DEVELOPER and (5) that neither DEVELOPER
7 nor any of its principals is presently debarred, suspended, proposed for debarment,
8 declared ineligible, or voluntarily excluded from participation in connection with the
9 transaction contemplated by this Agreement.

10 34. DEVELOPER'S CERTIFICATION. DEVELOPER certifies, to the
11 best of its knowledge and belief, that:

- 12 a. No federally appropriated funds have been paid or will be
13 paid, by or on behalf of the undersigned, to any person for
14 influencing or attempting to influence an officer or employee
15 of any agency, a member of Congress, an officer or
16 employee of Congress, or an employee of a member of
17 Congress in connection with the awarding of any federal
18 contract, the making of any federal grant, the making of any
19 federal loan, the entering into of any cooperative agreement,
20 and the extension, continuation, review, amendment, or
21 modification of any federal contract, grant, loan, or
22 cooperative agreement.
- 23 b. If any funds other than federally appropriated funds have
24 been paid or will be paid to any person for influencing or
25 attempting to influence an officer or employee of any agency,
26 a member of Congress, an officer or employee of Congress,
27 or an employee of a member of Congress in connection with
28 this federal contract, grant, loan, or cooperative agreement,

1 the undersigned shall complete and submit Standard Form-
2 LLL, "Disclosure Form to Report Lobbying," in accordance
3 with its instructions.

- 4 c. The undersigned shall require that the language of this
5 certification be included in the award documents for all sub-
6 awards at all tiers (including subcontracts, sub-grants, and
7 contracts under grants, loans, and cooperative agreements)
8 and that DEVELOPER shall certify and disclose accordingly.
9 This certification is a material representation of fact upon
10 which reliance was placed when this transaction was made or
11 entered into.

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

27 With respect to any action or claim subject to indemnification herein by
28 DEVELOPER, DEVELOPER shall, at its sole cost, have the right to use counsel of its

own choice and shall have the right to adjust, settle, or compromise any such action or claim without the prior consent of COUNTY; provided, however, that any such adjustment, settlement or compromise in no manner whatsoever limits or circumscribes DEVELOPER'S indemnification to COUNTY as set forth herein.

DEVELOPER'S obligation hereunder shall be satisfied when DEVELOPER has provided to COUNTY the appropriate form of dismissal relieving COUNTY from any liability for the action or claim involved.

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

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

36. TERMINATION.

a. DEVELOPER. DEVELOPER may terminate this Agreement consistent with the Act, the regulations implementing the Act, and 24 CFR 85.44.

b. COUNTY. Notwithstanding the above provision hereof, COUNTY may suspend or terminate this Agreement upon written notice to DEVELOPER of the action being taken and the reason for such action:

(a) In the event DEVELOPER fails to perform the covenants herein contained at such times and in such manner as provided in this Agreement after the applicable notice and cure provision hereof; or

(b) In the event there is a conflict with any federal, state or local law, ordinance, regulation or rule rendering

any of the provisions of this Agreement invalid or untenable; or

(c) In the event the funding from HUD, as referred to in **Section 1**, is terminated or otherwise becomes unavailable.

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

d. Upon expiration of this Agreement, DEVELOPER shall transfer to the COUNTY any unexpended NSP funds in its possession at the time of expiration of the Agreement as well as any accounts receivable held by DEVELOPER which are attributable to the use of NSP funds awarded pursuant to this Agreement. If COUNTY so chooses it will also require DEVELOPER to transfer title of Assisted Units to COUNTY.

37. AFFORDABILITY RESTRICTIONS. The COUNTY and DEVELOPER hereby declare their express intent that the restrictions set forth in this Agreement for each Assisted Unit of the Project shall be affordable for a period of fifteen (15) years from the transfer of title to Qualified Homebuyer, and shall bind all

1 successors in title to the Assisted Unit until the expiration of this Agreement. Each and
2 every contract, deed or other instrument hereafter executed covering and conveying
3 the Assisted Unit or any portion thereof shall be held conclusively to have been
4 executed, delivered and accepted subject to such restrictions, regardless whether
5 such restrictions are set forth in such contract, deed or other instrument.

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

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

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

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

27 42. INTERPRETATION AND GOVERNING LAW. This Agreement and
28 any dispute arising hereunder shall be governed by and interpreted in accordance with

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

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

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

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

20 46. MODIFICATION OF AGREEMENT. The COUNTY or
21 DEVELOPER may consider it in its best interest to change, modify or extend a term or
22 condition of this Agreement. Any such change, extension or modification, which is
23 mutually agreed upon by the COUNTY and DEVELOPER shall be incorporated in
24 written amendments to this Agreement as shown in **Exhibit D**, which is attached
25 hereto and by this reference incorporated herein. The Assistant County Executive
26 Officer/EDA or designee is authorized to execute, subject to County Counsel approval,
27 the amendment to change, modify or extend a term or condition of this Agreement.
28 Such amendments shall not invalidate this Agreement, nor relieve or release the

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

47. ASSIGNMENT. DEVELOPER 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 or the Project.

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

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

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

COUNTY

Assistant Director of Housing
Riverside County
Economic Development Agency
3403 Tenth Street, Suite 300
Riverside, CA 92501

DEVELOPER

51. 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.

52. TIME OF THE ESSENCE. Time is of the essence with respect to all provisions of this Agreement that specify a time for performance.

53. EFFECTIVE DATE. The effective date of this Agreement is the date the parties execute the Agreement. If the parties execute the Agreement on more than one date, then the date first above written shall be the effective date.

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(SIGNATURES ON NEXT PAGE)

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

COUNTY:

DEVELOPER:

COUNTY OF RIVERSIDE

<DEVELOPER NAME>,
a California

By: _____
EMILIO RAMIREZ
Assistant Director, Housing

By: _____

APPROVED AS TO FORM:
PAMELA J. WALLS
County Counsel

By: _____
Deputy

(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

Exhibit A

DEVELOPER: _____

Address: _____

Project Title: _____

Project Description:

DEVELOPER will utilize up to \$<LOAN AMOUNT> in NSP funds for acquisition, rehabilitation and resale of vacant, foreclosed and bank-owned single-family homes to low-, moderate- and middle-income ("LMMI") first-time homebuyers within designated Target Areas of the County of Riverside as defined in the COUNTY's 2008-2009 One Year Action Plan and its amendments. Target Areas inside a city's boundary will require a letter of support from the respective city. DEVELOPER has identified working with city support in the following NSP Target Areas: <CITY OR CITIES>.

NSP Assisted Units will be sold to qualified LMMI first-time homebuyers whose incomes do not exceed 120% of the area median income for the County. Qualified homebuyers must not have owned a home within the past 3 years and are required to attend an eight (8) hour home buyer counseling session certified by the United States Department of Housing and Urban Development (HUD). DEVELOPER will utilize NSP funds for acquisition, rehabilitation and disposal costs of properties for the Project. NSP Assisted Units shall be affordable for a period of at least 15 years from the transfer of title to qualified first-time homebuyers.

Eligible Properties ("Assisted Units")

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

1. The home must be foreclosed or abandoned and bank-owned or real estate owned.
2. If the home was tenant occupied at the time of foreclosure the foreclosing entity must provide documentation showing that all tenant protection laws were adhered to. Also, prior to entering into an agreement the home must have been vacant for a period of at least 90 days prior to the Initial Notice and Offer form (Exhibit E).
3. The home must be permanently fixed to a permanent foundation.
4. 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 older than 50 years and must not be listed on, or eligible for listing on, the National Register of Historic Places and are subject to review by the California State Historic Preservation Office. Homes built prior to 1978 will require to be tested for lead.
5. The home must be assessed in accordance with the provisions of the National Environmental Policy Act of 1969 (NEPA) and comply with Laws and Authorities of §58.5: Historic Preservation, Floodplain & Wetlands, Coastal Zone, Aquifers, Endangered Species, Rivers, Air, Farmlands, HUD Environmental Standards and Environmental Justice.
6. Single-Family homes with in-ground pools or spas are eligible for acquisition.

Target Areas

Assisted Units must reside inside areas of greatest need within the designated Target Areas of the County of Riverside as defined in the County's 2008-2009 One Year Action Plan and its amendments. Target Areas inside a city's boundary will require a letter of support from the respective city.

Maximum Purchase Price

The maximum purchase price shall not exceed the actual 95 percent of the area median sales price, or the FHA 203(b) limit, as updated and published regularly by HUD. In addition, the purchase price of property shall not exceed the appraised value of the property.

Resale Price Limitation

The Selling Price of each Assisted Unit shall not exceed (a) the fair market value or (b) the total costs to acquire, rehabilitate and dispose of each Assisted Unit pursuant to NSP.

Acquisition

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

Project Sources and Uses of Funds:

Sources:

County of Riverside NSP Loan 12 months @ 0% \$<LOAN AMOUNT>
Total Sources \$<LOAN AMOUNT>

Uses:

Acquisition	
Appraisals	
Title and Escrow	
Rehabilitation Costs	
Off-Site Work	
Building Permits	
Interim Maintenance	
Insurance	
Marketing	
Contingency	
(Total Project Costs) Sub-Total	
Real Estate Commission (up to 3% of resale prices)	
Developer Fee (10% of Total Project Costs)	
Sub-Total	
Total Uses	<LOAN AMOUNT>

IMPLEMENTATION SCHEDULE

Milestone	Completion Date
1. NSP Loan Agreement executed	
2. Acquisition of Assisted Units completed*	(4 th month)
3. Marketing Plan Status and Outreach	
4. Rehabilitation of Assisted Units complete*	(7 th month)
5. Transfer of title to Qualified Homebuyer*	(10 th month)
6. Submission of Closing Documents	

* Section 26 – Performance Requirements

DOCUMENT SUBMISSION SCHEDULE

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

EXHIBIT B

Deed of Trust

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

Riverside County
Economic Development Agency
3403 10th Street, Suite 300
Riverside, CA 92501
ATTN:

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 _____, 2010. The trustor is _____, ("Borrower" or "DEVELOPER"), and whose address is _____. The trustee is RIVERSIDE COUNTY ECONOMIC DEVELOPMENT AGENCY ("Trustee"). The lender is the COUNTY OF RIVERSIDE ("COUNTY" or "Lender"), a public agency, organized and existing under the laws of the State of California, and whose address is 3403 10th Street, Suite 500, Riverside, CA 92501.

Pursuant to the terms of the NSP Loan Agreement, dated _____, Borrower owes Lender the sum of _____ Dollars (U.S. \$) (the "NSP Loan") for acquisition, rehabilitation and disposition of the "Assisted Unit" at with Assessor Parcel Number _____, as legally described as follows:

<LEGAL DESCRIPTION>

This debt is evidenced by Borrower's Note dated _____ ("Note"). Capitalized terms not defined herein shall have the meaning ascribed to them in the NSP Loan Agreement.

The Note shall provide the following:

The NSP Loan will accrue interest at a rate of zero percent (0%) per annum. The NSP Loan shall be due and payable on the earliest of: (a) the date the Assisted Unit is sold; or (b) an Event of Default by Borrower which has not been cured as provided for in the NSP Loan Agreement. Notwithstanding the above, it is intended that the full amount of the NSP Loan for the Assisted Unit will be reduced by the following:

- (a) Development Subsidy. The Development Subsidy is the amount of the NSP Loan minus the "Selling Price" of the Assisted Unit which is limited to (i) the fair market value or (ii) the total costs to acquire, rehabilitate and dispose of the Assisted Unit;
- (b) Homebuyer Subsidy. The Homebuyer Subsidy is the amount of the Selling Price minus the Qualified Homebuyer's home loan (the "Homebuyer Loan"). The Homebuyer Subsidy is limited to thirty percent (30%) of the Selling Price and capped for a maximum amount of \$75,000. The Homebuyer Subsidy is an amount assumed in the form of silent second mortgage assistance to Qualified Homebuyer; and
- (c) Closing Costs. Closing Costs for the sale of the Assisted Unit to Qualified Homebuyer;

The NSP Loan less Development Subsidy, Homebuyer Subsidy and Closing Costs shall be repaid to COUNTY upon the sale of the Assisted Unit. Upon the repayment of the NSP Loan, Borrower shall be released from its repayment obligations. At the time of the sale of the Assisted Unit to Qualified Homebuyer, COUNTY shall cause to be delivered to Borrower a partial reconveyance of the Deed of Trust from such Assisted Unit.

Upon transfer of title to the Qualified Homebuyer, a "Homebuyer Deed of Trust" shall be recorded to secure the Homebuyer Subsidy ("Second Mortgage Loan"), and to require its repayment if the Assisted Unit is no longer the principal residence and upon sale, rental, refinance, conveyance, transfer or change in title of the Assisted Unit prior to the expiration of the affordability period.

Sale, rental, refinance, conveyance, transfer or change in title of the Assisted Unit prior to the expiration of the affordability period will cause the shared equity in addition to the principal as provided in the Homebuyer Deed of Trust.

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

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

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

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

UNIFORM COVENANTS Borrower and Lender covenant and agree as follows:

1. **Payment of Principal; Late Charges.** Borrower shall promptly pay when due the principal of on the debt evidenced by the Note and any late charges due under the Note.
2. **Taxes and Insurance.** Borrower shall pay at least ten (10) days before delinquency all taxes and assessments affecting said property, including assessments on appurtenant water stock; when due, all encumbrances, charges and liens, with interest, on said property or any part thereof, which appear to be prior or superior hereto; all costs, fees and expenses of this Trust.

- a. Should Borrower fail to make any payment or to do any act herein provided, then Lender or Trustee, but without obligation so to do and upon written notice to or demand upon Borrower and without releasing Borrower from any obligation hereof, may make or do the same in such manner and to such extent as either may deem necessary to protect the security hereof, Lender or Trustee being authorized to enter upon said property for such purposes; appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of Lender or Trustee; pay, purchase, contest or compromise any encumbrance, charge, or lien which in the judgment of either appears to be prior or superior hereto; and, in exercising any such powers, pay necessary expenses, employ counsel and pay his or her reasonable fees.
- 3 Application of Payments.** Unless applicable law provides otherwise, all payments received by Lender under paragraphs 1 and 2 shall be applied: first, to amounts payable under paragraph 2; second, to interest due; third, to principal due; and last, to any late charges due under the Note.
- 4 Prior Deeds of Trust; Charge; Liens.** The Borrower shall perform all of the Borrower's obligations under this Deed of Trust, including Borrower's covenants to make payments when due, subject to applicable cure periods. Borrower shall pay all taxes, assessments, charges, fines and impositions attributable to the Property which may attain priority over this Security Instrument, and leasehold payments or ground rents, if any, subject to applicable cure periods. Borrower shall pay these obligations in the manner provided in paragraph 2, or if not paid in that manner, Borrower shall pay them on time directly to the person owed payment. Borrower shall promptly furnish to Lender all notices of amounts to be paid under this paragraph. If Borrower makes these payments directly, Borrower shall promptly furnish to Lender receipts evidencing the payments.
 - a) Except for the liens permitted by the Lender, Borrower shall promptly discharge any other lien which shall have attained priority over this Security Instrument unless Borrower: (1) agrees in writing to the payment of the obligation secured by the lien in a manner acceptable to Lender; (2) contests in good faith the lien by, or defends against enforcement of the lien in, legal proceedings which in the Lender's opinion operate to prevent the enforcement of the lien; (3) bond around the lien; or (4) secures from the holder of the lien an agreement satisfactory to Lender subordinating the lien to this Security Instrument. If Lender determines that any part of the Property is subject to a lien which may attain priority over this Security Instrument, Lender may give Borrower a notice identifying the lien. Borrower shall satisfy such lien or take one or more of the actions set forth above within thirty (30) days of the giving of notice.
- 5. Subordination.** This Deed of Trust shall be recorded in first position. This Deed of Trust shall remain in a superior position over any other trust deed that may be issued to secure additional public and/or private financing for the Project. The Lender hereby agrees to execute any and all documents necessary to effectuate such subordination concerning this loan, construction and permanent loans, and any future refinancing upon

Borrower's request. Borrower shall request Lender approval of any additional subordination and Lender consent shall not be unreasonably withheld.

- 6. Hazard or Property Insurance.** Borrower shall keep the improvements now existing or hereafter erected on the Property insured against loss of fire, hazards included within the term "extended coverage" and any other hazards, including floods or flooding, for which Lender requires insurance. This insurance shall be maintained in the amounts and for the periods as required in the NSP 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 qualified low-, moderate-, and middle-income (LMMI) households earning no more than 120% of the median income within Riverside County. The use and occupancy restrictions may limit the Borrower's ability to sell the Property. The violation of any use and occupancy restrictions may, if not prohibited by federal law, entitle the Lender to the remedies provided in Section 23 hereof.

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

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

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

9. Mortgage Insurance. (Not used)

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

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

- a. In the event of a total taking of the Property, the proceeds shall be applied to the sums secured by this Security Instrument, whether or not then due, with any excess paid to Borrower. In the event of a partial taking of the Property in which the fair market value of the Property immediately before the taking is equal to or greater than the amount of the sums secured by this Security Instrument immediately before the taking, unless Borrower and Lender otherwise agree in writing, the sums secured by this Security Instrument shall be reduced by the amount of the proceeds multiplied by the following fraction: (a) the total amount of the sums secured immediately before the taking, divided by (b) the fair market value of the Property immediately before the taking. Any balance shall be paid to Borrower. In the event of a partial taking of the Property in which the fair market value of the Property immediately before the taking is less than the amount of the sums secured immediately before the taking, unless Borrower and Lender otherwise agree in writing or unless applicable law otherwise provides, the proceeds shall be applied to the sums secured by this Security Instrument whether or not the sums are then due. Notwithstanding the foregoing, so long as the value of Lender's lien is not impaired, any condemnation proceeds may be used by Borrower for repair and/or restoration of the project.

- b. If the Property is abandoned by Borrower, or if, after notice by Lender to Borrower that the condemnor 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 Assisted 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-, moderate-, and middle-income (LMMI) households, Lender may, at its option, require immediate payment in full of all sums secured by this Security Instrument. However, this option shall not be exercised by Lender if exercise is prohibited by federal law as of the date of this Security Instrument. Nothing in this Security Instrument shall be deemed to require Lender's approval of a transfer of limited partnership interests in the Borrower.
- a. If Lender exercises the foregoing option, Lender shall give Borrower and the Senior Lien Holder prior written notice of acceleration. The notice shall provide a period of not less than 30 days from the date the notice is delivered or mailed within which Borrower must pay all sums secured by this Security Instrument. If Borrower fails to pay these sums prior to the expiration of this period, Lender may invoke any remedies permitted by this Security Instrument without further notice or demand on Borrower.
 - b. Notwithstanding Lender's right to invoke any remedies hereunder, as provided in Section 8 above, Lender agrees that it will not commence foreclosure proceedings or accept a deed in lieu of foreclosure, or exercise any other rights or remedies hereunder until it has given the Senior Lien Holders at least 60 days' prior written notice. The Borrower's limited partners shall have the same right to cure as Senior Lien Holders.
 - c. The Borrower and the Lender agree that whenever the Note or this Security Instrument gives the Lender the right to approve or consent with respect to any matter affecting the Property (or the construction of any improvements thereon) or otherwise (including the exercise of any "due on sale" clause), and a right of approval or consent with regard to the same matter is also granted to the Senior Lien Holders pursuant to the Senior Deeds of Trust, the Senior Lien Holders' approval or consent or failure to approve or consent, as the case may be, shall be binding on the Borrower and the Lender.
- 19. Borrower's Right to Reinstate.** If Borrower meets certain conditions, Borrower shall have the right to have enforcement of this Security Instrument discontinued at any time

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

- 20. Sale of Note; Change of Loan Servicer.** The Note or a partial interest in the Note (together with this Security Instrument) may be sold one or more times without prior notice to Borrower. A sale may result in a change in the entity (known as the "Loan Servicer") that collects monthly payments due under the Note and this Security Instrument. There also may be one or more changes of the Loan Servicer unrelated to a sale of the Note. If there is a change of the Loan Servicer, Borrower will be given written notice of the change in accordance with paragraph 15 above and applicable law. The notice will state the name and address of the new Loan Servicer and the address to which payments should be made. The notice will also contain any other information required by applicable law.
- 21. No Assignment.** Until the loans secured by the Senior Deeds of Trust have been satisfied in full, the Lender and the Borrower agree that the Note and the Security Instrument will not be assigned without the Senior Lien Holders' prior written consent.
- 22. Hazardous Substances.** Borrower shall not cause or permit the presence, use, disposal, storage, or release of any Hazardous Substances on or in the Property. Borrower shall not do, nor allow anyone else to do, anything affecting the Property that is in violation of any Environmental Law. The preceding two sentences shall not apply to the presence, use, or storage on the Property of small quantities of Hazardous Substances that are generally recognized to be appropriate to normal residential uses, construction, and to maintenance of the Property.
- a. Borrower shall promptly given Lender written notice of any investigation, claim, demand, lawsuit or other action by any governmental or regulatory agency or private party involving the Property and any Hazardous Substance or Environmental Law of which Borrower has actual knowledge. If Borrower learns, or is notified in writing by any governmental or regulatory authority, that any removal or other remediation of any Hazardous Substance affecting the Property is necessary, Borrower shall promptly take all necessary remedial actions in accordance with Environmental Law. Prior to taking any such remedial action, however, the Borrower shall notify the Senior Lien Holders that such remedial action is necessary and shall obtain the Senior Lien Holders' prior written consent for such remedial action.

- b. As used in this paragraph 22, "Hazardous Substances" are those substances defined as toxic or hazardous substances by Environmental Law and the following substances: gasoline, kerosene, other flammable or toxic petroleum products, toxic pesticides and herbicides, volatile solvents, materials containing asbestos or formaldehyde, and radioactive materials. As used in this paragraph 22, "Environmental Law" means federal laws and laws of the jurisdiction where the Property is located that relate to health, safety or environmental protection.

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

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

- a. If Lender invokes the power of sale, Lender or Trustee shall mail copies of a notice of sale in the manner prescribed by applicable law to Borrower, the Investment Limited Partner, the Senior Lien Holders and to the other persons prescribed by applicable law. Trustee shall give notice of sale by public advertisement for the time and in the manner prescribed by applicable law. Trustee, without demand on Borrower, shall sell the Property at public auction to the highest bidder for cash at the time and place and under the terms designated in the notice of sale in one or more parcels and in any order Trustee determines. Trustee may postpone sale of all or any parcel of the Property to any later time on the same date by public announcement at the time and place of any previously scheduled sale. Lender or its designee may purchase the Property at any sale.

- b. Trustee shall deliver to the purchaser Trustee's deed conveying the Property without any covenant or warranty, expressed or implied. The recitals in the Trustee's deed shall be prima facie evidence of the truth of the statements made therein. Trustee shall apply the proceeds of the sale in the following order: (a) to all expenses of the sale, including, but not limited to, reasonable Trustee's and attorneys' fees; (b) to all sums secured by this Security Instrument; and (c) any excess to the person or persons legally entitled to it.
- 24. Release.** Upon payment of all sums secured by this Security Instrument, Lender shall release this Security Instrument without charge to Borrower. Borrower shall pay any recordation costs.
- 25. Substitute Trustee.** Lender, at its option, may from time to time remove Trustee and appoint a successor trustee to any Trustee appointed hereunder by an instrument recorded in the county in which this Security Instrument is recorded. Without conveyance of the Property, the successor trustee shall succeed to all the title, power and duties conferred upon Trustee herein and by applicable law.
- 26. Modification of Senior Deeds of Trust Loan Documents.** The Lender consents to any agreement or arrangement in which a Senior Lien Holder waives, postpones, extends, reduces or modifies any provisions of the applicable Senior Deed of Trust loan documents, including any provisions requiring the payment of money.
- 27. 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.

(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:

By: _____

(SIGNATURES CONTINUE ON NEXT PAGE)

BORROWER SIGNATURE MUST BE NOTARIZED

LENDER:

COUNTY OF RIVERSIDE

By: _____
EMILIO RAMIREZ
Assistant Director, Housing

APPROVED AS TO FORM:
PAMELA J. WALLS
County Counsel

By: _____
Deputy

LENDER SIGNATURE 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

STATE OF CALIFORNIA }
COUNTY OF }

On _____, before me, _____
 Date Here Insert Name and Title of the Officer
 personally appeared _____
 Name(s) of Signer(s)

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

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

WITNESS my hand and official seal.

Signature

Place Notary Seal Above

Signature of Notary Public

REQUEST FOR RECONVEYANCE

TO TRUSTEE:

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

Dated: _____

EXHIBIT C

Promissory Note

PROMISSORY NOTE SECURED BY DEED OF TRUST \$ _____ Riverside, CA

In installments as hereafter stated, for value received, _____, ("Borrower" or "DEVELOPER") promises to pay the COUNTY OF RIVERSIDE, a political subdivision of the State of California ("COUNTY"), or order, at 3403 10th Street, Suite 500, Riverside, CA 92501, the sum of _____ Dollars (U.S. \$ _____) (the "Property Loan"), at the rate of zero percent (0%) per annum, pursuant to the terms of the NSP Loan Agreement, dated _____, for acquisition, rehabilitation and disposition of the "Assisted Unit" at _____. Capitalized terms not defined herein shall have the meaning ascribed to them in the NSP Loan Agreement.

This Promissory Note shall provide the following:

The NSP Loan will accrue interest at a rate of zero percent (0%) per annum. The NSP Loan shall be due and payable on the earliest of: (a) the date the Assisted Unit is sold; or (b) an Event of Default by Borrower which has not been cured as provided for in the NSP Loan Agreement. Notwithstanding the above, it is intended that the full amount of the NSP Loan for the Assisted Unit will be reduced by the following:

- (a) Development Subsidy. The Development Subsidy is the amount of the NSP Loan minus the "Selling Price" of the Assisted Unit which is limited to (i) the fair market value or (ii) the total costs to acquire, rehabilitate and dispose the Assisted Unit;
- (b) Homebuyer Subsidy. The Homebuyer Subsidy is the amount of the Selling Price minus the principal balance of the Qualified Homebuyer's home loan (the "Homebuyer Loan"). The Homebuyer Subsidy is limited to thirty percent (30%) of the Selling Price and capped for a maximum amount of \$75,000. The Homebuyer Subsidy is an amount assumed in the form of silent second mortgage assistance to Qualified Homebuyer; and
- (c) Closing Costs. Closing Costs for the sale of the Assisted Unit to Qualified Homebuyer;

The NSP Loan less Development Subsidy, Homebuyer Subsidy and Closing Costs shall be repaid to COUNTY upon the sale of the Assisted Unit. Upon the repayment of the NSP Loan, Borrower shall be released from its repayment obligations. At the time of the sale of the Assisted Unit to Qualified Homebuyer, COUNTY shall cause to be delivered to Borrower a partial reconveyance of the Deed of Trust from such Assisted Unit and a termination of the NSP Loan Agreement as a lien on such Assisted Unit. Upon transfer of title to the Qualified Homebuyer, a "Homebuyer Deed of Trust" shall be recorded to secure the Homebuyer Subsidy ("Second Mortgage Loan"), and to require its repayment if the Assisted Unit is no longer the principal residence and upon sale, rental, refinance, conveyance, transfer or change in title of the Assisted Unit prior to the expiration of the affordability period.

Sale, rental, refinance, conveyance, transfer or change in title of the Assisted Unit prior to the expiration of the affordability period will cause the shared equity in addition to the principal as provided in the Homebuyer Deed of Trust.

Pursuant to the NSP Loan Agreement, the term of the NSP Loan shall be twelve (12) months from the date of execution of the NSP Loan Agreement.

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

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

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

DATE: _____

BORROWER:

By: _____

EXHIBIT D

**Amendment to Loan Agreement
for the Use of Neighborhood Stabilization Program Funds**

1 NO FEE FOR RECORDING PURSUANT
TO GOVERNMENT CODE 6103

2 RECORDING REQUESTED BY AND
3 WHEN RECORDED MAIL TO:

4 County of Riverside
5 Economic Development Agency
6 3403 10th Street, Suite 500
Riverside, CA 92501
Attn:

SPACE ABOVE THIS LINE FOR RECORDERS USE

7 **AMENDMENT TO LOAN AGREEMENT FOR THE USE OF**
8 **NEIGHBORHOOD STABILIZATION PROGRAM (NSP) FUNDS**

9 This _____ Amendment to Loan Agreement for the Use of Neighborhood
10 Stabilization Program Funds ("Amendment") is made and entered into as of the
11 ____ day of _____, 20__, by and between the COUNTY OF
12 RIVERSIDE ("COUNTY"), a political subdivision of the State of California and
13 _____ ("DEVELOPER"), a California nonprofit public benefit corporation.
14 Capitalized terms not defined herein shall have the meaning ascribed to them in the
15 Loan Agreement for the Use of Neighborhood Stabilization Program Funds ("NSP
16 Loan Agreement") on _____.

17
18 **WITNESSETH:**

19 **WHEREAS**, pursuant to the NSP Loan Agreement, COUNTY agreed to lend up
20 to <LOAN AMOUNT> Dollars (\$<LOAN AMOUNT>) in NSP funds (the "NSP Loan")
21 to DEVELOPER for individual financing to acquire and rehabilitate approximately
22 fifteen (15) vacant, foreclosed and bank-owned single-family properties ("Properties")
23 and resale homes to qualified low-, moderate-, and middle-income (LMMI) first-time
24 homebuyers in the County of Riverside; and

25 **WHEREAS**, DEVELOPER has acquired _____ () single-family properties
26 and obligated approximately \$ _____ (_____% of the NSP Loan) through
27 recorded deeds of trust for the Project; and

28 **WHEREAS**, DEVELOPER has requested for an additional \$ _____

1 in NSP funds to purchase additional property for the same NSP activity of acquisition,
2 rehabilitation and resale; and

3 **WHEREAS**, COUNTY will amend the NSP Loan Agreement and increase the
4 NSP Loan from _____ Dollars (\$) to _____ Dollars (\$_____); and

5 **WHEREAS**, amending the NSP Loan Agreement will assist the COUNTY in
6 fulfilling its requirements under the Neighborhood Stabilization Program.

7 **NOW, THEREFORE**, in consideration of the foregoing, and the promises and
8 mutual covenants and conditions hereinafter set forth, COUNTY and DEVELOPER
9 do hereby agree as follows:

- 10 1. The amount of the NSP Loan shall be modified and increased from
11 \$_____ to \$_____ in NSP funds.
- 12 2. All other terms and conditions of the NSP Loan Agreement shall remain
13 unmodified and in full force and effect.
- 14 3. This First Amendment may be signed by the different parties hereto in
15 counterparts, each of which shall be an original, but all of which together
16 shall constitute one and the same agreement.
- 17 4. The effective date of this First Amendment is the date the parties execute
18 this First Amendment. If the parties execute the First Amendment on more
19 than one date, then the last date the First Amendment is executed by a
20 party shall be the Effective Date.
- 21 5. The First Amendment is not binding until approved by the Assistant County
22 Executive Officer/EDA or designee subject to approval by County Counsel.

23 ///

24 ///

25 ///

1 **IN WITNESS WHEREOF**, the COUNTY and DEVELOPER have executed this
2 Amendment as of the date first above written.

3
4 COUNTY: DEVELOPER:
5 COUNTY OF RIVERSIDE <DEVELOPER NAME>,
6 a California

7
8 By: _____ By: _____
9 EMILIO RAMIREZ
Assistant Director, Housing

10
11 APPROVED AS TO FORM:
12 PAMELA J. WALLS
County Counsel

13
14 By: _____
15 MICHELLE CLACK
Deputy

16
17
18
19
20
21 **(Signatures on this page need to be notarized)**
22
23
24
25
26
27
28

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.

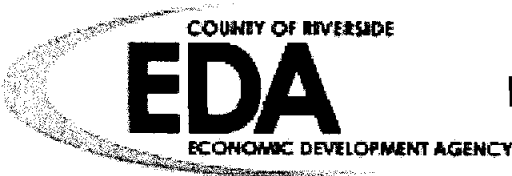
Signature

Place Notary Seal Above

Signature of Notary Public

EXHIBIT E

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



INITIAL NOTICE AND OFFER NSP form

Informational Notice To Seller VOLUNTARY ACQUISITION OF FORECLOSED PROPERTY

Date	
------	--

_____, (hereinafter referred to as "Buyer")

is interested in acquiring the property you own at:

_____ (Address)

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

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

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



INITIAL NOTICE

Under NSP, the Buyer is required to purchase the foreclosed and vacant property at a discount from its **Current Market Appraised Value (CMAV)**. Upon receipt of the **Initial Notice and Offer** form for the property in consideration, EDA, through an independent fee contract appraiser will conduct an appraisal of the property. The appraisal must be completed meeting the Uniform Relocation Assistance and Real Property Acquisition Policies Act (URA) and its implementing regulations at 49 CFR Part 24. The contract fee appraiser contracted by EDA must be State licensed or certified in accordance with Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA). The initial purchase price submitted at the time the **Initial Notice and Offer** form is received by EDA will be considered as the **Initial Offer**. The final purchase price must be at least one percent (1%) below the appraised value. If the Initial Offer meets the one percent (1%) discount, Seller and Buyer will be required to submit a **Final Notice and Offer** form and the Initial Offer will be considered to be the **Final Offer**. The Final Notice and Offer form must be received and dated within sixty (60) days of the completed EDA appraisal report. Failure to submit this in a timely manner will result in denial of the NSP application. However, if the Initial Offer falls short of the one percent (1%) discount, the Buyer will be required to re-negotiate a minimum 1% discount. If the Seller and Buyer could not reach an amicable agreement for the purchase price of the property, the NSP application by the Buyer will be denied and the cost of the appraisal will be absorbed by EDA.

INITIAL OFFER

Initial Purchase Price Negotiated by Buyer and Seller: \$ _____

By signing below, both Buyer and Seller/Listing Agent acknowledge that they have read and understand:

- (1) the Voluntary Acquisition of Foreclosed Property;
- (2) the purchase price discount requirements of the transaction;
- (3) Buyer's Initial Offer is contingent and subject to the discount requirement of the Neighborhood Stabilization Program and the Current Market Appraised Value.
- (4) ☐ Seller and or Listing Agent acknowledge and certify that the property was occupied by owner at time of foreclosure (supporting documentation must be submitted to support this).
- (5) Seller and or Listing Agent certify that either:
 - ☐ No tenant lived in the property at the time of foreclosure (utility records may support this claim); or
 - ☐ Tenant was given 90 days notice as required by law before being asked to vacate property (records or copy of notice must be submitted to support this).

Signature of Seller Date

Print Name

Signature of Buyer Date

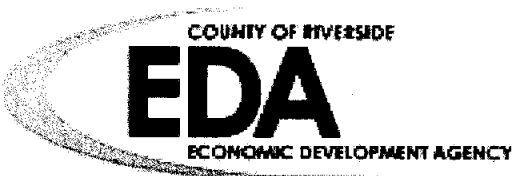
Print Name

Signature of Seller Date

Print Name

Signature of Buyer Date

Print Name



FINAL NOTICE AND OFFER NSP form

Address _____ Date _____

FINAL NOTICE

(Section completed by EDA**)**

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

The appraisal indicates the property's CMAV is \$_____.00 and the one percent (1%) discount is \$(_____.00).

The final purchase price must be equal to or less than \$_____.00 and will expire on midnight of _____.

Buyer's Initial Purchase Price, dated _____, is \$_____.00.

Buyer's Initial Purchase Price

- ☐ is **less than or equal to** the CMAV discounted at 1%.
☐ is **more than** the CMAV discounted at 1%.

Principal Dev. Spec. _____

Date _____

FINAL OFFER

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

The Initial Offer is

- ☐ is **less than or equal to** the CMAV discounted at 1%. Buyer and Seller acknowledged that they mutually accepted the Final Purchase Price of \$_____.
- ☐ is **more than** the CMAV discounted at 1%. The offer does not meet the discount requirement for NSP. Buyer is prepared to offer you \$_____ to purchase Seller's property. The Final Offer/Purchase price must be received and dated within sixty (60) days of the completed EDA appraisal report, as stated above.

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

Signature of Seller _____ Date _____

Print Name _____

Signature of Seller _____ Date _____

Print Name _____

Signature of Buyer _____ Date _____

Print Name _____

Signature of Buyer _____ Date _____

Print Name _____

EXHIBIT F

RIVERSIDE COUNTY

ECONOMIC DEVELOPMENT AGENCY

SECTION 3

24 CFR PART 135

ECONOMIC OPPORTUNITIES FOR

LOW-AND VERY LOW-INCOME PERSONS

CONTRACT REQUIREMENTS

RIVERSIDE COUNTY ECONOMIC DEVELOPMENT AGENCY

I. Section 135.1 Purpose

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

Section 135.30 Numerical Goals for Meeting the Greatest Extent Feasible Requirement

A. GENERAL

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

B. TRAINING AND EMPLOYMENT

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

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

- (i) 10 percent of the aggregate number of new hires for the one year period beginning in FY 1995 (October 1, 1994 to September 30, 1995),
- (ii) 20 percent of the aggregate number of the new hires for the one year period beginning in FY 1996 (October 1, 1995 to September 1996); and
- (iii) 30 percent of the aggregate number of new hires for the one year period beginning in FY 1997 and continuing thereafter (October 1, 1996 and thereafter).

C. **CONTRACTS**

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

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

D. **SAFE HARBOR AND COMPLIANCE DETERMINATIONS**

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

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

- A. Order of providing preference. Recipients, contractors, and subcontractors shall direct their efforts to provide, to the greatest extent feasible, training and employment opportunities generated from the expenditure of Section 3 covered assistance to Section 3 residents in the order of priority provided in this section.
- (1) Housing and community development programs. In housing and community development programs, priority consideration shall be given, where feasible, to:
 - (i) Section 3 residents residing in the Riverside or San Bernardino County (collectively, referred to as category 1 residents); and
 - (ii) Participants in HUD Youth build programs (category 2 residents).
 - (iii) Where the section 3 project is assisted under the Stewart B. McKinney Homeless Assistance Act (42 U.S.C. 11301 et seq.), homeless persons residing in the Riverside or San Bernardino County shall be given the highest priority;
- B. Eligibility for Preference: A Section 3 resident seeking the preference in training and employment provided by this part shall certify, or submit evidence to the recipient contractor or subcontractor, if requested, that the person is a Section 3 resident, as defined in Sec. 135.5 (An example of evidence of eligibility for the preference is evidence of receipt of public assistance, or evidence of participation in a public assistance program.)
- C. Eligibility for employment: Nothing in this part shall be construed to require the employment of a Section 3 resident who does not meet the qualifications of the position to be filled.

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

- A. Order of Providing Preference: Recipients, contractors and subcontractors shall direct their efforts to award Section 3 covered contract, to the greatest extent feasible, to Section 3 Business Concerns in the order of priority provided in this section.
- (1) Housing and community development programs. In housing and community development programs, priority consideration shall be given, where feasible, to:
- (i) Section 3 business concerns that provide economic opportunities for section 3 residents in the Riverside or San Bernardino County (category 1 businesses); and
- (ii) Applicants (as this term is defined in 42 U.S.C. 12899) selected to carry out HUD Youthbuild programs (category 2 businesses);
- (iii) Other section 3 business concerns.
- B. Eligibility for Preference: A Business Concern seeking to qualify for a Section 3 contracting preference shall certify or submit evidence, if requested, that the Business Concern is a Section 3 Business Concern as defined in Section 135.5.
- C. Ability to Complete Contract: A Section 3 Business Concern seeking a contract or a subcontract shall submit evidence to the recipient, contractor, or subcontractor (as applicable), if requested, sufficient to demonstrate to the satisfaction of the party awarding the contract that the business concern is responsible and has the ability to perform successfully under the terms and conditions of the proposed contract. (The ability to perform successfully under the terms and conditions of the proposed contract is required of all contractors and subcontractors subject to the procurement standards of 24 CFR 85.36 (see 24 CFR 85.36 (b) (8)). This regulation requires consideration of, among other factors, the potential contractor's record in complying with public policy requirements. Section 3 compliance is a matter properly considered as part of this determination.

SECTION 135.38 Section 3 Clause.

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

- A. The work to be performed under this contract is subject to the requirements of Section 3 of the Housing and Urban Development Act of 1968, as amended, 12 U.S.C. 1701u (Section 3). The purpose of section 3 is to ensure that employment and other economic opportunities generated by HUD assistance of HUD-assisted projects covered by Section 3, shall, to the greatest extent feasible, be directed to low-and very low-income persons, particularly persons who are recipients of HUD assistance for housing.
- B. The parties to this contract agree to comply with HUD's regulations in 24 CFR part 135, which implement Section 3. As evidenced by their execution of this contract, the parties to this contract certify that they are under no contractual or other impediment that would prevent them from complying with the part 135 regulations.
- C. The contractor agrees to send to each labor organization or representative of workers with which the contractor has a collective bargaining agreement or other understanding, if any, a notice advising the

labor organization or workers' representative of the contractor's commitments under this Section 3 clause, and will post copies of the notice in conspicuous places at the work site where both employees and applicants for training and employment positions can see the notice. The notice shall describe the Section 3 preference, shall set forth minimum number and job titles subject to hire, availability of apprenticeship and training positions, the qualifications for each; and the name and location of the person(s) taking applications for each of the positions; and the anticipated date the work shall begin.

- D. The contractor agrees to include this Section 3 clause in every subcontract subject to compliance with regulations in 24 CFR part 135, and agrees to take appropriate actions, as provided in an applicable provision of the subcontract or in this Section 3 clause, upon a finding that the subcontractor is in violation of the regulations in 24 CFR part 135. The contractor will not subcontract with any subcontractor where the contractor has notice or knowledge that the subcontractor has been found in violation of the regulations in 24 CFR part 135.
- E. The contractor will certify that any vacant employment positions, including training positions, that are filled (1) after the contractor is selected but before the contract is executed, and (2) with persons other than those to whom the regulations of 24 CFR part 35 require employment opportunities to be directed, were not filled to circumvent the contractor's obligations under 24 CFR part 135.
- F. Noncompliance with HUD's regulations in 24 CFR part 135 may result in sanctions, termination of this contract for default, and debarment or suspension from future HUD assisted contracts.

VI. SECTION 135.40 Providing Other Economic Opportunities

- A. General. In accordance with the findings of the Congress, as stated in Section 3, that other economic opportunities offer an effective means of empowering low-income persons, a recipient is encouraged to undertake efforts to provide to low-income persons economic opportunities other than training, employment, and contract awards, in connection with Section 3 covered assistance.
- B. Other training and employment related opportunities. Other economic opportunities to train and employ Section 3 residents include, but need not be limited to, use of "upward mobility", "bridge" and trainee positions to fill vacancies; hiring Section 3 residents in management and maintenance positions within other housing developments; and hiring Section 3 residents in part-time positions.
- C. Other business related economic opportunities:
 - (1) A recipient or contractor may provide economic opportunities to establish stabilize or expand Section 3 Business Concerns, including micro-enterprises. Such opportunities include, but are not limited to the formation of Section 3 Joint Ventures, financial support for affiliating with franchise development, use of labor only contracts for building trades, purchase of supplies and materials from housing authority resident-owned businesses, purchase of materials and supplies from Public Housing Agency resident-

owned businesses. A recipient or contractor may employ these methods directly or may provide incentives to non-Section 3 businesses to utilize such methods to provide other economics opportunities to low-income persons.

- (2) A Section 3 Joint Venture means an association of Business Concerns, one of which qualifies as a Section 3 Business Concern, formed by written joint venture agreement to engage in and carry out a specific business venture for which purpose the Business Concerns combine their efforts, resources, and skills for joint profit, but not necessarily on a continuing or permanent basis for conducting business generally, and for which the Section 3 Business Concern:
 - (i) Is responsible for clearly defined portion of the work to be performed and holds management responsibilities in the joint venture; and
 - (ii) Performs at least 25 percent of the work and is contractually entitled to compensation proportionate to its work.

VII. SECTION 135.5 Definitions.

As used in this part:

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

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

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

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

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

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

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

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

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

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

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

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

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

Recipient means any entity which receives Section 3 covered assistance, directly from HUD or from another recipient and includes, but is not limited to, any State, unit or local government; PHA, Indian Housing Authority, Indian tribe, or other public body, public or private nonprofit organization, private agency or institution, mortgagor, owner, PARTICIPANT, developer, limited dividend sponsor, builder, property manager, community development organization, resident management corporation, resident council, or cooperative association. Recipient also includes any successor, assignee, or transferee of any such entity, but does not include any ultimate beneficiary under the HUD program to which Section 3 applies and does not include contractors.

Secretary means the Secretary of Housing and Urban Development.

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

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

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

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

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

Section 3 covered assistance means:

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

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

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

Section 3 resident means:

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

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

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

Exhibit F

RIVERSIDE COUNTY ECONOMIC DEVELOPMENT AGENCY

CONTRACTOR CERTIFICATION

REGARDING STATUS AS A SECTION 3 BUSINESS CONCERN

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

known as _____
(print business name)

- _____ is not a Section 3 business. (Please complete the bottom section.)
- _____ is a Section 3 business **because** (check one of the following:)
- _____ 51 percent or more is owned by Section 3 residents; or
- _____ 30 percent of the permanent full-time employees are currently Section 3 residents or were Section 3 residents when first hired (if within the past three years); **or**
- _____ The business commits in writing to subcontract over 25 percent of the total dollar amount of all subcontracts to be let to businesses that meet the requirements of Sections 1 and 2 of this definition;

AND

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

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

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

Signature _____
Date _____

Project _____
\$ _____

Effective 05/2010

Persons in Household	1	2	3	4	5	6	7	8
Low Income Family (80% Area Median Income)	\$36,400	\$41,600	\$46,800	\$52,000	\$56,200	\$60,350	\$64,500	\$68,650

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

Prohibition Against Conflicts of Interest

EXHIBIT G

§ 92.356 Conflict of interest.

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

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

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

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

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

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

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

- (2) Whether the exception would provide a significant cost benefit or an essential degree of expertise to the program or project which would otherwise not be available;
- (3) Whether the person affected is a member of a group or class of low-income persons intended to be the beneficiaries of the assisted activity, and the exception will permit such person to receive generally the same interests or benefits as are being made available or provided to the group or class;
- (4) Whether the affected person has withdrawn from his or her functions or responsibilities, or the decision making process with respect to the specific assisted activity in question;

- (5) Whether the interest or benefit was present before the affected person was in a position as described in paragraph (c) of this section;
- (6) Whether undue hardship will result either to the COUNTY or the person affected when weighed against the public interest served by avoiding the prohibited conflict;
- (7) Any other relevant considerations.

Owners/Participants and Developers.

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

TOPIC:

CONFLICT OF INTEREST CODED
RIVERSIDE COUNTY
ECONOMIC DEVELOPMENT AGENCY

DATE:

MARCH 1999

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

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