

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

329



FROM: Economic Development Agency

SUBMITTAL DATE:

June, 28, 2011

SUBJECT: Agreement for North Shore Groups 5 & 6 in the Community of North Shore

RECOMMENDED MOTION: That the Board of Supervisors:

1. Approve the attached Agreement for North Shore Groups 5 & 6 Self-Help in the community of North Shore;
2. Approve the attached Homebuyer Loan Agreement & Disclosure Statement, Promissory Note, and Subordinate Deed of Trust;
3. Authorize the Chairman of the Board of Supervisors to execute the attached Agreement; and

(Continued)

Robert Field
Assistant County Executive Officer/EDA

FINANCIAL DATA	Current F.Y. Total Cost:	\$ 600,000	In Current Year Budget:	Yes
	Current F.Y. Net County Cost:	\$ 0	Budget Adjustment:	No
	Annual Net County Cost:	\$ 0	For Fiscal Year:	2011/12

COMPANION ITEM ON BOARD OF DIRECTORS AGENDA: No

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

C.E.O. RECOMMENDATION: APPROVE

BY:
Jennifer L. Sargent

County Executive Office Signature

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

Prev. Agn. Ref.: 3.13 of 3/29/11; 3.13 of 5/10/11

District: 4

Agenda Number:

ATTACHMENTS FILED
WITH THE CLERK OF THE BOARD

3.21

FISCAL PROCEDURES APPROVED
 PAUL ANGULO, CPA, AUDITOR-CONTROLLER
 BY: 6/27/11
 DATE: 6/27/11
 MEMBER: BANDEUWONG
 ANITA C. WILLIS

RECOMMENDED MOTION:

4. Authorize the Assistant County Executive Officer/EDA, or designee, to take all necessary steps to implement the Agreement including, but not limited to, signing subsequent Subordinate Deed of Trusts and essential/relevant documents subject to approval by County Counsel.

BACKGROUND:

Coachella Valley Housing Coalition (CVHC), a nonprofit public benefit corporation and certified Community Housing Development Corporation, is proposing to use up to \$600,000 in Home Investment Partnerships Act (HOME) Program funds for the development and new construction of 11 single-family homes for lower-income families in the unincorporated community of North Shore in Riverside County. All 11 homes will be assisted with HOME funds and will include an affordability covenant for a period of 20 years ("HOME Units"). Up to \$55,000 of the HOME funds will be reserved as mortgage assistance for the HOME Units.

The homes will be built through CVHC's mutual self-help construction program which enables groups of qualified very low-income families to become first-time homeowners by working together under skilled supervision and earn "sweat-equity" towards the down payment of their prospective home. The proposed project will consist of 11 four-bedroom and two-bathroom single-story homes.

CVHC will use up to \$600,000 in HOME funds for development, construction, and mortgage assistance for the project. Other funding sources that are being sought by CVHC include a \$784,000 loan from the U.S. Department of Agriculture Section 502 Program, an \$82,000 grant from the Affordable Housing Program, a \$74,000 loan from the Joe Serna, Jr. Farmworker Housing Grant Program, and \$5,500 in buyer sweat-equity. The total development costs are estimated to be \$1,545,500.

All of the 11 Home Units will be sold to very low-income households whose incomes do not exceed 50% of the area median income for the county, adjusted by family size at the time of occupancy. All HOME Units will have an affordability period of 15 years from the certificate of occupancy.

On March 29, 2011, the Board of Supervisors approved a Finding of No Significant Impact on the Environment. Subsequently, the county has received authorization from the U.S. Department of Housing and Urban Development to incur costs. The project activity was included in the 2010-2011 One-Year Action Plan on May 10, 2011.

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

Attachments: Agreement, Deed of Trust, and Promissory Note

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

3 RECORDING REQUESTED BY AND
4 WHEN RECORDED MAIL TO:

5 County of Riverside
6 Economic Development Agency
7 3403 10th Street, Suite 500
8 Riverside, CA 92501
9 Attn: Benjamin Cendejas

10 SPACE ABOVE THIS LINE FOR RECORDERS USE

11
12 AGREEMENT FOR NORTH SHORE GROUPS 5 & 6 SELF-HELP
13 IN THE COMMUNITY OF NORTH SHORE
14

15 This Agreement is made and entered into this _____ day of _____, 2011 by
16 and between the COUNTY OF RIVERSIDE ("COUNTY"), a political subdivision of the State
17 of California, and THE COACHELLA VALLEY HOUSING COALITION ("CVHC"), a
18 California nonprofit public benefit corporation.
19

20 WITNESSETH:

21 WHEREAS, the Home Investment Partnerships Act (HOME) Program, which was
22 enacted under Title II of the Cranston-Gonzalez National Affordable Housing Act of 1990 (the
23 "Act"), has as its purposes: to expand the supply of decent, affordable housing for low and very-
24 low income families; to build State and local capacity to carry out affordable housing programs;
25 and to provide for coordinated assistance to participants in the development of affordable low-
26 income housing; and

27 WHEREAS, COUNTY has qualified as an "Urban County" for purposes of receiving
28 HOME funds which are to be used to assist and undertake essential housing assistance activities
pursuant to the Act; and

WHEREAS, CVHC is eligible under the Act to receive HOME funds to perform those
activities described herein; and

WHEREAS, the HOME-assisted activities described herein comply with one of the

1 objectives as required under 24 CFR Part 92; and

2 WHEREAS, CVHC is eligible under the Act to apply for and receive an allocation of
3 HOME funds as a “Community Housing Development Organization” (CHDO); and

4 WHEREAS, the HOME-assisted activities described herein are consistent with
5 COUNTY'S “Consolidated Plan.”

6 NOW, THEREFORE, COUNTY and CVHC mutually agree as follows:

7 1. PURPOSE. COUNTY agrees to grant up to Six Hundred Thousand
8 Dollars (\$600,000) of HOME funds to CVHC upon the terms and conditions set forth herein.
9 CVHC agrees to accept the HOME funds from COUNTY for the development, construction,
10 and mortgage assistance of 11 single-family homes (the “HOME Units”) for very low and low-
11 income households in the unincorporated community of North Shore, in the County of
12 Riverside (the “Project”), as further described in **Exhibit A**, which is attached hereto and by this
13 reference incorporated herein.

14 2. DEVELOPER OBLIGATIONS. CVHC hereby agrees to undertake and
15 complete the following activities, subject to its receipt of HOME funds:

- 16 a. Carry out the Project in accordance with the Implementation
17 Schedule set forth in **Exhibit A**.
- 18 b. Secure all financing in a sufficient amount to complete the Project
19 in accordance with the Implementation Schedule set forth in
20 **Exhibit A**.
- 21 c. Reserve the eleven (11) HOME Units, including nine (9) HOME
22 Units for very low-income households and two (2) HOME Units
23 for low income households.
- 24 d. Provide no less than one hundred eighty thousand dollars
25 (\$180,000) of the HOME funds to be used as direct mortgage
26 assistance for the HOME Units as described in **Exhibit A**.
- 27 e. Market each HOME Unit and make it available for sale and
28 occupancy to qualified very low and low -income households.

- 1 f. Maintain the Project in compliance with all applicable Federal,
2 State and local codes, laws, ordinances and regulations as
3 described in **Section 16**.

4 3. COUNTY'S OBLIGATIONS. COUNTY hereby agrees to undertake and
5 complete the following activities, subject to its receipt of HOME funds from U.S. Department
6 of Housing and Urban Development (HUD):

- 7 a. Provide a total amount identified in **Section 1** in HOME Funds to
8 CVHC for development and construction costs for the Project and
9 mortgage assistance to the Homebuyers.
10 b. Comply with all of its obligations as participating recipient under
11 the applicable regulations set forth at 24 CFR Part 92.

12 4. PRIOR COUNTY APPROVAL. CVHC shall obtain COUNTY's written
13 approval, through its Economic Development Agency ("EDA"), of all items requiring such
14 approvals as described in this Agreement.

15 5. HOME FUNDS. CVHC shall receive the HOME funds from COUNTY
16 for development and construction costs of the Project and mortgage assistance to the
17 Homebuyers under the following terms and conditions:

- 18 a. Term. This Agreement shall become effective upon the Effective
19 Date, as defined in **Section 51**, and shall continue in full force and
20 effect until completion of the HOME Units, as evidenced by a
21 Certificate of Occupancy or equivalent for each of the HOME
22 Units (the "Term").
23 b. Principal. The principal of the HOME funds shall be the amount
24 identified in **Section 1**.
25 c. No more than four hundred twenty thousand dollars (\$420,000)
26 ("HOME Grant") shall be set aside as a grant for the development
27 and construction of the HOME Units.
28 d. At least one hundred eighty thousand dollars (\$180,000) of the

1 HOME funds (the "Mortgage Assistance Funds") shall be set
2 aside as direct mortgage assistance for each of the HOME Units.
3 CVHC shall inform the COUNTY of the amount of Mortgage
4 Assistance Funds to be provided by the COUNTY to each
5 homebuyer of a HOME Unit, with a minimum of five-thousand
6 dollars (\$5,000) per HOME Unit.

7 e. The Mortgage Assistance Funds shall be a forgivable loan to each
8 Homebuyer of a HOME Unit according to the terms of the
9 Affordability Period in **Section 16(b)(8)**.

10 f. The Project shall be deemed complete upon issuance of the final
11 Certificate of Occupancy or equivalent.

12 g. Concurrently with the close of escrow of each HOME Unit, to
13 evidence the Mortgage Assistance Funds to be provided for each
14 HOME Unit, the Homebuyer shall execute and deliver to
15 COUNTY all Homebuyer Loan Documents, as shown in **Exhibit**
16 **B**, and a Request for Notice, as shown in **Exhibit C**, which is
17 attached hereto and by this reference incorporated herein.

18 6. COMPLETION SCHEDULE. CVHC shall proceed consistent with the
19 Implementation Schedule as set forth in **Exhibit A**, as the same may be amended in writing by
20 the parties from time to time, subject to force majeure delays.

21 7. FORCE MAJEURE DELAYS. Delay due to Force Majeure that, in each
22 case, (i) materially adversely affects the performance by CVHC of its obligations hereunder, (ii)
23 is not reasonably foreseeable and is beyond CVHC's reasonable control, (iii) despite the
24 exercise of reasonable diligence, cannot be prevented, avoided or removed by CVHC and is not
25 attributable to the negligence, willful misconduct or bad faith of CVHC, and (iv) is not the
26 result of the failure of CVHC to perform any of its obligations under this Agreement.
27 Notwithstanding the foregoing, a Force Majeure Delay shall not be deemed to have occurred
28 unless CVHC has notified COUNTY of such occurrence of Force Majeure within fifteen (15)

1 days after such occurrence and has provided COUNTY with the details of such event and the
2 length of the anticipated delay within an additional fifteen (15) days thereafter. CVHC shall
3 diligently attempt to remove, resolve, or otherwise eliminate such event, keep the COUNTY
4 advised with respect thereto, and shall commence performance of its obligations hereunder
5 immediately upon such removal, resolution, or elimination. During the occurrence and
6 continuance of a Force Majeure Delay, CVHC shall be excused from performance of its
7 obligations under this Agreement to the extent the Force Majeure prevents CVHC from
8 performing such obligations.

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

16 9. LETTER TO PROCEED. CVHC shall not initiate nor incur expenses for
17 the HOME funded activity covered under the terms of this Agreement prior to receiving written
18 authorization to proceed.

19 10. REALLOCATION OF FUNDS. If substantial progress toward
20 completion, as determined by COUNTY, of the activity is not made in accordance with the
21 completion schedule specified in **Exhibit A**, the funds allocated, reserved, or placed in a HOME
22 Investment Trust Fund may be reallocated by COUNTY after thirty (30) days prior written
23 notice is given to CVHC.

24 11. CONDITIONS FOR DISPOSITION OF FUNDS. COUNTY, through its
25 EDA, shall: (1) make payments of the HOME funds to CVHC as specified in **Exhibit A**, and (2)
26 monitor the Project to ensure compliance with applicable federal, state and local laws,
27 regulations, ordinances and the terms of this Agreement. There will be no disbursement of
28 HOME funds except pursuant to the following conditions:

- 1 a. CVHC shall execute this Agreement.
- 2 b. COUNTY shall reimburse CVHC only for HOME-eligible costs
3 associated with the development and construction of the HOME
4 Units. Reimbursement will be on a "cost-as-incurred" basis. All
5 disbursements of HOME Funds will be made within thirty (30)
6 calendar days after CVHC has submitted its letter identifying
7 payments made and requesting reimbursement.
- 8 c. COUNTY will retain five percent (5%) of the total HOME Grant
9 for final disbursement to CVHC for the Project upon receipt of all
10 the following with respect to the HOME Units:
 - 11 i. Unconditional lien release from general contractor and any
12 subcontractors;
 - 13 ii. Recorded Notice of Completion for each of the HOME Units;
 - 14 iii. Project Completion Report including household characteristics
15 for each HOME Unit;
 - 16 iv. Final Contract and Subcontract Activity Report, Minority
17 Business Enterprise/Women Business Enterprise (MBE/WBE)
18 Report, HUD Form 2516;
 - 19 v. Final development costs and project budget; and
 - 20 vi. Final sources and uses of funds.

21 12. DISTRIBUTION OF FUNDS. The HOME Investment Trust Fund
22 account is established in the United States Treasury and is managed through the HUD
23 Integrated Disbursement and Information System ("IDIS") for the HOME Program. IDIS is a
24 computerized system which manages, disburses, collects, and reports information on the use of
25 HOME funds in the United States Treasury account. Any disbursement of funds is expressly
26 conditioned upon the satisfaction of conditions set forth in **Section 11**.

27 13. AFFORDABILITY PERIOD. The period of affordability of each HOME
28 Unit shall be fifteen (15) years from the date of the certificate of occupancy or equivalent for

1 such HOME Unit (Affordability Period).

2 14. RECAPTURE OF HOME FUNDS. Pursuant to standards adopted in 24
3 CFR 92.254 (a)(5)(ii), the County of Riverside requires that the HOME funds are to be
4 recaptured if the housing does not continue to be the principal residence of the family for the
5 duration of the Affordability Period.

6 For purposes of this Section, "equity" is defined as the dollar amount that constitutes the
7 difference between the sales price of the HOME Unit and the sum of the following amounts:

- 8 a. Principal on the First Note and Deed of Trust; and
- 9 b. Principal on the Mortgage Assistance Funds, together with the
10 aggregate principal amount of all other financing secured by the
11 Property and approved by the County; and
- 12 c. Borrower's actual down payment amount whether subsidized or
13 paid with cash; and
- 14 d. All costs of sale, including costs of brokers' commissions, escrow
15 fees, title costs and fees, recording costs, etc.; and
- 16 e. Costs of any capital improvements to the Property, provided such
17 improvements were constructed in accordance with any applicable
18 building codes, and provided that the cost of such improvements
19 has been documented to the satisfaction of the County of
20 Riverside; and
- 21 f. Any remainder to borrower and Beneficiary as agreed in the
22 equity share portion of this agreement.

23 If all or any part of the HOME Unit or any interest is sold, rented, refinanced, conveyed
24 or transferred (or if a beneficial interest in Borrower is sold, rented, refinanced, conveyed, or
25 transferred and Borrower is not a natural person) other than as permitted under this Agreement,
26 the Mortgage Assistance Funds allocated for said HOME Unit are to be recaptured by the
27 following methods:

- 28 1) In the event equity exists at the time of transfer or sale for a particular HOME Unit,

1 the amount of the HOME funds allocated for that HOME Unit will be shared between
2 the Borrower and the County of Riverside on the following basis:

# of Months After Close of Escrow	Borrower's Share of Equity	County of Riverside's Share of Equity
0-131	50%	50%
132-143	60%	40%
144-155	70%	30%
156-167	80%	20%
168-180	90%	10%
Thereafter	100%	0%



10 If, for example, the HOME Unit is sold, rented, refinanced, conveyed, or transferred
11 more than eleven (11) years but less than twelve (12) years after the close of escrow,
12 the County of Riverside would have a forty percent (40%) share in the equity and the
13 Borrower would have a sixty percent (60%) share in the equity of the HOME Unit.

14 As indicated in the table above, the amount of the Borrower's share in equity of the
15 HOME Unit shall increase by ten percent (10%) every year beginning the eleventh
16 year, measured on the anniversary date of the close of escrow of the Borrower's
17 acquisition of the HOME Unit. Correspondingly, the County of Riverside's share in
18 the equity of the HOME Unit shall decrease by ten percent (10%) per year after the
19 eleventh (11th) year.

- 20 2) In the event that no equity exists at the time of transfer or sale, the HOME funds
21 allocated for that HOME Unit will still be due and payable.
- 22 3) In the event that a negative equity situation exists and the full amount of the HOME
23 funds for that HOME Unit are not available to be captured, the amount of the HOME
24 funds for that HOME Unit are required to be repaid to the County of Riverside will be
25 set forth pursuant to standards adopted in 24 CFR 92.254(a)(5)(ii)(a)(3). The
26 formulas are as follows:

<u>HOME funds allocated for HOME Unit</u>	x Net	= HOME funds
HOME funds + Borrower Investment	Proceeds	amount to be recaptured

<u>Borrower Investment</u>	x Net	= Amount to
HOME funds + Borrower Investment	Proceeds	Borrower

Notwithstanding anything to the contrary in this Agreement, provided that the Borrower is not in default under the terms of the Promissory Note and Agreement attachments, the Promissory Note for that HOME Unit shall be forgiven in its entirety and the County's recapture rights under this Section 14 shall be relinquished by the County of Riverside fifteen (15) years after the certificate of occupancy or equivalent for the HOME Unit.

15. FINANCIAL RECORDS. CVHC 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 CVHC within thirty (30) days after receipt by CVHC. Failure of CVHC 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 to any pertinent books, documents, papers, or other records of CVHC, in order to make audits, examinations, excerpts, and transcripts. Said records shall be retained for such time as may be required by the regulations of the HOME Program, but in no case for less than five (5) years after the Project completion date; except that records of individual tenant income verifications, project rents, and project inspections must be retained for the most recent five (5)

1 year period, until five (5) years after the Affordability Period terminates. If any litigation, claim,
2 negotiation, audit, or other action has been started before the expiration of the regular period
3 specified, the records must be retained until completion of the action and resolution of all issues
4 which arise from it, or until the end of the regular period, whichever is later.

5 CVHC shall obtain an external audit in accordance with HUD audit regulations
6 (24 CFR Parts 44 and 45, as applicable). The audit report shall be submitted to COUNTY
7 within thirty (30) days after completion of the audit.

8 16. COMPLIANCE WITH LAWS AND REGULATIONS. By executing
9 this Agreement, CVHC hereby certifies that it will adhere to and comply with all federal, state
10 and local laws, regulations and ordinances. In particular, CVHC shall comply with the
11 following as they may be applicable to CVHC and the HOME Units for funds provided
12 pursuant to the HOME Program as enacted under Title II of the Act:

13 a. The HOME Investment Partnerships Act Program and its
14 implementing regulations as set forth in 24 CFR Part 92, as it now
15 exists and may hereafter be amended.

16 b. Section 92.254 Homeownership Qualifications. CVHC shall
17 comply with the following affordability requirement:

18 1) Income Limits. The homebuyers' annual income
19 must not exceed fifty percent (50%) of the area
20 median income for very low-income households
21 and must not exceed eighty percent (80%) of the
22 area median income for low-income households, as
23 determined by HUD, adjusted for household size.
24 The income assets of all persons age 18 and older
25 who will reside in the home must be included in
26 the calculation to determine income eligibility.

27 2) Co-owners. Co-owners are only permitted if they will
28 occupy the home as their principal residence and qualify

1 as first-time homebuyers. The income of all co-owners
2 will be included in determining if the household qualifies
3 low income. Co-signers are not permitted.

- 4 3) First Time Homebuyer. In order to qualify as a first time
5 homebuyer, the homebuyer cannot have had ownership
6 interest in improved upon residential real property for the
7 previous three (3) years from the date of application to
8 purchase the home. The homebuyer must sign a sworn
9 application attesting that they have not owned improved
10 upon residential real property for the last three (3) years.
11 The borrower's most recent three (3) year tax returns will
12 be reviewed for any mortgage or real estate related
13 deductions. If there is evidence of mortgage or real estate
14 related deductions, the borrower must provide acceptable
15 documentation that the deductions are not related to
16 improved upon residential real property and must also
17 provide acceptable documentation evidencing the value of
18 the property. Asset "income" from the property must be
19 imputed using the HUD passbook rate and added into
20 borrower's total qualifying income. Also, the value of
21 borrower's total assets, including property, must be equal
22 to or less than HUD's annual income limit based on
23 household size for the current fiscal year. If the borrower's
24 total assets exceed the program's annual income limit for
25 their household size, the assets must be spent down
26 accordingly. Assets, including property, disposed of for
27 less than fair market value during the most recent two (2)
28 year period are counted as if the household still owned the

1 asset. For the purposes of determining home ownership, a
2 dwelling unit that was not permanently affixed to a
3 permanent foundation (i.e. mobile home) shall not be
4 included in the three (3) year requirement.

5 4) Principal Residence. Homebuyer must be the principal
6 resident during the Affordability Period.

7 5) Homebuyer's Citizenship. All homebuyers and household
8 members must be either a U.S. citizen or a qualified alien
9 as per Section 431 of the Personal Responsibility and
10 Work Opportunity Reconciliation Act (PRWORA) and
11 possess a valid social security number.

12 6) Occupancy Standard. All homebuyers must meet the
13 occupancy standard as defined in the Housing Quality
14 Action under 982.401 that state, "The dwelling unit must
15 have at least one bedroom or living/sleeping room for each
16 two persons.: Children of opposite sex, other than ever
17 young children, may not be required to occupy the same
18 bedroom or living/sleeping room.

19 7) Homebuyer Education. Each homebuyer must receive and
20 complete at least eight (8) hours of homebuyer counseling
21 before obtaining a mortgage loan.

22 8) Long Term Affordability. The HOME Units must meet the
23 affordability requirements for the Affordability Period.
24 Affordability requirements apply regardless of the term of
25 any loan, or mortgage and are imposed in exchange for
26 receiving Mortgage Assistance Funds in the purchase of
27 the home. The homebuyer must sign loan documents,
28 including a Disclosure Notice, Promissory Note, and Deed

1 of Trust per the Homebuyer Loan Documents in **Exhibit**
2 **B**, which provide that upon sale, transfer, lease or any
3 other disposition, including refinancing or incurring of
4 additional debt secured by the home, during the
5 Affordability Period, the principal amount of the Mortgage
6 Assistance Funds becomes due and must be repaid to the
7 COUNTY. Affordability requirements may terminate
8 upon foreclosure or transfer in lieu of foreclosure, or
9 repayment of the Mortgage Assistance Funds per the Deed
10 of Trust. After the Affordability Period, the Mortgage
11 Assistance Funds are converted to a grant and the
12 obligations are forgiven, and the Deed of Trust shall be
13 reconveyed.

- 14 9) Creditworthiness. Qualified homebuyers must be
15 creditworthy and able to undertake a traditional 30-year
16 fixed rate loan FHA, CA, CalHFA, Fannie Mae Freddie
17 Mac insured loan products with fully amortized loan
18 payments or a 33 to 38 year USDA-RD 502 mortgage
19 loan.
- 20 10) Other Requirements. The Mortgage Assistance Funds
21 cannot be combined with EDA's Redevelopment
22 Homeownership Program (RHP) or First Time Home
23 Buyer Program (FTHB); however, the Mortgage
24 Assistance Funds can be combined with the Mortgage
25 Credit Certificate (MCC) Program.
- 26 11) Section 203(b) of the Cranston-Gonzalez National
27 Affordable Housing Act requires that the value of the
28 homeownership units assisted with HOME Funds not

1 exceed \$362,790 as determined by HUD.

2 c. Section 92.350 Other Federal requirements and non
3 discrimination. As set forth in 24 CFR part 5, sub part A, CVHC
4 is required to include the following requirements: non
5 discrimination and equal opportunity under Section 282 of the
6 Act; disclosure; debarred, suspended or ineligible contractors; and
7 drug-free workplace.

8 d. Section 92.351 Affirmative marketing and minority outreach
9 program. CVHC must adopt affirmative marketing procedures
10 and requirements. These must include:

11 (1) Methods for informing the public, owners, and potential
12 tenants about Federal fair housing laws and the affirmative
13 marketing policy (e.g., the use of the Equal Housing
14 Opportunity logotype or slogan in press releases and
15 solicitations for owners, and written communication to fair
16 housing and other groups).

17 (2) Requirements and practices that CVHC must adhere to in
18 order to carry out the affirmative marketing procedures
19 and requirements (e.g., use of commercial media, use of
20 community contacts, use of the Equal Housing
21 Opportunity logotype or slogan, and display of fair
22 housing poster).

23 (3) Procedures to be used by CVHC to inform and solicit
24 applications from persons in the housing market area who
25 are not likely to apply without special outreach (e.g., use
26 of community organizations, employment centers, fair
27 housing groups, or housing counseling agencies).

28 (4) Records shall be kept describing actions taken by CVHC

1 to affirmatively market units and records to assess the
2 results of these actions.

3 (5) A description of how CVHC will annually assess the
4 success of affirmative marketing actions and what
5 corrective actions will be taken where affirmative
6 marketing requirements are not met.

7 (6) CVHC must prescribe procedures to establish and oversee
8 a minority outreach program to ensure the inclusion, to the
9 maximum extent possible, of minorities and women, and
10 entities owned by minorities and women, including,
11 without limitation, real estate firms, construction firms,
12 appraisal firms, management firms, financial institutions,
13 investment banking firms, underwriters, accountants, and
14 providers of legal services, in all contracts entered into by
15 CVHC with such persons or entities, public and private, in
16 order to facilitate the activities of COUNTY to provide
17 affordable housing authorized under this Act or any other
18 Federal housing law. Section 24 CFR 85.36(e) provided
19 affirmative steps to assure that minority business
20 enterprises and women business enterprises are used when
21 possible in the procurement of property and services. The
22 steps include:

- 23 1) Placing qualified small and minority businesses and
24 women's business enterprises on solicitation lists;
25 2) Assuring that small and minority businesses, and
26 women's business enterprises are solicited whenever
27 they are potential sources;
28 3) Dividing total requirements, when economically

1 feasible, into smaller tasks or quantities to permit
2 maximum participation by small and minority
3 business, and women's business enterprises;

4 4) Establishing delivery schedules, where the requirement
5 permits, which encourage participation by small and
6 minority business, and women's business enterprises;

7 5) Using the services and assistance of the Small
8 Business Administration, and the Minority Business
9 Development Agency of the Department of
10 Commerce;

11 6) Requiring the prime contractor, if subcontracts are to
12 be let, to take the affirmative steps listed in (1) through
13 (5) above of this section.

14 e. Environmental review. CVHC must comply with the California
15 Environmental Quality Act (CEQA) and its implementation
16 regulations.

17 f. Section 92.352 Environmental review. The environmental effects
18 of each activity carried out with HOME funds must be assessed in
19 accordance with the provisions of the National Environmental
20 Policy Act of 1969 (NEPA) (42 U.S.C. 4321) and the related
21 authorities listed in HUD's implementing regulations at 24 CFR
22 Parts 50 and 58.

23 f. Section 92.353 Displacement, relocation, and acquisition. The
24 relocation requirements of Title II and the acquisition
25 requirements of Title III of the Uniform Relocation Assistance
26 and Real Property Acquisition Policies Act of 1970, and the
27 implementing regulations at 24 CFR Part 42. CVHC must ensure
28 that it has taken all reasonable steps to minimize the displacement

1 of persons as a result of this project assisted with HOME Funds.

2 g. Section 92.354 Labor. Every contract for the construction of
3 housing that includes twelve (12) or more units assisted with
4 HOME funds must contain a provision requiring the payment of
5 not less than the wages prevailing in the locality, as predetermined
6 by the Secretary of Labor pursuant to the Davis-Bacon Act (40
7 U.S.C. 276a-276a-5), to all laborers and mechanics employed in
8 the development of any part of the housing. Such contracts must
9 also be subject to the overtime provisions, as applicable, of the
10 Contract Work Hours and Safety Standards Act (40 U.S.C. 327-
11 332).

12 h. Section 92.355 Lead-based paint. Housing assisted with HOME
13 funds is subject to the lead-based paint requirements of 24 CFR
14 Part 35 issued pursuant to the Lead-Based Paint Poisoning
15 Prevention Act (42 U.S.C. 4821, et seq.). The lead-based paint
16 provisions of 24 CFR 982.401 (j), except 24 CFR 982.401
17 (j)(1)(i), also apply, irrespective of the applicable property
18 standard under §92.251.

19 i. Section 92.356 Conflict of Interest. In the procurement of
20 property and services by CVHC, the conflict of interest provisions
21 in 24 CFR 85.36 and 24 CFR 85.42, respectively shall apply.
22 Section 92.356 shall cover all cases not governed by 24 CFR
23 85.36 and 24 CFR 84.42.

24 j. Section 504 of the Rehabilitation Act of 1973; housing
25 accessibility requirement at 24 CFR Part 8, implementing Section
26 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794).

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

1 l. Section 3 of the Housing and Urban Development Act of 1968.

2 To the greatest extent feasible, opportunities for training and
3 employment arising from HOME funds will be provided to low-
4 income persons residing in the program service area. To the
5 greatest extent feasible, contracts for work to be performed in
6 connection with HOME funds will be awarded to business
7 concerns that are located in or owned by persons residing in the
8 program service area as outlined in the Riverside County EDA
9 Section 3 Contract Requirements. Contracts funded from Section
10 3 covered funding sources must abide by the Section 3 Clause
11 prescribed at 24 CFR 135.38.

12 m. Uniform Administrative Requirements of 24 CFR 92.505. Part 84
13 and 85 "Common Rule," OMB Circular Nos. A-87 (for
14 government entities), and A-122 (for non-profit organizations),
15 and the following: §§85.6, 85.12, 85.20, 85.22, 85.26, 85.32
16 through 85.34, 85.36, 85.44, 85.51, and 85.52 (for government
17 entities), and the following: §§84.2, 84.5, 84.13 through 84.16,
18 84.21, 84.22, 84.26 through 84.28, 84.30, 84.31, 84.34 through
19 84.37, 84.40 through 84.48, 84.51, 84.60 through 84.62, 84.72,
20 and 84.73 (for non-profit organizations).

21 n. Section 92.358 Consultant Activities. No person providing
22 consultant services in an employer-employee type relationship
23 shall receive more than a reasonable rate of compensation for
24 personal services paid with HOME funds.

25 o. CVHC shall carry out its activity pursuant to this Agreement in
26 compliance with all federal laws and regulations described in
27 Subpart E of Part 92 of the Code of Federal Regulations, except
28 that:

- 1 (1) CVHC does not assume COUNTY's environmental
2 responsibilities described at 24 CFR Part 92.352; and
3 (2) CVHC does not assume the COUNTY's responsibility for
4 initiating the review process under the provisions of 24
5 CFR Part 92.352.

6 p. CVHC shall include written agreements that include all provisions
7 of **Section 16** if CVHC provides HOME funds to for-profit
8 owners or developers, non-profit owners or developers, sub-
9 recipients, homeowners, homebuyers, tenants receiving tenant-
10 based rental assistance, or contractors.

11 q. CVHC shall maintain the Project in compliance with applicable
12 local, state, federal laws, codes and regulations for the duration of
13 the Agreement.

14 17. INSURANCE. Without limiting or diminishing CVHC's obligation to
15 indemnify or hold the COUNTY harmless, CVHC shall procure and maintain or cause to be
16 maintained, at its sole cost and expense, the following insurance coverage's during the Term of
17 this Agreement.

18 a. Worker's Compensation Insurance.

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

28 b. Commercial General Liability Insurance.

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

12 c. Vehicle Liability Insurance.

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

21 d. General Insurance Provisions – All Lines.

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

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

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

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

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

18 5) If, during the Term of this Agreement or any extension
19 thereof, there is a material change in the scope of services; or,
20 there is a material change in the equipment to be used in the
21 performance of the scope of work which will add additional
22 exposures (such as the use of aircraft, watercraft, cranes, etc.); or,
23 the Term of this Agreement, including any extensions thereof,
24 exceeds five (5) years the COUNTY reserves the right to adjust
25 the types of insurance required under this Agreement and the
26 monetary limits of liability for the insurance coverage's currently
27 required herein, if; in the COUNTY Risk Manager's reasonable
28 judgment, the amount or type of insurance carried by CVHC has

1 become inadequate.

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

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

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

11 18. MINIMUM AND MAXIMUM HOMEBUYER MORTGAGE
12 ASSISTANCE. CVHC shall inform the COUNTY of the amount of Mortgage Assistance Funds
13 to be provided by the COUNTY to each homebuyer of a HOME Unit. The minimum amount of
14 Mortgage Assistance Funds per HOME Unit must be at least Five Thousand Dollars (\$5,000).
15 The aggregate amount of mortgage assistance for all HOME Units shall not be less than the total
16 amount of the Mortgage Assistance Funds.

17 19. FEDERAL REQUIREMENTS. COUNTY shall comply with the
18 provisions of the Act and any amendments thereto and the federal regulations and guidelines
19 now or hereafter enacted pursuant to the Act.

20 20. REPAYMENT INCOME. CVHC must record the receipt and
21 expenditure of HOME repayment income with respect to the Mortgage Assistance Funds in
22 accordance with the standards specified in 24 CFR 92.503.

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

27 22. NONDISCRIMINATION. CVHC shall abide by §570.601 and §570.912
28 of Title 24 of the Federal Code of Regulations, which require that no person in the United States
 shall, on the grounds of race, color, religion, national origin, or sex, be excluded from

1 participation in, be denied the benefits of, or be subjected to discrimination under any program
2 or activity funded in whole or in part with Community Development funds.

3 23. PROHIBITION AGAINST CONFLICTS OF INTEREST.

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

1 terminated by COUNTY.

2 24. RELIGIOUS ACTIVITIES. Under federal regulations, 24 CFR 92.257
3 HOME funds may not be provided to primarily religious organizations, such as churches, for
4 any activity including secular activities. In addition, HOME funds may not be used to
5 rehabilitate or construct housing owned by primarily religious organizations or to assist
6 primarily religious organizations in acquiring housing. However, HOME funds may be used by
7 a secular entity to acquire housing from a primarily religious organization, and a primarily
8 religious entity may transfer title to property to a wholly secular entity and the entity may
9 participate in the HOME program in accordance with the requirements set forth at 24 CFR
10 92.257. The entity may be an existing or newly established entity, which may be an entity
11 established by the religious organization. The completed housing project must be used
12 exclusively by the owner entity for secular purposes, available to all persons regardless of
13 religion. In particular, there must be no religious or membership criteria for tenants of the
14 property.

15 25. PROJECT MONITORING AND EVALUATION. CVHC shall submit a
16 Homeowner Checklist to COUNTY summarizing the racial/ethnic composition, number and
17 percentage of very low-income households who are homeowners of the HOME Units. The
18 Homeowner Checklist shall be submitted upon the close of the Project prior to final draw down
19 of HOME funds.

20 26. ACCESS TO PROJECT SITE. COUNTY and HUD shall have the right
21 to visit the Project site at all reasonable times to review the operation of the Project in
22 accordance with this HOME Agreement.

23 27. EVENTS OF DEFAULT. The occurrence of any of the following events
24 shall constitute an "Event of Default" under this Agreement following expiration of the cure
25 periods in **Section 28:**

- 26 a. Monetary Default. (1) CVHC's use of HOME funds for costs
27 other than costs permitted by this Agreement or for uses
28 inconsistent with terms and restrictions set forth in this

1 Agreement; (2) CVHC's failure to obtain and maintain the
2 insurance coverage required under this Agreement; (3) CVHC's
3 failure to make any payment of any assessment or tax due under
4 this Agreement subject to CVHC's right to contest any such
5 amount, provided CVHC provides a bond or other security
6 satisfactory to COUNTY during the period of such contest;

7 b. Non-Monetary Default - Operation. (1) Discrimination by CVHC
8 or CVHC's agent on the basis of characteristics prohibited by this
9 Agreement or applicable law; (2) any material adverse change in
10 the condition of CVHC or the Project or funding for the Project
11 that gives COUNTY reasonable cause to believe that the Project
12 cannot be operated according to the terms of this Agreement;

13 c. General Performance of Loan Obligations. Any substantial or
14 continuous or repeated breach by CVHC or CVHC's agents of
15 any material obligations on CVHC imposed in this Agreement.

16 d. General Performance of Other Obligations. Any substantial or
17 continuous or repeated breach by CVHC of any material
18 obligations on CVHC imposed by any other agreement with
19 respect to the financing, development, or operation of the Project;
20 whether or not COUNTY is a party to such agreement; but only
21 following any applicable notice and cure periods with respect to
22 any such obligation;

23 e. Representations and Warranties. A determination by COUNTY
24 that any of CVHC's representations or warranties made in this
25 Agreement, any statements made to COUNTY by CVHC, or any
26 certificates, documents, or schedules supplied to COUNTY by
27 CVHC were untrue in any material respect when made, or that
28 CVHC concealed or failed to disclose a material fact from

COUNTY;

f. Damage to Project. In the event that the Project is materially damaged or destroyed by fire or other casualty, and CVHC receives an award or insurance proceeds for the repair or reconstruction of the Project, and CVHC does not use such award or proceeds to repair or reconstruct the Project;

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

28. NOTICE OF DEFAULT AND OPPORTUNITY TO CURE. For monetary and non-monetary Events of Default, COUNTY shall give written notice to CVHC of any Event of Default by specifying: (a) the nature of the Event of Default or the deficiency giving rise to the default, (b) the action required to cure the deficiency, if an action to cure is possible, and (c) a date, which shall not be more than thirty (30) calendar days from the mailing of the notice, by which such action to cure must be taken. COUNTY agrees that CVHC shall have the right to cure defaults under this Agreement.

29. COUNTY REMEDIES. Upon the happening of an Event of Default and a failure by CVHC to cure said default within the time specified in the notice of default (if an action to cure is specified in said notice), COUNTY's obligation to disburse HOME funds shall terminate, and COUNTY may also in addition to other rights and remedies permitted by this

1 Agreement or applicable law, proceed with any or all of the following remedies in any order or
2 combination COUNTY may choose in its sole discretion; provided, however, that in no event
3 shall any Event of Default by CVHC affect the validity of any mortgage assistance which has
4 been provided to a homebuyer in accordance with this Agreement:

- 5 a. Terminate this Agreement, in which event the entire amount of
6 the HOME Grant as well as any other monies advanced to CVHC
7 by COUNTY under this Agreement including administrative
8 costs, shall immediately become due and payable at the option of
9 COUNTY.
- 10 b. Bring an action in equitable relief (1) seeking the specific
11 performance by CVHC of the terms and conditions of this
12 Agreement, and/or (2) enjoining, abating, or preventing any
13 violation of said terms and conditions, and/or (3) seeking
14 declaratory relief.
- 15 c. Pursue any other remedy allowed at law or in equity.

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

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

23 31. DEVELOPER'S WARRANTIES. CVHC represents and warrants (1)
24 that it has the professional skills and capabilities, as well as access to professional advice and
25 support to the extent necessary to enable CVHC to fully comply with the terms of this
26 Agreement, and to otherwise carry out the Project, (2) that it is duly organized, validly existing
27 and in good standing under the laws of the State of California, (3) that it has the full power and
28 authority to undertake the Project and to execute this Agreement, (4) that the persons executing

1 and delivering this Agreement are authorized to execute and deliver such documents on behalf
2 of CVHC and (5) that neither CVHC nor any of its principals is presently debarred, suspended,
3 proposed for debarment, declared ineligible, or voluntarily excluded from participation in
4 connection with the transaction contemplated by this Agreement.

5 32. DEVELOPER'S CERTIFICATION. CVHC certifies, to the best of its
6 knowledge and belief, that:

7 a. No federally appropriated funds have been paid or will be paid, by
8 or on behalf of the undersigned, to any person for influencing or
9 attempting to influence an officer or employee of any agency, a
10 member of Congress, an officer or employee of Congress, or an
11 employee of a member of Congress in connection with the
12 awarding of any federal contract, the making of any federal grant,
13 the making of any federal loan, the entering into of any
14 cooperative agreement, and the extension, continuation, review,
15 amendment, or modification of any federal contract, grant, loan,
16 or cooperative agreement.

17 b. If any funds other than federally appropriated funds have been
18 paid or will be paid to any person for influencing or attempting to
19 influence an officer or employee of any agency, a member of
20 Congress, an officer or employee of Congress, or an employee of
21 a member of Congress in connection with this federal contract,
22 grant, loan, or cooperative agreement, the undersigned shall
23 complete and submit Standard Form-LLL, "Disclosure Form to
24 Report Lobbying," in accordance with its instructions.

25 c. The undersigned shall require that the language of this
26 certification be included in the award documents for all sub-
27 awards at all tiers (including subcontracts, sub-grants, and
28 contracts under grants, loans, and cooperative agreements) and

1 that CVHC shall certify and disclose accordingly. This
2 certification is a material representation of fact upon which
3 reliance was placed when this transaction was made or entered
4 into.

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

19 With respect to any action or claim subject to indemnification herein by CVHC,
20 CVHC shall, at its sole cost, have the right to use counsel of its own choice and shall have the
21 right to adjust, settle, or compromise any such action or claim without the prior consent of
22 COUNTY; provided, however, that any such adjustment, settlement or compromise in no
23 manner whatsoever limits or circumscribes CVHC's indemnification to COUNTY as set forth
24 herein.

25 CVHC's obligation hereunder shall be satisfied when CVHC has provided to
26 COUNTY the appropriate form of dismissal relieving COUNTY from any liability for the
27 action or claim involved.

28 The specified insurance limits required in this Agreement shall in no way limit or

1 circumscribe CVHC'S obligations to indemnify and hold harmless the COUNTY herein from
2 third party claims.

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

7 34. TERMINATION.

8 a. CVHC. CVHC may terminate this Agreement consistent with the
9 Act, the regulations consistent implementing the Act, and 24 CFR
10 85.44.

11 b. COUNTY. Notwithstanding the provisions of **Section 34(a)**,
12 COUNTY may suspend or terminate this Agreement upon written
13 notice to CVHC of the action being taken and the reason for such
14 action:

15 (1) In the event CVHC fails to perform the covenants herein
16 contained at such times and in such manner as provided in
17 this Agreement after the applicable notice and cure
18 provision hereof; or

19 (2) In the event there is a conflict with any federal, state or
20 local law, ordinance, regulation or rule rendering any of
21 the provisions of this Agreement invalid or untenable; or

22 (3) In the event the *funding from HUD* referred to in **Section**
23 **1** above is terminated or otherwise becomes unavailable.

24 c. This Agreement may be terminated or funding suspended in
25 whole or in part for cause in accordance with 24 CFR 85.43.
26 Cause shall be based on the failure of CVHC to materially comply
27 with either the terms or conditions of this Agreement. Upon
28 suspension of funding, CVHC agrees not to incur any costs

1 related thereto, or connected with, any area of conflict from which
2 COUNTY has determined that suspension of funds is necessary.
3 The award may be terminated for convenience in accordance with
4 24 CFR 85.44.

5 d. Upon expiration of this Agreement, CVHC shall transfer to
6 COUNTY any HOME funds on hand at the time of expiration of
7 the Agreement as well as any accounts receivable held by CVHC
8 which are attributable to the use of HOME funds awarded
9 pursuant to this Agreement.

10 35. AFFORDABILITY RESTRICTIONS. COUNTY and CVHC hereby
11 declare their express intent that the restrictions set forth in this Agreement for each HOME Unit
12 of the Project shall be affordable for the Affordability Period. Each and every contract, deed or
13 other instrument hereafter executed covering and conveying the HOME Unit or any portion
14 thereof shall be held conclusively to have been executed, delivered and accepted subject to such
15 restrictions, regardless whether such restrictions are set forth in such contract, deed or other
16 instrument.

17 36. MECHANICS LIENS AND STOP NOTICES. If any claim of mechanics
18 lien is filed against any of the HOME Units or a stop notice affecting the HOME funds is
19 served on the COUNTY, CVHC must, within twenty (20) days of such filing or service, either
20 pay and fully discharge the lien or stop notice, obtain a release of the lien or stop notice by
21 delivering to the COUNTY a surety bond in sufficient form and amount, or provide the
22 COUNTY with other assurance reasonably satisfactory to COUNTY that the lien or stop notice
23 will be paid or discharged.

24 37. ENTIRE AGREEMENT. It is expressly agreed that this Agreement
25 embodies the entire agreement of the parties in relation to the subject matter hereof, and that no
26 other agreement or understanding, verbal or otherwise, relative to this subject matter, exists
27 between the parties at the time of execution.

28 38. AUTHORITY TO EXECUTE. The persons executing this Agreement or

1 exhibits attached hereto on behalf of the parties to this Agreement hereby warrant and represent
2 that they have the authority to execute this Agreement and warrant and represent that they have
3 the authority to bind the respective parties to this Agreement to the performance of its
4 obligations hereunder.

5 39. WAIVER. Failure by a party to insist upon the strict performance of any
6 of the provisions of this Agreement by the other party, or the failure by a party to exercise its
7 rights upon the default of the other party, shall not constitute a waiver of such party's rights to
8 insist and demand strict compliance by the other party with the terms of this Agreement
9 thereafter.

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

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

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

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

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

5 44. CONDITIONAL HOME COMMITMENT. COUNTY commitment as
6 defined under 24 CFR 92.2 provided HOME Funds to this Project under which construction can
7 reasonably be expected to start within twelve (12) months of the date of this Agreement. If
8 construction does not begin within twelve (12) months from the date of this Agreement, then
9 COUNTY and CVHC mutually agree that this Agreement will self-terminate. Upon such
10 termination, this Agreement shall be null and void. COUNTY and CVHC shall be released and
11 discharged respectively from its obligations under this Agreement.

12 Notwithstanding all other sections in this Agreement, CVHC must provide
13 COUNTY with letters of confirmation stating loan award from the U.S. Department of
14 Agriculture (USDA) Section 502 Program loan and grant award from the Affordable Housing
15 Program.

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

21 46. ASSIGNMENT. CVHC shall not make any sale, assignment,
22 conveyance, or lease of any trust or power, or transfer in any other form with respect to this
23 Agreement or the HOME Units except for sale of the HOME Units in accordance with this
24 Agreement.

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

27 48. MEDIA RELEASES. CVHC agrees to allow COUNTY to coordinate all
28 media releases regarding the Project, with prior approval of CVHC. Any publicity generated by

1 CVHC for the Project must make reference to the contribution of COUNTY in making the
2 Project possible. COUNTY's name shall be prominently displayed in all pieces of publicity
3 generated by CVHC, including flyers, press releases, posters, signs, brochures, and public
4 service announcements. CVHC agrees to cooperate with COUNTY in any COUNTY-generated
5 publicity or promotional activities with respect to the Project.

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

12	<u>COUNTY</u>	<u>CVHC</u>
13	Attn: Assistant Director, Housing	Executive Director
14	County of Riverside	The Coachella Valley Housing Coalition
15	Economic Development Agency	Plaza 1, 45-701 Monroe Street Ste. G
16	3403 10 th Street, Suite 500	Indio, CA 92201
17	Riverside, CA 92501	

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

20 51. EFFECTIVE DATE. The effective date of this Agreement is the date the
21 parties execute the Agreement. If the parties execute the Agreement on more than one date, then
22 the last date the Agreement is executed by a party shall be the effective date.

23 //

24 //

25 //

26
27 END OF AGREEMENT
28 (SIGNATURES ON THE NEXT PAGE)

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

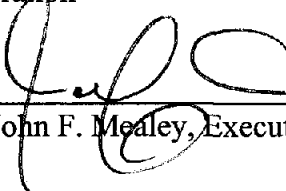
3
4 COUNTY:

CVHC:

5 COUNTY OF RIVERSIDE

6 THE COACHELLA VALLEY HOUSING
7 COALITION, a California nonprofit public benefit
8 corporation

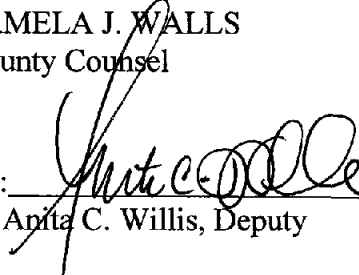
9 By: _____
10 Bob Buster
11 Chairman, Board of Supervisors

By:  _____
John F. Mealey, Executive Director

12 Date: 6-24-2011

13 APPROVED AS TO FORM:

14 PAMELA J. WALLS
15 County Counsel

16 By:  _____
17 Anita C. Willis, Deputy

18
19 ATTEST:

20 KECIA HARPER-IHEM
21 Clerk of the Board

22
23
24 By: _____

25 Deputy

26
27
28 **(Signatures on this page 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.

Place Notary Seal Above

Signature _____
Signature of Notary Public

EXHIBIT A

PROJECT DESCRIPTION

PROJECT DESCRIPTION

Developer: The Coachella Valley Housing Coalition
Address: Plaza 1, 45-701 Monroe Street
Indio, CA 92201
Project Title: North Shore Groups 5 & 6
Location: 11 parcels on vacant lots located within the blocks generally bounded by 68th Avenue, 73rd Avenue, Beacon Drive, and Bounty Avenue in the community of North Shore

Description:

The Coachella Valley Housing Coalition (CVHC), a nonprofit public benefit corporation and certified Community Housing Development Corporation, is proposing to use up to \$600,000 in Home Investment Partnerships Act (HOME) Program funds for the development and new construction of 11 single-family homes for lower-income families in the unincorporated community of North Shore in Riverside County. All 11 homes will be assisted with HOME funds and will include an affordability covenant for a period of 15 years ("HOME Units"). Up to \$180,000 of the HOME funds will be reserved as mortgage assistance for the HOME Units.

The homes will be built through CVHC's the mutual self-help construction program which enables groups of qualified low and very low-income families to become first-time homeowners by working together under skilled supervision and earn "sweat-equity" towards the down payment of their prospective home. The proposed project will consist of 11 four-bedroom and two-bathroom single-story homes with an anticipated selling price of \$140,000.

CVHC will use up to \$600,000 in HOME funds for development, construction, and mortgage assistance for the project. Other funding sources that are being sought by CVHC include a \$784,000 loan from the U.S. Department of Agriculture Section 502 Program, an \$82,000 grant from the Affordable Housing Program, a \$74,000 loan from the Joe Serna, Jr. Farmworker Housing Grant Program, and \$5,500 in buyer sweat-equity. The total development costs are estimated to be \$1,545,500.

Nine of the Home Units will be sold to very low-income households whose incomes do not exceed 50% of the area median income for the county, adjusted by family size at the time of occupancy. Two of the Home Units will be sold to low-income households whose incomes do not exceed 80% of the area median income for the county, adjusted by family size at the time of occupancy. All HOME Units will have an affordability period of 15 years from the date of the certificate of occupancy or equivalent.

NORTH SHORE GROUPS 5 & 6 – HOME UNITS

- APN 723-084-007 Neptune Drive Via Costa Brava & Dolphin Drive
- APN 723-084-009 Neptune Drive Via Costa Brava & Dolphin Drive
- APN 723-293-006 Port Circle Seahorse Way & Barnacle Drive
- APN 723-334-014 Galley Drive Spa Circle & Pilot Drive
- APN 723-311-016 Pilot Drive Outrigger Drive & Windlass Drive
- APN 723-272-023 Rocky Point Drive Club View & Shell Drive
- APN 723-292-001 Barnacle Drive Rocky Point Drive & Port Circle
- APN 723-292-002 Barnacle Drive Rocky Point Drive & Port Circle
- APN 723-292-033 Shell Drive Rocky Point Drive & Sunfish Lane
- APN 723-312-015 Beam Drive Pilot Drive & Galley Drive
- APN 723-312-016 Beam Drive Pilot Drive & Galley Drive

Project Sources and Uses of Fund:

Sources:

USDA – Section 502 Program	\$ 784,000
Affordable Housing Program	\$ 82,000
Joe Serna, Jr. Farmworker Housing Grant Program	\$ 74,000
Buyer Sweat Equity	\$ 5,500
County of Riverside HOME Loan	<u>\$ 600,000</u>
Total Sources	\$ 1,545,500

Uses:

Off-Site Work	\$ 0.00
Structures	\$ 1,008,576
General Requirements	\$ 120,924
Contractor Overhead	\$ 25,500
Contractor Profit	\$ 27,500
Land Acquisition	<u>\$ 363,000</u>
Total Uses	\$ 1,545,500

IMPLEMENTATION SCHEDULE

Milestone	Completion Date
1. HOME Agreement Executed	July 31, 2011
2. Families Selected	October 01, 2011
3. Building Permit	February 01, 2012
4. Obtain Equity Financing	February 01, 2012
5. Transfer of Title for All 11 HOME Units	February 01, 2012
6. Construction Begins No Later Than	March 10, 2012
7. Notice of Completion Recorded with Recorded Copy to EDA	March 10, 2013
8. Submission of Final Cost Certificates, Sources and Uses of Funds	May 30, 2013
9. Submission of Income & Ethnic Characteristics Report	May 30, 2013

DOCUMENT SUBMISSION SCHEDULE

1. Construction Activities Reporting	Monthly, by the 5th
2. Minority & Women Business Enterprise Report	Semi-Annually-April 5, Oct 5
3. Performance Report	Annually, July 10

*CVHC shall submit to COUNTY copies of the final funding commitment, copies of all executed agreements, and proof that the funds were disbursed for this project.

EXHIBIT B

HOMEBUYER LOAN DOCUMENTS

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

3 RECORDING REQUESTED BY AND
4 WHEN RECORDED MAIL TO:

5 County of Riverside
6 3403 10th Street, Ste. 500
7 Riverside, CA 92501
Attn: Benjamin Cendejas

8 SPACE ABOVE THIS LINE FOR RECORDERS USE

9 **NORTH SHORE GROUPS 5 & 6**
10 **HOMEBUYER LOAN AGREEMENT**
11 **AND**
12 **DISCLOSURE STATEMENT**

13 This Agreement is made and entered into this _____ day of
14 _____, 2011 by and between the COUNTY OF RIVERSIDE (County), a political
15 subdivision of the State of California and <BORROWER NAME> (Borrower), a first-time
16 homebuyer.

17 WITNESSETH:

18 WHEREAS, the Home Investment Partnerships Act (HOME) Program, which was
19 enacted under Title II of the Cranston-Gonzalez National Affordable Housing Act of 1990 (the
20 "Act"), has as its purposes: to expand the supply of decent, affordable housing for low and very
21 low income families; to build State and local capacity to carry out affordable housing programs;
22 and to provide for coordinated assistance to participants in the development of affordable low-
income housing; and

23 WHEREAS, County has qualified as an "Urban County" for purposes of receiving
24 HOME funds which are to be used to assist and undertake essential housing assistance activities
25 pursuant to the Act; and

26 WHEREAS, the County entered into an agreement on _____ of 2011
27 with the The Coachella Valley Housing Coalition (CVHC), who is eligible to receive funds
28 under HOME Program; and

1 WHEREAS, CVHC has or will complete the development and construction of eleven
2 (11) mutual self-help single-family homes to be sold to qualified very low and low-income
3 households; and

4 WHEREAS, Borrower wishes to purchase the property located at <INSERT
5 ADDRESS>, hereinafter called "Property", which was constructed by CVHC; and

6 WHEREAS, the County wishes to assist the Borrower with the purchase; and

7 WHEREAS, the assisted activities described herein are consistent with the County's
8 Consolidated Plan and Action Plan.

9 NOW THEREFORE, County and Borrower mutually agree as follows:

10 1. **DEFINITIONS.** The following definitions shall apply throughout this Homebuyer
11 Loan Agreement and Disclosure Statement, Promissory Note Secured by Deed of
12 Trust, and Deed of Trust:

- 13 a. **Affordability Period.** Fifteen (15) years from the date of the certificate of
14 occupancy or equivalent of Borrower's purchase of the Property.
- 15 b. **Deed of Trust.** Any Deed of Trust, assignments of rents, and security agreement
16 placed on the Property or any part thereof as security for any Loan and other
17 obligations with Borrower as trustor and the County as beneficiary, as well as
18 amendments to, modification of, and reinstatements of said deed(s) of trust.
- 19 c. **HOME Loan.** Funds received pursuant to the HOME Program from the County
20 to assist Borrower with the purchase of the Property.
- 21 d. **Loan Documents.** The Homebuyer Loan Agreement and Disclosure Statement,
22 Itemization of Amount Financed, Promissory Note secured by Deed of Trust, and
23 Deed of Trust.
- 24 e. **Promissory Note.** Promissory Note secured by Deed of Trust included as part of
25 the Loan Documents.
- 26 f. **Property.** The real property described in **Exhibit A** attached to Promissory Note
27 and made a part hereof.
- 28 g. **Sale or Transfer.** Any sale, transfer, lease, cash-out refinance or family trusts
transfer of any part of the Property in violation of this Agreement will permit

1 County to exercise a due-on-sale clause. The following shall not constitute a
2 Transfer:

- 3 i. A transfer of the Property from a deceased Borrower to the surviving spouse
4 of the Borrower if the surviving spouse is also called a Borrower;
5 ii. A transfer of the Property by Borrower to his/her spouse pursuant to which the
6 spouse becomes a co-owner of the Property;
7 iii. A transfer of the Property resulting from a decree of dissolution of the
8 marriage or legal separation or from a Property settlement agreement
9 incidental to such a decree which requires the Borrower to continue to make
10 payments on the Note and by which a spouse who is already a Borrower
11 becomes the sole owner of the Property;
12 iv. A transfer of the Property by a Borrower to an inter-vivos trust in which the
13 Borrower is the sole beneficiary;
14 v. A transfer by means of encumbering the Property with a lien that is a junior
15 lien to the loan to Borrower evidenced by the Deed of Trust.

16 h. **Senior Lien Holder.** Actual holder of First Deed of Trust is herein referred to as,
17 "Senior Lien Holder." In addition, while the County's Deed of Trust will
18 primarily be in second lien position, the County's Deed of Trust will be in third
19 position only when the Borrower utilizes Joe Serna, Jr. Farmworker Housing
20 Grant Program funds or Cal HOME Program funds to finance the Borrower's
21 purchase of the Property. In that case, "Senior Lien Holder" shall include the
22 holder of a deed of trust securing either of those funding sources, and "First Deed
23 of Trust" shall include the deed of trust securing either of those funding sources.

- 24 2. **PURPOSE.** County agrees to lend up to <INSERT SPELL AMOUNT> <(\$)> of
25 HOME funds (HOME Loan) to Borrower upon the terms and conditions set forth in
26 this Agreement. Borrower agrees to borrow the HOME Loan from County to
27 purchase Property and acknowledges acceptance and understanding of this HOME
28 Program and hereby agrees to the terms and conditions set forth in this Agreement.
- a. The Affordability Period is fifteen (15) years from the date of the certificate of
occupancy or equivalent of the Property. When the Affordability Period has

1 expired, or when the note is paid (or prepaid), any restriction on the Sale or
2 Transfer of the Property is released and shall no longer apply to the Property.

3 b. By signing this document Borrower agrees to occupy the Property as a principal
4 residence, and not to Sale or Transfer the Property, for the Affordability Period,
5 except as permitted under **Section 1(g)**. The HOME Loan will become due and
6 payable to the County should Borrower Sale or Transfer the Property during the
7 Affordability Period.

8 c. The HOME Loan, which is secured, will require no monthly payments during the
9 Affordability Period. In the event the Property is Sold or Transferred in violation
10 of this Agreement prior to the expiration of the Affordability Period, the HOME
11 Loan will be repaid to the County out of the sale proceeds, subject to the rights of
12 the Senior Lien Holder.

13 **3. INSURANCE.** Borrower will purchase owner's Title insurance for the Property.
14 Borrower will purchase home warranty insurance for a minimum period of one year.
15 Borrower shall maintain property insurance and flood insurance, if required, listing
16 the County as additional insured, for the term of the Affordability Period.

17 **4. AFFORDABILITY PERIOD.** It is intended that the above referenced Property will
18 remain as an affordable home for fifteen (15) years from the date of the certificate of
19 occupancy or equivalent of the Property (the "Affordability Period").

20 **5. RECAPTURE OF HOME LOAN.** Pursuant to standards adopted in 24 CFR
21 92.254(a)(5)(ii), the County requires that the HOME Loan be recaptured if the
22 Property does not continue to be the principal residence of the Borrower for the
23 duration of the Affordability Period.

24 For purposes of this Section, "equity" is defined as the dollar amount that
25 constitutes the difference between the sales price of the HOME Unit and the sum of
26 the following amounts:

- 27 a. Principal on the First Note and Deed of Trust; and
28 b. Principal on the Mortgage Assistance Funds, together with the
aggregate principal amount of all other financing secured by the
Property and approved by the County; and

- c. Borrower's actual down payment amount whether subsidized or paid with cash; and
- d. All costs of sale, including costs of brokers' commissions, escrow fees, title costs and fees, recording costs, etc.; and
- e. Costs of any capital improvements to the Property, provided such improvements were constructed in accordance with any applicable building codes, and provided that the cost of such improvements has been documented to the satisfaction of the County of Riverside; and

Any remainder to borrower and Beneficiary as agreed in the equity share portion of this agreement.

If all or any part of the HOME Unit or any interest is sold, rented, refinanced, conveyed or transferred (or if a beneficial interest in Borrower is sold, rented, refinanced, conveyed, or transferred and Borrower is not a natural person), the HOME funds allocated for said HOME Unit are to be recaptured by the following methods:

- 1) In the event equity exists at the time of transfer or sale for the Property, the amount of the HOME Loan will be due and payable plus the equity in the Property shall be shared between the Borrower and the County of Riverside on the following basis:

# of Months After Close of Escrow	Borrower's Equity Share	County of Riverside's Equity Share
0-131	50%	50%
132-143	60%	40%
144-155	70%	30%
156-167	80%	20%
168-180	90%	10%
Thereafter	100%	0%



1 If, for example, the Property is sold, rented, refinanced, conveyed, or transferred
 2 more than eleven (11) years but less than twelve (12) years after the close of
 3 escrow, the County of Riverside would have a forty percent (40%) share in the
 4 equity and the Borrower would have a sixty percent (60%) share in the equity of
 5 the Property in the eleventh (11th) year of the term of the close of escrow.

6 The amount of the Borrower's share in equity of the Property shall increase by
 7 ten percent (10%) every year beginning the eleventh year, measured on the
 8 anniversary date of the close of escrow of this Deed of Trust. Correspondingly,
 9 the County of Riverside's share in the equity of the Property shall decrease by
 10 ten percent (10%) per year after the eleventh (11th) year.

- 11 2) In the event that no equity exists at the time of transfer or sale, the HOME Loan
 12 will still be due and payable.
- 13 3) In the event that a negative equity situation exists and the full amount of the
 14 HOME Loan for the Property is not available to be captured, the amount of the
 15 HOME Loan for the Property required to be repaid to the County of Riverside
 16 will be set forth pursuant to standards adopted in 24 CFR 92.254(a)(5)(ii)(a)(3).

17 The formulas are as follows:

18

19

<u>HOME Loan</u> HOME Loan + Borrower Investment	x Net Proceeds	= HOME Loan amount to be recaptured
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20

21

<u>Borrower Investment</u> HOME Loan + Borrower Investment	x Net Proceeds	= Amount to Borrower
---	-------------------	-------------------------

22

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25 Provided that the Borrower is not in default under the terms of the Promissory Note
 26 and Agreement attachments, the Promissory Note for the Property shall be forgiven
 27 in its entirety and the equity of that Property shall be relinquished by the County of
 28 Riverside fifteen (15) years after the certificate of occupancy or equivalent.

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6. **FORGIVENESS.** Provided that the Borrower is not in default under the terms of the Promissory Note and Loan Documents, the Promissory Note shall be forgiven in its entirety by the County and the Deed of Trust shall be reconveyed upon the expiration of the Affordability Period.
7. By signing below, the Borrower acknowledges that he/she/they understand, accept, and agree to the terms and conditions contained in this Agreement.

END OF AGREEMENT
(SIGNATURE ON THE NEXT PAGE)

ITEMIZATION OF AMOUNT FINANCED

Itemization of the Amount Financed from the County of Riverside (Creditor):

\$ 0.00 Amount given to you directly

Amount paid to others on your behalf:

\$ < COUNTY AMOUNT > To: ESCROW FOR HOME LOAN

\$0.00 To: ESCROW FOR CLOSING COSTS

The undersigned hereby acknowledges receiving a copy of this Statement.

<BORROWER'S FULL NAME>

DATE

(Signature On This Page 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.

Place Notary Seal Above

Signature _____
Signature of Notary Public

1 **NOTICE:** This Promissory Note requires repayment of the principal sum if certain events
2 occur.

3 **PROMISSORY NOTE**

4
5 The effective date of this note is:

6 <Month Day, Year>_ Riverside, California

7
8 <BORROWERS FULL ADDRESS> (Property Address)

9
10 **BORROWER PROMISE TO REPAY**

11
12 FOR VALUE RECEIVED, the undersigned, <BORROWERS FULL NAME, INSERT
13 VESTING>, hereafter called "Borrower," hereby jointly and severally promise to pay to
14 COUNTY OF RIVERSIDE, a public body, hereafter called "Lender," or to Lender's order, the
15 sum total of \$ <COUNTY AMOUNT> (Spell Out Dollar Amount), secured by a Deed of Trust,
16 at such place as Lender may designate, in lawful money of the United States of America as
17 hereafter set forth.

18
19 1) **DEFINITIONS.** The following definitions shall apply throughout this Promissory Note:

- 20 a) Agreement. The "The Homebuyer Loan Agreement and Disclosure Statement" dated of
21 even date herewith between Borrower and Lender.
- 22 b) Deferred Loan Amount. Principal Sum of the Promissory Note.
- 23 c) Lender. County of Riverside.
- 24 d) Property. The real property described in **Exhibit A** attached to this Promissory Note and
25 made a part hereof.
- 26 e) Promissory Note. Herein referred to as "Note."
- 27 f) Sale or Transfer. Any sale, transfer, lease, cash-out refinance or family trusts transfer of
28 any part of the Property, except as permitted under Section 2 of this Note, will permit

1 Lender to exercise a due-on-sale clause.

2 g) Senior Lien Holder. Actual holder of First Deed of Trust is herein referred to as the
3 "Senior Lien Holder." The Lender's Deed of Trust will be in second lien position,
4 subordinate only to the Senior Lien Holder except in the event Borrower receives
5 funding from the Joe Serna, Jr. Farmworker Housing Grant Program funds or Cal
6 HOME Program to finance the Borrower's purchase of the Property. In that event,
7 "Senior Lien Holder" shall include the holder of a deed of trust securing either of the
8 aforementioned funding sources, and "First Deed of Trust" shall include the deed of
9 trust securing either of the aforementioned funding sources.

10
11 **TERMS**

- 12
- 13 1) **INTEREST**. This Note does not bear interest.
- 14 2) **TIME OF PAYMENT**. The term of this Note extends until the earlier of (i) **fifteen (15)**
15 **years** from the date of the certificate of occupancy or equivalent of the Property (the
16 "Affordability Period"), or (ii) the date on which Borrower Sells or Transfers the Property
17 designated on the accompanying Deed of Trust in violation of the Agreement. Provided that
18 the Borrower continues to occupy the Property as their principal residence for the entire
19 Affordability Period, the Borrower's obligation to repay the principal sum of this Note shall
20 be forgiven upon expiration of the Affordability Period. However, any Sale or Transfer of the
21 Property in violation of the Agreement will trigger recapture of the principal, as described in
22 the accompanying Agreement. No delay or omission on the part of the Lender shall operate
23 as a waiver of such right of repayment or of any other right of this Note. The principal sum of
24 this Note shall be due and payable on or before the date provided by the Lender in a written
25 Notice of Acceleration to be provided by Lender to the Borrower, which shall not be less
26 than **thirty (30) days**, if all or any part of the Property or any interest in it is Sold or
27 Transferred without the prior written consent of the Lender. The Lender shall not exercise
28 this right of acceleration if prohibited by federal law as of the date of the Deed of Trust or if

1 the County of Riverside has executed a separate written waiver of this option. The following
2 shall not constitute a Transfer:

- 3 a) A transfer of the Property from a deceased Borrower to the surviving spouse of the
4 Borrower if the surviving spouse is also called a Borrower;
- 5 b) A transfer of the Property by Borrower to his/her spouse pursuant to which the spouse
6 becomes a co-owner of the Property;
- 7 c) A transfer of the Property resulting from a decree of dissolution of the marriage or legal
8 separation or from a Property settlement agreement incidental to such a decree which
9 requires the Borrower to continue to make payments on the Note and by which a spouse
10 who is already a Borrower becomes the sole owner of the Property;
- 11 d) A transfer of the Property by a Borrower to an inter-vivos trust in which the Borrower is
12 the sole beneficiary;
- 13 e) A transfer by means of encumbering the Property with a lien that is a junior lien to the
14 loan to Borrower evidenced by the Deed of Trust.

15 3) **AMOUNT OF PAYMENT.** If and when this Note becomes due pursuant to **Section 2**
16 above, Borrower shall pay to Lender the outstanding Deferred Loan Amount.

17 4) **PREPAYMENT.** Borrower shall have the right at any time to repay this Note without
18 incurring any penalty. Borrower must notify the Lender in writing, in the event of
19 prepayment. The amount payable in full by Borrower shall be the entire Deferred Loan
20 Amount.

21 5) **FORGIVENESS OF NOTE.** Provided that Borrower is not in default under the terms of
22 this Note or Loan Documents, the Note shall be forgiven in its entirety by the County of
23 Riverside at the expiration of the Affordability Period.

24 6) **SECURITY.** A Deed of Trust secures this Note.

25 7) **DEFAULT UNDER DEED OF TRUST.** Notwithstanding any other provisions of this
26 Note, if default occurs in any of the covenants or agreements contained in the Deed of Trust
27 securing this Note, this Note shall immediately become due and payable in full at the option
28 of Lender. In the event Lender exercises such option, the amount due and payable shall be

1 the Deferred Loan Amount. Failure by Lender to exercise its option to accelerate in the event
2 of a default shall not constitute waiver of the right to exercise such option in the event of the
3 same or any other default.

4 **8) JOINT AND SEVERAL.** The undersigned, if more than one, shall be jointly and severally
5 liable hereunder.

6 **9) ATTORNEYS' FEES.** If any default is made hereunder, Borrower further promises to pay
7 reasonable attorneys' fees and costs and expenses incurred by the Lender in connection with
8 any such default or any other action or other proceeding brought to enforce any of the
9 provisions of this Note. The Lender's right to such fees shall not be limited to or by its
10 representation by staff counsel, and such representation shall be valued at customary and
11 reasonable rates for private sector legal services.

12 **10) TIME.** Time is of the essence herein.

13 **11) AMENDMENTS.** This Note may not be modified or amended except by an instrument in
14 writing expressing such intention executed by the parties sought to be bound thereby, which
15 writing must be so firmly attached to this Note so as to become a permanent part thereof.

16 **12) SEVERABILITY.** The covenants of this Note are several. Invalidation of any covenant or
17 any part thereof by law, judgment, or court order shall not affect any other covenant.

18 **13) PLACE OF REPAYMENT.** Borrower will make payment of all amounts due to Lender
19 under this Note to Lender at: **3403 10th STREET. SUITE 500, RIVERSIDE,**
20 **CALIFORNIA 92501** or such other address as Lender may designate in writing to
21 Borrower.

22 **14) BORROWER'S WAIVERS.** Borrower waives any rights to require the Lender to do certain
23 things. Those things are: (A) to demand payment of amounts due (known as "presentment");
24 (B) to give notice that amounts due have not been paid (known as "notice of dishonor"); and
25 (C) to obtain an official certification of nonpayment (known as a "protest").

26 **15) GIVING OF NOTICES.** Any notice that must be given to Borrower under this Note will be
27 given by delivering it or by mailing it by certified mail addressed to Borrower at any
28 Property Address above. Any notice that must be given to the Lender under this Note will be

1 given by mailing it certified mail to the Lender at the address above.

2 **16) LOAN AUTHORITY.** The loan evidenced by this Note is being made pursuant to the
3 HOME Investment Partnership Program and the regulations issued there under (Title II, the
4 Cranston-Gonzales National Affordable Housing Act, Public Law No. 101-625, 104 Stat.
5 4079 (1990), 24 CFR Part 92.)

6 a) **Use of HOME Funds** - To provide mortgage assistance to ensure that affordable housing
7 is created.

8 b) **Affordability Period** - Time that the Property must be occupied by an income-eligible
9 household, otherwise the Lender may have the right to recapture the HOME funds
10 provided. The affordability period for this Note is **fifteen (15) years** from the date of the
11 certificate of occupancy or equivalent of the Property. The final maturity date on which
12 this note is forgiven, even if the home has not been sold, is **fifteen (15) years** from the
13 date of the certificate of occupancy or equivalent of the Property.

14 c) **Project Requirements** - The mortgage assistance complies with all requirements in that
15 the amount provided by the Lender does not exceed the maximum per-unit subsidy
16 amount established by HUD, that the initial purchase price does not exceed **ninety-five**
17 **(95%)** of the median purchase price as established by HUD.

18 d) **Housing Quality Standards** - The housing unit that is being assisted was inspected by
19 the Lender and meets the physical standards that assure that the housing is free from all
20 health and safety defects at the time of purchase.

21 e) **Disbursement Request** - No funds shall be provided until such time as they are needed
22 for the payment of eligible costs, which is the mortgage assistance amount.

23 f) **Enforcement of this Agreement (Note)** - The means for the enforcement of the terms
24 and conditions shall be the recordation of a Deed of Trust, which will place a lien against
25 the Property that has been assisted.

26 g) **Duration of this Agreement (Note)** - This Note is in effect for the period of affordability
27 as noted above in **Section 16 (b)**. The final maturity date on which it is due (or forgiven),
28

1 even if the home has not been sold is **fifteen (15) years** from the date of the certificate of
2 occupancy or equivalent of the Property.

3 **17) SUBORDINATION** The indebtedness evidences by this Note, and any other financial
4 obligations which may be imposed by the Lender are subordinate to the indebtedness
5 evidenced by a Note payable to a Senior Lender, which Note is secured by the First Deed of
6 Trust on the Property, as further described in Section 1(g) of this Note and Section 4 of the
7 Deed of Trust.

8
9 **END OF AGREEMENT**
10 **(SIGNATURES ON THE NEXT PAGE)**
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EXHIBIT "A"

LEGAL DESCRIPTION OF PROPERTY

LEGAL DESCRIPTION:

<LEGAL DESCRIPTION>

APN: <APN>

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

3 WHEN RECORDED MAIL TO:
4 County of Riverside
5 3403 10th Street, Suite 500
6 Riverside, CA 92501
7 Attention: Benjamin Cendejas

8 SPACE ABOVE THIS LINE FOR RECORDERS USE

9 **DEED OF TRUST**

10 THIS DEED OF TRUST ("Security Instrument") is made this ____ day of MONTH, YEAR
11 _____, among the Trustor(s), <BORROWERS FULL NAME, INSERT VESTING>, (herein
12 "Borrower"), COUNTY OF RIVERSIDE (herein "Trustee"), and the Beneficiary, which is the
13 County of Riverside, a public agency (herein "Lender").

14
15 BORROWER, in consideration of the indebtedness herein recited and the trust herein created,
16 irrevocably grants and conveys to Trustee, in trust, with the power of sale, the following
17 described property located in the County of Riverside, State of California:

18
19 LEGAL DESCRIPTION:

20 <LEGAL DESCRIPTION>

21 APN: <APN #>

22
23 which has the address of <BORROWERS FULL ADDRESS> (Herein "Property Address").

24
25 TOGETHER with all the improvements now or hereafter erected on the property, and all
26 easements, rights, appurtenances and rents (subject however to the rights and authorities given
27 herein to Lender to collect and apply such rents), all of which shall be deemed to be and remain
28 a part of the property covered by this Security Instrument; and all of the foregoing, together

1 with said property (or the leasehold estate if this Security Instrument is on a leasehold) are
2 hereinafter referred to as the "Property."

3
4 TO SECURE to Lender the repayment of the indebtedness evidenced by Borrower's
5 Promissory Note dated <DATE ON NOTE> and extensions and renewals thereof (herein
6 "Note"), in the principal sum of U.S. \$<COUNTY AMOUNT (Spell Out Dollar Amount of
7 Loan)> advanced in accordance and herewith to protect the security of this Security Instrument;
8 and the performance of the covenants and agreements of Borrower herein contained. The loan
9 evidenced by the Note and secured by this Security Instrument is being made pursuant to the
10 HOME Investment Partnership Program and the regulations issued there under.

11
12 In addition to the Loan, the Borrower obtained a Deed of Trust loan (The "First Deed of Trust
13 Loan") from <LENDERS NAME AND FULL ADDRESS>, (the "Senior Lien Holder"),
14 which loan is secured by First Deed of Trust lien on the Property <ADD IF APPLICABLE:
15 and a loan of [Joe Serna, Jr. Farmworker Housing Grant Program funds] or [Cal HOME
16 Program funds] from the California Department of Housing and Community Development
17 (also a "Senior Lien Holder"), which loan is also secured by a deed of trust which is senior in
18 priority to this Deed of Trust, and shall also be defined as a "First Deed of Trust.">

19
20 Borrower covenants that Borrower is lawfully seized of the estate hereby conveyed and have
21 the right to grant and convey the Property, and except for the First Deed of Trust and other
22 encumbrances of record acceptable to the Lender, that the Property is unencumbered. Borrower
23 warrants and will defend generally the title to the Property against all claims and demands,
24 subject to encumbrances of record.

25
26 UNIFORM COVENANTS. Borrower and Lender covenant and agree as follows:
27
28

1) **Payment of Principal and Interest.** In the event of any Sale or Transfer of the Property in violation of the Agreement, Borrower shall promptly pay when due the principal indebtedness evidenced by the Note.

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

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

b)

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

4) **Subordination.**

a) Lender and Borrower acknowledge and agree that this Security Instrument is subject and subordinate in all respects to the liens, terms, covenants and conditions of the First Deed of Trust and, if applicable, to a deed of trust securing Joe Serna, Jr. Farmworker Housing Grant Program funds or Cal HOME Program funds from the California

1 Department of Housing and Community Development (each of which shall also be a
2 "First Deed of Trust" for purposes of this Deed of Trust) ,to all advances heretofore
3 made pursuant to the First Deed of Trust including all sums advanced for the purpose of
4 (a) protecting or further securing the lien of the First Deed of Trust, curing defaults by
5 the Borrower under the First Deed of Trust or for any other purpose expressly permitted
6 by the First Deed of Trust or (b) constructing, renovating, repairing, furnishing, fixtures
7 or equipping the Property. The terms and provisions of the First Deed of Trust are
8 paramount and controlling, and they supersede any other terms and provisions herein
9 conflict therewith. In the event of a foreclosure of the First Deed of Trust, any other
10 provisions in any other collateral agreement restricting the use of the Property to low or
11 moderate income households or otherwise restricting the Borrower's ability to sell the
12 Property shall have no further force or effect on subsequent owners or purchasers of the
13 Property, any person, including his/her successors or assignees (other than the Borrower
14 or a related entity of the Borrower), receiving title to the Property through a foreclosure
15 or deed in lieu of foreclosure of the First Deed of Trust shall receive title to the Property
16 free and clear from such restrictions. The restrictions will automatically terminate if title
17 to the mortgaged property is transferred by foreclosure or deed-in-lieu of foreclosure, or
18 if the mortgage is assigned to the Secretary of the United States Department of Housing
19 and Urban Development (HUD).

20 b) Further, if the Senior Lien Holder acquires title to the Property pursuant to a deed in lieu
21 of foreclosure, the lien of the Security Instrument shall automatically terminate upon the
22 Senior Lien Holder's acquisition of title, provided that (1) the Lender has been given
23 written notice of a default under the First Deed of Trust and (2) the Lender shall not
24 have cured the default under the First Deed of Trust, or diligently pursued curing the
25 default as determined by the Senior Lien Holder, within the **sixty (60) day** period
26 provided in such notice sent to the Lender.

27 **5) Hazard Insurance.**

28 a) Borrower shall keep the improvements now existing or hereafter erected on the Property

1 insured against loss by fire, hazards included within the term "extended coverage," and
2 such other hazards, including floods or flooding. This insurance shall be maintained in
3 the amounts and for the periods that the Senior Lien Holder and/or the Lender may
4 require and in such amounts and for such periods as the Senior Lien Holder and the
5 Lender may require.

6 b) The insurance carrier providing the insurance shall be chosen by Borrower. All
7 insurance policies and renewals thereof shall include a standard mortgage clause in favor
8 of and in a form acceptable to Lender. Lender shall have the right to hold the policies
9 and renewals thereof, subject to the terms of any mortgage, deed of trust or other
10 security agreement with a lien, which has priority over this Security Instrument. All
11 original policies of insurance required pursuant to the First Deed of Trust shall be held
12 by the Senior Lien Holder; provided, however, Lender shall be named as a loss payee as
13 its interest may appear and shall be named as an additional insured. If Lender requires,
14 Borrower shall promptly give to Lender copies of all receipts of paid premiums and
15 renewal notices. In the event of loss, Borrower shall give prompt notice to the insurance
16 carrier, the Senior Lien Holder and the Lender. Lender may make proof of loss if not
17 made promptly by the Senior Lien Holder or the Borrower.

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

23 d) If the Property is abandoned by Borrower, or if the Borrower fails to respond to Lender
24 within **thirty (30) days** from the date notice is mailed by Lender to Borrower that the
25 insurance carrier offers to settle a claim for insurance benefits, Lender is authorized to
26 collect and apply the insurance proceeds at Lender's option either to restoration or repair
27 of the Property or to the sums secured by this Security Instrument.

1 e) Notwithstanding the above, the Lender's rights to collect and apply the insurance
2 proceeds hereunder shall be subject and subordinate to the rights of the Senior Lien
3 Holder to collect and apply such proceeds in accordance with the First Deed of Trust.

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

9 **7) Protection of Lender's Security.**

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

17 b) Any amounts disbursed by Lender pursuant to this **Paragraph 7**, with interest thereon,
18 at the Note rate, shall become additional indebtedness of Borrower secured by this
19 Security Instrument. Unless Borrower and Lender agree to other terms of payment, such
20 amounts shall be payable upon notice from Lender to Borrower requesting payment
21 thereof. Nothing contained in this **Paragraph 7** shall require Lender to incur any
22 expense or take any action hereunder.

23 c) Prior to taking any actions, Lender shall notify the Senior Lien Holder and shall provide
24 the Senior Lien Holder with opportunity to cure a default hereunder advanced by the
25 Senior Lien Holder and shall be secured by the First Deed of Trust. The Senior Lien
26 Holder shall have the right to exercise all rights and remedies under the First Deed of
27 Trust.

28 **8) Mortgage Insurance.** If Lender requires mortgage insurance as a condition of making the

1 loan secured by this Security Instrument, Borrower shall pay the premiums required to
2 maintain the mortgage insurance in effect.

3 **9) Inspection.** Lender or its agent may make or cause to be made reasonable entries upon and
4 inspections of the Property, provided that Lender shall give Borrower notice prior to any
5 such inspection specifying reasonable cause therefore related to Lender's interest in the
6 Property.

7 **10) Condemnation.**

8 a) The proceeds of any award or claim for damages, direct or consequential, in connection
9 with any condemnation or other taking of the Property, or part thereof, or for
10 conveyance in lieu of condemnation, are hereby assigned and shall be paid to Lender,
11 subject to the terms of any mortgage, deed of trust or other security agreement with a
12 lien which has priority over this Deed of Trust.

13 b) In the event of a total taking of this Property, the proceeds shall be applied to the sums
14 secured by this Security Instrument, whether or not then due, with any excess paid to the
15 Borrower.

16 **11) Borrower Not Released; Forbearance by Lender Not a Waiver.** Extension of the time
17 for payment or modification of the sums secured by this Security Instrument granted by
18 Lender to any successor in interest of Borrower shall not operate to release, in any manner,
19 the liability of the original Borrower and Borrower's successors in interest. Lender shall not
20 be required to commence proceedings against such successor or refuse to extend time for
21 payment or otherwise modify the sums secured by this Security Instrument by reason of any
22 demand made by the original Borrower and Borrower's successors in interest. Any
23 forbearance by Lender in exercising any right or remedy hereunder, or otherwise afforded
24 by applicable law, shall not be a waiver of or preclude the exercise of any such right or
25 remedy.

26 **12) Successors and Assigns Bound; Joint and Several Liability; Co-signers.** The covenants
27 and agreements herein contained shall bind, and the rights hereunder shall inure to, the
28 respective successors and assigns of Lender and Borrower. All covenants and agreements of

1 Borrower shall be joint and several.

2 **13) Notices.** Except for any notice required under applicable law to be given in another manner,

3 (a) any notice to Borrower provided for in this Security Instrument shall be given by
4 delivering it or by mailing such notice by certified mail addressed to Borrower at the
5 Property Address or at such other address as Borrower may designate by notice to Lender as
6 provided herein, and (b) any notice to Lender shall be given by certified mail to Lender's
7 address at: 3403 10th Street, Suite 500, Riverside, CA 92501, Attn: Assistant Director,

8 Housing. Any notice provided for in this Security Instrument shall have been given to
9 Borrower or Lender when given in the manner designated herein. Any notices required to be
10 given to the Senior Lien Holder shall be given by first class mail to such address the Senior
11 Lien Holder designates by notice to the Borrower.

12 **14) Governing Law; Severability.** The state and local laws applicable to this Security

13 Instrument shall be the laws of the jurisdiction in which the Property is located. The
14 foregoing sentence shall not limit the applicability of federal law to this Security Instrument.

15 In the event that any provision or clause of this Security Instrument or the Promissory Note
16 conflicts with applicable law, such conflict shall not affect other provisions of this Security
17 Instrument or the Promissory Note which can be given effect without the conflicting
18 provision, and to this end the provisions of this Security Instrument and the Promissory
19 Note are declared to be several. As used herein, "costs," "expenses" and "attorneys' fees"
20 include all sums to the extent not prohibited by applicable law or limited herein.

21 **15) Borrower's Copy.** Borrower shall be furnished a conformed copy of the Note and Security

22 Instrument at the time of execution or after recordation hereof.

23 **16) Transfer of the Property or a Beneficial Interest in Borrower.**

24 a) Except for a conveyance to the Trustee under the First Deed of Trust, if all or any part of
25 the Property or any interest in it is Sold or Transferred without Lender's prior written
26 consent, Lender may, at its option, require immediate payment in full of all sums
27 secured by this Security Instrument. The Lender shall not exercise this option if federal
28 law as of the date of this Security Instrument prohibits the exercise.

1 b) If the Lender exercises this option, Lender shall give Borrower and the Senior Lien
2 Holder prior written notice of acceleration. The notice shall provide a period of not less
3 than **thirty (30) days** from the date the notice is delivered or mailed within which the
4 Borrower must pay all sums secured by this Security Instrument. If Borrower fails to pay
5 these sums prior to the expiration of this period, Lender may invoke any remedies
6 permitted by this Security Instrument without further notice or demand on Borrower.

7 **17) Borrower's Right to Reinstate.**

- 8 a) If Borrower meets certain conditions, Borrower shall have the right to have enforcement
9 of this Security Instrument discontinued at any time prior to the earlier of: (a) **five (5)**
10 **days** before the sale of the Property pursuant to any power of sale contained in this
11 Security Instrument; or (b) entry of a judgment enforcing this Security Instrument.
12 Those conditions are that Borrower: (a) pays Lender all sums which then would be due
13 under this Security Instrument and the Promissory Note as if no acceleration had
14 occurred; (b) cures any default of any other covenants or agreements; (c) pays all
15 expenses incurred in enforcing this Security Instrument, including, but not limited to
16 reasonable attorneys' fees; and (d) takes such action as Lender may reasonably require
17 to assure that the lien of this Security Instrument, Lender's rights in the Property and
18 Borrower's obligation to pay the sums secured by this Security Instrument shall continue
19 unchanged. Upon reinstatement by Borrower, this Security Instrument and the
20 obligations secured hereby shall remain fully effective as if no acceleration had
21 occurred. However, this right to reinstate shall not apply in the case of acceleration
22 under **Section 21**.
- 23 b) Notwithstanding, Lender's right to invoke any remedies hereunder, as provided in
24 **Section 21**, Lender agrees that it will not commence foreclosure proceedings or accept a
25 deed in lieu of foreclosure, or exercise any other rights or remedies hereunder until it has
26 given the Senior Lien Holder at least **sixty (60) days** prior written notice.
- 27 c) The Borrower and the Lender agree that whenever the Promissory Note or this Security
28 Instrument gives the Lender the right to approve or consent with respect to any matter

1 affecting the Property or otherwise, and a right of approval or consent with regard to the
2 same matter is also granted to the Senior Lien Holder pursuant to the First Deed of
3 Trust, the Senior Lien Holder's approval or consent or failure to approve or consent, as
4 the case may be, shall be binding on the Borrower and the Lender.

5 **18) Sale of Note; Change of Loan Servicer.** The Promissory Note or a partial interest in the
6 Promissory Note (together with this Security Instrument) may be sold one or more times
7 without prior notice to the Borrower. A sale may result in a change in the entity (known as
8 the "Loan Servicer") that may collect monthly payments under the Promissory Note and
9 Security Instrument. There also may be one or more changes of the Loan Servicer unrelated
10 to a sale of the Promissory Note. If there is a change in the Loan Servicer, Borrower will be
11 given written notice of the change in accordance with **Section 13** above and applicable law.
12 The notice will state the name and address of the new Loan Servicer and the address to
13 which payments, if any, should be made. The notice will also contain any other information
14 required by applicable law.

15 **19) No Assignment.** Until the loan secured by the First Deed of Trust has been satisfied in full,
16 Lender and the Borrower agree that the Promissory Note and the Security Instrument will
17 not be assigned without the Senior Lien Holder's prior written consent.

18 **20) Hazardous Substances.**

- 19 a) Borrower shall not cause or permit the presence, use, disposal, storage, or release of any
20 Hazardous Substances on or in the Property. Borrower shall not allow anyone else to do
21 anything affecting the Property that is in violation of any Environmental Law. The
22 preceding two sentences shall not apply to the presence, use, or storage on the Property
23 of small quantities of Hazardous Substances that are generally recognized to be
24 appropriate to normal residential uses and to maintenance of the Property.
- 25 b) Borrower shall promptly give Lender written notice of any investigation, claim, demand,
26 lawsuit or other action by any governmental or regulatory agency or private party
27 involving the Property and any hazardous substance or Environmental Law of which
28 Borrower has actual knowledge. If Borrower learns, or is notified by any governmental

1 or regulatory authority, that any removal or other remediation of any hazardous
2 substance affecting the Property is necessary, Borrower shall promptly take all necessary
3 remedial actions in accordance with Environmental Law. Prior to taking any such
4 remedial action, however, Borrower shall notify the Senior Lien Holder that such
5 remedial action is necessary and shall obtain the Senior Lien Holder's prior written
6 consent for such remedial action.

7 c) As used in this Section, "Hazardous Substances" are those substances defined as toxic or
8 hazardous substances by Environmental Law and the following substances: gasoline,
9 kerosene, other flammable or toxic petroleum products, toxic pesticides and herbicides,
10 volatile solvents, materials containing asbestos or formaldehyde, and radioactive
11 materials.

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

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

16 **21) Acceleration; Remedies.**

17 a) Upon Borrower's breach of any covenant or agreement of Borrower in this Deed of
18 Trust, including the covenants to pay when due any sums secured by this Security
19 Instrument, Lender prior to acceleration shall give notice to Borrower as provided in
20 **Section 13** hereof specifying: (1) the breach; (2) the action required to cure such breach;
21 (3) a date, not less than **thirty (30)** days from the date of notice is mailed to Borrower
22 (and with respect to the Senior Lien Holder, **sixty (60) days** from the date the notice is
23 given to the Senior Lien Holder), by which such breach must be cured; and (4) that
24 failure to cure such breach on or before the date specified in the notice may result in
25 acceleration of the sums secured by this Security Instrument and sale of the Property.
26 The notice shall further inform Borrower of the right to reinstate after acceleration and
27 the right to bring a court action to assert the nonexistence of a default or any other
28 defense of Borrower to acceleration and sale. If the breach is not cured on or before the

1 date specified in the notice, and the Senior Lien Holder has not exercised its right to cure
2 the breach, then Lender, at Lender's option, may declare all of the sums secured by this
3 Security Instrument to be immediately due and payable without further demand and may
4 invoke the power of sale and acceleration of the sums secured by this Security
5 Instrument and sale of the Property.

6 b) Notwithstanding Lender's right to invoke any remedies hereunder, the Lender agrees
7 that it will not commence foreclosure proceedings or accept a deed in lieu of foreclosure,
8 or exercise any other rights or remedies hereunder until it has given the Senior Lien
9 Holder at least **sixty (60) days** prior written notice. Lender shall be entitled to collect all
10 expenses incurred in pursuing the remedies, including, but not limited to, reasonable
11 attorneys' fees and costs of title evidence.

12 c) If Lender invokes the power of sale, Lender shall execute or cause Trustee to execute a
13 written notice of the occurrence of an event of default and of Lender's election to cause
14 the Property to be sold and shall cause such notice to be recorded in each county in
15 which the Property or some part thereof is located. Lender or Trustee shall mail copies
16 of such notice in the manner prescribed by applicable law. Trustee shall give public
17 notice of sale to the persons and in the manner prescribed by applicable law. After the
18 lapse of such time as may be required by applicable law, Trustee, without demand on
19 Borrower, shall sell the Property at public auction to the highest bidder at the time and
20 place and under the terms designated in the notice of sale in one or more parcels and in
21 such order as Trustee may determine. Trustee may postpone sale of all or any parcel of
22 the Property by public announcement at the time and place of any previously scheduled
23 sale. Lender or Lender's designee may purchase the Property at any sale.

24 d) Trustee shall deliver to the purchaser Trustee's deed conveying the Property so sold
25 without any covenant or warranty, expressed or implied. The recitals in the Trustee's
26 deed shall be prima facie evidence of the truth of the statements made therein. Trustee
27 shall apply the proceeds of the sale in the following order: (a) to all reasonable costs and
28 expenses of the sale, including, but not limited to, reasonable Trustee's and attorneys'

1 fees and costs of title evidence; (b) to all sums secured by this Security Instrument; and
2 (c) the excess, if any, to the person or persons legally entitled thereto.

3 **22) Assignment of Rents; Appointment of Receiver; Lender in Possession.**

4 a) As additional security hereunder, Borrower hereby assigns to Lender the rents of the
5 Property, provided that Borrower shall, prior to acceleration or abandonment of the
6 Property, have the right to collect and retain such rents as they become due and payable.

7 b) Upon acceleration hereof or abandonment of the Property, Lender, in person, by agent or
8 by judicially-appointed receiver shall be entitled to enter upon, take possession of and
9 manage the Property and to collect the rents of the Property, including those past due.
10 All rents collected by Lender or the receiver shall be applied first to premiums on
11 receiver's bonds and reasonable attorneys' fees, and then to the sums secured by this
12 Security Instrument. Lender and the receiver shall be eligible to account only for those
13 rents actually received.

14 **23) Reconveyances.** Upon payment of all sums secured by this Security Instrument, Lender
15 shall request Trustee to reconvey the Property and shall surrender this Security Instrument
16 and all notes evidencing indebtedness secured by this Security Instrument to the Trustee.
17 Trustee shall reconvey the Property without warranty and without charge to the person or
18 persons legally entitled thereto. Such person or persons shall pay all costs of recordation, if
19 any.

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

1 **BY SIGNING BELOW**, the Borrower accepts and agrees to the terms and covenants contained
2 in this Security Instrument.

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BORROWER

INSERT BORROWER'S FULL NAME DATE

INSERT BORROWER'S FULL NAME DATE

(Signatures Must Be Notarized)

1 REQUEST FOR RECONVEYANCE

2 TO TRUSTEE:

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

9 Dated: _____

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CALIFORNIA ALL-PURPOSE ACKNOWLEDGEMENT

STATE OF CALIFORNIA }

COUNTY OF _____ }

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

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

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

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

WITNESS my hand and official seal.

Place Notary Seal Above

Signature _____
Signature of Notary Public

EXHIBIT C

REQUEST FOR NOTICE

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 St., Suite 500
Riverside, CA 92501
Attn: Benjamin Cendejas

SPACE ABOVE THIS LINE FOR RECORDERS USE

**REQUEST for NOTICE
UNDER SECTION 2924b CIVIL CODE**

In accordance with Civil Code, section 2924b, request is hereby made that a copy of any Notice of Default and a copy of any Notice of Sale under the Deed of Trust recorded as Instrument No. concurrent herewith, in book xxxxxxx, page xxxxxx, Official Records of RIVERSIDE County, California, and describing land therein as

LEGAL DESCRIPTION

APN: APN NUMBER Property Commonly known as: PROPERTY ADDRESS

Executed by Buyer's name and vesting, as trustor in which County of Riverside, a Public Agency is named as Beneficiary, and County of Riverside, a Public Agency, as Trustee, be mailed to Riverside County Economic Development Agency at 3403 10th Street, Suite 500, Riverside, CA 92501.

NOTICE: A copy of any notice of default and of any notice of sale will be sent only to the address contained in this recorded request. If your address changes, a new request must be recorded.

Dated _____

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

STATE OF CALIFORNIA

COUNTY OF RIVERSIDE} S.S.

On _____ before me,
_____ a Notary Public,

personally appeared Tom Fan 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 _____

RIVERSIDE COUNTY ECONOMIC DEVELOPMENT AGENCY

Tom Fan / Principal Development Specialist

(This area for official notarial seal)

Escrow or Loan No. FT-file no.

EXHIBIT D

PROHIBITION AGAINST CONFLICTS OF INTEREST

Prohibition Against Conflicts of Interest

§ 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 HOME 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 HOME-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 HOME 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 HOME 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:

- (1) 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;
- (2) 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;
- (3) 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;
- (4) Whether the interest or benefit was present before the affected person was in a position as described in paragraph (c) of this section;
- (5) 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;
- (6) Any other relevant considerations.

(f) Owners/Participants and Developers.

- (1) No owner, developer, or sponsor of a project assisted with HOME 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 HOME-assisted affordable housing unit in a project. This provision does not apply to an

individual who receives HOME 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 HOME program and the effective and efficient administration of the owner's or developer's HOME-assisted project. In determining whether to grant a requested exception, the COUNTY shall consider the following factors:

- (ii) 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;
- (iii) 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;
- (iv) Whether the tenant protection requirements of § 92.253 are being observed;
- (v) Whether the affirmative marketing requirements of § 92.351 are being observed and followed; and
- (vi) Any other factor relevant to the COUNTY's determination, including the timing of the requested exception.

Community Development Block Grant

Policy Manual, I.D. # A-11

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.