

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

329



FROM: Redevelopment Agency

SUBMITTAL DATE:
September 22, 2011

SUBJECT: First Amended and Restated Loan Agreement with SL-Imperial, LLC

RECOMMENDED MOTION: That the Board of Directors:

1. Approve the attached First Amended and Restated Loan Agreement with SL-Imperial, LLC;
2. Authorize the Chairman of the Board to execute the attached First Amended and Restated Loan Agreement; and
3. Authorize the Executive Director, or designee, to take all necessary steps to implement the First Amended and Restated Loan Agreement including, but not limited to, executing subsequent necessary and relevant documents.

BACKGROUND: (Commences on Page 2)


Robert Field
Executive Director

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

COMPANION ITEM ON BOARD OF SUPERVISORS AGENDA: No

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

C.E.O. RECOMMENDATION: APPROVE

BY: 
Jennifer L. Sargent

County Executive Office Signature

FORM APPROVED COUNTY COUNSEL
BY: ANITA C. WILLIS
DATE: 9-22-11
Concurrence

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

Prev. Agn. Ref.: 4.1 of 9/1/2009; 4.3 of 5/4/2010; 4.2 of 5/10/11

District: ALL

Agenda Number:

4.1

ATTACHMENTS FILED
WITH THE CLERK OF THE BOARD

BACKGROUND:

On September 1, 2009, the Board of Directors (Board) approved a Loan Agreement for the use of Redevelopment Agency (Agency) funds with SL-Imperial, LLC (SL-Imperial) in the amount of \$3,000,000 for the acquisition, rehabilitation, and resale of vacant, foreclosed, and bank-owned single-family homes to qualified low- and moderate-income first-time homebuyers within the Jurupa Valley community of the unincorporated area of the County of Riverside. On May 4, 2010 the Board approved the 1st Amendment to the Loan Agreement increasing the loan amount to \$4,500,000 and expanding the activity of acquisition, rehabilitation, and resale of 25 properties within all unincorporated areas of the County of Riverside. Thereafter, on May 10, 2011, the Board approved the 2nd Amendment to the Loan Agreement to extend the term for an additional 15 months ending on May 31, 2012 in order to continue the aforementioned eligible activities.

On July 1, 2011, the Jurupa Valley community officially incorporated into the City of Jurupa Valley. The current Loan Agreement allows for activities only in unincorporated areas throughout the County of Riverside, which included the community of Jurupa Valley. In order to continue redevelopment activities within the City of Jurupa Valley, the Loan Agreement must be amended to allow redevelopment activities to occur within redevelopment project areas within incorporated cities provided that SL-Imperial obtain the prospective city's support, which they have received from the City of Jurupa Valley.

Both the Agency and SL-Imperial intended and understood that the loan was a revolving loan allowing repayments (net sales proceeds) to be re-loaned to SL-Imperial to acquire additional properties as long as the outstanding loan did not exceed \$4,500,000 at any time. The parties have operated based upon this understanding and intent. Due to a mutual mistake of the parties, the loan agreement did not include express language providing for the revolving loan. However, pursuant to the doctrine of Reformation, the loan may be reframed to reflect accurately the real agreement between the parties when, through mutual mistake, the writing does not embody the contract as actually made. The First Amended and Restated Loan Agreement will correct mutual mistake and accurately reflect the original intent of the Agency and SL-Imperial.

The First Amended and Restated Loan Agreement is considered an enforceable obligation and may be executed because the original Loan Agreement was executed on September 1, 2009, a date prior to the enactment of ABx1 26 and ABx1 27, the Assembly bills regarding redevelopment that were signed by Governor Brown on June 29, 2011. The First Amended and Restated Loan Agreement is necessitated by the incorporation of the City of Jurupa Valley and to clarify the original intent that the original Loan Agreement to be revolving. It does not change the scope of work, the time of performance or increase the funds required to continue the activities specified above.

Agency Counsel has reviewed and approved as to form the attached First Amended and Restated Loan Agreement. Staff recommends that the Board approve the attached First Amended and Restated Loan Agreement.

Attachment: First Amended and Restated Loan Agreement

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

3 RECORDING REQUESTED BY AND
4 WHEN RECORDED MAIL TO:

5 Redevelopment Agency
6 for the County of Riverside
7 3403 10th Street, Ste. 500
8 Riverside, CA 92501
9 Attn. Benjamin Cendejas

10 SPACE ABOVE THIS LINE FOR RECORDERS USE

11 FIRST AMENDED AND RESTATED LOAN AGREEMENT FOR THE USE OF LOW AND
12 MODERATE INCOME HOUSING FUNDS

13 This First Amended and Restated Loan Agreement is made and entered into this 28th day of
14 September, 2011 by and between the REDEVELOPMENT AGENCY FOR THE
15 COUNTY OF RIVERSIDE, a public body, corporate and politic (hereinafter referred to as the
16 "AGENCY") and SL-IMPERIAL, LLC, A California Limited Liability Company (hereinafter
17 referred to as "SL-IMPERIAL").

18 WITNESSETH:

19 WHEREAS, the AGENCY is a redevelopment agency duly created, established and
20 authorized to transact business and exercise its powers, all under and pursuant to the
21 provisions of the California Community Redevelopment Law, which is Part 1 of Division 24
22 of the California Health and Safety Code (commencing with Section 33000 et seq.);

23 WHEREAS, the AGENCY, pursuant to Section 33334.2 of the California Health and Safety
24 Code, wishes to utilize its Low- and Moderate-Income Housing Set-Aside Funds to improve
25 and increase the supply of affordable housing in the unincorporated area of the County of
26 Riverside (hereinafter referred to as the "County");

27 WHEREAS, the Community Redevelopment Law provides that the territorial
28 jurisdiction of a county redevelopment agency is the unincorporated territory in that county;

WHEREAS, on July 9, 1996, the County adopted Ordinance No. 763 creating a
redevelopment plan for an area within the County known as the Jurupa Valley Project Area
(hereinafter referred to as the "Project Area");

FIRST AMENDED AND RESTATED LOAN AGREEMENT

1 WHEREAS, on December 20, 2005, the AGENCY adopted Resolution RDA 2005-35
2 finding that the use of Low- and Moderate-Income Housing Set-Aside Funds outside the
3 Project Area is of benefit to the Project Area;

4 WHEREAS, on December 20, 2005, the County Board of Supervisors adopted
5 Resolution No. 2005-374 making a similar finding;

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

8 WHEREAS, SL-IMPERIAL originally proposed that the AGENCY loan it funds to
9 acquire, rehabilitate and resell approximately sixteen (16) foreclosed or abandoned single-
10 family homes located in the Jurupa Valley community of the unincorporated area of the
11 County;

12 WHEREAS, AGENCY and SL-IMPERIAL entered into Loan Agreement for the Use
13 of Redevelopment Agency Funds (“AGENCY Loan”) on September 1, 2009;

14 WHEREAS, under the terms and conditions of the AGENCY Loan, AGENCY
15 agreed to lend up to Three Million Dollars (\$3,000,000) of AGENCY funds to SL-
16 IMPERIAL for acquisition, rehabilitation and resale of sixteen (16) foreclosed and bank-
17 owned single-family homes located within the Jurupa Valley community to qualified low- and
18 moderate-income first-time homebuyers;

19 WHEREAS, on May 4, 2010, AGENCY amended and increased the AGENCY Loan
20 from Three Million Dollars (\$3,000,000) to Four Million Five Hundred Thousand Dollars
21 (\$4,500,000) to purchase approximately twenty-five (25) additional properties for the activity
22 of acquisition, rehabilitation and resale within all the unincorporated areas of the County of
23 Riverside as more fully described in **Exhibit “A”**, which is attached hereto and by this
24 reference incorporated herein (hereinafter referred to as the “Project”);

25 WHEREAS, on May 10, 2011, the Second Amendment to the Agreement was
26 executed to extend the term of the Agreement to May 31, 2012;

27 WHEREAS, the AGENCY and SL-IMPERIAL understood and intended that the loan
28 funds provided pursuant to the Agreement would be revolving, allowing the sales proceeds

1 from properties sold to be re-loaned to SL-IMPERIAL to acquire additional properties for
2 rehabilitation and re-sale;

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

4 WHEREAS, this First Amended and Restated Loan Agreement sets forth the terms
5 and conditions for a revolving loan wherein the net sale proceeds may be re-loaned for the
6 purposes of continuing the abovementioned eligible activities beyond twenty-five (25)
7 properties, as long as the total outstanding Loan Agreement obligation does not exceed the
8 original loan amount of \$4,500,000;

9 WHEREAS, eligible single-family homes (hereinafter referred to as the “Assisted
10 Units”) are also more fully described in **Exhibit “A”**;

11 WHEREAS, the Assisted Units will be made available as affordable home ownership
12 opportunities to households whose income does not exceed 120% of the County area median
13 income; and

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

16 WHEREAS, SL-IMPERIAL has represented that it has the necessary expertise, skill,
17 and ability to carry out the commitments contained in this First Amended and Restated Loan
18 Agreement;

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

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

24 WHEREAS, on July 1, 2011, the Jurupa Valley community which is included in the
25 Jurupa Valley Project Area officially incorporated into the City of Jurupa Valley.

26 NOW, THEREFORE, the AGENCY and SL-IMPERIAL mutually agree as follows:

27 1) PURPOSE. The AGENCY agrees to lend up to Four Million Five Hundred Thousand
28 Dollars (\$4,500,000) of AGENCY Funds to SL-IMPERIAL upon the terms and conditions

1 set forth herein. (hereinafter referred to as the “AGENCY Loan”). SL-IMPERIAL
2 promises and agrees to undertake and assist the AGENCY with its activities by utilizing
3 AGENCY Funds to finance the acquisition, rehabilitation and resale of each Assisted Unit
4 of the Project, as identified in **Exhibit “A”**. The Agency Funds will be utilized as a
5 revolving loan wherein the net sale proceeds may be re-loaned for the purposes of
6 continuing the abovementioned eligible activities as long as the total outstanding Loan
7 Agreement obligation does not exceed the original loan amount of \$4,500,000.

8 2) SL-IMPERIAL’S OBLIGATIONS. SL-IMPERIAL hereby agrees to undertake and
9 complete the following activities, subject to its receipt of the AGENCY Funds:

- 10 a) Carry out the Project in accordance with **Exhibit “A”**.
- 11 b) Submit each Assisted Unit for AGENCY review and approval prior to acquisition.
- 12 c) Acquire and complete rehabilitation of the Assisted Units in accordance with the
13 timeline set forth in **Exhibit “A”** and **Section 28**.
- 14 d) Execute and record the Deed of Trust and execute the Promissory Note (hereinafter
15 referred to as the “Note”) for each Assisted Unit of the Project.
- 16 e) Before the commencement of rehabilitation or other works of improvement upon an
17 Assisted Unit, SL-IMPERIAL shall, at its own expense, secure or cause to be secured
18 any and all permits and approvals which may be required for rehabilitation of such
19 Assisted Unit pursuant to the applicable rules and regulations of the County and any
20 other governmental agency affected by such rehabilitation of work. SL-IMPERIAL
21 shall, without limitation, apply for and secure any and all necessary studies required for
22 environmental review, if necessary, and pay all costs, charges and fees associated
23 therewith.
- 24 f) Submit each Assisted Unit for AGENCY review and approval prior to acquisition of
25 such Assisted Unit.
- 26 g) Comply with all applicable Federal, State and local codes, laws, regulations and
27 ordinances as described herein.
- 28 h) Obtain and submit to the AGENCY a city support letter if the prospective Assisted Unit

1 is within an incorporated area prior to acquisition.

2 3) AGENCY'S OBLIGATIONS. The AGENCY hereby agrees to undertake and complete
3 the following activities:

- 4 a) Provide AGENCY Funds to SL-IMPERIAL in the amount specified in **Section 1** for the
5 purpose of financing the acquisition, rehabilitation and resale of each Assisted Unit of
6 the Project.
- 7 b) Comply with all of its obligations under the applicable regulations set forth in California
8 Community Redevelopment Law.

9 4) PRIOR AGENCY APPROVAL. SL-IMPERIAL shall obtain AGENCY'S approval of all
10 matters requiring Agency's approval as described in this First Amended and Restated
11 Loan Agreement. AGENCY shall not unreasonably withhold or delay its approval.

12 5) AGENCY LOAN. SL-IMPERIAL shall borrow the AGENCY Funds from the AGENCY
13 for the purpose of financing each Assisted Unit of the Project under the following terms
14 and conditions:

- 15 a) Term. The AGENCY Loan shall become effective upon execution and shall continue in
16 full force and effect until May 31, 2012. The term shall automatically extend for a
17 period of not more than six (6) months if SL-IMPERIAL has not defaulted and if the
18 final disposition of any single home remains pending at the end of the initial term
19 (hereinafter referred to as the "AGENCY Loan Term").
- 20 b) Principal. The principal of each AGENCY Loan shall be the amount of AGENCY Funds
21 provided for acquisition, rehabilitation and resale of the Assisted Unit evidenced by the
22 Note executed by SL-IMPERIAL in favor of the AGENCY in a form satisfactory to the
23 AGENCY as shown in **Exhibit "C"**, which is attached hereto and by this reference
24 incorporated herein.
- 25 c) Interest. The interest rate shall be zero percent (0%) per annum.
- 26 d) Repayment. Each Note shall provide the following:
- 27 i) The AGENCY Loan shall be due and payable on the earliest of:
- 28 (1) The date the Assisted Unit is sold; or

1 (2) An Event of Default by SL-IMPERIAL which has not been cured as provided for
2 in this First Amended and Restated Loan Agreement.

3 ii) Notwithstanding the above, it is intended that the full amount of the AGENCY Loan
4 will be reduced by the following:

5 (1) Development Subsidy. The Development Subsidy is the amount of the
6 AGENCY Loan minus the Selling Price of the Assisted Unit which is limited to
7 the lesser of (i) the fair market value or (ii) the total costs to acquire, rehabilitate
8 and resell the Assisted Unit.

9 (2) Homebuyer Subsidy. The Homebuyer Subsidy is the amount of the Selling Price
10 minus the Qualified Homebuyer's home loan (the "Homebuyer Loan"). The
11 Homebuyer Subsidy is limited to thirty percent (30%) of the Selling Price and
12 capped for a maximum amount of \$75,000. The Homebuyer Subsidy is an
13 amount assumed in the form of silent second mortgage assistance to Qualified
14 Homebuyer.

15 (3) Closing Costs. Closing costs for the sale of the Assisted Unit to Qualified
16 Homebuyer.

17 iii) The AGENCY Loan less Development Subsidy, Homebuyer Subsidy and Closing
18 Costs shall be repaid to AGENCY upon the sale of the Assisted Unit. Upon the
19 repayment of the AGENCY Loan, SL-IMPERIAL shall be released from its
20 repayment obligations. At the time of the sale of the Assisted Unit to Qualified
21 Homebuyer, as defined herein, AGENCY shall cause to be delivered to SL-
22 IMPERIAL a partial reconveyance of the Deed of Trust from such Assisted Unit.

23 iv) Upon transfer of title to the Qualified Homebuyer, a "Homebuyer Deed of Trust"
24 between AGENCY and Qualified Homebuyer shall be recorded by SL-IMPERIAL
25 to secure the Homebuyer Subsidy ("Second Mortgage Loan"), and to require its
26 repayment to AGENCY if the Assisted Unit is no longer the principal residence or
27 upon sale, rental, refinance, conveyance, transfer or change in title of the Assisted
28 Unit prior to the expiration of the affordability period.

- 1 v) Sale, rental, refinance, conveyance, transfer or change in title of the Assisted Unit
2 prior to the expiration of the affordability period will cause shared equity, in addition
3 to the principal, as provided in the Homebuyer Deed of Trust to AGENCY.
- 4 e) Security. Each AGENCY Loan shall be secured by a “Deed of Trust” as shown in
5 **Exhibit “B”**, which is attached hereto and by this reference incorporated herein,
6 recorded against each Assisted Unit. SL-IMPERIAL agrees that each Deed of Trust
7 shall be in the first position until the home has been sold to the Qualified Homebuyer.
- 8 6) TERM OF AGREEMENT. Unless terminated earlier pursuant to the terms hereof, this
9 Agreement shall continue in full force and effect for the Agency Loan Term which ends
10 on May 31, 2012. The term shall automatically extend for a period of not more than six
11 (6) months if IMPERIAL has not defaulted and if the final disposition of any single home
12 remains pending at the end of the initial term (hereinafter referred to as the “AGENCY
13 Loan Term”).
- 14 7) COMPLETION SCHEDULE. SL-IMPERIAL shall proceed consistent with the
15 completion schedule set forth in **Exhibit “A”**, as the same may be amended in writing by
16 the parties from time to time, and subject to force majeure delays.
- 17 8) EXTENSION OF TIME. AGENCY may grant an extension to the completion schedule
18 for the purpose of completing SL-IMPERIAL’s activities which cannot be completed as
19 outlined in **Exhibit “A”**. SL-IMPERIAL shall request said extension in writing, stating
20 the reasons therefore, and may be granted only by receiving written approval from
21 AGENCY. Every term, condition, covenant, and requirement of this Agreement shall
22 continue in full force and effect during the period of any such extension. The term shall
23 automatically extend for a period of not more than six (6) months if IMPERIAL has not
24 defaulted and if the final disposition of any single family home remains pending at the end
25 of the initial term.
- 26 9) LETTER TO PROCEED. SL-IMPERIAL shall not initiate nor incur expenses for the
27 AGENCY funded activity covered under the terms of this Agreement prior to receiving
28 written authorization to proceed.

1 10) REALLOCATION OF FUNDS. This Section has been intentionally omitted.

2 11) CONDITIONS FOR DISPOSITION OF FUNDS. AGENCY shall: (1) make payments of
3 the AGENCY Loan to SL-IMPERIAL as designated in **Exhibit "A"**, and (2) monitor the
4 Project to ensure compliance with all applicable state regulations and the terms of this
5 Agreement. There will be no disbursement of funds for acquisition costs into escrow until
6 the following events first occur:

- 7 a) SL-IMPERIAL shall execute this First Amended and Restated Loan Agreement.
- 8 b) SL-IMPERIAL shall provide documentation to support compliance with eligibility
9 requirements for each Assisted Unit.
- 10 c) SL-IMPERIAL shall provide the seller of each Assisted Unit ("Seller") with a letter of
11 "Voluntary Acquisition of Foreclosed Property" as shown in **Exhibit "D"**, which is
12 attached hereto and by this reference incorporated herein.
- 13 d) SL-IMPERIAL shall provide and cause Seller to provide for each Assisted Unit signed
14 Initial Notice and Offer forms, as shown in **Exhibit "D"**, acknowledging that both SL-
15 IMPERIAL and Seller have read and understood:
- 16 i) The letter of Voluntary Acquisition of Foreclosed Property;
- 17 ii) The purchase price discount requirements of the transaction;
- 18 (1) The initial purchase price negotiated by SL-IMPERIAL and Seller (the "Initial
19 Offer") is contingent and subject to the discount requirement and the Current
20 Market Appraised Value ("CMAV"), as defined in **Exhibit "A"**.
- 21 (2) The Seller certifies each Assisted Unit must be vacant within the past ninety (90)
22 days prior to the Initial Offer.
- 23 e) Prior to closing of escrow, SL-IMPERIAL shall provide at its expense, Preliminary Title
24 Reports, signed Purchase and Sale Agreements and estimated closing cost statements
25 from escrow to AGENCY.
- 26 f) SL-IMPERIAL shall provide to AGENCY Escrow Instructions listing each Assisted
27 Unit in the transaction.
- 28 g) SL-IMPERIAL shall provide and cause Seller to provide signed Final Notice and Offer

1 forms for each Assisted Unit, as shown in **Exhibit “D”**, acknowledging that both SL-
2 IMPERIAL and Seller have mutually accepted a final purchase price that is one percent
3 (1%) or more below the CMAV as determined within sixty (60) days of the date of the
4 final purchase offer. At AGENCY’s discretion, AGENCY may modify the percentage
5 discount requirement below the CMAV.

6 There will be no disbursement of funds for rehabilitation until the following events first
7 occur:

- 8 h) SL-IMPERIAL shall provide at its expense an updated Preliminary Title Report
9 evidencing the recordation of all documents to AGENCY.
- 10 i) If California state prevailing wages are required to be paid, then SL-IMPERIAL shall
11 hire a qualified professional firm or assign experienced staff to review and monitor
12 prevailing wage compliance for all submissions of contractors certified payrolls to the
13 AGENCY.
- 14 j) SL-IMPERIAL shall provide satisfactory evidence that it has secured any and all
15 permits and approvals which may be required for rehabilitation of the Project pursuant
16 to the applicable rules and regulations of the AGENCY, Cities where the properties are
17 located and any other governmental agency affected by such construction of work.
- 18 k) SL-IMPERIAL shall provide a detailed Rehabilitation Plan and timetable to complete
19 the acquisition, rehabilitation and resale of each Assisted Unit in accordance with the
20 completion schedule shown in **Exhibit “A”** including a detailed line item rehabilitation
21 cost budget per unit for review and approval by AGENCY. SL-IMPERIAL shall submit
22 an independent Rehabilitation Plan, timeline and budget on a house by house basis.
- 23 l) On a house by house basis, SL-IMPERIAL shall provide duly executed documents and
24 instruments showing the ownership of the Assisted Units as specifically identified in
25 **Exhibit “A”**.

26 AGENCY shall release final draw down of AGENCY Funds, on a unit by unit basis and
27 consistent with the specified unit acquisition, rehabilitation and resale budget, following
28 receipt of all of the following Closing Documents from SL-IMPERIAL:

- 1 m) Unconditional lien release from general contractor and any subcontractors;
- 2 n) Recorded Notice of Completion;
- 3 o) If applicable, all remaining California state prevailing wage documentation, if any,
- 4 including, but not limited to, complete certified payrolls, fringe benefit forms, and
- 5 certificates of authorization and understanding;
- 6 p) Final Contract and Subcontract Activity report;
- 7 q) Final development costs and project budget;
- 8 r) Final HUD-1 Closing Statement; and
- 9 s) Final sources and uses of funds.

10 12) SL-IMPERIAL REPRESENTATIONS. SL-IMPERIAL represents and warrants to
11 AGENCY as follows:

- 12 a) Authority. SL-IMPERIAL is a duly organized public body, corporate and politic under
13 the laws of the State of California. The copies of the documents evidencing the
14 organization of SL-IMPERIAL, which have been delivered to the AGENCY, are true
15 and complete copies of the originals, amended to the date of this First Amended and
16 Restated Loan Agreement. SL-IMPERIAL has full right, power and lawful authority to
17 accept the conveyance of eligible properties for the Project and undertake all obligations
18 as provided herein and the execution, performance and delivery of this First Amended
19 and Restated Loan Agreement by SL-IMPERIAL has been fully authorized by all
20 requisite actions on the part of SL-IMPERIAL.
- 21 b) No Conflict. To the best of SL-IMPERIAL's knowledge, SL-IMPERIAL's execution,
22 delivery and performance of its obligations under this First Amended and Restated Loan
23 Agreement will not constitute a default or a breach under contract, agreement or order to
24 which SL-IMPERIAL is a party or by which it is bound.
- 25 c) No Bankruptcy. IMPERIAL is not the subject of a bankruptcy proceeding.
- 26 d) Prior to Closing. SL-IMPERIAL shall upon learning of any fact or condition which
27 would cause any of the warranties and representations in this First Amended and
28 Restated Loan Agreement not to be true as of Closing, immediately give written notice

1 such fact or condition to AGENCY. Such exception(s) to a representation shall not be
2 deemed a breach by SL-IMPERIAL hereunder, but shall constitute an exception which
3 AGENCY shall have the right to approve or disapprove if such exception would have an
4 effect on the value or operation of the Project.

5 13) DISTRIBUTION OF FUNDS. Any disbursement of funds is expressly conditioned upon
6 the satisfaction of conditions set forth in **Section 11**. Subsequent to acquisition of each
7 Assisted Unit, AGENCY shall pay SL-IMPERIAL for rehabilitation costs on a "cost-as-
8 incurred" basis for all eligible approved costs on a monthly basis. All disbursements of
9 AGENCY Funds for rehabilitation will be made within thirty (30) days after SL-
10 IMPERIAL has submitted its written correspondence identifying payments made and
11 requesting reimbursement. The developer's fee will be disbursed on a house by house
12 basis according to the following schedule: fifty percent (50%) upon completion of
13 rehabilitation of the Assisted Unit and the remaining fifty percent (50%) upon sale of the
14 Assisted Unit. SL-IMPERIAL shall comply with timely drawdown of funds by submitting
15 monthly requests for reimbursement. AGENCY shall release final draw down of
16 AGENCY Funds following receipt of all of the items listed **Section 11**. Distribution will
17 occur on a house by house basis consistent with the independent house Rehabilitation
18 Plan, timeline and budget to be submitted by SL-IMPERIAL.

19 14) TERMS OF AFFORDABILITY. The period of affordability shall be forty-five (45) years
20 from the initial transfer of title to individual Qualified Homebuyer.

21 15) DEVELOPER'S FEE. The developer's fee cannot exceed 12% of total Project costs on a
22 house by house basis consistent with the independent house Rehabilitation Plan, timeline
23 and budget to be submitted by SL-IMPERIAL.

24 16) INSURANCE. Without limiting or diminishing SL-IMPERIAL's obligation to indemnify
25 or hold the AGENCY harmless, SL-IMPERIAL shall procure and maintain or cause to be
26 maintained, at its sole cost and expense, the following insurance coverage's during the
27 term of this Agreement.

28 a) Worker's Compensation Insurance. If SL-IMPERIAL has employees as defined by the

1 State of California, SL-IMPERIAL shall maintain statutory Workers' Compensation
2 Insurance (Coverage A) as prescribed by the laws of the State of California. Policy shall
3 include Employers' Liability (Coverage B) including Occupational Disease with limits
4 not less than \$1,000,000 per person per accident. The policy shall be endorsed to waive
5 subrogation in favor of the AGENCY of Riverside, and, if applicable, to provide a
6 Borrowed Servant/Alternate Employer Endorsement.

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

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

23 d) General Insurance Provisions – All Lines.

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

- 1 ii) SL-IMPERIAL'S insurance carrier(s) must declare its insurance self-insured
2 retentions. If such self-insured retentions exceed \$500,000 per occurrence such
3 retentions shall have the prior written consent of the AGENCY Risk Manager before
4 the commencement of operations under this Agreement. Upon notification of self
5 insured retention unacceptable to the AGENCY, and at the election of the
6 AGENCY's Risk Manager, SL-IMPERIAL'S carriers shall either; (a) reduce or
7 eliminate such self-insured retention as respects this Agreement with the AGENCY,
8 or (b) procure a bond which guarantees payment of losses and related investigations,
9 claims administration, and defense costs and expenses.
- 10 iii) SL-IMPERIAL shall cause SL-IMPERIAL's insurance carrier(s) to furnish the
11 AGENCY of Riverside with either 1) a properly executed original Certificate(s) of
12 Insurance and certified original copies of Endorsements effecting coverage as
13 required herein, and 2) if requested to do so orally or in writing by the AGENCY
14 Risk Manager, provide original Certified copies of policies including all
15 Endorsements and all attachments thereto, showing such insurance is in full force
16 and effect. Further, said Certificate(s) and policies of insurance shall contain the
17 covenant of the insurance carrier(s) that thirty (30) days written notice shall be given
18 to the AGENCY of Riverside prior to any material modification, cancellation,
19 expiration or reduction in coverage of such insurance. In the event of a material
20 modification, cancellation, expiration, or reduction in coverage, this Agreement shall
21 terminate forthwith, unless the AGENCY receives, prior to such effective date,
22 another properly executed original Certificate of Insurance and original copies of
23 endorsements or certified original policies, including all endorsements and
24 attachments thereto evidencing coverage's set forth herein and the insurance
25 required herein is in full force and effect. SL-IMPERIAL shall not commence
26 operations until the AGENCY has been furnished original Certificate (s) of
27 Insurance and certified original copies of endorsements and if requested, certified
28 original policies of insurance including all endorsements and any and all other

1 attachments as required herein. An individual authorized by the insurance carrier to
2 do so, on its behalf, shall sign the original endorsements for each policy and the
3 Certificate of Insurance.

4 iv) It is understood and agreed to by the parties hereto that SL-IMPERIAL's insurance
5 shall be construed as primary insurance, and the AGENCY's insurance and/or
6 deductibles and/or self-insured retention's or self-insured programs shall not be
7 construed as contributory.

8 v) If, during the term of this First Amended and Restated Loan Agreement or any
9 extension thereof, there is a material change in the scope of services; or, there is a
10 material change in the equipment to be used in the performance of the scope of work
11 which will add additional exposures (such as the use of aircraft, watercraft, cranes,
12 etc.); or, the term of this Agreement, including any extensions thereof, exceeds five
13 (5) years the AGENCY reserves the right to adjust the types of insurance required
14 under this Agreement and the monetary limits of liability for the insurance
15 coverage's currently required herein, if; in the AGENCY Risk Manager's reasonable
16 judgment, the amount or type of insurance carried by SL-IMPERIAL has become
17 inadequate.

18 vi) SL-IMPERIAL shall pass down the insurance obligations contained herein to all
19 tiers of subcontractors working under this First Amended and Restated Loan
20 Agreement.

21 vii) The insurance requirements contained in this First Amended and Restated Loan
22 Agreement may be met with a program(s) of self-insurance acceptable to the
23 AGENCY.

24 viii) SL-IMPERIAL agrees to notify AGENCY of any claim by a third party or any
25 incident or event that may give rise to a claim arising from the performance of this
26 First Amended and Restated Loan Agreement.

27 17) FINANCIAL RECORDS. SL-IMPERIAL shall maintain financial, programmatic,
28 statistical, and other supporting records of its operations and financial activities. Said

1 records shall be retained for no less than five (5) years after the Project completion date. If
2 any, records of individual tenant income verifications, Project rents, if any, and Project
3 inspections must be retained for the most recent five (5) year period, until five (5) years
4 after the affordability period terminates. If any litigation, claim, negotiation, audit, or other
5 action has been started before the expiration of the regular period specified, the records
6 must be retained until completion of the action and resolution of all issues which arise
7 from it, or until the end of the regular period, whichever is later.

8 18) PROJECT MONITORING AND EVALUATION. Except as otherwise provided for in
9 this First Amended and Restated Loan Agreement, SL-IMPERIAL shall maintain and
10 submit records to the AGENCY within ten (10) business days of the AGENCY's request
11 which clearly documents SL-IMPERIAL's performance under each requirement of this
12 First Amended and Restated Loan Agreement. A list of document submissions and
13 timeline are shown in **Exhibit "A"** and such list may be amended from time to time
14 subject to AGENCY reporting requirements.

15 19) ACCESS TO PROJECT SITE. The AGENCY shall have the right to visit the Project
16 site(s) at all reasonable times, and after completion of the Project upon reasonable written
17 notice to SL-IMPERIAL, to review the operation of the Project in accordance with this
18 First Amended and Restated Loan Agreement.

19 20) COMPLIANCE WITH LAWS AND REGULATIONS. By executing this First Amended
20 and Restated Loan Agreement, SL-IMPERIAL hereby certifies that it will adhere to and
21 comply with all federal, state and local laws, regulations and ordinances. In particular, SL-
22 IMPERIAL shall comply with the following as they may be applicable:

- 23 a) Obligation to Refrain from Discrimination. SL-IMPERIAL covenants and agrees there
24 shall be no discrimination against or segregation of any person, or group of persons, on
25 account of sex, sexual orientation, marital status, race, religion, color, creed, national
26 origin, ancestry or any reason set forth in the California Fair Employment and Housing
27 Act, in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the
28 Project nor shall AGENCY or any person claiming under or through SL-IMPERIAL

1 establish or permit any such practice or practices of discrimination or segregation with
2 reference to the selection, location, number, use or occupancy of tenants, lessees,
3 subtenants, sublessees, or vendees of the Project.

4 b) Environmental Review. SL-IMPERIAL must comply with the California Environmental
5 Quality Act (CEQA) and its implementation regulations.

6 c) Prevailing Wages and Compliance with State Laws. The exclusive and sole public funds
7 used to construct the Project will be Redevelopment Low- and Moderate-Income
8 Housing Set-Aside Funds. SL-IMPERIAL shall comply with any applicable labor
9 regulations and all other State Laws in connection with the construction of the
10 improvements which comprise the Project, including if applicable, requirements relating
11 to prevailing wages. SL-IMPERIAL believes that the payment of California state
12 prevailing wages, as defined by the California Department of Industrial Relations, is not
13 required and agrees and acknowledges that it is the responsibility of SL-IMPERIAL to
14 obtain a legal determination, if necessary, at SL-IMPERIAL'S sole cost and expenses as
15 to whether prevailing wages must be paid for during the construction of the Project. SL-
16 IMPERIAL agrees to indemnify, defend, and hold AGENCY harmless from and against
17 any and all liability arising out of and related to SL-IMPERIAL'S failure to comply with
18 any and all applicable prevailing wage requirements.

19 d) All construction contract and professional services for the Project must be performed by
20 persons or entities licensed or otherwise authorized to perform the applicable
21 construction work or service in the State of California.

22 e) Lead-Based Paint. SL-IMPERIAL shall comply with any and all, but not limited to,
23 applicable requirements of the Lead-Based Paint Poisoning Prevention Act; Residential
24 Lead-Based Paint Hazard Reduction Act (Title X, Sections 1012 and 1013, of the 1992
25 Housing and Community Development Act); and Housing and Urban Development
26 Lead Safe Housing Regulations (24 Code of Federal Regulations Part 35).

27 f) Displacement, relocation, and acquisition. SL-IMPERIAL shall comply with any and all,
28 but not limited to, applicable requirements for relocation requirements and acquisition

1 requirements of the laws of the State of California. Prior to rehabilitation, SL-
2 IMPERIAL shall provide a Relocation Plan as set forth herein of this First Amended and
3 Restated Loan Agreement that describes and makes findings for any and all relocation
4 that is temporary, permanent or involves no relocation.

5 21) PURCHASE PRICE REQUIREMENT. Any purchase of a foreclosed home shall be at a
6 discount from the CMAV taking into account its current condition. The purchase price of
7 the home must be at least one percent (1%) below the CMAV of the home (the
8 “Discount”). Properties may be purchased in bulk, but the Discount applies to each
9 property, and not an overall discount. The final offer meeting the Discount must be
10 received by AGENCY within sixty (60) days of the completed AGENCY appraisal or the
11 property will be denied. At AGENCY’s discretion, AGENCY may modify the percentage
12 discount requirement below the CMAV.

13 22) INCOME TARGETING REQUIREMENTS. SL-IMPERIAL shall sell each Assisted Unit
14 limited to LMMI households whose incomes are at or below one-hundred twenty percent
15 (120%) of the Area Median Income (AMI), adjusted by family size at the time of
16 occupancy, for the County of Riverside.

17 23) RESALE REQUIREMENTS. SL-IMPERIAL is required to sell each Assisted Unit to a
18 Qualified Homebuyer and repay AGENCY with the proceeds from the sale. The Selling
19 Price of each Assisted Unit shall not exceed the fair market value of each Assisted Unit.
20 Each Qualified Homebuyer, as defined herein, will obtain a home loan from a financial
21 institution for up to the Selling Price (the “Homebuyer Loan”). If the Homebuyer Loan is
22 less than the Selling Price, then the Qualified Homebuyer will receive the difference as a
23 “Silent Second Mortgage” or Subsidy Amount from the AGENCY. The Subsidy Amount
24 is limited to thirty percent (30%) of the Selling Price and capped for a maximum amount
25 of \$75,000. Upon transfer of title to the Qualified Homebuyer, the amount of the
26 Homebuyer Loan less closing costs and Subsidy Amount will be returned to the AGENCY
27 and a Homebuyer Deed of Trust shall be recorded to secure this second mortgage loan,
28 and to require its repayment if the Assisted Unit is no longer the principal residence or the

1 Assisted Unit is sold prior to the expiration of the affordability period.

2 24) QUALIFIED HOMEBUYER. SL-IMPERIAL shall provide to AGENCY evidence to
3 support the following listed information for AGENCY's review and approval:

- 4 a) Income Limits. In order for homebuyers to be eligible to purchase the rehabilitated
5 homes, the homebuyer's annual income must not exceed one-hundred twenty percent
6 (120%) of the AMI, as determined by HCD, adjusted for family size. The income and
7 assets of all persons age eighteen (18) and older who will reside in the home must be
8 included in the calculation to determine income eligibility.
- 9 b) Co-owners. Co-owners are only permitted if they will occupy the home as their principal
10 residence and qualify as low to moderate income buyers. The income of all co-owners
11 will be included in determining if the household qualifies as moderate income, as noted
12 above. Co-signers are not permitted.
- 13 c) First-time homebuyer. In order to qualify as a first-time homebuyer, the homebuyer
14 cannot have owned a home for the previous three years from the date the homebuyer
15 enters into a purchase agreement. SL-IMPERIAL shall cause the homebuyer to sign a
16 sworn application attesting that they have not owned a home and tax returns from the
17 last three (3) years will be reviewed to ascertain that no mortgage interest or real estate
18 tax deductions have been claimed.
- 19 d) Principal Residence. Homebuyer must be the principal resident during the Affordability
20 Period.
- 21 e) Occupancy Standard. All homebuyers must meet the occupancy standard as defined in
22 the California Health and Safety Code that states, "The dwelling unit must have at least
23 one bedroom or living/sleeping room for each two persons." Children of opposite sex,
24 other than very young children, may not be required to occupy the same bedroom or
25 living/sleeping room.
- 26 f) Homebuyer Education. Each homebuyer must receive a certificate of completion
27 evidencing at least eight (8) hours of homebuyer counseling from a HUD-approved
28 housing counseling agency before obtaining a mortgage loan.

- 1 g) Long Term Affordability. Each Assisted Unit must meet the affordability requirements
2 for forty-five (45) years after transfer of title to Qualified Homebuyer. Affordability
3 requirements apply regardless of the term of any loan, mortgage or the transfer of
4 ownership. Affordability requirements are imposed by deed restrictions, but may
5 terminate upon foreclosure or transfer in lieu of foreclosure.
- 6 h) Creditworthiness. Qualified Homebuyers must be creditworthy and able to undertake
7 traditional 30-year fixed rate loan FHA, VA, CalHFA, Fannie Mae or Freddie Mac
8 insured loan products with fully amortized loan payments.
- 9 i) Equity Participation. In the event a Second Mortgage Loan is required, as explained
10 herein, repayment is required to AGENCY if the Assisted Unit is no longer the principal
11 residence or upon sale, rental, refinance, conveyance, transfer or change in title of the
12 Assisted Unit prior to the expiration of the affordability period. Sale, rental, refinance,
13 conveyance, transfer or change in title of the Assisted Unit prior to the expiration of the
14 affordability period will cause shared equity, in addition to the principal, as provided in
15 the Homebuyer Deed of Trust to AGENCY.

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

23 26) STATE REQUIREMENTS. SL-IMPERIAL shall comply with the provisions of the
24 California Community Redevelopment Law and any amendments thereto and all
25 applicable regulations and guidelines now or hereafter enacted.

26 27) INDEPENDENT CONTRACTOR. SL-IMPERIAL and its agents, servants and
27 employees shall act at all times in an independent capacity during the term of this
28 Agreement, and shall not act as, shall not be, nor shall they in any manner be construed to

1 be agents, officers, or employees of AGENCY.

2 28) PERFORMANCE REQUIREMENTS. SL-IMPERIAL must complete the following
3 activities within the time specified:

- 4 a) Acquisition of the Assisted Units no later than December 31, 2011;
- 5 b) Rehabilitation of the Assisted Units no later than January 31, 2012; and
- 6 c) Sale of the Assisted Units no later than April 30, 2012.

7 29) NOTICE OF AFFORDABILITY RESTRICTIONS. In accordance with Health and Safety
8 Code, Section 33334.3, a Notice of Affordable Restrictions on Transfer of Property, as
9 shown in **Exhibit "G"** which is attached hereto and by this reference incorporated herein,
10 must be recorded with the County Recorder on any new and substantially rehabilitated
11 housing developed.

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

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

1 cause to believe that the Project cannot be operated according to the terms of this First
2 Amended and Restated Loan Agreement;

3 c) General Performance of Grant Obligations. (i) any continuous or repeated breach by SL-
4 IMPERIAL or SL-IMPERIAL'S agents of any material obligations on SL-IMPERIAL
5 imposed in the First Amended and Restated Loan Agreement, and (ii) failure by SL-
6 IMPERIAL to comply with all requirements specified in this Agreement by May 31,
7 2012. All remaining AGENCY Loan funds not expended will be subject to AGENCY'S
8 sole discretion.

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

15 e) General Performance of Affordability Requirements. Any breach by SL-IMPERIAL or
16 SL-IMPERIAL'S agents of any housing affordability requirements imposed in the
17 AGENCY Agreement;

18 f) Representations and Warranties. A determination by the AGENCY that any of SL-
19 IMPERIAL'S representations or warranties made in this First Amended and Restated
20 Loan Agreement, any statements made to the AGENCY by the SL-IMPERIAL, or any
21 certificates, documents, or schedules supplied to the AGENCY by the SL-IMPERIAL
22 were untrue in any material respect when made, or that SL-IMPERIAL concealed or
23 failed to disclose a material fact from the AGENCY;

24 g) Damage to Project. In the event that the Project is materially damaged or destroyed by
25 fire or other casualty, and SL-IMPERIAL receives an award or insurance proceeds for
26 the repair or reconstruction of the Project, and SL-IMPERIAL does not use such award
27 or proceeds to repair or reconstruct the Project; provided, however, sufficient proceeds
28 are available, no events of default exists and the restoration of the Project can be

1 completed prior to maturity of the grant.

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

11 31) NOTICE OF DEFAULT AND OPPORTUNITY TO CURE. For monetary and non-
12 monetary Events of Default, the AGENCY shall give written notice to SL-IMPERIAL and
13 its investment limited partner, if any, of any Event of Default by specifying: (a) the nature
14 of the Event of Default or the deficiency giving rise to the default, (b) the action required
15 to cure the deficiency, if an action to cure is possible, and (c) a date, which shall not be
16 less than sixty (60) calendar days from the mailing of the notice, by which such action to
17 cure must be taken. The AGENCY agrees that SL-IMPERIAL shall have the right to cure
18 any and all defaults under this Agreement.

19 32) AGENCY REMEDIES. Upon the happening of an Event of Default and a failure by SL-
20 IMPERIAL to cure said default within the time specified in the Notice of Default (if an
21 action to cure is specified in said notice), the AGENCY'S obligation to disburse AGENCY
22 Loan shall terminate, and the AGENCY may also in addition to other rights and remedies
23 permitted by this First Amended and Restated Loan Agreement or applicable law, proceed
24 with any or all of the following remedies in any order or combination the AGENCY may
25 choose in its sole discretion:

26 a) Terminate this First Amended and Restated Loan Agreement, in which event the entire
27 amount as well as any other monies advanced to SL-IMPERIAL by the AGENCY under
28 this First Amended and Restated Loan Agreement including administrative costs, shall

1 become immediately due and payable;

2 b) Bring an action in equitable relief (1) seeking the specific performance by SL-
3 IMPERIAL of the terms and conditions of this Agreement, and/or (2) enjoining, abating,
4 or preventing any violation of said terms and conditions, and/or (3) seeking declaratory
5 relief;

6 c) Demand immediate full payment of the amount outstanding under the First Amended
7 and Restated Loan Agreement, as well as any other monies advanced to SL-IMPERIAL
8 by the AGENCY under this First Amended and Restated Loan Agreement, except for
9 developer fees earned to the point of default;

10 d) Enter the Project and take any remedial actions necessary in its judgment with respect to
11 hazardous materials that the AGENCY deems necessary to comply with hazardous
12 materials laws or to render the Project suitable for occupancy;

13 e) Enter upon, take possession of, and manage the Project, either in person, by agent, or by
14 a receiver appointed by a court; and

15 f) Pursue any other remedy available at law or in equity.

16 33) SL-IMPERIAL'S REMEDIES. Upon the fault or failure of the AGENCY to meet any of
17 its obligations under this First Amended and Restated Loan Agreement, SL-IMPERIAL
18 may:

19 a) Demand payment from the AGENCY of any sums due SL-IMPERIAL; and/or

20 b) Bring an action in equitable relief seeking the specific performance by the AGENCY of
21 the terms and conditions of this First Amended and Restated Loan Agreement; and/or

22 c) Pursue any other remedy allowed at law or in equity.

23 34) SL-IMPERIAL'S WARRANTIES. SL-IMPERIAL represents and warrants (1) that it has
24 access to professional advice and support to the extent necessary to enable SL-IMPERIAL
25 to fully comply with the terms of this First Amended and Restated Loan Agreement, and
26 to otherwise carry out the Project, (2) that it is duly organized, validly existing and in good
27 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

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

6 35) HOLD HARMLESS AND INDEMNIFICATION. SL-IMPERIAL does hereby and shall
7 indemnify, defend and hold harmless each of AGENCY and County, their respective
8 elected officials, members agents, servants, and employees, of and from any and all
9 liabilities, claims, debts, suits, demands, actions, causes of action of whatever kind, nature
10 or sort including, but not by way of limitation, wrongful death, expense of the defense of
11 said parties, obligations, damages, liabilities, costs and expenses, including reasonable
12 attorneys' fees, that may be asserted against or incurred by AGENCY and/or County with
13 respect to or in any way arising out of SL-IMPERIAL'S failure to comply with applicable
14 laws, including all applicable federal and state labor standards (including without
15 limitation the requirements of California Labor Code Sections 1720 through 1861,
16 "Chapter 1" and regulations promulgated by the Labor Commissioner published at Title 8
17 of the California Code or Regulations, Section 16000 et seq.).

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

26 37) AUTHORITY TO EXECUTE. The persons executing this First Amended and Restated
27 Loan Agreement or exhibits attached hereto on behalf of the parties to this First Amended
28 and Restated Loan Agreement hereby warrant and represent that they have the authority to

1 execute this First Amended and Restated Loan Agreement and warrant and represent that
2 they have the authority to bind the respective parties to this First Amended and Restated
3 Loan Agreement to the performance of its obligations hereunder.

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

12 39) MINISTERIAL ACTS. The Executive Director of the AGENCY or designee(s) are
13 authorized to take such ministerial actions as may be necessary or appropriate to
14 implement the terms, provisions, and conditions of this First Amended and Restated Loan
15 Agreement as it may be amended from time to time by AGENCY.

16 40) WAIVER. Failure by a party to insist upon the strict performance of any of the provisions
17 of this First Amended and Restated Loan Agreement by the other party, or the failure by a
18 party to exercise its rights upon the default of the other party, shall not constitute a waiver
19 of such party's rights to insist and demand strict compliance by the other party with the
20 terms of this First Amended and Restated Loan Agreement thereafter.

21 41) JURISDICTION AND VENUE. Any action at law or in equity arising under this First
22 Amended and Restated Loan Agreement or brought by a party hereto for the purpose of
23 enforcing, construing or determining the validity of any provision of this First Amended
24 and Restated Loan Agreement shall be filed in the consolidated Courts of Riverside
25 County, State of California, and the parties hereto waive all provisions of law providing
26 for the filing, removal or change of venue to any other court or jurisdiction.

27 42) SEVERABILITY. Each paragraph and provision of this First Amended and Restated Loan
28 Agreement is severable from each other provision, and if any provision or part thereof is

1 declared invalid, the remaining provisions shall nevertheless remain in full force and
2 effect.

3 43) MODIFICATION OF AGREEMENT. The AGENCY or SL-IMPERIAL may consider it
4 in its best interest to change, modify or extend a term or condition of this First Amended
5 and Restated Loan Agreement. Any such change, extension or modification, which is
6 mutually agreed upon by the AGENCY and SL-IMPERIAL shall be incorporated in
7 written amendments to this First Amended and Restated Loan Agreement. Such
8 amendments shall not invalidate this First Amended and Restated Loan Agreement, nor
9 relieve or release the AGENCY or SL-IMPERIAL from any obligations under this First
10 Amended and Restated Loan Agreement, except for those parts thereby amended. No
11 amendment to this First Amended and Restated Loan Agreement shall be effective and
12 binding upon the parties, unless it expressly makes reference to this First Amended and
13 Restated Loan Agreement, is in writing and is signed and acknowledged by duly
14 authorized representatives of all parties.

15 44) ASSIGNMENT. SL-IMPERIAL will not make any sale, assignment, conveyance, or lease
16 of any trust or power, or transfer in any other form with respect to this First Amended and
17 Restated Loan Agreement or the Project, without prior written approval of the AGENCY.
18 Any proposed transferee shall have the qualifications and financial responsibility, as
19 reasonably determined by the AGENCY necessary and adequate to fulfill the obligations
20 undertaken in this First Amended and Restated Loan Agreement by SL-IMPERIAL. Any
21 proposed transferee shall, by instrument in writing, for itself and its successor and assigns,
22 and expressly for the benefit of the AGENCY, assume all of the obligations of the SL-
23 IMPERIAL under this Agreement and agree to be subject to all the conditions and
24 restrictions to which the SL-IMPERIAL is subject.

25 45) NOTICES. All notices, requests, demands and other communication required or desired to
26 be served by either party upon the other shall be addressed to the respective parties as set
27 forth below or the such other addresses as from time to time shall be designated by the
28 respective parties and shall be sufficient if sent by United States first class, certified mail,

1 postage prepaid, or express delivery service with a receipt showing the date of delivery:

2 <u>AGENCY</u>	<u>IMPERIAL</u>
3 Executive Director	Steven Levenson
4 Redevelopment Agency	SL-IMPERIAL LLC
5 for the County of Riverside	2082 Michelson Drive, Suite 100
6 3403 10 th Street, Ste. 500	Irvine, CA 92612
7 Riverside, CA 92501	

8 46) MEDIA RELEASES. SL-IMPERIAL agrees to allow AGENCY to coordinate all media
9 releases regarding the Project, with prior approval of SL-IMPERIAL. Any publicity
10 generated by SL-IMPERIAL for the Project must make reference to the contribution of
11 AGENCY in making the Project possible. AGENCY'S name shall be prominently
12 displayed in all pieces of publicity generated by SL-IMPERIAL, including flyers, press
13 releases, posters, signs, brochures, and public service announcements. SL-IMPERIAL
14 agrees to cooperate with AGENCY in any AGENCY-generated publicity or promotional
15 activities with respect to the Project.

16 47) EXHIBITS AND ATTACHMENTS. Each of the attachments and exhibits attached hereto
17 is incorporated herein by this reference.

18 48) COUNTERPARTS. This First Amended and Restated Loan Agreement may be signed by
19 the different parties hereto in counterparts, each of which shall be an original but all of
20 which together shall constitute one and the same agreement.

21 49) EFFECTIVE DATE. The effective date of this First Amended and Restated Loan
22 Agreement is the date the parties execute the First Amended and Restated Loan
23 Agreement. If the parties execute the First Amended and Restated Loan Agreement on
24 more than one date, then the last date the First Amended and Restated Loan Agreement is
25 executed by a party shall be the effective date.

1 IN WITNESS WHEREOF, AGENCY and SL-IMPERIAL have executed this First Amended
2 and Restated Loan Agreement as of _____, 2011.

3 AGENCY:

SL-IMPERIAL:

4 REDEVELOPMENT AGENCY FOR
5 THE COUNTY OF RIVERSIDE

SL-IMPERIAL, LLC
A California Limited Liability Company

8 _____
9 Bob Buster
Chairman, Board of Directors

Steven Levenson
Member

10 APPROVED AS TO FORM:

11 PAMELA J. WALLS, Agency Counsel

12
13 
14 By: Anita C. Willis, Deputy

15 ATTEST:

16
17 KECIA HARPER-IHEM
18 Clerk of the Board

19
20 _____
21 Deputy

22 **(All signatures on this page need to be notarized)**

CALIFORNIA ALL-PURPOSE ACKNOWLEDGEMENT

STATE OF CALIFORNIA }

COUNTY OF _____ }

On _____, before me, _____

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

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

WITNESS my hand and official seal.

Signature

Signature of Notary Public

Place Notary Seal Above

1 IN WITNESS WHEREOF, AGENCY and SL-IMPERIAL have executed this First Amended
2 and Restated Loan Agreement as of Sept. 28, 2011, 2011.

3 AGENCY:

SL-IMPERIAL:

4 REDEVELOPMENT AGENCY FOR
5 THE COUNTY OF RIVERSIDE

SL-IMPERIAL, LLC
A California Limited Liability Company

6
7
8
9 _____
Bob Buster
Chairman, Board of Directors


10
11
12
13 _____
Steven Levenson
Member

14 APPROVED AS TO FORM:

15 PAMELA J. WALLS, Agency Counsel

16
17
18 _____
By: Anita C. Willis, Deputy

19 ATTEST:

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KECIA HARPER-IHEM
Clerk of the Board

Deputy

(All signatures on this page need to be notarized)

CALIFORNIA ALL-PURPOSE ACKNOWLEDGEMENT

STATE OF CALIFORNIA }

COUNTY OF Orange }

On 9/28/11, before me, Kassidy L. Mays, Notary Public
personally appeared Steven Levenson 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.



Place Notary Seal Above

WITNESS my hand and official seal.

Signature

A handwritten signature in blue ink, appearing to read "Kassidy L. Mays", written over a horizontal line.

Signature of Notary Public

Exhibit A

RECIPIENT: SL-IMPERIAL, LLC (“SL-IMPERIAL”)
Address: 2082 Michelson Drive, Suite 100, Irvine, CA 92612
Project Title: Acquisition, Rehabilitation and Resale of Foreclosed or Abandoned Single Family Homes
Location: Unincorporated areas of the County of Riverside
Funding Source: Redevelopment Low and Moderate Income Housing Funds (“AGENCY Funds”)

Project Description:

The Redevelopment Agency for the AGENCY of Riverside (“AGENCY”) will provide a revolving loan up to \$4,500,000.00 in AGENCY Funds for acquisition, rehabilitation and resale of vacant, foreclosed and bank-owned single-family homes to qualified low- and moderate-income first-time homebuyers within all the unincorporated areas of the County of Riverside and within redevelopment project areas within cities, provided that SL-IMPERIAL obtain city support. The revolving loan will be utilized in such a manner that the net sale proceeds of the acquired and rehabilitated property may be re-loaned, as long as the total loan obligation does not exceed the original loan amount of \$4,500,000.

AGENCY Assisted Units will be sold to qualified low- and moderate-income first-time homebuyers whose incomes do not exceed 120% of the area median income for the County of Riverside. Qualified homebuyers must not have owned a home within the past 3 years and are required to attend an eight (8) hour home buyer counseling session provided by homebuyer counseling agency approved by AGENCY.

SL-IMPERIAL will utilize AGENCY Funds for acquisition, rehabilitation and disposal costs of properties for the Project. AGENCY Assisted Units shall be affordable for a period of at least 45 years from the transfer of title to qualified first-time homebuyers.

Eligible Properties (“Assisted Units”)

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

1. The home must be foreclosed or abandoned and bank-owned or real estate owned.
2. The home must be currently vacant for a period of at least 90 days prior to the Initial Notice and Offer form (**Exhibit “D”**).
3. The home must be permanently fixed to a permanent foundation.
4. The home must not be listed on, or eligible for listing on, the National Register of Historic Places.
5. The home must be assessed in accordance with the provisions of the California Environmental Quality Act (CEQA).
6. Single-Family homes with in-ground pools or spas are eligible for acquisition.

Resale Price Limitation

The Selling Price of each Assisted Unit shall not exceed the fair market value of each AGENCY Assisted Unit and must be affordable to a low or moderate income household.

Appraisals

1. All foreclosed homes participating in this program must be acquired directly from the foreclosing entity and the purchase price must meet or exceed the minimum one percent (1%) discount below the **Current Market Appraised Value (CMAV)**. At AGENCY’s discretion, AGENCY may modify the percentage discount requirement below the CMAV. The cost of each appraisal shall be at the sole cost and expense of SL-

IMPERIAL, except if subject property is not purchased for any reason other than SL-IMPERIAL default.

2. Initial Notice and Offer. Upon receipt of a completed and signed Initial Notice and Offer form for each property in consideration, as provided in **Exhibit “D”**, AGENCY will conduct an appraisal of the property through an independent fee contract appraiser (“Appraiser”). The Appraiser contracted by AGENCY will be State licensed or certified in accordance with Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA). The initial purchase price, identified in the Initial Notice and Offer form, will be considered as the Initial Offer. Bulk purchases must identify purchase prices for each property.
3. Final Notice and Offer. The final purchase price must be at least one percent (1%) below the CMAV. Properties may be purchased in bulk, but the minimum one percent (1%) discount applies to each property, and not an overall discount.
 - a) If the Initial Offer does meet or exceed the minimum one percent (1%) discount, then the Seller and RECIPIENT (“Buyer”) will be required to submit a Final Notice and Offer form, as provided in **Exhibit “D”**, and the Initial Offer will be considered as the Final Offer. The Final Notice and Offer form must be received and dated within sixty (60) days of the completed AGENCY appraisal report. Failure to submit this in a timely manner will result in denial of the property.
 - b) If the Initial Offer does not meet the minimum one percent (1%) discount below CMAV, then the Buyer will be required to re-negotiate to meet the minimum one percent (1%) discount. If the Seller and Buyer could not reach an amicable agreement for the purchase price of the property, then the property by the Buyer will be denied and the cost of the appraisal will be paid for by AGENCY.

IMPLEMENTATION SCHEDULE

Milestone	Completion Date
1. AGENCY Loan Agreement executed	1 September 2009
2. 1 st Amendment to AGENCY Loan Agreement	4 May 2010
3. Acquisition of First 16 Assisted Units completed	31 May 2010
4. Rehabilitation Plan and revised budget	30 June 2010
5. Marketing Plan Status and Outreach	30 June 2010
6. Rehabilitation of First 16 Assisted Units completed	30 September 2010
7. Transfer of title for First 16 to Qualified Homebuyer	30 November 2010
8. Submission of Closing Documents for First 16	15 December 2010
9. 2 nd Amendment to AGENCY Loan Agreement	10 May 2011
10. First Amended and Restated Loan Agreement	4 October 2011
11. Expiration of AGENCY Loan Agreement	31 May 2012

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

EXHIBIT B

Deed of Trust

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

Redevelopment Agency
for the County of Riverside
3403 10th St., Suite 500
Riverside, CA 92501
ATTN: Benjamin Cendejas

SPACE ABOVE THIS LINE FOR RECORDER'S USE

DEED OF TRUST WITH ASSIGNMENT OF RENTS

This DEED OF TRUST is made on this ____ day of _____, 2011. The trustor is SL-IMPERIAL, LLC, A California Limited Liability Company ("Borrower" or "IMPERIAL"), and whose address is 2082 Michelson Drive, Suite 100, Irvine, CA 92612. The trustee is RIVERSIDE COUNTY ECONOMIC DEVELOPMENT AGENCY ("Trustee"). The lender is the REDEVELOPMENT AGENCY FOR THE COUNTY OF RIVERSIDE ("AGENCY" or "Lender"), a public agency, organized and existing under the laws of the State of California, and whose address is 3403 10th St. Suite 500, Riverside, CA 92501.

Pursuant to the terms of the First Amended and Restated Loan Agreement for the use of Low and Moderate Income Housing Funds, dated _____, Borrower owes Lender the sum of <Enter Dollar Amount> **Dollars (U.S. \$<Enter Dollar Amount>)** (the "AGENCY Loan") for acquisition, rehabilitation and disposition of the "Assisted Unit" at <Enter Assisted Unit Address> with Assessor Parcel Number <Enter APN> as legally described as follows:

<ENTER LEGAL DESCRIPTION>

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

The Note shall provide the following:

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

- I. Development Subsidy. The Development Subsidy is the amount of the AGENCY Loan minus the "Selling Price" of the Assisted Unit which is limited to (i) the fair market value or (ii) the total costs to acquire, rehabilitate and dispose the Assisted Unit;

II. Homebuyer Subsidy. The Homebuyer Subsidy is the amount of the Selling Price minus the Qualified Homebuyer's home loan (the "Homebuyer Loan"). The Homebuyer Subsidy is limited to thirty percent (30%) of the Selling Price and capped for a maximum amount of \$75,000. The Homebuyer Subsidy is an amount assumed in the form of silent second mortgage assistance to Qualified Homebuyer; and

III. Closing Costs. Closing Costs for the sale of the Assisted Unit to Qualified Homebuyer.

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

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

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

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

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

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

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

UNIFORM COVENANTS Borrower and Lender covenant and agree as follows:

- 1) **Payment of Principal; Late Charges.** Borrower shall promptly pay when due the principal of on the debt evidenced by the Note and any late charges due under the Note.
- 2) **Taxes and Insurance.** Borrower shall pay at least ten (10) days before delinquency all taxes and assessments affecting said property, including assessments on appurtenant water stock; when due, all encumbrances, charges and liens, with interest, on said property or any part thereof, which appear to be prior or superior hereto; all costs, fees and expenses of this Trust.
 - a) Should Borrower fail to make any payment or to do any act herein provided, then Lender or Trustee, but without obligation so to do and upon written notice to or demand upon Borrower and without releasing Borrower from any obligation hereof, may make or do the same in such manner and to such extent as either may deem necessary to protect the security hereof, Lender or Trustee being authorized to enter upon said property for such purposes; appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of Lender or Trustee; pay, purchase, contest or compromise any encumbrance, charge, or lien which in the judgment of either appears to be prior or superior hereto; and, in exercising any such powers, pay necessary expenses, employ counsel and pay his or her reasonable fees.
- 3) **Application of Payments.** Unless applicable law provides otherwise, all payments received by Lender under paragraphs 1 and 2 shall be applied: first, to amounts payable under paragraph 2; second, to interest due; third, to principal due; and last, to any late charges due under the Note.
- 4) **Prior Deeds of Trust; Charge; Liens.** The Borrower shall perform all of the Borrower's obligations under this Deed of Trust, including Borrower's covenants to make payments when due, subject to applicable cure periods. Borrower shall pay all taxes, assessments, charges, fines and impositions attributable to the Property which may attain priority over this Security Instrument, and leasehold payments or ground rents, if any, subject to applicable cure periods. Borrower shall pay these obligations in the manner provided in paragraph 2, or if not paid in that manner, Borrower shall pay them on time directly to the person owed payment. Borrower shall promptly furnish to Lender all notices of amounts to be paid under this paragraph. If Borrower makes these payments directly, Borrower shall promptly furnish to Lender receipts evidencing the payments.
 - a) Except for the liens permitted by the Lender, Borrower shall promptly discharge any other lien which shall have attained priority over this Security Instrument unless Borrower: (1) agrees in writing to the payment of the obligation secured by the lien in a

manner acceptable to Lender; (2) contests in good faith the lien by, or defends against enforcement of the lien in, legal proceedings which in the Lender's opinion operate to prevent the enforcement of the lien; (3) bond around the lien; or (4) secures from the holder of the lien an agreement satisfactory to Lender subordinating the lien to this Security Instrument. If Lender determines that any part of the Property is subject to a lien which may attain priority over this Security Instrument, Lender may give Borrower a notice identifying the lien. Borrower shall satisfy such lien or take one or more of the actions set forth above within thirty (30) days of the giving of notice.

- 5) **Subordination.** This Deed of Trust shall be recorded in first position. This Deed of Trust shall remain in a superior position over any other trust deed that may be issued to secure additional public and/or private financing for the Project. The Lender hereby agrees to execute any and all documents necessary to effectuate such subordination concerning this loan, construction and permanent loans, and any future refinancing upon Borrower's request. Borrower shall request Lender approval of any additional subordination and Lender consent shall not be unreasonably withheld.

- 6) **Hazard or Property Insurance.** Borrower shall keep the improvements now existing or hereafter erected on the Property insured against loss of fire, hazards included within the term "extended coverage" and any other hazards, including floods or flooding, for which Lender requires insurance. This insurance shall be maintained in the amounts and for the periods as required in the AGENCY Loan Agreement. The insurance carrier providing the insurance shall be chosen by Borrower subject to Lender's approval which shall not be unreasonably withheld. If Borrower fails to maintain coverage described above, Lender may, at Lender's option, obtain coverage to protect Lender's rights in the Property in accordance with paragraph 8.
 - a) All insurance policies and renewals shall be acceptable to Lender and shall include a standard mortgagee clause. All requirements hereof pertaining to insurance shall be deemed satisfied if the Borrower complies with the insurance requirements under the Senior Deeds of Trust. All original policies of insurance required pursuant to the Senior Deeds of Trust shall be held by the Senior Lien Holders; provided, however, Lender may be named as a loss payee as its interest may appear and may be named as an additional insured. Borrower shall promptly give to Lender certificates of insurance showing the coverage is in full force and effect and that Lender is named as additional insured. In the event of loss, Borrower shall give prompt notice to the insurance carrier, the Senior Lien Holders and Lender. Lender may make proof of loss if not made promptly by the Senior Lien Holders or the Borrower.

 - b) Unless Lender and Borrower otherwise agree in writing, and subject to the terms of the Senior Deeds of Trust, insurance proceeds shall be applied to restoration or repair of the Property damaged, provided Borrower determines that such restoration or repair is economically feasible and there is no default continuing beyond the expiration of all applicable cure periods. If Borrower determines that such restoration or repair is not

economically feasible or if a default exists after expiration of all applicable cure periods, the insurance proceeds shall be applied to the sums secured by this Deed of Trust, with the excess, if any, paid to Borrower. If the Property is abandoned by Borrower, or if Borrower fails to respond to Lender within 30 days from the date notice is mailed by Lender to Borrower that the insurance carrier offers to settle a claim for insurance benefits, Lender is authorized to collect and apply the insurance proceeds at Lender's option either to restoration or repair of the Property or to the sums secured by this Deed of Trust.

- c) Unless Lender and Borrower otherwise agree in writing, any application of proceeds to principal shall not extend or postpone the due date of Note. If under paragraph 23 the Property is acquired by Lender, Borrower's right to any insurance policies and proceeds resulting from damage to the Property prior to the acquisition shall pass to Lender to the extent of the sums secured by this Security Instrument immediately prior to the acquisition.
- d) Notwithstanding the above, the Lender's rights to collect and apply the insurance proceeds hereunder shall be subject and subordinate to the rights of the Senior Lien Holders to collect and apply such proceeds in accordance with the Senior Deeds Trust.

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

- a) The Borrower acknowledges that this Property is subject to certain use and occupancy restrictions (which may be further evidenced by a separate agreement recorded in the land records where the Property is located), limiting the Property's use to qualified low, or moderate-income households earning no more than 120% of the median income within Riverside County. The use and occupancy restrictions may limit the Borrower's ability to

sell the Property. The violation of any use and occupancy restrictions may, if not prohibited by federal law, entitle the Lender to the remedies provided hereof.

- 8) **Protection of Lender's Rights in the Property.** If Borrower fails to perform the covenants and agreements contained in this Security Instrument, or there is a legal proceeding that may significantly affect Lender's rights in the Property (such as a proceeding in bankruptcy, probate, for condemnation or forfeiture or to enforce laws or regulations), then, subject to any applicable grace periods or cure periods, Lender may do and pay for whatever is necessary to protect the value of the Property and Lender's rights in the Property. Lender's actions may include paying any sums secured by a lien which has priority over this Security Instrument (including sums secured by the Senior Deeds of Trust), appearing in court, paying reasonable attorneys' fees and entering on the Property to make repairs. Although Lender may take action under this paragraph 8, Lender does not have to do so.
- a) Any amounts disbursed by Lender under this paragraph 8 shall become additional debt of Borrower secured by this Security Instrument. Unless Borrower and Lender agree to other terms of payment, these amounts shall bear interest from the date of disbursement at the Note rate and shall be payable, with interest, upon notice from Lender to Borrower requesting payment.
 - b) Prior to taking any actions under this **Section 8**, however, Lender shall notify the Senior Lien Holder of such default in the manner provided in **Section 23** of this Security Instrument, and shall provide the Senior Lien Holder with the opportunity to cure any such default under this Security Instrument. All amounts advanced by a Senior Lien Holder to cure a default hereunder shall be deemed advanced by such Senior Lien Holder and shall be secured by the applicable Senior Deed of Trust. In addition, the Lender agrees that it will not commence foreclosure proceedings or accept a deed in lieu of foreclosure, or exercise any other rights or remedies hereunder until it has given the Senior Lien Holders at least 60 days' prior written notice. Any action by Lender hereunder to foreclose or accept a deed in lieu of foreclosure shall be subject to the "due on sale" provisions of the Senior Deeds of Trust.
 - c) Lender and Borrower further agree that a default hereunder shall constitute a default under the Senior Deed of Trust. In the event of a default hereunder, the Senior Lien Holder shall have the right to exercise all rights and remedies under the Senior Deed of Trust.
- 9) **Mortgage Insurance.** (Not used)
- 10) **Inspection.** Lender or its agent may make reasonable entries upon and inspections of the Property. Lender shall give Borrower notice at the time of or prior to an inspection specifying reasonable cause for the inspection.

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

- a) In the event of a total taking of the Property, the proceeds shall be applied to the sums secured by this Security Instrument, whether or not then due, with any excess paid to Borrower. In the event of a partial taking of the Property in which the fair market value of the Property immediately before the taking is equal to or greater than the amount of the sums secured by this Security Instrument immediately before the taking, unless Borrower and Lender otherwise agree in writing, the sums secured by this Security Instrument shall be reduced by the amount of the proceeds multiplied by the following fraction: (a) the total amount of the sums secured immediately before the taking, divided by (b) the fair market value of the Property immediately before the taking. Any balance shall be paid to Borrower. In the event of a partial taking of the Property in which the fair market value of the Property immediately before the taking is less than the amount of the sums secured immediately before the taking, unless Borrower and Lender otherwise agree in writing or unless applicable law otherwise provides, the proceeds shall be applied to the sums secured by this Security Instrument whether or not the sums are then due. Notwithstanding the foregoing, so long as the value of Lender's lien is not impaired, any condemnation proceeds may be used by Borrower for repair and/or restoration of the project.
- b) If the Property is abandoned by Borrower, or if, after notice by Lender to Borrower that the condemnor offers to make an award or settle a claim for damages, Borrower fails to respond to Lender within 30 days after the date the notice is given, Lender is authorized to collect and apply the proceeds, at its option, either to restoration or repair of the Property or to the sums secured by this Security Instrument, whether or not then due.
- c) Unless Lender and Borrower otherwise agree in writing, any application of proceeds to principal shall not extend or postpone the due date of the monthly payments referred to in paragraphs 1 and 2 or change the amount of such payments.

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

- 13) **Successors and Assigns Bound; Joint and Several Liability.** The covenants and agreements of this Security Instrument shall bind and benefit the successors and assigns of Lender and Borrower, subject to the provisions of paragraph 18. Borrower's covenants and agreements shall be joint and several.
- 14) **Loan Charges.** If the loan secured by this Security Instrument is subject to a law which sets maximum loan charges, and that law is finally interpreted so that the interest or other loan charges collected or to be collected in connection with the loan exceed the permitted limits, then: (a) any such loan charge shall be reduced by the amount necessary to reduce the charge to the permitted limit; and (b) any sums already collected from Borrower which exceeded permitted limits will be promptly refunded to Borrower. Lender may choose to make this refund by reducing the principal owed under the Note or by making a direct payment to Borrower. If a refund reduces principal, the reduction will be treated as a partial prepayment without any prepayment charge under the Note.
- 15) **Notices.** Any notice to Borrower provided for in this Security Instrument shall be given by delivering it or by mailing it by first class mail unless applicable law requires use of another method. The notice shall be directed to the Borrower's mailing address stated herein or any other address Borrower designates by notice to Lender. Any notice to Lender shall be given by first class mail to Lender's address stated herein or any other address Lender designates by notice to Borrower. Any notice required to be given to a Senior Lien Holder shall be given by first class mail to any Senior Lien Holder at such address Senior Lien Holder designates by notice to the Borrower. Any notice provided for in this Security Instrument shall be deemed to have been given to Borrower or Lender when given as provided in this paragraph.
- 16) **Governing Law; Severability.** This Security Instrument shall be governed by state law and the law of the jurisdiction in which the Property is located. In the event that any provision or clause of this Security Instrument or the Note conflicts with applicable law, such conflict shall not affect other provisions of this Security Instrument or the Note which can be given effect without the conflicting provision. To this end the provisions of this Security Instrument and the Note are declared to be severable.
- 17) **Borrower's Copy.** Borrower shall be given one conformed copy of the Note and of this Security Instrument.
- 18) **Transfer of the Property or a Beneficial Interest in Borrower.** Except for a conveyance to the trustee(s) under the Senior Deeds of Trust and the sale of units in the Project, if all or any part of the Property or any interest in it is sold or transferred (or if a beneficial interest in Borrower is sold or transferred and Borrower is not a natural person) without Lender's prior written consent (including a transfer of all or any part of the Property to any person who, at initial occupancy of the Property, does not use the Property for "low income housing" within the meaning of California Community Redevelopment Law) Lender may, at its option, require immediate payment in full of all sums secured by this Security Instrument. However, this option shall not be exercised by Lender if exercise is prohibited by federal law as of the

date of this Security Instrument. Nothing in this Security Instrument shall be deemed to require Lender's approval of a transfer of limited partnership interests in the Borrower.

- a) If Lender exercises the foregoing option, Lender shall give Borrower and the Senior Lien Holder prior written notice of acceleration. The notice shall provide a period of not less than 30 days from the date the notice is delivered or mailed within which Borrower must pay all sums secured by this Security Instrument. If Borrower fails to pay these sums prior to the expiration of this period, Lender may invoke any remedies permitted by this Security Instrument without further notice or demand on Borrower.
- b) Notwithstanding Lender's right to invoke any remedies hereunder, as herein, Lender agrees that it will not commence foreclosure proceedings or accept a deed in lieu of foreclosure, or exercise any other rights or remedies hereunder until it has given the Senior Lien Holders at least 60 days' prior written notice. The Borrower's limited partners shall have the same right to cure as Senior Lien Holders.
- c) The Borrower and the Lender agree that whenever the Note or this Security Instrument gives the Lender the right to approve or consent with respect to any matter affecting the Property (or the construction of any improvements thereon) or otherwise (including the exercise of any "due on sale" clause), and a right of approval or consent with regard to the same matter is also granted to the Senior Lien Holders pursuant to the Senior Deeds of Trust, the Senior Lien Holders' approval or consent or failure to approve or consent, as the case may be, shall be binding on the Borrower and the Lender.

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

20) **Sale of Note; Change of Loan Servicer.** The Note or a partial interest in the Note (together with this Security Instrument) may be sold one or more times without prior notice to Borrower. A sale may result in a change in the entity (known as the "Loan Servicer") that collects monthly payments due under the Note and this Security Instrument. There also may

be one or more changes of the Loan Servicer unrelated to a sale of the Note. If there is a change of the Loan Servicer, Borrower will be given written notice of the change in accordance with paragraph 15 above and applicable law. The notice will state the name and address of the new Loan Servicer and the address to which payments should be made. The notice will also contain any other information required by applicable law.

- 21) **No Assignment.** Until the loans secured by the Senior Deeds of Trust have been satisfied in full, the Lender and the Borrower agree that the Note and the Security Instrument will not be assigned without the Senior Lien Holders' prior written consent.
- 22) **Hazardous Substances.** Borrower shall not cause or permit the presence, use, disposal, storage, or release of any Hazardous Substances on or in the Property. Borrower shall not do, nor allow anyone else to do, anything affecting the Property that is in violation of any Environmental Law. The preceding two sentences shall not apply to the presence, use, or storage on the Property of small quantities of Hazardous Substances that are generally recognized to be appropriate to normal residential uses, construction, and to maintenance of the Property.
- a) Borrower shall promptly give Lender written notice of any investigation, claim, demand, lawsuit or other action by any governmental or regulatory agency or private party involving the Property and any Hazardous Substance or Environmental Law of which Borrower has actual knowledge. If Borrower learns, or is notified in writing by any governmental or regulatory authority, that any removal or other remediation of any Hazardous Substance affecting the Property is necessary, Borrower shall promptly take all necessary remedial actions in accordance with Environmental Law. Prior to taking any such remedial action, however, the Borrower shall notify the Senior Lien Holders that such remedial action is necessary and shall obtain the Senior Lien Holders' prior written consent for such remedial action.
- b) As used in this paragraph 22, "Hazardous Substances" are those substances defined as toxic or hazardous substances by Environmental Law and the following substances: gasoline, kerosene, other flammable or toxic petroleum products, toxic pesticides and herbicides, volatile solvents, materials containing asbestos or formaldehyde, and radioactive materials. As used in this paragraph 22, "Environmental Law" means federal laws and laws of the jurisdiction where the Property is located that relate to health, safety or environmental protection.

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

- 23) **Acceleration; Remedies.** Lender shall give notice to Borrower, Borrower's investment limited partner (the "Investment Limited Partner") and the Senior Lien Holders prior to acceleration following Borrower's breach of any covenant or agreement in this Security Instrument. The notice shall specify: (a) the default; (b) the action required to cure the default; (c) a date, not less than 30 days from the date the notice is given to Borrower and the

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

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

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

25) **Substitute Trustee.** Lender, at its option, may from time to time remove Trustee and appoint a successor trustee to any Trustee appointed hereunder by an instrument recorded in the county in which this Security Instrument is recorded. Without conveyance of the

Property, the successor trustee shall succeed to all the title, power and duties conferred upon Trustee herein and by applicable law.

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

27) **Not Used.**

28) **General Partner Change.** The withdrawal, removal, and/or replacement of a general partner of the Borrower pursuant to the terms of the Partnership Agreement of Borrower (as the same may be amended from time to time) shall not constitute a default under any of the Loan Documents, and any such actions shall not accelerate the maturity of the Loan, provided that any required substitute general partner is reasonably acceptable to Lender and is selected with reasonable promptness. Any proposed General Partner replacement shall have the qualifications and financial responsibility as reasonably determined by the Lender necessary and adequate to fulfill the obligations undertaken in the AGENCY Loan, as amended.

29) **Counter Parts.** This Deed of Trust may be signed by the different parties hereto in counterparts, each of which shall be an original but all of which together shall constitute one and the same agreement.

(SIGNATURE ON NEXT PAGE)

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

Date: _____

BORROWER:

SL-IMPERIAL, LLC
A California Limited Liability Company

By: _____
STEVEN H. LEVENSON
Member

BORROWER SIGNATURE MUST BE NOTARIZED

CALIFORNIA ALL-PURPOSE ACKNOWLEDGEMENT

STATE OF CALIFORNIA }

COUNTY OF _____ }

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

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

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

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

WITNESS my hand and official seal.

Place Notary Seal Above

Signature _____
Signature of Notary Public

REQUEST FOR RECONVEYANCE
TO TRUSTEE:

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

Dated: _____

EXHIBIT C
Promissory Note

PROMISSORY NOTE \$<Enter Dollar Amount><Enter City/Project Area>, CA

This PROMISSORY NOTE is made on this ____ day of _____, 2011. In installments as hereafter stated, for value received, SL-IMPERIAL, LLC, A California Limited Liability Company ("Borrower" or "SL-IMPERIAL"), promises to pay the REDEVELOPMENT AGENCY FOR THE COUNTY OF RIVERSIDE ("AGENCY" or "Lender"), a public agency, organized and existing under the laws of the State of California, or order, at 3403 10th Street, Suite 500, Riverside, CA 92501, the sum of <Enter Dollar Amount> Dollars (U.S. \$<Enter Dollar Amount>) (the "AGENCY Loan"), at the rate of zero percent (0%) per annum, pursuant to the terms of the First Amended and Restated Loan Agreement for the use of Low and Moderate Income Housing Funds, dated _____, for acquisition, rehabilitation and disposition of the "Assisted Unit" at <Enter Assisted Unit Address> with Assessor Parcel Number <Enter APN>. Capitalized terms not defined herein shall have the meaning ascribed to them in the AGENCY Loan Agreement.

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

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

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

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

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

Pursuant to the AGENCY Loan Agreement, the term of the AGENCY Loan shall be twelve (12) years from the date of execution of the AGENCY Loan Agreement. The term shall automatically extend for a period of not more than six (6) months if IMPERIAL has not defaulted and if the final disposition of any single family home remains pending at the end of the initial term.

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

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

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

the power of eminent domain or by reason of damage, loss, or destruction to any portion of the Project (to the extent of the misapplied proceeds or awards); and (v) any rental income or other income arising with respect to the Project received by the Borrower after the AGENCY has properly exercised its rights under the Deed of Trust to receive such income upon an Event of Default (as defined under the Deed of Trust).

(SIGNATURE ON NEXT PAGE)

BY SIGNING BELOW, the Borrower accepts and agrees to the terms contained in this Promissory Note.

BORROWER:

SL-IMPERIAL, LLC
A California Limited Liability Company

By: _____
STEVEN H. LEVENSON
Member

EXHIBIT D

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

INITIAL NOTICE AND OFFER
AGENCY form

Informational Notice To Seller
VOLUNTARY ACQUISITION OF
FORECLOSED PROPERTY

Date	
------	--

_____, (hereinafter referred to as "Buyer")

is interested in acquiring the property you own at:

_____(Address)

which may receive funding assistance from the Redevelopment Agency for the County of Riverside (AGENCY) to purchase foreclosed homes at a discount. The Buyer intends to apply and qualify for AGENCY assistance. Acquisitions financed with AGENCY Funds are subject to California law regarding relocation of displaced persons.

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

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

INITIAL NOTICE

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

INITIAL OFFER

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

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

- (1) the Voluntary Acquisition of Foreclosed Property;
- (2) the purchase price discount requirements of the transaction;
- (3) Buyer's Initial Offer is contingent and subject to the discount requirement of the Neighborhood Stabilization Program and the Current Market Appraised Value.

Signature of Seller

Date

Signature of Buyer

Date

Print Name

Print Name

Seller certifies that:

- No tenant lived in the property at the time of foreclosure.
 Tenant was given 90 days notice as required by law before being asked to vacate property.

Signature of Seller

Date

Print Name

NOTICE AND OFFER

FINAL NOTICE AND OFFER
AGENCY form

FINAL NOTICE

(Section completed by AGENCY**)**

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

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

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

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

Buyer's Initial Purchase Price

- is less than 1% of the CMAV.
 is not less than 1% of the CMAV.

FINAL OFFER

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

The Initial Offer is

- One percent (1%) or more** below the CMAV. Buyer and Seller acknowledged that they mutually accepted the Final Purchase Price of \$ _____.
- Less than one percent (1%)** below the CMAV. This offer is less than the CMAV as required by the AGENCY. Buyer is prepared to offer you \$ _____ to purchase Seller's property. The Final Offer/Purchase price must be received and dated within sixty (60) days of the completed EDA appraisal report, as stated above.

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

Signature of Seller

Date

Signature of Buyer

Date

Print Name

Print Name

EXHIBIT E

California Health and Safety Codes

50052.5, 50079.5, 50093

Affordability Requirements

California Health and Safety Codes 50052.5, 50079.5, and 50093

50052.5

a. For any owner-occupied housing that receives assistance prior to January 1, 1991, and a condition of that assistance is compliance with this section, "affordable housing cost" with respect to lower income households may not exceed 25 percent of gross income.

b. For any owner-occupied housing that receives assistance on or after January 1, 1991, and a condition of that assistance is compliance with this section, "affordable housing cost" may not exceed the following

1. For extremely low households the product of 30 percent times 30 percent of the area median income adjusted for family size appropriate for the unit.

2. For very low income households the product of 30 percent times 50 percent of the area median income adjusted for family size appropriate for the unit.

3. For lower income households whose gross incomes exceed the maximum income for very low income households and do not exceed 70 percent of the area median income adjusted for family size, the product of 30 percent times 70 percent of the area median income adjusted for family size appropriate for the unit. In addition, for any lower income household that has a gross income that equals or exceeds 70 percent of the area median income adjusted for family size, it shall be optional for any state or local funding agency to require that affordable housing cost not exceed 30 percent of the gross income of the household.

4. For moderate-income households, affordable housing cost shall not be less than 28 percent of the gross income of the household, nor exceed the product of 35 percent times 110 percent of area median income adjusted for family size appropriate for the unit. In addition, for any moderate-income household that has a gross income that exceeds 110 percent of the area median income adjusted for family size, it shall be optional for any state or local funding agency to require that affordable housing cost not exceed 35 percent of the gross income of the household.

c. The department shall, by regulation, adopt criteria defining, and providing for determination of, gross income, adjustments for family size appropriate to the unit, and housing cost for purposes determining affordable housing cost under this section. These regulations may provide alternative criteria, where necessary to be consistent with pertinent federal statutes and regulations governing federally assisted housing. The agency may, by regulation, adopt alternative criteria, and pursuant to subdivision (f) of Section 50462, alternative percentages of income may be adopted for agency-assisted housing development.

d. With respect to moderate- and lower income households who are tenants of rental housing developments and members or shareholders of cooperative housing developments, or limited equity cooperatives "affordable housing cost" has the same meaning as affordable rent, as defined in Section 50053.

e. Regulations of the department shall also include a method for determining the maximum construction cost, mortgage loan, or sales price that will make housing available to an income group at affordable housing cost.

f. For purposes of this section, "area median income" shall mean area median income as published by the department pursuant to Section 50093.

g. For purposes of this section, "moderate income household" shall have the same meaning as "persons and families of moderate income" as defined in Section 50093.

h. For purposes of this section, and provided there are no pertinent federal statutes applicable to a project or program, "adjusted for family size appropriate to the unit" shall mean for a household of one person in the case of a studio unit, two persons in the case of a one-bedroom unit, three persons in the case of a two-bedroom unit, four persons in the case of a three-bedroom unit, and five persons in the case of a four-bedroom unit.

50093.

a. "Persons and families of low or moderate income" means persons and families whose income does not exceed 120 percent of area median income, adjusted for family size by the department in accordance with adjustment factors adopted and amended from time to time by the United States Department of Housing and Urban Development pursuant to Section 8 of the United States Housing Act of 1937. However, the agency and the department jointly, or either acting with the concurrence of the Secretary of the Business and Transportation Agency, may permit the agency to use higher income limitations in designated geographic areas of the state, upon a determination that 120 percent of the median income in the particular geographic area is too low to qualify a substantial number of persons and families of low or moderate income who can afford rental or home purchase of housing financed pursuant to Part 3 (commencing with Section 50900) without subsidy.

b. "Persons and families of low or moderate income" includes very low income households, as defined in Section 50105, extremely low income households, as defined in Section 50106, and lower income households as defined in Section 50079.5, and includes persons and families of extremely low income, persons and families of very low income, persons and families of low income, persons and families of moderate income, and middle-income families. As used in this division:

1. "Persons and families of low income" or "persons of low income" means persons or families who are eligible for financial assistance specifically provided by a governmental agency for the benefit of occupants of housing financed pursuant to this division.

2. "Persons and families of moderate income" or "middle-income families" means persons and families of low or moderate income whose income exceeds the income limit for lower income households.

3. "Persons and families of median income" means persons and families whose income does not exceed the area median income, as adjusted by the department for family size in accordance with adjustment factors adopted and amended from time to time by the United

States Department of Housing and Urban Development pursuant to Section 8 of the United States Housing Act of 1937.

c. As used in this section, "area median income" means the median family income of a geographic area of the state, as annually estimated by the United States Department of Housing and Urban Development pursuant to Section 8 of the United States Housing Act of 1937. In the event these federal determinations of area median income are discontinued, the department shall establish and publish as regulations income limits for persons and families of median income for all geographic areas of the state at 100 percent of area median income, and for persons and families of low or moderate income for all geographic areas of the state at 120 percent of area median income. These income limits shall be adjusted for family size and shall be revised annually.

d. For purposes of this section, the department shall file, with the Office of Administrative Law, any changes in area median income and income limits determined by the United States Department of Housing and Urban Development, together with any consequent changes in other derivative income limits determined by the department pursuant to this section. These filings shall not be subject to Article 5 (commencing with Section 11346) or Article 6 (commencing with Section 11349) of Chapter 3.5 of Part 1 of Division 3 of Title 2 of the Government Code, but shall be effective upon filing with the Office of Administrative Law and shall be published as soon as possible in the California Regulatory Code Supplement and the California Code of Regulations.

e. The department shall establish and publish a general definition of income, including inclusions, exclusions, and allowances, for qualifying persons under the income limits of this section and Sections 50079.5, 50105, and 50106 to be used where no other federal or state definitions of income apply. This definition need not be established by regulation. Nothing in this division shall prevent the agency or the department from adopting separate family size adjustment factors or programmatic definitions of income to qualify households, persons, and families for programs of the agency or department, as the case may be.

50079.5.

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

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

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

EXHIBIT F

Covenant Agreement

RECORDING REQUESTED BY AND

WHEN RECORDED MAIL TO:

Redevelopment Agency for the County of Riverside

3403 10th Street, Ste. 500

Riverside, CA 92501

ATTN: Benjamin Cendejas

(Free Recording Requested-Government Code §6103)

AGREEMENT CONTAINING COVENANTS AFFECTING REAL PROPERTY

("Covenant Agreement")

This Agreement is made this _____ day of _____, 20__ between <Homebuyers Name and Vesting>, ("HOMEOWNER") and the Redevelopment Agency for the County of Riverside ("AGENCY"), a public agency organized and existing under the laws of the State of California.

- I. **WHEREAS**, AGENCY is a Redevelopment Agency duly created, established and authorized to transact business and exercise its powers, all under and pursuant to the provisions of the Community Redevelopment Law which is Part 1 of Division 24 of the California Health and Safety Code (commencing with Section 33000 et seq.); and
- II. **WHEREAS**, the Board of Directors of the AGENCY adopted Resolution Number 2005-35 on 20 December 2005, which found and determined that the use of low and moderate-income housing funds outside the project area are of benefit to all project areas; and
- III. **WHEREAS**, AGENCY endeavors to provide affordable, safe and sanitary housing opportunities to low income and special needs households within the County of Riverside; and
- IV. **WHEREAS**, pursuant to Section 33125 of the Health and Safety Code, AGENCY is authorized to make and execute contracts and other instruments necessary or convenient to the exercise of its powers; and

COVENANT AGREEMENT

- V. **WHEREAS**, the undersigned HOMEOWNER is the owner of record of that certain real property located in an unincorporated area of the County of Riverside, California, and commonly described as <Address of purchase property> (“PROPERTY”) and more particularly described as: <INSERT LEGAL DESCRIPTION> APN: <INSERT APN>; and;
- VI. **WHEREAS**, AGENCY has determined that HOMEOWNER qualifies for use of AGENCY’s Low and Moderate Income Housing Set Aside funds (“SET ASIDE FUNDS”); and
- VII. **WHEREAS**, Section 33334.3 of the California Health and Safety Code (“CHSC”) requires that housing units assisted with AGENCY SET ASIDE FUNDS remain affordable to low income household for a period of not less than forty-five (45) years, for owner occupied housing units; and
- VIII. **WHEREAS**, AGENCY desires to ensure that the housing unit assisted by this Agreement remain affordable and maintained for a period not less than forty-five (45) years; and
- IX. **WHEREAS**, in connection with the execution of this Agreement, HOMEOWNER has received a loan from the AGENCY for down payment assistance for the purchase of the PROPERTY (“Agency LOAN”); and
- X. **WHEREAS**, HOMEOWNER has agreed to enter into this Covenant Agreement to meet the requirements of Community Redevelopment Law, specifically CHSC 33334.3; and
- XI. **WHEREAS**, HOMEOWNER agrees to occupy the housing unit as his or her principal place of residence.

NOW, THEREFORE, in consideration for the Agency LOAN, the receipt of which is hereby acknowledged, HOMEOWNER covenants and agrees as follows:

1) **ARTICLE 1 – TERMS OF AFFORDABILITY**

- a) **Occupancy.** At the point of signature of this Agreement or at initial occupancy, whichever is earlier, the household occupying the housing unit shall be low or moderate income, as that term is defined in Section 50093 of the CHSC.
- b) **Affordability.** The housing unit shall remain available at affordable housing cost, as that term is defined in Section 50052.5 of the CHSC, and determined only at initial occupancy, for a period not less than forty-five (45) years from the date this Covenant Agreement is recorded.

2) **ARTICLE 2 - MAINTENANCE REQUIREMENTS**

- a) **Maintenance of Property.** HOMEOWNER shall, for the term of this Agreement, at its sole cost and expense, maintain and repair the PROPERTY and the improvements thereon, including, without limitation, the buildings, fencing, parkways, landscaping, driveways, garages, carports, and lighting, in first class condition and repair, and in decent, safe and sanitary condition.
- b) **Interior Maintenance.** HOMEOWNER shall, for the term of this Agreement, maintain the interior of the dwelling unit(s) located on the PROPERTY in a decent, safe and sanitary condition and shall immediately correct any health and safety code violations identified by staff of the County of Riverside or of AGENCY.
- c) **Exterior Maintenance.** The PROPERTY shall, for the term of this Agreement, be kept free from the accumulation of debris and waste materials. All exterior, painted surfaces shall be maintained at all times in a clean and presentable manner, free from chipping, cracking, peeling and defacing marks. No building, patio, balcony, wall, fence or yard area, including parkways, may be left in an unmaintained condition so that any of the following exist:
 - i) Buildings abandoned, boarded up, partially destroyed or left unreasonably in a state of partial construction; and
 - ii) Abandoned or non-operational vehicles; and

- iii) Unpainted buildings or buildings with peeling paint; and
 - iv) Cause dry rot, warping and termite infestation; and
 - v) Constitute an unsightly appearance that detracts from the aesthetic or property values of neighboring properties; and
 - vi) Broken windows, constituting hazardous conditions and/or inviting trespassers and malicious mischief; and
 - vii) Broken or discarded furniture, appliances and other household equipment stored for periods exceeding one (1) week; and
 - viii) Packing boxes, lumber, trash, dirt and other debris stored for periods exceeding one (1) week; and
 - ix) Unscreened trashcans, bins or containers stored for periods exceeding fifteen (15) days in areas visible from public streets and common areas.
- d) **Graffiti Removal.** All graffiti, and defacement of any type, including marks, words and pictures, must be removed and any necessary painting or repair completed within the earlier of seventy-two (72) hours of their creation or within forty-eight (48) hours after notice to HOMEOWNER from AGENCY.
- e) **Trash.** All trash shall, for the term of this Agreement, be collected and placed in appropriate areas for pick-up by refuse haulers on normal trash pick-up days or hauled away, in a timely manner, by HOMEOWNER to an appropriate County approved dump site if trash service is not available.
- f) **Landscaping.** All exterior areas of the PROPERTY that are not buildings, driveways or walkways shall, for the term of this Agreement, be adequately and appropriately landscaped and maintained. The landscaping shall meet minimum standards set from time to time by the AGENCY. Landscaping on the PROPERTY, including front, back and side yards and parkways shall be absent of the following:
- i) Lawns with grasses in excess of six (6) inches in height; and
 - ii) Untrimmed hedges causing a nuisance to the public right of way; and

- iii) Trees, shrubbery, lawns and other plant life dying from lack of water or other necessary maintenance; and
- iv) Trees and shrubbery grown uncontrolled without proper pruning; and
- v) Vegetation so overgrown as to be likely to harbor rats or vermin; and
- vi) Dead, decayed or diseased trees, weeds and other vegetation; and Inoperative irrigation system(s), if any; and
- vii) Parkways with ground cover in excess of eighteen (18) inches in height.

3) **ARTICLE 3 - NON-DISCRIMINATION** Pursuant to Health and Safety Code Section 33436, HOMEOWNER covenants by and for itself and any successors in interest that there shall be no discrimination against or segregation of any person or group of persons on account of race, religion, sex, sexual orientation, marital status, nationality, familial status, source of income or disability in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Property, nor shall HOMEOWNER itself or any person claiming under or through it establish or permit any such practice or practices of discrimination or segregation with reference to the election, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees of the real property. The foregoing covenants shall run with the land. Pursuant to Health and Safety Code Section 33435, HOMEOWNER shall refrain from restricting the sale of the Properties on the basis of race, religion, sex, sexual orientation, marital status, nationality, familial status, source of income or disability of any person. All such deeds, leases or contracts shall contain or be subject to substantially the following nondiscrimination or no segregation clauses:

- a) **In deeds:** “The Grantee herein covenants by and for himself for herself, his or her heirs, executors, administrators and assigns, and all persons claiming under or through them that there shall be no discrimination against or segregation of any person or group of persons on account of race, religion, sex, sexual orientation, marital status, nationality, familial status, source of income or disability in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the land herein conveyed, nor shall the grantee

himself or herself nor any person claiming under or through him or her establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, numbers use or occupancy of tenants, lessees, subtenants, sublessees or vendees in the land herein conveyed. The foregoing covenants shall run with the land.”

b) **In leases:** “The lessee herein covenants by and for himself or herself, his or her heirs, executors, administrators, and assigns, and all persons claiming under or through him or her, and this lease is made and accepted upon and subject to the following conditions:

i) There shall be no discrimination against or segregation of any person or group of persons on account of race, religion, sex, sexual orientation, marital status, nationality, familial status, source of income or disability in the leasing, subleasing, transferring, use, occupancy, tenure or enjoyment of the premises herein leased nor shall the lessee himself or herself, or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, sublessees, subtenants or vendees in the premises herein leased.”

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

4) **ARTICLE 4 – TERM**

a) The term of this Agreement shall be for forty-five (45) years from the date of recordation in the Official Records of the County of Riverside, at which time this Agreement shall

expire by its own terms. That notwithstanding, the covenants against discrimination set forth in Article 3 shall never expire and shall run in perpetuity.

5) **ARTICLE 5 - SUCCESSORS AND ASSIGNS**

- a) HOMEOWNER hereby declares the express intent that the covenants and restrictions set forth in this Agreement shall run with the land, and shall bind HOMEOWNER, its executors, administrators and assigns and all persons claiming under or through HOMEOWNER and all successors in title to the PROPERTY. Each and every contract, deed or other instrument hereafter executed covering or conveying the PROPERTY or any portion thereof shall be held conclusively to have been executed, delivered, and accepted subject to such covenants and restrictions, regardless of whether such covenants or restrictions are set forth in such contract, deed or other instrument.
- b) At the point of initial occupancy, of each and every successor or assign in interest, the household occupying the housing unit shall be low or moderate income, as that term is defined in Section 50093 of the CHSC.

- 6) **ARTICLE 6 – CHANGE OF OWNERSHIP.** Upon AGENCY’s request or in the event a change of ownership occurs on the PROPERTY, HOMEOWNER shall provide or caused to be provided to AGENCY all of the following information: a) the date of the change of ownership, b) the income and family size of the new owners of the PROPERTY.

7) **ARTICLE 7 - DEFAULT AND REMEDIES**

- a) **Event of Default and Remedies.** Failure or delay by HOMEOWNER to perform any covenant, condition or provision of this Agreement constitutes a default under this Agreement. In such event, AGENCY shall give written notice of default to HOMEOWNER, specifying the default complained of by AGENCY. Failure or delay by AGENCY in giving such notice or asserting any of its rights or remedies as to any default shall not operate as a waiver of any default or of any such rights or remedies, or change the time of default, or deprive AGENCY of its right to institute and maintain any actions

or proceedings which it may deem necessary to protect, assert or enforce any such rights or remedies.

- b) **Cure.** HOMEOWNER shall immediately commence to cure such default upon receipt of the written notice of default and shall complete such cure within thirty (30) days from the date of receipt of the written notice or such longer period if the nature of the default is such that more than thirty (30) days is required to cure such default, but in any event, not longer than ninety (90) days. Failure to cure such default within the prescribed time shall constitute an “Event of Default.”
- c) **Remedy.** In the Event of Default or breach of any of the terms or conditions of this Agreement by HOMEOWNER, or HOMEOWNER’s heirs, executors, administrators or assigns, AGENCY may pursue the remedy thereof by any and all means of enforcement, both in equity and at law, as provided by the laws of the State of California.
- d) **Nuisance.** The result of every act or omission whereby any of the covenants contained in this Agreement are violated in whole or in part, is hereby declared to be and constitutes a nuisance, and every remedy allowable at law or equity, against a nuisance, either public or private, shall be applicable against every such result and may be exercised by any owner or its successors in interest, without derogation of AGENCY’s rights under law.
- e) **Right of Entry.** If the HOMEOWNER cure procedure listed in Article 7(b) lapses and HOMEOWNER fails to maintain the PROPERTY in accordance with the Agreement, then AGENCY, in addition to whatever remedy it may have at law or at equity, shall have the right to enter upon the applicable portion of the PROPERTY and perform all acts and work necessary to protect, maintain and preserve the improvements and landscaped areas on the PROPERTY. To the extent permitted by law, following thirty (30) days written notice to HOMEOWNER specifically outlining the noncompliance with this Agreement, AGENCY shall have the right of entry at reasonable hours to enforce compliance and affect the repairs or maintenance which HOMEOWNER has failed to perform.

- f) **Costs of Repair.** The costs borne by AGENCY from such acts and work of protection, maintenance and repair pursuant to Article 7, Paragraph e, including a reasonable administrative charge, shall become a charge, which HOMEOWNER shall promptly pay upon demand and, if unpaid after fifteen (15) days, shall be assessed as a lien against the PROPERTY.
- g) **Cumulative Remedies.** The remedies herein provided for breach of the covenants contained in this Agreement shall be deemed cumulative, and none of such remedies shall be deemed exclusive.
- h) **Failure to Enforce.** The failure to enforce any of the covenants contained in this Agreement shall be not constituted a waiver of the right to enforce the same thereafter.

8) **ARTICLE 8 – NOTICE**

- a) Notice to HOMEOWNER under this Agreement shall be made in writing and shall be served personally or by U.S. Mail, first-class, postage prepaid, to the address of the PROPERTY. Notice served personally shall be effective upon receipt and notice served by mail shall be deemed effective three (3) days after deposit in the U.S. Mail, postage prepaid.

9) **ARTICLE 9 - BINDING EFFECT**

- a) The rights and obligations of this Agreement shall bind and inure to the benefit of the respective heirs, successors and assigns of the parties.

10) **ARTICLE 10 - ATTORNEY'S FEES**

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

11) **ARTICLE 11 – SEVERABILITY**

- a) In the event that any provision, whether constituting a separate paragraph or whether contained in a paragraph with other provisions, is hereafter determined to be void and

unenforceable, it shall be deemed separated and deleted from the agreement and the remaining provisions of this Agreement shall remain in full force and effect.

12) ARTICLE 12 – WAIVER

- a) Failure by a party to insist upon the strict performance of any of the provisions of this Agreement by the other party, or the failure by a party to exercise its rights upon the default of the other party, shall not constitute a waiver of such party’s right to insist and demand strict compliance by the other party with the terms of this Agreement thereafter.

13) ARTICLE 13 - INTERPRETATION AND GOVERNING LAW

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

14) ARTICLE 14 - AUTHORITY TO EXECUTE

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

15) ARTICLE 15- ENTIRE AGREEMENT

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

16) ARTICLE 16 – COUNTERPARTS

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

17) ARTICLE 17 – ASSIGNMENT

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

18) ARTICLE 18 - AMENDMENTS AND MODIFICATIONS

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

19) ARTICLE 19 - JURISDICTION AND VENUE

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

20) ARTICLE 20- EFFECTIVE DATE

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

SIGNATURES ON THE FOLLOWING PAGE

IN WITNESS WHEREOF, **HOMEOWNER** has executed this Agreement.

HOMEOWNER

REDEVELOPMENT AGENCY

BORROWER'S NAME

Tom Fan, Principal Development Specialist

Date

Date

ALL SIGNATURES MUST BE NOTARIZED

CALIFORNIA ALL-PURPOSE ACKNOWLEDGEMENT

STATE OF CALIFORNIA }

COUNTY OF _____ }

On _____, before me, _____

personally appeared _____ who

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

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

WITNESS my hand and official seal.

Signature

Signature of Notary Public

Place Notary Seal Above

EXHIBIT G

NOTICE OF AFFORDABILITY

Recording Requested By:

When Recorded Return To and

Mail Tax Statements To:

Redevelopment Agency for the County of

Riverside

3403 10th Street, Ste. 500

Riverside, California 92501

Attn: Benjamin Cendejas

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

This Notice is to be recorded concurrently with recordation of affordability restriction.

In accordance with the California Health and Safety Code Section 33334.3(f)(3)(B), all new or substantially rehabilitated housing units developed or otherwise assisted, with moneys from the Low and Moderate Income Housing Fund, shall remain available at affordable housing cost to, and occupied by, persons and families of low or moderate income and very low-income and extremely low income households for the longest feasible time, but not less than forty-five (45) years for owner-occupied units that are occupied by and affordable to very low and low income households.

The Redevelopment Agency for the County of Riverside (“Agency”) and <Insert

homebuyers name> (“Owner”) have entered into a Covenant Agreement with an expiration of <Insert Date not less than forty-five (45) years from the close of escrow> is recorded <concurrently herewith / herewith under Recording No. instrument number on date recorded> in the Official Records of Riverside County, California, on the property located at <Insert Address>.

The real property in the County of Riverside, State of California, described as:

<Insert legal description>.

APN: <Insert APN>

REDEVELOPMENT AGENCY
FOR THE COUNTY OF RIVERSIDE

Dated _____

Tom Fan, Principal Development Specialist

CALIFORNIA ALL-PURPOSE ACKNOWLEDGEMENT

STATE OF CALIFORNIA }

COUNTY OF _____ }

On _____, before me, _____
personally appeared _____ who

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

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

WITNESS my hand and official seal.

Signature

Signature of Notary Public

Place Notary Seal Above