

120



**SUBMITTAL TO THE BOARD OF COMMISSIONERS
HOUSING AUTHORITY
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**

FROM: Housing Authority

SUBMITTAL DATE:
September 2, 2015

SUBJECT: Approve Allocation of Low and Moderate Income Housing Asset Funds in the Amount of \$80,663 to Provide Financial Assistance in the Form of Two Loans to Two Qualified Extremely Low Income Households to Purchase Mobile Homes to be Installed at the Villas de Josue Farmworker Mobile Home Park in Thermal, District 4, [\$80,663] Low and Moderate Income Housing Asset Funds 100%; CEQA Exempt

RECOMMENDED MOTION: That the Board of Commissioners:

1. Find that the project is exempt from California Environmental Quality Act (CEQA) pursuant to State CEQA Guidelines Sections 15061(b)(3), 15302, and 15303;
2. Approve the allocation of Low and Moderate Income Housing Asset Funds in the total amount of \$80,663.50 to provide financial assistance in the form of two loans (not to exceed \$40,331.75 per loan) to two qualified extremely low income households (with a preference for farmworkers) to purchase new mobile homes to be installed at the Villas de Josue Farmworker Mobile Home Park in Thermal, California;

(Continued)

Robert Field
Executive Director

FINANCIAL DATA	Current Fiscal Year:	Next Fiscal Year:	Total Cost:	Ongoing Cost:	POLICY/CONSENT (per Exec. Office)
COST	\$ 80,663	\$	\$ 80,663	\$	Consent <input type="checkbox"/> Policy <input checked="" type="checkbox"/>
NET COUNTY COST	\$	\$	\$	\$	

SOURCE OF FUNDS: Low and Moderate Income Housing Asset Funds 100%	Budget Adjustment: No
	For Fiscal Year: 2015/2016

C.E.O. RECOMMENDATION:

APPROVE

BY:
Rohini Dasika

County Executive Office Signature

MINUTES OF THE HOUSING AUTHORITY BOARD OF COMMISSIONERS

FORM APPROVED COUNTY COUNSEL
DATE 9/26/15
BY: GREGORY P. PRIAMOS

FISCAL PROCEDURES APPROVED
PAUL ANGLIO, CPA, AUDITOR-CONTROLLER
BY: Susana Garcia-Bocanegra
Departmental Concurrence

- A-30
- 4/5
- Vote
- Positions Added
- Change Order

Prev. Agn. Ref.:	District: 4	Agenda Number: 10-1
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SUBMITTAL TO THE BOARD OF COMMISSIONERS, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA

Housing Authority

FORM 11: Approve Allocation of Low and Moderate Income Housing Asset Funds in the Amount of \$80,663 to Provide Financial Assistance in the Form of Two Loans to Two Qualified Extremely Low Income Households to Purchase Mobile Homes to be Installed at the Villas de Josue Farmworker Mobile Home Park in Thermal, District 4, [\$80,663] Low and Moderate Income Housing Asset Funds 100%; CEQA Exempt

DATE: September 2, 2015

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RECOMMENDED MOTION: (Continued)

3. Approve the attached form of Promissory Note;
4. Authorize the Executive Director or designee to take all steps necessary to implement the allocation of \$80,663.50 in Low and Moderate Income Housing Asset Funds (LMIHAF) and the loans to two qualified extremely low income households, including, but not limited to signing subsequent necessary and relevant documents and agreements, and any subsequent amendments, provided that allocation of the LMIHAF is not increased above the amounts approved in this agenda item, and further provided that all documents, agreements and amendments are approved as to form by County Counsel; and
5. Direct Housing Authority of the County of Riverside staff to file the Notice of Exemption within five working days.

BACKGROUND:

Summary

The Housing Authority of the County of Riverside (Housing Authority) owns and operates the Villas de Josue Mobile Home Park (Mobile Home Park) located at 88100 Avenue 57, Thermal, CA 92274, acquired by the Housing Authority as an asset transfer from the former Redevelopment Agency for the County of Riverside (Former RDA). The Mobile Home Park is undergoing a variety of capital improvements to improve the quality of life for the existing farmworker families that currently reside in the Mobile Home Park.

The Mobile Home Park is comprised of 9 mobile home spaces/pads, 7 of which are currently rented by very low income families who own and occupy their mobile homes as their primary residence. Two of the 9 spaces are vacant. Upon acquiring the Mobile Home Park the Housing Authority demolished and removed 2 substandard and damaged mobile homes occupying the now vacant spaces. Housing Authority staff recommends providing financial assistance in the not to exceed amount of \$80,663.50 derived from its Low and Moderate Income Housing Asset Fund (LMIHAF) to provide loans to 2 qualified extremely low income households (with a preference for farmworkers) to pay a portion of the purchase price to acquire 2 new mobile homes to replace the aforementioned demolished units within the Mobile Home Park. Housing Authority staff further recommends utilizing the same criteria to select and qualify borrowers as utilized under the Former RDA's Mobile Home Tenant Loan Program, including, but not limited to, verification of borrower as an extremely low income household, certification that the borrower will utilize the mobile home as his/her primary residence, and the requirement that the borrower surrender their existing substandard mobile home due to the lack of structural capacity for repairs. The LMIHAF loan will provide much needed affordable housing to 2 extremely low income households in the Thermal area. The proposed allocation of \$80,663.50 is identified in the Housing Authority's fiscal year 2015/2016 budget which was approved by the Board of Commissioners.

Staff proposes that each LMIHAF loan provided to a qualified borrower not exceed \$40,331.75 and will be evidenced by a Promissory Note and secured by security instruments authorized by and filed with the California Department of Housing and Community Development (HCD).

(Continued)

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

Housing Authority

FORM 11: Approve Allocation of Low and Moderate Income Housing Asset Funds in the Amount of \$80,663 to Provide Financial Assistance in the Form of Two Loans to Two Qualified Extremely Low Income Households to Purchase Mobile Homes to be Installed at the Villas de Josue Farmworker Mobile Home Park in Thermal, District 4, [\$80,663] Low and Moderate Income Housing Asset Funds 100%; CEQA Exempt

DATE: September 2, 2015

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BACKGROUND:

Summary

(Continued)

The proposed form of Promissory Note is attached. The proposed loan terms are as follows, (i) 45 year loan term, (2) zero interest, (3) deferred payment during term, (4) loan forgiveness upon expiration of term provided borrower is not in default of the promissory note and/or Housing Authority security instruments, and (5) requirement that the mobile home is the borrower's primary residence. The surrendered mobile homes will be required to be tested for lead and asbestos and any positive results will have to be abated properly followed by demolition. The testing, abatement of any positive results and demolition will be included as approved expenditures in the respective LMIHAF loan. Housing Authority staff anticipates that the total cost (including closing costs) to acquire a mobile home will not exceed \$70,000 per household.

The Riverside Community Housing Corp.(RCHC) will also provide additional financing to the qualified extremely low income households in the form of junior loans, not exceeding \$29,668.25 per borrower (for a total aggregate amount of \$59,336.50) to be used to pay the remaining balance of the purchase price for the 2 mobile homes. The aforementioned RCHC financing was allocated in RCHC's fiscal year 2015/2016 budget approved by its board.

Pursuant to the California Environmental Quality Act (CEQA), the proposed allocation of \$80,663.50 in LMIHAF's to provide financial assistance to 2 qualified extremely low income households to acquire mobile homes to be installed in the Mobile Home Park and used for housing purposes (Project) was reviewed and determined to be categorically exempt from CEQA under State CEQA Guidelines Section 15302, Class-2 Replacement or Reconstruction Exemption, Section 15303, Class-3 New Construction or Conversion of Small Structures Exemption, and Section 15061 (b)(3), General Rule or "Common Sense" Exemption. The Project is exempt in accordance with State CEQA Guidelines Section 15302 because the allocation and loan of funds to qualified borrowers will be used to acquire new mobile units to replace the substandard and damaged mobile units demolished by the HACR when they acquired the Mobile Home Park. The new mobile homes will be located on the same site as the mobile homes to be replaced and will have substantially the same purpose and capacity as the mobile home replaced (single family housing, 990 square feet). The Project is also exempt in accordance with State CEQA Guidelines Section 15303 which allows exemptions for new construction of single family residences. Lastly, the Project is exempt in accordance with State CEQA Guidelines Section 15061 (b)(3), in that it can be seen with certainty that there is no possibility that the allocation of \$80,663.50 in LMIHAF's and the installation of the new mobile homes may have a significant effect on the environment, as the allocation of LMIHAF's and related loans will only have financial effects and the installation and use of the mobile homes as single family homes is the same use as their demolished counterparts and no expansion of the use will occur, which will not lead to any direct or reasonably indirect physical environmental impacts. A Notice of Exemption will be filed by HACR staff with the County Clerk within 5 days of the approval of the allocation of LMIHAF.

Staff recommends approval of the allocation of \$80,663.50 in Low and Moderate Income Housing Asset Funds to provide financial assistance in the form of loans to 2 qualified extremely low income households to acquire two new mobile homes. Staff also recommends approval of the proposed form of Promissory Note.

Impact on Citizens and Businesses

(Commences on Page 4)

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

Housing Authority

FORM 11: Approve Allocation of Low and Moderate Income Housing Asset Funds in the Amount of \$80,663 to Provide Financial Assistance in the Form of Two Loans to Two Qualified Extremely Low Income Households to Purchase Mobile Homes to be Installed at the Villas de Josue Farmworker Mobile Home Park in Thermal, District 4, [\$80,663] Low and Moderate Income Housing Asset Funds 100%; CEQA Exempt

DATE: September 2, 2015

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Impact on Citizens and Businesses

The mobile homes will provide decent, safe and sanitary housing opportunities to extremely low income households that would otherwise not qualify for an affordable home ownership opportunity.

Attachments

Site Map Villas de Josue Mobile Home Park
Form of Promissory Note

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

Housing Authority

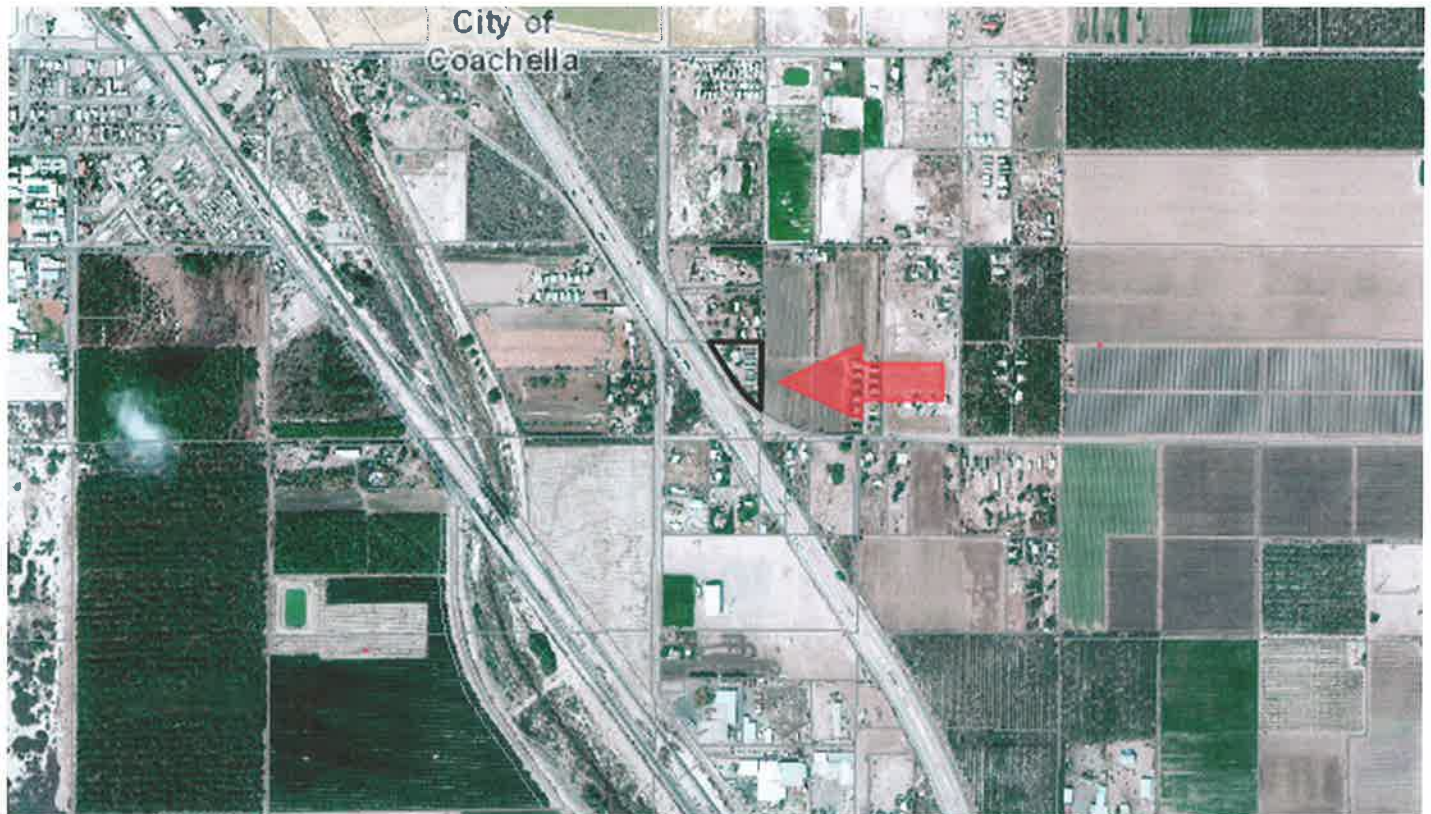
FORM 11: Approve Allocation of Low and Moderate Income Housing Asset Funds in the Amount of \$80,663 to Provide Financial Assistance in the Form of Two Loans to Two Qualified Extremely Low Income Households to Purchase Mobile Homes to be Installed at the Villas de Josue Farmworker Mobile Home Park in Thermal, District 4, [\$80,663] Low and Moderate Income Housing Asset Funds 100%; CEQA Exempt

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ATTACHMENT A

**Villas de Josue Mobile Home Park
88100 Avenue 57
Thermal, CA 92274
APN- 757-110-023**





CEQA Notice of Exemption

To: Office of Planning and Research
1400 Tenth Street, Room 121
Sacramento, CA 95814

County Clerk
2724 Gateway Drive
Riverside, CA 92507

From: Riverside County Economic Development Agency
5555 Arlington Avenue
Riverside, CA 92504

Project Title: Villas de Josue Farmworker Mobile Home Park

Location – Address: 88100 Avenue 57, Thermal,

– **City, State, Zip Code:** Thermal, CA 92274

– **Assessor Parcel Number(s):** 757-110-023

– **County:** County of Riverside

Project Description – Nature, Purpose and Beneficiaries:

The Housing Authority of the County (HACR) of Riverside and the Riverside Community Housing Corp. (RCHC) will be jointly providing funding from the HACR's Low and Moderate Income Housing Fund and the RCHC loan fund to provide financial assistance in the form of two loans to two qualified extremely low income households to purchase mobile homes to be installed at the Villas de Josue Farmworker Mobile Home Park. The Villas de Josue Farmworker Mobile Home Park is owned and operated by the HACR, is comprised of 9 mobile home spaces/pads, 7 of which are currently rented by very low income families who own and occupy their mobile homes as their primary residence. The HACR and RCHC assisted units will be restricted for a period of at least forty five (45) years from the date of the promissory note.

Name of Public Agency Approving Project: Housing Authority of the County of Riverside

Name of Person/Agency Carrying Out Project: Housing Authority of the County of Riverside

Exempt Status: (Check one and Cite Section)

- Statutory Exemption:
- Categorical Exemption: State CEQA Guidelines,
Sections 15061 (b)(3), 15302 and 15303
- General Rule:
- Disapproved Project:

Reasons why project is exempt:

The Project is exempt in accordance with State CEQA Guidelines Section 15302 because the allocation and loan of funds to qualified borrowers will be used to acquire new mobile units to replace the substandard and damaged mobile units demolished by the HACR when they acquired the Mobile Home Park. The new mobile homes will be located on the same site as the mobile homes to be replaced and will have substantially the same purpose and capacity as the mobile home replaced (single family housing, 990 square feet). The Project is also exempt in accordance with State CEQA Guidelines Section 15303 which allows exemptions for new construction of single family residences. Lastly,

the Project is exempt in accordance with State CEQA Guidelines Section 15061 (b)(3), in that it can be seen with certainty that there is no possibility that the allocation of \$80,663.50 in LMIHAF's and the installation of the new mobile homes may have a significant effect on the environment, as the allocation of LMIHAF's and related loans will only have financial effects and the installation and use of the mobile homes as single family homes is the same use as their demolished counterparts and no expansion of the use will occur, which will not lead to any direct or reasonably indirect physical environmental impacts.

Lead Agency Contact:

Name: Heidi Marshall
Title: Assistant Director

Signature: 
Telephone: (951) 343-5409

Date: 8/27/2015

Prepared By:

Name: Juan Garcia
Title: Senior Development Specialist

Signature: 
Telephone: (760) 863-2541

Date: 8/27/15

1 **HOUSING AUTHORITY OF THE COUNTY OF RIVERSIDE**

2 **MOBILE HOME TENANT LOAN**

3 **PROMISSORY NOTE AND SECURITY AGREEMENT**

4

5 Principal:	6 Loan Date:	7 Maturity: Forty-Five Years	8 Collateral: Vehicle Lien	9 Loan Number:
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10 **Borrower:**

11 **Lender:**

Housing Authority of the
County of Riverside

A Public Entity, Corporate and
Politic

5555 Arlington Avenue
Riverside, CA 92504

12

13 **Principal
Amount**

**Interest
Rate:** 0.00%

**Origination
Date:**

14

15

16 FOR VALUE RECEIVED, the undersigned, _____ ("BORROWER") hereby

17 promises to pay to the order of the Housing Authority of the County of Riverside, a public

18 entity, corporate and politic ("LENDER") at the following address 5555 Arlington Avenue,

19 RIVERSIDE, CA 92504 or at such other place as the holder may from time to time designate

20 by written notice to BORROWER, in lawful money of the United States, the sum of

21 _____ DOLLARS (\$_____) with

22 simple interest at the rate of ZERO percent per annum on the unpaid principal balance from

23 the date of this Promissory Note ("NOTE"), until paid. The obligation of the BORROWER

24 with respect to this NOTE is secured by that certain "TBD" Manufactured Home

25 manufactured by FLEETWOOD in the year of _____ having the Serial Number(s) CAL-TBD, CAF

26 CAL-TBD, the HUD Label / HCD Insignia Number(s) PFS-TBD, PFS-TBD and physically

27 located at the address of _____, Space _____,

28 ("MANUFACTURED HOME").

- 1 1) **BORROWER'S OBLIGATION.** This NOTE evidences the obligation of the BORROWER to
2 the LENDER for repayment of funds loaned ("MHTL LOAN") to finance the demolition of
3 an existing mobile home unit and the acquisition of and replacement with the
4 MANUFACTURED HOME.
- 5 2) **BORROWER ACKNOWLEDGES AND AGREES.** BORROWER acknowledges and agrees
6 that the MHTL LOAN is subject to the terms, conditions, and restrictions as set forth by
7 the Housing Authority of the County of Riverside.
- 8 3) **AFFORDABILITY.** It is intended that the MANUFACTURED HOME will remain as an
9 affordable home for a prescribed length of time, and, in the event that the
10 MANUFACTURED HOME is sold during this time period or used for purposes other than
11 BORROWER's principal place of residence, the LENDER will have a right of first refusal to
12 purchase said property at a price agreed to between the parties. If the LENDER chooses
13 not to exercise this right, the MHTL Loan shall become due and payable from the net
14 proceeds of the sale. This affordability requirement shall remain in effect for 45 years from
15 the date of this NOTE.
- 16 4) **LOAN TERMS.** The term of this NOTE is forty-five (45) years.
- 17 5) **REPAYMENT OF LOAN PRINCIPAL AND INTEREST.** No periodic payments are required
18 hereunder. BORROWER agrees to pay the unpaid principal balance, unpaid accrued
19 interest, and any other amounts due under the NOTE upon the earlier of:
20 a) Forty-five (45) years from the date of this NOTE; or
21 b) Upon refinancing of any debt that is secured by a lien on the MANUFACTURED
22 HOME; or
23 c) Upon sale, transfer, lease, or encumbrance of all or any interest in the
24 MANUFACTURED HOME; or
25 d) Upon BORROWER's failure to occupy the MANUFACTURED HOME as BORROWER's
26 principal place of residence.
- 27 6) **FORGIVENESS OF NOTE.** Provided that Borrower is not in default under the terms of this
28

1 Note or Loan Documents, the Note shall be forgiven in its entirety by the Housing
2 Authority of the County of Riverside forty-five (45) years from the date of the close of
3 escrow. Nothing contained in this paragraph shall be construed as a promise by the
4 Lender to forgive or relinquish the right to seek repayment of the Note.

5 7) **SECURITY INTEREST.** BORROWER hereby grants to LENDER a security interest in the
6 MANUFACTURED HOME and any property added or attached to it, under the Mobile
7 Home Residency Law (Civil Code Section 798 et seq.) and under the applicable California
8 certificate of title law or Uniform Commercial Code, to secure BORROWER's obligations
9 under this NOTE. BORROWER also grants to LENDER a security interest in any interest
10 BORROWER may have in premium refunds or proceeds under any insurance covering
11 the MANUFACTURED HOME. BORROWER further agrees to execute any application for
12 certificate of title or ownership, financing statement, or other document necessary to
13 perfect LENDER's security interest in the MANUFACTURED HOME. The security interest
14 under this NOTE secures payment of all of the BORROWER's indebtedness, including
15 debts, obligations or liabilities which now exist or are hereafter created, and whether they
16 are absolute or contingent, and includes future advances.

17 8) **TITLE.** BORROWER represents and warrants that BORROWER will be the registered
18 owner on title to the MANUFACTURED HOME upon disbursement of MHTL LOAN funds,
19 which are evidenced by this NOTE.

20 9) **PROTECTION OF THE MANUFACTURED HOME.** BORROWER shall with respect to the
21 MANUFACTURED HOME:

- 22 a) Keep it in good condition and repair;
- 23 b) Not commit waste on it or any property added to it;
- 24 c) No use it for any unlawful purpose;
- 25 d) Not remove, nor permit to be removed, any part of it or any property added or
26 attached to it from the above stated physical address without the prior written
27 consent of LENDER;
- 28 e) Pay all taxes, charges and space rent due for it and the real estate it is located on;

- 1 f) Not move, sell, lease or otherwise transfer title to it;
- 2 g) Not attach it to any real estate and to maintain it as personal property;
- 3 h) Not sell, assign or create or permit to exist any lien on or security interest in it in favor
- 4 of anyone other than LENDER, unless LENDER consents thereto in advance in
- 5 writing;
- 6 i) Remove, upon LENDER's request, any unauthorized lien or security interest in it, and
- 7 defend any claim affecting it;
- 8 j) Pay all charges against it, including but not limited to taxes, assessments,
- 9 encumbrances, rents, and insurance, and provide the LENDER written evidence of
- 10 such, upon BORROWER's failure to do so, LENDER may pay any such charge as it
- 11 deems necessary and add the amount paid to the indebtedness of BORROWER
- 12 secured hereunder;
- 13 k) Pay all charges against it, including but not limited to taxes, assessments,
- 14 encumbrances, rents, and insurance, and upon BORROWER's failure to do so,
- 15 LENDER may pay any such charge as it deems necessary and add the amount paid to
- 16 the indebtedness of BORROWER secured hereunder; and
- 17 l) Permit LENDER and LENDER's representatives to inspect it any reasonable time and
- 18 upon reasonable notice.
- 19

20 10) **INSURANCE.** BORROWER shall keep the MANUFACTURED HOME insured against such
21 amounts as LENDER may reasonably require with an insurance company satisfactory to
22 LENDER. BORROWER shall name LENDER as loss payee on the policy. BORROWER
23 shall provide LENDER written evidence of insurance upon close of escrow, and each year
24 thereafter shall provide the LENDER written evidence of insurance as long as the MHTL
25 LOAN is outstanding. BORROWER will forward a copy of the renewed insurance policy to
26 5555 Arlington Avenue, Riverside, CA 92504 Attention: HACR MHTL Coordinator.
27 BORROWER agrees that the insurance company may make any payments due under the
28 policy directly to LENDER, and BORROWER hereby directs the insurance company to do

1 so. LENDER may take whatever steps it deems necessary to insure that any proceeds of
2 the insurance will be used to repair the MANUFACTURED HOME or pay off this NOTE.
3 BORROWER hereby gives LENDER Power of Attorney, solely for the purpose of collecting
4 insurance proceeds. This Power of Attorney shall not be subject to cancellation.

5 If BORROWER fails to obtain, maintain or pay for the required insurance, or if
6 BORROWER fails to name LENDER as loss payee, LENDER may treat that as a default of
7 BORROWER's obligations under this NOTE, and LENDER may (but is not required to)
8 purchase such insurance. If LENDER purchases such insurance, BORROWER will
9 immediately repay LENDER for any amount LENDER spends in purchasing the insurance
10 or, at LENDER's option, pay LENDER over time as a workout of the obligation upon
11 reasonable notice.

12 11) **Transfer of the MANUFACTURED HOME or a Beneficial Interest in Borrower.** If all or
13 any part of the MANUFACTURED HOME or any interest in it is sold or transferred
14 without LENDER's prior written consent, LENDER may, at its option, require immediate
15 payment in full of all sums secured by this NOTE. The LENDER shall not exercise this
16 option if federal law as of the date of this NOTE prohibits the exercise. If the LENDER
17 exercises this option, LENDER shall give BORROWER and the Senior Lien Holder prior
18 written notice of acceleration. The notice shall provide a period of not less than 30 days
19 from the date the notice is delivered or mailed within which the BORROWER must pay all
20 sums secured by this NOTE. If BORROWER fails to pay these sums prior to the
21 expiration of this period, LENDER may invoke any remedies permitted by this NOTE
22 without further notice or demand on BORROWER.

23 12) **Assumption.** The MHTL LOAN is not assumable except under the following limited
24 circumstances:

- 25 a) The transfer of the MANUFACTURED HOME to the surviving joint tenant by devise,
26 descent or operation of the law, on the death of a joint tenant.
- 27 b) A transfer of the MANUFACTURED HOME where the spouse becomes an owner of the
28 property;

- 1 c) A transfer of the MANUFACTURED HOME resulting from a decree of dissolution of
2 marriage, legal separation or from an incidental property settlement agreement by
3 which the spouse becomes an owner of the MANUFACTURED HOME.
- 4 d) A transfer to an inter vivo trust in which the BORROWER is the named Trustee and
5 occupant of the MANUFACTURED HOME.
- 6 e) If the subsequent purchaser of the MANUFACTURED HOME is an eligible very low-
7 income household as by the LENDER and has received prior written approval from the
8 LENDER.

9 Any sale, transfer, lease, or family trusts transfer of any part of the MANUFACTURED
10 HOME not authorized by the LENDER in writing will permit the LENDER to exercise a
11 due-on-sale clause.

12 13) **EVENTS OF DEFAULT.** Any of the following shall constitute an event of default under
13 this NOTE:

- 14 a) BORROWER fails to make any payment due hereunder on time.
- 15 b) BORROWER ceases to occupy the MANUFACTURED HOME as BORROWER's
16 principal place of residence. BORROWER's failure to occupy the MANUFACTURED
17 HOME as BORROWER's principal place of residence shall be considered an on-going
18 event of default under this NOTE.
- 19 c) BORROWER fails to perform any obligation set forth in this NOTE.
- 20 d) BORROWER fails to pay space rent, utilities and related charges payable to a landlord
21 or mobile home park where the MANUFACTURED HOME is located.
- 22 e) BORROWER files an action, or someone else files a case against BORROWER, in U.S.
23 Bankruptcy Court.
- 24 f) Any of BORROWER's representations or warranties in this NOTE or in BORROWER's
25 application for the MHTL LOAN shall prove to have been untrue in any material
26 respect when made; or the BORROWER shall have concealed any material fact from
27 the LENDER; or any of the BORROWER's representations or warranties in this NOTE
28 or in BORROWER's application for the MHTL LOAN shall cease to be true and shall

1 remain untrue for fifteen (15) days after notice of such change to BORROWER by
2 LENDER or upon notice to LENDER by any other means.

3 g) LENDER in good faith considers itself insecure because the prospect of payment is
4 impaired, or the prospect of LENDER's security interest in the MANUFACTURED
5 HOME is impaired.

6 14) **REMEDIES.** In the event of default under this NOTE, after any notice period required by
7 state or federal law, LENDER may:

8 a) Declare all sums secured by this NOTE immediately due and payable. Failure of the
9 holder to exercise this option in the event of subsequent cause for acceleration. After
10 acceleration, all sums due and payable shall bear interest at the rate of 0.00% per
11 annum from date all sums becomes due until paid.

12 b) Incur expenses, including reasonable attorney's fees and legal expenses, to exercise
13 any right or power under the NOTE.

14 c) Perform any obligation of the BORROWER and make any payments, purchase, or
15 compromise any encumbrance, charge or lien, and pay taxes and expenses.

16 d) Exercise rights of set off.

17 e) Retain the MANUFACTURED HOME in satisfaction of the obligation, dispose of the
18 MANUFACTURED HOME and apply the proceeds of disposition, including provision
19 for reasonable attorney's fees and legal expenses incurred by LENDER. It is further
20 agreed, subject to applicable law, that upon any sale of the MANUFACTURED HOME
21 according to law, or under the power herein given, that LENDER may bid at said sale,
22 or purchase the MANUFACTURED HOME, or any part thereof at said sale.

23 15) **PLACE AND MANNER OF PAYMENT.** All amounts due and payable under this NOTE are
24 payable at the principal office of the LENDER set forth above, or at such other place or
25 places as the LENDER may designate to the BORROWER in writing from time to time.

26 16) **APPLICATION OF PAYMENTS.** All payments received on account in this NOTE shall be
27 first applied to accrued interest, if any, and the remainder shall be applied to the
28 reduction of principal.

1 17) **ATTORNEY'S FEES.** The BORROWER hereby agrees to pay all costs and expenses,
2 including reasonable attorney's fees, which may be incurred by the LENDER in the
3 enforcement of this NOTICE.

4 18) **NOTICES.** Except as may be otherwise specified herein, any approval, notice, direction,
5 consent, request or other action by the LENDER shall be in writing and must
6 communicated to the BORROWER at the address of the MANUFACTURED HOME, or at
7 such other place or places as BORROWER shall designate to the LENDER in writing, from
8 time to time, for the receipt of communications from the LENDER. Mailed notices shall be
9 deemed delivered and received five (5) working days after deposit in the United States
10 mail in accordance with this provision.

11 19) **PREPAYMENT POLICY.** BORROWER may prepay this NOTE at any time without
12 penalty.

13 20) **BORROWER'S WAIVER.** BORROWER waives any right to require LENDER to proceed
14 against another person or to pursue any other remedy that the LENDER may have.
15 BORROWER waives presentment, demand for performance, notice of nonperformance,
16 protest, notice of protest, and dishonor with respect to the MANUFACTURED HOME.
17 BORROWER waives the right to require the LENDER to preserve rights against prior
18 parties to instruments or chattel paper. Notwithstanding the provision of Paragraph 10
19 above, BORROWER also waives any right to notice of an event of default under this NOTE
20 if BORROWER has voluntarily surrendered or abandoned the MANUFACTURED HOME.

21 21) **GOVERNING LAW.** The NOTE shall be construed in accordance with and be governed by
22 the laws of the State of California.

23 22) **SEVERABILITY.** If any provision of this NOTE shall be invalid, illegal or unenforceable,
24 the validity, legality and enforceability of the remaining provisions hereof shall not in any
25 way be affected or impaired thereby.

26 23) **NO WAIVER BY THE LENDER.** No waiver of any breach, default or failure of condition
27 under the terms of the NOTE shall thereby be implied from any failure of the LENDER to
28 take, or any delay by the LENDER in taking action with respect to such breach, default or

1 failure or from any previous waiver of any similar unrelated breach, default or failure; and
2 a waiver of any term of the NOTE or any of the obligations secured thereby must be made
3 in writing and shall be limited to the express written terms of such waiver.

4 24) **SUCCESSORS AND ASSIGNS.** The promises and agreements herein contained shall bind
5 and inure to the benefit of, as applicable, the respective heirs, executors, administrators,
6 successors and assigns of the parties.

7 25) **GENERAL PROVISIONS.** If more than one BORROWER executes this NOTE, the
8 obligations hereunder are joint and several. All words used herein in the singular shall be
9 deemed to have been used in the plural when the context and construction so require.
10 Any married person who signs the NOTE expressly agrees that, to the extent permitted by
11 applicable law, recourse may be had against the MANUFACTURED HOME and/or his/her
12 separate property for all of his / her obligations to LENDER.

13 26) **SUBORDINATION.** The indebtedness evidenced by this NOTE, and any other financial
14 obligations which may be imposed by the LENDER, are subordinate to the indebtedness
15 evidenced by a Promissory Note payable to a Senior Lienholder, the Housing Authority of
16 the County of Riverside ("First Note"). LENDER and BORROWER acknowledge and agree
17 that this NOTE is subject and subordinate in all respects to the liens, terms, covenants and
18 conditions of the First Note and to all advances heretofore made pursuant to the First Note
19 including all sums advanced for the purpose of (a) protecting or further securing the lien of
20 the First Note, curing defaults by the BORROWER under the First Note or for any other
21 purpose expressly permitted by the First Note or (b) constructing, renovating, repairing,
22 furnishing, fixtures or equipping the MANUFACTURED HOME. The terms and provisions
23 of the First Note are paramount and controlling, and they supersede any other terms and
24 provisions herein conflict therewith.

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26
27 **(Signatures on Next Page)**
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1 Executed as of the date set forth above at _____, California.

2 PRIOR TO SIGNING THIS NOTE, BORROWER READ AND UNDERSTOOD ALL THE
3 PROVISIONS OF THIS NOTE. BORROWER AGREES TO THE TERMS OF THE NOTE AND
4 ACKNOWLEDGES RECEIPT OF A COMPLETED COPY OF THE NOTE.

5 BORROWER:

BORROWER:

6 _____
7 _____
8 Name Name

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FORM APPROVED COUNTY COUNSEL
BY: Jhaila R. Brown 8-27-15
JHAILA R. BROWN DATE