

FORM APPROVED COUNTY COUNSEL
BY: Jhala R. Brown 1/15/14
DATE

Departmental Concurrence

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

127



FROM: Housing Authority

SUBMITTAL DATE:
January 15, 2014

SUBJECT: First Amendment to the Disposition and Development Agreement – Infill Housing Development Project in the City of Jurupa Valley, District 2, [\$0]

RECOMMENDED MOTION: That the Board of Commissioners:

1. Approve the attached First Amendment to Disposition and Development Agreement, including all exhibits attached thereto;
2. Authorize the Chairman of the Board of Commissioners to execute the attached First Amendment to Disposition and Development Agreement;
3. Authorize the Assistant County Executive Officer/EDA or designee to execute subordination agreements in favor of a senior lender, in connection with a qualified homebuyer's purchase of a single family home located on the property which is the subject of the First Amendment, subject to approval by County Counsel; and.

(Continued)

Robert Field
Executive Director

FINANCIAL DATA	Current Fiscal Year:	Next Fiscal Year:	Total Cost:	Ongoing Cost:	POLICY/CONSENT (per Exec. Office)
COST	\$ 0	\$ 0	\$ 0	\$ 0	Consent <input type="checkbox"/> Policy <input checked="" type="checkbox"/>
NET COUNTY COST	\$ 0	\$ 0	\$ 0	\$ 0	
SOURCE OF FUNDS: N/A				Budget Adjustment: No	
				For Fiscal Year: 2013/14	

C.E.O. RECOMMENDATION:

APPROVE

BY:
Rohini Dasika

County Executive Office Signature

MINUTES OF THE HOUSING AUTHORITY BOARD OF COMMISSIONERS

On motion of Supervisor Stone, seconded by Supervisor Ashley and duly carried by unanimous vote, IT WAS ORDERED that the above matter is approved as recommended.

Ayes: Jeffries, Tavaglione, Stone, Benoit and Ashley
Nays: None
Absent: None
Date: January 28, 2014
xc: Housing

Kecia Harper-Ihem
Clerk of the Board
By:
Deputy

2014 JAN 21 PM 3:18

Prev. Agn. Ref.: 10.1 of 10/8/2013; 10.2 of 6/6/2006

District: 2/2

Agenda Number:

10-4

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

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

Housing Authority

FORM 11: First Amendment to the Disposition and Development Agreement – Infill Housing Development Project in the City of Jurupa Valley, District 2, [\$0]

DATE: January 15, 2014

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RECOMMENDED MOTION: (Continued)

4. Authorize the Assistant County Executive Officer/EDA or designee to take all necessary steps to implement the First Amendment including, but not limited to, executing all of the exhibits to the First Amendment, and signing subsequent necessary and relevant documents, subject to County Counsel approval

BACKGROUND:

Summary

On June 6, 2006, the former Redevelopment Agency for the County of Riverside (RDA) approved a Disposition and Development Agreement (DDA) with the Housing Authority of the County of Riverside (HACR) to develop real property located in Riverside County's former Jurupa Valley redevelopment project area between Bellegrave Avenue and 48th Street, east of Martin Street, also known as APNs: 159-061-025 and 159-061-022 ("Property") for the purpose of developing two single family homes ("Single Family Homes") to be sold to qualified low income first time home buyers creating affordable homeownership opportunities ("Project"). Pursuant to the DDA, HACR acquired the Property from the former RDA via Grant Deed recorded on May 11, 2007. On July 1, 2011, the City of Jurupa Valley incorporated and on February 1, 2012, California redevelopment agencies were dissolved by operation of law.

Pursuant to Assembly Bill (AB) 1X 26, the redevelopment dissolution bill, the County of Riverside Board of Supervisors adopted Resolution No. 2012-035 on January 10, 2012, which designated the HACR as housing successor to the former RDA. Subsequently, the HACR Board of Commissioners accepted, via adoption of Resolution No. 2012-001, the responsibility for performing all activities as the housing successor to the former RDA. HACR has assumed the rights and obligations of the former RDA under the DDA, and also continues to retain its original development obligations.

The DDA includes, among other things, a subsidy from the Authority for the development cost of each Single Family Home in the amount of \$175,000 per home. In addition, pursuant to the DDA, the Project is subject to State prevailing wages. However, under Title 24, Code of Federal Regulations 965.101 (a), public housing agencies, such as HACR, are exempt from State prevailing wage requirements and are subject to Davis-Bacon Act wage requirements. Pursuant to the federal regulation, the staff is requesting to revise the terms of the DDA and replace State prevailing wage requirements with Davis-Bacon Act wage requirements.

Housing market conditions have changed since the DDA was approved and property values have increased. The anticipated sales price for each Single Family Home significantly exceeds the purchase price limits established by the Department of Housing and Urban Development for similarly subsidized projects. Based on the analysis of the anticipated sales price and available financing options, staff recommends increasing the household income limit restrictions from low income households to moderate-income households and providing a loan to a qualified homebuyers in an amount not to exceed (30%) thirty percent of the purchase price up to a maximum of \$75,000, to be used as down payment assistance for the homebuyer ("Down Payment Assistance"). The Down Payment Assistance will be evidenced by a Promissory Note in favor of HACR, which note will be secured by a Deed of Trust executed for the benefit of HACR, forms of which are each attached hereto.

(Continued)

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

Housing Authority

FORM 11: First Amendment to the Disposition and Development Agreement – Infill Housing Development Project in the City of Jurupa Valley, District 2, [\$0]

DATE: January 15, 2014

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BACKGROUND:

Summary (continued)

In conjunction with the down payment assistance, staff recommends modifying the existing ongoing resale restrictions to include a recapture provision where the principal amount of the down payment assistance becomes due and must be repaid and the equity shared upon the sale, transfer, lease, or any other disposition, including refinancing or incurring of any additional debt secured by the Single Family Home within a 45 year affordability period which commences upon the close of escrow for such home. The recapture provisions and the affordability and re-sale restrictions are set forth in the proposed First Amendment to the Disposition and Development Agreement and Agreement Containing Covenants Affecting Real Property, each attached hereto.

Proposed amendments to the Disposition and Development Agreement are provided below:

1. Replace State prevailing wage requirements with Davis-Bacon Act wage requirements pursuant to Title 24, Code of Federal Regulations 965.101(a);
2. Restrict the sale of each Single Family Home to Low or Moderate-Income Households (as defined in the First Amendment);
3. Provide down payment assistance loans to qualified homebuyers in an amount not to exceed 30% of the purchase price up to maximum of \$75,000; and
4. Add recapture provisions where the principal amount of the down payment assistance becomes due and must be repaid to HACR and the equity shared upon the sale, transfer, lease, or any other disposition of the Single Family Home within the 45 year affordability period as set forth in the Agreement Containing Covenants Affecting Real Property.

County Counsel has reviewed and approved the attached First Amendment to Disposition and Development Agreement, including the following exhibits attached thereto, Agreement Containing Covenants Affecting real Property, Promissory Note, Deed of Trust, Itemization of Amount Financed, Notice of Affordability Restrictions and Notice of Default. Staff recommends that the Board of Commissioners approve the First Amendment to Disposition Agreement and all of the exhibits attached thereto.

Impact on Residents and Businesses

The amendments provided for in the First Amendment to Disposition and Development Agreement will assist HACR in providing additional affordable housing opportunities to residents in the City of Jurupa Valley and the County of Riverside. Furthermore, the Project will generate construction jobs and provide additional property tax revenue to local jurisdictions.

SUPPLEMENTAL:

Additional Fiscal Information

No general funds will be used for this project and no budget is required. Any down payment assistance provided to the qualified homebuyers will be deducted from the proceeds of the sale of each Single Family Home.

(Continued)

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

Housing Authority

FORM 11: First Amendment to the Disposition and Development Agreement – Infill Housing Development Project in the City of Jurupa Valley, District 2, [\$0]

DATE: January 15, 2014

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ATTACHMENTS:

- Exhibit A First Amendment to Disposition and Development Agreement
- Exhibit B Form of Agreement Containing Covenants Affecting Real Property
- Exhibit C Form of Promissory Note
- Exhibit D Form of Deed of Trust
- Exhibit E Form of Itemization of Amounts Financed
- Exhibit F Form of Notice of Affordability Restrictions
- Exhibit G Form of Notice of Default

**FIRST AMENDMENT TO
DISPOSITION AND DEVELOPMENT AGREEMENT**

This First Amendment to Disposition and Development Agreement ("First Amendment") is made and entered into this 28 day of January, 2014 by the HOUSING AUTHORITY OF THE COUNTY OF RIVERSIDE ("HOUSING SUCCESSOR"), a public entity, corporate and politic, in its capacity as housing successor to the former Redevelopment Agency for the County of Riverside ("AGENCY"), and the HOUSING AUTHORITY OF THE COUNTY OF RIVERSIDE, a public entity, corporate and politic ("AUTHORITY"). The HOUSING SUCCESSOR and the AUTHORITY are individually referred to herein as a "Party" and collectively as the "Parties."

WITNESSETH:

WHEREAS, the AUTHORITY owns that certain real property located in the City of Jurupa Valley between Bellegrave Avenue and 48th Street, east of Martin Street, also known as Assessor Parcel Numbers 159-061-025 and 159-061-022 and as described in the legal description attached hereto as Exhibit "A" and incorporated herein by this reference ("Property"); and

WHEREAS, AGENCY and AUTHORITY entered into that certain Disposition and Development Agreement dated June 6, 2006 ("DDA") for the development and construction of two new single-family homes on the Property for sale to qualified Low Income Households (as defined in the DDA) which are First Time Home Buyers (defined in the DDA) (the "Project"). All capitalized terms not defined herein shall have the meaning ascribed to such terms in the DDA; and

WHEREAS, Assembly Bill No. x1 26, as modified by Assembly Bill No. 1484 ("Dissolution Act"), added Parts 1.8 and 1.85 to Division 24 of the California Community Redevelopment Law (Health and Safety Code sections 33000 et seq., the "CRL"). As a result of the Dissolution Act, the AGENCY was dissolved on February 1, 2012 such that the Agency is now deemed a former redevelopment agency under

1 Health and Safety Code section 34173; and

2 WHEREAS, pursuant to Health and Safety Code Section 34176 (a), and
3 Authority Resolution Nos. 2012-035, 2012-001 and 2012-005, all housing functions
4 previously performed by the former AGENCY, including related rights, powers, duties,
5 obligations, and housing assets (excluding amounts in the Low and Moderate Income
6 Housing Fund and enforceable obligations retained by the successor agency) were
7 transferred to the Authority, as housing successor, including the AGENCY'S rights and
8 obligations under the DDA. The HOUSING SUCCESSOR is now the "Agency" under
9 the DDA. The AUTHORITY remains the "Developer" under the DDA; and

10 WHEREAS, the Authority is a United States Department of Housing and Urban
11 Development ("HUD") certified public housing agency ("PHA") ; and

12 WHEREAS, pursuant to Section 13 of the DDA, the Project is subject to State
13 prevailing wages; and

14 WHEREAS, pursuant to Title 24, Code of Federal Regulations Section
15 965.101(a), upon satisfaction of certain conditions set forth therein, a prevailing wage
16 rate including basic hourly rate and any fringe benefits determined under State law
17 shall be inapplicable to a contract or PHA performed work item for the development,
18 maintenance, and modernization of a project; and

19 WHEREAS, the Parties wish to amend the DDA to replace the State prevailing
20 wage requirements with Davis-Bacon Act wage requirements pursuant to Title 24,
21 Code of Federal Regulations Section 965.101(a); and

22 WHEREAS, housing market conditions have changed since the DDA was
23 originally executed and property values adjacent to the Property have increased,
24 significantly increasing (i) the anticipated sales price of the homes to be developed as
25 part of the Project, and (ii) available financing options; and

26 ///

27 ///

28 ///

1 WHEREAS, the Parties desire to amend the DDA to increase the household
2 income limitations for the First Time Homebuyers from Low Income Households to
3 Low or Moderate Income Households (as defined below) to increase affordable
4 homeownership opportunities; and

5 WHEREAS, the AUTHORITY desires to provide, to qualified applicants, a loan
6 in an amount not to exceed thirty percent (30%) of the purchase price, up to a
7 maximum of Seventy-Five Thousand Dollars (\$75,000), to be used as down payment
8 assistance towards the purchase of a single family home located on the Property by
9 an income qualified First Time Homebuyer ("Down Payment Assistance"). The Down
10 Payment Assistance will be derived from the sale of each single family home located
11 on the Property; and

12 WHEREAS, to recapture some or all the subsidy from First-Time Homebuyers
13 who receive Down Payment Assistance, the Parties desire to amend the DDA to
14 modify the on-going re-sale restrictions affecting the sale of each home to include a
15 recapture provision which reclaims the Down Payment Assistance and any equity in
16 the home upon the sale, transfer, lease, refinance, incurring of additional debt, or any
17 other disposition of such home, during the forty-five (45) year affordability period set
18 forth in the DDA, as further discussed below; and

19 WHEREAS, the purpose of this First Amendment is to effectuate and amend the
20 DDA by (i) replacing the State Prevailing wage requirements with Davis-Bacon Act
21 wage requirements, (ii) increasing household income limitations from Low Income
22 Households to Low or Moderate Income Households, (iii) providing down payment
23 assistance not to exceed 30% of the purchase price up to a maximum of \$75,000, (iv)
24 modifying the existing on-going re-sale restrictions to include a recapture provision,
25 and (v) modifications to certain other obligations of the Parties, all on the terms and
26 conditions as set forth below.

27 NOW, THEREFORE, in consideration of the foregoing, and the promises and
28 mutual covenants and conditions hereinafter set forth, the AUTHORITY and

1 HOUSING SUCCESSOR hereby agree as follows:

2 1. RECITALS. The recitals and attachments referenced above are hereby
3 incorporated by reference into this First Amendment.

4 2. MODIFICATIONS TO THE DDA. The DDA shall be modified as follows:

5 a. LOW OR MODERATE INCOME HOUSEHOLD. Section 1)
6 DEFINITIONS, is hereby amended to delete in its entirety the definition
7 of LOW INCOME HOUSEHOLD in Section 1) G), and replace it with
8 the following definition:

9 "G) LOW OR MODERATE-INCOME HOUSEHOLD. LOW OR
10 MODERATE-INCOME HOUSEHOLD shall mean a household
11 whose annual household income does not exceed one hundred
12 twenty percent (120%) of area median income for Riverside
13 County, adjusted for applicable household size, as computed in
14 accordance with the Community Redevelopment Law (Health
15 and Safety Code Sections 33000 et seq.) and the regulations
16 promulgated pursuant thereto or incorporated therein, including,
17 without limitation, all regulations promulgated pursuant to
18 Health and Safety Code Section 50093, or any successor
19 statute. The income and assets of all person age eighteen (18)
20 and older who will reside in the home must be included in the
21 calculation to determine income eligibility."

22 b. LOW OR MODERATE INCOME HOUSEHOLD. All references in the
23 DDA, including all attachments thereto, to "LOW-INCOME
24 HOUSEHOLD" are hereby deleted in their entirety and replaced with
25 the term "LOW OR MODERATE-INCOME HOUSEHOLD."

26 c. DOWN PAYMENT ASSISTANCE. Section 1) DEFINITIONS, is hereby
27 amended to add the following definition as a new Section 1) N):
28

1 "N) DOWN PAYMENT ASSISTANCE. DOWN PAYMENT
2 ASSISTANCE shall mean a loan by the AUTHORITY to LOW
3 OR MODERATE-INCOME HOUSEHOLDS which are also
4 FIRST-TIME HOMEBUYERS to assist with the down payment
5 portion of the purchase price of a single family home located on
6 the Property to be developed and sold as part of the Project, in
7 an amount not to exceed thirty percent (30%) of the purchase
8 price, up to a maximum of Seventy Five Thousand Dollars
9 (\$75,000), for each single family home. The Down Payment
10 Assistance cannot exceed Seventy Five Thousand Dollars
11 (\$75,000) for each single family home. Any down payment
12 assistance provided to the qualified homebuyers will be
13 deducted from the proceeds of the sale of each single family
14 home located on the Property. "

15 d. AFFORDABILITY PERIOD. Section 1) DEFINITIONS, is hereby
16 amended to add the following definition as a new Section 1) O):

17 "O) AFFORDABILITY PERIOD. AFFORDABILITY PERIOD shall mean
18 that forty-five (45) year period, commencing upon the close of
19 escrow for each single family home constructed pursuant to the
20 DDA, during which time (i) the single family homes constructed on
21 the Property must be available to and sold to LOW OR
22 MODERATE INCOME HOUSEHOLDS who are also FIRST TIME
23 HOMEBUYERS for an affordable sales price, and (ii) the period
24 within which the AUTHORITY is required to recapture the Down
25 Payment Assistance based upon the amount of financial
26 assistance provided, as set forth in the DDA and the Agreement
27 Containing Covenants Affecting Real Property (Attachment "B" to
28 the DDA)."

1 e. AGREEMENT CONTAINING COVENANTS AFFECTING REAL
2 PROPERTY. Section 1) DEFINITIONS, is hereby amended to add the
3 following definition as a new Section 1) P):

4 "P) AGREEMENT CONTAINING COVENANTS AFFECTING REAL
5 PROPERTY. AGREEMENT CONTAINING COVENANTS
6 AFFECTING REAL PROPERTY shall mean that certain
7 instrument attached hereto as Attachment "B" and incorporated
8 herein by this reference."

9 f. PROMISSORY NOTE. Section 1) DEFINITIONS, is hereby amended
10 to add the following definition as a new Section 1) Q):

11 "Q) PROMISSORY NOTE. PROMISSORY NOTE shall mean that
12 certain instrument attached hereto as Attachment "C" and
13 incorporated herein by this reference, evidencing the loan of the
14 DOWN PAYMENT ASSISTANCE by the AUTHORITY to a
15 qualified LOW OR MODERATE INCOME HOUSEHOLD which
16 is also a FIRST TIME HOMEBUYER."

17 g. DEED OF TRUST. Section 1) DEFINITIONS, is hereby amended to
18 add the following definition as a new Section 1) R):

19 "R) DEED OF TRUST. DEED OF TRUST shall mean that certain
20 instrument attached hereto as Attachment "D" and incorporated
21 herein by this reference, securing the PROMISSORY NOTE.
22 Each DEED OF TRUST shall be recorded as a second priority
23 lien against the respective single family home located on the
24 PROPERTY to which such DOWN PAYMENT ASSISTANCE
25 applies, junior only to the senior mortgage."

26 h. ITEMIZATION OF AMOUNTS FINANCED. Section 1) DEFINITIONS,
27 is hereby amended to add the following definition as a new Section 1)
28 S):

1 "S) ITEMIZATION OF AMOUNTS FINANCED. ITEMIZATION OF
2 AMOUNTS FINANCED shall mean that certain instrument
3 attached hereto as Attachment "E" and incorporated herein by
4 this reference, memorializing the amounts financed from the
5 HOUSING SUCCESSOR as creditor."
6

- 7 i. NOTICE OF DEFAULT. Section 1) DEFINITIONS, is hereby amended
8 to add the following definition as a new Section 1) T):

9 "T) NOTICE OF DEFAULT. NOTICE OF DEFAULT shall mean that
10 certain instrument attached hereto as Attachment "F" and
11 incorporated herein by this reference, to be recorded
12 concurrently with the close of escrow for each single family
13 home located on the PROPERTY."

- 14 j. NOTICE OF AFFORDABILITY RESTRICTIONS. Section 1)
15 DEFINITIONS, is hereby amended to add the following definition as a
16 new Section 1) U):

17 "U) NOTICE OF AFFORDABILITY RESTRICTIONS. NOTICE OF
18 AFFORDABILITY RESTRICTIONS shall mean that certain
19 instrument attached hereto as Attachment "G" and incorporated
20 herein by this reference, to be recorded concurrently with the
21 close of escrow for each single family home located on the
22 PROPERTY."

- 23 k. PURPOSE OF AGREEMENT. Section 2 PURPOSE OF THE
24 AGREEMENT, is hereby deleted in its entirety and replaced with the
25 following:

26 "2) PURPOSE OF AGREEMENT. This AGREEMENT is entered as
27 of the date first written above by and between HOUSING
28 SUCCESSOR and AUTHORITY for the purpose of conveying

1 title to real property owned by HOUSING SUCCESSOR, herein
2 defined as PROPERTY, to AUTHORITY to construct two (2)
3 single family homes on the PROPERTY, creating two (2) resale
4 affordable homeownership opportunities, and providing DOWN
5 PAYMENT ASSISTANCE to LOW- OR MODERATE-INCOME
6 HOUSEHOLDS which are also FIRST-TIME HOMEBUYERs."

- 7 I. DOWN PAYMENT ASSISTANCE; RECAPTURE PROVISIONS;
8 CLOSE OF ESCROW FOR SINGLE FAMILY HOMES LOCATED ON
9 PROPERTY. Section 10 D) of the DDA is hereby amended to add the
10 following language as Sections 10) D) 6), 10) D) 7) and 10) D) 8):

11 "6) Subject to the satisfaction of certain underwriting criteria
12 established by the AUTHORITY, and subject to the prior
13 written approval of the AUTHORITY, a LOW OR MODERATE
14 INCOME HOUSEHOLD which is also a FIRST TIME
15 HOMEBUYER may be eligible to receive DOWN PAYMENT
16 ASSISTANCE to be used towards the purchase price of a
17 single family home located on the PROPERTY. The principal
18 amount of the AUTHORITY DOWN PAYMENT ASSISTANCE
19 becomes due and must be repaid to the AUTHORITY upon
20 the sale, transfer, lease, or any other disposition, including
21 refinancing or incurring of additional debt secured by the
22 single family home located on the PROPERTY within the 45
23 year Affordability Period. The DOWN PAYMENT
24 ASSISTANCE and obligations are forgiven upon the
25 completion of the 45 year Affordability Period. The DOWN
26 PAYMENT ASSISTANCE loaned to a qualified LOW OR
27 MODERATE INCOME HOUSEHOLD which is also a FIRST
28 TIME HOMEBUYER shall be evidenced by a PROMISSORY

1 NOTE (Attachment "C" to the DDA) executed by such qualified
2 home buyer in favor of the AUTHORITY, which
3 PROMISSORY NOTE shall be secured by a DEED OF
4 TRUST (Attachment "D" to the DDA) executed by such
5 qualified buyer for the benefit of the AUTHORITY.

6 7) Equity share repayment is required upon the sale of the each
7 single family home located on the PROPERTY within the
8 Affordability Period.

9 i. Equity is defined as the dollar amount that constitutes the
10 difference between the sales price of the single family
11 home located on PROPERTY and the sum of the following:

- 12 1. Principal on the Promissory Note and Deed
13 of Trust;
- 14 2. Homebuyer's actual down payment amount
15 whether subsidized or paid with cash.
- 16 3. All costs of sale, including costs of broker's
17 commissions, escrow fees, title costs and
18 fees, recording costs, etc.;
- 19 4. Costs of any capital improvements to the
20 single family home located on the
21 PROPERTY, provided such improvements
22 have been documented to be to the
23 satisfaction of the AUTHORITY; and
- 24 5. Any remainder to AUTHORITY and
25 homebuyer as agreed.

26 ii. Equity share between the AUTHORITY and the homebuyer
27 will be based on a forty-five (45) year Affordability Period
28 according to the following:

1 1. The AUTHORITYs equity share is equal to
2 the percentage calculated by dividing the
3 original principal balance of the subordinate
4 mortgage by the value of the single family
5 home located on the PROPERTY (as it was
6 determined in connection with the origination
7 of the first mortgage).

8 2. Commencing from year five (5) through year
9 forty-five (45) the equity earned will be
10 forgiven at a rate of 12.5 percent of the
11 AUTHORITYs portion of the equity share per
12 complete five (5) year increment, through the
13 term of the Agreement Containing Covenants
14 Affecting Real Property.

15 3. The profit will belong solely to the homebuyer
16 upon the completion of the 45 year
17 Affordability Period.

18 8) As a condition precedent to the close of escrow for each
19 single family home developed on the Property and sold to a
20 qualified LOW OR MODERATE INCOME HOUSEHOLD
21 which is also a FIRST TIME HOMEBUYER, and provided the
22 AUTHORITY approved a DOWN PAYMENT ASSISTANCE
23 loan to such homebuyer, the following instruments shall be
24 executed by such homebuyer and delivered into escrow, (1)
25 AGREEMENT CONTAINING COVENANTS AFFECTING
26 REAL PROPERTY, in recordable form, conforming in form
27 and substance to Attachment "B," (2) PROMISSORY NOTE,
28 conforming in form and substance to Attachment "C," (3)

1 DEED OF TRUST, in recordable form, conforming in form and
2 substance to Attachment "D," and (4) ITEMIZATION OF
3 AMOUNTS FINANCED, conforming in form and substance to
4 Attachment "E." The AUTHORITY shall also ensure that a
5 NOTICE OF DEFAULT, in recordable form, conforming in
6 form and substance to Attachment "F," and NOTICE OF
7 AFFORDABILITY RESTRICTIONS, in recordable form,
8 conforming in form and substance to Attachment "G," are each
9 recorded concurrently with the close of escrow for each single
10 family home located on the PROPERTY."

11 m. DAVIS-BACON ACT. Section 13, PREVAILING WAGES, of the DDA
12 is hereby deleted in its entirety and replaced with the following:

13 "A) the Project will be constructed in compliance with Davis-Bacon Act
14 wage requirements pursuant to Title 24, Code of Federal regulations
15 965.101 (a)."

16 3. ATTACHMENTS. The following documents have been attached as new
17 exhibits to the DDA (collectively referred to as the "Homebuyer Loan
18 Documents" to be executed and recorded in the Official Records of the
19 Riverside County Clerk's Office, as applicable, concurrently with the close
20 of escrow for each single family home located on the Property):

21 a. Attachment B to DDA. Form of Agreement Containing Covenants
22 Affecting Real Property attached hereto as Exhibit "B" and
23 incorporated herein by this reference.

24 b. Attachment C to DDA. Form of Promissory Note attached hereto as
25 Exhibit "C" and incorporated herein by this reference.

26 c. Attachment D to DDA. Form of Deed of Trust attached hereto as
27 Exhibit "D" and incorporated herein by this reference.

28 d. Attachment E to DDA. Form of Itemization of Amounts Financed

1 attached hereto as Exhibit "E" and incorporated herein by this
2 reference.

3 e. Attachment F to DDA. Form of Notice of Default attached hereto as
4 Exhibit "F" and incorporated herein by this reference.

5 f. Attachment G to DDA. Form of Notice of Affordability restrictions
6 attached hereto as Exhibit "G" and incorporated herein by this
7 reference.

8 4. ENTIRE UNDERSTANDING. The First Amendment and the DDA set
9 forth and contain the entire understanding and agreement of the Parties
10 hereto. There are no oral or written representations, understandings, or
11 ancillary covenants, undertakings or agreements, which are not
12 contained or expressly referred to within this First Amendment and the
13 DDA.

14 5. DDA IN FULL FORCE AND EFFECT. Except as otherwise expressly
15 modified herein, all other terms and conditions of the DDA remain
16 unmodified and in full force and effect.

17 6. EFFECTIVENESS OF FIRST AMENDMENT. The effective date of this
18 First Amendment is the date the AUTHORITY Chairman of the Board of
19 Commissioners executes this First Amendment.

20 7. FURTHER ASSURANCES. The Parties agree to execute such other
21 documents and to take such other actions as may be reasonably
22 necessary to further the purposes of this First Amendment.

23
24 [REMAINDER OF PAGE INTENTIONALLY BLANK]

25
26 [SIGNATURES ON FOLLOWING PAGE]
27
28

1 IN WITNESS WHEREOF, THE AUTHORITY and HOUSING SUCCESSOR have
2 executed this First Amendment as of the date first above written.

3
4 AUTHORITY:

5 HOUSING AUTHORITY OF THE
6 COUNTY OF RIVERSIDE, a public
7 entity, corporate and politic

8
9
10 By: Jeff Stone
11 JEFF STONE, Chairman
12 Board of Commissioners

13
14 APPROVED AS TO FORM:

15 PAMELA J. WALLS
16 County Counsel

17 By: Jhaila R. Brown
18 JHAILA R. BROWN
19 Deputy County Counsel

20
21 ATTEST:
22 KECIA HARPER-IHEM
23 Clerk of the Board

24 By: Opil Etkles
25 Deputy

HOUSING SUCCESSOR:

HOUSING AUTHORITY OF THE
COUNTY OF RIVERSIDE, a public entity
Corporate and politic, in its capacity as
housing successor to the former
Redevelopment Agency of the County of
Riverside

By: Jeff Stone
JEFF STONE, Chairman
Board of Commissioners

APPROVED AS TO FORM:

PAMELA J. WALLS
County Counsel

By: Jhaila R. Brown
JHAILA R. BROWN
Deputy County Counsel

ATTEST:
KECIA HARPER-IHEM
Clerk of the Board

By: Opil Etkles
Deputy

1 EXHIBIT A
2 LEGAL DESCRIPTION
3

4 All that real property located in the City of Jurupa Valley, Riverside County, described as
5 follows:

6 THOSE PORTIONS OF LOT 13 OF RESERVOIR FARMS, AS SHOWN BY MAP ON FILE
7 IN BOOK 13 AT PAGE 37 OF MAPS, RECORDS OF RIVERSIDE COUNTY, CALIFORNIA,
8 GRANTED TO THE HOUSING AUTHORITY OF SAID COUNTY BY DEED RECORDED
9 MAY 11, 2007 AS DOCUMENT NO. 2007-031652, OFFICIAL RECORDS OF SAID
10 COUNTY, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

11
12 PARCEL A
13

14 BEGINNING AT THE NORTHEASTERLY CORNER OF SAID LOT 13, SAID POINT
15 BEING AT THE INTERSECTION OF THE SOUTHERLY LINE OF BELLEGRAVE
16 AVENUE, 60.00 FEET IN WIDTH, AND THE EASTERLY LINE OF SAID LOT 13.

17 THENCE SOUTH 00° 17' EAST ALONG SAID EASTERLY LINE 179.23 FEET; THENCE
18 LEAVING SAID EASTERLY LINE AND PROCEEDING PARALLEL TO THE
19 SOUTHERLY LINE OF SAID LOT 13, SOUTH 89°44' WEST 133.00 FEET TO A POINT IN
20 THE WESTERLY LINE OF THE EASTERLY 133.00 FEET OF SAID LOT 13; THENCE
21 ALONG SAID WESTERLY LINE NORTH 00°17' WEST 129.42 FEET TO THE
22 SOUTHERLY LINE OF SAID BELLEGRAVE AVENUE; THENCE ALONG SAID
23 SOUTHERLY LINE NORTH 69°12' EAST 142.01 FEET TO THE POINT OF BEGINNING
24 OF SAID PARCEL A.

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26
27 [LEGAL DESCRIPTION CONTINUED ON FOLLOWING PAGE]
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1 PARCEL B

2
3 BEGINNING AT THE SOUTHEASTERLY CORNER OF SAID LOT 13, SAID POINT
4 BEING AT THE INTERSECTION OF THE NORTHERLY LINE OF 48TH STREET (KEESE
5 AVENUE), 40.00 FEET IN WIDTH, AND THE EASTERLY LINE OF SAID LOT 13.

6 THENCE ALONG SAID NORTHERLY LINE OF 48TH STREET SOUTH $89^{\circ}44'$ WEST
7 133.00 FEET TO THE WESTERLY LINE OF THE EASTERLY 133.00 FEET OF SAID LOT
8 13; THENCE NORTH $00^{\circ}17'$ WEST 142.97 FEET, MORE OR LESS, TO THE SOUTH LINE
9 OF PARCEL ONE ABOVE; THENCE NORTH $89^{\circ}44'$ EAST ALONG SAID SOUTH LINE
10 133.00 FEET TO THE EASTERLY LINE OF SAID LOT 13; THENCE ALONG SAID
11 EASTERLY LINE SOUTH $00^{\circ}17'$ EAST 142.97 FEET TO THE POINT OF BEGINNING OF
12 SAID PARCEL B.

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14 Assessor Parcel Numbers: 159-061-025 and 159-061-022
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1 EXHIBIT B
2 FORM OF AGREEMENT CONTAINING
3 COVENANTS AFFECTING
4 REAL PROPERTY
5 (Behind this page)
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NO FEE FOR RECORDING PURSUANT
TO GOVERNMENT CODE SECTION 6103

RECORDING REQUESTED BY AND
WHEN RECORDED MAIL TO:

Housing Authority for the
County of Riverside
5555 Arlington Avenue
Riverside, CA 92504
Attn: Kari H'Orvath

SPACE ABOVE THIS LINE FOR RECORDERS USE

AGREEMENT CONTAINING COVENANTS

AFFECTING REAL PROPERTY

<Insert Property Address and APN>

THIS COVENANT AGREEMENT is made this ____ day of _____
2011, by and between the HOUSING AUTHORITY OF THE COUNTY OF RIVERSIDE
("AUTHORITY"), a public entity, corporate and politic, in its capacity as housing successor
to the Former Redevelopment Agency for the County of Riverside and the <INSERT
HOMEBUYER NAME> ("HOMEBUYER"), vesting, with respect to the following recitals:

RECITALS

A. On _____, the former REDEVELOPMENT AGENCY
OF THE COUNTY OF RIVERSIDE and HOUSING AUTHORITY OF THE COUNTY OF
RIVERSIDE ("DEVELOPER"), a public entity, corporate and politic of the State of
California, entered into that certain Disposition and Development Agreement (the "DDA")
with the purpose of developing and constructing two single-family homes for low to
moderate-income households. All capitalized terms not defined herein shall have the meaning
ascribed to them in the DDA;

B. Homebuyer is the owner of the parcel described below (the "Property") together

Homebuyer Loan Documents-File No. <File No>

with the home to be constructed on the Property is the "Assisted Unit" as defined in the DDA and as specifically identified and described by the following legal description:

1. LEGAL DESCRIPTION OF THE PROPERTY:

INSERT LEGAL DESCRIPTION

C. The Property is subject to the DDA; and

D. Pursuant to the DDA, AUTHORITY has required DEVELOPER to restrict the sale and occupancy of the Assisted Unit as set forth below.

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

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

a) Recapture Provision. The principal amount of the AUTHORITY Down Payment Assistance becomes due and must be repaid to the AUTHORITY upon the sale, transfer, lease or any other disposition, including refinancing or incurring of additional debt secured by the Property, within the 45 year Affordability Period.

i. The down payment assistance and obligations are forgiven upon the completion of the Affordability Period.

b) Equity Share. Repayment is required upon the sale of the Property within the Affordability Period.

i. Equity. Equity is defined as the dollar amount that constitutes the difference between the sales price of the Property and the sum of

the following:

1. Principal on the Promissory Note and Deed of Trust;
 2. HOMEBUYER's actual down payment amount whether subsidized or paid with cash.
 3. All costs of sale, including costs of broker's commissions, escrow fees, title costs and fees, recording costs, etc.;
 4. Costs of any capital improvements to the Property, provided such improvements have been documented to be to the satisfaction of the AUTHORITY; and
 5. Any remainder to AUTHORITY and HOMEBUYER as agreed.
- ii. Equity share between the AUTHORITY and the HOMEBUYER will be based on a forty-five (45) year period according to the following:
1. The AUTHORITY's equity share is equal to the percentage calculated by dividing the original principal balance of the subordinate mortgage by the value of the property (as it was determined in connection with the origination of the first mortgage).
 2. Commencing from year five (5) through year forty-five (45) the equity earned will be forgiven at a rate of 12.5 percent of the AUTHORITY's portion of the equity share per complete five (5) year increment, through the term of this

1 agreement.

2 3. The profit will belong solely to the
3 HOMEBUYER upon the completion of the 45
4 year term.

5 c) The AUTHORITY shall release this Covenant Agreement within the
6 Affordability Period upon repayment of the full principal amount of the
7 AUTHORITY's Down Payment Assistance and the AUTHORITY's
8 portion of the equity share.

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

14 3. NONDISCRIMINATION. HOMEBUYER covenants by and for itself and
15 any successors in interest that there shall be no discrimination against or
16 segregation of any person or group of persons on account of race, color, age,
17 religious creed, sex, sexual orientation, marital status, national origin,
18 ancestry, familial status, source of income, physical or mental disability in
19 the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the
20 Assisted Unit, nor shall HOMEBUYER itself or any person claiming under
21 or through it establish or permit any such practice or practices of
22 discrimination or segregation with reference to the election, location,
23 number, use or occupancy of tenants, lessees, subtenants, sublessees or
24 vendees of the Assisted Unit. The foregoing covenants shall run with the
25 land. HOMEBUYER shall refrain from restricting the sale of the Assisted
26 Unit on the basis of race, color, age, religious creed, sex, sexual orientation,
27 marital status, national origin, ancestry, familial status, source of income,
28 physical or mental disability of any person. All such deeds, leases or

1 contracts shall contain or be subject to substantially the following
2 nondiscrimination or no segregation clauses:

3 a) In deeds: "The Grantee herein covenants by and for himself for herself,
4 his or her heirs, executors, administrators and assigns, and all persons
5 claiming under or through them that there shall be no discrimination
6 against or segregation of any person or group of persons on account of
7 race, color, age, religious creed, sex, sexual orientation, marital status,
8 national origin, ancestry, familial status, source of income, physical or
9 mental disability in the sale, lease, sublease, transfer, use, occupancy,
10 tenure or enjoyment of the land herein conveyed, nor shall the grantee
11 himself or herself nor any person claiming under or through him or her
12 establish or permit any such practice or practices of discrimination or
13 segregation with reference to the selection, location, numbers use or
14 occupancy of tenants, lessees, subtenants, sublessees or vendees in the
15 land herein conveyed. The foregoing covenants shall run with the land."

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

20 i. There shall be no discrimination against or segregation of any person
21 or group of persons on account of race, color, age, religious creed,
22 sex, sexual orientation, marital status, national origin, ancestry,
23 familial status, source of income, physical or mental disability in the
24 leasing, subleasing, transferring, use, occupancy, tenure or
25 enjoyment of the premises herein leased nor shall the lessee himself
26 or herself, or any person claiming under or through him or her,
27 establish or permit any such practice or practices of discrimination or
28 segregation with reference to the selection, location, number, use or

1 occupancy of tenants, lessees, sublessees, subtenants or vendees in
2 the premises herein leased.”

3 d) In contracts: “There shall be no discrimination against or segregation of
4 any person or group of persons on account of race, color, religious creed,
5 sex, sexual orientation, marital status, national origin, ancestry, familial
6 status, source of income or physical or mental disability in the sale,
7 lease, sublease, transfer, use, occupancy, tenure or enjoyment of the
8 premises, nor shall the transferee himself or herself or any person
9 claiming under or through him or her, establish or permit any such
10 practice or practices of discrimination or segregation with reference to
11 the selection, location, number, use, or occupancy of tenants, lessees,
12 subtenants, sublessees or vendees of the premises.”

13 5) NOTICES. All Notices provided for in this Covenant Agreement shall be
14 deemed when personally delivered, or two (2) days following mailing by
15 certified mail, return receipt requested. All mailing shall be addressed to the
16 respective parties at their addresses set forth below, or at such other address
17 as each party may designate in writing and give to the other party:

18
19 AUTHORITY

20 Housing Authority of the

21 County of Riverside

22 5555 Arlington Avenue

23 Riverside, CA 92504

24 Attn: Deputy Executive Director

20 HOMEBUYER

<Homebuyer Name>

<Address>

<City, State, Zip Code>

25
26 6) BINDING EFFECT. The rights and obligations of this Covenant Agreement
27 shall bind and inure to the benefit of the respective heirs, successors and
28 assigns of the parties.

7) SEVERABILITY. In the event that any provision, whether constituting a separate paragraph or whether contained in a paragraph with other provisions, is hereafter determined to be void and unenforceable, it shall be deemed separated and deleted from the agreement and the remaining provisions of this Agreement shall remain in full force and effect.

(END OF AGREEMENT)

(SIGNATURES ON THE NEXT PAGE)

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

AUTHORITY:
HOUSING AUTHORITY
OF THE COUNTY OF RIVERSIDE

HOMEBUYER:
<NAME>

By: _____
HEIDI MARSHALL
Deputy Executive Director

By: _____
<NAME>
Homebuyer

APPROVED AS TO FORM:
Pamela J. Walls
County Counsel

By: _____
Deputy

(Signatures on this page need to be notarized)

1 CALIFORNIA ALL-PURPOSE ACKNOWLEDGEMENT

2
3 STATE OF CALIFORNIA }

4 COUNTY OF _____ }

5 On _____, before me, _____

6 Date

Here Insert Name and Title of the Officer

7 Personally appeared _____

8 Name(s) of Signer(s)

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

17
18 I certify under PENALTY OF PERJURY under the laws
19 of the State of California that the foregoing paragraph is
20 true and correct.

21
22 WITNESS my hand and official seal.

23
24 Signature _____

25 Place Notary Seal Above

Signature of Notary Public

1 CALIFORNIA ALL-PURPOSE ACKNOWLEDGEMENT

2
3 STATE OF CALIFORNIA }

4 COUNTY OF _____ }

5 On _____, before me, _____

6 Date

Here Insert Name and Title of the Officer

7 Personally appeared _____

8 Name(s) of Signer(s)

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

17
18 I certify under PENALTY OF PERJURY under the laws
19 of the State of California that the foregoing paragraph is
20 true and correct.

21
22 WITNESS my hand and official seal.

23
24 Signature _____

25 Place Notary Seal Above

Signature of Notary Public

EXHIBIT C
FORM OF PROMISSORY NOTE
(Behind this page)

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

3 **PROMISSORY NOTE**

4
5 The effective date of this note is:

6 <INSERT DATE OF AGREEMENT> Riverside, California

7
8 <INSERT PROPERTY ADDRESS> (Property Address)

9
10 **BORROWER PROMISE TO REPAY**

11
12 FOR VALUE RECEIVED, the undersigned, <INSERT HOMEBUYER NAME AND
13 VESTING>, hereafter called "Borrower," hereby jointly and severally promise to pay to the
14 HOUSING AUTHORITY OF THE COUNTY OF RIVERSIDE, A PUBLIC ENTITY,
15 CORPORATE AND POLITIC, IN ITS CAPACITY AS HOUSING SUCCESSOR TO THE
16 FORMER REDEVELOPMENT AGENCY FOR THE COUNTY OF RIVERSIDE, hereafter
17 called "Lender," or to Lender's order, the sum total of <WRITE OUT HACR LOAN AMOUNT
18 (\$INSERT HACR AMOUNT)> secured by a Deed of Trust, at such place as Lender may
19 designate, in lawful money of the United States of America as hereafter set forth.

20
21 1) **DEFINITIONS.** The following definitions shall apply throughout this Promissory Note:

22 a) Covenants. Means the Agreement Containing Covenants Affecting Real Property
23 recorded in the Official Records of the Riverside County Recorder's Office on or about
24 the date hereof.

25 b) Deed of Trust. Means the Deed of Trust securing this Note for the benefit of Lender
26 recorded in the Official Records of the Recorder's Office of Riverside County on or
27 about the date hereof.

28 c) Deferred Loan Amount. Principal Sum of the Promissory Note.

- 1 d) Fair Return of Investment. The actual down payment amount whether subsidized or paid
2 with cash, all principal payment amount and the demonstrated / documentable costs of
3 any major property improvement costs paid by the Borrower.
- 4 e) First Deed of Trust. Means the Deed of Trust securing the loan of the Senior Lien
5 Holder.
- 6 f) Lender. HOUSING AUTHORITY OF THE COUNTY OF RIVERSIDE, a public entity,
7 corporate and politic, in its capacity as housing successor to the former Redevelopment
8 Agency for the County of Riverside.
- 9 g) Property. The real property described in **Exhibit A** to the Lender's Deed of Trust which
10 is incorporated herein by this reference.
- 11 h) Promissory Note. Herein referred to as "Note."
- 12 i) Sale or Transfer. Any sale, transfer, lease, cash-out refinance or family trusts transfer of
13 any part of the Property will permit Lender to exercise a due-on-sale clause.
- 14 j) Senior Lien Holder. Actual holder of a First Deed of Trust is herein referred to as the
15 "Senior Lien Holder."
- 16 k) Equity. "Equity" is defined as the dollar amount that constitutes the difference
17 i) between the sales price of the Property and the sum of the following amounts:
18 ii) Principal on the Senior Lienholder Promissory Note and First Deed of Trust; and
19 iii) Principal on this Note and Deed of Trust in favor of Lender; and
20 iv) Borrower's actual down payment amount whether subsidized or paid with cash; and
21 v) All costs of sale, including costs of brokers' commissions, escrow fees, title costs and
22 fees, recording costs, etc.; and
23 vi) Costs of any capital improvements to the Property, provided such improvements were
24 approved by the County of Riverside prior to the construction and provided that such
25 improvements have been documented to be to the satisfaction of the County of
26 Riverside; and
27 vii) Any remainder to borrower and Lender as agreed in the Equity share portion of the
28 Deed of Trust.

1 **TERMS**

2 1) **INTEREST.** This Note does not bear interest.

3 2) **TIME OF PAYMENT.** The term of this Note extends until the Borrower sells, rents,
4 refinances, conveys, transfers or changes the title of the Property designated on the
5 accompanying Subordinate Deed of Trust. Provided that the Borrower continues to occupy
6 the Property as their principal residence, the principal sum, as described in the accompanying
7 Deed of Trust, shall be repaid upon the sale, rental, refinance, conveyance, transfer or change
8 in title to the Property. Sale, rental, refinance, conveyance, transfer or change in the title of
9 the Property will trigger recapture of the principal, as described in the accompanying Deed of
10 Trust. Lender will deem a transfer to be a sale, or otherwise conveyed, by operation of law or
11 otherwise. No delay or omission on the part of the Lender shall operate as a waiver of such
12 right of repayment or of any other right of this Note. The principal sum of this Note shall be
13 due and payable on or before the date provided by the Lender in the Notice of Acceleration,
14 which shall not be less than thirty (30) days, if all or any part of the Property or any interest
15 in it is sold, rented, refinanced, conveyed, or transferred or if a beneficial interest in
16 Borrower is sold, rented, refinanced, conveyed or transferred (or if a beneficial interest in
17 Borrower is sold, rented, refinanced, conveyed, or transferred and Borrower is not a natural
18 person) (herein called "transfer") without the prior written consent of the Lender. The Lender
19 shall not exercise this right of acceleration if prohibited by federal law as of the date of the
20 Deed of Trust or if the County of Riverside has executed a separate written waiver of this
21 option. The following shall not constitute a transfer:

- 22 a) A transfer of the Property from a deceased Borrower to the surviving spouse of the
23 Borrower if the surviving spouse is also called a Borrower;
24 b) A transfer of the Property by Borrower to his/her spouse pursuant to which the spouse
25 becomes a co-owner of the Property;
26 c) A transfer of the Property resulting from a decree of dissolution of the marriage or legal
27 separation or from a Property settlement agreement incidental to such a decree which
28

1 require the Borrower to continue to make payments on the Note and by which a spouse
2 who is already a Borrower becomes the sole owner of the Property;

3 d) A transfer of the Property to a Borrower to an inter-vivos trust in which the Borrower is
4 the sole beneficiary;

5 e) A transfer by means of encumbering the Property with a lien that is junior to the lien of
6 Lender's Deed of Trust.

7 f) This Note shall be due and payable in full on the date of any Sale or Transfer that occurs
8 after the date of execution of this Note. Any non-sale transfer will require that an
9 appraiser who is a member of the American Institute of Real Estate Appraisers or any
10 such equivalent designation establish the fair market value of the Property at the time of
11 transfer.

12 3) **AMOUNT OF PAYMENT.** If and when this Note becomes due pursuant to **Section 2**
13 above, Borrower shall pay to Lender the outstanding Deferred Loan Amount and Borrower
14 will incur appropriate Equity Share as an obligation.

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

19 5) **FORGIVENESS OF NOTE.** Provided that Borrower is not in default under the terms of
20 this Note or Loan Documents, the Note shall be forgiven in its entirety by the Housing
21 Authority of the County of Riverside forty-five (45) years from the date of the close of
22 escrow. Nothing contained in this paragraph shall be construed as a promise by the Lender to
23 forgive or relinquish the right to seek repayment of the Note.

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

25 7) **DEFAULT UNDER DEED OF TRUST.** Notwithstanding any other provisions of this
26 Note, if Borrower defaults on any terms and/or provisions of this Note, the Deed of Trust,
27 the Covenants, the First Deed of Trust or any Senior Lien Holder loan documents, this Note
28 shall immediately become due and payable in full at the option of Lender. In the event

Lender exercises such option, the amount due and payable shall be the Deferred Loan Amount. Failure by Lender to exercise its option to accelerate in the event of a default shall not constitute waiver of the right to exercise such option in the event of the same or any other default.

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

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

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

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

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

13) **PLACE OF REPAYMENT.** Borrower will make payment of all amounts due to Lender under this Note to Lender at: **5555 ARLINGTON AVENUE, RIVERSIDE, CA 92504** or such other address as Lender may designate in writing to Borrower.

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

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

mailing it certified mail to the Lender at the address above.

16) **LOAN AUTHORITY.**

- a) **Use of Funds** - To provide down payment assistance to ensure that affordable housing is created.
- b) **Affordability Period** – Period of time within which Lender has the option to recapture the Deferred Loan Amount based upon the amount of funds provided if Borrower fails to perform the covenants and agreements contained in the Covenant Agreement and Deed of Trust. The affordability period for this Note is forty-five (45) years from the date of close of escrow for the Property. The final maturity date on which this note is forgiven, even if the home has not been sold, is forty-five (45) years from the date of close of escrow for the Property.
- c) **Housing Quality Standards** - The housing unit that is being assisted was inspected by the Lender and meets the physical standards that assure that the housing is free from all health and safety defects at the time of purchase.
- d) **Disbursement Request** - No funds shall be provided until such time as they are needed for the payment of eligible costs, which is the mortgage assistance amount.
- e) **Enforcement of this Agreement (Note)** - The means for the enforcement of the terms and conditions shall be the recordation of a Deed of Trust for the benefit of Lender, which will place a lien against the Property that has been assisted.
- f) **Duration of this Agreement (Note)** - This Note is in effect for the period of affordability as noted above in **Section 16 (b)**. The final maturity date on which it is due (or forgiven), even if the home has not been sold is 45 years from the date of the close of escrow for the Property.

17) **SUBORDINATION** The indebtedness evidences by this Note, and any other financial obligations which may be imposed by the Lender are subordinate to the indebtedness evidenced by a promissory note payable to a Senior Lien Holder, which promissory note is secured by the First Deed of Trust on the Property.

1 BY SIGNING BELOW, THE BORROWER ACCEPTS AND AGREES TO THE TERMS
2 CONTAINED IN THIS NOTE.

3
4
5
6 <INSERT BORROWERS FULL NAME>

DATE

7
8
9 <INSERT BORROWERS FULL NAME>

DATE

EXHIBIT "A"

LEGAL DESCRIPTION OF PROPERTY

<INSERT LEGAL DESCRIPTION>

EXHIBIT D
FORM OF DEED OF TRUST
(Behind this page)

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

3 RECORDING REQUESTED BY AND
4 WHEN RECORDED MAIL TO:

5 Housing Authority
6 of the County of Riverside
7 5555 Arlington Avenue
8 Riverside, CA 92504
9 Attn: Kari H'Orvath

10 SPACE ABOVE THIS LINE FOR RECORDERS USE

11 **DEED OF TRUST**

12 THIS DEED OF TRUST ("Security Instrument") is made this <DAY> day of <MONTH,
13 YEAR>, among the Trustor(s), <INSERT BORROWERS FULL NAME AND VESTING>,
14 (herein "Borrower"), HOUSING AUTHORITY OF THE COUNTY OF RIVERSIDE (herein
15 "Trustee"), a public entity, corporate and politic, in its capacity as housing successor to the
16 former Redevelopment Agency for the County of Riverside, and the Beneficiary, which is the
17 HOUSING AUTHORITY OF THE COUNTY OF RIVERSIDE (herein "Lender"), a public
18 entity, corporate and politic.

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

22
23 LEGAL DESCRIPTION:

24
25 SEE EXHIBIT "A" ATTACHED HERETO AND MADE A PART HEREOF

26
27 APN: <INSERT APN>

28 which has the address of <INSERT PROPERTY ADDRESS> (Herein "Property Address").

1 TOGETHER with all the improvements now or hereafter erected on the property, and all
2 easements, rights, appurtenances and rents (subject however to the rights and authorities given
3 herein to Lender to collect and apply such rents), all of which shall be deemed to be and remain
4 a part of the property covered by this Security Instrument; and all of the foregoing, together
5 with said property (or the leasehold estate if this Security Instrument is on a leasehold) are
6 hereinafter referred to as the "Property."

7
8 TO SECURE to Lender the following:

- 9
10 1. repayment of the indebtedness evidenced by Borrower's Promissory Note dated
11 <INSERT DATE OF NOTE> and extensions and renewals thereof (herein "Note"), in the
12 principal sum of U.S. <WRITE IN LOAN AMOUNT (\$INSERT LOAN AMOUNT)> ("Note
13 Amount") advanced in accordance and herewith to protect the security of this Security
14 Instrument; and the performance of the covenants and agreements of Borrower herein
15 contained; and
16 2. performance under that certain Agreement Containing Covenants Affecting Real
17 Property recorded concurrently herewith in the Official Records of the Recorder's Office of
18 Riverside County ("Covenants").

19
20 In addition to the Loan, the Borrower obtained a loan (The "First Deed of Trust Loan") secured
21 by a first priority Deed of Trust ("First Deed of Trust") from <INSERT LENDERS NAME
22 AND ADDRESS>, (the "Senior Lien Holder"), which loan is secured by First Deed of Trust
23 lien on the Property.

24
25 Borrower covenants that Borrower is lawfully seized of the estate hereby conveyed and have
26 the right to grant and convey the Property, and except for the First Deed of Trust that the
27 Property is unencumbered. Borrower warrants and will defend generally the title to the
28 Property against all claims and demands, subject to encumbrances of record.

1
2 UNIFORM COVENANTS. Borrower and Lender covenant and agree as follows:

3 1) **Payment of Principal and Interest.** Borrower shall promptly pay when due the principal
4 indebtedness evidenced by the Note. If payment of the indebtedness is required due to a Sale
5 of the Property, assuming an open and competitive sale, then repayment shall be made in the
6 following order:

- 7 a. Outstanding principal and interest balance of the Senior Lienholder's First Deed of Trust
8 loan; and
9 b. Outstanding balance of the Note Amount secured by this Security Instrument; and
10 c. Borrower's actual down payment amount whether subsidized or paid with cash; and
11 d. All costs of sale, including broker's commissions, escrow fees, title costs and fees,
12 recording costs, etc.; and
13 e. Costs of any capital improvements to the Property, provided such improvements were
14 approved by the County of Riverside prior to the construction and provided that such
15 improvements have been documented to be to the satisfaction of the County of
16 Riverside.

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

- 18 a) Subject to applicable law, Borrower shall pay to the Senior Lien Holder a sum (herein
19 "Funds") equal to (a) yearly taxes and assessments (including condominium and planned
20 unit development assessments, if any), if any; (b) yearly leasehold payments or ground
21 rents on the Property, if any; (c) yearly premium installments for hazard insurance; (d)
22 yearly premium installments for mortgage insurance, if any, that are reasonably
23 estimated initially and from time to time by the Senior Lien Holder on the basis of
24 assessments and bills and reasonable estimates thereof. If there is no Senior Lien
25 Holder, Borrower is to make all payments for taxes and insurance to the Lender.
26 Borrower shall not be obligated to make such payments to the holder of a prior mortgage
27 or deed of trust if such holder is an institutional lender. Said payments shall be made on
28 the first day of each month commencing on the date of first payment.

1 b) If Borrower pays Funds to Lender, the Funds shall be held in an institution the deposits
2 or accounts of which are insured or guaranteed by a federal or state agency. Lender
3 shall apply the Funds to pay said taxes, assessments, insurance premiums and ground
4 rents. Lender may not charge for so holding and applying the Funds, analyzing said
5 account or verifying and compiling said assessments and bills, unless Lender pays
6 Borrower interest on the Funds and applicable law permits Lender to make such a
7 charge. Borrower and Lender may agree in writing at the time of execution of this
8 Security Instrument that interest to be paid, Lender shall not be paid to Borrower, and
9 unless such agreement is made or applicable law requires such interest to be paid,
10 Lender shall not be required to pay Borrower any interest or earnings on the Funds.
11 Lender shall give to Borrower, without charge, an annual accounting of the Funds
12 showing credits and debits to the Funds and the purpose for which each debit to the
13 Funds was made. The Funds are pledged as additional security for the sums secured by
14 this Security Instrument.

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

24 d) Upon payment in full of all sums secured by this Security Instrument, Lender shall
25 promptly refund to Borrower any Funds held by Lender. If the Property is sold or the
26 Property is otherwise acquired by Lender, Lender shall apply, no later than immediately
27 prior to the sale of the Property or its acquisition by Lender, any Funds held by Lender
28

1 at the time of application as a credit against the sums secured by this Security
2 Instrument.

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

8 4) **Subordination.**

9 a) Lender and Borrower acknowledge and agree that this Security Instrument is subject and
10 subordinate in all respects to the liens, terms, covenants and conditions of the First Deed
11 of Trust.

12 5) **Hazard Insurance.**

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

19 b) The insurance carrier providing the insurance shall be chosen by Borrower. All
20 insurance policies and renewals thereof shall include a standard mortgage clause in favor
21 of and in a form acceptable to Lender. Lender shall have the right to hold the policies
22 and renewals thereof, subject to the terms of any mortgage, deed of trust or other
23 security agreement with a lien, which has priority over this Security Instrument. All
24 original policies of insurance required pursuant to the First Deed of Trust shall be held
25 by the Senior Lien Holder; provided, however, Lender may be named as a loss payee as
26 its interest may appear and may be named as an additional insured. If Lender requires,
27 Borrower shall promptly give to Lender copies of all receipts of paid premiums and
28 renewal notices. In the event of loss, Borrower shall give prompt notice to the insurance

1 carrier, the Senior Lien Holder and the Lender. Lender may make proof of loss if not
2 made promptly by the Senior Lien Holder or the Borrower.

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

8 d) If the Property is abandoned by Borrower, or if the Borrower fails to respond to Lender
9 within 30 days from the date notice is mailed by Lender to Borrower that the insurance
10 carrier offers to settle a claim for insurance benefits, Lender is authorized to collect and
11 apply the insurance proceeds at Lender's option either to restoration or repair of the
12 Property or to the sums secured by this Security Instrument.

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

16 **6) Occupancy, Preservation and Maintenance and Protection of the Property.** Borrower
17 shall occupy, establish, and use the Property as the Borrower's principal residence and shall
18 keep the Property in good repair and shall not commit waste or permit impairment or
19 deterioration of the Property and shall comply with the provisions of any lease if this
20 Security Instrument is on a leasehold.

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

22 a) If Borrower fails to perform the covenants and agreements contained in this Security
23 Instrument and/or the Senior Lien Holder's First Deed of Trust, or if any legal action or
24 proceeding is commenced which materially affects Lender's interest in the Property,
25 then Lender, at Lender's option, upon notice to Borrower, may make such appearances,
26 disburse such sums, including reasonable attorneys' fees, and take such action as is
27 necessary to protect Lender's interest. Lender's actions may include paying any sums
28 secured by a lien, which has priority over this Security Instrument.

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

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

12 8) **Mortgage Insurance.** If Lender requires mortgage insurance as a condition of making the
13 loan secured by this Security Instrument, Borrower shall pay the premiums required to
14 maintain the mortgage insurance in effect.

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

19 10) **Condemnation.**

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

25 b) In the event of a total taking of this Property, the proceeds shall be applied to the sums
26 secured by this Security Instrument, whether or not then due, with any excess paid to the
27 Borrower.
28

1 **11) Borrower Not Released; Forbearance by Lender Not a Waiver.** Extension of the time
2 for payment or modification of the sums secured by this Security Instrument granted by
3 Lender to any successor in interest of Borrower shall not operate to release, in any manner,
4 the liability of the original Borrower and Borrower's successors in interest. Lender shall not
5 be required to commence proceedings against such successor or refuse to extend time for
6 payment or otherwise modify the sums secured by this Security Instrument by reason of any
7 demand made by the original Borrower and Borrower's successors in interest. Any
8 forbearance by Lender in exercising any right or remedy hereunder, or otherwise afforded
9 by applicable law, shall not be a waiver of or preclude the exercise of any such right or
10 remedy.

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

15 **13) Notices.** Except for any notice required under applicable law to be given in another manner,
16 (a) any notice to Borrower provided for in this Security Instrument shall be given by
17 delivering it or by mailing such notice by certified mail addressed to Borrower at the
18 Property Address or at such other address as Borrower may designate in writing to Lender
19 as provided herein, and (b) any notice to Lender shall be given by certified mail to Lender's
20 address at: **5555 ARLINGTON AVENUE, RIVERSIDE, CA 92504**. Any notice provided
21 for in this Security Instrument shall have been given to Borrower or Lender when given in
22 the manner designated herein. Any notices required to be given to the Senior Lien Holder
23 shall be given by first class mail to such address of the Senior Lien Holder set forth in the
24 First Deed of Trust or as otherwise provided in writing to Lender.

25 **14) Governing Law; Severability.** The state and local laws applicable to this Security
26 Instrument shall be the laws of the jurisdiction in which the Property is located. The
27 foregoing sentence shall not limit the applicability of federal law to this Security Instrument.
28 In the event that any provision or clause of this Security Instrument or the Note conflicts

1 with applicable law, such conflict shall not affect other provisions of this Security
2 Instrument or the Note which can be given effect without the conflicting provision, and to
3 this end the provisions of this Security Instrument and the Promissory Note are declared to
4 be several. As used herein, "costs," "expenses" and "attorneys' fees" include all sums to the
5 extent not prohibited by applicable law or limited herein.

6 **15) Borrower's Copy.** Borrower shall be furnished a conformed copy of the Covenants, Note
7 and Security Instrument at the time of execution or after recordation hereof.

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

9 a) Except for a conveyance to the Trustee under the First Deed of Trust, if all or any part of
10 the Property or any interest in it is sold or transferred without Lender's prior written
11 consent, Lender may, at its option, require immediate payment in full of all sums
12 secured by this Security Instrument. The Lender shall not exercise this option if federal
13 law as of the date of this Security Instrument prohibits the exercise.

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

20 **17) Recapture of Lender Funds.** Lender requires the Note Amount to be recaptured if the
21 Property does not continue to be the principal residence of the family for the duration of the
22 Affordability Period, which is forty-five (45) years from the date of close of escrow for the
23 Property, as more specifically described in the Covenants. If all or any part of the Property
24 or any interest is sold, rented, refinanced, conveyed or transferred (or if a beneficial interest
25 in Borrower is sold, rented, refinanced, conveyed, or transferred and Borrower is not a
26 natural person), the Note Amount is to be recaptured pursuant to the formula and
27 methodology set forth in the Covenants.
28

1
2 **17) Borrower's Right to Reinstate.**

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

17 b) Notwithstanding, Lender's right to invoke any remedies hereunder, Lender agrees that it
18 will not commence foreclosure proceedings or accept a deed in lieu of foreclosure, or
19 exercise any other rights or remedies hereunder until it has given the Senior Lien Holder
20 at least 60 days prior written notice.

21 **18) Sale of Note; Change of Loan Servicer.** The Note or a partial interest in the Note
22 (together with this Security Instrument) may be sold one or more times without prior notice
23 to the Borrower. A sale may result in a change in the entity (known as the "Loan Servicer")
24 that may collect monthly payments under the Note and Security Instrument. There also may
25 be one or more changes of the Loan Servicer unrelated to a sale of the Note. If there is a
26 change in the Loan Servicer, Borrower will be given written notice of the change in
27 accordance with applicable laws. The notice will state the name and address of the new
28

1 Loan Servicer and the address to which payments, if any, should be made. The notice will
2 also contain any other information required by applicable law.

3 19) **Reserved.**

4 20) **Hazardous Substances.**

- 5 a) Borrower shall not cause or permit the presence, use, disposal, storage, or release of any
6 Hazardous Substances on or in the Property. Borrower shall not allow anyone else to do
7 anything affecting the Property that is in violation of any Environmental Law. The
8 preceding two sentences shall not apply to the presence, use, or storage on the Property
9 of small quantities of Hazardous Substances that are generally recognized to be
10 appropriate to normal residential uses and to maintenance of the Property.
- 11 b) Borrower shall promptly give Lender written notice of any investigation, claim, demand,
12 lawsuit or other action by any governmental or regulatory agency or private party
13 involving the Property and any hazardous substance or Environmental Law of which
14 Borrower has actual knowledge. If Borrower learns, or is notified by any governmental
15 or regulatory authority, that any removal or other remediation of any hazardous
16 substance affecting the Property is necessary, Borrower shall promptly take all necessary
17 remedial actions in accordance with Environmental Law. Prior to taking any such
18 remedial action, however, Borrower shall notify the Senior Lien Holder that such
19 remedial action is necessary and shall obtain the Senior Lien Holder's prior written
20 consent for such remedial action.
- 21 c) As used in this Section, "Hazardous Substances" are those substances defined as toxic or
22 hazardous substances by Environmental Law and the following substances: gasoline,
23 kerosene, other flammable or toxic petroleum products, toxic pesticides and herbicides,
24 volatile solvents, materials containing asbestos or formaldehyde, and radioactive
25 materials.
- 26 d) As used in this Section, "Environmental Law" means federal laws and the laws of the
27 jurisdiction where the Property is located that relate to health, safety and environmental
28 protection.

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

2 **21) Acceleration; Remedies.**

- 3 a) Upon Borrower's breach of any covenant or agreement of Borrower in the Note,
4 Covenants, and/or in this Deed of Trust, including the covenants to pay when due any
5 sums secured by this Security Instrument, Lender prior to acceleration shall give notice
6 to Borrower as provided in Section 13 hereof specifying: (1) the breach; (2) the action
7 required to cure such breach; (3) a date, not less than 30 days from the date of notice is
8 mailed to Borrower (and with respect to the Senior Lien Holder, 60 days from the date
9 the notice is given to the Senior Lien Holder), by which such breach must be cured; and
10 (4) that failure to cure such breach on or before the date specified in the notice may
11 result in acceleration of the sums secured by this Security Instrument and sale of the
12 Property. The notice shall further inform Borrower of the right to reinstate after
13 acceleration and the right to bring a court action to assert the nonexistence of a default or
14 any other defense of Borrower to acceleration and sale. If the breach is not cured on or
15 before the date specified in the notice, and the Senior Lien Holder has not exercised its
16 right to cure the breach, then Lender, at Lender's option, may declare all of the sums
17 secured by this Security Instrument to be immediately due and payable without further
18 demand and may invoke the power of sale and acceleration of the sums secured by this
19 Security Instrument and sale of the Property.
- 20 b) Notwithstanding Lender's right to invoke any remedies hereunder, the Lender agrees
21 that it will not commence foreclosure proceedings or accept a deed in lieu of foreclosure,
22 or exercise any other rights or remedies hereunder until it has given the Senior Lien
23 Holder at least 60 days prior written notice. Lender shall be entitled to collect all
24 expenses incurred in pursuing the remedies, including, but not limited to, reasonable
25 attorneys' fees and costs of title evidence.
- 26 c) If Lender invokes the power of sale, Lender shall execute or cause Trustee to execute a
27 written notice of the occurrence of an event of default and of Lender's election to cause
28 the Property to be sold and shall cause such notice to be recorded in each county in

1 which the Property or some part thereof is located. Lender or Trustee shall mail copies
2 of such notice in the manner prescribed by applicable law. Trustee shall give public
3 notice of sale to the persons and in the manner prescribed by applicable law. After the
4 lapse of such time as may be required by applicable law, Trustee, without demand on
5 Borrower, shall sell the Property at public auction to the highest bidder at the time and
6 place and under the terms designated in the notice of sale in one or more parcels and in
7 such order as Trustee may determine. Trustee may postpone sale of all or any parcel of
8 the Property by public announcement at the time and place of any previously scheduled
9 sale. Lender or Lender's designee may purchase the Property at any sale.

- 10 d) Trustee shall deliver to the purchaser Trustee's deed conveying the Property so sold
11 without any covenant or warranty, expressed or implied. The recitals in the Trustee's
12 deed shall be prima facie evidence of the truth of the statements made therein. Trustee
13 shall apply the proceeds of the sale in the following order: (a) to all reasonable costs and
14 expenses of the sale, including, but not limited to, reasonable Trustee's and attorneys'
15 fees and costs of title evidence; (b) to all sums secured by this Security Instrument; and
16 (c) the excess, if any, to the person or persons legally entitled thereto.

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

- 18 a) As additional security hereunder, Borrower hereby assigns to Lender the rents of the
19 Property, provided that Borrower shall, prior to acceleration or abandonment of the
20 Property, have the right to collect and retain such rents as they become due and payable.
21 b) Upon acceleration hereof or abandonment of the Property, Lender, in person, by agent or
22 by judicially-appointed receiver shall be entitled to enter upon, take possession of and
23 manage the Property and to collect the rents of the Property, including those past due.
24 All rents collected by Lender or the receiver shall be applied first to premiums on
25 receiver's bonds and reasonable attorneys' fees, and then to the sums secured by this
26 Security Instrument. Lender and the receiver shall be eligible to account only for those
27 rents actually received.
28

1 23) **Reconveyances.** Upon payment of all sums secured by this Security Instrument, Lender
2 shall request Trustee to reconvey the Property and shall surrender this Security Instrument
3 and all notes evidencing indebtedness secured by this Security Instrument to the Trustee.
4 Trustee shall reconvey the Property without warranty and without charge to the person or
5 persons legally entitled thereto. Such person or persons shall pay all costs of recordation, if
6 any.

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

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

3
4
5 BORROWER

6
7 <INSERT BORROWERS FULL NAME>

DATE

8
9 <INSERT BORROWERS FULL NAME>

DATE

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18 **(All Signatures Must Be Notarized)**
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EXHIBIT "A"

LEGAL DESCRIPTION OF PROPERTY

<INSERT LEGAL DESCRIPTION>

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 is 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: _____

CALIFORNIA ALL-PURPOSE ACKNOWLEDGEMENT

STATE OF CALIFORNIA }

COUNTY OF _____ }

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

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

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

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

WITNESS my hand and official seal.

Signature _____

Place Notary Seal Above

Signature of Notary Public

EXHIBIT E

FORM OF ITEMIZATION OF AMOUNTS FINANCED

(Behind this page)

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ITEMIZATION OF AMOUNT FINANCED

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

\$ 0.00 Amount given to you directly

Amount paid to others on your behalf:

\$Down Payment Amount To: ESCROW FOR PURCHASE PRICE ASSISTANCE

\$Closing Cost Amount To: ESCROW FOR CLOSING COST ASSISTANCE

The Borrower hereby acknowledges receiving a copy of this Statement.

INSERT BORROWERS FULL NAME

DATE

INSERT BORROWERS FULL NAME

DATE

EXHIBIT F
FORM OF NOTICE OF DEFAULT
(Behind this page)

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NO FEE FOR RECORDING PURSUANT
TO GOVERNMENT CODE SECTION 6103

RECORDING REQUESTED BY AND
WHEN RECORDED MAIL TO:

Housing Authority
of the County of Riverside
5555 Arlington Avenue
Riverside, CA 92504
Attn: Kari H'Orvath
File No.: <INSERT FILE NO. >

SPACE ABOVE THIS LINE FOR RECORDERS USE

REQUEST for NOTICE
UNDER SECTION 2924b CIVIL CODE

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

LEGAL DESCRIPTION ATTACHED HERETO AS EXHIBIT "A"

APN: PARCEL NO. Property also known as: PROPERTY ADDRESS

Executed by <INSERT BUYER'S NAMES, INSERT VESTING>, as trustor in which <INSERT 1ST DOT BENEFICIARY>, is named as Beneficiary, and <INSERT 1ST DOT TRUSTEE>, as Trustee, be mailed to HOUSING AUTHORITY OF THE COUNTY OF RIVERSIDE, at 5555 Arlington Avenue, Riverside, CA 92504.

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

Dated _____

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

STATE OF CALIFORNIA

COUNTY OF RIVERSIDE} S.S.

On _____ before me,
_____ a Notary Public,
personally appeared _____ 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 _____

Housing Authority of the County of Riverside

Heidi Marshall / Deputy Executive Director

(This area for official notarial seal)

Escrow or Loan No. <INSERT LOAN NO.>

EXHIBIT "A"

LEGAL DESCRIPTION OF PROPERTY

<INSERT LEGAL DESCRIPTION>

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EXHIBIT G
FORM OF NOTICE OF AFFORDABILITY RESTRICTIONS
(Behind this page)

Recording Requested By:

When Recorded Return To and
Mail Tax Statements To:

Housing Authority
of the County of Riverside
5555 Arlington Avenue
Riverside, California 92504
Attn: Kari H'Orvath
File No.: <INSERT FILE NO.>

NOTICE OF AFFORDABILITY RESTRICTIONS ON TRANSFER OF PROPERTY

This Notice is to be recorded concurrently with recordation of affordability restriction or within thirty (30) days of recording such document.

In accordance with the California Health and Safety Code Section 33334.3, 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 Housing Authority of the County of Riverside, a public entity, corporate and politic, in its capacity as housing successor to the Former Redevelopment Agency for the County of Riverside ("Authority") and <INSERT HOMEBUYERS NAME> ("Owner") have entered into a Covenant and Restriction Agreement with an expiration date of < 45 YEARS FROM THE DATE OF ISSUANCE OF A CERTIFICATE OF OCCUPANCY> is recorded concurrently herewith in the Official Records of Riverside County, California, on the following property at <INSERT PROPERTY ADDRESS>, APN <INSERT PARCEL NO.>:

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

LEGAL DESCRIPTION ATTACHED HERETO AS EXHIBIT "A"

HOUSING AUTHORITY
OF THE COUNTY OF RIVERSIDE

HOMEOWNER

Heidi Marshall, Deputy Executive Director

Date: _____

Homebuyers Name Date

Homebuyers Name Date

All signatures must be notarized

EXHIBIT "A"

LEGAL DESCRIPTION OF PROPERTY

<INSERT LEGAL DESCRIPTION>

CALIFORNIA ALL-PURPOSE ACKNOWLEDGEMENT

STATE OF CALIFORNIA }

COUNTY OF _____ }

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

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

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

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

WITNESS my hand and official seal.

Signature _____

Place Notary Seal Above

Signature of Notary Public