

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

631A 

**FROM:** Housing Authority

**SUBMITTAL DATE:**  
September 18, 2014

**SUBJECT:** Subrecipient Agreement for the Use of Neighborhood Stabilization Program 3 Funds for 9411 Geordie Way in the City of Jurupa Valley, District 2/District 2, [\$241,000], Neighborhood Stabilization Program 3 funds 100% CEQA Exempt

**RECOMMENDED MOTION:** That the Board of Commissioners:

1. Find that the project is exempt from California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines Section 15301, Existing Facilities;
2. Approve the attached Subrecipient Agreement for the use of Neighborhood Stabilization Program 3 Funds, including all attachments thereto, in the amount of \$241,000, between the County of Riverside and Housing Authority of the County of Riverside, for the rehabilitation of a single family home (9411 Geordie Way) in the City of Jurupa Valley;

(Continued)



Robert Field  
Executive Director

FINANCIAL DATA	Current Fiscal Year:	Next Fiscal Year:	Total Cost:	Ongoing Cost:	POLICY/CONSENT (per Exec. Office)
<b>COST</b>	\$ 241,000	\$ 0	\$ 241,000	\$ 0	Consent <input type="checkbox"/> Policy <input checked="" type="checkbox"/>
<b>NET COUNTY COST</b>	\$ 0	\$ 0	\$ 0	\$ 0	
<b>SOURCE OF FUNDS:</b> Neighborhood Stabilization Program 3 Funds 100%				Budget Adjustment: No For Fiscal Year: 2014/15	

**C.E.O. RECOMMENDATION:**

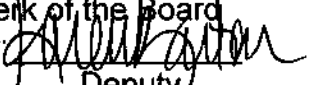
APPROVE  
BY:   
Rohini Dasika

County Executive Office Signature

**MINUTES OF THE HOUSING AUTHORITY BOARD OF COMMISSIONERS**

On motion of Commissioner Stone, seconded by Commissioner Benoit and duly carried, IT WAS ORDERED that the above matter is approved as recommended.

Ayes: Jeffries, Stone and Benoit  
Nays: None  
Absent: Tavaglione and Ashley  
Date: September 30, 2014  
xc: Housing Authority

Kecia Harper-Ihem  
Clerk of the Board  
By:   
Deputy

(Comp. Item 3-8)

Prev. Agn. Ref.:

District: 2/2

Agenda Number:

**10-2**

FORM APPROVED COUNTY COUNSEL 9/11/14  
DATE  
BY: GREGORY P. PRAMOS

Departmental Concurrence

FISCAL PROCEDURES APPROVED  
PAUL ANGLIO, CPA, AUDITOR-CONTROLLER  
BY: Esteban Hernandez

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:** Subrecipient Agreement for the Use of Neighborhood Stabilization Program 3 Funds for 9411 Geordie Way in the City of Jurupa Valley, District 2/District 2, [\$241,000], Neighborhood Stabilization Program 3 funds 100% CEQA Exempt

**DATE:** September 18, 2014

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**RECOMMENDED MOTION:** (Continued)

3. Authorize the Chairman of the Board of Commissioners to execute the attached Subrecipient Agreement; and
4. Authorize the Executive Director, or designee, to take all necessary steps to implement the Subrecipient Agreement including, but not limited to, signing subsequent necessary and relevant documents, subject to approval by County Counsel.

**BACKGROUND:**

**Summary**

The Housing Authority of the County of Riverside (Housing Authority) has applied for \$241,000 in Neighborhood Stabilization Program 3 (NSP3) funds to rehabilitate a single family home owned by the Housing Authority to sell to a first-time homebuyer. The property that the Housing Authority is proposing to rehabilitate for sale is located at 9411 Geordie Way, Jurupa Valley, CA 92509, with an Assessor's Parcel Number 173-090-014 (Property). The Property was acquired by the Housing Authority for one dollar (\$1.00) through the U.S. Department of Housing and Urban Development (HUD) Dollar Homes initiative which helps local governments to foster housing opportunities for low to moderate income families. The proposed agreement for use of the NSP3 funds between the County and the Housing Authority is set forth in the proposed Subrecipient Agreement for Use of Neighborhood Stabilization Program 3 Funds, attached hereto.

The Property currently has various code violations and is not in conformance with current building codes and standards. The Property has been vacant for a number of years and there have been numerous issues with vandalism and illegal dumping at the Property.

The Housing Authority is proposing to sell the home to a low and/or moderate income first-time homebuyer whose income does not exceed 120% of the area median income for the County of Riverside (County). A qualified home buyers must not have owned a home within the past 3 years and is required to attend a home buyer counseling session certified by HUD. Upon sale of the home, a portion of the sale proceeds will be used as a silent second loan to assist the qualified first-time homebuyer and the balance of the sales proceeds will be returned to the County. The Property will be affordable for a period of at least 15 years from the transfer of title to qualified first-time homebuyer.

The proposed activity meets the conditions for categorical exemption from the California Environmental Quality Act (CEQA) under CEQA Guidelines 15301, Class 1-Existing Facilities. The proposed project involves the loan of NSP3 funds and the rehabilitation of an existing facility and no expansion of an existing use will occur.

County Counsel has reviewed and approved the attached Subrecipient Agreement for the use of NSP3 Funds, Deed of Trust with Assignment of Rents, Promissory Note and Covenant Agreement as to form. Staff recommends that the Board approve the Subrecipient Agreement for the use of HOME Funds, Deed of Trust with Assignment of Rents, Promissory Note and Covenant Agreement.

**Impact on Residents and Businesses**

(Commences on Page 2)

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

Housing Authority

**FORM 11:** Subrecipient Agreement for the Use of Neighborhood Stabilization Program 3 Funds for 9411 Geordie Way in the City of Jurupa Valley, District 2/District 2, [\$241,000], Neighborhood Stabilization Program 3 funds 100% CEQA Exempt

**DATE:** September 18, 2014

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**Impact on Residents and Businesses**

Approving this item will have a positive impact on the citizens and businesses of the City of Jurupa Valley. The proposed project is expected to generate temporary construction jobs, and provide affordable housing for residents of the City of Jurupa Valley and the County of Riverside.

**SUPPLEMENTAL:**

**Additional Fiscal Information**

No impact upon the County's General Fund; the County's contribution to the project will be fully funded with Neighborhood Stabilization Program 3 funds from the U.S. Department of Housing and Urban Development.

**Attachments:**

- Notice of Exemption
- Subrecipient Agreement for the use of NSP3 Funds
  - Deed of Trust with Assignment of Rents and Promissory Note
  - Covenant Agreement

**SUBRECIPIENT AGREEMENT FOR THE USE OF  
NEIGHBORHOOD STABILIZATION PROGRAM 3 FUNDS**

THIS SUBRECIPIENT AGREEMENT FOR THE USE OF NEIGHBORHOOD STABILIZATION PROGRAM 3 FUNDS (“Agreement”) is made and entered into as of the 30<sup>th</sup> day of September, 2014 by and between the COUNTY OF RIVERSIDE, a political subdivision of the State of California (“COUNTY”), and HOUSING AUTHORITY OF THE COUNTY OF RIVERSIDE, a public entity, corporate and politic in the State of California (“SUBRECIPIENT”). The COUNTY and SUBRECIPIENT may be individually referred to herein as a “Party” and collectively as the “Parties.”

WITNESSETH:

WHEREAS, the Neighborhood Stabilization Program 3 (“NSP3”) was created under Section 1497 of the Wall Street Reform and Consumer Protection Act of 2010 (Dodd-Frank Act) and appropriated under the Community Development Block Grant (CDBG) to stabilize neighborhoods whose viability has been, and continues to be, damaged by the economic effects of properties that have been foreclosed upon, abandoned or subjected to blighted conditions;

WHEREAS, COUNTY has qualified as an “Urban County” for purposes of receiving CDBG funds, including NSP3 funds, which are to be used to assist and undertake essential community development and housing assistance activities pursuant to the Housing and Community Development Act of 1974, Title I, as amended, Public Law 93-383 (the “Act”);

WHEREAS, SUBRECIPIENT is eligible under NSP3 to apply and receive NSP3 funds to perform those activities described herein;

WHEREAS, SUBRECIPIENT has proposed to rehabilitate and sell a single family home that is owned by the SUBRECIPIENT to a qualified first-time homebuyer (“Project”), located at 9411 Geordie Way, Jurupa Valley, CA 92509, with Assessor’s Parcel Number 173-090-014, depicted on the Site Map attached hereto **Exhibit A** and incorporated

1 herein by this reference (“Property”);

2 WHEREAS, Property was obtained for One Dollar (\$1.00) through the U.S.  
3 Department of Housing and Urban Development Dollar NSP3 initiative which helps local  
4 governments to foster housing opportunities for low to moderate income families;

5 WHEREAS, the purpose of this Agreement is, among other things, for the  
6 County to Loan up to Two Hundred Forty One Thousand Dollars (\$241,000.00) consisting of  
7 NSP3 funds, to provide financial assistance to SUBRECIPIENT to pay for the rehabilitation  
8 costs related to the Project, as more fully described herein;

9 WHEREAS, Project resides within a designated NSP3 Target Area of the County  
10 of Riverside as defined in the COUNTY’s Substantial Amendment to the 2011-2012 One Year  
11 Action Plan of the 2009-2014 Five-Year Consolidated Plan and its amendments;

12 WHEREAS, Project must be sold to Qualified NSP3 qualified buyer as defined  
13 in **Section 21**;

14 WHEREAS, the Project complies with the objectives as required under NSP3;  
15 and

16 WHEREAS, the Project is consistent with the COUNTY’s Consolidated Plan  
17 and Action Plan.

18 NOW THEREFORE, based upon the foregoing Recitals and for good and  
19 valuable consideration, the receipt and sufficiency of which is acknowledged by all Parties, the  
20 COUNTY and SUBRECIPIENT hereby agree as follows:

21 1. PURPOSE. COUNTY has agreed to lend up to Two Hundred Forty One  
22 Thousand Dollars (\$241,000.00) of NSP3 funds to SUBRECIPIENT upon the satisfaction of  
23 the terms and conditions set forth herein (the “NSP3 Loan”). SUBRECIPIENT shall utilize the  
24 NSP3 funds for the limited purpose of rehabilitating the Property pursuant to the NSP3  
25 Program, as set forth in this Agreement, and the scope of development set forth in **Exhibit A**,  
26 attached hereto and incorporated herein by this reference. Once the Project is completed, the  
27 Project shall be sold to a low, moderate and middle income (“LMMI”) first-time home buyer  
28 (as required herein) pursuant to the NSP3 program (“Qualified Homebuyer”).

1           2.    SUBRECIPIENT'S OBLIGATIONS. SUBRECIPIENT hereby agrees to  
2 use its best efforts to undertake and complete the following activities:

3           a.    Develop the Project in accordance with the timeline set forth in the  
4               Implementation Schedule, attached hereto as **Exhibit A** and  
5               incorporated herein by this reference.

6           b.    Permits. Before commencement of rehabilitation or other works of  
7               improvement upon an Property, SUBRECIPIENT shall, at its own  
8               expense, secure or cause to be secured any and all permits and  
9               approvals which may be required for rehabilitation of Property  
10              pursuant to the applicable rules and regulations of the City of Jurupa  
11              Valley and any other governmental agency affected by such  
12              rehabilitation of work. SUBRECIPIENT shall, without limitation,  
13              apply for and secure any and all necessary studies required for  
14              environmental review, as described in **Section 18**, and pay all costs,  
15              charges and fees associated therewith.

16           c.    Compliance. Project shall remain in compliance with all applicable  
17               Federal, State and local codes, laws, regulations and ordinances as  
18               described in **Section 18**.

19           d.    Maintain the Project in compliance with applicable local, state,  
20               federal laws, codes and regulations for the duration of the  
21               Affordability Period, including, but not limited to the applicable  
22               NSP3 Program regulations

23           3.    COUNTY'S OBLIGATIONS. COUNTY shall complete the following  
24               activities, subject to its receipt of NSP3 funds from HUD and SUBRECIPIENT's satisfactory  
25               completion of the conditions precedent to disbursement set forth below:

26           a.    Provide a total amount identified in **Section 1** in NSP3 funds to  
27               SUBRECIPIENT for financing, rehabilitation and disposal costs of  
28               the Project.

1           b. Comply with all of its obligations as participating recipient under the  
2           applicable regulations set forth under HUD regulations.

3           4. NSP3 Loan. Subject to the satisfaction of the conditions precedent to  
4           disbursement of the NSP3 Funds set forth in **Section 13** below, County shall provide financing  
5           to SUBRECIPIENT in the form of a Loan in the amount of the NSP3 Funds (“NSP3 Loan”),  
6           pursuant to the following terms and conditions:

7           a. Term. This Agreement shall become effective upon the Effective  
8           Date, as defined in **Section 50**, and shall continue in full force and  
9           effect for a period of up to twenty four (24) months (the “Term”).

10          b. Principal. The principal of the NSP3 Loan shall be evidenced by a  
11          promissory note (“Note”), as shown in **Exhibit C**, which is  
12          attached hereto and by this reference incorporated herein,  
13          executed by SUBRECIPIENT in favor of COUNTY in a form  
14          satisfactory to COUNTY.

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

16          d. Repayment. The Note shall provide the following:

17           1. The NSP3 Loan shall be due and payable on the earliest  
18           of:

19           (1) The date the Project is sold; or

20           (2) An Event of Default by SUBRECIPIENT which  
21           has not been cured as provided for in this  
22           Agreement.

23           2. Notwithstanding the above, SUBRECIPIENT’s obligation  
24           to repay the NSP3 Loan will be reduced by the sum of the  
25           Development Subsidy, the Homebuyer Subsidy, and  
26           Closing Costs, as defined below:

27           (1) Development Subsidy. The Development Subsidy  
28           is the amount of the NSP3 Loan attributable to the

1 Project expended for NSP3-eligible costs identified  
2 in the Approved Budget, minus the Selling Price of  
3 the Project Unit (as defined in **Section 20**).

4 (2) Homebuyer Subsidy. The Homebuyer Subsidy is  
5 the amount of the Selling Price of the Project  
6 minus the Qualified Homebuyer's home loan (the  
7 "Homebuyer Loan"). The Homebuyer Subsidy is  
8 limited to (a) thirty percent (30%) of the Selling  
9 Price capped for a maximum amount of \$75,000  
10 for LMMI households or (b) fifty percent (50%) of  
11 the Selling Price capped for a maximum amount of  
12 \$75,000 for VLI households. The Homebuyer  
13 Subsidy is an amount which will be assumed by  
14 the Qualified Homebuyer in the form of silent  
15 second mortgage assistance to Qualified  
16 Homebuyer; and

17 (3) Closing Costs. Closing Costs include all costs  
18 payable by SUBRECIPIENT in connection with  
19 the sale of the Project to a Qualified Homebuyer.

20 3. NSP3 Program Income is the NSP3 Loan less the  
21 Development Subsidy, less the Homebuyer Subsidy and  
22 less the Closing Costs for Project. NSP3 Program Income  
23 shall be paid to COUNTY upon the sale of the Project.  
24 Upon the repayment of the NSP3 Loan, SUBRECIPIENT  
25 shall be released from its repayment obligations. At the  
26 time of the sale of the Project to a Qualified Homebuyer,  
27 COUNTY shall cause to be delivered to SUBRECIPIENT  
28 a partial reconveyance of the Deed of Trust from Property



1 and a termination of this Agreement as a lien on Property.

2 4. Upon transfer of title to the Qualified Homebuyer, a  
3 "Homebuyer Deed of Trust" between COUNTY and  
4 Qualified Homebuyer shall be recorded by  
5 SUBRECIPIENT to secure the Homebuyer Subsidy  
6 ("Second Mortgage Loan"), and to require its repayment  
7 to COUNTY if the Project is no longer the principal  
8 residence or upon any sale, rental, refinance, conveyance,  
9 transfer or change in title of the Project in violation of the  
10 Homebuyer Deed of Trust prior to the expiration of the  
11 Affordability Period , as defined in **Section 15** below.

12 5. Sale, rental, refinance, conveyance, transfer or change in  
13 title of the Project prior to the expiration of the  
14 affordability period will cause shared equity, in addition to  
15 the principal, as provided in the Homebuyer Deed of Trust  
16 to COUNTY.

17 e. Security. NSP3 Loan shall be secured by a "Deed of Trust" as  
18 shown in **Exhibit B**, which is attached hereto and by this  
19 reference incorporated herein, recorded against Property.  
20 SUBRECIPIENT agrees that the Deed of Trust shall be in the first  
21 position until the home has been sold to the Qualified  
22 Homebuyer.

23 5. PRIOR COUNTY APPROVAL. SUBRECIPIENT shall obtain  
24 COUNTY'S written approval, through its Economic Development Agency ("EDA"), of all  
25 items requiring such approvals as described in this Agreement.

26 6. TERM OF AGREEMENT. This Agreement shall become effective upon  
27 the Effective Date, as defined in **Section 50**, and shall continue in full force and effect for a  
28 period of up to twenty four (24) months (the "Term").

1           7.    SUBRECIPIENT'S REPRESENTATIONS. SUBRECIPIENT represents  
2 and warrants to COUNTY as follows:

3           a.    Authority. SUBRECIPIENT is a duly organized nonprofit public benefit  
4 corporation in good standing under the laws of the State of California. The copies of the  
5 documents evidencing the organization of SUBRECIPIENT, which have been delivered to  
6 COUNTY, are true and complete copies of the originals, amended to the date of this  
7 Agreement. SUBRECIPIENT has full right, power and lawful authority to accept the  
8 conveyance of the Project Site, as defined in **Exhibit A**, and undertake all obligations as  
9 provided herein and the execution, performance and delivery of this Agreement by  
10 SUBRECIPIENT has been fully authorized by all requisite actions on the part of  
11 SUBRECIPIENT.

12           b.    No Conflict. To the best of SUBRECIPIENT's knowledge,  
13 SUBRECIPIENT's execution, delivery and performance of its obligations under this  
14 Agreement will not constitute a default or a breach under contract, agreement or order to which  
15 SUBRECIPIENT is a party or by which it is bound.

16           c.    No SUBRECIPIENT Bankruptcy. SUBRECIPIENT is not the subject of  
17 a bankruptcy proceeding.

18           d.    Prior to Closing. SUBRECIPIENT shall upon learning of any fact or  
19 condition which would cause any of the warranties and representations in this **Section 7** not to  
20 be true as of the date of the close of escrow, shall immediately give written notice of such fact  
21 or condition to COUNTY. Such exception(s) to a representation shall not be deemed a breach  
22 by SUBRECIPIENT hereunder, but shall constitute an exception which COUNTY shall have  
23 the right to approve or disapprove if such exception would have an effect on the value and/or  
24 operation of the Project Site.

25           8.    COMPLETION SCHEDULE. SUBRECIPIENT shall proceed consistent  
26 with the Implementation Schedule set forth in **Exhibit A** subject to Force Majeure Delays, as  
27 defined in **Section 9**, and may be amended in writing by COUNTY and SUBRECIPIENT.

28           9.    FORCE MAJEURE DELAYS. "Force Majeure" means event(s) beyond

1 the reasonable control of SUBRECIPIENT, and which could not have been reasonably  
2 anticipated, which prevent(s) SUBRECIPIENT from complying with any of its obligations  
3 under this Agreement, including, but not limited to: acts of God, acts of war, acts or threats of  
4 terrorism, civil disorders, strikes, labor disputes, flood, fire, explosion, earthquake or other  
5 similar acts.

6 "Force Majeure Delay" is delay due to Force Majeure that, in each case, (i)  
7 materially adversely affects the performance by SUBRECIPIENT of its obligations hereunder,  
8 (ii) is not reasonably foreseeable and is beyond SUBRECIPIENT's reasonable control, (iii)  
9 despite the exercise of reasonable diligence, cannot be prevented, avoided or removed by  
10 SUBRECIPIENT and is not attributable to the negligence, willful misconduct or bad faith of  
11 SUBRECIPIENT, and (iv) is not the result of the failure of SUBRECIPIENT to perform any of  
12 its obligations under this Agreement. Notwithstanding the foregoing, a Force Majeure Delay  
13 shall not be deemed to have occurred unless SUBRECIPIENT has notified COUNTY of such  
14 occurrence of Force Majeure within fifteen (15) days after such occurrence and has provided  
15 COUNTY with the details of such event and the length of the anticipated delay within an  
16 additional fifteen (15) days thereafter. SUBRECIPIENT shall diligently attempt to remove,  
17 resolve, or otherwise eliminate such event, keep COUNTY advised with respect thereto, and  
18 shall commence performance of its obligations hereunder immediately upon such removal,  
19 resolution or elimination. During the occurrence and continuance of a Force Majeure Delay,  
20 SUBRECIPIENT shall be excused from performance of its obligations under this Agreement  
21 to the extent the Force Majeure prevents SUBRECIPIENT from performing such obligations.

22 10. EXTENSION OF TIME. COUNTY may grant an extension to the  
23 Implementation Schedule for the purpose of completing SUBRECIPIENT's activities which  
24 cannot be completed as outlined in **Exhibit A**. Every term, condition, covenant, and  
25 requirement of this Agreement shall continue in full force and effect during the period of any  
26 such extension.

27 11. REALLOCATION OF FUNDS. If SUBRECIPIENT fails to meet (1) the  
28 Deadlines as set forth in Exhibit A, subject to the notice and cure periods as set forth in **Section**

1 28 herein, then the funds allocated, or reserved, may be reallocated by COUNTY after at least  
2 thirty (30) days' prior written notice is given to SUBRECIPIENT. Upon such reallocation and  
3 repayment of funds, this Agreement shall be terminated and be of no further force and effect  
4 and SUBRECIPIENT shall be released and discharged from any obligations under this  
5 Agreement.

6 12. CONDITIONS PRECEDENT TO DISTRIBUTION OF NSP3 LOAN  
7 FUNDS. COUNTY, through its EDA, shall: (1) make payments of the NSP3 funds to  
8 SUBRECIPIENT as designated in **Exhibit A**, subject to SUBRECIPIENT's satisfaction of the  
9 conditions precedent to NSP3 Loan distribution set forth in this Agreement, and (2) monitor  
10 the Project to ensure compliance with applicable federal regulations and the terms of this  
11 Agreement.

12 There will be no disbursement of fund until the following events occur:

13 a. SUBRECIPIENT provides the County with the data Universal Number as  
14 assigned by the Data Universal Number System (DUNS) assigned to SUBRECIPIENT as  
15 required by the Federal Funding Accountability and Transparency Act of 2006.

16 b. SUBRECIPIENT executes this Agreement.

17 c. SUBRECIPIENT provides evidence of insurance as required herein.

18 d. SUBRECIPIENT executes the NSP3 Deed of Trust, substantially  
19 conforming in form and substance to the Deed of Trust with Assignment of Rents attached  
20 hereto as **Exhibit B**, and in recordable form.

21 e. SUBRECIPIENT executes the NSP3 Note, substantially conforming in  
22 form and substance to the Promissory Note attached hereto as **Exhibit C**.

23 f. SUBRECIPIENT records the NSP3 Deed of Trust, as shown in **Exhibit**  
24 **A**, in the Official Records of the County of Riverside.

25 g. SUBRECIPIENT provides copies of receipts, paid invoices and  
26 conditional lien releases (upon receipt of payment) for construction costs.

27 h. SUBRECIPIENT provides satisfactory evidence that it has secured any  
28 and all land use entitlements, permits, approvals which may be required for construction of the

1 Project pursuant to the applicable rules and regulations of, COUNTY or any other  
2 governmental agency affected by such construction work. SUBRECIPIENT shall, without  
3 limitation, secure all entitlement, change of zone, lot line adjustment, any and all necessary  
4 studies required including but not limited to archaeological, cultural, environmental, traffic  
5 studies and lead-based paint surveys, as applicable, and pay all costs, charges and fees  
6 associated therewith, all conditions precedent to the issuance of all permits necessary for the  
7 rehabilitation and all such permits are available for issuance, other than payment of fees.

8 i. SUBRECIPIENT provides duly executed documents and instruments  
9 showing the ownership of the Project Site as identified in **Exhibit A**.

10 j. SUBRECIPIENT is not in default under the terms of this Agreement.

11 k. If Davis Bacon and/or Prevailing Wages are required to be paid,  
12 SUBRECIPIENT shall monitor Davis Bacon prevailing wage compliance for all submissions  
13 of contractors certified payrolls to COUNTY. In the event that the Project requires prevailing  
14 wages, SUBRECIPIENT shall comply with any applicable labor regulations and all other State  
15 Laws in connection with the construction of the improvements which compromise the Project,  
16 including if applicable, requirements relating to prevailing wages. SUBRECIPIENT agrees and  
17 acknowledges that it is the responsibility of SUBRECIPIENT to obtain legal a determination,  
18 at SUBRECIPIENT's sole cost and expenses as to whether prevailing wages must be paid  
19 during the construction of the Project. If the Project is subject to prevailing wage, then  
20 SUBRECIPIENT shall be solely responsible to pay its contractors and subcontractors the  
21 required prevailing wage rates. SUBRECIPIENT agrees to indemnify, defend, and hold  
22 COUNTY harmless from and against any and all liability arising out of and related to  
23 SUBRECIPIENT's failure to comply with any and all applicable prevailing wage  
24 requirements.

25 l. SUBRECIPIENT provides satisfactory evidence that it has satisfied all  
26 conditions precedent to the issuance of all permits necessary for the construction of the  
27 development and all such permits are available for issuance, other than payment of fees.

28 m. Pursuant to 24 CFR, Part 5, SUBRECIPIENT agrees to verify that

1 SUBRECIPIENT, and its principals, or any/all persons, contractors, consultants, businesses,  
2 etc. (“Developer Associates”), that SUBRECIPIENT is conducting business with, are not  
3 presently debarred, proposed for debarment, suspended, declared ineligible, or voluntarily  
4 excluded from participation or from receiving federal contracts or federally approved  
5 subcontracts or from certain types of federal financial and nonfinancial assistance and benefits  
6 with the Excluded Parties Listing System (“EPLS”). EPLS records are located at  
7 [www.sam.gov](http://www.sam.gov). SUBRECIPIENT shall search and provide a single comprehensive list of  
8 Developer Associates (individuals and firms) and print and maintain evidence of the search  
9 results of each Developer Associate as verification of compliance with this requires as  
10 provided in **Exhibit G**, which is attached hereto and by this reference incorporated herein.

11 COUNTY shall release the final draw of NSP3 funds upon receipt of the  
12 following “Closing Documents” from SUBRECIPIENT:

- 13 1) Conditional lien release from general contractor;
- 14 2) Certificate of Occupancy, if issued;
- 15 3) if applicable, all remaining Davis Bacon documentation, if  
16 any, including, but not limited to, complete certified  
17 payrolls, Section 3 certifications, fringe benefit forms, and  
18 certificates of authorization and understanding;
- 19 4) final Contract and Subcontract Activity report, Minority  
20 Business Enterprise/Women Business Enterprise  
21 (“MBE/WBE”) report, HUD form 2516;
- 22 5) submission of documentation that shows compliance with  
23 the Uniform Relocation Assistance and Real Property  
24 Acquisition Policies Act of 1970 and 24 CFR Part 42.
- 25 6) final development costs; and
- 26 7) final sources and uses of funds for the Project.

27 13. CONDITIONS PRECEDENT TO DISTRIBUTION OF NSP3 FUNDS.

28 The Disaster Recovery Grant Reporting (DRGR) system was developed by HUD’s Office of

1 Community Planning and Development and will be utilized for NSP3. The DRGR system is a  
2 computerized system which manages, disburses, collects, and reports information on the use of  
3 NSP3 funds in the United States Treasury Account.

4 Any disbursement of funds is expressly conditioned upon the satisfaction  
5 of conditions set forth in **Section 12**. COUNTY shall pay SUBRECIPIENT for rehabilitation  
6 costs on a "cost-as-incurred" basis for all NSP3-eligible approved costs on a monthly basis. All  
7 disbursements of NSP3 funds for rehabilitation will be made within thirty (30) days after  
8 SUBRECIPIENT has submitted its letter identifying payments made and requesting  
9 reimbursement.

10 Activity delivery costs incurred by the SUBRECIPIENT will be disbursed  
11 as they are incurred. SUBRECIPIENT shall comply with timely drawdown of funds by  
12 submitting monthly requests for reimbursement. COUNTY shall release final draw down of  
13 NSP3 funds following receipt of all of the items listed in **Section 12**.

14 14. ACTIVITY DELIVERY COST'S AND REAL ESTATE SALE  
15 COMMISSIONS.

16 a. Activity delivery costs are costs incurred by the SUBRECIPIENT to  
17 facilitate the development of the Project. For guidance on what  
18 constitutes an activity delivery costs refer to NSP Policy Alert, dated May  
19 18, 2012, "Guidance of NSP Activity Delivery and Administration  
20 Costs". The SUBRECIPIENT cannot exceed 15% of total Project budget  
21 for activity delivery costs. Activity delivery costs shall be disbursed in  
22 accordance with **Section 13**.

23 b. COUNTY will allow for real estate commissions up to 6% of the resale  
24 price for the Project.

25 15. TERMS OF AFFORDABILITY. The period of affordability for the  
26 Project (the "Affordability Period") shall be fifteen (15) years from the initial transfer of title of  
27 the Project to the Qualified Homebuyer.

28 16. INSURANCE. Without limiting or diminishing SUBRECIPIENT'S

1 obligation to indemnify or hold COUNTY harmless, SUBRECIPIENT shall procure and  
2 maintain or cause to be maintained, at its sole cost and expense, the following insurance  
3 coverage's during the term of this Agreement.

4 a. Worker's Compensation Insurance. If SUBRECIPIENT has  
5 employees as defined by the State of California, SUBRECIPIENT shall maintain statutory  
6 Workers' Compensation Insurance (Coverage A) as prescribed by the laws of the State of  
7 California. Policy shall include Employers' Liability (Coverage B) including Occupational  
8 Disease with limits not less than \$1,000,000 per person per accident. The policy shall be  
9 endorsed to waive subrogation in favor of The County of Riverside, and, if applicable, to  
10 provide a Borrowed Servant/Alternate Employer Endorsement.

11 b. Commercial General Liability Insurance. Commercial General  
12 Liability insurance coverage, including but not limited to, premises liability, contractual  
13 liability, products and completed operations liability, personal and advertising injury, and cross  
14 liability coverage, covering claims which may arise from or out of SUBRECIPIENT'S  
15 performance of its obligations hereunder. Policy shall name the County of Riverside, its  
16 Agencies, Districts, Special Districts, and Departments, their respective directors, officers,  
17 Board of Supervisors, employees, elected or appointed officials, agents or representatives as  
18 Additional Insured. Policy's limit of liability shall not be less than \$1,000,000 per occurrence  
19 combined single limit. If such insurance contains a general aggregate limit, it shall apply  
20 separately to this agreement or be no less than two (2) times the occurrence limit.

21 c. Vehicle Liability Insurance. If vehicles or mobile equipment are  
22 used in the performance of the obligations under this Agreement, then SUBRECIPIENT shall  
23 maintain liability insurance for all owned, non-owned or hired vehicles so used in an amount  
24 not less than \$1,000,000 per occurrence combined single limit. If such insurance contains a  
25 general aggregate limit, it shall apply separately to this agreement or be no less than two (2)  
26 times the occurrence limit. Policy shall name the County of Riverside, its Agencies, Districts,  
27 Special Districts, and Departments, their respective directors, officers, Board of Supervisors,  
28 employees, elected or appointed officials, agents or representatives as Additional Insured or



1 provide similar evidence of coverage approved by COUNTY's Risk Manager.

2 d. General Insurance Provisions – All Lines.

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

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

16 3. SUBRECIPIENT shall cause SUBRECIPIENT's  
17 insurance carrier(s) to furnish the County of Riverside with copies of the Certificate(s) of  
18 Insurance and Endorsements effecting coverage as required herein, and 2) if requested to do so  
19 orally or in writing by COUNTY Risk Manager, provide copies of policies including all  
20 Endorsements and all attachments thereto, showing such insurance is in full force and effect.  
21 Further, said Certificate(s) and policies of insurance shall contain the covenant of the insurance  
22 carrier(s) that thirty (30) days written notice shall be given to the County of Riverside prior to  
23 any material modification, cancellation, expiration or reduction in coverage of such insurance.  
24 In the event of a material modification, cancellation, expiration, or reduction in coverage, this  
25 Agreement shall terminate forthwith, unless the County of Riverside receives, prior to such  
26 effective date, another Certificate of Insurance and copies of endorsements, including all  
27 endorsements and attachments thereto evidencing coverage's set forth herein and the insurance  
28 required herein is in full force and effect. SUBRECIPIENT shall not commence operations

1 until COUNTY has been furnished Certificate(s) of Insurance and copies of endorsements and  
2 if requested, copies of policies of insurance including all endorsements and any and all other  
3 attachments as required in this Section. An individual authorized by the insurance carrier to do  
4 so, on its behalf, shall sign the original endorsements for each policy and the Certificate of  
5 Insurance.

6 4. It is understood and agreed to by the parties hereto that  
7 SUBRECIPIENT's insurance shall be construed as primary insurance, and COUNTY's  
8 insurance and/or deductibles and/or self-insured retention's or self-insured programs shall not  
9 be construed as contributory.

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

19 6. SUBRECIPIENT shall pass down the insurance  
20 obligations contained herein to all tiers of subcontractors working under this Agreement.

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

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

26 17. FINANCIAL RECORDS. SUBRECIPIENT shall maintain financial,  
27 programmatic, statistical, and other supporting records of its operations and financial activities  
28 in accordance with the requirements of the NSP3 Investment Partnerships Program Final Rule,

1 and the regulations as amended promulgated thereunder, which records shall be open to  
2 inspection and audit by authorized representatives of COUNTY, HUD, and the Comptroller  
3 General of the United States during regular working hours. COUNTY, HUD, and the  
4 Comptroller General, or any of their representatives, have the right of access with at least forty-  
5 eight (48) hours prior notice, to any pertinent books, documents, papers, or other records of  
6 SUBRECIPIENT, in order to make audits, examinations, excerpts, and transcripts. Said  
7 records shall be retained for such time as may be required by the regulations of the NSP3  
8 Program, but in no event no less than five (5) years after the Project completion date; except  
9 that records of individual tenant income verifications, project rents, and project inspections  
10 must be retained for the most recent five (5) year period, until five (5) years after the  
11 Affordability Period terminates. If any litigation, claim, negotiation, audit, or other action has  
12 been started before the expiration of the regular period specified, the records must be retained  
13 until completion of the action and resolution of all issues which arise from it, or until the end of  
14 the regular period, whichever is later.

15 18. COMPLIANCE WITH LAWS AND REGULATIONS. By executing  
16 this Agreement, SUBRECIPIENT hereby certifies that it will adhere to and comply with all  
17 federal, state and local laws, regulations and ordinances. In particular, SUBRECIPIENT shall  
18 comply with the following as they may be applicable to SUBRECIPIENT of funds granted  
19 pursuant to the NSP3 Program:

- 20 a. NSP3 regulations as set forth under Federal Register / Vol. 75,  
21 No. 201 / Tuesday, October 19, 2010 / Docket No. FR-5447-N-  
22 01, Notice of Formula Allocations and Program Requirements for  
23 Neighborhood Stabilization Program Grants under Section  
24 2301(b) of the Housing and Economic Recovery Act of 2008  
25 (Pub. L. 110-289, approved July 30, 2008) (HERA), as amended  
26 and an additional allocation of funds provided under Section 1497  
27 of the Wall Street Reform and Consumer Protection Act of 2010  
28 (Pub. L. 111-203, approved July 21, 2010) (Dodd-Frank Act).

- 1                   b.     Green Rehabilitation Standard. Pursuant to the NSP 3 regulations,  
2                   the County is adopting green standard elements that  
3                   SUBRECIPIENT must follow to the maximum feasible  
4                   applicable.
- 5                   c.     Standard Rehabilitation: Project will require replacement of older  
6                   obsolete products and appliances (such as windows, doors,  
7                   lighting, hot water heaters, furnaces, boilers, air conditioning  
8                   units, refrigerators, clothes washers, and dishwashers) with  
9                   Energy Star-labeled products. Water efficient toilets, showers, and  
10                  faucets, such as those with the Water Sense label, must be  
11                  installed.
- 12                 d.     Substantial or gut rehabilitation (i.e., general replacement of the  
13                  interior of building that may or may not include changes to  
14                  structural elements such as flooring systems, columns, or load  
15                  bearing interior or exterior walls) up to three stories must be  
16                  designed to meet the standard for Energy Star Qualified New  
17                  Homes  
18                  ([http://www.energystar.gov/index.cfm?c=new\\_homes.nh\\_features](http://www.energystar.gov/index.cfm?c=new_homes.nh_features)  
19                  ). An independent inspection by a certified Home Energy Rating  
20                  System (HERS) rater must provide a (California Home Energy  
21                  Efficiency Rating Services) CHEERS Energy star rating report, a  
22                  Title 24 CF-1R, and/or an affidavit from an energy consultant  
23                  stating that it meets the requirements.
- 24                 e.     Local Hiring Requirement. Pursuant to the NSP 3 regulations,  
25                  SUBRECIPIENT shall, to the maximum extent feasible, provide  
26                  for the hiring of employees who reside in the vicinity, defined as  
27                  the Target Area the SUBRECIPIENT is contracted for, or contract  
28                  with small businesses that are owned and operated by persons

1 residing in the vicinity of such Target Area. COUNTY has  
2 adopted the Section 3 applicability of thresholds for community  
3 development assistance at 24 CFR 135.3(a)(3)(ii).  
4 SUBRECIPIENT shall establish a Local Hiring Schedule that  
5 establishes the hiring process, workforce needs, and approximate  
6 timetable to be followed by the SUBRECIPIENT and  
7 subcontractors for construction hiring to achieve the overall  
8 requirements of the local hiring requirement. The Local Hiring  
9 Schedule shall include an estimate of: number of workers  
10 including hourly pay rate or work hours required per month, per  
11 day, per trade, and total for the project. Prior to commencing  
12 work, a Letter of Assent must be signed by SUBRECIPIENT. The  
13 Letter of Assent shall state that all parties doing construction work  
14 on Project have read, understand, and accept the terms of the  
15 Local Hiring Requirement, and are aware that they are bound to  
16 fulfilling the requirements. SUBRECIPIENT shall provide to the  
17 County of all efforts made to adhere to this requirement.  
18 SUBRECIPIENT shall provide a Local Hiring Plan to address  
19 elements of the Local Hiring Schedule and explain how the  
20 SUBRECIPIENT has performed outreach and met this  
21 requirement to the maximum extent feasible. The Local Hiring  
22 Plan shall include numerical goals committed to local hiring  
23 which shall be consistent with Section 3 applicability of  
24 thresholds for community development assistance at 24 CFR  
25 135.3(a)(3)(ii).

- 26 f. CDBG statutory and regulatory provisions, including those at 24  
27 CFR Part 570 subpart A, C, D, J, K, and O, as appropriate, shall  
28 apply.

- 1                   g.     Other Federal requirements and non-discrimination. As set forth  
2                   in 24 CFR Part 5, subpart A, SUBRECIPIENT is required to  
3                   include the following requirements: non-discrimination and equal  
4                   opportunity; disclosure; debarred, suspended, or ineligible  
5                   contractors; and drug-free workplace.
- 6                   h.     Environmental Review. Property will be subject to environmental  
7                   review prior demolition, rehabilitation or new construction. The  
8                   environmental effects of each activity carried out with NSP3  
9                   funds must be assessed in accordance with the provisions of the  
10                  National Environmental Policy Act of 1969 (NEPA) and related  
11                  authorities listed at 24 CFR Part 58. The Project is required to  
12                  comply with Laws and Authorities of §58.5: Historic  
13                  Preservation, Floodplain & Wetlands, Coastal Zone, Aquifers,  
14                  Endangered Species, Rivers, Air, Farmlands, HUD Environmental  
15                  Standards and Environmental Justice.
- 16                  i.     Displacement, Relocation, and Acquisition. The Project is subject  
17                  to relocation requirements of Title II and the acquisition  
18                  requirements of Title III of the Uniform Relocation Act (URA)  
19                  and Real Property Acquisition Policies Act of 1970, and the  
20                  implementing regulations at 24 CFR Part 42.
- 21                  j.     Prevailing Wages and Compliance with Davis-Bacon Act.  
22                  SUBRECIPIENT shall comply with any applicable labor  
23                  regulations and all other State and Federal Laws in connection  
24                  with the construction of the improvements which comprise the  
25                  Project, including if applicable, requirements relating to the  
26                  Davis-Bacon Act (40 U.S.C. 276a--276a-5). SUBRECIPIENT  
27                  agrees and acknowledges that it is the responsibility of  
28                  SUBRECIPIENT to obtain a legal determination, at

1 SUBRECIPIENT's sole cost and expenses as to whether  
2 prevailing wages must be paid during the rehabilitation of the  
3 Project. SUBRECIPIENT agrees to identify, defend, and hold  
4 COUNTY harmless from and against any and all liability arising  
5 out of and related to SUBRECIPIENT's failure to comply with  
6 any and all applicable prevailing wage requirements.

7 k. Lead-based Paint. Housing assisted with NSP3 funds is subject to  
8 the lead-based paint regulations of 24 CFR Part 35, subparts A, B,  
9 J, K, and R, issued pursuant to the Lead-Based Paint Poisoning  
10 Prevention Act (42 U.S.C. 4821, et seq.). All homes built prior to  
11 1978 shall be tested for lead based paint.

12 l. Conflict of Interest. In the procurement of property and services  
13 by SUBRECIPIENT, the conflict of interest provisions at  
14 §570.611 shall apply.

15 m. Section 3 of the Housing and Urban Development Act of 1968.  
16 To the greatest extent feasible, opportunities for training and  
17 employment arising from NSP3 funds will be provided to low-  
18 income persons residing in the Target Area. To the greatest extent  
19 feasible, contracts for work to be performed in connection with  
20 NSP3 funds will be awarded to business concerns that are located  
21 in or owned by persons residing in the Target Area. Contracts  
22 funded from Section 3 must abide by the Section 3 Clause  
23 prescribed at 24 CFR 135.38, as shown in **Exhibit D** which is  
24 attached hereto and by this reference incorporated herein.

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

1                   o.     Affirmative marketing and minority outreach program.

2                   SUBRECIPIENT must adopt affirmative marketing procedures  
3                   and requirements. These should include:

- 4                   1.     Methods for informing the public, owners, and potential  
5                   tenants about Federal fair housing laws and the affirmative  
6                   marketing policy.
- 7                   2.     Requirements and practices that SUBRECIPIENT must  
8                   adhere to in order to carry out the affirmative marketing  
9                   procedures and requirements.
- 10                  3.     Procedures to be used by SUBRECIPIENT to inform and  
11                  solicit applications from persons in the housing market areas  
12                  that are not likely to apply without special outreach.
- 13                  4.     Records will be kept describing actions taken by  
14                  SUBRECIPIENT to affirmatively market units and to assess  
15                  the results of these actions.
- 16                  5.     A description of how SUBRECIPIENT will annually assess  
17                  the success of affirmative marketing actions and what  
18                  corrective actions will be taken where affirmative marketing  
19                  requirements are not met.
- 20                  6.     SUBRECIPIENT should prescribe procedures to establish  
21                  and oversee a minority outreach program to ensure the  
22                  inclusion, to the maximum extent possible, of minorities and  
23                  women, and entities owned by minorities and women,  
24                  including, without limitation, real estate firms, construction  
25                  firms, appraisal firms, management firms, financial  
26                  institutions, investment banking firms, underwriters,  
27                  accountants, and providers of legal services, in all contracts  
28                  entered into by SUBRECIPIENT with such persons or



1 entities, public and private, in order to facilitate the activities  
2 of COUNTY to provide affordable housing authorized under  
3 this Act or any other Federal housing law. Affirmative steps  
4 to assure that minority business enterprises and women  
5 business enterprises are used when possible in the  
6 procurement of property and services are at 24 CFR  
7 85.36(e).

8 7. Anti-lobbying. SUBRECIPIENT must comply with  
9 restrictions on lobbying required by 24 CFR Part 87.

10 p. Model Energy Code published by the Council of American  
11 Building Officials.

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

16 r. Uniform Administrative Requirements of 24 CFR Part 84 or 85 as  
17 applicable, Part 570 and OMB Circular Nos. A-102, revised, A-  
18 110 (implemented at 24 CFR Part 84), A-87, and A-122, as  
19 applicable and as they relate to the acceptance and use of federal  
20 funds under this Agreement.

21 s. SUBRECIPIENT shall include written agreements that include all  
22 provisions of this section if SUBRECIPIENT provides NSP3  
23 funds to for-profit owners or developers, non-profit owners or  
24 developers, sub-recipients, homeowners, homebuyers, tenants  
25 receiving tenant-based rental assistance, or contractors.

26 19. INCOME TARGETING REQUIREMENTS. SUBRECIPIENT shall  
27 resell the Project to an LMMI household whose income is at or below one-hundred twenty  
28 percent (120%) of the Area Median Income (AMI), adjusted by family size at the time of

1 occupancy, for the County of Riverside.

2           20.    RESALE REQUIREMENTS. SUBRECIPIENT is required to sell the  
3 Project to a Qualified Homebuyer and repay COUNTY with the proceeds from the sale. The  
4 Selling Price of the Project shall not exceed (a) the fair market value or (b) the total costs to  
5 acquire, rehabilitate and dispose of the Project pursuant to NSP3. The Qualified Homebuyer, is  
6 defined herein, will obtain a home loan from a financial institution for up to the Selling Price  
7 (the "Homebuyer Loan"). If the Homebuyer Loan is less than the Selling Price, then the  
8 Qualified Homebuyer will receive the difference as a "Silent Second Mortgage" or Homebuyer  
9 Subsidy from COUNTY. The Homebuyer Subsidy is limited to (a) thirty percent (30%) of the  
10 Selling Price capped for a maximum amount of \$75,000 for LMMI households or (b) fifty  
11 percent (50%) of the Selling Price capped for a maximum amount of \$75,000 for VLI  
12 households. Upon transfer of title to the Qualified Homebuyer, the amount of the Homebuyer  
13 Loan less the sum of the Development Subsidy, the Homebuyer Subsidy and closing costs and  
14 Subsidy Amount will be returned to COUNTY and a Homebuyer Deed of Trust shall be  
15 recorded to secure this second mortgage loan, and to require its repayment if the Project is no  
16 longer the principal residence or the Project is sold prior to the expiration of the Affordability  
17 Period in violation of the Homebuyer Deed of Trust.

18           21.    QUALIFIED HOMEBUYER. The term "Qualified Homebuyer" used in  
19 this Agreement, shall mean a person or family that satisfies all of the requirements set forth in  
20 this Section 21. SUBRECIPIENT shall provide to EDA evidence to support the following  
21 listed information for the COUNTY's review and approval:

- 22           a.    Income Limits. In order for homebuyers to be eligible to purchase  
23 the rehabilitated home, (1) LMMI homebuyer annual incomes must  
24 not exceed one-hundred twenty percent (120%) of the AMI, as  
25 determined by HUD, adjusted for family size for the County of  
26 Riverside and (2) very low income ("VLI") homebuyer annual  
27 incomes must not exceed fifty percent (50%) of the AMI, as  
28 determined by HUD, adjusted for family size for the County of

1 Riverside. The income and assets of all persons age eighteen (18)  
2 and older who will reside in the home must be included in the  
3 calculation to determine income eligibility.

4 b. Co-owners. Co-owners are only permitted if they will occupy the  
5 home as their principal residence and qualify as first time buyers.  
6 The income of all co-owners will be included in determining if the  
7 household qualifies as moderate income, as noted above. Co-signers  
8 are not permitted.

9 c. First-time homebuyer. In order to qualify as a first-time homebuyer,  
10 the homebuyer cannot have owned a home for the previous three  
11 years from the date the homebuyer enters into a purchase agreement.  
12 SUBRECIPIENT shall cause the homebuyer to sign a sworn  
13 application attesting that they have not owned a home and tax returns  
14 from the last three (3) years will be reviewed to ascertain that no  
15 mortgage interest or real estate tax deductions have been claimed.

16 d. Principal Residence. Homebuyer must be the principal resident  
17 during the Affordability Period.

18 e. Occupancy Standard. All homebuyers must meet the occupancy  
19 standard as defined in the Housing Quality Act under 982.401 that  
20 states, "The dwelling unit must have at least one bedroom or  
21 living/sleeping room for each two persons." Children of opposite  
22 sex, other than very young children, may not be required to occupy  
23 the same bedroom or living/sleeping room.

24 f. Homebuyer Education. Each homebuyer must receive a certificate of  
25 completion evidencing at least eight (8) hours of homebuyer  
26 counseling from a HUD-approved housing counseling agency before  
27 obtaining a mortgage loan.

28 g. Long Term Affordability. The Project must meet the affordability

1 requirements for fifteen (15) years after transfer of title to Qualified  
2 Homebuyer. Affordability requirements apply regardless of the term  
3 of any loan, mortgage or the transfer of ownership. Affordability  
4 requirements are imposed by deed restrictions, but may terminate  
5 upon foreclosure or transfer in lieu of foreclosure.

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

10 i. Citizenship or Qualified Alien Status. All household members must  
11 be either a US Citizen or a qualified alien as per Section 431 of the  
12 Personal Responsibility and Work Opportunity Reconciliation Act  
13 (PRWORA). All household members must provide documentation  
14 of a valid social security number.

15 j. Equity Participation. In the event a Second Mortgage Loan is  
16 required, as explained in **Section 4**, repayment is required to  
17 COUNTY if the Project is no longer the principal residence or upon  
18 sale, rental, refinance, conveyance, transfer or change in title of the  
19 Project prior to the expiration of the Affordability Period in violation  
20 of the Homebuyer Deed of Trust. Sale, rental, refinance,  
21 conveyance, transfer or change in title of the Project prior to the  
22 expiration of the Affordability Period in violation of the Homebuyer  
23 Deed of Trust will cause the Qualified Homebuyer to be obligated to  
24 repay COUNTY shared equity, in addition to the principal amount of  
25 the Homebuyer Subsidy, as provided in the Homebuyer Deed of  
26 Trust to COUNTY.

27 k. County Assistance. Only the County of Riverside's Mortgage Credit  
28 Certificate program can be used to further assist eligible first-time

1 homebuyers buy an Project. The following County of Riverside  
2 programs are not eligible: First Time Home Buyer Program,  
3 Neighborhood Stabilization Homeownership Program and  
4 Redevelopment Homeownership Program.

5 22. FEDERAL REQUIREMENTS. SUBRECIPIENT shall comply with the  
6 provisions of NSP3 and any amendments thereto and all applicable federal regulations and  
7 guidelines now or hereafter enacted.

8 23. INDEPENDENT CONTRACTOR. SUBRECIPIENT and its agents,  
9 servants and employees shall act at all times in an independent capacity during the term of this  
10 Agreement, and shall not act as, shall not be, nor shall they in any manner be construed to be  
11 agents, officers, or employees of COUNTY.

12 24. NONDISCRIMINATION. SUBRECIPIENT shall abide by 24 CFR  
13 570.602 which requires that no person in the United States shall on the grounds of race, color,  
14 national origin, religion, or sex be excluded from participation in, be denied the benefits of, or  
15 be subjected to discrimination under any program or activity receiving Federal financial  
16 assistance made available pursuant to the Act. Under the Act, Section 109 directs that the  
17 prohibitions against discrimination of the basis of age under the Age Discrimination Act and  
18 the prohibitions against discrimination of the basis of disability under Section 504 shall apply  
19 to programs or activities receiving Federal financial assistance under Title I programs. The  
20 policies and procedures necessary to ensure enforcement of Section 109 are codified in 24 CFR  
21 Part 6.

22 25. PROHIBITION AGAINST CONFLICTS OF INTEREST:

23 a. SUBRECIPIENT and its assigns, employees, agents, consultants,  
24 officers and elected and appointed officials shall become familiar with and shall comply with  
25 the conflict of interest provisions in OMB Circular A-110, 24 CFR 85.36, 24 CFR 84.42, 24  
26 CFR 92.356 and Policy Manual #A-11, attached hereto as **Exhibit F** and by this reference  
27 incorporated herein.

28 b. SUBRECIPIENT understands and agrees that no waiver or

1 exception can be granted to the prohibition against conflict of interest except upon written  
2 approval of HUD pursuant to 24 CFR 92.356(d). Any request by SUBRECIPIENT for an  
3 exception shall first be reviewed by COUNTY to determine whether such request is  
4 appropriate for submission to HUD. In determining whether such request is appropriate for  
5 submission to HUD, COUNTY will consider the factors listed in 24 CFR 92.356(e).

6 c. Prior to any funding under this Agreement, SUBRECIPIENT  
7 shall provide COUNTY with a list of all employees, agents, consultants, officers and elected  
8 and appointed officials who are in a position to participate in a decision-making process,  
9 exercise any functions or responsibilities, or gain inside information with respect to the NSP3  
10 activities funded under this Agreement. SUBRECIPIENT shall also promptly disclose to  
11 COUNTY any potential conflict, including even the appearance of conflict that may arise with  
12 respect to the NSP3 activities funded under this Agreement.

13 d. Any violation of this section shall be deemed a material breach of  
14 this Agreement shall be immediately terminated by COUNTY.

15 26. RELIGIOUS ACTIVITIES. Under federal regulations, 24 CFR 92.257  
16 NSP3 funds may not be provided to primarily religious organizations, such as churches, for  
17 any activity including secular activities. In addition, NSP3 funds may not be used to  
18 rehabilitate or construct housing owned by primarily religious organizations or to assist  
19 primarily religious organizations in acquiring housing. However, NSP3 funds may be used by  
20 a secular entity to acquire housing from a primarily religious organization, and a primarily  
21 religious entity may transfer title to property to a wholly secular entity and the entity may  
22 participate in the NSP3 program in accordance with the requirements set forth at 24 CFR  
23 92.257. The entity may be an existing or newly established entity, which may be an entity  
24 established by the religious organization. The completed housing project must be used  
25 exclusively by the SUBRECIPIENT/participant entity for secular purposes, available to all  
26 persons regardless of religion. In particular, there must be no religious or membership criteria  
27 for tenants of the property.

28 27. ACCESS TO PROJECT SITE. COUNTY and HUD shall have the right

1 to visit the Project site at all reasonable times, and upon completion of the Project upon  
2 reasonable written notice to SUBRECIPIENT, to review the operation of the Project in  
3 accordance with this Agreement.

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

6 a. Monetary Default. (1) SUBRECIPIENT's failure to pay when  
7 due any sums payable under the NSP3 Note or any advances made by COUNTY under this  
8 Agreement, (2) SUBRECIPIENT's or any agent of SUBRECIPIENT's use of NSP3 funds for  
9 costs other than costs or for uses inconsistent with terms and restrictions set forth in this  
10 Agreement, (3) SUBRECIPIENT's or any agent of SUBRECIPIENT's failure to make any  
11 other payment of any assessment or tax due under this Agreement, and /or (4) default under  
12 the terms of any Junior Loan documents or any other instrument or document secured against  
13 the Property;

14 b. Non-Monetary Default - Operation. (1) Discrimination by  
15 SUBRECIPIENT or SUBRECIPIENT's agent on the basis of characteristics prohibited by this  
16 Agreement or applicable law, (2) the imposition of any encumbrances or liens on the Project  
17 without COUNTY's prior written approval, including, but not limited to those liens or  
18 encumbrances expressly prohibited under this Agreement or that have the effect of reducing  
19 the priority or invalidating the NSP3 Deed of Trust, (3) SUBRECIPIENT's failure to obtain  
20 and maintain the insurance coverage required under this Agreement, (4) any material default  
21 under this Agreement, and/or (5) default under the terms of any Junior Loan documents or  
22 any other instrument or document secured against the Property;

23 c. General Performance of Loan Obligations. Any substantial or  
24 continuous or repeated breach by SUBRECIPIENT or SUBRECIPIENT's agents of any  
25 material obligations on SUBRECIPIENT imposed in this Agreement;

26 d. General Performance of Other Obligations. Any substantial or  
27 continuous or repeated breach by SUBRECIPIENT or SUBRECIPIENT's agents of any  
28 material obligations on the Project imposed by any other agreement with respect to the

1 financing, development, or operation of the Project; whether or not COUNTY is a party to such  
2 agreement; but only following any applicable notice and cure periods with respect to any such  
3 obligation;

4 e. Representations and Warranties. A determination by COUNTY  
5 that any of SUBRECIPIENT's representations or warranties made in this Agreement, any  
6 statements made to COUNTY by SUBRECIPIENT, or any certificates, documents, or  
7 schedules supplied to COUNTY by SUBRECIPIENT were untrue in any material respect  
8 when made, or that SUBRECIPIENT concealed or failed to disclose a material fact from  
9 COUNTY.

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

14 g. Bankruptcy, Dissolution and Insolvency. SUBRECIPIENT's or  
15 any general partner of SUBRECIPIENT's (1) filing for bankruptcy, dissolution, or  
16 reorganization, or failure to obtain a full dismissal of any such involuntary filing brought by  
17 another party before the earlier of final relief or sixty (60) days after such filing; (2) making a  
18 general assignment for the benefit of creditors; (3) applying for the appointment of a receiver,  
19 trustee, custodian, or liquidator, or failure to obtain a full dismissal of any such involuntary  
20 application brought by another party before the earlier of final relief or seventy-five (75) days  
21 after such filing; (4) insolvency; or (5) failure, inability or admission in writing of its inability  
22 to pay its debts as they become due.

23 29. NOTICE OF DEFAULT AND OPPORTUNITY TO CURE. For  
24 monetary and non-monetary Events of Default, the COUNTY shall give written notice to  
25 SUBRECIPIENT, at the address listed in Section 53 below, of any Event of Default by  
26 specifying: (a) the nature of the Event of Default or the deficiency giving rise to the default, (b)  
27 the action required to cure the deficiency, if an action to cure is possible, and (c) a date, which  
28 shall not be more than sixty (60) calendar days from the date of the mailing of the notice, by



1 which such action to cure must be taken. SUBRECIPIENT shall have the right to cure any and  
2 all defaults under this Agreement no later than sixty (60) calendar days from the date of the  
3 mailing of the notice of default.

4           30. COUNTY REMEDIES. Upon the occurrence of an Event of Default and  
5 a failure by SUBRECIPIENT to cure said default within the time period specified in the notice  
6 of default (if an action to cure is specified in said notice), COUNTY's obligation to disburse  
7 NSP3 funds shall terminate, and COUNTY may also in addition to other rights and remedies  
8 permitted by this Agreement or applicable law, proceed with any or all of the following  
9 remedies in any order or combination COUNTY may choose in its sole discretion:

10           a. Terminate this Agreement, in which event the entire amount as  
11 well as any other monies advanced to SUBRECIPIENT by COUNTY under this Agreement  
12 including activity delivery costs, shall immediately become due and payable at the option of  
13 COUNTY.

14           b. Bring an action in equitable relief (1) seeking the specific  
15 performance by SUBRECIPIENT of the terms and conditions of this Agreement, and/or (2)  
16 enjoining, abating, or preventing any violation of said terms and conditions, and/or (3) seeking  
17 declaratory relief.

18           c. Accelerate the NSP3 Loan, and demand immediate full payment  
19 of the principal payment outstanding and all accrued interest under the NSP3 Note, as well as  
20 any other monies advanced to SUBRECIPIENT by COUNTY under this Agreement.

21           d. Enter the Project and take any remedial actions necessary in its  
22 judgment with respect to hazardous materials that COUNTY deems necessary to comply with  
23 hazardous materials laws or to render the Project suitable for occupancy.

24           e. Enter upon, take possession of, and manage the Project, either in  
25 person, by agent, or by a receiver appointed by a court, and collect rents and other amounts  
26 specified in the assignment of rents in the Deed of Trust and apply them to operate the Project  
27 or to pay off the NSP3 Loan or any advances made under this Agreement, as provided for by  
28 the NSP3 Deed of Trust.

1 f. Pursue any other remedy allowed at law or in equity.

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

12 32. SUBRECIPIENT'S CERTIFICATION. SUBRECIPIENT certifies, to  
13 the best of its knowledge and belief, that:

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

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

27 c. The undersigned shall require that the language of this  
28 certification be included in the award documents for all sub-awards at all tiers (including

1 subcontracts, sub-grants, and contracts under grants, loans, and cooperative agreements) and  
2 that SUBRECIPIENT shall certify and disclose accordingly. This certification is a material  
3 representation of fact upon which reliance was placed when this transaction was made or  
4 entered into.

5 33. LIABILITY.

6 In contemplation of the provisions of Section 895.2 of the California Government Code  
7 imposing certain tort liability jointly upon public entities solely by reason of such entities being  
8 parties to an agreement as defined by Section 895 of said Code, the parties hereto, as between  
9 themselves, pursuant to the authorization contained in Section 895.4 and 895.6 of said Code,  
10 will each assume the full liability imposed upon it, or any of its officers, agents or employees by  
11 law for injury caused by negligent or wrongful act or omission occurring in the performance of  
12 this Agreement to the same extent that such liability would be imposed in the absence of  
13 Section 895.2 of said Code. To achieve the above stated purpose each party indemnifies and  
14 holds harmless the other party for any loss, cost or expense that may be imposed upon such  
15 other party solely by virtue of said Section 895.2. The provisions of Section 2778 of the  
16 California Civil Code are made a part hereof as if fully set forth herein.

17 34. TERMINATION.

18 a. SUBRECIPIENT. SUBRECIPIENT may terminate this Agreement  
19 consistent with the applicable HOME Program regulations, and 24 CFR 85.44.

20 b. COUNTY. Notwithstanding the provisions of **Section 34,**  
21 COUNTY may suspend or terminate this Agreement upon written notice to SUBRECIPIENT of  
22 the action being taken and the reason for such action in the event one of the following events  
23 occur:

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

27 (2) In the event there is a conflict with any federal, state or  
28 local law, ordinance, regulation or rule rendering any material provision, in the judgment of

1 COUNTY of this Agreement invalid or untenable; or

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

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

11 d. Upon expiration of this Agreement, SUBRECIPIENT shall transfer  
12 to COUNTY any unexpended NSP3 funds in its possession at the time of expiration of this  
13 Agreement as well as any accounts receivable held by SUBRECIPIENT which are attributable  
14 to the use of NSP3 funds awarded pursuant to this Agreement.

15 35. AFFORDABILITY RESTRICTIONS. COUNTY and SUBRECIPIENT  
16 hereby declare their express intent that the restrictions set forth in this Agreement, Project shall  
17 be affordable for a period of fifteen (15) years from the transfer of title to Qualified  
18 Homebuyer, and shall bind all successors in title to the Property until the expiration of this  
19 Agreement. Each and every contract, deed or other instrument hereafter executed covering and  
20 conveying the Property or any portion thereof shall be held conclusively to have been  
21 executed, delivered and accepted subject to such restrictions, regardless whether such  
22 restrictions are set forth in such contract, deed or other instrument.

23 36. MECHANICS LIENS AND STOP NOTICES. If any claim of  
24 mechanics lien is filed against the Project or a stop notice affecting the NSP3 Loan is served on  
25 COUNTY, SUBRECIPIENT must, within twenty (20) days of such filing or service, either pay  
26 and fully discharge the lien or stop notice, obtain a release of the lien or stop notice by  
27 delivering to COUNTY a surety bond in sufficient form and amount, or provide COUNTY  
28 with other assurance reasonably satisfactory to COUNTY that the lien or stop notice will be

1 paid or discharged.

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

6 38. AUTHORITY TO EXECUTE. The persons executing this Agreement or  
7 exhibits attached hereto on behalf of the parties to this Agreement hereby warrant and  
8 represent that they have the authority to execute this Agreement and warrant and represent that  
9 they have the authority to bind the respective parties to this Agreement to the performance of  
10 its obligations hereunder.

11 39. WAIVER. Failure by a party to insist upon the strict performance of any  
12 of the provisions of this Agreement by the other party, or the failure by a party to exercise its  
13 rights upon the default of the other party, shall not constitute a waiver of such party's rights to  
14 insist and demand strict compliance by the other party with the terms of this Agreement  
15 thereafter.

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

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

28 42. SEVERABILITY. Each paragraph and provision of this Agreement is

1 severable from each other provision, and if any provision or part thereof is declared invalid, the  
2 remaining provisions shall nevertheless remain in full force and effect.

3 43. MINISTERIAL ACTS. COUNTY's Assistant County Executive  
4 Officer/Economic Development Agency or designee(s) are authorized to take such ministerial  
5 actions as may be necessary or appropriate to implement the terms, provisions, and conditions  
6 of this Agreement as it may be amended from time to time by both parties.

7 44. MODIFICATION OF AGREEMENT. COUNTY or SUBRECIPIENT  
8 may consider it in its best interest to change, modify or extend a term or condition of this  
9 Agreement, provided such change, modification or extension is agreed to in writing by the  
10 other party. Any such change, extension or modification, which is mutually agreed upon by  
11 COUNTY and SUBRECIPIENT shall be incorporated in written amendments to this  
12 Agreement. Such amendments shall not invalidate this Agreement, nor relieve or release  
13 COUNTY or SUBRECIPIENT from any obligations under this Agreement, except for those  
14 parts thereby amended. No amendment to this Agreement shall be effective and binding upon  
15 the parties, unless it expressly makes reference to this Agreement, is in writing and is signed  
16 and acknowledged by duly authorized representatives of all parties.

17 45. MEDIA RELEASES. SUBRECIPIENT agrees to allow COUNTY to  
18 provide input regarding all media releases regarding the Project. Any publicity generated by  
19 SUBRECIPIENT for the Project must make reference to the contribution of COUNTY in  
20 making the Project possible. COUNTY's name shall be prominently displayed in all pieces of  
21 publicity generated by SUBRECIPIENT, including flyers, press releases, posters, signs,  
22 brochures, and public service announcements. SUBRECIPIENT agrees to cooperate with  
23 COUNTY in any COUNTY-generated publicity or promotional activities with respect to the  
24 Project.

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

27 47. NOTICES. All notices, requests, demands and other communication  
28 required or desired to be served by either party upon the other shall be addressed to the

1 respective parties as set forth below or the such other addresses as from time to time shall be  
2 designated by the respective parties and shall be sufficient if sent by United States first class,  
3 certified mail, postage prepaid, or express delivery service with a receipt showing the date of  
4 delivery.

5 COUNTY

SUBRECIPIENT

6 Assistant Director, Housing  
7 Riverside County  
8 Economic Development Agency  
9 5555 Arlington Avenue  
Riverside, CA 92504

Deputy Executive Director  
Housing Authority of the County of Riverside  
5555 Arlington Avenue  
Riverside, CA 92504

10 48. COUNTERPARTS. This Agreement may be signed by the different  
11 parties hereto in counterparts, each of which shall be an original but all of which together shall  
12 constitute one and the same agreement.

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

15 50. EFFECTIVE DATE. The effective date of this Agreement is the date the  
16 parties execute this Agreement. If the parties execute this Agreement on more than one date,  
17 then the last date this Agreement is executed by a party shall be the effective date.

18  
19 (SIGNATURES ON THE NEXT PAGE)

20 ///

21 ///

22 ///

23 ///

24 ///

25 ///

26 ///

27 ///

28 ///

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

3 COUNTY:

SUBRECIPIENT:

4  
5 COUNTY OF RIVERSIDE, a political  
6 Subdivision of the State of California

HOUSING AUTHORITY OF THE COUNTY OF  
RIVERSIDE, a public entity, corporate and politic  
in the State of California,

7  
8 By: \_\_\_\_\_  
9 Jeff Stone, Chairman  
Board of Supervisors

By: \_\_\_\_\_  
Jeff Stone, Chairman  
Board of Commissioners

10 Date: \_\_\_\_\_

Date: \_\_\_\_\_

11  
12 ATTEST:

13 KECIA HARPER-IHEM  
14 Clerk of the Board

15 By: \_\_\_\_\_  
16 Deputy

17  
18 APPROVED AS TO FORM:  
19 GREGORY P. PRIAMOS, County Counsel

20  
21 By: \_\_\_\_\_  
22 Jhaila R. Brown, Deputy County Counsel



**EXHIBIT "A"**

**SUBRECIPIENT:** Housing Authority of the County of Riverside (SUBRECIPIENT)  
**Address:** 5555 Arlington Avenue, Riverside, CA 92504  
**Project Title:** Geordie Way  
**Project Site:** 9411 Geordie Way, Jurupa Valley, CA 92509, Assessor Parcel Number:  
173-090-014 (the "Property" or "Project Site") and is approximately 1.09  
acres.

**Description:**

SUBRECIPIENT will utilize \$241,000 in NSP3 funds for the rehabilitation of a single family home located at 9411 Geordie Way in the City of Jurupa Valley. The Property was acquired by the Housing Authority for one dollar (\$1.00) through the U.S. Department of Housing and Urban Development Dollar Homes initiative which helps local governments to foster housing opportunities for low to moderate income families.

**Income Targeting Requirements:**

SUBRECIPIENT will sell the Property to LMMI households whose incomes are at or below one-hundred twenty percent (120%) of the Area Median Income (AMI), adjusted by family size at the time of occupancy.

Qualified homebuyers must not have owned a home within the past 3 years and are required to attend an eight (8) hour home buyer counseling session certified by the United States Department of Housing and Urban Development (HUD). SUBRECIPIENT will utilize NSP3 funds for rehabilitation, disposal, and project delivery costs for the Project. The Project shall be affordable for a period of at least 15 years from the transfer of title to qualified first-time homebuyers.

**Upon satisfactory completion, COUNTY shall sign off on all the work that is being proposed below.**

**Scope of Development:**

Improvements include installing new double-pane low-E windows, blinds, air conditioning and heating systems, water heaters, kitchen cabinets and counter tops, new paint, flooring, roofing, light fixtures and plumbing fixtures. The home will be equipped with energy star rated appliances to include stoves/ovens. Major systems are: structural support; roofing; cladding and weatherproofing (e.g., windows, doors, siding, gutters); plumbing; electrical; and heating, ventilation, and air conditioning. Installation of a septic tank, and landscape improvements.

**Resale Price Limitation**

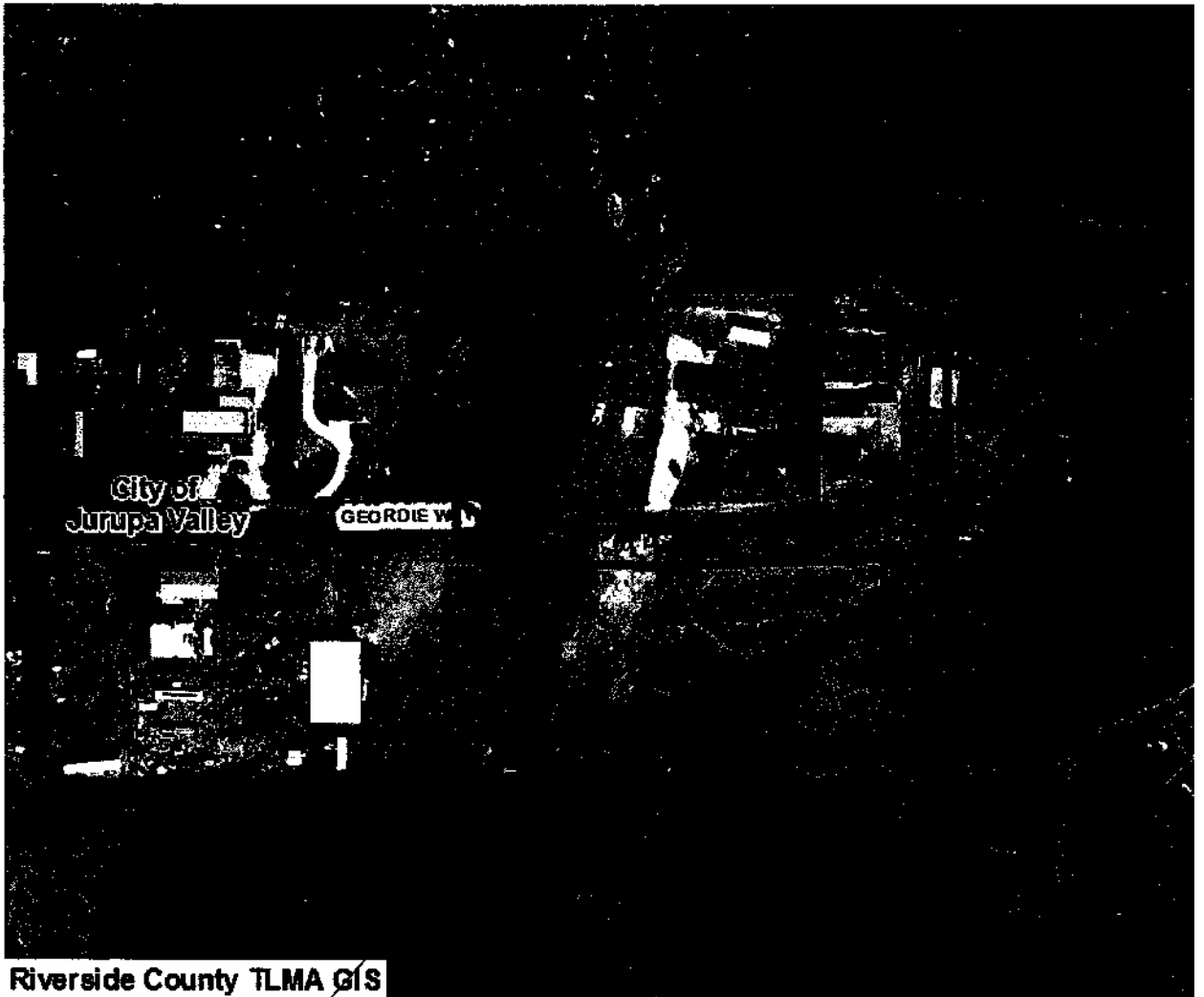
The selling price of the Property shall not exceed (a) the fair market value or (b) the total costs to rehabilitate and dispose of the Property pursuant to NSP3.

### LEGAL DESCRIPTION OF PROPERTY

All that certain real property situated in the County of Riverside, State of California, described as follows:

PARCEL 4 AND LETTERED LOT D, PARCEL MAP 9756, IN THE COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, AS SHOWN BY MAP ON FILE IN BOOK 43 PAGE(S) 21 OF MAPS, RECORDS OF RIVERSIDE COUNTY, CALIFORNIA.

9411 Geordie Way, Jurupa Valley, CA 92509  
Assessor's Parcel Number: 173-090-014



Riverside County TLMA GIS

Geordie Way Property

**Project Sources and Uses of Fund:**

Sources:

County of Riverside NSP3 Loan	\$ 241,000.00
Total Sources	\$ 241,000.00

Uses:

Land & Acquisition	\$ 1.00
Appraisal	\$ 375.00
Architect and Engineering	\$ 5,000.00
Permit Processing Fee	\$ 4,910.00
Legal	\$ 500.00
Marketing	\$ 1,050.00
Site Clearance	\$ 79,000.00
Rehabilitation Construction	\$ 84,000.00
Construction Contingency	\$ 16,300.00
Title and Recording	\$ 1,100.00
Escrow and Closing Costs	\$ 1,710.00
Interim Maintenance	\$ 1,000.00
Broker Fee - 6%	\$ 16,884.00
Activity Delivery Costs – 15%	\$ 29,170.00
Total Uses	\$ 241,000.00

**IMPLEMENTATION SCHEDULE**

Milestone	Completion Date
1. NSP3 Subrecipient Agreement Approved	September 2014
2. Permitting	December 2014
3. Procure a contractor	May 2015
4. Rehabilitation of Project	December 2015
5. Transfer of title to Qualified Homebuyer*	May 2015
6. Submission of Closing Documents	September 2015

**DOCUMENT SUBMISSION SCHEDULE**

<b>Documents</b>	<b>Due Date</b>
1. NSP3 Activities Reporting and Project Photos	Monthly, due by the 15 <sup>th</sup> of each month
2. Liability and Certificate of Workers' Compensation Insurance for SUBRECIPIENT and General Contractor	SUBRECIPIENT – At the execution of this Agreement. GC – Before start of construction. Copies of Certificates must be filed and up-to-date throughout the course of the Project with the COUNTY additionally insured.
3. Minority & Women Business Enterprise Report – HUD form 2516, and Section 3 Reporting	Semi-Annually  <b>Sept 30th &amp; March 31<sup>st</sup></b> Completion of Project
4. Local Hiring Schedule and Letters of Assent	Prior to Construction
5. Notice of Completion	End of Construction
6. Certificate of Occupancy	End of Construction
7. Conditional/Unconditional Release for Final from GC, and if applicable, Sub-contractors	Close of Rehabilitation
8. Rehabilitation Completion Report	Close of Rehabilitation
9. Final Development Cost - Sources and Uses	Close of Rehabilitation
10. Qualified Homebuyer Selection Policy	Marketing Stage
11. Flyers, Community Contacts, Outreach, Press Releases, Grand Opening info	Marketing Stage
12. Updated Preliminary Title Report showing Transfer of title to Qualified Homebuyer	Close of Escrow

# **EXHIBIT “B”**

Deed of Trust

EXEMPT RECORDING FEE CODE 6103

RECORDING REQUESTED BY AND  
WHEN RECORDED MAIL TO:

County of Riverside  
Economic Development Agency  
5555 Arlington Avenue  
Riverside, CA 92504  
Attn. Juan Garcia

SPACE ABOVE THIS LINE FOR RECORDER'S USE

**DEED OF TRUST WITH ASSIGNMENT OF RENTS**

This DEED OF TRUST is made on this \_\_\_\_\_ day of \_\_\_\_\_, 2014. The trustor is Housing Authority of the County of Riverside, (Borrower" or "SUBRECIPIENT"), a public entity, corporate and politic in the State of California and whose address is 5555 Arlington Avenue, Riverside, CA 92504. The trustee is RIVERSIDE COUNTY ECONOMIC DEVELOPMENT AGENCY ("Trustee"). The lender is the COUNTY OF RIVERSIDE ("COUNTY" or "Lender"), a public agency, organized and existing under the laws of the State of California, and whose address is 5555 Arlington Avenue, Riverside, CA 92504.

Pursuant to the terms of the NSP3 Loan Agreement, dated \_\_\_\_\_, Borrower owes Lender the sum of Two Forty One Thousand Dollars (U.S. \$241,000) (the "NSP3 Loan") for rehabilitation and disposition of the "Property" at 9411 Geordie Way, Jurupa Valley, CA 92509 with Assessor Parcel Number 173-090-014, as legally described as follows:

PARCEL 4 AND LETTERED LOT D, PARCEL MAP 9756, IN THE COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, AS SHOWN BY MAP ON FILE IN BOOK 43 PAGE(S) 21 OF MAPS, RECORDS OF RIVERSIDE COUNTY, CALIFORNIA.

This debt is evidenced by Borrower's Note dated \_\_\_\_\_ ("Note"). Capitalized terms not defined herein shall have the meaning ascribed to them in the NSP3 Loan Agreement.

The NSP3 Loan is evidenced by the Note and secured by this Deed of Trust ("Security Instrument"). The Security Instrument secures to Lender: (a) the repayment of the debt evidenced by the Note, with interest as provided in the Note, and all renewals, extensions and modifications of the Note; (b) the payment of all other sums, with interest as provided in the Note, advanced under paragraph 8 to protect the security of this Security Instrument; and (c) the performance of Borrower's covenants and agreements under this Security Instrument and the Note. For this purpose, Borrower irrevocably grants and conveys to Trustee, in trust, with power of sale, all of Borrower's right, title and interest in and to the Project located in Riverside County, California.

TOGETHER WITH all the improvements now or hereafter erected on the Property, and all easements, appurtenances, and fixtures now or hereafter a part of the Property. All

replacements and additions shall also be covered by this Security Instrument. All of the foregoing is referred to in this Security Instrument as the "Property".

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

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

UNIFORM COVENANTS Borrower and Lender covenant and agree as follows:

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



to be paid under this paragraph. If Borrower makes these payments directly, Borrower shall promptly furnish to Lender receipts evidencing the payments.

- a) Except for the liens permitted by the Lender, Borrower shall promptly discharge any other lien which shall have attained priority over this Security Instrument unless Borrower: (1) agrees in writing to the payment of the obligation secured by the lien in a manner acceptable to Lender; (2) contests in good faith the lien by, or defends against enforcement of the lien in, legal proceedings which in the Lender's opinion operate to prevent the enforcement of the lien; (3) bond around the lien; or (4) secures from the holder of the lien an agreement satisfactory to Lender subordinating the lien to this Security Instrument. If Lender determines that any part of the Property is subject to a lien which may attain priority over this Security Instrument, Lender may give Borrower a notice identifying the lien. Borrower shall satisfy such lien or take one or more of the actions set forth above within thirty (30) days of the giving of notice.

**5. Subordination.** This Deed of Trust shall be recorded in first position. This Deed of Trust shall remain in a superior position over any other trust deed that may be issued to secure additional public and/or private financing for the Project.

**6. Hazard or Property Insurance.** Borrower shall keep the improvements now existing or hereafter erected on the Property insured against loss of fire, hazards included within the term "extended coverage" and any other hazards, including floods or flooding, for which Lender requires insurance. This insurance shall be maintained in the amounts and for the periods as required in the NSP3 Loan Agreement. The insurance carrier providing the insurance shall be chosen by Borrower subject to Lender's approval which shall not be unreasonably withheld. If Borrower fails to maintain coverage described above, Lender may, at Lender's option, obtain coverage to protect Lender's rights in the Property in accordance with paragraph 8.

- a) All insurance policies and renewals shall be with terms and amounts acceptable to Lender and shall include a standard mortgagee clause. All original policies of insurance required pursuant to the Lender Deeds of Trust shall be held by the Borrower; provided, however, Lender shall be named as a loss payee as its interest may appear and may be named as an additional insured. Borrower shall promptly give to Lender certificates of insurance showing the coverage is in full force and effect and that Lender is named as additional insured. In the event of loss, Borrower shall give prompt notice to the insurance carrier and Lender. Lender may make proof of loss if not made promptly by the Borrower.
- b) Unless Lender and Borrower otherwise agree in writing, insurance proceeds shall be applied to restoration or repair of the Property damaged, provided Borrower determines that such restoration or repair is economically feasible and there is no default continuing beyond the expiration of all applicable cure periods. If Borrower determines that such restoration or repair is not

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

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

- a) The Borrower acknowledges that this Property is subject to certain use and occupancy restrictions limiting the Property's use to low-, moderate- and middle-income (LMMI) households earning no more than one-hundred twenty percent (120%) of the Area Median Income (AMI), adjusted by family size at the time of occupancy for the County of Riverside, or very low-income (VLI) households earning no more than fifty percent (50%) of the AMI adjusted by family size at the time of occupancy for the County of Riverside. The use and occupancy restrictions may limit the Borrower's ability to sell the Property. The violation of any use and occupancy restrictions may, if not prohibited by federal law, entitle the Lender to the remedies provided in Section 23 hereof.

**8. Protection of Lender's Rights in the Property.** If Borrower fails to perform the covenants and agreements contained in this Security Instrument, or there is a legal proceeding that may significantly affect Lender's rights in the Property (such as a proceeding in bankruptcy, probate, for condemnation or forfeiture or to enforce laws or regulations), then, subject to any applicable grace periods or cure periods, Lender may do

and pay for whatever is necessary to protect the value of the Property and Lender's rights in the Property. Lender's actions may include paying any sums secured by a lien which has priority over this Security Instrument (including sums secured by the Senior Deeds of Trust), appearing in court, paying reasonable attorneys' fees and entering on the Property to make repairs. Although Lender may take action under this paragraph 8, Lender does not have to do so.

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

**9. Mortgage Insurance.** (Not used)

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

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

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

damages, Borrower fails to respond to Lender within 30 days after the date the notice is given, Lender is authorized to collect and apply the proceeds, at its option, either to restoration or repair of the Property or to the sums secured by this Security Instrument, whether or not then due.

- c. Unless Lender and Borrower otherwise agree in writing, any application of proceeds to principal shall not extend or postpone the due date of the monthly payments referred to in paragraphs 1 and 2 or change the amount of such payments.

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

**13. Successors and Assigns Bound; Joint and Several Liability.** The covenants and agreements of this Security Instrument shall bind and benefit the successors and assigns of Lender and Borrower, subject to the provisions of paragraph 18. Borrower's covenants and agreements shall be joint and several.

**14. Loan Charges.** If the loan secured by this Security Instrument is subject to a law which sets maximum loan charges, and that law is finally interpreted so that the interest or other loan charges collected or to be collected in connection with the loan exceed the permitted limits, then: (a) any such loan charge shall be reduced by the amount necessary to reduce the charge to the permitted limit; and (b) any sums already collected from Borrower which exceeded permitted limits will be promptly refunded to Borrower. Lender may choose to make this refund by reducing the principal owed under the Note or by making a direct payment to Borrower. If a refund reduces principal, the reduction will be treated as a partial prepayment without any prepayment charge under the Note.

**15. Notices.** Any notice to Borrower provided for in this Security Instrument shall be given by delivering it or by mailing it by first class mail unless applicable law requires use of another method. The notice shall be directed to the Borrower's mailing address stated herein or any other address Borrower designates by notice to Lender. Any notice to Lender shall be given by first class mail to Lender's address stated herein or any other address Lender designates by notice to Borrower. Any notice required to be given to a Senior Lien Holder shall be given by first class mail to any Senior Lien Holder at such address Senior Lien Holder designates by notice to the Borrower. Any notice provided for in this Security Instrument shall be deemed to have been given to Borrower or Lender when given as provided in this paragraph.

- 16. Governing Law; Severability.** This Security Instrument shall be governed by laws of the State of California. In the event that any provision or clause of this Security Instrument or the Note conflicts with applicable law, such conflict shall not affect other provisions of this Security Instrument or the Note which can be given effect without the conflicting provision. To this end the provisions of this Security Instrument and the Note are declared to be severable.
- 17. Borrower's Copy.** Borrower shall be given one conformed copy of the Note and of this Security Instrument.
- 18. Transfer of the Property or a Beneficial Interest in Borrower.** Except for the sale of the Project, if all or any part of the Property or any interest in it is sold or transferred (or if a beneficial interest in Borrower is sold or transferred and Borrower is not a natural person) without Lender's prior written consent (including a transfer of all or any part of the Property to any person who, at initial occupancy of the Property, does not use the Property for LMMI households as described in Section 7(a)) Lender may, at its option, require immediate payment in full of all sums secured by this Security Instrument. However, this option shall not be exercised by Lender if exercise is prohibited by federal law as of the date of this Security Instrument.
- a. If Lender exercises the foregoing option, Lender shall give Borrower prior written notice of acceleration. The notice shall provide a period of not less than 30 days from the date the notice is delivered or mailed within which Borrower must pay all sums secured by this Security Instrument. If Borrower fails to pay these sums prior to the expiration of this period, Lender may invoke any remedies permitted by this Security Instrument without further notice or demand on Borrower.
  - b. Notwithstanding Lender's right to invoke any remedies hereunder, as provided in Section 8 above, Lender agrees that it will not commence foreclosure proceedings or accept a deed in lieu of foreclosure, or exercise any other rights or remedies hereunder until it has given the Borrower least 60 days' prior written notice.
- 19. Borrower's Right to Reinstate.** If Borrower meets certain conditions, Borrower shall have the right to have enforcement of this Security Instrument discontinued at any time prior to the earlier of: (a) 5 days (or such other period as applicable law may specify for reinstatement) before sale of the Property pursuant to any power of sale contained in this Security Instrument; or (b) entry of a judgment enforcing this Security Instrument. Those conditions are that Borrower: (a) pays Lender all sums which then would be due under this Security Instrument and the Note as if no acceleration had occurred; (b) cures any default of any other covenants or agreements; (c) pays all expenses incurred in enforcing this Security Instrument, including, but not limited to, reasonable attorneys' fees; and (d) takes such action as Lender may reasonably require to assure that the lien of this Security Instrument, Lender's rights in the Property and Borrower's obligation to pay the sums secured by this Security Instrument shall continue unchanged. Upon reinstatement by Borrower, this Security Instrument and the obligations secured hereby shall remain fully

effective as if no acceleration had occurred. However, this right to reinstate shall not apply in the case of acceleration under paragraph 18.

**20. Sale of Note; Change of Loan Servicer.** The Note or a partial interest in the Note (together with this Security Instrument) may be sold one or more times without prior notice to Borrower. A sale may result in a change in the entity (known as the "Loan Servicer") that collects monthly payments due under the Note and this Security Instrument. There also may be one or more changes of the Loan Servicer unrelated to a sale of the Note. If there is a change of the Loan Servicer, Borrower will be given written notice of the change in accordance with paragraph 15 above and applicable law. The notice will state the name and address of the new Loan Servicer and the address to which payments should be made. The notice will also contain any other information required by applicable law.

**21. Hazardous Substances.** Borrower shall not cause or permit the presence, use, disposal, storage, or release of any Hazardous Substances on or in the Property. Borrower shall not do, nor allow anyone else to do, anything affecting the Property that is in violation of any Environmental Law. The preceding two sentences shall not apply to the presence, use, or storage on the Property of small quantities of Hazardous Substances that are generally recognized to be appropriate to normal residential uses, construction, and to maintenance of the Property.

- a. Borrower shall promptly given Lender written notice of any investigation, claim, demand, lawsuit or other action by any governmental or regulatory agency or private party involving the Property and any Hazardous Substance or Environmental Law of which Borrower has actual knowledge. If Borrower learns, or is notified in writing by any governmental or regulatory authority, that any removal or other remediation of any Hazardous Substance affecting the Property is necessary, Borrower shall promptly take all necessary remedial actions in accordance with Environmental Law. Prior to taking any such remedial action, however, the Borrower shall notify the Senior Lien Holders that such remedial action is necessary and shall obtain the Senior Lien Holders' prior written consent for such remedial action.
- b. As used in this paragraph 22, "Hazardous Substances" are those substances defined as toxic or hazardous substances by Environmental Law and the following substances: gasoline, kerosene, other flammable or toxic petroleum products, toxic pesticides and herbicides, volatile solvents, materials containing asbestos or formaldehyde, and radioactive materials. As used in this paragraph 22, "Environmental Law" means federal laws and laws of the jurisdiction where the Property is located that relate to health, safety or environmental protection.

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

**22. Acceleration; Remedies.** Lender shall give notice to Borrower prior to acceleration following Borrower's breach of any covenant or agreement in this Security Instrument.

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

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

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

**24. Substitute Trustee.** Lender, at its option, may from time to time remove Trustee and appoint a successor trustee to any Trustee appointed hereunder by an instrument recorded in the county in which this Security Instrument is recorded. Without conveyance of the Property, the successor trustee shall succeed to all the title, power and duties conferred upon Trustee herein and by applicable law.

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

(SIGNATURES ON NEXT PAGE)



**BY SIGNING BELOW, the Borrower accepts and agrees to the terms and covenants contained in this Deed of Trust.**

**BORROWER:**

**HOUSING AUTHORITY OF THE COUNTY OF RIVERSIDE,**  
a public entity, corporate and politic in the State of California

By: \_\_\_\_\_  
Jeff Stone, Chairman  
Board of Commissioners

Date: \_\_\_\_\_

**ATTEST:**

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

By: \_\_\_\_\_  
Deputy

**APPROVED AS TO FORM:**  
**GREGORY P. PRIAMOS, County Counsel**

By: \_\_\_\_\_  
Jhaila R. Brown, Deputy County Counsel

**CALIFORNIA ALL-PURPOSE ACKNOWLEDGEMENT**

STATE OF CALIFORNIA }

COUNTY OF \_\_\_\_\_ }

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

personally appeared \_\_\_\_\_  
Name(s) of Signer(s)

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

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

WITNESS my hand and official seal.

Place Notary Seal Above

Signature \_\_\_\_\_  
Signature of Notary Public

## **EXHIBIT "B-1"**

### LEGAL DESCRIPTION OF PROPERTY

All that certain real property situated in the County of Riverside, State of California, described as follows:

PARCEL 4 AND LETTERED LOT D, PARCEL MAP 9756, IN THE COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, AS SHOWN BY MAP ON FILE IN BOOK 43 PAGE(S) 21 OF MAPS, RECORDS OF RIVERSIDE COUNTY, CALIFORNIA.

# **EXHIBIT “C”**

Promissory Note

**PROMISSORY NOTE SECURED BY DEED OF TRUST          \$241,000          **Riverside, CA****

In installments as hereafter stated, for value received, HOUSING AUTHORITY OF THE COUNTY OF RIVERSIDE, public entity, corporate and politic (“Borrower” or “SUBRECIPIENT”) promises to pay the COUNTY OF RIVERSIDE, a political subdivision of the State of California (“COUNTY”), or order, at 5555 Arlington Avenue, Riverside, CA 92504, the sum of Two Hundred Forty One Thousand Dollars (U.S. \$241,000) (the “Property Loan”), at the rate of zero percent (0%) per annum, pursuant to the terms of the NSP3 Loan Agreement, dated \_\_\_\_\_, for rehabilitation and disposition of the “Property” at 9411 Geordie Way, Jurupa Valley, CA 92509 with Assessor Parcel Number 173-090-014. Capitalized terms not defined herein shall have the meaning ascribed to them in the NSP3 Loan Agreement.

**This Promissory Note provides the following:**

The NSP3 Loan will accrue interest at a rate of zero percent (0%) per annum. The NSP3 Loan shall be due and payable on the earliest of: (a) the date the Property is sold; or (b) an Event of Default by Borrower which has not been cured as provided for in the NSP3 Loan Agreement. Notwithstanding the above, it is intended that the full amount of the NSP3 Loan for the Property will be reduced by the following:

- (a) Development Subsidy. The Development Subsidy is the amount of the NSP3 Loan attributable to the Property plus any additional funds secured by BORROWER (“Leveraged Funds”) expended for NSP3-eligible costs identified in the Approved Budget, minus the Selling Price of the Property;
- (b) Homebuyer Subsidy. The Homebuyer Subsidy is the amount of the Selling Price of the Property minus the Qualified Homebuyer’s home loan (the “Homebuyer Loan”). The Homebuyer Subsidy is limited to (a) thirty percent (30%) of the Selling Price capped for a maximum amount of \$75,000 for LMMI households or (b) fifty percent (50%) of the Selling Price capped for a maximum amount of \$75,000 for VLI households. The Homebuyer Subsidy is an amount which will be assumed by the Qualified Homebuyer in the form of silent second mortgage assistance to Qualified Homebuyer; and
- (c) Closing Costs. Closing Costs for the sale of the Property to Qualified Homebuyer;

The NSP3 Loan less Development Subsidy, Homebuyer Subsidy and Closing Costs shall be repaid to COUNTY upon the sale of the Property. Upon the repayment of the NSP3 Loan, Borrower shall be released from its repayment obligations. At the time of the sale of the Property to Qualified Homebuyer, COUNTY shall cause to be delivered to Borrower a partial reconveyance of the Deed of Trust from such Property.

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

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

Pursuant to the NSP3 Loan Agreement, the term of the NSP3 Loan shall be twenty four (24) months from the date of execution of the NSP3 Loan Agreement.

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

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

(SIGNATURES ON NEXT PAGE)

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

**BORROWER:**  
**HOUSING AUTHORITY OF THE COUNTY OF RIVERSIDE,**  
a public entity, corporate and politic in the State of California

By: \_\_\_\_\_  
Jeff Stone, Chairman  
Board of Commissioners

Date: \_\_\_\_\_

ATTEST:  
KECIA HARPER-IHEM  
Clerk of the Board

By: \_\_\_\_\_  
Deputy

APPROVED AS TO FORM:  
GREGORY P. PRIAMOS, County Counsel

By: \_\_\_\_\_  
Jhaila R. Brown, Deputy County Counsel

**EXHIBIT "D"**

**RIVERSIDE COUNTY  
ECONOMIC DEVELOPMENT AGENCY**

**SECTION 3**

**24 CFR PART 135**

**ECONOMIC OPPORTUNITIES FOR  
LOW-AND VERY LOW-INCOME PERSONS**

**CONTRACT REQUIREMENTS**



## RIVERSIDE COUNTY ECONOMIC DEVELOPMENT AGENCY

### I. Section 135.1 Purpose

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

### Section 135.30 Numerical Goals for Meeting the Greatest Extent Feasible Requirement

#### A. GENERAL

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

#### B. TRAINING AND EMPLOYMENT

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

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

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

C. CONTRACTS

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

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

D. SAFE HARBOR AND COMPLIANCE DETERMINATIONS

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

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

A. Order of providing preference. Recipients, contractors, and subcontractors shall direct their efforts to provide, to the greatest extent feasible, training and employment opportunities generated from the expenditure of Section 3 covered assistance to Section 3 residents in the order of priority provided in this section.

- (1) Housing and community development programs. In housing and community development programs, priority consideration shall be given, where feasible, to:
  - (i) Section 3 residents residing in the Riverside or San Bernardino County (collectively, referred to as category 1 residents); and
  - (ii) Participants in HUD Youth build programs (category 2 residents).
  - (iii) Where the Section 3 project is assisted under the Stewart B. McKinney NSP3less Assistance Act (42 U.S.C. 11301 et seq.), NSP3less persons residing in the Riverside or San Bernardino County shall be given the highest priority;

B. Eligibility for Preference: A Section 3 resident seeking the preference in training and employment provided by this part shall certify, or submit evidence to the recipient contractor or subcontractor, if requested, that the person is a Section 3 resident, as defined in Sec. 135.5 (An example of evidence of eligibility for the

preference is evidence of receipt of public assistance, or evidence of participation in a public assistance program.)

- C. Eligibility for employment: Nothing in this part shall be construed to require the employment of a Section 3 resident who does not meet the qualifications of the position to be filled.

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

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

**SECTION 135.38 Section 3 Clause.**

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

- A. The work to be performed under this contract is subject to the requirements of Section 3 of the Housing and Urban Development Act of 1968, as amended, 12 U.S.C. 1701u (Section 3). The purpose of Section 3 is to ensure that employment and other economic opportunities generated by HUD assistance of HUD-assisted projects covered by Section 3, shall, to the greatest extent feasible, be directed to low-and very low-income

persons, particularly persons who are recipients of HUD assistance for housing.

- B. The parties to this contract agree to comply with HUD's regulations in 24 CFR part 135, which implement Section 3. As evidenced by their execution of this contract, the parties to this contract certify that they are under no contractual or other impediment that would prevent them from complying with the part 135 regulations.
- C. The contractor agrees to send to each labor organization or representative of workers with which the contractor has a collective bargaining agreement or other understanding, if any, a notice advising the labor organization or workers' representative of the contractor's commitments under this Section 3 clause, and will post copies of the notice in conspicuous places at the work site where both employees and applicants for training and employment positions can see the notice. The notice shall describe the Section 3 preference, shall set forth minimum number and job titles subject to hire, availability of apprenticeship and training positions, the qualifications for each; and the name and location of the person(s) taking applications for each of the positions; and the anticipated date the work shall begin.
- D. The contractor agrees to include this Section 3 clause in every subcontract subject to compliance with regulations in 24 CFR part 135, and agrees to take appropriate actions, as provided in an applicable provision of the subcontract or in this Section 3 clause, upon a finding that the subcontractor is in violation of the regulations in 24 CFR part 135. The contractor will not subcontract with any subcontractor where the contractor has notice or knowledge that the subcontractor has been found in violation of the regulations in 24 CFR part 135.
- E. The contractor will certify that any vacant employment positions, including training positions, that are filled (1) after the contractor is selected but before the contract is executed, and (2) with persons other than those to whom the regulations of 24 CFR part 35 require employment opportunities to be directed, were not filled to circumvent the contractor's obligations under 24 CFR part 135.
- F. Noncompliance with HUD's regulations in 24 CFR part 135 may result in sanctions, termination of this contract for default, and debarment or suspension from future HUD assisted contracts.

**VI. SECTION 135.40 Providing Other Economic Opportunities**

- A. General. In accordance with the findings of the Congress, as stated in Section 3, that other economic opportunities offer an effective means of empowering low-income persons, a recipient is encouraged to undertake efforts to provide to low-income persons economic opportunities other than training, employment, and contract awards, in connection with Section 3 covered assistance.

- B. Other training and employment related opportunities. Other economic opportunities to train and employ Section 3 residents include, but need not be limited to, use of "upward mobility", "bridge" and trainee positions to fill vacancies; hiring Section 3 residents in management and maintenance positions within other housing developments; and hiring Section 3 residents in part-time positions.
- C. Other business related economic opportunities:
  - (1) A recipient or contractor may provide economic opportunities to establish stabilize or expand Section 3 Business Concerns, including micro-enterprises. Such opportunities include, but are not limited to the formation of Section 3 Joint Ventures, financial support for affiliating with franchise development, use of labor only contracts for building trades, purchase of supplies and materials from housing authority resident-owned businesses, purchase of materials and supplies from Public Housing Agency resident-owned businesses. A recipient or contractor may employ these methods directly or may provide incentives to non-Section 3 businesses to utilize such methods to provide other economics opportunities to low-income persons.
  - (2) A Section 3 Joint Venture means an association of Business Concerns, one of which qualifies as a Section 3 Business Concern, formed by written joint venture agreement to engage in and carry out a specific business venture for which purpose the Business Concerns combine their efforts, resources, and skills for joint profit, but not necessarily on a continuing or permanent basis for conducting business generally, and for which the Section 3 Business Concern:
    - (i) Is responsible for clearly defined portion of the work to be performed and holds management responsibilities in the joint venture; and
    - (ii) Performs at least 25 percent of the work and is contractually entitled to compensation proportionate to its work.

## VII. SECTION 135.5 Definitions.

As used in this part:

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

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

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

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

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

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

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

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

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

**HUD Youth build Programs** means programs that receive assistance under subtitle D of Title IV of the National Affordable Housing Act, as amended by the Housing and Community Development Act of 1992 (42 U.S.C. 12899), and provide disadvantaged youth with opportunities for employment, education, leadership development, and training in the construction or rehabilitation of housing for NSP3less individuals and members of low and very low-income families.

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

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

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

**Recipient** means any entity which receives Section 3 covered assistance, directly from HUD or from another recipient and includes, but is not limited to, any State, unit or local government, PHA, Indian Housing Authority, Indian tribe, or other public body, public or private nonprofit organization, private agency or institution, mortgagor, owner,

**PARTICIPANT**, developer, limited dividend sponsor, builder, property manager, community development organization, resident management corporation, resident council, or cooperative association. Recipient also includes any successor, assignee, or transferee of any such entity, but does not include any ultimate beneficiary under the HUD program to which Section 3 applies and does not include contractors.

**Secretary** means the Secretary of Housing and Urban Development.

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

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

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

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

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

**Section 3 covered assistance** means:

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

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

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

**Section 3 resident means:**

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

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

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



**Exhibit "D"**

**RIVERSIDE COUNTY ECONOMIC DEVELOPMENT AGENCY  
CONTRACTOR CERTIFICATION  
REGARDING STATUS AS A SECTION 3 BUSINESS CONCERN**

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

known as \_\_\_\_\_  
(print business name)

\_\_\_\_\_ is not a Section 3 business. (Please complete the bottom section.)

\_\_\_\_\_ is a Section 3 business **because** (check one of the following:)

\_\_\_\_\_ *51 percent or more is owned by Section 3 residents; or*

\_\_\_\_\_ *30 percent of the permanent full-time employees are currently Section 3 residents or were Section 3 residents when first hired (if within the past three years); or*

\_\_\_\_\_ *The business commits in writing to subcontract over 25 percent of the total dollar amount of all subcontracts to be let to businesses that meet the requirements of Sections 1 and 2 of this definition;*

**AND**

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

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

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

Signature \_\_\_\_\_

Project \_\_\_\_\_

Date \_\_\_\_\_

\_\_\_\_\_

Project \_\_\_\_\_

\$ \_\_\_\_\_

HUD Effective FY 2014 – Annual Low-Income Limit

Persons in Household	1	2	3	4	5	6	7	8
Low-Income Family	\$34,000	\$38,850	\$43,700	\$48,550	\$52,450	\$56,350	\$60,250	\$64,100

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

**EXHIBIT "E"**

**§ 135.38 Section 3 Clause**

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

A. The work to be performed under this contract is subject to the requirements of section 3 of the Housing and Urban Development Act of 1968, as amended, 12 U.S.C. 1701u (section 3). The purpose of section 3 is to ensure that employment and other economic opportunities generated by HUD assistance or HUD-assisted projects covered by section 3, shall, to the greatest extent feasible, be directed to low- and very low-income persons, particularly persons who are recipients of HUD assistance for housing.

B. The parties to this contract agree to comply with HUD's regulations in 24 CFR part 135, which implement section 3. As evidenced by their execution of this contract, the parties to this contract certify that they are under no contractual or other impediment that would prevent them from complying with the part 135 regulations.

C. The contractor agrees to send to each labor organization or representative of workers with which the contractor has a collective bargaining agreement or other understanding, if any, a notice advising the labor organization or workers' representative of the contractor's commitments under this section 3 clause, and will post copies of the notice in conspicuous places at the work site where both employees and applicants for training and employment positions can see the notice. The notice shall describe the section 3 preference, shall set forth minimum number and job titles subject to hire, availability of apprenticeship and training positions, the qualifications for each; and the name and location of the person(s) taking applications for each of the positions; and the anticipated date the work shall begin.

D. The contractor agrees to include this section 3 clause in every subcontract subject to compliance with regulations in 24 CFR part 135, and agrees to take appropriate action, as provided in an applicable provision of the subcontract or in this section 3 clause, upon a finding that the subcontractor is in violation of the regulations in 24 CFR part 135. The contractor will not subcontract with any subcontractor where the contractor has notice or knowledge that the subcontractor has been found in violation of the regulations in 24 CFR part 135.

E. The contractor will certify that any vacant employment positions, including training positions, that are filled (1) after the contractor is selected but before the contract is executed, and (2) with persons other than those to whom the regulations of 24 CFR part 135 require employment opportunities to be directed, were not filled to circumvent the contractor's obligations under 24 CFR part 135.

F. Noncompliance with HUD's regulations in 24 CFR part 135 may result in sanctions, termination of this contract for default, and debarment or suspension from future HUD assisted contracts.

G. With respect to work performed in connection with section 3 covered Indian housing assistance, section 7(b) of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450e) also applies to the work to be performed under this contract. Section 7(b) requires

that to the greatest extent feasible (i) preference and opportunities for training and employment shall be given to Indians, and (ii) preference in the award of contracts and subcontracts shall be given to Indian organizations and Indian-owned Economic Enterprises. Parties to this contract that are subject to the provisions of section 3 and section 7(b) agree to comply with section 3 to the maximum extent feasible, but not in derogation of compliance with section 7(b).

## Prohibition Against Conflicts of Interest

### **EXHIBIT "F"**

§ 92.356 Conflict of interest.

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

(b) **Conflicts prohibited.** No persons described in **paragraph (c)** of this section who exercise or have exercised any functions or responsibilities with respect to activities assisted with NSP3 funds or who are in a position to participate in a decision making process or gain inside information with regard to these activities, may obtain a financial interest or benefit from a NSP3-assisted activity, or have an interest in any contract, subcontract or agreement with respect thereto, or the proceeds thereunder either for themselves or those with whom they have family or business ties, during their tenure or for one year thereafter.

(c) **Persons covered.** The conflict of interest provisions of **paragraph (b)** of this section apply to any person who is an employee, agent, consultant, officer, or elected official or appointed official of COUNTY, State recipient, or sub-recipient which are receiving NSP3 funds.

(d) **Exceptions: Threshold requirements.** Upon the written request of the recipient, HUD may grant an exception to the provisions of **paragraph (b)** of this section on a case-by-case basis when it determines that the exception will serve to further the purposes of the NSP3 Investment Partnerships Program and the effective and efficient administration of COUNTY's program or project. An exception may be considered only after the recipient has provided the following:

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

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

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

(1) Whether the exception would provide a significant cost benefit or an essential degree of expertise to the program or project which would otherwise not be available;

(2) Whether the person affected is a member of a group or class of low-income persons intended to be the beneficiaries of the assisted activity, and the exception will permit such person to receive generally the same interests or benefits as are being made available or provided to the group or class;

- (3) Whether the affected person has withdrawn from his or her functions or responsibilities, or the decision making process with respect to the specific assisted activity in question;
- (4) Whether the interest or benefit was present before the affected person was in a position as described in **paragraph (c)** of this section;
- (5) Whether undue hardship will result either to COUNTY or the person affected when weighed against the public interest served by avoiding the prohibited conflict;
- (6) Any other relevant considerations.

#### Owners/Participants and Developers.

- (1) No owner, developer, or sponsor of a project assisted with NSP3 funds (or officer, employee, agent or consultant of the owner, developer, or sponsor) whether private, for profit or non-profit (including a community housing development organization (CHDO) when acting as an owner, developer or sponsor) may occupy a NSP3-assisted affordable housing unit in a project. This provision does not apply to an individual who receives NSP3 funds to acquire or rehabilitate his or her principal residence or to an employee or agent of the owner or developer of a rental housing project who occupies a housing unit as the project manager or maintenance worker.
- (2) Exceptions. Upon written request of owner or developer, COUNTY may grant an exception to the provisions of **paragraph (f)(1)** of this section on a case-by-case basis when it determines that the exception will serve to further the purpose of the NSP3 program and the effective and efficient administration of the owner's or developer's NSP3-assisted project. In determining whether to grant a requested exception, COUNTY shall consider the following factors:
  - (i) Whether the person receiving the benefit is a member of a group or class of low-income persons intended to be the beneficiaries of the assisted housing, and the exception will permit such person to receive generally the same interests or benefits as are being made available or provided to the group or class;
  - (ii) Whether the person has withdrawn from his or her functions or responsibilities, or the decision making process with respect to the specific assisted housing in question;
  - (iii) Whether the tenant protection requirements of § 92.253 are being observed;
  - (iv) Whether the affirmative marketing requirements of § 92.351 are being observed and followed; and
  - (v) Any other factor relevant to COUNTY's determination, including the timing of the requested exception.

Community Development Block Grant  
Policy Manual, I.D. # A-11

TOPIC: CONFLICT OF INTEREST CODED  
RIVERSIDE COUNTY  
ECONOMIC DEVELOPMENT AGENCY  
DATE: MARCH 1999

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

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



## Exhibit H

### Sample

# Contractor Debarment Certification Form

### Excluded Parties Lists System (EPLS)

The purpose of EPLS is to provide a single comprehensive list of individuals and firms excluded by Federal government agencies from receiving federal contracts or federally approved subcontracts and from certain types of federal financial and nonfinancial assistance and benefits.

The EPLS was established to ensure that agencies solicit offers from, award contracts, grants, or financial or non-financial assistance and benefits to, and consent to subcontracts with responsible contractors/vendors only and not allow a party to participate in any affected program if any Executive department or agency has debarred, suspended, or otherwise excluded (to the extent specified in the exclusion action) that party from participation in an affected program.

In July 2012, all records from CCR/FedReg, ORCA, and EPLS, active or expired, were moved to the System for Award Management (SAM). SAM is a Federal Government owned and operated free web site that consolidates the capabilities in CCR/FedReg, ORCA, and EPLS.

The County of Riverside requires that each contractor/vendor hold the required federal/state/local license for the service provided.

Please complete the following verification process for each contractor/vendor:

- STEP 1: Visit <https://www.sam.gov/portal/public/SAM/>
- STEP 2: Under "Search Records", enter the company name and press enter.
- STEP 3: Click "Print" on the Search Results page.
- STEP 4: Repeat steps 2 & 3 for variations of the name of contractor/vendor (individual last name or firm).
- STEP 5: Attach print out of search results to this certification as supporting documentation.
- STEP 6: Attach to this certification as supporting documentation a copy of contractor/vendor license for the service provided.

By signing below NSP Recipient, developer name, has verified the contractor/vendor known as, name of contractor/vendor, was not listed in the Excluded Parties Lists System and has the required contractor/vendor license as of date of verification.

---

SUBRECIPIENT SIGNATURE

# **EXHIBIT “I”**

Request for Notice



NO FEE FOR RECORDING PURSUANT  
TO GOVERNMENT CODE SECTION 6103

RECORDING REQUESTED BY AND  
WHEN RECORDED MAIL TO:

County of Riverside  
Economic Development Agency  
5555 Arlington Avenue  
Riverside, CA 92504  
Attn: Juan Garcia

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 the Official Records of the County of Riverside, California, and describing land therein as all that certain real property situated in the County of Riverside, State of California, described as follows:

PARCEL 4 AND LETTERED LOT D, PARCEL MAP 9756, IN THE COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, AS SHOWN BY MAP ON FILE IN BOOK 43 PAGE(S) 21 OF MAPS, RECORDS OF RIVERSIDE COUNTY, CALIFORNIA.

Executed by Housing Authority of the County of Riverside, a public entity, corporate and politic in the State of California, as trustor in which the County of Riverside, a political subdivision of the State of California is named as Beneficiary, and the \_\_\_\_\_, as Trustee, to be mailed to Riverside County EDA, Housing Division at 5555 Arlington Avenue, Riverside, California 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 Tom Fan who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

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

WITNESS my hand and official seal

Signature \_\_\_\_\_

RIVERSIDE COUNTY  
ECONOMIC DEVELOPMENT AGENCY

\_\_\_\_\_  
Tom Fan, Principal Development Specialist

(This area for official notarial seal)