

FORM APPROVED COUNTY COUNSEL  
 BY: GREGORY P. PRIAMOS DATE: 6/3/15

Departmental Concurrence

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

*22*



**FROM:** Economic Development Agency

**SUBMITTAL DATE:**  
 June 4, 2015

**SUBJECT:** Adoption of Resolution Number 2015-039, Approving the Disposition and Development Agreement by and between the Housing Authority of the County of Riverside and Habitat for Humanity Riverside, Inc. to Convey Property Known as Assessor's Parcel Numbers 169-100-055, 169-100-057 and 169-070-035 Located in the City of Jurupa Valley for the Jurupa Valley Enriched Veterans Neighborhood Project and Affirming the Adopted Initial Study Checklist/ Mitigated Negative Declaration Under City of Jurupa Valley Master Application 1463, District 2, [\$0]

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

1. Affirm the Board of Supervisors has reviewed and considered the Initial Study Checklist/ Mitigated Negative Declaration Under City of Jurupa Valley Master Application 1463 (attached) for the Jurupa Valley Enriched Veterans Neighborhood Project adopted by the City of Jurupa Valley and finds that no new environmental documentation is required as it pertains to the Disposition and Development Agreement because all potentially significant effects of the project were adequately analyzed as they pertain to the authority of the Housing Authority of the County of Riverside (Housing Authority) acting as a Responsible Agency;

(Continued)

*Robert Field*

Robert Field  
 Assistant County Executive Officer/EDA

FINANCIAL DATA	Current Fiscal Year:	Next Fiscal Year:	Total Cost:	Ongoing Cost:	POLICY/CONSENT (per Exec. Office)
COST	\$ 0	\$ 0	\$ 0	\$ 0	Consent <input type="checkbox"/> Policy <input checked="" type="checkbox"/>
NET COUNTY COST	\$ 0	\$ 0	\$ 0	\$ 0	

**SOURCE OF FUNDS:** N/A

Budget Adjustment: No  
 For Fiscal Year: 2014/15

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

APPROVE.

BY: *Rohini Dasika*  
 Rohini Dasika

County Executive Office Signature

**MINUTES OF THE BOARD OF SUPERVISORS**

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

Ayes: Jeffries, Tavaglione, Washington, Benoit and Ashley  
 Nays: None  
 Absent: None  
 Date: June 16, 2015  
 xc: EDA

Kecia Harper-Ihem  
 Clerk of the Board  
 By: *[Signature]*  
 Deputy

(Comp. Item 10-1)

Prev. Agn. Ref.: 3-33 of 3/26/13; 10-3 of 8/20/13; 10-3 of 1/28/2014

District: 2

Agenda Number:

**9-1**

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

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

**FORM 11:** Adoption of Resolution Number 2015-039, Approving the Disposition and Development Agreement by and between the Housing Authority of the County of Riverside and Habitat for Humanity Riverside, Inc. to Convey Property Known as Assessor's Parcel Numbers 169-100-055, 169-100-057 and 169-070-035 Located in the City of Jurupa Valley for the Jurupa Valley Enriched Veterans Neighborhood Project and Affirming the Adopted Initial Study Checklist/ Mitigated Negative Declaration Under City of Jurupa Valley Master Application 1463, District 2, [\$0]

**DATE:** June 4, 2015

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**RECOMMENDED MOTION: (Continued)**

2. Conduct a joint Public Hearing with the County of Riverside Board of Commissioners per Health and Safety Code Sections 33431 and 33433 regarding the proposed Disposition and Development Agreement between the Housing Authority and Habitat for Humanity Riverside, Inc. and Summary Report, each attached;
3. Adopt Resolution Number 2015-039 Making Certain Findings Under Health and Safety Code Section 33433; Approving the attached Disposition and Development Agreement to Convey Property Known as Assessor's Parcel Numbers 169-100-055, 169-100-057 and 169-070-035, located in the City of Jurupa Valley, California to Habitat for Humanity Riverside, Inc. for the Jurupa Valley Enriched Veterans Neighborhood Project; and Making Certain Findings with Respect to the Disposition and Development Agreement; and
4. Approve the Disposition and Development Agreement, including all attachments, including, but not limited to the Grant Deed, Agreement Containing Covenants, and Escrow Agreement, each attached.

**BACKGROUND:**

**Summary**

Habitat for Humanity Riverside, Inc., a California nonprofit public benefit corporation (Habitat) has partnered with the California Department of Veteran Affairs (CalVet) to build safe and affordable housing for lower income families with a preference to assist veterans and their families. Habitat proposes to acquire 5.56 acres of vacant land owned by the Housing Authority of the County of Riverside (Housing Authority) located 420 feet north of Mission Boulevard at the terminus of Amarillo Street in the City of Jurupa Valley in the County of Riverside known as Assessor's Parcel Numbers 169-100-055, 169-100-057 and 169-070-035 (Property) and develop thereon 26 for sale single-family homes for lower income households.

On March 26, 2013, the County of Riverside (County) pledged its goal to ensure that every veteran in Riverside County who wishes to help themselves has access to medical and mental health services, workforce development training, job assistance and affordable housing priority under the Veteran Assistance Leadership of Riverside County (VALOR). As a member of the VALOR sub-committee of the County Board, the Housing Authority supports the program and its "No Veteran Left Behind" strategy.

On August 20, 2013, the Board of Commissioners adopted Resolution No. 2013-008 with the intent to donate property and support Habitat and its reservation of \$9,000,000 from CalVet to implement its Habitat Enriched Neighborhood model and partner with local businesses and community organizations to provide and support a community of lower income households, with a preference for veterans, with social services and training to achieve self-sufficiency ( Jurupa Valley Enriched Veterans Neighborhood Project).

(Continued)

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

Economic Development Agency

**FORM 11:** Adoption of Resolution Number 2015-039, Approving the Disposition and Development Agreement by and between the Housing Authority of the County of Riverside and Habitat for Humanity Riverside, Inc. to Convey Property Known as Assessor's Parcel Numbers 169-100-055, 169-100-057 and 169-070-035 Located in the City of Jurupa Valley for the Jurupa Valley Enriched Veterans Neighborhood Project and Affirming the Adopted Initial Study Checklist/ Mitigated Negative Declaration Under City of Jurupa Valley Master Application 1463, District 2, [\$0]

**DATE:** June 4, 2015

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**BACKGROUND:**

**Summary** (Continued)

On January 28, 2014, the Board of Commissioners approved that certain Exclusive Negotiation Agreement (ENA) with Habitat to explore and negotiate in good faith a Disposition and Development Agreement (DDA) for the Jurupa Valley Enriched Veterans Neighborhood Project including the conveyance of the Property to Habitat and the development thereon of 26 for sale single-family homes to be sold to lower income households for an affordable sales price (collectively, the Project). Pursuant to the ENA, the period of negotiation was extended for one additional year ending August 20, 2015.

Habitat has processed entitlements with the City of Jurupa Valley for the development of the Project and is prepared to enter into a DDA acceptable to the Board that will constitute a commitment for conveyance and development of the Property. Habitat proposes to reserve all homes for lower income households whose incomes do not exceed 80% percent of the County area median income, adjusted for family size, as defined by Health and Safety Code (HSC) Section 50079.5. Income and resale restrictions relating to the Project shall be memorialized in the attached proposed Agreement Containing Covenants which shall be recorded against the Property. Additional covenants will be recorded individually against each home as they are sold by Habitat to qualified purchasers. The income and resale restrictions shall remain in place for 45 years. Funding for predevelopment and construction costs will be financed through third-party capital contributions and a construction loan from CalVet, which will then be converted into individual conventional home loans for each qualified purchaser once the construction is completed. The proposed DDA, including all attachments, is attached.

Pursuant to the proposed DDA, subject to the satisfaction of certain conditions precedent, the Housing Authority shall convey the Property to Habitat, pursuant to a Grant Deed, for one dollar plus the additional consideration set forth in the DDA. Habitat shall be responsible for all construction and development costs, entitlements, securing financing, construction, on-site and off-site improvements and maintenance obligations until completion of the Project. Pursuant to the proposed DDA, the Housing Authority shall retain a right of reverter, wherein title to the Property reverts back to the Housing Authority in the event Habitat does not develop the Property pursuant to the DDA.

Pursuant to HSC Section 33433, before the Property can be sold by the Housing Authority for development, the sale must first be approved by resolution of the Board of Supervisors after public hearing. Pursuant to HSC Sections 33431 and 33433 the Housing Authority and County published Notice of Joint Public Hearing notifying the public of the joint Housing Authority and County public hearing and consideration of the proposed DDA with Habitat relating to the conveyance of the Property and the development thereon. In addition, the Housing Authority made available for public review on the date the Notice of Joint Public Hearing was published the attached DDA, including all attachments, and the attached Summary Report.

(Continued)

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

**FORM 11:** Adoption of Resolution Number 2015-039, Approving the Disposition and Development Agreement by and between the Housing Authority of the County of Riverside and Habitat for Humanity Riverside, Inc. to Convey Property Known as Assessor's Parcel Numbers 169-100-055, 169-100-057 and 169-070-035 Located in the City of Jurupa Valley for the Jurupa Valley Enriched Veterans Neighborhood Project and Affirming the Adopted Initial Study Checklist/ Mitigated Negative Declaration Under City of Jurupa Valley Master Application 1463, District 2, [\$0]

**DATE:** June 4, 2015

**PAGE:** 4 of 4

**BACKGROUND:**

**Summary** (Continued)

The City of Jurupa Valley, as the appropriate lead agency under the California Environmental Quality Act (CEQA), prepared and adopted the Initial Study Checklist/Mitigated Negative Declaration under Master Application 1463 on March 19, 2015. The lead agency determined through the Initial Study that all issues of environmental concern can be adequately mitigated to a level of less than significant. Notice of the study and Mitigated Negative Declaration was published in accordance with the CEQA. Acting in its limited role as a responsible agency under CEQA, the Housing Authority has received, reviewed and considered the information contained in the record of decision from the City of Jurupa Valley and finds that as to the potential environmental impacts within the Housing Authority's authority as responsible agency, the project is within the scope of the impacts evaluated and the project has been adequately addressed in the initial study and mitigated negative declaration. Housing Authority Staff will file a Notice of Determination with the County Clerk within 5 working days after the approval of the proposed DDA.

County Counsel has reviewed and approved the attached DDA, Grant Deed, Agreement Containing Covenants, and Escrow Agreement as to form. Staff recommends that the Board approve the attached DDA, including all attachments, including, but not limited to the Grant Deed, Agreement Containing Covenants, and Escrow Agreement.

**Impact on Residents and Businesses**

Residents and families of the Project will have an opportunity to benefit from a number of classes and services provided by non-profit and social service partnerships including, but not limited to, financial management, budgeting, home repair, home maintenance, veteran counseling, nutrition, gardening, computer training, employee training, workforce development, tutoring and higher education training.

**SUPPLEMENTAL:**

**Additional Fiscal Information**

No general funds will be used for this agreement. Habitat will bear its own costs and expenses incurred or to be incurred in connection with the Jurupa Valley Enriched Veterans Neighborhood Project.

**Attachments:**

- Initial Study Checklist/ Mitigated Negative Declaration (City of Jurupa Valley Master Application 1463), Notice of Determination
- Housing Authority Resolution Number 2015-039
- 33433 Summary Report, Site Map and Public Notice
- Proposed Disposition and Development Agreement (including all attachments), Grant Deed, Agreement Containing Covenants, and Escrow Agreement

2 **RESOLUTION NUMBER 2015-039**

3 **MAKING CERTAIN FINDINGS UNDER HEALTH AND SAFETY CODE SECTION**  
4 **33433; APPROVING THE ATTACHED DISPOSITION AND DEVELOPMENT**  
5 **AGREEMENT TO CONVEY PROPERTY KNOWN AS ASSESSOR'S PARCEL**  
6 **NUMBERS 169-100-055, 169-100-057 AND 169-070-035, LOCATED IN THE CITY**  
7 **OF JURUPA VALLEY, CALIFORNIA, TO HABITAT FOR HUMANITY RIVERSIDE,**  
8 **INC., FOR THE JURUPA VALLEY ENRICHED VETERANS NEIGHBORHOOD**  
9 **PROJECT AND MAKING CERTAIN FINDINGS WITH RESPECT TO THE**  
10 **DISPOSITION AND DEVELOPMENT AGREEMENT**

11 **WHEREAS**, the County of Riverside ("County") adopted the redevelopment  
12 plan ("Redevelopment Plan") for the Jurupa Valley Project Area ("Project Area");

13 **WHEREAS**, in accordance with California Health and Safety Code Section  
14 33490, the former Redevelopment Agency for the County of Riverside ("RDA")  
15 adopted a five year Implementation Plan for the Project Area, as amended from time  
16 to time ("Implementation Plan"), which established goals to support affordable  
17 housing, economic development, community revitalization and other activities  
18 necessary or appropriate to carry out the objectives of the Redevelopment Plan;

19 **WHEREAS**, Assembly Bill No. x1 26, as modified by Assembly Bill No. 1484  
20 ("Dissolution Act"), added Parts 1.8 and 1.85 to Division 24 of the California  
21 Community Redevelopment Law (Health and Safety Code Sections 33000 et seq.,  
22 the "CRL"). As a result of the Dissolution Act, the RDA was dissolved on February 1,  
23 2012 such that the RDA is now deemed a former redevelopment agency under  
24 Health and Safety Code Section 34173;

25 **WHEREAS**, pursuant to the Dissolution Act and Housing Authority of the  
26 County of Riverside ("Housing Authority") Resolution Nos. 2012-035, 2012-001 and  
27 2012-005, all housing functions previously performed by the former RDA, including  
28 related rights, powers, duties, obligations, and housing assets were transferred to the  
Housing Authority, including that certain vacant real property located 420 feet north of  
Mission Boulevard at the terminus of Amarillo Street in the City of Jurupa Valley in the  
County of Riverside identified by Assessor's Parcel Numbers 169-100-055, 169-100-

1 057 and 169-070-035, which consists of approximately 5.3 acres, as legally described  
2 in Exhibit "A" attached hereto and incorporated herein by this reference ("Property");

3 **WHEREAS**, the Housing Authority wishes to implement certain proposed uses  
4 in the Project Area including low income housing and the elimination of blight, which  
5 use will aid in carrying out the Redevelopment Plan and Implementation Plan  
6 pursuant to its obligations under the Dissolution Act as successor housing agency;

7 **WHEREAS**, Habitat for Humanity Riverside, Inc., a non-profit public benefit  
8 corporation ("Habitat"), has proposed to acquire the Property from the Housing  
9 Authority to develop and construct 26 affordable for-sale single family homes  
10 consisting of eight (8) single family homes containing 4 bedrooms and a minimum of  
11 1,500 square feet, and eighteen (18) single family homes containing 3 bedrooms and  
12 a minimum of 1,300 square feet ("Units"), with related infrastructure, parking, common  
13 areas and open space improvements, to be sold to and occupied by lower income  
14 first time home buyer households (with a preference for veterans) for an affordable  
15 sales price ("Project"), as more specifically provided for in the proposed Disposition  
16 and Development Agreement. The Units shall remain affordable for a period of no  
17 less than forty-five (45) years and such affordability restrictions shall be secured by  
18 recorded covenants running with the land;

19 **WHEREAS**, in order to carry out and implement the Project, the proposed  
20 Disposition and Development Agreement provides for the Housing Authority's sale of  
21 the Property to Habitat for the purchase price of One Dollar (\$1), subject to the terms  
22 and conditions of the proposed Disposition and Development Agreement between the  
23 Housing Authority and Habitat attached hereto as Exhibit "B" and incorporated herein  
24 by this reference;

25 **WHEREAS**, the proposed development of the Project will eliminate existing  
26 blight and result in the development of much needed lower income affordable housing  
27 that will benefit the Jurupa Valley community;

28 **WHEREAS**, pursuant to CRL Section 33433, Housing Authority staff prepared

1 a Summary Report dated June 1, 2015 ("Summary Report") which is attached hereto  
2 as Exhibit "C" and incorporated herein by this reference;

3 **WHEREAS**, in accordance with CRL Section 33431 and 33433, the Housing  
4 Authority and the County held a joint public hearing on the proposed sale of the  
5 Property pursuant to such Disposition and Development Agreement, having duly  
6 published notice of such public hearing and made copies of the proposed Disposition  
7 and Development Agreement, Summary Report and other documents available for  
8 public inspection, and comment in accordance with CRL Section 33433;

9 **WHEREAS**, pursuant to CRL Section 33433, the Board of Commissioners  
10 considered the information in the Summary Report and has made the findings  
11 required by CRL Section 33433 with respect to the Disposition and Development  
12 Agreement;

13 **WHEREAS**, the Board of Commissioners has also duly considered all the terms  
14 and conditions of the proposed sale of the Property set forth in the proposed  
15 Disposition and Development Agreement, and the information contained in the  
16 submittal to the Board of Commissioners by staff and provided at the public hearing,  
17 and believes that development of the Property in accordance with the Disposition and  
18 Development Agreement is in the best interests of the County of Riverside and the  
19 health, safety and welfare of its residents, and in accord with the public purposes and  
20 provisions of applicable State and local law and requirements;

21 **WHEREAS**, pursuant to the California Environmental Quality Act ("CEQA"), the  
22 City of Jurupa Valley, as the applicable lead agency, determined from an Initial Study  
23 Checklist that the proposal could have a significant effect on the environment;

24 **WHEREAS**, the lead agency determined that through Project modifications  
25 and the incorporation of appropriate mitigation measures, there will be no significant  
26 physical environmental impacts and a final determination for a Mitigated Negative  
27 Declaration and a Mitigation Monitoring and Reporting Program was adopted on April  
28 16, 2015 by the City of Jurupa Valley City Council;

1           **WHEREAS**, the lead agency filed a Notice of Determination for the Project on  
2 April 21, 2015;

3           **WHEREAS**, the Housing Authority has limited approval and implementing  
4 authority over the Project and, therefore, pursuant to Section 15096 of the State CEQA  
5 Guidelines serves only as a Responsible Agency for the Project; and

6           **WHEREAS**, pursuant to Section 15096 of the State CEQA Guidelines, the  
7 Housing Authority, acting as a Responsible Agency, considered the environmental  
8 effects of the Project as evaluated in the Initial Study Checklist, Mitigated Negative  
9 Declaration, City of Jurupa Valley Staff Report, and other associated documents  
10 (“Administrative Record”) and determined the Administrative Record to be adequate as  
11 certified by the lead agency.

12           **NOW THEREFORE, BE IT RESOLVED, FOUND, DETERMINED AND**  
13 **ORDERED** by the Board of Supervisors of the County of Riverside, State of  
14 California, in regular session assembled on June 16, 2015, in the meeting room of the  
15 Board of Supervisors located on the 1<sup>st</sup> floor of the County Administrative Center,  
16 4080 Lemon Street, Riverside, California, and based upon the evidence and  
17 testimony presented on the matter, both written and oral, including the Administrative  
18 Record as it relates to the Project, as follows:

- 19           1. That it has received and heard all oral and written objections (if any) to the  
20           proposed Disposition and Development Agreement, to the proposed sale  
21           of the Property pursuant to the proposed Disposition and Development  
22           Agreement, and to the other matters pertaining to this transaction, and  
23           that all such oral and written objections (if any) are hereby overruled.
- 24           2. The foregoing recitals are true and correct.
- 25           3. The Board of Supervisors has reviewed and approves the Summary  
26           Report attached hereto as Exhibit “C” and incorporated herein by this  
27           reference
- 28           4. The Board of Supervisors hereby finds and determines that the sale of



1 the Property to Habitat and the development and construction thereon of  
2 the Project in accordance with the Disposition and Development  
3 Agreement will assist in the elimination of blight and will provide housing  
4 for low income or moderate income persons.

5 **5.** The Board of Supervisors hereby finds and determines that the sale of  
6 the Property to Habitat in accordance with the Disposition and  
7 Development Agreement is consistent with the Implementation Plan  
8 adopted pursuant to California Health and Safety Code Section 33490.

9 **6.** The Board of Supervisors hereby finds and determines that the  
10 consideration to be paid by Habitat to the Housing Authority, in the  
11 amount of One Dollar (\$1), for the sale of the Property is not less than the  
12 fair market value at its highest and best use in accordance with the plan  
13 and as permitted by the current zoning.

14 **7.** The Board of Commissioners, as the decision-making body for the  
15 Housing Authority, and in their limited role as a Responsible Agency  
16 pursuant to CEQA, has received, reviewed, and considered the  
17 information contained in the Administrative Record for the Project. The  
18 Board of Supervisors finds that, as to those potential environmental  
19 impacts within the Housing Authority's powers and authorities as  
20 Responsible Agency, that the Administrative Record for the Project  
21 contains a complete, objective, and accurate reporting of those potential  
22 impacts as they relate to the Project under the authority of the Housing  
23 Authority as the Responsible Agency. This determination reflects the  
24 independent judgment and analysis of the Housing Authority and the  
25 Board of Supervisors.

26 **8.** The Board of Supervisors hereby approves the sale of the Property to  
27 Habitat in accordance with the Disposition and Development Agreement.

28 **9.** The Board of Supervisors hereby finds and determines that the

FORM APPROVED COUNTY COUNSEL

BY: *Mailla R. Brown* 6-2-15  
MAILLA R. BROWN DATE

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Disposition and Development Agreement between the Housing Authority and Habitat, including all attachments thereto, attached hereto as Exhibit "B" and incorporated herein by this reference, is approved.

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ROLL CALL:

Ayes: Jeffries, Tavaglione, Washington, Benoit and Ashley  
Nays: None  
Absent: None

The foregoing is certified to be a true copy of a resolution duly adopted by said Board of Supervisors on the date therein set forth.

KECIA HARPER-IHEM, Clerk of said Board

By *[Signature]*  
Deputy

EXHIBIT "A"

LEGAL DESCRIPTION OF PROPERTY

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

PARCEL A: (APN: 169-100-055-1 AND 169-100-057-3)

PARCEL 2 OF PARCEL MAP NO. 34696, IN THE CITY OF JURUPA VALLEY, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 226, PAGES 95 TO 99, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPTING THEREFROM THOSE PORTIONS CONVEYED IN GRANT DEEDS RECORDED APRIL 22, 2008 AS INSTRUMENT NO. 2008-0199763 OF OFFICIAL RECORDS AND SAID PORTIONS AS SHOWN ON PAGES 9 AND 10 AS CONVEYED BY BOOK 137 OF RECORD OF SURVEYS PAGES 99-113, RECORDED IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

PARCEL B: (APN: 169-070-035-1 formerly APN 169-070-003)

THE WESTERLY 4 FEET OF THAT PORTION OF LOT 3 OF LA BONITA TRACT, IN THE COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, AS SHOWN BY MAP ON FILE IN BOOK 1, PAGE 12 OF MAPS, RECORDS OF RIVERSIDE COUNTY, CALIFORNIA, DESCRIBED BY METES AND BOUNDS, AS FOLLOWS:

BEGINNING AT THE SOUTHWEST CORNER OF SAID LOT;  
THENCE NORTH ON THE WEST LINE OF SAID LOT TO A POINT IN THE SOUTH LINE OF THE NORTH 5 ACRES OF SAID LOT, CONVEYED TO HARRY O. NORTHRUP AND WIFE, BY DEED FILED FOR RECORD NOVEMBER 25, 1924 IN BOOK 621, PAGE 334 OF DEEDS, RECORDS OF RIVERSIDE COUNTY, CALIFORNIA;  
THENCE EAST ON THE SOUTH LINE OF SAID NORTH 5 ACRES, 165 FEET;  
THENCE SOUTH PARALLEL WITH THE WEST LINE OF SAID LOT TO THE SOUTH LINE OF SAID LOT;  
THENCE WEST ON SAID SOUTH LINE, 165 FEET TO THE POINT OF BEGINNING.

EXHIBIT "B"

DISPOSITION AND DEVELOPMENT AGREEMENT

(Behind this page)

**NO FEE FOR RECORDING  
PURSUANT TO GOVERNMENT  
CODE SECTION 6103**

**Order No.**

Escrow No.

File No.

RECORDING REQUESTED BY AND  
WHEN RECORDED MAIL TO:

Housing Authority of the  
County of Riverside  
5555 Arlington Avenue  
Riverside, CA 92504  
Attn: Mervyn Manalo

SPACE ABOVE THIS LINE FOR RECORDERS USE

**DISPOSITION AND DEVELOPMENT AGREEMENT**  
(File No. HASA2-15-001)

By and Between

THE HOUSING AUTHORITY OF  
THE COUNTY OF RIVERSIDE

and

HABITAT FOR HUMANITY RIVERSIDE, INC.

as Developer

for

Jurupa Valley Enriched Veterans Neighborhood Project

Dated June 16, 2015

Approved by

Board of Commissioners Resolution No. 2015-003

and

Board of Supervisors Resolution No. 2015-039

JUN 16 2015 9-1

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**DISPOSITION AND DEVELOPMENT AGREEMENT  
(Jurupa Valley Enriched Veterans Neighborhood Project)**

This DISPOSITION AND DEVELOPMENT AGREEMENT (“**Agreement**”) is entered into this \_\_\_\_\_ day of \_\_\_\_\_ 2015, by and between the HOUSING AUTHORITY OF THE COUNTY OF RIVERSIDE, a public entity, corporate and politic, in its capacity as housing successor to the former Redevelopment Agency for the County of Riverside (hereinafter called the “**Authority**”) and HABITAT FOR HUMANITY RIVERSIDE, INC., a California nonprofit public benefit corporation (hereinafter called “**Developer**”). Authority and Developer are collectively referred to herein as the “Parties” and individually as “Party.”

RECITALS

A. The County of Riverside (“**County**”) adopted the redevelopment plan (“**Redevelopment Plan**”) for the Jurupa Valley Redevelopment Project Area (“**Project Area**”);

B. In accordance with California Health and Safety Code Section 33490, the former Redevelopment Agency for the County of Riverside (“**RDA**”) adopted a five (5) year Implementation Plan for the Project Area, as amended from time to time (“**Implementation Plan**”), which established goals to support affordable housing, economic development, community revitalization and other activities necessary or appropriate to carry out the objectives of the Redevelopment Plan;

C. In February of 2001, the former RDA adopted Resolution No. 2001-002 to acquire multiple properties in the Project Area with the intent to develop affordable housing, located north of Mission Boulevard, east of Bellegrave Avenue and west of Pedley Road, also known as Assessor Parcel Numbers (APN) 169-100-055, 169-100-057 and 169-070-035, totaling approximately 5.3 acres, as described in the legal description and depicted on the site map attached hereto as **Attachment No. 1** and incorporated herein by this reference (the “**Property**”);

D. California Assembly Bill No. x1 26, as modified by Assembly Bill No. 1484 (“**Dissolution Act**”), added Parts 1.8 and 1.85 to Division 24 of the California Community Redevelopment Law (Health and Safety Code sections 33000 et seq., the “**CRL**”). As a result of the Dissolution Act, the RDA was dissolved on February 1, 2012 such that the RDA is now deemed a former redevelopment agency under Health and Safety Code section 34173;

E. Pursuant to the Dissolution Act and Authority Resolution Nos. 2012-035, 2012-001 and 2012-005, all housing functions previously performed by the former RDA, including related rights, powers, duties, obligations, and housing assets were transferred to Authority, including the Property;

F. Authority is a California Housing Authority acting under the California Housing Authorities Law, Part 2 of Division 24 of the Health and Safety Code (the “**Housing Authorities Law**”);

G. On March 26, 2013, the County pledged its goal to ensure that every veteran in

the County who wishes to help themselves has access to medical and mental health services, workforce development training, job assistance, and affordable housing priority under the Veteran Assistance Legislation of Riverside County (“VALOR”);

H. Authority is a member of the VALOR sub-committee appointed by the County’s Board of Supervisors to support its program and its “No Veteran Left Behind” strategy;

I. Developer is a California nonprofit public benefit corporation engaged in building safe and affordable housing for low-income families with a goal to assist veteran households;

J. Developer, in collaboration with the California Department of Veteran Affairs (“CalVet”) and Habitat for Humanity San Fernando/Santa Clarita Valleys, desires to implement the CalVet Residential Enriched Neighborhood model (defined below) in the City of Jurupa Valley and partner with local businesses and community organizations to provide and support a community of 26 Lower Income (as defined herein) family households, with a preference for veterans and their families, and assist them with social services and training to achieve self-sufficiency (“**Jurupa Valley Enriched Veterans Neighborhood Project**”) to be developed and constructed on the Property. Developer has reserved approximately \$9,000,000 with CalVet to provide home loans under the terms and conditions prescribed by the Military and Veterans Code and Title 12 of the California Code of Regulations;

K. On August 20, 2013, the Authority’s Board of Commissioners adopted Resolution No. 2013-008 supporting the reservation for CalVet funding and intent to donate land for the development and construction of the Jurupa Valley Enriched Veterans Neighborhood Project;

L. On January 28, 2014, the Authority’s Board of Commissioners approved that certain Exclusive Negotiation Agreement with Developer to explore and negotiate in good faith a disposition and development agreement; and

M. In furtherance of the public purposes set forth in the Housing Authorities Law of the State of California( Sections 34200 et seq. of the California Health and Safety Code) and the CRL, the Authority desires to convey the Property to Developer for the development and construction thereon of 26 single-family homes to be sold to and occupied by Lower Income Households (as defined herein), for an Affordable Sales Price (as defined herein), and related improvements and amenities, as more specifically described herein.

NOW, THEREFORE, in consideration of the foregoing, and the promises and mutual covenants and conditions hereinafter set forth, the Authority and Developer hereby do agree as follows:

## **ARTICLE 1 SUBJECT OF AGREEMENT**

### **Section 1.1 Definitions**

For purposes of this Agreement, the following capitalized terms shall have the following

meanings:

“Addendum to Grant Deed” means the instrument to be included with all grant deeds from the Developer to Purchasers of the Restricted Units, substantially in the form attached hereto as **Attachment No. 5**, which is incorporated herein by this reference.

“Affiliate” means (1) any Person directly or indirectly controlling, controlled by or under common control with another Person; (2) any Person owning or controlling ten percent (10%) or more of the outstanding voting securities of such other Person; or (3) if that other Person is an officer, director, member or partner, any company for which such Person acts in any such capacity. The term “control” as used in the immediately preceding sentence, means the power to direct the management or the power to control election of the board of directors. It shall be a presumption that control with respect to a corporation or limited liability company is the right to exercise or control, directly or indirectly, more than fifty percent (50%) of the voting rights attributable to the controlled corporation or limited liability company, and, with respect to any individual, partnership, trust, other entity or association, control is the possession, indirectly or directly, of the power to direct or cause the direction of the management or policies of the controlled entity. It shall also be a presumption that the managing General Partner of a limited partnership controls the limited partnership.

“Affordable Housing Resale Restriction” means that certain Affordable Housing Resale Restriction Option to Designate Eligible Purchase and Option to Purchase Upon Default, in a form and substance first approved by Authority Executive Director and County Counsel, to be executed by a Purchaser of a Restricted Unit on or prior to the close of escrow for the conveyance of such unit from Developer to such Purchaser. The Affordable Housing Resale Restriction shall include, among other things, a first right of refusal in favor of the Authority to the purchased Restricted Unit.

“Affordability Restrictions” means the restriction on Developer to sell the Restricted Units only to Lower Income First Time Homebuyers for an Affordable Sales Price as provided in Section 4.1 of this Agreement and the Grant Deed, and the restriction on each Purchaser and subsequent owner of each Restricted Unit to sell the Restricted Units only to a Lower Income Household for an Affordable Sales Price unless otherwise permitted by the terms of the Addendum to Grant Deed.

“Affordable Housing Cost” means, pursuant to Health and Safety Code Section 50052.5(b)(3), for Lower Income Households the housing cost payments shall not exceed thirty percent (30%) of the gross income of the household times seventy percent (70%) of the Area Median Income as determined by HUD, adjusted for household size appropriate for the Unit. For purposes of this definition, the phrase “adjusted for household size appropriate for the Unit” shall mean a household size equal to the number of bedrooms in the Unit plus one.

“Affordable Sales Price” means that portion of the Sales Price of a Restricted Unit that is equal to the sum of a First Mortgage Loan and any down payment, if applicable, where the total Housing Cost to be paid by the Purchaser does not exceed the Affordable Housing Cost. The Affordable Sales Price shall be established so that payments on the First Mortgage Loan (based

on a 30-year fixed mortgage at prevailing interest rates) will not exceed an Affordable Housing Cost to the buyer when added to all other components of the Housing Cost, as defined in Section 6920 of title 25 of the California Administrative Code.

“Area Median Income” means the median income of the Riverside-San Bernardino-Ontario Standard Metropolitan Statistical Area, adjusted for family size by the United States Department of Housing and Urban Development (“HUD”) pursuant to Section 8 of the United States Housing Act of 1937, as determined by HUD and published from time to time by the California Department of Housing and Community Development.

“Authority Executive Director” or “Executive Director” means the Executive Director of the Housing Authority of the County of Riverside or his or her designee. Authority agrees to provide notice to Developer of the name of the Executive Director’s designee on a timely basis, and to provide updates from time to time.

“Authority Instruments” means and includes this DDA, the Grant Deed, including the Addendum to Grant Deed, Environmental Indemnity, Assignment of Agreements and the Agreement Containing Covenants, each in a form that is reasonably acceptable to the Authority Executive Director.

“CalVet” means the California Department of Veteran Affairs.

“CalVet Residential Enriched Neighborhood model” (formerly the “Habitat Enriched Neighborhood model”) means a neighborhood community that integrates a supportive environment connecting veterans and their families directly to services and programs that provide training and encourage self-sufficiency. Services and programs include social services, health information, home repair, money management, tutoring, and job search assistance.

“City” means the City of Jurupa Valley.

“Closing” or “Close of Escrow” means with respect to the acquisition of the Property by Developer the point in time when all conditions precedent to such acquisition have been satisfied in accordance with this Agreement.

“Closing Date” means the date on which the Closing has occurred.

“Completion” means the point in time at which all of the following have been satisfied: (a) issuance of a certificate of occupancy for the Project by the County of Riverside, (b) recordation of a Notice of Completion by Developer or its contractor, (c) submission to the Authority, of unconditional lien releases or waivers obtained by Developer or Developer’s agent, (d) certification by the project architect that construction of the Improvements (with the exception of minor “punch list” items) has been completed in a good and workmanlike manner and substantially in accordance with the approved plans and specifications; (e) payment, settlement or other extinguishment, discharge, release, waiver, bonding or insuring against any mechanic’s liens that have been recorded or stop notices that have been delivered; and (f) the Property has been developed in accordance with this Agreement, the Scope of Development and

plans approved by the Authority pursuant to this Agreement.

“Conditions” means, with respect to the Property, the condition of the soil, geology, the presence of known or unknown faults or defects, or Hazardous Substances, the suitability of the Property for its intended uses, or the condition of any related public improvements.

“Construction Financing Event” means the occurrence of the satisfaction of all conditions precedent to the commencement of disbursement of the Construction Loan proceeds, including, without limitation, recordation of the Construction Loan deed of trust in the Official Records.

“Construction Loan” means the loan from CalVet in the approximate amount of \$9,000,000 made to the Developer at the time of the Closing for construction of the Improvements, secured against the Property by the Construction Loan Deed of Trust. The Construction Loan will convert to a First Mortgage Loan for the qualified Purchaser upon the close of escrow for the sale of a Restricted Unit from Developer to such qualified Purchaser.

“Construction Lender” means CalVet.

“Construction Loan Deed of Trust” means the deed of trust securing the Construction Loan that is first in priority.

“County” means the County of Riverside, a political subdivision of the State of California.

“DDA” or “Agreement” means this Disposition and Development Agreement by and between the Authority and the Developer.

“Developer” means Habitat for Humanity Riverside, Inc., a California nonprofit public benefit corporation and any assignee of or successor to its rights, powers and responsibilities permitted by this Agreement.

“Developer’s Purchase Price” means the sum of one dollar (\$1) to be paid by the Developer to the Authority to purchase the Property.

“Development Costs” means all costs which are actually incurred by Developer for the acquisition of the Property and the financing, design, development and construction of the Project, and shall include, without limitation, all of the items of cost set forth in the Project Budget and similar costs, fees and expenses as approved by the Authority Executive Director.

“Displaced Homemaker” means an individual who (1) is an adult; (2) has not worked full-time in the labor force for at least two (2) years but has, during such years, worked primarily without remuneration to care for the home and family; and (3) is unemployed or underemployed and is experiencing difficulty in obtaining or upgrading employment.

“Escrow Instructions” or “Escrow Agreement” means escrow instructions prepared on behalf of the Authority relating to the sale of the Property to Developer.

"First Mortgage Loan" means a loan made by CalVet to a Purchaser to be used to pay a portion of the Affordable Sales Price of a Restricted Unit, which, upon the sale of a Restricted Unit to a Purchaser, shall be secured by a first deed of trust and other security instruments having a lien on the Restricted Unit that is senior in priority to the lien of the Second Mortgage deed of trust, the third mortgage deed of trust, if necessary, and all other subordinate liens.

"First Time Homebuyer" means an individual and his or her spouse who have not owned a home during the three (3)-year period immediately preceding the purchase of the Restricted Unit, except that an individual may not be excluded from consideration as a First Time Homebuyer on the basis that the individual owns or owned, as a principal residence during the 3-year period immediately preceding the purchase of the Restricted Unit, a dwelling unit whose structure is not permanently affixed to a permanent foundation in accordance with local or other applicable regulations.

"Force Majeure" or "Force Majeure Event" means any of the following events, provided that it actually delays and interferes with the timely performance of the matter to which it applies and despite the exercise of diligence and good business practices is or would be beyond the reasonable control of the party claiming such interference: war; insurrection; strikes; lock-outs; riots; floods; earthquakes; fires; casualties; acts of God; acts of the public enemy; epidemics; quarantine restrictions; freight embargoes; lack of transportation; governmental restrictions or priority; litigation including litigation challenging the validity of this transaction or any element thereof; unusually severe weather; inability to secure necessary labor, materials or tools; acts of the other party; acts or failure to act of any Governmental Authority (except acts or failure to act of the Authority shall not excuse performance by the Authority); or the imposition of any applicable moratorium by a Governmental Authority; or any other causes which despite the exercise of diligence and good business practices are or would be beyond the reasonable control of the party claiming such delay and interference. Notwithstanding the foregoing, none of the foregoing events shall constitute a Force Majeure Event unless and until the party claiming such delay and interference delivers to the other party written notice describing the event, its cause, when and how such party obtained knowledge of the event, the date the event commenced, and the estimated delay resulting therefrom. Any party claiming a Force Majeure Delay shall deliver such written notice within fifteen (15) days after it obtains actual knowledge of the event.

"Force Majeure Delay" means any delay in taking any action required by this Agreement, proximately caused by the occurrence of any Force Majeure Event.

"Governmental Approvals" means and include any and all general plan amendments, zoning approvals or changes, required approvals and certifications under the California Environmental Quality Act, variances, conditional use permits, demolition permits, excavation/foundation permits, grading permits, building permits, inspection reports and approvals, certificates of occupancy, and other approvals, permits, certificates, authorizations, consents, orders, entitlements, filings or registrations, and actions of any nature whatsoever required from any Governmental Authority in order to commence and complete the construction of the Project.

“Governmental Authority” means the United States, the State of California, the City of Jurupa Valley, the County, or any other political subdivision in which the Property is located, and any court or political subdivision, agency or instrumentality having jurisdiction over the Property.

“Grant Deed” means the instrument by which the Authority will convey title to the Property to Developer, substantially in the form attached hereto as **Attachment No. 4**, which is incorporated herein by this reference.

“Hazardous Substances” shall have the meaning set forth in the Environmental Indemnity.

“Housing Cost” shall have the meaning set forth in Title 25 California Administrative Code Section 6920.

“HUD” means the United States Department of Housing and Urban Development.

“Improvements” means 26 new residential single-family homes, 8 homes of which shall have 4 bedrooms and a minimum of 1,500 square feet, and 18 homes of which shall have 3 bedrooms and a minimum of 1,300 square feet, to be constructed on the Property with related infrastructure, parking, and common areas and the Open Space Improvements, all in accordance with this Agreement, and as more specifically described in the Scope of Development attached hereto as **Attachment No. 6** and incorporated herein by this reference.

“Lender” or “Senior Lender” means CalVet or any other owner or holder of a mortgage permitted by this Agreement.

“Lower Income” or “Lower Income Household” shall have the meaning set forth in Health and Safety Code Section 50079.5. If the California Department of Housing and Community Development discontinues publishing the Lower Income limits, the term “Lower Income” shall mean a household income that does not exceed 80% of the area median income for the County of Riverside, adjusted by family size.

“Method of Financing” shall mean the document attached to this Agreement as **Attachment No. 2**, which is incorporated herein by this reference.

“Mortgagee” shall mean any maker of a Permitted Mortgage Loan to Developer.

“Necessary Capital Contributions” shall mean that certain amount of money derived from third-party donations in the form of cash received that equals (or exceeds) the Authority approved Development Costs less the cumulative amount of the Construction Loan necessary for the financing of the Project.

“Notice of Affordability Restrictions” means the Notice of Affordability Restrictions in form as attached hereto as **Attachment No. 10**.



“Official Records” means the Official Records of the Office of the County Recorder for the County of Riverside, California.

“Open Space Improvements” means the improvements to be constructed on the open space portion of the Property to be maintained by the Developer, in accordance with the plans and specifications approved by the City and the Scope of Development attached hereto.

“Permitted Exceptions” means those encumbrances, liens, taxes, assessments, easements, rights of way, leases, covenants, agreements or other exceptions affecting title to the Property as of the date of recordation of the Grant Deed which are not disapproved in writing by the Developer.

“Permitted Mortgage” shall mean and include: (i) any conveyance of a security interest in the Property to one or more Mortgagees to secure any loan to finance the Project as required by this Agreement; and (iii) the conveyance of title to the Mortgagee or its assignee in connection with a foreclosure or a deed in lieu of foreclosure of such loan.

“Permitted Mortgagee” shall mean the maker of any Permitted Mortgage Loan.

“Permitted Mortgage Loan” shall mean the obligations secured by a Permitted Mortgage.

“Permitted Transfer” means assignment of all or any part of this Agreement or any right therein, or the sale, agreement to sell, transfer, conveyance or assignment of the Property or any portion thereof or interest therein to any of the following:

- (1) A partnership or limited liability company in which Developer, or an entity controlled by Developer, is the managing general partner or managing member and is in control thereof;
- (2) The admission of additional new general or limited partners or members, or the substitution or deletion of partners or members to any such partnership or limited liability company set forth in clause a. above, so long as Developer or an entity controlled by Developer continues in control;
- (3) A corporation that is wholly owned and that is controlled by Developer or an entity controlled by Developer;
- (4) The granting of easements, licenses or permits to facilitate the development of the Property;
- (5) The transfer or conveyance of all or any portion of the Property by foreclosure or deed of trust or by transfer in-lieu-of foreclosure to a Lender; and
- (6) The sale for occupancy of any Restricted Unit in conformance with this Agreement.

Any transfer described in clauses (1) through (5) shall be subject to the reasonable approval of documentation by the Authority Executive Director or designee. Any sale for occupancy of a Restricted Unit, as described in clause (6), shall be subject to the approval of the Authority Executive Director.

“Person” means an individual, partnership, limited partnership, trust, estate, association, corporation, limited liability company, or other entity, domestic or foreign.

“Plans” means any architectural and construction plans and drawings prepared on behalf of Developer for the Project in accordance with this Agreement.

“Project” means the acquisition of the Property by Developer, the development and construction thereon of the Improvements, and the sale of the Restricted Units to qualified First Time Homebuyers for an Affordable Sales Price, pursuant to this Agreement, including, but not limited to the Scope of Development attached hereto as **Attachment No. 6**.

“Project Budget” means the schedule of sources and uses of funds to pay Development Costs attached to this Agreement as **Attachment No. 7**, incorporated herein by this reference.

“Property” means the real property, including all improvements thereon, with Assessor Parcel Numbers (APN) 169-100-055, 169-100-057 and 169-070-035, totaling approximately 5.3 acres, legally described and depicted on **Attachment No. 1**. In the event that Developer subdivides the Property, each subdivided parcel shall be subject to the rights and obligations under this Agreement and the legal description referenced herein for the Property may be modified to reflect the legal descriptions associated with each new parcel.

“Purchaser” means any qualified Lower Income person or household who is also a qualified First Time Homebuyer and the initial purchaser of a Restricted Unit from Developer. Subsequent purchasers of a Restricted Unit from the Developer shall be a qualified Lower Income Household.

“Purchase Price” means the sum of One Dollar (\$1.00) to be paid by Developer to Authority for the acquisition of the Property.

“Release of Construction Covenants” means the certificate to be issued by the Authority upon Completion and recorded in the Office of the County Recorder of the County of Riverside, in accordance with Section 3.22 of this Agreement.

“Restricted Period” means the longest feasible time, but not less than forty-five (45) years following the initial purchase of a Restricted Unit by a Purchaser from Developer.

“Restricted Units” means newly constructed Units in the Project, which shall be sold exclusively to and occupied exclusively by Lower Income Purchasers who are First Time Homebuyers. The Restricted Units shall consist of all Units.

“Right of Entry Agreement” means that agreement substantially in form attached hereto as **Attachment No. 16** and incorporated herein by this reference.

“Sales Price” means the total purchase price paid by a Purchaser to Developer for a Restricted Unit, consisting of the CalVet Construction Loan, the down payment, if any, and the

Second Mortgage Loan.

“Second Mortgage Loan” means the silent second mortgage loan issued by Developer to Purchaser subordinate to the First Mortgage Loan issued by CalVet. The Second Mortgage Loan shall be evidenced by a promissory note for the benefit of Developer and secured by a subordinated deed of trust encumbering the respective Restricted Unit.

“Senior Loan” means the source of financing in the form of a Construction Loan, a permanent loan or any other loan, credit enhancement or construction period guaranty facility secured by a deed of trust or other instrument against the Property.

“Schedule of Performance” means the schedule attached hereto as **Attachment No. 3** and incorporated herein by this reference.

“Scope of Development” means the Scope of Development attached hereto as **Attachment No. 6** and incorporated herein by this reference.

“Title Company” means Lawyers Title Insurance Corporation, or another title insurance company mutually agreed upon by the Authority Executive Director and Developer.

“Transfer” means the assignment of all or any part of this Agreement or any right herein, or the sale, agreement to sell, transfer, conveyance, or assignment of the Property or any portion thereof or interest therein.

“Units” means the twenty-six (26) single family homes to be developed and constructed pursuant to this Agreement and the Scope of Development.

### **Section 1.2 Purpose of Agreement**

The Authority owns the Property. The purpose of this Agreement is to effectuate the Redevelopment Plan for the Jurupa Valley Redevelopment Project Area by conveying the Property to Developer for the construction and development thereon of twenty-six (26) single family homes to be sold for and Affordable Sales Price to and occupied by qualified Lower Income First Time Homebuyers, as more specifically described in this Agreement. The development, sale and use of the Property pursuant to this Agreement, and the fulfillment generally of this Agreement, are in the vital and best interests of the County of Riverside and the health, safety and welfare of its residents, and in accord with the public purposes and provisions of applicable federal, state, and local laws.

### **Section 1.3 The Authority**

(a) The Authority is a public entity, corporate and politic, exercising governmental functions and powers, and organized and existing under the Housing Authorities Law of the State of California (California Health and Safety Code § 34200 et seq.). The Authority is also the “housing successor” to the former Redevelopment Agency of the County of Riverside pursuant to California Health and Safety Code Section 34176. The principal office of

the Authority is located at 5555 Arlington Avenue, Riverside, California 92504.

(b) "Authority" as used in this Agreement includes the Housing Authority of the County of Riverside, California and any assignee of or successor to its rights, powers and responsibilities.

#### **Section 1.4 Developer**

Developer is Habitat for Humanity Riverside, Inc., a California nonprofit public benefit corporation. The principal address of Developer for purposes of this Agreement is 2180 Iowa Avenue, Riverside, California 92507. Whenever the term "Developer" is used herein, it shall mean and include the Developer as of the date of this Agreement, and any assignee of or successor to the rights, powers and responsibilities of Developer permitted by this Agreement.

#### **Section 1.5 Assignments and Transfers**

(a) Developer represents and agrees that its undertakings pursuant to this Agreement are for the purpose of redeveloping the Property and providing affordable for sale housing for Lower Income Households, and not for speculation in land holding. Developer further recognizes that the qualifications and identity of Developer are of particular concern to the Authority, in light of the following: (1) the importance of the development of the Property to the general welfare of the community; (2) the public assistance that has been made available by law and by the government for the purpose of making such redevelopment possible; and (3) the fact that a change in ownership or control of Developer or any other act or transaction involving or resulting in a significant change in ownership or control of Developer, is for practical purposes a transfer or disposition of the property then owned by Developer. Developer further recognizes that it is because of such qualifications and identity that the Authority is entering into the Agreement with Developer. Therefore, no voluntary or involuntary successor in interest of Developer shall acquire any rights or powers under this Agreement except as expressly permitted herein.

(b) Prior to Completion, Developer shall not assign all or any part of this Agreement, or any interest herein, without the prior written approval of the Authority. Subject to review of documentation effectuating any such proposed assignment or transfer, the Authority agrees to reasonably give such approval if the assignment is a Permitted Transfer.

(c) For the reasons cited above, Developer represents and agrees for itself and any successor in interest that prior to Completion, without the prior written approval of the Authority, there shall be no significant change in the ownership of Developer or in the relative proportions thereof, or with respect to the identity of the parties in control of Developer or the degree thereof, by any method or means, except Permitted Transfers.

(d) Any assignment or transfer of this Agreement or any interest herein or significant change in ownership of Developer, other than certain Permitted Transfers, shall require the written approval of the Authority, which shall not be unreasonably withheld. To the extent Authority approval of an assignment or transfer is required by this Agreement, in granting or withholding its approval, Authority shall base its decision upon the relevant experience,

financial capability and reputation of the proposed assignee or transferee and the effect, if any, of such proposed transfer on the public purposes of this Agreement. In addition, Authority shall not approve any assignment or transfer of this Agreement or any interest herein or significant change in ownership of Developer that results in payment of consideration to any Person prior to the issuance of the Release of Construction Covenants and that is not conditioned upon the issuance of the Release of Construction Covenants.

(e) Developer shall promptly notify the Authority of any and all changes whatsoever in the identity of the parties in control of Developer or the degree thereof, of which it or any of its officers have been notified or otherwise have knowledge or information. Except for Permitted Transfers, this Agreement may be terminated by the Authority if there is any significant change (voluntary or involuntary) in membership, management or control, of Developer (other than such changes occasioned by the death or incapacity of any individual) prior to Completion. In the event, prior to Completion, of the death or incapacity of any individual who controls Developer or the managing member of Developer, any resulting change in the management of the Improvements or the control of the day-to-day operations of the Property and the Improvements shall be subject to the approval of the Executive Director or designee, which approval shall not be unreasonably withheld, conditioned or delayed.

(f) Permitted Transfers and any other assignments or transfers approved by the Authority shall be evidenced by the Developer's, assignee's, and Authority's execution of an assignment and assumption agreement substantially approved as to form and substance by the Authority and Authority's general counsel.

(g) The restrictions of this Section 1.5 shall terminate upon Completion.

## **ARTICLE 2      DISPOSITION OF THE PROPERTY**

### **Section 2.1      Conveyance of the Property**

At such time as all conditions precedent to the conveyance of the Property have been satisfied, as set forth herein and in the Method of Financing (**Attachment No. 2**), Authority shall convey the Property to Developer in consideration for and on such terms and conditions as are contained herein.

#### **Section 2.1.1      Conditions Precedent to Conveyance of Property**

Subject to the notice and cure provisions of Section 5.1 and to the enforced delay provisions of Section 6.4 of this Agreement, the Authority at its option may terminate this Agreement pursuant to Section 5.8 if any of the conditions precedent set forth herein and in the Method of Financing (**Attachment No. 2**) are not satisfied by the Developer or waived in writing by the Authority within the time limits set forth in the Schedule of Performance (**Attachment No. 3**).

### **Section 2.2      Escrow**

The Developer agrees to open an escrow for the conveyance of the Property with the Title Company or with any other licensed escrow company first approved by the Authority and Developer ("Escrow Agent"), no later than the date established therefor in the Schedule of Performance. No later than the time provided in the Schedule of Performance, the Authority shall cause to be prepared and shall deliver the Escrow Instructions to the Escrow Agent. The Authority's Executive Director and the Developer shall provide such additional or amended escrow instructions as may be necessary to close the escrow with respect to the conveyance of the Property, and consistent with this Agreement.

**Section 2.3 Possession of Property Upon Close of Escrow**

(a) Conveyance of the Property shall occur on or before the date set forth in the Schedule of Performance (**Attachment No. 3**), or such later date as mutually agreed to in writing by the Authority and Developer and communicated in writing to the Escrow Agent pursuant to Section 2.2 herein; provided, however, it is the mutual intention and desire of the Authority and Developer to close Escrow expeditiously but in all events before August 1, 2015. The Authority and Developer agree to perform all acts necessary to convey title in sufficient time for escrow to be closed in accordance with the foregoing provisions.

(b) Possession of the Property shall be delivered to Developer concurrently with the Close of Escrow, except that access and entry may be granted before the Close of Escrow as permitted pursuant to Section 2.12 of this Agreement.

**Section 2.4 Form of Deed**

The Authority shall convey title to the Property to Developer in the condition provided in Section 2.5 of this Agreement, by Grant Deed substantially conforming in form and substance to the form of Grant Deed attached hereto as **Attachment No. 4** and incorporated herein by this reference.

**Section 2.5 Condition of Title**

The Authority shall convey to the Developer the Property free and clear of (i) all liens, encumbrances, covenants, restrictions, easements, leases, taxes and other defects, and (ii) any exception created by the Authority after the date of this Agreement, but subject to (a) the covenants, conditions, restrictions and easements arising out of the provisions of this Agreement; and (b) unless caused to be removed by Developer with the Authority's consent, the Permitted Exceptions.

**Section 2.6 Closing Date**

Subject to any mutually agreed-upon extension of time, the parties shall use their best efforts to satisfy all conditions precedent to the Closing prior to the date specified therefor in the Schedule of Performance. The Authority shall not be obligated to convey the Property to Developer unless all the conditions set forth herein and in the Method of Financing as conditions precedent to Closing have been satisfied, and such conditions precedent shall be satisfied on or

before the date established for the conveyance of the Property to Developer in the Schedule of Performance.

**Section 2.7 Title Insurance**

(a) Concurrently with the recordation of the Grant Deed, Title Company shall provide and deliver to Developer a Title Insurance Policy, issued by the Title Company insuring that the fee interest to be conveyed is vested in Developer in the condition required by Section 2.5 of this Agreement (“Owner’s Title Policy”). The Title Company shall provide Authority with a copy of the Owner’s Title Policy. The Owner’s Title Policy shall be in the amount specified by Developer.

(b) If Developer elects to secure an A.L.T.A. owner’s policy or to secure an A.L.T.A. lender’s policy for the benefit of any lender for which a mortgage will or is intended to be granted covering the Property as permitted by the terms of this Agreement, Authority shall cooperate with Developer, at no cost to Authority, to obtain such policies by providing surveys and engineering studies in its possession which relate to or affect a condition of title or a geological condition. In providing such surveys and engineering studies, Authority does not warrant the accuracy or sufficiency of such material. The responsibility of Authority assumed by this paragraph is limited to cooperating in good faith with Developer. Authority shall have no obligation to incur any cost or to take any action necessary to obtain an A.L.T.A. policy.

(c) Developer shall pay for all premiums for all title insurance policies and coverage and special endorsements with respect to the Property. The Authority shall not be responsible for paying any title insurance costs or premiums.

**Section 2.8 Taxes and Assessments**

Ad valorem taxes and assessments, if any, on the Property or any rights hereunder levied, assessed, or imposed as to any period prior to the Closing shall be borne by the Authority. All ad valorem taxes and assessments levied or imposed on the Property as to any period after the Closing shall be the sole responsibility of and paid by Developer.

**Section 2.9 Occupants of the Property**

The Authority warrants and agrees that title to the Property shall be conveyed free of any possession and any right of possession except that of Developer, except as waived by Developer in writing, and the Permitted Exceptions.

**Section 2.10 Condition of the Property**

**Section 2.10.1 Hazardous Substances**

(a) “Hazardous Substance,” as used in this Agreement means any substance, material or waste which is or becomes regulated by the United States government, the State of California, or any local or other governmental authority, including, without limitation, any material, substance or waste which is (i) defined as a “hazardous waste,” “acutely hazardous

waste,” “restricted hazardous waste,” or “extremely hazardous waste” under Sections 25115, 25117 or 25122.7, or listed pursuant to Section 25140, of the California Health and Safety Code; (ii) defined as a “hazardous substance” under Section 25316 of the California Health and Safety Code; (iii) defined as a “hazardous material,” “hazardous substance,” or “hazardous waste” under Section 25501 of the California Health and Safety Code; (iv) defined as a “hazardous substance” under Section 25281 of the California Health and Safety Code; (v) petroleum; (vi) asbestos; (vii) a polychlorinated biphenyl; (viii) listed under Article 9 or defined as “hazardous” or “extremely hazardous” pursuant to Article 11 of Title 22 of the California Code of Regulations, Chapter 20; (ix) designated as a “hazardous substance” pursuant to Section 311 of the Clean Water Act (33 U.S.C. Section 1317); (x) defined as a “hazardous waste” pursuant to Section 1004 of the Resource Conservation and Recovery Act (42 U.S.C. Section 6903); (xi) defined as a “hazardous substance” pursuant to Section 101 of the Comprehensive Environmental Response, Compensation and Liability Act (42 U.S.C. Section 9601); or (xii) any other substance, whether in the form of a solid, liquid, gas or any other form whatsoever, which by any governmental requirements either requires special handling in its use, transportation, generation, collection, storage, treatment or disposal, or is defined as “hazardous” or is harmful to the environment or capable of posing a risk of injury to public health and safety. “Hazardous Substances” do not include materials customarily used in the construction, development, operation or maintenance of real estate, provided such substances are used in accordance with all laws.

(b) Developer hereby represents and warrants that the development, construction and uses of the Property permitted under this Agreement (i) will comply with all applicable environmental laws; and (ii) do not require the presence of any Hazardous Substance on the Property.

(c) Within seven (7) business days of request by Developer, Authority shall deliver to Developer, if not previously delivered, all documents relevant to the condition of the Property within the Authority’s possession or control, including, without limitation, a preliminary title report with underlying exceptions, environmental reports, studies, surveys, and all other relevant documents within the Authority’s possession or control (collectively referenced as “Documents”). Authority does not warrant the accuracy of these Documents or that these Documents constitute all documents that may exist regarding the conditions of the Property, and that Developer has been cautioned to conduct its own inquiry to determine if more information is available.

## **Section 2.11 Suitability of the Property**

(a) Prior to Closing, Developer shall have the right to engage, at its sole cost and expense, its own environmental consultant (“Developer’s Environmental Consultant”), to make such investigations as Developer deems necessary, including without limitation any “Phase 1” and/or “Phase 2” investigations of the Property or any portion thereof, and the Authority shall promptly be provided a copy of all reports and test results provided by Developer’s Environmental Consultant (the “Environmental Reports”).

(b) The Property shall be delivered from Authority to Developer in an “as is” physical condition, with no warranty, express or implied by Authority as to the presence of



Hazardous Substances, or the condition of the soil, its geology or the presence of known or unknown faults. If the condition of the Property is not in all respects entirely suitable for the use or uses to which such Property will be put, then it is the sole responsibility and obligation of Developer to place the Property in all respects in a condition entirely suitable for the development thereof, solely at Developer's expense.

(c) Effective upon Closing, Developer agrees to indemnify, defend and hold harmless the Authority, County of Riverside, its Agencies, Boards, Districts, Special Districts and Departments, their respective directors, officers, Board of Commissioners, elected and appointed officials, employees, agents and representatives, in accordance with the Environmental Indemnity (**Attachment No. 8**).

(d) On and after the Effective Date of this Agreement, Developer hereby waives, releases and discharges the Authority, County of Riverside, its Agencies, Boards, Districts, Special Districts and Departments, their respective directors, officers, Board of Commissioners, elected and appointed officials, employees, agents and representatives, from any and all present and future claims, demands, suits, legal and administrative proceedings, and from all liability for damages, losses, costs, liabilities, fees and expenses (including, without limitation, attorneys' fees) arising out of or in any way connected with the Authority's or Developer's use, maintenance, ownership or operation of the Property, any Hazardous Substances on the Property, or the existence of Hazardous Substances contamination in any state on the Property, however the Hazardous Substances came to be placed there, except that arising out of the gross negligence or willful misconduct of the Authority, County of Riverside, its Agencies, Boards, Districts, Special Districts and Departments, their respective directors, officers, Board of Commissioners, elected and appointed officials, employees, agents and representatives. Developer acknowledges that it is aware of and familiar with the provisions of Section 1542 of the California Civil Code which provides as follows:

"A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor."

To the extent of the release set forth in this Section 2.11, Developer hereby waives and relinquishes all rights and benefits which it may have under Section 1542 of the California Civil Code.

### **Section 2.12 Property Access Prior to Close of Escrow**

Beginning on the Effective Date of this Agreement and ending at the Closing, Developer and representatives of Developer shall have the right of access to and entry upon the Property at all reasonable times, in accordance with the terms and conditions of the Right of Entry Agreement, which is attached hereto and incorporated herein by this reference as **Attachment No. 16**, for the purpose of obtaining data and making surveys and tests necessary to carry out this Agreement.

### **Section 2.13 Method of Financing**

The Project shall be financed with a combination of sources of financing, including the

Construction Loan and Necessary Capital Contributions, as provided in the Method of Financing, attached hereto as **Attachment Nos. 2**. Developer shall use diligent, good faith efforts to secure the Necessary Capital Contributions for the Project prior to the Closing as required herein. Developer is responsible for all costs to complete the construction and development of the Improvements on the Project pursuant to this Agreement and the Scope of Development.

After the execution of this Agreement, Developer shall promptly begin and thereafter diligently pursue fundraising efforts to fund the Project, pursuant to Section 2.14 below. In addition to any other requirements under this Agreement, within fifteen (15) days of the Authority's request, Developer shall provide written reports concerning the progress of its fundraising efforts.

#### **Section 2.14 Capital Contributions Campaign**

Developer has begun accepting third-party donations for use in connection with the development and construction of the Improvements on the Property and Developer shall continue to solicit donations for such purpose until Developer has received and placed into Developer's account the total amount of the Necessary Capital Contributions.

Developer shall provide to the Authority a report every month (the "Status Report") detailing (i) the status of the receipt of capital campaign donations and pledges and the total amount of capital campaign funds on-hand, and (ii) the most recent estimated costs prepared by or on behalf of Developer associated with construction and development of the Project on the Property. The first Status Report shall be due by July 5, 2015 and each subsequent Status Report shall be due each month thereafter until Close of Escrow.

#### **Section 2.15 Representations and Warranties**

(a) As an inducement to the Authority to enter into this Agreement and consummate the transactions described herein, Developer hereby represents and warrants to the Authority, which representations and warranties are true and correct as of the date of this Agreement and which shall survive the Close of Escrow:

(1) The Developer has the legal power, right and authority to enter into this Agreement and the instruments referenced herein, and to satisfy all obligations of the Developer in this Agreement or in any instrument or document referred to herein (referred to collectively as the "Developer's Obligations");

(2) This Agreement and all documents required hereby to be executed by Developer are, and shall be, valid, legally binding obligations of and enforceable against Developer in accordance with their terms, subject only to applicable bankruptcy, insolvency, reorganization, moratorium laws or similar laws or equitable principles affecting or limiting the rights of contracting parties generally;

(3) There is no charter, bylaw, or capital stock provision of Developer, and no provision of any indenture, instrument, or agreement, written or oral, to which Developer is a party or which governs the actions of Developer or which is otherwise binding upon Developer or Developer's property, nor is there any statute, rule or regulation, or any judgment, decree, or order of any court or agency binding on Developer or Developer's property which would be contravened by the execution, delivery or performance of any of Developer's Obligations;

(4) There is no action, suit, or proceeding at law or in equity or by or before any governmental instrumentality or other agency now pending, or, to the knowledge of

Developer, threatened against or affecting Developer, or any properties or rights of Developer, which, if adversely determined, would materially impair the right of Developer to execute or perform any of the Developer's Obligations, or would materially adversely affect the financial condition of Developer;

(5) Neither the execution and delivery of this Agreement, including any attachments hereto or documents related to this Agreement, nor the incurrence of the Developer's Obligations, nor the consummation of the transactions herein contemplated, nor compliance with the terms of this Agreement and the documents referenced herein conflict with or result in the material breach of any terms, conditions or provisions of, or constitute a default under, any bond, note or other evidence of indebtedness or any contract, indenture, mortgage, deed of trust, loan, partnership agreement, lease or other agreements or instruments to which Developer is a party;

(6) No attachments, execution proceedings, assignments for the benefit of creditors, insolvency, bankruptcy, reorganization or other proceedings are pending or threatened against Developer, nor are any of such proceedings contemplated by Developer;

(7) All reports, documents, instruments, information and forms of evidence delivered to the Authority concerning or required by this Agreement are accurate, correct and sufficiently complete to give the Authority true and accurate knowledge of their subject matter, and do not contain any misrepresentation or omission; and

(8) No representation, warranty or statement of Developer in this Agreement contains or will contain any untrue statement of a material fact or omits or will omit to state a material fact necessary to make the statements or facts contained therein not misleading.

Developer's representations and warranties made in this Section 2.15 shall be continuing and shall be true and correct as of the date of the Close of Escrow with the same force and effect as if remade in a separate certificate at that time. The truth and accuracy of the Developer's representations and warranties made herein shall constitute a condition for the benefit of the Authority to the performance of the Authority's obligations hereunder.

### **Section 2.16 Evidence of Financing**

(a) Not later than fifteen (15) days prior to the scheduled Closing Date and in no event later than the date provided in the Schedule of Performance, Developer shall submit to the Authority evidence satisfactory to the Authority that Developer has obtained the financing necessary for the acquisition and development of the Property in accordance with this Agreement. Such evidence of financing shall include the following:

1. A copy of all loan documents relating to the Construction Loan with CalVet, including a final project budget approved by CalVet, certified by Developer to be a true and correct copy or copies thereof;
2. A copy of a loan commitment evidencing that the CalVet Construction Loan will convert to permanent loans for qualified Purchasers upon the conveyance of each Restricted Unit by Developer to such qualified Purchaser, certified by Developer to be a true and correct copy or copies thereof;
3. Documentation acceptable to the Authority Executive Director or designee demonstrating that Developer has received and is in control of 100% of

the Necessary Capital Contributions required by the Method of Financing to pay the Development Costs for the Project; and

4. A copy of the contract between Developer and the general contractor or major subcontractors for the construction of the Improvements, certified by Developer to be a true and correct copy thereof.

(b) The Authority shall approve or disapprove such evidence of financing within the time established in the Schedule of Performance (**Attachment No. 3**). Such approval shall not be unreasonably withheld. If the Authority shall disapprove any such evidence of financing, the Authority shall do so by written notice to Developer stating the reasons for such disapproval.

### **Section 2.17 Conditions Precedent to the Close of Escrow**

The Close of Escrow is conditioned upon the occurrence of each of the following conditions on or prior to the scheduled Closing Date as set forth in the Schedule of Performance (**Attachment No. 3**), unless otherwise waived in writing by the Authority:

1. Developer shall have duly performed each and every obligation to be performed by Developer hereunder prior to the Close of Escrow and Developer's representations, warranties and covenants set forth in this Agreement shall be true and correct as of the date of the Close of Escrow.
2. Developer shall have delivered to Authority all necessary evidence of financing pursuant to Section 2.16 above.
3. Developer shall not be in default under this Agreement.
4. Developer shall have submitted and Authority shall have approved Final Construction Drawings.
5. Developer shall have delivered to the Authority final revisions to the Project Budget (**Attachment No. 7**), which have been approved by the Authority Executive Director, demonstrating to the satisfaction of the Authority the availability of sufficient funds to pay all Development Costs ("Final Project Budget").
6. Authority shall have removed or caused to be removed any liens from title necessary to deliver title to the Property to Developer as required by this Agreement;
7. Developer shall have satisfied all conditions precedent to the Construction Financing Event required by CalVet.
8. Developer shall have delivered to Authority a signed statement from Construction Lender agreeing to the Authority's right of reverter and the forfeiture of Developer's title pursuant to Section 2.19 below.
9. The Title Company shall be committed to issue a standard ALTA form owner's Title Insurance Policy to the Developer or such other title insurance as the parties may request,

but Developer shall not delay the close of escrow so long as the Title Company is prepared to issue a Standard Title Insurance Policy;

10. Developer shall have delivered to the Authority a general construction contract between the Developer and a licensed general contractor, covering all construction required by this Agreement and the approved Final Construction Drawings, in an amount that is consistent with the Final Project Budget, together with a construction schedule showing a detailed trade-by trade breakdown of the estimated periods of commencement and completion of construction and complete fixturing of the Project, demonstrating that construction will be completed within the time provided in the Schedule of Performance (**Attachment No. 3**).
11. Developer shall have obtained approval of all financing described in Section 2.16 of this Agreement and the Method of Financing, and the Executive Director shall have approved evidence relating to the Construction Loan, Necessary Capital Contributions, and all documents required to be executed in connection with such financing shall have been duly executed, acknowledged and delivered.
12. Developer shall have submitted to the Authority evidence of the insurance policies required by this Agreement.
13. Developer shall have delivered to the Authority a list of all permits required for the construction of the Improvements, and shall have demonstrated that all variances, entitlements and approvals have been obtained and that all conditions for the issuance of all necessary permits have been satisfied (with the exception of payment of fees, which payment is provided for in the approved Project Budget). If only an excavation/ grading/ foundation permit is to be issued at Closing, Developer shall have delivered to the Authority a "will issue" letter from the City evidencing City's commitment to issue building permits for the Project.
14. Developer shall have delivered documentation relating to the corporate, partnership, limited liability or other similar status of Developer and its general partner(s), including, without limitation and as applicable: limited partnership agreements and any amendments thereto; articles of incorporation; Limited Liability Company Articles of Incorporation (LLC-1); Statement of Information and Operating Agreement (including any amendments thereto); copies of all resolutions or other necessary actions taken by such entity to authorize the execution of this Agreement and related documents; a certificate of status issued by the California Secretary of State; and a copy of any Fictitious Business Name Statement, if any, as published and filed with the Clerk of the County of Riverside.
15. Escrow Agent shall have approved such supplemental recording instructions as may have been prepared on behalf of the Authority.
16. Authority, Developer and/or other parties, as appropriate, shall have executed, and filed or recorded as appropriate, the following documents:

- a. Agreement Containing Covenants (**Attachment No. 11**, to be signed and acknowledged by Developer and Authority);
- b. Assignment of Agreements, Plans, Specifications and Entitlements (**Attachment No. 9**, to be signed by Developer, project architect and contractor);
- c. Environmental Indemnity (**Attachment No. 14**, to be signed by Developer);
- d. Statutory Request for Notice of Default per California Civil Code section 2924b (to be signed and acknowledged by Authority);
- e. Notice of Affordability Restrictions (**Attachment No. 10**, to be signed and acknowledged by Authority); and
- f. Any other document reasonably required by the Authority Executive Director or designee.

When all conditions precedent have been satisfied to the satisfaction of the Authority Executive Director, the Authority Executive Director shall execute and submit to the Escrow Agent a certificate stating that all conditions precedent to recording of the documents have been satisfied or waived, if such be the case. (Condition is for the benefit of Authority and Developer)

#### **Section 2.18 Failure of Conditions to Close of Escrow**

In the event any of the conditions precedent to the Close of Escrow are not timely satisfied:

(a) Either party shall have the right to terminate this Agreement, the Escrow and the rights and obligations of Authority and Developer hereunder, except as otherwise provided herein; and

(b) Escrow Agent is hereby instructed to promptly return to Developer and Authority all funds, if any, and documents deposited by them, respectively, into Escrow which are held by Escrow Agent on the date of said termination (less, in the case of the party otherwise entitled to such funds, however, the amount of any cancellation charges required to be paid by such party hereunder); and

(c) Neither party shall have any further rights or obligations hereunder except as otherwise provided herein.

In the event this Escrow terminates because of the non-satisfaction of any condition or the default of Authority or Developer under this Agreement, the cancellation charges, if any, required to be paid by and to Escrow Agent and the Title Company shall be borne by party incurring the same, or in the event of termination due to default, the party in default.

#### **Section 2.19 Post-Closing Conditions and Obligations**

As an inducement to the Authority to convey the Property to Developer prior to the Construction Financing Event, the Developer covenants and agrees as follows.

(a) The Property is being conveyed to Developer upon the condition that the Construction Financing Event must occur within the time period set forth in the Schedule of Performance, as such time period may be extended at the discretion of the Authority Executive Director pursuant to Section 3.7 below. Upon the failure of this condition, title to the Property, with all Improvements thereon, shall immediately revert to the Authority and Developer shall forfeit its title thereto and immediately surrender possession of the Property to the Authority. This condition subsequent shall be deemed incorporated into the Grant Deed and shall constitute an independent reverter, separate and apart from the Authority's right of reentry set forth in Section 5 of the Grant Deed and Section 5.10 of this Agreement. To effectuate this reverter, Developer covenants and agrees that, at the request of the Authority, it will promptly deliver to the Authority a quitclaim deed, executed in recordable form as conforming in form and substance and approved by the Authority Executive Director, conveying to the Authority all of Developer's right, title and interest in and to the Property. The Authority Executive Director shall have the right to execute the Certificate of Acceptance on behalf of the Authority accepting fee title to the Property, including any improvements thereon.

(b) If Developer commences grading, demolition, construction or other work on the Property prior to the Construction Financing Event, Developer shall carry out all such work at its own risk and the Authority shall have no liability for any losses or damages suffered by Developer in the event that the Construction Financing Event does not occur within the time period set forth in the Schedule of Performance, as such time period may be extended at the discretion of the Authority's Executive Director. Developer, for itself, and for its successors and assigns, does hereby forever release and discharge the Authority, County of Riverside, its Agencies, Boards, Districts, Special Districts and Departments, their respective directors, officers, Board of Commissioners, elected and appointed officials, employees, agents and representatives, from any and all claims, demands, actions, causes of action, obligations, costs, expenses, attorneys' fees, expert and consultant fees, damages, losses and liabilities of whatsoever nature, character or kind, whether known or unknown, accrued or unaccrued, suspected or unsuspected, which concern, arise out of, or are in any way connected with such work or activities of Developer. Developer shall defend, indemnify and hold the Authority, County of Riverside, its Agencies, Boards, Districts, Special Districts and Departments, their respective directors, officers, Board of Commissioners, elected and appointed officials, employees, agents and representatives harmless from any claims brought by Developer's contractors, subcontractors and their suppliers of any tier that concern, arise out of, or are in any way connected with such work or activities, for non-payment of labor, equipment or materials furnished to the Project.

(c) Upon the reverter of title to the Authority pursuant to Paragraph (a) above of this Section 2.16, Developer shall:

- (1) If requested by the Authority, fill in and restore any excavation to a level condition;
- (2) Clean the Property and its surroundings from all trash, debris or

material waste caused by the performance of the work or by the activities of Developer, its contractors, subcontractors, representative or agents;

- (3) Remove all equipment and stored materials and supplies from the Property, except as otherwise agreed by the Authority in its sole discretion; and,
- (4) Take reasonable steps determined in consultation with the Authority, which may include but not be limited to the erection of perimeter fencing, to secure the Property from damage or loss due to vandalism and to prevent the unauthorized entry of persons or vehicles onto the Property.

(d) If the filling, leveling, clean-up, removal, securing and delivery required in Paragraph (c) is not promptly undertaken, then the Authority may after notice to Developer immediately take such actions and charge Developer for the costs thereof. Developer shall promptly remit payment of such costs to the Authority.

(e) Upon the reverter of title to the Property to the Authority and the Authority's taking possession of the Property, this Agreement shall terminate and the Authority shall have the right to immediately, and without need for notice or opportunity to cure, exercise any or all of its remedies relating to the Property (including the right of reverter described in Section 5 of the Grant Deed). Within ten (10) business days of such termination, Developer shall deliver all work product prepared with regard to the Property or the Project, including (but not limited to), all plans, construction documents, soils tests and similar reports, permits and other entitlements to the Authority. Notwithstanding anything to the contrary contained in the Assignment of Agreements between the Parties (**Attachment No. 9**), upon termination of this Agreement pursuant to this Section 2.19, Developer shall promptly deliver all Plans and specifications and all architectural agreements to the Authority and the Authority may enforce the rights of Developer under the architect agreements and of its rights to the Plans and specifications and may initiate or participate in any legal proceedings respecting the enforcement of said rights.

(f) Developer shall reimburse the Authority immediately upon written demand by the Authority for all costs reasonably incurred by the Authority (including the reasonable fees and expenses of attorneys and other consultants) in connection with the enforcement of this Section 2.19, including without limitation (i) costs incurred to cure a default by Developer under the Construction Loan, (ii) costs incurred pursuant to paragraph (d) of this Section and (iii) costs incurred to effectuate the reverter to the Authority of title to the Property. Such reimbursement obligations shall survive the termination of this Agreement.

### **ARTICLE 3 DEVELOPMENT OF THE PROPERTY**

#### **Section 3.1 Land Use Approvals**

It is the responsibility of Developer, without cost to Authority, to ensure that zoning of the Property and all applicable County and City land use requirements will permit development



and construction of the Improvements and the use, operation and maintenance of such Improvements in accordance with the provisions of this Agreement. The following shall be conditions of the Closing and shall be accomplished by the date set forth in the Schedule of Performance: (A) Developer shall submit and Executive Director or designee shall review and approve/disapprove complete Final Construction Drawings; (B) Developer shall obtain all entitlements, approvals, variances and permits necessary for the construction of the Improvements, and (C) Developer shall satisfy all other conditions precedent to the Closing as set forth herein and in the Method of Financing. Nothing contained herein shall be deemed to entitle Developer to any City or County permit or other City or County approval necessary for the development of the Property, or waive any applicable City or County requirements relating thereto. This Agreement does not (a) grant any land use entitlement to Developer, (b) supersede, nullify or amend any condition which may be imposed by the City or the County in connection with approval of the development described herein, (c) guarantee to Developer or any other party any profits from the development of the Property, or (d) amend any City or County laws, codes or rules. This is not a Development Agreement as provided in Government Code Section 65864.

### **Section 3.2 Scope of Development**

The Property shall be developed in accordance with and within the limitations established in the "Scope of Development" (which is attached to this Agreement as **Attachment No. 6** and incorporated herein by reference) and subsequent plans approved by the Authority pursuant to this Agreement and permits issued by the City of Jurupa Valley and other Governmental Authorities.

### **Section 3.3 Basic Concept, Schematic Drawings and Related Documents**

(a) Developer shall prepare and submit schematic and construction drawings and related documents for the development of the Property (collectively called "Plans") to the Authority for review (including, but not limited to, architectural review) and written approval within the time established in the Schedule of Performance. Basic concept and schematic drawings shall include a site plan, elevations and sections of the Improvements as they are to be developed and constructed on the Property. Final drawings, plans, and specifications are hereby defined as those in sufficient detail to obtain a building permit.

(b) The Property shall be developed as established in the basic concept and schematic drawings and related documents except as changes may be mutually agreed upon between Developer and the Executive Director or designee. Any such changes shall be within the limitations of the Scope of Development.

(c) Approval of progressively more detailed Plans will be promptly granted by the Authority Executive Director or designee if developed as a logical evolution of Plans theretofore approved. Any items so submitted and approved by the Executive Director or designee shall not be subject to subsequent disapproval. In the event of the disapproval by the Authority of any plans submitted by Developer, Authority shall promptly communicate in writing to Developer all reasons for such disapproval and all requirements for subsequent approval of revised plans.

(d) During the preparation of all Plans, the Authority staff and Developer shall hold regular progress meetings to coordinate the preparation of, submission to, and review of Plans and related documents by Authority. Authority staff and Developer shall communicate and consult informally as frequently as is necessary to insure that the formal submittal of any documents to the Authority can receive prompt and speedy consideration.

(e) If any revisions or corrections of Plans approved by the Authority shall be required by a governmental official, agency, department or bureau having jurisdiction over the development of the Property, Developer and the Authority Executive Director or designee shall cooperate in efforts to obtain waivers of such requirements or to develop a mutually acceptable alternative. Neither the Authority Executive Director or designee or Developer shall unreasonably withhold approval of a mutually acceptable alternative.

### **Section 3.4 Landscaping and Grading Plans**

(a) Developer shall prepare and submit to the Authority for its approval preliminary and final landscaping and preliminary and finish grading plans for the Property. These plans shall be prepared and submitted within the times established in the Schedule of Performance (**Attachment No. 3**).

(b) The landscaping plans shall be prepared by a professional landscape architect and the grading plans shall be prepared by a licensed civil engineer. Such landscape architect and/or civil engineer may be the same firm as Developer's architect. Within the times established in the Schedule of Performance, Developer shall submit to the Authority for approval the name and qualifications of its architect, landscape architect and civil engineer.

### **Section 3.5 Authority Approval of Plans**

(a) Subject to the terms of this Agreement, the Authority shall have the right to review (including without limitation architectural review) and approve or disapprove all Plans and submissions, including any proposed substantial changes to any such Plans or submissions approved by Authority. Upon receipt of any disapproval, Developer shall revise the Plans, and shall resubmit to the Authority Executive Director or designee as soon as possible after receipt of the notice of disapproval. Any disapproval shall state in writing the reasons for disapproval and the changes which the Executive Director or designee requests to be made. Such reasons and such changes must be consistent with the Scope of Development (**Attachment No. 6**) and any items previously approved hereunder. Developer, upon receipt of a disapproval based upon powers reserved by the Authority hereunder shall revise the Plans, and shall resubmit to the Executive Director or designee as soon as possible after receipt of the notice of disapproval.

(b) If Developer desires to make any substantial change in the Final Construction Drawings after their approval, such proposed change shall be submitted to the Authority Executive Director or designee for approval.

### **Section 3.6 Cost of Construction**

The cost of developing and constructing the Improvements on the Property, including any

offsite or onsite improvements required by any Governmental Entity in connection therewith, shall be the responsibility of Developer, without any cost to Authority. Developer shall be responsible for paying all Development Costs, as provided in the Method of Financing or as otherwise approved by the Authority Executive Director. The Development Costs are set forth in the Project Budget (**Attachment No. 7**), which shall be subject to change from time-to-time as provided in the Method of Financing. The Parties anticipate that no payment or performance bonds will be required by Construction Lender. However, if Construction Lender does in fact require such bonds, Developer shall take commercially reasonable steps to cause the Authority to be named as an additional obligee on any such bonds.

### **Section 3.7 Schedule of Performance**

(a) Each party to this Agreement shall perform the obligations to be performed by such party pursuant to this Agreement within the respective times provided in the Schedule of Performance (**Attachment No. 3**), and if no such time is provided, within a reasonable time. The Schedule of Performance shall be subject to amendment from time to time upon the mutual agreement of the Authority and Developer. The Authority Executive Director or designee, on behalf of Authority, and without referring such matter to the Authority's Board of Commissioners may extend all pending deadlines in the Schedule of Performance on four (4) or fewer occasions.

(b) After the Closing, Developer shall promptly begin and thereafter diligently prosecute to completion the construction of the Improvements as provided herein and in the Scope of Development (**Attachment No. 6**).

(c) During periods of construction, Developer shall submit to the Authority a written report of the progress of construction when and as reasonably requested by the Authority, but not more frequently than once every quarter. The report shall be in such form and detail as may be reasonably required by the Authority and shall include a reasonable number of construction photographs (if requested) taken since the last report by Developer.

### **Section 3.8 Local, State, and Federal Laws**

(a) The Developer shall carry out development and construction (as defined by applicable law) of the Improvements on the Property, including, without limitation, any and all public works, (as defined by applicable law), if any, in conformity with all applicable local, state and federal laws, including, without limitation, all applicable federal and state labor laws (including, without limitation, any applicable requirement to pay state prevailing wages). Developer hereby agrees that Developer shall have the obligation to provide any and all disclosures, representations, statements, rebidding, and/or identifications which may be required by Labor Code Sections 1726 and 1781, as the same may be enacted, adopted or amended from time to time, or any other provision of law. Developer hereby agrees that Developer shall have the obligation to provide and maintain any and all bonds to secure the payment of contractors (including the payment of wages to workers performing any public work) which may be required by the Civil Code, Labor Code Section 1781, as the same may be enacted, adopted or amended from time to time, or any other provision of law. Developer shall indemnify, protect, defend and

hold harmless the Authority, County of Riverside, its Agencies, Boards, Districts, Special Districts and Departments, their respective directors, officers, Board of Commissioners, elected and appointed officials, employees, agents and representatives with counsel reasonably acceptable to Authority and County, from and against any and all loss, liability, damage, claim, cost, expense, and/or "increased costs" (including labor costs, penalties, reasonable attorney's fees, court and litigation costs, and fees of expert witnesses) which, in connection with the development and/or construction (as defined by applicable law) of the Improvements, including, without limitation, any and all public works (if any) (as defined by applicable law), results or arises in any way from any of the following: (1) the noncompliance by Developer of any applicable local, state and/or federal law, including, without limitation, any applicable federal and/or state labor laws (including, without limitation, if applicable, the requirement to pay state prevailing wages); (2) the implementation of Chapter 804, Statutes of 2003; (3) the implementation of Sections 1726 and 1781 of the Labor Code, as the same may be enacted, adopted or amended from time to time, or any other similar law; (4) failure by Developer to provide any required disclosure representation, statement, rebidding and/or identification which may be required by Labor Code Sections 1726 and 1781, as the same may be enacted, adopted or amended from time to time, or any other provision of law; and/or (5) failure by Developer to provide and maintain any and all bonds to secure the payment of contractors (including the payment of wages to workers performing any public work) which may be required by the Civil Code, Labor Code Section 1781, as the same may be enacted, adopted or amended from time to time, or any other provision of law. Developer hereby expressly acknowledges and agrees that neither the Authority nor the County has ever previously affirmatively represented to the Developer or its contractor(s) for the Improvements in writing or otherwise, that the work to be covered by the bid or contract is not a "public work," as defined in Section 1720 of the Labor Code. It is agreed by the parties that, in connection with the development and construction (as defined by applicable law) of the Improvements, including, without limitation, any public work (as defined by applicable law), if any, Developer shall bear all risks of payment or non-payment of state prevailing wages and/or the implementation of Chapter 804, Statutes of 2003 and/or Labor Code Sections 1726 and 1781, as the same may be enacted, adopted or amended from time to time, and/or any other provision of law. "Increased costs" as used in this Section shall have the meaning ascribed to it in Labor Code Section 1781, as the same may be enacted, adopted or amended from time to time. The foregoing indemnity shall survive termination of this Agreement and shall continue after Completion and the recordation of the Release of Construction Covenants.

(b) Developer shall require that any contractor or subcontractor engaged in work on the Project shall comply with the provisions of the Fair Employment and Housing Act (Government Code, Section 12990, et seq.) and the applicable regulations promulgated thereunder (Title 2, California Code of Regulations, Section 7285.0 et seq.). The applicable regulations of the Fair Employment and Housing Commission implementing Government Code, Section 12990 (a-f) and Title 2, California Code of Regulations, Section 8103 are incorporated into this Agreement by reference and made a part hereof as if set forth in full.

(c) Developer shall be responsible for obtaining all Permits and land use approvals required by the City for the construction of the Improvements, ensuring that the use of the Property for the purposes described in this Agreement complies with the zoning and other City

land use regulations (including any applicable exemptions and/or exceptions) applicable to the Property at the time of Closing.

(d) Before commencement of demolition, construction or development of any buildings, structures or other work of improvement upon any portion of the Property, Developer shall, at its own expense, secure or cause to be secured, any and all permits which may be required by the City or any other Governmental Authority affected by such construction, development or work.

### **Section 3.9 Notice of Non-Responsibility**

Authority shall, at any and all times during the term of this Agreement, have the right to post and maintain on the Property, and record against the Property, as required by law, any notice or notices of non-responsibility provided for by the mechanics' lien laws of the State of California; provided, however, that Developer shall, on behalf of the Authority, post and maintain on the Property, and record against the Property, all notices of non-responsibility provided for by the mechanics' lien laws of the State of California.

### **Section 3.10 Nondiscrimination During Construction**

Developer, for itself and its successors and assigns, agrees that during the construction of the Improvements provided for in the Agreement, Developer will not discriminate against any employee or applicant for employment because of race, color, religion, sex, or national origin.

### **Section 3.11 Indemnification and Insurance**

Developer shall indemnify and hold harmless the **Authority, County of Riverside, its Agencies, Boards, Districts, Special Districts and Departments, their respective directors, officers, Board of Commissioners, elected and appointed officials, employees, agents and representatives** (individually and collectively hereinafter referred to as Indemnitees) from any liability whatsoever, based or asserted upon any services of Developer, its officers, employees, subcontractors, agents or representatives arising out of or in any way relating to this Agreement, including but not limited to property damage, bodily injury, or death or any other element of any kind or nature whatsoever arising from the performance of Developer, its officers, employees, subcontractors, agents or representatives Indemnitors from this Agreement. Developer shall defend, at its sole expense, all costs and fees including, but not limited, to attorney fees, cost of investigation, defense and settlements or awards, the Indemnitees in any claim or action based upon such alleged acts or omissions.

With respect to any action or claim subject to indemnification herein by Developer, Developer shall, at their sole cost, have the right to use counsel of their own choice and shall have the right to adjust, settle, or compromise any such action or claim without the prior consent of Authority; provided, however, that any such adjustment, settlement or compromise in no manner whatsoever limits or circumscribes Developer's indemnification to Indemnitees as set forth herein.

Developer's obligation hereunder shall be satisfied when Developer has provided to Authority the appropriate form of dismissal relieving Authority and the other Indemnitees from

any liability for the action or claim involved.

The specified insurance limits required in this Agreement shall in no way limit or circumscribe Developer's obligations to indemnify and hold harmless Indemnitees herein from third party claims.

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

The foregoing indemnity shall continue to remain in effect after the Completion.

Without limiting or diminishing Developer's obligation to indemnify or hold Authority harmless, Developer shall procure and maintain or cause to be maintained, at its sole cost and expense, the following insurance coverage's during the term of this Agreement.

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

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

c) **Vehicle Liability Insurance.** If vehicles or mobile equipment are used in the performance of the obligations under this Covenant, then Developer shall maintain liability insurance for all owned, non-owned or hired vehicles so used in an amount not less than \$1,000,000 per occurrence combined single limit. If such insurance contains a general aggregate limit, it shall apply separately to this agreement or be no less than two (2) times the occurrence limit. Policy shall name the Authority, County of Riverside, its Agencies, Districts, Special Districts, and Departments, their respective directors, officers, Board of Commissioners, employees, elected or appointed officials, agents or representatives as Additional Insured or provide similar evidence of coverage approved by County's Risk Manager ("Risk Manager").

d) **Property (Physical Damage).** Developer shall provide a policy of all-risk property insurance coverage for the full replacement value of all Developer's equipment, improvements/alterations, temporary structures, and systems, including without limitation, items owned by others in the Developer's care, custody or control, used on the Property or other Authority-owned property, or used in any way connected with the performance of the work

required pursuant to this Agreement.

e) **Builder's All Risk (Course of Construction) Insurance.** Developer shall provide a policy of Builder's All Risk (Course of Construction) insurance coverage including (if the work is located in an earthquake or flood zone or if required on financed or bond financing arrangements) coverage for earthquake and flood, covering the Authority, Developer and every subcontractor, of every tier, for the entire Project, including property to be used in the construction of the work while such property is at off-site storage locations or while in transit or temporary off-site storage. Such policy shall include, but not be limited to, coverage for fire, collapse, faulty workmanship, debris removal, expediting expense, fire department service charges, valuable papers and records, trees, grass, shrubbery and plants. If scaffolding, falsework and temporary buildings are insured separately by the Developer or others, evidence of such separate coverage shall be provided to Authority prior to the start of the work. Such policy shall be written on a completed value form. Such policy shall also provide coverage for temporary structures (on-site offices, etc.), fixtures, machinery and equipment being installed as part of the work. Developer shall be responsible for any and all deductibles under such policy. Upon request by Authority, Developer shall declare all terms, conditions, coverages and limits of such policy. If the Authority so provides, in its sole discretion, the All Risk (Course of Construction) insurance for the Project, then Developer shall assume the cost of any and all applicable policy deductibles (currently, \$50,000 per occurrence) and shall insure its own machinery, equipment, tools, etc. from any loss of any nature whatsoever.

f) **General Insurance Provisions – All Lines.**

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

2. Developer's insurance carrier(s) must declare its insurance self-insured retentions. If such self-insured retentions exceed \$500,000 per occurrence such retentions shall have the prior written consent of Risk Manager. Upon notification of self-insured retention unacceptable to Authority, and at the election of Risk Manager, Developer's carriers shall either: (a) reduce or eliminate such self-insured retention, or (b) procure a bond which guarantees payment of losses and related investigations, claims administration, and defense costs and expenses.

3. Developer shall cause Developer's insurance carrier(s) to furnish the Authority with copies of the Certificate(s) of Insurance and Endorsements effecting coverage as required herein, and 2) if requested to do so orally or in writing by Risk Manager, provide copies of policies including all Endorsements and all attachments thereto, showing such insurance is in full force and effect. Further, said Certificate(s) and policies of insurance shall contain the covenant of the insurance carrier(s) that thirty (30) days written notice shall be given to the Authority prior to any material modification, cancellation, expiration or reduction in coverage of such insurance. Developer shall not continue operations until Authority has been furnished Certificate(s) of Insurance and copies of endorsements and if requested, copies of policies of insurance including all endorsements and any and all other attachments as required herein. An

individual authorized by the insurance carrier to do so, on its behalf, shall sign the original endorsements for each policy and the Certificate of Insurance.

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

5. If, during the term of this Agreement or any extension thereof, there is a material change in the scope of services or there is a material change in the equipment to be used in the performance of the scope of work which will add additional exposures (such as the use of aircraft, watercraft, cranes, etc.), then Authority reserves the right to adjust the types of insurance required under this Agreement and the monetary limits of liability for the insurance coverage's currently required herein, if, in Risk Manager's reasonable judgment, the amount or type of insurance carried by Developer has become inadequate.

6. Developer shall pass down the insurance obligations contained herein to all tiers of subcontractors.

7. Developer agrees to notify Authority of any claim by a third party or any incident or event that may give rise to a claim arising from the performance of the Agreement.

### **Section 3.12 Disclaimer of Responsibility by the Authority**

The Authority neither undertakes nor assumes nor will have any responsibility or duty to Developer or to any third party to review, inspect, supervise, pass judgment upon or inform Developer or any third party of any matter in connection with the development or construction of the Improvements, whether regarding the quality, adequacy or suitability of the plans, any labor, service, equipment or material furnished to the Property, any person furnishing the same, or otherwise. Developer and all third parties shall rely upon its or their own judgment regarding such matters, and any review, inspection, supervision, exercise of judgment or information supplied to Developer or to any third party by the Authority in connection with such matter is for the public purpose of redeveloping the Property, and neither Developer (except for the purposes set forth in this Agreement) nor any third party is entitled to rely thereon. The Authority shall not be responsible for any of the work of construction, improvement or development of the Property.

### **Section 3.13 Rights of Access**

Commencing upon the Closing, representatives of the Authority and the County shall have the reasonable right of access to the Property, upon 24 hours' written notice to Developer (except in the case of an emergency, in which case Authority shall provide such notice as may be practical under the circumstances), without charges or fees, at normal construction hours during the period of construction for the purposes of this Agreement, including, but not limited to, the inspection of the work being performed in constructing the Improvements. Such representatives of the Authority or County shall be those who are so identified in writing by the Executive Director of the Authority.

### **Section 3.14 Taxes, Assessments, Encumbrances and Liens**

Commencing upon the Closing, Developer shall pay when due all real estate taxes and assessments assessed and levied on or against the Property or any portion thereof. Developer's



obligation to pay taxes and assessments shall terminate as to each Unit upon the sale and conveyance of title of that Unit to a Purchaser. Developer shall not place, or allow to be placed, against the Property or any portion thereof, any mortgage, trust deed, encumbrance or lien not authorized by this Agreement. Developer shall remove, or shall have removed, any levy or attachment made on the Property (or any portion thereof), or shall assure the satisfaction thereof within a reasonable time but in any event prior to a sale thereunder. Nothing herein contained shall be deemed to prohibit Developer from contesting the validity or amount of any tax, assessment, encumbrance or lien, or to limit the remedies available to Developer in respect thereto. The covenants of Developer set forth in this Section 3.14 relating to the placement of any unauthorized mortgage, trust deed, encumbrance or lien, shall remain in effect until issuance of the Release of Construction Covenants.

### **Section 3.15 Prohibition Against Transfer**

(a) Prior to Completion, Developer shall not, except as permitted by this Agreement, including without limitation Sections 1.1 (definition of "Permitted Transfer") and 1.5, assign or attempt to assign this Agreement or any right herein, nor make any total or partial sale, transfer, conveyance or assignment of the whole or any part of the Developer's interest in the Property or the Improvements thereon, without prior written approval of the Authority. This prohibition shall not be deemed to prevent the granting of easements or permits to facilitate the development of the Property, nor shall it prohibit Permitted Transfers.

(b) Except as permitted by paragraph a., in the event Developer does assign this Agreement or any of the rights herein, or does sell, transfer, convey or assign the Developer's interest in the Property (or any portion thereof) prior to Completion without the written approval of the Authority, subject to the notice and cure provisions of Section 5.1, the Authority shall have the right to terminate this Agreement.

(c) In the absence of a specific written agreement by the Authority, and except as otherwise provided in this Agreement, no such sale, transfer, conveyance or assignment of this Agreement or Developer's interest in the Property (or any portion thereof), or approval by the Authority of any such sale, transfer, conveyance or assignment, shall be deemed to relieve Developer or any other party from any obligations under this Agreement.

### **Section 3.16 No Encumbrances Except Senior Loans**

(a) Notwithstanding Section 3.15 (Prohibition Against Transfer), upon and after the Closing, Developer shall have the right to encumber the Property with one or more Senior Loan deeds of trust, but only for the purpose of securing loans of funds to be used for financing the Development Costs and other expenditures necessary and appropriate to develop the Property under this Agreement, consistent with the amounts to be financed by Developer per the Method of Financing ("Permitted Financing Purposes"). Prior to Completion: (1) Developer shall not have any authority to encumber the Property for any purpose other than Permitted Financing Purposes; (2) Developer shall notify the Authority, in writing, in advance of any proposed financing; and (3) Developer shall not enter into any agreements for non-Permitted Financing Purposes requiring a conveyance of security interests in the Property without the prior written

approval of the Authority. The maker of any loan approved by the Authority pursuant to this Section 3.16 shall not be bound by any amendment, implementation agreement or modification to this Agreement subsequent to its approval without such lender giving its prior written consent.

(b) In any event, Developer shall promptly notify the Authority of any security interest created or attached to the Property whether by voluntary act of Developer or otherwise.

(c) The words "security interest" and "deed of trust" as used herein include all other appropriate modes of financing real estate acquisition, construction and land development.

(d) The Authority Executive Director or designee shall have the authority to make reasonable modifications to Sections 3.17 through 3.19 that may be requested by a Senior Lender, provided such modification does not adversely affect the receipt of any material benefit by Authority hereunder, including without limitation subordination of the affordability covenants in the Agreement Containing Covenants (**Attachment No. 11**). Upon the reasonable request of a Senior Lender, the Authority Executive Director or designee shall execute from time-to-time such reasonable interpretations and estoppel certificates to the extent they are consistent with the terms of this Agreement.

(e) The requirements of this Section 3.16 shall not apply following Completion.

**Section 3.17 Lender Not Obligated to Construct Improvements**

No lender shall be obligated by the provisions of this Agreement to construct or complete the Improvements or to guarantee such construction or completion. Nothing in this Agreement shall be deemed or construed to permit, or authorize any such lender to devote the Property to any uses, or to construct any improvements thereon, other than those uses or improvements provided for or authorized by this Agreement.

**Section 3.18 Notice of Default to lenders; Right of lender to Cure Defaults**

Whenever the Authority shall deliver any notice or demand to Developer with respect to any breach or default by Developer in completion of construction of the Improvements, the Authority shall at the same time deliver to each Senior Lender of record a copy of such notice or demand. Each such Senior Lender shall (insofar as the rights of the Authority are concerned) have the right at its option within ninety (90) days after the receipt of the notice, to cure or remedy, or commence to cure or remedy, any such default and to add the cost thereof to the security interest debt and the lien of its security interest. If such default shall be a default which can only be remedied or cured by such Senior Lender upon obtaining possession of the Property, such Senior Lender shall seek to obtain possession with diligence and continuity through a receiver or otherwise, and shall remedy or cure such default within ninety (90) days after obtaining possession; provided that in the case of a default which cannot with diligence be remedied or cured, or the remedy or cure of which cannot be commenced within such ninety-(90) day period, such Senior Lender shall have such additional time as reasonably necessary to remedy or cure such default with diligence and continuity not to exceed ninety (90) days; and provided further that such Senior Lender shall not be required to remedy or cure any non-curable default of Developer. Any Senior Lender who forecloses on its Senior Loan, or is assigned or

otherwise succeeds to Developer's rights under this Agreement, shall have the right to undertake or continue the construction or completion of the Improvements upon execution of a written agreement with the Authority by which such Senior Lender expressly assumes Developer's rights and obligations under this Agreement, approval of which agreement shall not be unreasonably withheld by Authority. Any such Senior Lender properly completing such improvements shall be entitled, upon written request made to the Authority, to a Release of Construction Covenants from the Authority.

### **Section 3.19 Failure of Lender to Complete Improvements**

In any case where, six (6) months after default by Developer, the holder of any mortgage, deed of trust or other security interest creating a lien or encumbrance upon the Property (or portion thereof) has not elected to completed construction of the Improvements, or, if it has elected to complete the Improvements, it has not proceeded diligently with construction, the Authority has the right, but not the obligation, to purchase the mortgage, deed of trust or other security interest by payment to the holder of the full amount of the unpaid principal debt, plus any accrued and unpaid interest and other charges secured by the mortgage instrument approved in writing by the Authority.

### **Section 3.20 Right of Authority to Cure Defaults**

In the event of a default or breach by Developer of a Senior Loan prior to Completion and prior to completion of a foreclosure by a Senior Lender, and the Senior Lender has not commenced to complete the development, the Authority may cure the default at any time prior to completion by a Senior Lender of any foreclosure under its senior deed of trust. In such event, the Authority shall be entitled to reimbursement from Developer of all costs and expenses incurred by the Authority in curing the default. The Authority shall also be entitled to a lien upon the Property to the extent of such costs and disbursements. Any such lien shall be subordinate and subject to the Senior Loans.

### **Section 3.21 Right of Authority to Satisfy Other Liens on the Property**

Prior to Completion and after Developer has had a reasonable time to challenge, cure or satisfy any liens or encumbrances on its interest in the Property, the Authority shall have the right, but not the obligation, to satisfy any such liens or encumbrances; provided, however, that nothing in this Agreement shall require Developer to pay or make provisions for the payment of any tax, assessment, lien or charge so long as Developer in good faith shall contest the validity or amount thereof, and so long as such delay in payment shall not subject the Property to forfeiture or sale. In such event, the Authority shall be entitled to reimbursement from Developer of all costs and expenses incurred by the Authority in satisfying any such liens or encumbrances. Any such lien shall be subordinate and subject to any Senior Loan.

### **Section 3.22 Release of Construction Covenants**

(a) Promptly after Completion of the Improvements as required by this Agreement, Authority shall deliver to Developer a Release of Construction Covenants, upon written request

therefor by Developer. Authority shall not unreasonably withhold any such Release of Construction Covenants. Such Release of Construction Covenants shall be, and shall so state, conclusive determination of satisfactory completion of the construction required by this Agreement.

(b) The Release of Construction Covenants shall be in such form as to permit it to be recorded in the Office of the Recorder of the County of Riverside.

(c) If Authority fails to deliver the Release of Construction Covenants within fifteen (15) days after written request from Developer, Authority shall provide Developer with a written statement of its reasons (the "Statement of Reasons") within that fifteen (15)-day period. The statement shall also set forth the steps Developer must take to obtain the Release of Construction Covenants. If the reasons are confined to the immediate unavailability of specific items or materials for landscaping, or to so-called "punch list" items identified by Authority, Authority will issue the Release of Construction Covenants upon the posting of a bond by Developer with Authority in an amount representing Authority's estimate of the cost to complete the work.

(d) Such Release of Construction Covenants shall not constitute evidence of compliance with or satisfaction of any obligation of Developer to any Senior Lender, or any insurer of a mortgage securing money loaned to finance the Improvements, nor any part thereof. Such Release of Construction Covenants is not a Notice of Completion as referred to in Section 3093 of the California Civil Code.

## **ARTICLE 4 USE OF THE PROPERTY**

### **Section 4.1 Uses**

Developer covenants and agrees for itself, its successors, its assigns and every successor in interest to the Property or any part thereof, that Developer, such successors and such assignees shall use the Property only for the uses specified in the Redevelopment Plan, this Agreement including without limitation the Scope of Development (**Attachment No. 6**) and the Agreement Containing Covenants (**Attachment No. 11**). No change in the use of the Property shall be permitted without the prior written approval of Authority.

Notwithstanding the generality of the first paragraph in this Section 4.1, Developer, its successors and assigns, shall use the Property only for the uses permitted in this Agreement, specifically including the following: (i) residential for-sale uses, consisting of 26 Restricted Units; (ii) the 42,000 square feet of open space improvements including park space, playground, basketball court, walking paths, and picnic areas, and (iii) the private road ways.

Developer covenants and agrees (for itself, its successors, its assigns, and every successor in interest to the Property or any part thereof) that during the Restricted Period, Developer, its successors and assigns shall use the Property as follows:

(a) Developer, its successors and assigns shall develop and construct on the Property no less than 26 Units of for-sale affordable housing pursuant to the Scope of Development, this Agreement and applicable Plans;

(b) Restricted Units shall be sold to and occupied exclusively by Lower Income First Time Homebuyers, for an Affordable Sales Price. This requirement shall be deemed satisfied when Developer has sold one hundred percent (100%) of the Restricted Units to Lower Income First Time Homebuyers. Developer acknowledges and agrees that the Authority shall record against the Property a "Notice of Affordability Restrictions on Transfer of Real Property" in the form of **Attachment No. 10** to this Agreement, as required by Health & Safety Code Sections 33334.3 and 33413.

(c) Developer shall be responsible for obtaining all source documentation evidencing income qualifications as required by this Agreement. Developer shall comply with applicable Fair Housing Act ("**FHA**") requirements in consultation with the County of Riverside and subject to FHA and other applicable legal requirements provide priority in the selection of Purchasers of the Restricted Units to (i) veterans, (ii) persons and families displaced as a result of the acquisition of property by the Authority or by other redevelopment activities in the County of Riverside, and (iii) to Purchasers who live or work in the County of Riverside ("**County of Riverside Residents**"). Developer shall cooperate with the Authority prior to the initial sale of any Units to effectuate this provision. Developer must accept any Authority displacee or County of Riverside Resident who meets Developer's selection criteria. The Developer agrees that prior to the initial sale of any Restricted Units, Developer shall consult with and obtain the written approval of the Authority in developing a fair marketing plan ("**Marketing Plan**") for selling the Restricted Units that is consistent with the terms and provisions of this Agreement. Developer agrees to provide notice to the Authority, in writing, prior to beginning to market any of the Restricted Units.

(d) Developer shall cause all Purchasers to execute the following documents on or prior to the Close of Escrow for a Restricted Unit: (1) Addendum to Grant Deed substantially conforming in form and substance to the form of Addendum to Grant Deed attached hereto as **Attachment No. XX** which is incorporated herein by this reference; (2) Affordable Housing Resale Restrictions, for the benefit of the Authority, substantially in the form and of substance approved in writing by the Authority and County Counsel in its sole discretion; and (3) any other document requested by Authority which is necessary to effectuate the terms and provisions of this Agreement. Failure to execute the aforementioned documents should constitute a default herein.

(e) Prior to initial sale and occupancy of any Unit, Developer shall prepare and submit to the Authority Executive Director for approval Covenants, Conditions and Restrictions ("**CC&Rs**") which, among other things shall also be subject to the approval of any lender and the California Department of Real Estate and which shall comply with applicable FHA, Fannie Mae and Freddie Mac requirements. The CC&Rs shall be recorded against the Property consisting of the Units and the applicable common area and shall run with the land. The Property shall be maintained in accordance with the CC&Rs approved by the Authority.

(f) No officer, employee, agent, official or consultant of Developer may purchase or occupy any of the Restricted Units.

#### **Section 4.2     Maintenance of the Property**

In addition to the property maintenance requirements set forth in the Agreement Containing Covenants, Developer covenants and agrees (for itself, its successors, its assigns, and every successor in interest to the Property or any part thereof) that prior to the construction of the Improvements, Developer shall maintain and secure the Property in accordance with reasonable vacant property management practices, and upon and after construction, Developer, its successors and assigns, shall maintain the Property and any improvements thereon and the landscaping on the Property in a manner consistent with community standards which will uphold the value of the Property, in accordance with this Agreement and the County of Riverside Municipal Code, as follows:

(a) Exterior Maintenance. All exterior, painted surfaces of any structures located on the Property shall be maintained at all times in a clean and presentable manner. Any such defacing marks shall be cleaned or removed within a reasonable time.

(b) Front and Side Exteriors. Developer shall, at all times, maintain the front exterior and any visible side exteriors and yards, if any, in a clean, safe and presentable manner.

(c) Graffiti Removal. All graffiti, and defacement of any type, including marks, words and pictures, must be removed from the Property and any necessary painting or repair completed within a reasonable time, but in no event more than one (1) week after notice to Developer from Authority.

(d) Landscaping. All landscaping surrounding the Property shall be maintained in a manner consistent with standards of the County of Riverside Code (the "Code") and any rules, regulations and standards adopted pursuant to the Code. In addition, for example, the yard areas shall not contain the following: (i) lawns with grasses in excess of nine (9) inches in height; (ii) trees, shrubbery, lawns or other plant life which are dying from a lack of water or other necessary maintenance; (iii) trees and shrubbery grown uncontrolled without proper pruning; (iv) vegetation so overgrown as to be likely to harbor rats or vermin; (v) dead, decayed or diseased trees, weeds and other vegetation; and (vi) inoperative irrigation systems.

(e) Maintenance by Developer. Developer shall, at his, her or their sole cost and expense, maintain and repair the Property and the improvements thereon, keeping the same in good condition and making all repairs as may be required by this Agreement and the Code.

(f) Damage and Destruction Affecting Property -- Duty to Rebuild. If all or any portion of the Property and the improvements thereon is damaged or destroyed by fire or other casualty, it shall be the duty of Developer to rebuild, repair or reconstruct the Property in a timely manner to restore it to Code compliance condition or the condition required by the City.

(g) Variance in Exterior Appearance and Design. If the Property is damaged or destroyed by casualty, Developer may not, without the prior written consent of the Authority, reconstruct, rebuild or repair the Property in a manner which will provide different exterior appearance and lot design from that which existed prior to the date of the casualty.

(h) Time Limitation. In the event of damage or destruction due to casualty, Developer shall be obligated to proceed with all due diligence to commence reconstruction within two (2) months after the damage occurs and to complete reconstruction within a reasonable time after damage occurs, unless prevented by causes beyond the reasonable control of Developer as reasonably determined by Authority.

(i) Inspection. In the event the Authority, in the sole discretion of the Authority Executive Director, determines that the Developer has failed to maintain the Property, the Authority, or its designee, on two (2) weeks' prior written notice of any noted code violations and maintenance deficiencies (collectively, the "Deficiencies"), shall have the right, but not the obligation, to enter the Property, correct any Deficiency, and hold the Developer responsible for the cost thereof. Any cost incurred by the Developer to cure any such Deficiency, until paid, shall constitute a lien on the Property pursuant to Civil Code Section 2881.

Upon sale of Units, Developer shall have the right to assign its responsibilities pursuant to this Section 4.2 to the Purchasers of the Units or homeowners association. It is the intention of the parties to this Agreement that Developer's obligations pursuant to this Section shall be transferred to the homeowners association as to common areas, and to each Purchaser of a Unit as to the respective Units.

#### **Section 4.3 Obligation to Refrain from Discrimination**

Developer covenants and agrees for itself, its successors, its assigns and every successor in interest to the Property or any part thereof or interest therein, there shall be no discrimination against or segregation of any person, or group of persons, on account of sex, sexual orientation, marital status, race, color, creed, religion, ancestry or national origin in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Property nor shall Developer, itself or any person claiming under or through it, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees, or vendees of the Property. All deeds, leases or contracts shall contain or be subject to substantially the following nondiscrimination or nonsegregation clauses:

- a. In deeds: "The grantee herein covenants by and for himself or herself, his or her heirs, executors, administrators, and assigns, and all persons claiming under or through them, that there shall be no discrimination against or segregation of, any person or group of persons on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the premises herein conveyed, nor shall the grantee or any person claiming under or through him or her, establish or permit any practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees, or vendees in the premises herein conveyed. The foregoing covenants shall run with the land."

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

That there shall be no discrimination against or segregation of any person or group of persons, on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the leasing, subleasing, transferring, use, occupancy, tenure, or enjoyment of the premises herein leased nor shall the lessee himself or herself, or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use, or occupancy, of tenants, lessees, sublessees, subtenants, or vendees in the premises herein leased."

- c. In contracts: "There shall be no discrimination against or segregation of any person or group of persons, on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the land, nor shall the transferee itself or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use, or occupancy, of tenants, lessees, sublessees, subtenants, or vendees of the land."

#### **Section 4.4 Effect and Duration of Covenants**

The covenants established in this Agreement shall, without regard to technical classification and designation, be binding on Developer and any successor in interest to the Property or any part thereof for the benefit and in favor of the Authority, its successors and assigns. The covenants shall remain in effect for the period of forty-five (45) years from the recordation of the Release of Construction Covenants in the Official Records.

#### **Section 4.5 Effect of Violation of the Terms and Provisions of this Agreement**

The Authority is deemed beneficiary of the terms and provisions of this Agreement and the covenants herein, both for and in their own right and for the purposes of protecting the interests of the community and other parties, public or private, for whose benefit this Agreement and the covenants running with the land have been provided. The Authority shall have the right if the covenants contained in this Agreement are breached, to exercise all rights and remedies, and to maintain any actions or suits at law or in equity or other proper proceedings to enforce the curing of such breaches to which it or any other beneficiaries of this Agreement and covenants are entitled.



#### **Section 4.6 Hazardous Substances**

At the Closing, Developer shall execute and deliver to the Authority an Environmental Indemnity, substantially in the form attached hereto as **Attachment No. 8**.

### **ARTICLE 5      DEFAULTS, REMEDIES AND TERMINATION**

#### **Section 5.1 Defaults - General**

(a) Subject to the Force Majeure Delay, as provided in Section 6.4, failure or delay by either party to perform any term or provision of this Agreement constitutes a default under this Agreement. The party who fails or delays must immediately commence to cure, correct or remedy such failure or delay and shall complete such cure, correction or remedy with reasonable diligence.

(b) The injured party shall give written notice of default to the party in default, specifying the default complained of by the injured party. Failure or delay in giving such notice shall not constitute a waiver of any default, nor shall it change the time of default. Except as otherwise expressly provided in this Agreement, any failures or delays by either party in asserting any of its rights and remedies as to any default shall not operate as a waiver of any default or of any such rights or remedies. Delays by either party in asserting any of its rights and remedies shall not deprive either party of its right to institute and maintain any actions or proceedings which it may deem necessary to protect, assert or enforce any such rights or remedies.

(c) If a monetary event of default occurs, prior to exercising any remedies hereunder, the injured party shall give the party in default written notice of such default. The party in default shall have a period of seven (7) days after such notice is given within which to cure the default prior to exercise of remedies by the injured party.

(d) If a non-monetary event of default occurs, prior to exercising any remedies hereunder, the injured party shall give the party in default notice of such default. If the default is reasonably capable of being cured within thirty (30) days, the party in default shall have such period to effect a cure prior to exercise of remedies by the injured party. If the default is such that it is not reasonably capable of being cured within thirty (30) days, and the party in default (i) initiates corrective action within said period, and (ii) diligently, continually, and in good faith works to effect a cure as soon as possible, then the party in default shall have such additional time as is reasonably necessary to cure the default prior to exercise of any remedies by the injured party, but in no event no more than ninety (90) days from the date of the notice of default. In no event shall the injured party be precluded from exercising remedies if its security becomes or is about to become materially jeopardized by any failure to cure a default or the default is not cured within ninety (90) days after the first notice of default is given.

#### **Section 5.2 Institution of Legal Actions**

Subject to the notice and cure provisions of Section 5.1, in addition to any other rights or remedies (and except as otherwise provided in this Agreement), either party may institute legal action to cure, correct or remedy any default, to recover damages for any default, or to obtain any other remedy consistent with the purpose of this Agreement. Such legal actions must be instituted in the Superior Court of the County of Riverside, State of California.

**Section 5.3 Applicable Law**

The laws of the State of California shall govern the interpretation and enforcement of this Agreement.

**Section 5.4 Acceptance of Service of Process**

(a) In the event that any legal action is commenced by the Developer against the Authority, service of process on the Authority shall be made by personal service upon the County of Riverside Clerk of the Board.

(b) In the event that any legal action is commenced by the Authority against the Developer, service of process on the Developer shall be made by personal service upon the Developer (or upon an officer of the Developer) and shall be valid whether made within or without the State of California, or in such manner as may be provided by law.

**Section 5.5 Rights and Remedies Are Cumulative**

Except with respect to rights and remedies expressly declared to be exclusive in this Agreement, the rights and remedies of the parties are cumulative, and the exercise by either party of one or more of such rights or remedies shall not preclude the exercise by it, at the same or different times, of any other rights or remedies for the same default or any other default by the other party.

**Section 5.6 Damages**

If either party defaults with regard to any of the provisions of this Agreement, subject to the notice and cure provisions of Section 5.1, the defaulting party shall be liable to the non-defaulting party for any damages caused by such default, and the non-defaulting party may, after such notice and opportunity to cure (but not before) commence an action for damages against the defaulting party with respect to such default.

**Section 5.7 Specific Performance**

If either party defaults with regard to any of the provisions of this Agreement, subject to the notice and cure provisions of Section 5.1, the non-defaulting party, at its option, may, after such notice and opportunity to cure (but not before) commence an action for specific performance of the terms of this Agreement pertaining to such default.

**Section 5.8 Termination**

Prior to the Close of Escrow, either party shall have the right to terminate this Agreement in the event the other party is in default of any material term or provision of this Agreement, and, following notice, fails to cure such default within the time provided in Section 5.1.

**Section 5.9 Termination By Authority After Closing**

(a) Upon the failure of the Construction Financing Event to occur within the time period set forth in the Schedule of Performance, or any extension of such time period approved by the Authority's Executive Director, this Agreement shall terminate pursuant to Section 2.19.

(b) After the Construction Financing Event, but before Completion of the Improvements, and the sale of all of the Restricted Units to Lower Income First Time Homebuyers in accordance with this Agreement, Authority shall have the additional right to terminate this Agreement in the event any of the following defaults shall occur :

- (1) Developer fails to maintain the Property, or fails to commence construction of the Improvements as required by this Agreement, for a period of sixty (60) days after written notice from the Authority, provided that the Developer shall not have obtained an extension or postponement to which the Developer may be entitled pursuant to Section 6.4 hereof; or
- (2) Subject to Force Majeure, Developer abandons the Property or, after the Construction Financing Event, substantially suspends construction of the improvements for a period of thirty (30) days after written notice has been given by the Authority to the Developer, provided the Developer has not obtained an extension or postponement to which the Developer may be entitled to pursuant to Section 6.4 hereof; or
- (3) Developer assigns or attempts to assign this Agreement, or any rights herein, or, transfer (except for sales of Units to purchasers which shall not close until a Release of Construction Covenants is issued), or suffer any involuntary transfer of the Property, or any part thereof, in violation of this Agreement, and such breach is not cured within thirty (30) days after the date of written notice thereof; or
- (4) Developer otherwise materially breaches this Agreement, and such breach is not cured within the respective times provided in Section 5.1 of this Agreement.

(c) The cure periods established in paragraphs a. and b. shall run concurrently with one another and with any other rights to cure set forth in this Agreement or any other instrument.

(d) The rights established in paragraph b. shall not apply after the Authority has issued a Release of Construction Covenants.

(e) In the event the Authority terminates this Agreement pursuant to paragraph a. or

b. of this Section 5.9, the Authority shall have the right to exercise all remedies available to the Authority under law, and shall retain its rights under Section 5.10, notwithstanding the termination of this Agreement.

#### **Section 5.10 Right of Reentry**

(a) Subject to the notice and cure provisions of Section 5.1 and the Construction Loan, in the event of an uncured default described in Section 5.9, the Authority shall have the additional right, at its option, to reenter and take possession of the Property (or any portion thereof) with all improvements thereon, and to terminate and revest in the Authority the estate theretofore conveyed to the Developer and Developer shall thereupon forfeit its title to the Property and the Improvements.

(b) Such right to reenter, repossess, terminate and revest shall be subject to and be limited by and shall not defeat, render invalid or limit the rights of the Construction Lender, and the Authority's rights shall be subject to any rights or interests provided in this Agreement for the protection of the Construction Lender or in any subordination agreements in favor of such entities.

(c) The Grant Deed shall contain appropriate reference and provision to give effect to the Authority's right, as set forth in this Section 5.10 under specified circumstances prior to Completion of the Improvements, to reenter and take possession of the Property, with all improvements thereon, and to terminate and revest in the Authority the estate conveyed to the Developer.

(d) Upon the revesting in the Authority of title to the Property, as provided in this Section 5.10, the Authority shall use its diligent and good faith efforts to resell the Property as soon and in such manner as the Authority shall find feasible in its sole discretion, to a qualified and responsible party or parties (as determined by the Authority in its sole discretion), who will assume the obligation of making or completing the Improvements, or such other improvements in their stead as shall be satisfactory to the Authority in its sole discretion and consistent with the CRL. Upon such resale of the Property, the proceeds thereof shall be applied to:

- (1) Repayment in full of the outstanding balance of the Construction Loan, if any;
- (2) Reimburse the Authority on its own behalf of all costs and expenses incurred by the Authority, including salaries of personnel engaged in such action, in connection with the recapture, management and resale of the Property, or any part thereof (but less any income derived by the Authority from the sale of the Property, or any part thereof, or from the management of such Property); all taxes, assessments and water and sewer charges with respect to the Property or any part thereof (or, in the event the Property, or any part thereof, is exempt from taxation or assessment or such charges during the period of Developer's ownership, then such taxes, assessments or charges as would have been payable if the Property, or part thereof, were not so exempt); any payments made or necessary to be made to discharge or prevent from attaching or being

made any subsequent encumbrances or liens due to obligations, defaults or acts of the Developer, its successors or transferees; any expenditures made or obligations incurred with respect to the making or completion of the agreed improvements or any part thereof on the Property, or any part thereof; and any amounts otherwise owing to the Authority by the Developer and its successor or transferee; and

- (3) Reimburse the Developer, its successor or transferee, for Developer equity up to the amount equal to: (i) the costs incurred for the development of the Property, or any part thereof, or for the construction of the agreed improvements thereon, less (ii) the sum of (A) the outstanding balance of the Construction Loan; less (B) gains or income withdrawn or realized by Developer, its successors or assigns from the Property or from the improvements on the Property; and less (C) amounts used to pay in full the outstanding balance of any mortgage or deed of trust other than those listed in clause (ii)(A) of this paragraph; and any balance remaining after such reimbursements shall be retained by the Authority as its property.

(e) upon the revesting in the Authority of title to the Property, the Authority shall have the right, in its sole discretion and as an alternative to selling the Property, to undertake the Completion of the Improvements, and the sale of the Units as set forth in this Agreement; provided that, in order to exercise this right, the Authority shall assume all of Developer's rights and obligations under the Construction Loan, or, if the Construction Lender will not agree to the Authority assuming Developer's obligations under the Construction Loan, then the Authority shall repay the outstanding balance of the Construction Loan. Upon the sale of the Units, the net proceeds shall be applied as follows:

- (1) Repayment in full of the outstanding balance of the Construction Loan, if such loan has been assumed by the Authority, or the outstanding balance of any loan that has been obtained by the Authority to refinance the Construction Loan;
- (2) Reimburse the Authority on its own behalf of all costs and expenses incurred by the Authority, including salaries of personnel engaged in such action, in connection with the recapture of the Property, or any part thereof, the assumption of any mortgage or loan on the Project, the Completion of the Improvements, the sale of the Units (but less any income derived by the Authority from the sale of the Units or from the management of such Property); all taxes, assessments and water and sewer charges with respect to the Property or any part thereof (or, in the event the Property, or any part thereof, is exempt from taxation or assessment or such charges during the period of Developer's ownership, then such taxes, assessments or charges as would have been payable if the Property, or part thereof, were not so exempt); any payments made or necessary to be made to discharge or prevent from attaching or being made any subsequent encumbrances or liens due to obligations, defaults or acts of the Developer, its successors or transferees;

any expenditures made or obligations incurred with respect to the making or completion of the agreed improvements or any part thereof on the Property, or any part thereof; and any amounts otherwise owing to the Authority by the Developer and its successor or transferee;

- (3) Reimburse the Developer, its successor or transferee, for Developer equity up to the amount equal to: (i) the costs incurred by Developer or its successor or transferee for the development of the Property, or any part thereof, or for the construction of the agreed improvements thereon, less (ii) the sum of (A) the outstanding balance of the Construction Loan (measured at the assumption of such loan by the Authority or at the Authority's repayment of the Construction Loan if it is not assumed by the Authority); less (B) gains or income withdrawn or realized by Developer, its successors or assigns from the Property or from the improvements on the Property; less (C) amounts used to pay in full the outstanding balance of any mortgage or deed of trust other than those listed in clause (ii)(A) of this paragraph; and
- (4) Any balance remaining after such reimbursements shall be retained by the Authority as its property.

(f) To the extent that the right established in this Section 5.10 involves a forfeiture, it must be strictly interpreted against the Authority, the party for whose benefit it is created. The rights established in this Section 5.10 are expressly authorized by Health and Safety Code section 33438 and are to be interpreted in light of the fact that the Authority will convey the Property to the Developer for development and not for speculation.

## **ARTICLE 6      GENERAL PROVISIONS**

### **Section 6.1      Notices, Demands and Communications between the Parties**

(a) Formal notices, demands and communications between the Authority and the Developer shall be sufficiently given if dispatched by registered or certified mail, postage prepaid, return receipt requested, to the principal offices of the Authority and the Developer, as designated in Sections 1.3 and 1.4 hereof. Such written notices, demands and communications may be sent in the same manner to such other addresses as either party may from time to time designate by mail as provided in this Section 6.1. Any notice that is transmitted by electronic facsimile transmission followed by delivery of a "hard" copy, shall be deemed delivered upon its transmission; any notice that is personally delivered (including by means of professional messenger service, courier service such as United Parcel Service or Federal Express, or by U.S. Postal Service), shall be deemed received on the documented date of receipt by the recipient; and any notice that is sent by registered or certified mail, postage prepaid, return receipt required shall be deemed received on the date of receipt thereof.

(b) The Authority shall use good faith efforts to deliver copies of any notices of default delivered to Developer after the Construction Financing Event, to the Construction Lender, at such addresses for receipt of notice as shall be provided to the Authority in writing.

## **Section 6.2 Conflicts of Interest**

(a) No member, official or employee of the Authority shall have any personal interest, direct or indirect, in this Agreement nor shall any such member, official or employee participate in any decision relating to the Agreement which affects his personal interests or the interests of any corporation, partnership or association in which he is, directly or indirectly, interested.

(b) The Developer warrants that it has not paid or given, and will not pay or give, any third party any money or other consideration for obtaining this Agreement.

## **Section 6.3 Nonliability of Authority Officials and Employees**

No member, official, employee or consultant of the Authority shall be personally liable to the Developer, or any successor in interest, in the event of any default or breach by the Authority or for any amount which may become due to the Developer or to its successor, or on any obligations under the terms of this Agreement.

## **Section 6.4 Force Majeure**

In addition to specific provisions of this Agreement, performance by either party hereunder shall not be deemed to be in default where delays or defaults are due to Force Majeure Events.

## **Section 6.5 Inspection of Books and Records**

The Developer shall maintain complete, accurate, and current records, accounts, documentation and other material pertaining to the Property and the Project and its financing for a period of five (5) years after the Sale of each Restricted Unit, and shall permit any duly authorized representative, designee or invitee of the Authority, upon reasonable advance notice, to inspect and copy records, including records pertaining to income and household size of purchasers of the Restricted Units, during regular business hours. Records must be kept accurate and current.

## **Section 6.6 Approvals**

(a) Except as otherwise expressly provided in this Agreement, approvals required of Authority or Developer in this Agreement, including the attachments hereto, shall not be unreasonably withheld or delayed. All approvals shall be in writing. Failure by either party to approve a matter within the time provided for approval of the matter shall not be deemed a disapproval, and failure by either party to disapprove a matter within the time provided for approval of the matter shall not be deemed an approval.

(b) Except as otherwise expressly provided in this Agreement, approvals required of the Authority shall be deemed granted by the written approval of the Authority Executive

Director or designee. Notwithstanding the foregoing, the Authority Executive Director may, in his or her sole discretion, refer to the governing body of the Authority any item requiring Authority approval; otherwise, "Authority approval" means and refers to approval by the Authority Executive Director or designee.

**Section 6.7 Real Estate Commissions**

Neither the Authority nor the Developer shall be liable for any real estate commissions, brokerage fees or finder's fees which may arise from the sale of the Property to the Developer. The Authority and the Developer each represent to the other that it has employed no broker, agent, or finder in connection with this transaction.

**Section 6.8 Further Assurances**

The Developer shall execute any further documents consistent with the terms of this Agreement, including documents in recordable form, as the Authority may from time to time find necessary or appropriate to effectuate its purposes in entering into this Agreement.

**Section 6.9 Construction and Interpretation of Agreement**

(a) The language in all parts of this Agreement shall in all cases be construed simply, as a whole and in accordance with its fair meaning and not strictly for or against any party. The parties hereto acknowledge and agree that this Agreement has been prepared jointly by the parties and has been the subject of arm's length and careful negotiation over a considerable period of time, that each party has been given the opportunity to independently review this Agreement with legal counsel, and that each party has the requisite experience and sophistication to understand, interpret, and agree to the particular language of the provisions hereof. Accordingly, in the event of an ambiguity in or dispute regarding the interpretation of this Agreement, this Agreement shall not be interpreted or construed against the party preparing it, and instead other rules of interpretation and construction shall be utilized.

(b) If any term or provision of this Agreement, the deletion of which would not adversely affect the receipt of any material benefit by any party hereunder, shall be held by a court of competent jurisdiction to be invalid or unenforceable, the remainder of this Agreement shall not be affected thereby and each other term and provision of this Agreement shall be valid and enforceable to the fullest extent permitted by law. It is the intention of the parties hereto that in lieu of each clause or provision of this Agreement that is illegal, invalid, or unenforceable, there be added as a part of this Agreement an enforceable clause or provision as similar in terms to such illegal, invalid, or unenforceable clause or provision as may be possible.

(c) The captions of the articles, sections, and subsections herein are inserted solely for convenience and under no circumstances are they or any of them to be treated or construed as part of this instrument.

(d) References in this instrument to this "DDA" or this "Agreement" mean, refer to and include this instrument as well as any riders, exhibits, addenda and attachments hereto



(which are hereby incorporated herein by this reference) or other documents expressly incorporated by reference in this instrument. Any references to any covenant, condition, obligation, and/or undertaking "herein," "hereunder," or "pursuant hereto" (or language of like import) means, refer to, and include the covenants, obligations, and undertakings existing pursuant to this instrument and any riders, exhibits, addenda, and attachments or other documents affixed to or expressly incorporated by reference in this instrument.

(e) As used in this Agreement, and as the context may require, the singular includes the plural and vice versa, and the masculine gender includes the feminine and vice versa.

**Section 6.10 Time of Essence**

Time is of the essence with respect to the performance of each of the covenants and agreements contained in this Agreement.

**Section 6.11 No Partnership**

Nothing contained in this Agreement shall be deemed or construed to create a lending partnership, other partnership, joint venture, or any other relationship between the parties hereto other than purchaser and seller and lender and borrower according to the provisions contained herein, or cause Authority to be responsible in any way for the debts or obligations of Developer, or any other party.

**Section 6.12 Compliance with Law**

Developer agrees to comply with all the requirements now in force, or which may hereafter be in force, of all municipal, county, state and federal authorities, pertaining to the Property, and the Improvements, as well as operations conducted thereon. The judgment of any court of competent jurisdiction, or the admission of Developer or any lessee or permittee in any action or proceeding against them, or any of them, whether Authority be a party thereto or not, that Developer, lessee or permittee has violated any such ordinance or statute in the use of the premises shall be conclusive of that fact as between Authority and Developer.

**Section 6.13 Binding Effect**

This Agreement, and the terms, provisions, promises, covenants and conditions hereof, shall be binding upon and shall inure to the benefit of the parties hereto and their respective heirs, legal representatives, successors and assigns.

**Section 6.14 No Third Party Beneficiaries**

The parties to this Agreement acknowledge and agree that the provisions of this Agreement are for the sole benefit of Authority and Developer, and not for the benefit, directly or indirectly, of any other person or entity, except as otherwise expressly provided herein.

**Section 6.15 Authority to Sign**

Developer hereby represents that the persons executing this Agreement on behalf of Developer have full authority to do so and to bind Developer to perform pursuant to the terms and conditions of this Agreement.

**Section 6.16 Incorporation by Reference**

Each of the attachments and exhibits attached hereto is incorporated herein by this reference.

**Section 6.17 Counterparts**

This Agreement and any attachment to be executed by the parties may be executed by each party on a separate signature page, and when the executed signature pages are combined, shall constitute one single instrument.

**ARTICLE 7 ENTIRE AGREEMENT, WAIVERS AND AMENDMENTS**

(a) This Agreement shall be executed in three duplicate originals each of which is deemed to be an original. This Agreement, including all attachments hereto and exhibits appended to such attachments shall constitute the entire understanding and agreement of the parties.

(b) This Agreement integrates all of the terms and conditions mentioned herein or incidental hereto, and supersedes all negotiations or previous agreements between the parties with respect to all or any part of the Property.

(c) All waivers of the provisions of this Agreement must be in writing and signed by the appropriate authorities of the Authority or the Developer, and all amendments hereto must be in writing and signed by the appropriate authorities of the Authority and the Developer. This Agreement and any provisions hereof may be amended by mutual written agreement by the Developer and the Authority.

**ARTICLE 8 EFFECTIVE DATE OF AGREEMENT**


This Agreement shall be dated for reference purposes as of the date set forth in the introductory paragraph hereof, but shall not be effective until approved by the Board of Commissioners ("Board") and executed by the Chairman of the Board.

[Signatures on the Following Page]

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

**AUTHORITY:**

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

By:   
Marion Ashley, Chairman  
Board of Commissioners

Date: JUN 16 2015

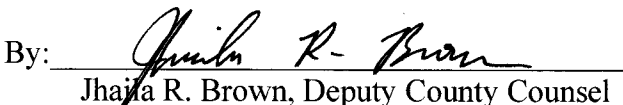
**ATTEST:**

KECIA HARPER-IHEM  
Clerk of the Board

By:   
Deputy

**APPROVED AS TO FORM:**

GREGORY P. PRIAMOS  
COUNTY COUNSEL

By:   
Jhajfa R. Brown, Deputy County Counsel

**DEVELOPER:**

HABITAT FOR HUMANITY RIVERSIDE, County of Riverside, a California non-profit public benefit corporation

By: \_\_\_\_\_  
Kathy M. Michalak, Executive Director

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

By: \_\_\_\_\_  
Nicholas D. Adcock, Treasurer

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

**(AUTHORITY and DEVELOPER signatures need to be notarized)**

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

**AUTHORITY:**

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

By: \_\_\_\_\_  
Marion Ashley, 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

**DEVELOPER:**

HABITAT FOR HUMANITY RIVERSIDE, County of Riverside, a California non-profit public benefit corporation

By: \_\_\_\_\_  
Kathy M. Michalak, Executive Director

Date: 6/2/15

By: \_\_\_\_\_  
Nicholas D. Adcock, Treasurer

Date: 6/2/15

(AUTHORITY and DEVELOPER signatures need to be notarized)

STATE OF CALIFORNIA

COUNTY OF RIVERSIDE

} §


On June 16, 2015, before me, Karen Barton, Board Assistant, personally appeared Marion Ashley, Chairman of the Housing Authority Board of Commissioners, who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument; and that a copy of this paper, document or instrument has been delivered to the chairperson.

I certify under the 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

Kecia Harper-Ihem  
Clerk of the Board of Supervisors

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

  
Deputy Clerk

(SEAL)

**CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT**

**CIVIL CODE § 1189**

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California )  
County of RIVERSIDE )

On 6/2/15 before me, LAWANDA ROY, NOTARY PUBLIC  
Date Here Insert Name and Title of the Officer

personally appeared KATHY MARIE MICHALAK; NICHOLAS DANIEL ADLOCK  
Name(s) of Signer(s)

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

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

WITNESS my hand and official seal.



Signature [Signature]  
Signature of Notary Public

Place Notary Seal Above

**OPTIONAL**

Though this section is optional, completing this information can deter alteration of the document or fraudulent reattachment of this form to an unintended document.

**Description of Attached Document**

Title or Type of Document: \_\_\_\_\_ Document Date: \_\_\_\_\_  
Number of Pages: \_\_\_\_\_ Signer(s) Other Than Named Above: \_\_\_\_\_

**Capacity(ies) Claimed by Signer(s)**

Signer's Name: \_\_\_\_\_  
 Corporate Officer -- Title(s): \_\_\_\_\_  
 Partner --  Limited  General  
 Individual  Attorney in Fact  
 Trustee  Guardian or Conservator  
 Other: \_\_\_\_\_  
Signer Is Representing: \_\_\_\_\_

Signer's Name: \_\_\_\_\_  
 Corporate Officer -- Title(s): \_\_\_\_\_  
 Partner --  Limited  General  
 Individual  Attorney in Fact  
 Trustee  Guardian or Conservator  
 Other: \_\_\_\_\_  
Signer Is Representing: \_\_\_\_\_

**ATTACHMENT NO. 1**  
**LEGAL DESCRIPTION**

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

PARCEL A: (APN: 169-100-055-1 AND 169-100-057-3)

PARCEL 2 OF PARCEL MAP NO. 34696, IN THE CITY OF JURUPA VALLEY, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 226, PAGES 95 TO 99, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

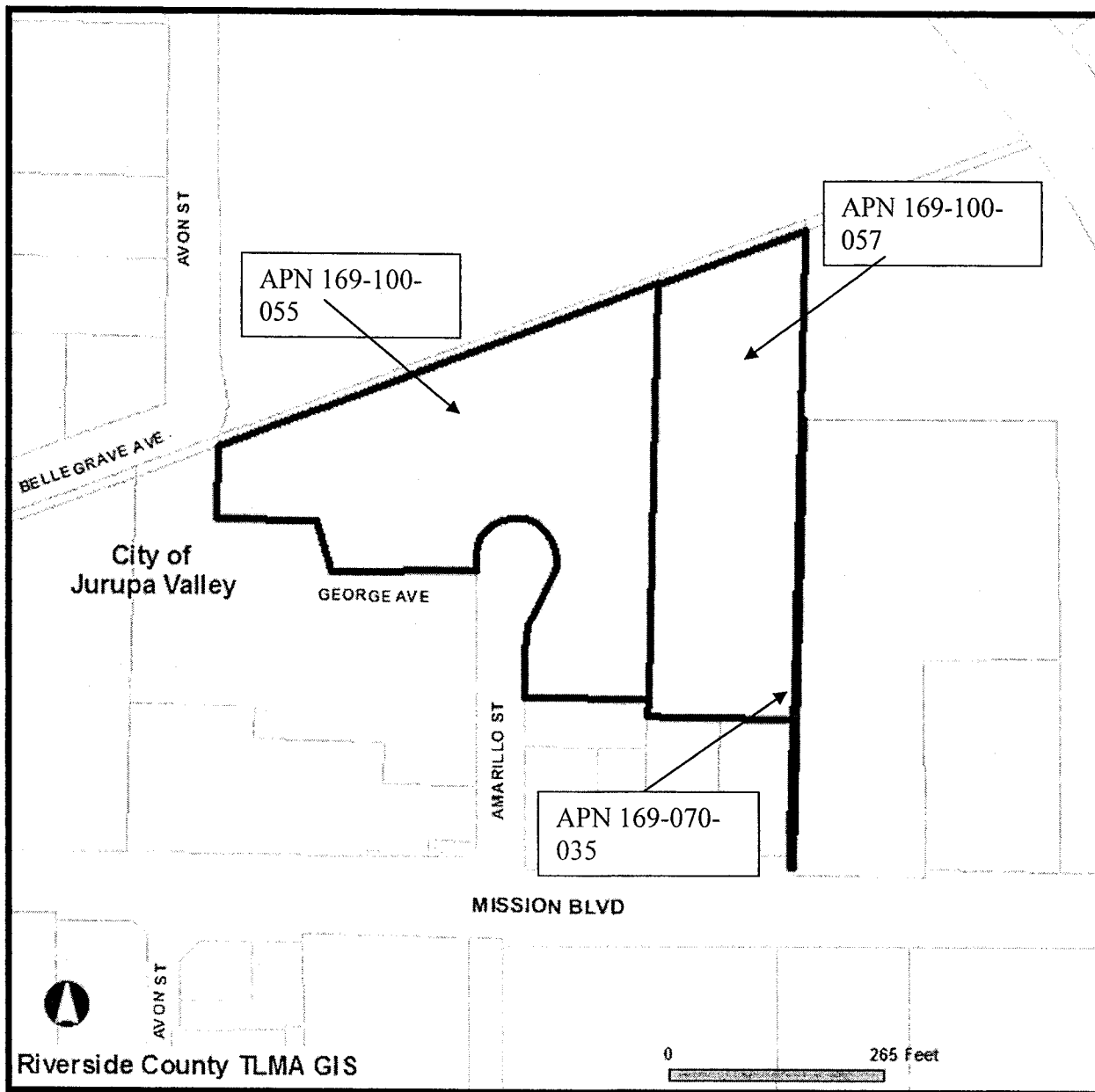
EXCEPTING THEREFROM THOSE PORTIONS CONVEYED IN GRANT DEEDS RECORDED APRIL 22, 2008 AS INSTRUMENT NO. 2008-0199763 OF OFFICIAL RECORDS AND SAID PORTIONS AS SHOWN ON PAGES 9 AND 10 AS CONVEYED BY BOOK 137 OF RECORD OF SURVEYS PAGES 99-113, RECORDED IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

PARCEL B: (APN: 169-070-035-1 formerly APN 169-070-003)

THE WESTERLY 4 FEET OF THAT PORTION OF LOT 3 OF LA BONITA TRACT, IN THE COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, AS SHOWN BY MAP ON FILE IN BOOK 1, PAGE 12 OF MAPS, RECORDS OF RIVERSIDE COUNTY, CALIFORNIA, DESCRIBED BY METES AND BOUNDS, AS FOLLOWS:

BEGINNING AT THE SOUTHWEST CORNER OF SAID LOT;  
THENCE NORTH ON THE WEST LINE OF SAID LOT TO A POINT IN THE SOUTH LINE OF THE NORTH 5 ACRES OF SAID LOT, CONVEYED TO HARRY O. NORTHRUP AND WIFE, BY DEED FILED FOR RECORD NOVEMBER 25, 1924 IN BOOK 621, PAGE 334 OF DEEDS, RECORDS OF RIVERSIDE COUNTY, CALIFORNIA;  
THENCE EAST ON THE SOUTH LINE OF SAID NORTH 5 ACRES, 165 FEET;  
THENCE SOUTH PARALLEL WITH THE WEST LINE OF SAID LOT TO THE SOUTH LINE OF SAID LOT;  
THENCE WEST ON SAID SOUTH LINE, 165 FEET TO THE POINT OF BEGINNING.

Property  
Site Map  
APNs: 169-100-055, 169-100-057 and 169-070-035  
Acres: 5.6





## ATTACHMENT NO. 2

### METHOD OF FINANCING

This is the Method of Financing attached to the Disposition and Development Agreement (“DDA”) between the Housing Authority of the County of Riverside (“Authority”) and Habitat for Humanity Riverside, Inc., a California nonprofit public benefit corporation (“Developer”), pertaining to the conveyance of real property (“Property”) by the Authority to Developer and the development and construction thereon of 26 for sale single-family homes (the “Units”) consisting of 8 single family homes of approximately 1,300 square feet with 3 bedrooms and 2 baths and 18 single family homes of approximately 1,500 square feet with 4 bedrooms and 2 baths to be sold to and occupied by Lower Income First-time Homebuyers for an Affordable Sales Price. Any capitalized term not otherwise defined herein shall have the meaning ascribed to such term in the DDA.

The Project will be financed by a combination of Necessary Capital Contributions (as defined in the DDA) in the approximate amount of \$1,600,000 and a Construction Loan in the approximate amount of \$5,200,000 issued by the California Department of Veteran Affairs (“CalVet”). The Construction Loan shall and the Necessary Capital Contributions shall be used to pay the Development Costs.

i) **Developer’s Purchase Price.** The Property is located in the City of Jurupa Valley and will be conveyed by the Authority to the Developer for a purchase price of \$1 subject to the satisfaction of certain conditions precedent set forth in the DDA. The Authority acquired the Property from the former Redevelopment Agency for the County of Riverside (“Agency”) subsequent to the dissolution of California redevelopment agencies pursuant to Dissolution Act and Authority Resolution Nos. 2012-035, 2012-001 and 2012-005, all housing functions previously performed by the former Agency, including related rights, powers, duties, obligations, and housing assets were transferred to Authority, including the Property.

ii) **Total Development Cost.** The parties estimate that the cost of the acquisition and development of the Property by Developer (“Development Costs”) will be approximately \$6,800,000. The foregoing estimate shall be subject to changes to the Project Budget as provided in Section 3 below.

iii) **Sources of Financing.** The parties anticipate that the Development Costs shall be financed with a combination of the following sources of financing: CalVet construction loans that will become permanent financing to each individual homeowner at the close of escrow for sale of unit to qualified purchaser and Necessary Capital Contributions (i.e., private donations from foundations, individuals and companies as well as gifts in kind of labor and materials).

1. Sources of Financing. The parties anticipate that the costs of development and construction on the Property shall be financed primarily from CalVet funds and Necessary Capital Contributions, as set forth in the following chart and as described below:

## Sources

CalVet Funding	\$	5,200,000
Capital Contributions:		
Flex Cap funding	\$	400,000
J.P. Morgan Chase	\$	105,000
Jack 'n Jill of America	\$	75,000
The Home Depot Foundation	\$	220,000
Wells Fargo Foundation	\$	250,000
Bank of America Foundation	\$	250,000
Gifts in Kind Donations (labor & product)	\$	<u>300,000</u>
Total Sources	\$	6,800,000

### 2.1 CONSTRUCTION PERIOD FINANCING

a. Capital Contributions. The Developer shall submit to the Authority evidence of third party capital contributions to be used to pay a portion of the Development Costs in the original principal aggregate amount of approximately \$1,600,000 as a condition precedent to the Closing pursuant to Section 2.14 of the DDA.

The Developer shall be responsible for providing any additional funds which may be needed to pay for cost overruns and contingencies not otherwise funded by the sources of Construction Financing described in this Section 2.1.

b. CalVet Construction Loan. A loan from CalVet ("Construction Loan") in the original principal aggregate amount of approximately \$5,200,000 to be used to pay a portion of the Development Costs. The Construction Loan shall be secured by a first priority deed of trust.

### 2.2 PERMANENT SOURCES OF FINANCING

- a. The Construction Loan in the approximate amount of \$5,200,000 shall be converted to conventional permanent home loans for each qualified Purchaser concurrently with the close of escrow for a Restricted Unit.
- b. Necessary Capital Contributions in the approximate amount of \$1,600,000. In grants from private foundations, gifts in kind consisting of donated labor and materials from private businesses.

### 3. Project Budget.

a. The parties anticipate that all Development Costs shall be as set forth in the Project Budget attached to the DDA as **Attachment No. 7** ("Project Budget") and incorporated herein by this reference. The Project Budget also sets forth the anticipated revenue from sales, estimated as of the date of this Agreement. The parties acknowledge that actual sales prices and revenues will depend on market conditions and will be subject to change from time-

to-time, provided that, in no event shall the down payment, if applicable, plus First Mortgage of the Restricted Units exceed an Affordable Sales Price.

b. The Development Costs in the Project Budget shall be subject to change from time-to-time, subject to the prior written approval of material changes by the Authority Executive Director or designee, upon which approval of the Project Budget shall be replaced by an approved revised Project Budget. For purposes of this Section 3, a "material change" to the Project Budget is any change (increase or decrease) to the total Development costs, and any change (increase or decrease) of \$200,000 individually or over \$500,000 in the aggregate when taken together, over any length of time, of any individual line item, but only to the extent such change derives from a change to the Project plans and specifications and does not simply reflect that a particular line item costs more or less than anticipated. A "material change" also includes any change to the appliances, fixtures or finishes of a Restricted Unit and any change to the plans and specifications for the Open Space Improvements, no matter the dollar amount of such change.

4. No Subordination of Affordability Covenants. Notwithstanding anything to the contrary herein or in the DDA, the affordability covenants in the Agreement Containing Covenants (**Attachment No. 11** to the DDA) and the Affordable Housing Resale Restrictions shall be senior to the security instruments for all Senior Loans, including the Deed of Trust securing the Senior Loan.

5. Evidence of Financing and Marketing Plan.

a. Construction Financing. The sum of the Construction Loan plus the Necessary Capital Contributions shall be sufficient at all times to pay all Development Costs as set forth in the most recently approved Project Budget. Developer shall submit for Authority review and approval documentation evidencing (i) the Construction Loan, including copies of all documents required by the Construction Lender to obtain such financing, and (ii) the availability of the Necessary Capital Contributions from such sources as may be available to the Developer. Developer shall provide written certification to the Authority that such documents are correct copies of the actual documents to be executed by Developer or other parties on or before the Construction Financing Event. To the extent that the sum of the Construction Loan plus the Necessary capital Contributions is insufficient to pay all Development Costs, Developer shall submit evidence acceptable to the Authority Executive Director or designee that additional funds will be available as and when required to fully pay for all Development Costs.

b. Marketing Plan. Not later than the Construction Financing Event, Developer shall prepare and submit to the Authority for review a marketing plan containing the overall plan for sales and marketing of the Units.

5. Conditions Precedent to Close of Escrow for Sale of Property

The Close of Escrow for the Sale of the Property to Developer is conditioned upon the satisfaction of each condition precedent set forth in Section 2.16 of the DDA prior to the time for the Sale of the Property set forth in the Schedule of Performance. Developer shall not record the

Construction Deed of Trust until each of the conditions precedent set forth in Sections 2.16 and 2.17 of the DDA has occurred to the satisfaction of the Authority Executive Director or designee.

6. Sale of the Units

a. Following Completion of construction, Developer shall convey all twenty-six (26) of the Restricted Units to Lower Income First Time Homebuyers, for an Affordable Sales Price that is less than market rate and equal to a down payment, if applicable, plus a First Mortgage Loan, the payments on which must not exceed an Affordable Housing Cost to the buyer when added to all other components of Housing Cost, as defined in Section 6920 of Title 25 of the California Administrative Code. The designation of the Restricted Units and the actual Restricted Unit sales prices shall be established by Developer prior to marketing and sale of the Restricted Units, subject to the prior written approval of the Authority Executive Director or designee. The Authority Executive Director, or designee, shall, in his or her discretion, consider proposals by Developer to adjust pricing and sale strategies if the Units are not absorbed at the anticipated sales prices.

b. The parties currently anticipate that the positive difference between the market value of the Restricted Units (as though sold without any restrictions) and the Affordable Sales Price described in paragraph (a) shall be represented by the Second Mortgage Loan, a silent 2<sup>nd</sup> trust deed with a schedule of forgiveness.

c. The grant deed to each Restricted Unit shall be subject to an Addendum to Grant Deed substantially conforming in the form and substance to the form of Addendum to Grant Deed attached to the DDA as **Attachment No. 5**. Subject to the terms, conditions and limitations contained in the DDA, including the Addendum to Grant Deed, the Developer shall process applications from potential purchasers of the Restricted Units. Developer shall provide to each purchaser an appropriate disclosure statement, subject to the prior review and approval by the Authority Executive Director, giving notice that the Restricted Unit is subject to resale restrictions in accordance with the terms of the Addendum. An Affordable Housing Resale Restrictions executed by a Purchaser memorializing the occupancy and resale restrictions for each Restricted Unit shall also be recorded against the Restricted Unit.

d. Developer shall be responsible for obtaining all source documentation evidencing a Purchaser's income as required by the DDA. Developer shall provide priority in the selection of Purchasers of the Restricted Units to persons and families who are veterans. Developer shall cooperate with the Authority prior to the initial sale of any Units to effectuate this provision. To implement this provision, Developer agrees to provide notice to the Authority, in writing, prior to beginning to market the Units and shall have received Authority approval of the Marketing Plan consistent with the terms and provisions of the DDA.

e. Prior to initial sale and occupancy of any Unit, Developer shall prepare and submit to the Authority Executive Director for approval Covenants, Conditions and Restrictions ("CC&Rs"). The CC&Rs shall be recorded against the Units and the common area and run with the land. The Units and common area shall be maintained in accordance with the

CC&Rs approved by the Authority.

f. No member, official, employee, agent, attorney or contractor of Authority and no officer, employee, agent, official, consultant or contractor of Developer, or any person holding a financial interest in Developer, or any family member of any person described in this paragraph, may purchase any Unit in the Project.

## ATTACHMENT NO. 3

### SCHEDULE OF PERFORMANCE

1. Submission – Final Construction Drawings. Developer shall submit complete final schematic and construction drawings and related documents to the Authority for approval pursuant to Section 3.3 of the Disposition and Development Agreement (“DDA”). Completed: Submitted on November 5, 2014 to City of Jurupa Valley Planning Department.
2. Master Application 1463 (General Plan Amendment 1403, Change of Zone 1404, Tentative Tract Map 36720 and Site Development Permit 31456). Developer shall submit and obtain local approval from City of Jurupa Valley Planning Commission and City of Jurupa Valley City Council. Completed: City of Jurupa Valley Planning Commission approved March 25, 2015 and City of Jurupa Valley City Council approved on April 2, 2015.
3. Disposition and Development Agreement (“DDA”). Developer shall submit an executed copy of the final DDA in a form approved by the Authority. June 16, 2015
4. Commencement of Marketing. Developer shall commence the marketing of the Restricted Units. Commenced marketing in November of 2014.
5. Disposition of the Property from Authority to Developer. Developer and Authority shall open escrow, Developer shall satisfy all conditions precedent to the Close of Escrow as set forth in Sections 2.16 and 2.11 of the DDA and Section 5 of the Method of Financing, subject to satisfaction of all conditions precedent in the DDA and Method of Financing, Authority shall sell the Property to Developer. 60 days after Authority’s execution of the DDA.
6. Income Qualification. Authority shall complete its review of the Developer’s income qualification of proposed purchasers of the Restricted Units. Within 180 days after Authority’s execution of the DDA.
7. Escrow between Developer, CalVet and qualified first time homebuyer. The close of escrow shall occur for all the sale of all Restricted Units from Developer to qualified Purchasers. No later than 60 days after the completion of construction.
8. Construction Commencement. Developer shall commence construction of the Project. Within 30 days after the completion of the Sale of the Property and Close of Construction Loan.

OFFICIAL BUSINESS.

RECORDING REQUESTED BY  
AND WHEN RECORDED RETURN TO:

Housing Authority of the  
County of Riverside  
5555 Arlington Avenue  
Riverside, CA 92504  
Attn: Mervyn Manalo

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SPACE ABOVE THIS LINE FOR RECORDER'S USE

**APN: 169-100-055, 169-100-057 and 169-070-035**

**OFFICIAL BUSINESS**  
Document entitled to free  
recording per Government  
Code Section 27383

**GRANT DEED**

FOR A VALUABLE CONSIDERATION, receipt of which is hereby acknowledged, the HOUSING AUTHORITY OF THE COUNTY OF RIVERSIDE, a public entity, corporate and politic in the State of California, in its capacity as housing successor to the former Redevelopment Agency for the County of Riverside, herein called "Grantor," hereby grants to HABITAT FOR HUMANITY RIVERSIDE, INC., a California nonprofit public benefit corporation, herein called "Grantee," the real property, hereinafter referred to as the "Property," described in the document attached hereto, labeled Exhibit "A" and incorporated herein by this reference.

1. Said Property is conveyed in accordance with and subject to (i) that certain Disposition and Development Agreement ("DDA") entered into by and between Grantor and Grantee, dated as of \_\_\_\_\_, 2015, which document is a public record on file in the offices of the Clerk of the Board of Commissioners, and is by reference hereto incorporated herein as though fully set forth herein, and (ii) that certain Agreement Containing Covenants entered into by and between Grantor and Grantee, dated on or about the date hereof and recorded concurrently herewith in the Official Records of the Recorder's Office of the County of Riverside ("Official Records"). Any capitalized term not defined herein shall have the meaning ascribed to such term in the DDA.

2. Title to the Property is conveyed hereto subject to all recorded liens, encumbrances, covenants, encroachments, assessments, easements, leases and taxes.

3. The Property is conveyed to Grantee at a purchase price ("Purchase Price") determined in accordance with the uses permitted by the DDA. Therefore, Grantee hereby covenants and agrees for itself, its successors, its assigns, and every successor in interest to the Property that the Grantee, such successors and assigns, shall develop, maintain, and use the Property only as follows:

(a) Develop and construct on the Property twenty-six (26) single family homes, with infrastructure, related parking, common areas and the Open Space Improvements (as defined in the DDA), in accordance with the DDA, Scope of Development (Attachment No. 6 to the DDA), and all plans and specifications approved by the Authority and other Governmental Authority, within the time frame set forth in the Schedule of Performance (Attachment No. 3 to the DDA).

(b) Grantee covenants and agrees for itself, its successors, assigns and any successor in interest to the Property, or any portion thereof, as follows: (1) to sell twenty-six (26) residential single-family units to be constructed on the Property ("Restricted Units") exclusively to "lower income households" (as that term is defined in Health and Safety Code Section 50079.5) who are "First Time Homebuyers" (as that term is defined in the DDA) for the initial purchase only, for an Affordable Sale Price (including a Down Payment) such that their total Housing Cost is as follows, for lower income households whose gross incomes exceed the maximum income for very low income households and do not exceed 70% of the area median income adjusted for family size, the product of 30% times 70% of the area median income adjusted for family size appropriate for the unit. In addition, for any lower income household that has a gross income that equals or exceeds 70% of the area median income adjusted for family size, the housing cost shall not exceed 30% of the gross income of the household. As used herein, the term, "area median income" means the median income of the Riverside-San Bernardino-Ontario Standard Metropolitan Statistical Area, adjusted for family size by the United States Department of Housing and Urban Development ("HUD") pursuant to Section 8 of the United States Housing Act of 1937, as determined by HUD and published from time to time by the California Department of Housing and Community Development, and the phrase "adjusted for household size appropriate to the unit" means a household size equal to the number of bedrooms in the unit plus one.

Concurrently with the close of escrow for the initial sale of each Restricted Unit from Grantee to a qualified lower income First Time Homebuyer, Grantee shall cause such qualified lower income First Time Homebuyer to execute and record in the Official Records an Addendum to Grant Deed substantially conforming in form and substance to Attachment "B" containing, among things, resale and occupancy restrictions pursuant to the DDA and the income restrictions set forth in this paragraph 3 (b). Notwithstanding the termination language in Section 13 below, Grantee, its successors, assigns and any successor in interest to the Restricted Unit, including, but not limited to the initial purchaser and all subsequent purchasers in the chain of title, shall be subject to the income, occupancy and resale restrictions set forth in the Addendum to Grant Deed for a period of forty-five (45) years commencing on the date the Grant Deed for the initial sale of the Restricted Unit is recorded in the Official Records.

(c) Grantee, its successors and assigns, shall maintain the improvements on the Property in the same aesthetic and sound condition (or better) as the condition of the Property at the time of Completion, reasonable wear and tear excepted. This standard for the quality of maintenance of the Property shall be met whether or not a specific item of maintenance is listed below. However, representative items of maintenance shall include frequent and regular inspection for graffiti or damage or deterioration or failure, and immediate repainting or repair or replacement of all surfaces, fencing, walls, equipment, etc., as necessary; emptying of trash receptacles and removal of litter; sweeping of public sidewalks adjacent to the Property, on-site walks and paved areas and washing-down as necessary to maintain clean surfaces; maintenance



of all landscaping in a healthy and attractive condition, including trimming, fertilizing and replacing vegetation as necessary; cleaning windows on a regular basis; painting the buildings on a regular program and prior to the deterioration of the painted surfaces; conducting a roof inspection on a regular basis and maintaining the roof in a leak-free and weather-tight condition; maintaining security devices in good working order. In the event of the Grantee's or any successor's failure to comply with this Section, the Grantor, on two (2) weeks' prior written notice, may cause such compliance and upon the completion thereof, its cost shall be borne by the Grantee or its successor (as the case may be) and until paid, shall be a lien against the Property. Grantee shall have the right to assign its responsibilities pursuant to this paragraph (c) to the purchasers of the residential units through inclusion of those obligations in the CC&Rs applicable to the Property or otherwise.

4. Grantee hereby covenants for itself, its successors, its assigns and every successor in interest to the Property that, prior to recordation of a Release of Construction Covenants in the Official Records in accordance with the DDA:

(a) The Grantee shall have no power to make any sale, transfer, conveyance, encumbrance, lease or assignment of the Property, or any part thereof, or any buildings or improvements thereon, without the prior written consent of the Grantor, except to a mortgagee or trustee under a mortgage or deed of trust or other conveyance permitted by Section 4(b), below, or by a purchaser in foreclosure or to municipal corporations or public utilities or others as grantee for easements or permits to facilitate development of the Property. In the event that the Grantee does sell, transfer, convey or assign any part of the Property or buildings or structures thereon, prior to the recordation of a Release of Construction Covenants, in violation of this Grant Deed, the Grantor shall be entitled to increase the Purchase Price paid by the Grantee by the amount that the consideration payable for such sale, transfer, conveyance or assignment is in excess of the Purchase Price paid by the Grantee, plus the cost of improvements and development, including carrying charges and costs related thereto. The consideration payable for such sale, transfer, conveyance or assignment to the extent it is in excess of the amount so authorized shall belong and be paid to the Grantor and until paid the Grantor shall have a lien on the Property and any part involved for such amount. This prohibition shall not be deemed to prevent the granting of easements or permits to facilitate the development of the Property, nor shall it prohibit granting any security interests permitted by paragraph (4)(b) of this Grant Deed for financing the construction and development of the Property. The lien created hereby shall be subordinate and subject to any such security interests. Notwithstanding anything to the contrary herein, prior to the recording of the Release of Construction Covenants as to the Property, Grantee shall have the right to enter into purchase and sale agreements with qualified Purchasers for the purchase and sale of individual units provided: (i) any such transfer is not an indirect transfer of substantially all of Grantee's interests in the Property prior to the recording of the Release of Construction Covenants; (ii) Grantee remains obligated to complete construction and obtain the Release of Construction Covenants from the Grantor as to the Property; (iii) Grantee is not released from any liability as to the Property but remains fully liable to Grantor pursuant to the terms of the DDA until the recording of the Release of Construction Covenants relating to the Property; and (iv) such purchase and sale only involves the bona fide, arm's length conveyance

of an individual unit pursuant to a public report issued by the California Department of Real Estate.

(b) The Grantee shall not place or suffer to be placed on the Property any lien or encumbrance other than mortgages, deeds of trust, or other methods of financing the Improvements and developing the Property that is permitted by the DDA. Prior to Completion (1) Grantee shall not have any authority to encumber the Property for any purpose other than Permitted Financing Purposes (as defined in Section 3.16 of the DDA); (2) Grantee shall notify Grantor in advance of any proposed financing; and (3) Grantee shall not enter into any agreements for non-Permitted Financing Purposes requiring a conveyance of security interests in the Property without the prior written approval of the Grantor.

5. Right of Reverter.

(a) Prior to recordation of the Release of Construction Covenants as to all or a portion of the Property pursuant to the DDA, the Grantor shall have the additional right, at its option, to re-enter and take possession of any portion of the Property herein conveyed for which a Release of Construction Covenants has not been recorded, with all Improvements thereon, and to terminate and re-vest in the Grantor the Property hereby conveyed to the Grantee and Grantee shall thereupon forfeit its title to the Property and the Improvements, in the event that any of the following defaults shall occur and shall remain uncured after the expiration of any applicable notice and cure period:

(i) Grantee fails to maintain the Property, or fails to commence construction of the Improvements as required by the DDA, for a period of sixty (60) days after written notice from Grantor, provided that Grantee shall not have obtained an extension or postponement to which Grantee may be entitled pursuant to Section 6.4 of the DDA; or

(ii) Subject to Force Majeure, Grantee abandons the Property or, after the Construction Financing Event, substantially suspends construction of the improvements for a period of thirty (30) days after written notice has been given by Grantor to Grantee, provided the Grantee has not obtained an extension or postponement to which the Grantee may be entitled to pursuant to Section 6.4 of the DDA; or

(iii) Grantee assigns or attempts to assign the DDA, or any rights therein, or, transfer (except for sales of Units to purchasers which shall not close until a Release of Construction Covenants is issued), or suffer any involuntary transfer of the Property, or any part thereof, in violation of the DDA, and such breach is not cured within thirty (30) days after the date of written notice thereof; or

(iv) Grantee otherwise materially breaches the DDA, and such breach is not cured within the respective times provided in Section 5.1 of the DDA.

(b) The right to re-enter, terminate and re-vest shall be subject to and be limited by and shall not defeat, render invalid, or limit:

(i) Any mortgage, deed of trust or other financing instruments

permitted by the DDA ("Permitted Mortgages");

(ii) Any rights or interests provided in the DDA for the protection of the holders of such mortgages, deeds of trust or other financing instruments, including but not limited to the beneficiaries of the deeds of trust securing the Construction Loan as those terms are defined in the DDA (collectively, the "Permitted Mortgagees") or in any subordination agreements in favor of the Permitted Mortgagees.

(c) Upon the revesting in the Grantor of title to the Property, as provided in this Section 5, the Grantor shall use its diligent and good faith efforts to resell the Property as soon and in such manner as the Grantor shall find feasible in its sole discretion, to a qualified and responsible party or parties (as determined by the Grantor in its sole discretion), who will assume the obligation of making or completing the Improvements, or such other improvements in their stead as shall be satisfactory to the Grantor in its sole discretion and consistent with CRL and Housing Authorities Law. Upon such resale of the Property, the proceeds thereof shall be applied to:

i. First, repayment in full of the outstanding balance of the Construction Loan, if any;

ii. next, to reimburse the Grantor on its own behalf of all costs and expenses incurred by the Grantor, including salaries of personnel engaged in such action, in connection with the recapture, management and resale of the Property, or any part thereof (but less any income derived by the Grantor from the sale of the Property, or any part thereof, or from the management of such Property); all taxes, assessments and water and sewer charges with respect to the Property or any part thereof (or, in the event the Property, or any part thereof, is exempt from taxation or assessment or such charges during the period of Grantee's ownership, then such taxes, assessments or charges as would have been payable if the Property, or part thereof, were not so exempt); any payments made or necessary to be made to discharge or prevent from attaching or being made any subsequent encumbrances or liens due to obligations, defaults or acts of the Grantee, its successors or transferees; any expenditures made or obligations incurred with respect to the making or completion of the agreed improvements or any part thereof on the Property, or any part thereof; and any amounts otherwise owing to the Grantor by the Grantee and its successor or transferee;

iii. next, to reimburse the Grantee, its successor or transferee, for Grantee equity up to the amount equal to: (i) the costs incurred for the development of the Property, or any part thereof, or for the construction of the agreed improvements thereon, less (ii) the sum of (A) the outstanding balance of the Construction Loan; plus (B) gains or income withdrawn or realized by Grantee, its successors or assigns from the Property or from the improvements on the Property; and plus (C) amounts used to pay in full the outstanding balance of any mortgage or deed of trust other than those listed in clause (ii)(A) of this paragraph; and

iv. any balance remaining after such reimbursements shall be retained by Grantor as its property.

(d) Upon the revesting in the Grantor of title to the Property, the Grantor shall have the right, in its sole discretion and as an alternative to selling the Property, to undertake the Completion of the Improvements, the sale of the Units as set forth in the DDA; provided that, in order to exercise this right, the Grantor shall assume all of Developer's rights and obligations under the Construction Loan, or, if the Construction Lender will not agree to the Grantor assuming Developer's obligations under the Construction Loan, then the Grantor shall repay the outstanding balance of the Construction Loan. Upon the sale of the Units, the net proceeds shall be applied as follows:

i. first, to repayment in full of the outstanding balance of the Construction Loan, if such loan has been assumed by the Grantor, or the outstanding balance of any loan that has been obtained by the Grantor to refinance the Construction Loan;

ii. next, to reimburse the Grantor on its own behalf of all costs and expenses incurred by the Grantor, including salaries of personnel engaged in such action, in connection with the recapture of the Property, or any part thereof, the assumption of any mortgage or loan on the Project, the Completion of the Improvements, the sale of the Units (but less any income derived by the Grantor from the sale of the Units or from the management of such Property); all taxes, assessments and water and sewer charges with respect to the Property or any part thereof (or, in the event the Property, or any part thereof, is exempt from taxation or assessment or such charges during the period of Grantee's ownership, then such taxes, assessments or charges as would have been payable if the Property, or part thereof, were not so exempt); any payments made or necessary to be made to discharge or prevent from attaching or being made any subsequent encumbrances or liens due to obligations, defaults or acts of the Grantee, its successors or transferees; any expenditures made or obligations incurred with respect to the making or completion of the agreed improvements or any part thereof on the Property, or any part thereof; and any amounts otherwise owing to the Grantor by the Grantee and its successor or transferee;

iii. next, to reimburse the Grantee, its successor or transferee, for Grantee equity up to the amount equal to: (i) the costs incurred by Grantee or its successor or transferee for the development of the Property, or any part thereof, or for the construction of the agreed improvements thereon, less (ii) the sum of (A) the outstanding balance of the Construction Loan (measured at the assumption of such loan by the Grantor or at the Grantor's repayment of the Construction Loan if it is not assumed by the Grantor); plus (B) gains or income withdrawn or realized by Grantee, its successors or assigns from the Property or from the improvements on the Property; plus (C) amounts used to pay in full the outstanding balance of any mortgage or deed of trust other than those listed in clause (ii)(A) of this paragraph; and

iv. any balance remaining after such reimbursements shall be retained by the Grantor as its property.

(e) To the extent that the rights established in this Section 5 involve a forfeiture, it must be strictly interpreted against Grantor, the party for whose benefit it is created.

The rights established in this Section 5 are expressly authorized by Health and Safety Code section 33438 and are to be interpreted in light of the fact that Grantor is conveying the Property to Grantee for development of affordable housing and not for speculation in undeveloped land.

(f) The cure periods established in paragraph (a) shall run concurrently with each other and with any other rights to cure set forth in the DDA, this Deed or any other instrument.

(g) The right to reenter, repossess, terminate, and revert the Property or portion thereof, shall terminate and this Section 5 shall be of no further force or effect when the Release of Construction Covenants as to the entire Property has been issued by Grantor in accordance with the DDA or with respect to each Unit.

6. The Grantee covenants and agrees for itself and its successors, assigns and any successor in its interest to the Property, that there shall be no discrimination against or segregation of, any person or group of persons on account of race, color, creed, religion, national origin, ancestry, age, physical handicap, medical condition, marital status, sex or sexual orientation in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of their Property, nor shall the Grantee itself or any person claiming under or through it, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, leases, subtenants, sublessees, or vendees in the Property. The foregoing covenants shall run with the land.

All deeds, leases or contracts made relative to the Property, the Improvements thereon, or any part thereof shall contain or be subject to substantially the following non-discrimination or non-segregation clauses:

(a) In deeds: "The grantee herein covenants by and for himself or herself, his or her heirs, executors, administrators, and assigns, and all persons claiming under or through them, that there shall be no discrimination against or segregation of, any person or group of persons on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the premises herein conveyed, nor shall the grantee or any person claiming under or through him or her, establish or permit any practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees, or vendees in the premises herein conveyed. The foregoing covenants shall run with the land."

(b) In leases: "The lessee herein covenants by and for himself or herself, his or her heirs, executors, administrators, and assigns, and all persons claiming under or through him or her, and this lease is made and accepted upon and subject to the following conditions: That there shall be no discrimination against or segregation of any person or group of persons, on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the leasing, subleasing, transferring, use, occupancy, tenure, or enjoyment of the premises herein leased nor shall the lessee himself or herself, or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use, or occupancy, of tenants, lessees, sublessees, subtenants, or

vendees in the premises herein leased.”

(c) In contracts: “There shall be no discrimination against or segregation of any person or group of persons, on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the land, nor shall the transferee itself or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use, or occupancy, of tenants, lessees, sublessees, subtenants, or vendees of the land.”

7. No violation or breach of the covenants, conditions, restrictions, provisions or limitations contained in this Grant Deed or in the DDA shall defeat or render invalid or in any way impair the lien or charge of any mortgage, deed of trust or other security instrument permitted by this Grant Deed and made in good faith and for value; provided, however, that any subsequent owner of the Property shall be bound by such remaining covenants, conditions, restrictions limitations and provisions, whether such owner’s title was acquired by foreclosure, trustee’s sale or otherwise, and shall be entitled to all the benefits granted to Grantee and its assigns hereunder.

8. Following Completion of construction of the Improvements and the Grantor’s determination that the completed Improvements comply with the DDA and the covenants contained herein, Grantor shall issue and record in the Official Records a Release of Construction Covenants for the Project or applicable portion thereof, as provided in the DDA. Following the recording of said Release of Construction Covenants, the only on-going obligation of Grantee, and its successors and assigns shall be as provided in Section 3(b), Section 3(c), and Section 6 hereof.

9. All covenants without regard to technical classification or designation shall be binding for the benefit of the Grantor and the County of Riverside (“County”), and such covenants shall run in favor of the Grantor and County for the entire period during which such covenants shall be in force and effect, without regard to whether the Grantor or County is or remains an owner of any land or interest therein to which such covenants relate. The Grantor and/or the County, in the event of any breach of any such covenant, shall have the right to exercise all the rights and remedies, and to maintain any action at law or suits in equity or other proper proceedings to enforce the curing of such breach.

10. All covenants contained in this Grant Deed shall be construed as covenants running with the land and not as conditions which might result in forfeiture of title, except for the right of reverter contained in Section 5 of this Grant Deed.

11. None of the terms, covenants, agreements, or conditions heretofore agreed upon in writing in other instruments between the parties to this Grant Deed with respect to obligations to be performed, kept or observed in respect to the Property after this conveyance of the Property, shall be deemed to be merged with this Grant Deed until such time as the Release of

Construction Covenants is recorded pursuant to the DDA.

12. Both before and after recording of the Release of Construction Covenants, only the Grantor, its successors, and assigns, and Grantee and the successors and assigns of Grantee in and to all or any part of the fee title to the Property, or any part thereof, shall have the right to mutually consent and agree to changes in, or to eliminate in whole or in part, any of the covenants, easements, or other restrictions contained in this Grant Deed or to subject the Property to additional covenants, easements, or other restrictions without the consent of any tenant, lessee, easement holder or licensee.

13. Except as otherwise provided in this Grant Deed, every covenant and condition and restriction contained in this Grant Deed shall remain in effect for a period of forty-five (45) years after the recordation of a Release of Construction Covenants in the Official Records. The covenants set forth in Sections 3(a), 4 and 5 shall terminate upon the recording by the Grantor of the Release of Construction Covenants and recordation in the Official Records. The covenants against discrimination set forth in Section 6 shall remain in perpetuity.

14. In the event of any express conflict between this Grant Deed and the DDA, the provisions of this Grant Deed shall control.

[Remainder of Page Intentionally Blank]

[Signatures on the Following Page]

IN WITNESS WHEREOF, the Grantor and Grantee have caused this instrument to be executed on their behalf by their respective officers hereunto duly authorized.

“GRANTOR”

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

By: \_\_\_\_\_  
Robert Field,  
Executive Director

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

APPROVED AS TO FORM:  
GREGORY P. PRIAMOS  
COUNTY COUNSEL

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

[Signatures continue on following page.]



Grantee accepts and agrees to all of the terms and provisions of this Grant Deed.

**GRANTEE**

HABITAT FOR HUMANITY  
RIVERSIDE,  
County of Riverside, a California non-profit  
public benefit corporation

By: \_\_\_\_\_  
Kathy M. Michalak, Executive Director

By: \_\_\_\_\_  
Nicholas D. Adcock, Treasurer

Insert

**CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT**

**EXHIBIT "A"**

**LEGAL DESCRIPTION**

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

PARCEL A: (APN: 169-100-055-1 AND 169-100-057-3)

PARCEL 2 OF PARCEL MAP NO. 34696, IN THE CITY OF JURUPA VALLEY, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 226, PAGES 95 TO 99, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPTING THEREFROM THOSE PORTIONS CONVEYED IN GRANT DEEDS RECORDED APRIL 22, 2008 AS INSTRUMENT NO. 2008-0199763 OF OFFICIAL RECORDS AND SAID PORTIONS AS SHOWN ON PAGES 9 AND 10 AS CONVEYED BY BOOK 137 OF RECORD OF SURVEYS PAGES 99-113, RECORDED IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

PARCEL B: (APN: 169-070-035-1 formerly APN 169-070-003)

THE WESTERLY 4 FEET OF THAT PORTION OF LOT 3 OF LA BONITA TRACT, IN THE COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, AS SHOWN BY MAP ON FILE IN BOOK 1, PAGE 12 OF MAPS, RECORDS OF RIVERSIDE COUNTY, CALIFORNIA, DESCRIBED BY METES AND BOUNDS, AS FOLLOWS:

BEGINNING AT THE SOUTHWEST CORNER OF SAID LOT;  
THENCE NORTH ON THE WEST LINE OF SAID LOT TO A POINT IN THE SOUTH LINE OF THE NORTH 5 ACRES OF SAID LOT, CONVEYED TO HARRY O. NORTHRUP AND WIFE, BY DEED FILED FOR RECORD NOVEMBER 25, 1924 IN BOOK 621, PAGE 334 OF DEEDS, RECORDS OF RIVERSIDE COUNTY, CALIFORNIA;  
THENCE EAST ON THE SOUTH LINE OF SAID NORTH 5 ACRES, 165 FEET;  
THENCE SOUTH PARALLEL WITH THE WEST LINE OF SAID LOT TO THE SOUTH LINE OF SAID LOT;  
THENCE WEST ON SAID SOUTH LINE, 165 FEET TO THE POINT OF BEGINNING.

**EXHIBIT "B"**

ADDENDUM TO GRANT DEED

[ATTACHMENT NO. 5 TO DDA]

Exhibit "B" to Grant Deed  
Addendum to Grant Deed

**ATTACHMENT NO. 5**  
**FORM OF ADDENDUM TO GRANT DEED**  
[BEHIND THIS PAGE]

**FORM OF ADDENDUM TO GRANT DEED  
FROM DEVELOPER TO PURCHASER**

A. Purpose of this Addendum. This Addendum to Grant Deed (this "Addendum") is attached to and made part of that certain Grant Deed between HABITAT FOR HUMANITY RIVERSIDE, INC., a California nonprofit public benefit corporation ("Developer" herein) and \_\_\_\_\_ ("Owner" herein) and provides that the property which is the subject of the Grant Deed ("Dwelling Unit") is conveyed by Developer subject to the deed restrictions (collectively the "Deed Restriction") set forth below. Words and phrases used in this Addendum shall have the same meanings as in the Grant Deed unless specifically provided otherwise. If there is any conflict between the provisions of this Addendum and the provisions of the Grant Deed, the provisions of this Addendum will prevail.

B. Subsidy. In accepting said Deed Restriction, the undersigned Owner understands and acknowledges that the Dwelling Unit is being sold to the Owner because Owner is a Lower Income First Time Homebuyer; that the Dwelling Unit is being sold to Owner for a sales price that results in an Affordable Housing Cost to Owner as the result of a subsidy ("Subsidy") provided to Developer by the Housing Authority of the County of Riverside ("Authority") in accordance with a certain Disposition and Development Agreement (the "DDA") by and between Authority and Developer, dated as of \_\_\_\_\_, 2015 and recorded in the Official Records of the County of Riverside on \_\_\_\_\_, 2015 as Document No. \_\_\_\_\_, which DDA is a public record on file in the office of the Authority; and that without the Subsidy, the sales price of the Dwelling Unit would exceed the amount that is affordable to Owner. Provided, however, that nothing contained herein is intended to prohibit Owner from benefiting from additional financing subsidies.

C. Deed Restrictions. Upon the due execution, delivery and recordation of this Addendum, the provisions set forth in Section 3(b) of the grant deed by which the Authority conveyed to Developer the Property on which the Dwelling Unit was constructed shall be released as to the Dwelling Unit and replaced with the terms, restrictions and provisions of this Addendum. Accordingly, and in return for and in consideration of the opportunity for the Developer to sell and the Owner to purchase the Dwelling Unit under the above-referenced circumstances and for other good and valuable consideration, the receipt and legal sufficiency of which the undersigned hereby acknowledge, the Owner, on behalf of himself, herself, or themselves and with the express intent to bind all those defined as "Owner" in Paragraph 1 below, hereby agrees as follows:

1. Definitions

"Affordable Housing Cost" shall mean, pursuant to Health and Safety Code Section 50052.5(b)(3), for Lower Income Households the housing cost payments shall not exceed thirty percent (30%) of the gross income of the household times seventy percent (70%) of the Area Median Income as determined by HUD, adjusted for household size appropriate for the Dwelling Unit. For purposes of this definition, the phrase "adjusted for household size appropriate for the Dwelling Unit" shall mean a household size equal to the number of bedrooms in the Dwelling Unit plus one.

“Affordable Housing Resale Restriction” means that certain Affordable Housing Resale Restriction Option to Designate Eligible Purchase and Option to Purchase Upon Default, in a form and substance first approved by Authority Executive Director and County Counsel, to be executed by a Purchaser of a Restricted Unit on or prior to the close of escrow for the conveyance of such unit from Developer to such Purchaser. The Affordable Housing Resale Restriction shall include, among other things, a first right of refusal in favor of the Authority to the purchased Restricted Unit.

“Area median income” shall mean the median income of the Riverside-San Bernardino-Ontario Standard Metropolitan Statistical Area, adjusted for family size by the United States Department of Housing and Urban Development (“HUD”) pursuant to Section 8 of the United States Housing Act of 1937, as determined by HUD and published from time to time by the California Department of Housing and Community Development.

“CalVet” means the California Department of Veteran Affairs.

“DDA” shall mean the Disposition and Development Agreement entered by and between the Authority and Habitat for Humanity Riverside, Inc., a California nonprofit public benefit corporation, dated as of \_\_\_\_\_, 2015.

“First Time Homebuyer” means an individual and his or her spouse who have not owned a home during the three (3)-year period immediately preceding the purchase of the Restricted Unit, except that an individual may not be excluded from consideration as a First Time Homebuyer on the basis that the individual owns or owned, as a principal residence during the 3-year period immediately preceding the purchase of the Restricted Unit, a dwelling unit whose structure is not permanently affixed to a permanent foundation in accordance with local or other applicable regulations.

“First Mortgage Loan” means the first priority loan from CalVet to Owner to pay a portion of the purchase price for the Dwelling Unit.

“Housing Cost” shall have the meaning set forth in Title 25 California Administrative Code Section 6920.

“Lower Income” or “Lower Income Household” shall have the meaning set forth in Health and Safety Code Section 50079.5. If the California Department of Housing and Community Development discontinues publishing the Lower Income limits, the term “Lower Income” shall mean a household income that does not exceed 80% of the area median income for the County of Riverside, adjusted by family size.

“Owner” shall mean and include the undersigned Owner and any or all successors in interest (whether voluntary or involuntary), transferees, assigns, heirs, executors, or administrators of the undersigned.

“Right of First Refusal” shall mean the Authority’s right of first refusal to purchase the Dwelling Unit pursuant to that certain Affordable Housing Resale Restriction of approximately even date

herewith by and between Authority and Owner. The Authority's right of first refusal set forth in the Affordable Housing Resale Restrictions shall be freely assignable by Authority to Developer or to a Lower Income Household.

"Second Mortgage Loan" means the silent second mortgage loan in the amount of \_\_\_\_\_ issued by Developer to Purchaser subordinate to the first priority loan issued by CalVet. The Second Mortgage Loan shall be evidenced by a promissory note for the benefit of Developer and secured by a subordinated deed of trust encumbering the respective Restricted Unit.

"Subsidy" shall mean, the assistance provided by Authority to Developer under the DDA.

## 2. Affordability

Owner covenants and agrees for itself, its successors, assigns and any successor in interest to the Dwelling Unit, or any portion thereof, as follows: the Dwelling Unit shall be sold to and occupied exclusively by Lower Income Households who are First Time Homebuyers for an affordable sale price (including a down payment) such that their total Housing Cost is as follows, for lower income households whose gross incomes exceed the maximum income for very low income households and do not exceed 70 % of the area median income adjusted for family size, the product of 30 % times 70 % of the area median income adjusted for family size appropriate for the unit. In addition, for any lower income household that has a gross income that equals or exceeds 70 % of the area median income adjusted for family size, the housing cost shall not exceed 30% of the gross income of the household. As used herein, the term, "adjusted for household size appropriate to the unit" means a household size equal to the number of bedrooms in the unit plus one.

Owner, its successors, assigns and any successor in interest to the Dwelling Unit, and all subsequent purchasers in the chain of title, shall be subject to the income, occupancy and resale restrictions set forth herein for a period of forty-five (45) years commencing on the date the Grant Deed for the initial sale of the Dwelling Unit is recorded in the Official Records.

## 3. Method of Resale

### (a) Procedures to Notify Authority

(i) Notice of Proposed Resale. Owner shall not sell or otherwise transfer the Dwelling Unit except in accordance with this Addendum and the First and Second Mortgage loan documents. If the Owner of the Dwelling Unit desires to sell or otherwise transfer the Dwelling Unit, the Owner shall notify the Authority in writing (hereinafter referred to as the "Notice of Intended Sale") and provide such information as the Authority shall reasonably request regarding the proposed sale or transfer. The Notice of Intended Sale shall state the street address of the Dwelling Unit, the Owner's full name(s), the name and current address of the proposed purchaser, and the terms of the proposed transaction. The Notice of Intended Sale, together with the Authority-required information shall be personally delivered or deposited into the U.S. mail, postage prepaid, first class, certified mail, return receipt requested, addressed to:



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

(ii) Submission of Additional Information. Representatives of the Authority may at any time after the Authority's receipt of the Notice of Intended Sale, request that the Owner or the proposed purchaser provide additional information regarding the proposed transaction for the transfer of the Dwelling Unit, and the Owner and/or purchaser shall supply such information as soon as practicable.

(iii) Determination relating to Purchase. Upon receipt of the Notice of Intended Sale, the Authority (or its delegated representative) shall notify Owner whether Authority (or Authority's assignee) elects to exercise its Right of First Refusal to purchase the Dwelling Unit. If Authority (or Authority's assignee) elects not to exercise its Right of First Refusal, the Dwelling Unit may be sold without restriction, in which case the Authority shall promptly determine and notify Owner of any payoff due in connection with the sale of the Dwelling Unit at market rate without any restrictions pursuant to the CRL.

(iv) Assignment or Extinguishment and Release of Addendum.

- (1) If the Authority (or Authority's assignee) elects to exercise its Right of First Refusal to purchase the Dwelling Unit for sale to a Lower Income Household, the Authority and Owner shall execute and record such instruments as may be necessary to permit the Lower Income Household to assume Owner's obligations under this Addendum; or
- (2) If the Authority (or Authority's assignee) elects not to exercise its Right of First Refusal to purchase the Dwelling Unit and the Dwelling Unit is allowed to be sold without restriction, upon the sale or other transfer of the Dwelling Unit and any payoff due in connection with the sale of the Dwelling Unit at market rate without any restrictions pursuant to the CRL, the Authority shall execute and record such instruments as may be necessary to extinguish and release this Addendum.

(b) Notice of Default Under Deed of Trust or Mortgage, and Authority's Right to Enforce.

The Owner covenants to cause to be filed in the Office of the Recorder of the County of Riverside a request for a copy of any notice of sale or notice of default under any deed of trust or mortgage with power of sale encumbering the Dwelling Unit or any part thereof. Such request shall specify that any such notice shall be mailed to:

Housing Authority of the  
County of Riverside

5555 Arlington Avenue  
Riverside, CA 92504  
Attn: Deputy Executive Director

(c) Disposition of the Dwelling Unit Contrary to Agreement; Other Defaults.

If the Owner sells, transfers, conveys or otherwise disposes of the Dwelling Unit contrary to this Addendum to Grant Deed, or and/or the First and Second Mortgages, the Authority shall at any time thereafter, at its election, have the right to declare such disposition or other act null and void and/or seek enforcement of the terms and conditions thereof in any manner whatsoever and by law or equity.

4. Limits on Liability

Neither the County of Riverside ("County") nor the Authority shall be liable to Owner or become obligated in any manner to any Owner by reason of the enforcement of this Addendum, nor shall the County or the Authority be in any way obligated or liable to Owner or any subsequent Owner for any failure of any person to consummate a purchase of the Dwelling Unit or to comply with the terms of any agreement of escrow for the sale of the Dwelling Unit. Only the purchaser executing a purchase agreement or escrow instruction shall be liable to Owner or any subsequent Owner pursuant to the terms of any such agreement or escrow instructions. Neither the County nor the Authority shall be liable or responsible for any defect in the condition of the Dwelling Unit of whatever nature and Owner, on behalf of itself and each subsequent Owner, agrees to release the County and the Authority from any such liability and/or responsibility and further agrees to hold the County and the Authority harmless from any claim or cause of action brought by third parties arising out of any such defect.

5. Transfers and Conveyances

Until such time as this Addendum is released by the Authority or expires, the Dwelling Unit and any interest or title thereto shall not be sold, leased, rented, assigned, or otherwise transferred to any person or entity except with the express written consent of the Authority, which consent shall be granted or denied in the sole discretion of the Authority and only if consistent with the Authority's goal of creating, preserving, maintaining, and protecting affordable Lower Income housing in the County of Riverside, and denial of which consent shall result in the Authority having the right, at its election, to declare the sale, lease, transfer, assignment or rental to be null and void and seek judicial enforcement thereof.

6. Permitted Transfers

The following transfers of title or any interest therein shall be permitted under this Addendum:

- (a) A transfer resulting from the death of an obligor where the transfer is to the spouse who is also an obligor;
- (b) A transfer by an obligor where the spouse becomes the co-owner of the Dwelling Unit and enters into an assumption agreement relating to the First Mortgage Loan and Second Mortgage Loan;

(c) A transfer resulting from a decree of dissolution of the marriage or legal separation or from a settlement agreement incidental to such a decree which requires the obligor to continue to make loan payments by which a spouse who is an obligor becomes the sole owner of the Dwelling Unit; or

(d) A transfer into an inter vivos trust in which the obligor or obligors are beneficiaries. Provided, however, that the covenants contained in and the restrictions imposed upon the Owner and the Dwelling Unit by this Addendum shall continue to encumber and run with the title to the Dwelling Unit following said transfers.

7. Permitted Encumbrances

This Addendum is based upon the aforementioned First Mortgage promissory note and Second Mortgage promissory note which are secured by first and second lien deeds of trust ("First and Second Mortgages") on the Dwelling Unit in favor of CalVet and Developer respectively. The Owner shall not encumber the Dwelling Unit for the purpose of securing financing either senior in priority or subordinated to said promissory notes without the prior written approval of the Authority. If the Dwelling Unit is acquired at a foreclosure sale under any deed of trust or mortgage encumbering the Dwelling Unit or by deed in lieu of foreclosure sale, title to the Dwelling Unit shall be taken subject to the covenants, restrictions and terms of the Grant Deed (including, but not limited to this Addendum).

8. Runs With Land

Unless otherwise provided by the terms herein, provisions of this Addendum constitute covenants which shall run with the land, shall further and independently constitute an encumbrance upon the Dwelling Unit, and shall be binding upon the Owner, the Owner's heirs, executors, administrators, successors, transferees and assigns, and all parties having or acquiring any right, title or interest in or to any part of the Dwelling Unit (except a deed of trust or mortgage to which the Authority has expressly agreed in writing to subordinate this Addendum). As long as this Addendum has not expired, any attempt to transfer title to any interest in the Dwelling Unit in violation of this Addendum shall be voidable at the election of the Authority.

9. Acceptance of Terms by Owner

By acceptance of the Grant Deed (including this Addendum), the Owner accepts and agrees to be bound by all of the covenants and restrictions contained in this Addendum, and further acknowledges receipt of this Addendum.

10. Default by Owner

In the event of a default by Owner hereunder, Authority shall have the right to exercise all remedies available in law and equity.

11. Term of Addendum

The term of the provisions of the Grant Deed, including this Addendum, restricting the sale and resale of the Dwelling Unit shall be forty-five (45) years following the date of recordation of the Grant Deed to the initial purchaser of the Dwelling Unit, except if the Authority releases this Addendum sooner in accordance with this Addendum.

12. Miscellaneous Provisions

- (a) Independent and Severable Provisions. In the event that any provision of this Addendum is held by a court of competent Jurisdiction to be unenforceable or invalid, such holding shall not render unenforceable any other provision hereof, each provision hereof being expressly severable and independently enforceable to the fullest extent permitted by law.
- (b) Further Assurances and Recordation. The Owner covenants that upon the request of the Authority, he, she or they will execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such further instruments and agreements and do so such further acts as may be necessary, desirable or proper to carry out more effectively the purpose of this Addendum and other instruments required hereunder, including, but not limited to, promissory notes of indebtedness and second and third lien deeds of trust and upon the sale or other transfer of an interest subject to said second and third lien deeds of trust on the Dwelling Unit, the Owner shall cause the purchaser or transferee to execute and acknowledge an Addendum to Grant Deed in a form acceptable to the Authority, which shall be attached to the grant deed by which the undersigned conveys title to the Dwelling Unit.
- (c) Captions and Paragraph Headings. Captions and paragraph headings used herein are for convenience only and shall not be used in construing this Addendum.
- (d) Waiver. No waiver by the Authority of any breach by the Owner of any covenant, restriction or condition herein contained shall be effective unless such waiver is in writing, signed by the Authority and delivered to the undersigned. The waiver by the Authority of any such breach of breaches, or the failure by the Authority to exercise any right or remedy in any and all such breach or breaches, shall not constitute a waiver or relinquishment for the future of any such covenant or condition nor bar any right or remedy of the Authority in respect of any such subsequent breach.
- (e) Enforcement. The terms and provisions of this Addendum shall, without regard to technical classification and designation, be binding on Owner and any successor in interest to the Dwelling Unit or any part thereof for the benefit and in favor of the Authority, its successors and assigns, and the County of Riverside. The Authority shall have the right, if any provisions of this Addendum are breached, to exercise all rights and remedies, and to maintain any actions or suits at law or in equity or other proper proceedings to enforce the curing of such breaches to which it or any other beneficiary of this Addendum are entitled.

By signature herein below the Owner hereby accepts and approves the foregoing, agrees to be bound by the provisions of this Addendum and the deed to which this Addendum is attached, and grants to the Authority such powers and rights that are set forth in this Addendum to Grant Deed.

“OWNER”

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

Name: \_\_\_\_\_

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

Accepted and agreed to by the Authority this \_\_\_\_ day of \_\_\_\_\_, 2015.

HOUSING AUTHORITY OF THE  
COUNTY OF RIVERSIDE

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

Name: \_\_\_\_\_

Its: \_\_\_\_\_