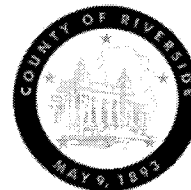


**SUBMITTAL TO THE BOARD OF COMMISSIONERS
HOUSING AUTHORITY
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**



ITEM
10.1
(ID # 4373)

MEETING DATE:

Tuesday, July 25, 2017

FROM : HOUSING AUTHORITY:

SUBJECT: HOUSING AUTHORITY: Approval of the First Amendment to Disposition and Development Agreement by and between the Housing Authority of the County of Riverside and Habitat for Humanity Riverside, Inc., Relating to Property known as Assessor's Parcel Numbers 169-100-055, 169-100-057 and 169-070-035 Located in the City of Jurupa Valley, District 2, [\$0], CEQA Exempt

RECOMMENDED MOTION: That the Board of Commissioners:

1. Find that the First Amendment to Disposition and Development Agreement, including all exhibits, (First Amendment to DDA) are exempt from California Environmental Quality Act (CEQA) pursuant to State CEQA Guidelines Section 15061 (b)(3);
2. Approve the attached First Amendment to DDA between the Housing Authority of the County of Riverside and Habitat for Humanity Riverside, Inc., a California nonprofit public benefit corporation, amending certain terms and provisions in the existing Disposition and Development Agreement to ensure consistency with the funding and program requirements of the primary lender, California Department of Veterans Affairs (CalVet);
3. Authorize the Chairman of the Board of Commissioners to execute the attached First Amendment to DDA; and
4. Authorize the Executive Director, or designee, to take all necessary steps to implement the First Amendment to DDA, including but not limited to, signing subsequent necessary and relevant documents, subject to approval by County Counsel.

ACTION: Policy

Robert Field, Assistant County Executive Officer/EDA

6/14/2017

MINUTES OF THE BOARD OF COMMISSIONERS

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

Ayes: Jeffries, Tavaglione, Washington, Perez and Ashley
Nays: None
Absent: None
Date: July 25, 2017
xc: Housing Authority

Kedra Harper-Ihem
Clerk of the Board
By
Deputy

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

FINANCIAL DATA	Current Fiscal Year:	Next Fiscal Year:	Total Cost:	Ongoing Cost
COST	\$ 0	\$ 0	\$ 0	\$ 0
NET COUNTY COST	\$ 0	\$ 0	\$ 0	\$ 0
SOURCE OF FUNDS: N/A			Budget Adjustment:	No
			For Fiscal Year:	17/18

C.E.O. RECOMMENDATION: Approve

BACKGROUND:

Summary

The Housing Authority of the County of Riverside (Housing Authority) and Habitat for Humanity Riverside, Inc., a California nonprofit public benefit corporation (Developer) entered into that certain Disposition and Development Agreement dated June 15, 2015 (DDA). Pursuant to the DDA, subject to the satisfaction of certain conditions, the Housing Authority agreed to convey to Developer that certain real property located in the City of Jurupa Valley, identified as Assessor's Parcel Numbers (APN) 169-100-055, 169-100-057 and 169-070-035 (Property). In addition, pursuant to the DDA the Developer is required to develop and construct 26 single-family homes which are to be sold to qualified low-income households for an affordable sales price, with a preference for veterans. The homes are to be built using the self-help method wherein purchasers contribute labor to the construction of the homes as a 'sweat equity' down payment. The DDA does not provide for any financing from the Housing Authority. The Property and the subsequent single family homes developed on the Property will be subject to long-term affordability restrictions recorded against the Property and each home.

The development, construction and subsequent purchase and sale of the single family homes located on the Property will be financed primarily through funding from the California Department of Veteran Affairs (CalVet) in the amount of \$5,200,000 and various capital contributions including: \$400,000 from Flex Cap funding, \$105,000 from J.P. Morgan Chase, \$75,000 from Jack 'n Jill of America, \$220,000 from the Home Depot Foundation, \$250,000 from Wells Fargo Foundation, \$250,000 from Bank of America Foundation and \$300,000 from in kind donations in the form of labor and products. The estimated total development cost of the project is approximately \$6,800,000.

As a condition precedent to financing the CalVet loan, CalVet is requiring that certain terms and provisions contained in the DDA, including exhibits, be amended to incorporate terms required under CalVet funding and program requirements. The requested amendments are necessary since an economically feasible alternative method to financing the project is not available. CalVet is the primary lender. The attached proposed First Amendment to Disposition and Development Agreement (First Amendment to DDA) sets forth the requested revisions. The proposed First Amendment to DDA will ensure the timely development and construction of the project, will not adversely affect the receipt of any benefit or right of the Housing Authority, including without limitation causing or requiring the subordination of the affordability covenants, and will not increase any Housing Authority obligation or liability under the DDA.

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

County Counsel has reviewed and approved the attached First Amendment to DDA as to form. Staff recommends that the Board approve the attached First Amendment to DDA, including all exhibits.

CEQA Analysis

The proposed First Amendment to DDA was reviewed and determined to be exempt from the California Environmental Quality Act (CEQA) pursuant to State CEQA Guidelines Section 15061(b)(3), Common Sense, General Rule Exemption. The project involves the modification of terms and provisions in the existing DDA to ensure consistency with CalVet loan funding and program requirements in the form of an amendment to the existing DDA. No expansion of an existing use will occur under the First Amendment to DDA. In addition, it can be seen with certainty that there is no possibility that the proposed First Amendment to DDA may have a significant effect on the environment and will not lead to any direct or reasonably indirect physical environmental impacts since the impacts of each amendment are purely administrative in nature and will only have financial impacts. The environmental impacts of the 26 for sale single-family affordable housing development to be constructed on the Property pursuant to the existing DDA were already adequately analyzed and addressed under CEQA in the Initial Study Checklist/ Mitigated Negative Declaration under City of Jurupa Valley Master Application 1463 adopted by the County of Riverside Board of Commissioners on June 16, 2015. No substantial changes to the project or circumstances under which the project will be undertaken have occurred necessitating further environmental documentation.

A Notice of Exemption will be filed by Housing Authority staff with the County Clerk within 5 days of the approval of the First Amendment to DDA, including all exhibits.

Impact on Residents and Businesses

The First Amendment to DDA will ensure consistency with CalVet funding and program requirements which will allow for the purchase and subsequent construction and sale of 26 single-family homes for low income veteran families to proceed in accordance with the approved plans and budget. The construction of the homes will provide much needed affordable housing within the County of Riverside and will generate construction jobs.

Attachment

First Amendment to Disposition and Development Agreement, including exhibits


Rohini Dasika, Principal Management Analyst

7/17/2017


Gregory E. Priarios, Director County Counsel

7/11/2017

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

3 RECORDING REQUESTED BY AND
4 WHEN RECORDED MAIL TO:

5 Housing Authority of the County of Riverside
6 5555 Arlington Ave
7 Riverside, CA 92504
Attn: Mervyn Manalo

8 SPACE ABOVE THIS LINE FOR RECORDERS USE

9 **FIRST AMENDMENT TO DISPOSITION AND DEVELOPMENT AGREEMENT**
10 **(Jurupa Valley CalVet REN Community)**

11 This First Amendment to Disposition and Development Agreement (Jurupa Valley
12 Cal Vet Ren Community) ("Amendment") is made and entered into this 25th day of
13 July, 2017 by and between THE HOUSING AUTHORITY OF THE COUNTY OF
14 RIVERSIDE, a public entity, corporate and politic, in its capacity as housing successor to the
15 former Redevelopment Agency for the County of Riverside ("AUTHORITY"), and HABITAT
16 FOR HUMANITY RIVERSIDE, INC., a California nonprofit public benefit corporation
17 ("DEVELOPER"). DEVELOPER and AUTHORITY shall collectively be referred to herein as
the "Parties" and individually as a "Party."

18 RECITALS:

19 WHEREAS, AUTHORITY and DEVELOPER entered into that certain Disposition and
20 Development Agreement dated June 16, 2015 ("DDA") providing for, among other things,
21 AUTHORITY's conveyance to DEVELOPER of approximately 5.3 acres of vacant land located
22 420 feet north of Mission Boulevard at the terminus of Amarillo Street in the City of Jurupa
23 Valley, County of Riverside, identified as Assessor's Parcel Numbers 169-100-055, 169-100-
24 057 and 169-070-035, as depicted on the site map and described in the legal description each
25 attached hereto as Exhibits A and B respectively and incorporated herein by this reference
26 ("Property"). All capitalized terms not defined herein shall have the meaning ascribed to them
27 in the DDA;

28 WHEREAS, pursuant to the DDA, DEVELOPER is required, among other things, to

JUL 25 2017 10.1

1 cause the development and construction on the Property, through the self-help method, of 26 for-
2 sale single-family homes to be sold and occupied by low-income first time homebuyers for an
3 affordable purchase price ("Project"), as more specifically described in the DDA;

4 WHEREAS, pursuant to the DDA, costs to construct and development the Project shall
5 be derived from a combination of Necessary Capital Contributions (as defined in the DDA) and
6 a loan from the California Department of Veteran Affairs ("CalVet") in the approximate amount
7 of \$5,200,000;

8 WHEREAS, as a condition precedent to the funding of CalVet's loan, Calvet has required
9 that certain provisions contained in the DDA be amended to ensure consistency with CalVet loan
10 program requirements;

11 AUTHORITY and DEVELOPER desire to amend the DDA to revise certain terms and
12 provisions to be consistent with the funding and program requirements of CalVet. The proposed
13 revisions will ensure the development and construction of the Project, will not adversely affect
14 the receipt of any benefit or right of the AUTHORITY, including without limitation causing or
15 requiring the subordination of the affordability covenants in the Agreement Containing
16 Covenants, and will not increase any AUTHORITY obligation or liability under the DDA;

17 WHEREAS, the purpose of this Amendment is to effectuate and amend the DDA, Method
18 of Financing (Attachment No. 2 to DDA) and Schedule of Performance (Attachment No. 3 to
19 DDA) to ensure consistency with CalVet funding and program requirements, all on the terms and
20 conditions as set forth below.

21 NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of
22 which is hereby mutually acknowledged, the Parties do hereby agree as follows:

23 1. **Recitals.** The Recitals and attachments referenced above are incorporated herein by this
24 reference and adopted by the Parties to be true and correct.

25 2. **Amendments to the DDA.**

26 a. **Recitals.**

27 i) Recitals J. and K. of the DDA are hereby deleted in their entirety and
28 replaced with the following:

1 “J. Developer, in collaboration with the California Department of Veteran
2 Affairs (“CalVet”) desires to implement the CalVet Residential Enriched Neighborhood model
3 (defined below) in the City of Jurupa Valley and partner with local businesses and community
4 organizations to provide and support a community of 26 Lower Income (as defined herein) family
5 households, with a preference for Veterans (as defined herein) and their families, and assist them
6 with social services and training to achieve self-sufficiency (“Jurupa Valley CalVet REN
7 Community”) to be developed and constructed on the Property. Developer has reserved
8 approximately \$5,200,000 with CalVet to provide home loans under the terms and conditions
9 prescribed by the Military and Veterans Code and Title 12 of the California Code of Regulations;

10 “K. On August 20, 2013, the Authority’s Board of Commissioners adopted
11 Resolution No. 2013-008 supporting the reservation for CalVet funding and intent to donate land
12 for the development and construction of the Jurupa Valley CalVet REN Community;”

13
14 (ii) The term “Jurupa Valley Enriched Veterans Neighborhood Project”
15 defined in Recital J. of the DDA, is hereby deleted in its entirety and replaced with the term,
16 “Jurupa Valley CalVet REN Community.”

17
18 b. **Amendment to Definitions.** Section 1.1 of the DDA titled, “Definitions” is hereby
19 amended as follows:

20 i) The definition of “Affordable Sales Price” is hereby deleted in its entirety
21 and replaced with the following definition:

22 “**Affordable Sales Price**” means that portion of the Sales Price of a Restricted Unit that
23 is equal to the sum of a First Lien Security Instrument and any down payment, if applicable,
24 where the total Housing Cost to be paid by the Purchaser does not exceed the Affordable Housing
25 Cost. The Affordable Sales Price shall be established so that payments on the First Lien Security
26 Instrument (based on a 30-year fixed rate loan at prevailing interest rates) will not exceed an
27 Affordable Housing Cost to the buyer when added to all other components of the Housing Cost,
28 as defined in Section 6920 of title 25 of the California Administrative Code.”

1
2 ii) The definition of "CalVet" is hereby deleted in its entirety and replaced
3 with the following definition:

4 "CalVet" means the California Department of Veteran Affairs, whose legal name
5 is the Department of Veterans Affairs, which exists within the government of the State of
6 California, and also refers to the CalVet Home Loan Program, and their successors."

7 iii) The definition of "Construction Financing Event" is hereby deleted in its
8 entirety and replaced with the following definition:

9 "Construction Financing Event" "Construction Financing Event" means the
10 occurrence of the satisfaction of all conditions precedent to the commencement of disbursement
11 of each Construction Loan proceeds, including, without limitation, recordation of the
12 Construction Loan Security Instrument transfer of land ownership recorded in the Official
13 Records."

14 iv) The definition of "Construction Loan" is hereby deleted in its entirety and
15 replaced with the following definition:

16 "Construction Loan" means the congregate of individual loans for the 26 units
17 from CalVet in the approximate total amount of \$5,200,000 made to the Developer, secured in
18 accordance with the specifications the Construction Loan Security Instrument. The Construction
19 Loan will convert to a First Lien Security Instrument for the qualified Purchaser upon the close
20 of escrow for the sale of a Restricted Unit from Developer to such qualified Purchaser."

21 v) The definition of "Construction Loan Deed of Trust " is hereby deleted in
22 its entirety and replaced with the following definition:

23 "Construction Loan Security Instrument" means the security instrument securing
24 the Construction Loan that is first in priority."

25 vi) The definition of "First Mortgage Loan" is hereby deleted in its entirety
26 and replaced with the following definition:

27 "First Lien Security Instrument" means a loan made by CalVet to a Purchaser to
28 be used to pay a portion of the Affordable Sales Price of a Restricted Unit, which, upon the sale

1 of a Restricted Unit to a Purchaser, shall be secured by security instruments creating a lien on
2 the Restricted Unit that is senior in priority to the lien of the Second Mortgage deed of trust, the
3 third mortgage deed of trust, if necessary, and all other subordinate liens.”

4 vii) The definition of “Lender” or “Senior Lender” is hereby deleted in its
5 entirety and replaced with the following definition:

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

8 viii) The definition of “Lower Income” or “Lower Income Household” is
9 hereby deleted in its entirety and replaced with the following definition:

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

15 ix) The definition of “Permitted Transfer” is hereby deleted in its entirety and
16 replaced with the following definition:

17 “ “Permitted Transfer” means assignment of all or any part of this
18 Agreement or any right therein, or the sale, agreement to sell, transfer, conveyance or assignment
19 of the Property or any portion thereof or interest therein to any of the following, subject to the
20 reasonable approval in writing of CalVet, said approval not to be unreasonably withheld,
21 conditioned or delayed, based on the Contractor and Provider Requirements herein attached:

22 (1) A partnership or limited liability company in which Developer, or an entity
23 controlled by Developer, is the managing general partner or managing member
24 and is in control thereof;

25 (2) The admission of additional new general or limited partners or members,
26 or the substitution or deletion of partners or members to any such partnership
27 or limited liability company set forth in clause a. above, so long as Developer
28 or an entity controlled by Developer continues in control;

1 (3) A corporation that is wholly owned and that is controlled by Developer or
2 an entity controlled by Developer;

3 (4) The granting of easements, licenses or permits to facilitate the development
4 of the Property;

5 (5) The transfer or conveyance of all or any portion of the Property by
6 foreclosure or deed of trust or by transfer in-lieu-of foreclosure to a Lender;
7 and

8 (6) The sale for occupancy of any Restricted Unit in conformance with this
9 Agreement.

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

14 x) The definition of “Second Mortgage Loan” is hereby deleted in its entirety
15 and replaced with the following definition:

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

20 xi) The definition of “Senior Loan” is hereby deleted in its entirety and
21 replaced with the following definition:

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

26 xii) The definition of “Transfer” is hereby deleted in its entirety and replaced
27 with the following definition:

28 “ “Transfer” means with respect to a Residence within the Project, any sale,

1 conveyance, transfer, transfer upon death, lien, encumbrance, mortgage, deed of trust,
2 assignment, lease, or sublease, whether voluntary or involuntary, as well as the recording of any
3 document against the Residence reflecting the same. Any such Transfer of the Residence shall
4 be governed by California Military and Veterans Code section 987.73. Primary Lender's CalVet
5 Loan Contract shall be paid in full upon the date of any Transfer of the Residence."

6 c. **New Definitions.** Section 1.1 of the DDA, titled, "Definitions" is hereby
7 amended to add the following definition:

8 " "CalVet Contract Holder" means a Veteran or any person who has entered into
9 a CalVet Loan Contract to purchase a Residence from CalVet. A CalVet Contract Holder retains
10 an equitable interest in the Residence for the duration of the CalVet Loan Contract."

11 " "CalVet Loan" means the sale of a Residence by CalVet to a Purchaser through
12 a CalVet Loan Contract."

13 " "CalVet Loan Contract" means a long-term installment sales contract evidencing
14 and securing the CalVet Loan and pursuant to which CalVet holds legal title to the Residence
15 while the Purchaser maintains an equitable interest in the Residence until the CalVet Loan
16 Contract is paid in full. The interest of CalVet in the Residence pursuant to the CalVet Loan
17 Contract takes first priority over any interests of Junior Lienholders."

18 " "CalVet Memorandum Agreement of Sale and Assignment" means the recorded
19 document reflecting CalVet's agreement to sell the Residence to the Purchaser and the
20 Purchaser's agreement to purchase the Residence from CalVet at a price and according to terms
21 set forth in the unrecorded CalVet Loan Contract."

22 " "CalVet Pre-Cancellation Related Transfer" means the transfer of a Residence
23 to a Qualified Household prior to the cancellation of the CalVet Loan Contract by CalVet, the
24 reversion of any and all equitable interests in the Residence to CalVet, and the forfeiture of any
25 and all rights and interests of the CalVet Contract Holder and Junior Lienholders in the Residence
26 to CalVet under the CalVet Loan Contract, the California Military and Veterans Code, and Title
27 12 of the California Code of Regulations."

28 " "CalVet REN Community" means the collection of Residences within the same

1 development constituting a unified neighborhood of affordable homes for Veterans and their
2 families that includes social, health and educational services designed to foster self-sufficiency
3 and stability.”

4 ““Contractor (or Developer)” means a person who holds a current and active Class
5 B – General Building Contractor license in accordance with California Business and Professions
6 Code section 7057.”

7 ““Local Authority” means any city, county, town, district, community or other
8 general purpose political subdivision within the state of California. Such term includes a local
9 public body or agency.”

10 ““Owner” means a qualified Veteran holding an equitable and/or legal interest in
11 the Residence pursuant to a CalVet Loan Contract, or the holder of legal title to the Residence
12 pursuant to a valid deed. It further includes each person acquiring a legal or equitable interest in
13 any Residence in the Project, however acquired.”

14 ““Primary Lender” or “Senior Lender” means CalVet in the case of a Veteran or
15 any person who has entered into a CalVet Loan Contract for the purchase of a Residence and
16 retains an equitable interest in that Residence until the CalVet Loan Contract is paid in full. The
17 interest of CalVet in the Residence pursuant to the CalVet Loan Contract takes first priority over
18 any interests of Junior Lienholders and is thereby considered the senior loan, first position.”

19 ““Residence” means the real property located within the Project constructed by
20 Contractor on the Site and having a unique legal description.”

21 ““Transferee” means any person, persons, or entity acquire or may legally acquire
22 an ownership interest or other legal interest in the Residence pursuant to a Transfer.”

23 ““Veteran” means any person who is a Veteran, as defined in the California
24 Military and Veterans Code and Title 12 of the California Code of Regulations.”

25 d. **Purpose of Agreement.** The second sentence in Section 1.2 of the DDA titled,
26 “Purpose of Agreement” is hereby deleted in its entirety and replaced with the
27 following, “ The purpose of this Agreement is to effectuate the Redevelopment Plan
28 for the Jurupa Valley Redevelopment Project Area by conveying the Property to

Developer for the construction and development thereon of a CalVet REN Community of twenty-six (26) single family homes to be sold for an Affordable Sales Price and occupied by qualified Lower Income First Time Homebuyers, as more specifically described in this Agreement.”

- e. **Assignments and Transfers**. Section 1.5 of the DDA titled, “Assignment and Transfers” is hereby deleted in its entirety and replaced with the following:

“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 and CalVet. Subject to review of documentation effectuating any such proposed assignment or transfer, the Authority and CalVet agree 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 and CalVet, there shall be no significant change in the ownership of Developer or in the

1 relative proportions thereof, or with respect to the identity of the parties in control of Developer or
2 the degree thereof, by any method or means, except Permitted Transfers.

3 (d) Any assignment or transfer of this Agreement or any interest herein or
4 significant change in ownership of Developer, other than certain Permitted Transfers, shall require
5 the written approval of the Authority, which shall not be unreasonably withheld. To the extent
6 Authority approval of an assignment or transfer is required by this Agreement, in granting or
7 withholding its approval, Authority shall base its decision upon the relevant experience, financial
8 capability and reputation of the proposed assignee or transferee and the effect, if any, of such
9 proposed transfer on the public purposes of this Agreement. In addition, Authority shall not
10 approve any assignment or transfer of this Agreement or any interest herein or significant change
11 in ownership of Developer that results in payment of consideration to any Person prior to the
12 issuance of the Release of Construction Covenants and that is not conditioned upon the issuance
13 of the Release of Construction Covenants. It is fully understood that the construction funding is
14 contingent on transfer of subdivided lots. These transfers are understood by all parties to be
15 Permitted Transfers and not subject to reversion upon initial disbursement.

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

27 (f) Permitted Transfers and any other assignments or transfers approved by the
28 Authority shall be evidenced by the Developer's, assignee's, and Authority's execution of an

1 assignment and assumption agreement substantially approved as to form and substance by the
2 Authority and Authority's general counsel.

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

4 f. **Evidence of Financing**. Section 2.16 (a) (1) and Section 2.16 (a) (2) of the DDA,
5 under the heading, "Evidence of Financing," are hereby each deleted in their entirety
6 and replaced with the following:

7 "1. A copy of the funding reservation letter relating to the Construction Loans with
8 CalVet, including a final project budget approved by CalVet, certified by Developer to be a true
9 and correct copy or copies thereof;"

10 "2. A copy of a loan commitment in the form of the funding reservation letter
11 evidencing that the CalVet Construction Loan will convert to permanent loans for qualified
12 Purchasers upon the conveyance of each Restricted Unit by Developer to such qualified
13 Purchaser, certified by Developer to be a true and correct copy or copies thereof;"

14 g. **Notice of Default to Lenders; Right of Lender to Cure Defaults**. Section 3.18 of
15 the DDA titled, "Notice of Default to Lenders; Right of Lender to Cure Defaults" is
16 hereby deleted in its entirety and replaced with the following:

17 **Section 3.18 Notice of Default to Lenders**

18 Whenever the Authority shall deliver any notice or demand to Developer with respect
19 to any breach or default by Developer in completion of construction of the Improvements, the
20 Authority shall at the same time deliver to each Primary Lender of record a copy of such notice
21 or demand. Each such Primary Lender shall (insofar as the rights of the Authority are concerned)
22 have the right at its option within ninety (90) days after the receipt of the notice, to take what
23 action is necessary and within its rights to force Developer to cure or remedy, or commence to
24 cure or remedy, any such default and to add the cost thereof to the security interest debt and the
25 lien of its security interest. It is provided further that such Primary Lender shall not be required
26 to remedy or cure any default of Developer. Any Primary Lender who forecloses on its Senior
27 Loan, or is assigned or otherwise succeeds to Developer's rights under this Agreement, shall have
28 the right to undertake or continue the construction or completion of the Improvements upon

1 execution of a written agreement with the Authority by which such Primary Lender expressly
2 assumes Developer's rights and obligations under this Agreement, approval of which agreement
3 shall not be unreasonably withheld by Authority. Any such Primary Lender properly completing
4 such improvements pursuant to this Agreement shall be entitled, upon written request made to the
5 Authority, to a Release of Construction Covenants from the Authority."

6 h. **Termination By Authority After Closing**. Section 5.9 of the DDA titled,
7 "termination by Authority After Closing," is hereby deleted in its entirety and replaced
8 with the following:

9 **"Section 5.9 Termination By Authority After Closing**

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

13 (b) After the Construction Financing Event, but before Completion of the
14 Improvements, and the sale of all of the Restricted Units to Lower Income First Time Homebuyers
15 in the event any of the following defaults shall occur and in accordance with this Agreement,
16 Authority shall have the additional right to terminate this Agreement with the Developer and in
17 collaboration with CalVet find a suitable Developer as a replacement, requiring a full accounting
18 of all construction financing spent to date along with return of unused dollars:

- 19 (1) Developer fails to maintain the Property, or fails to commence construction
20 of the Improvements as required by this Agreement, for a period of sixty
21 (60) days after written notice from the Authority, provided that the
22 Developer shall not have obtained an extension or postponement to which
23 the Developer may be entitled pursuant to Section 6.4 hereof; or
24 (2) Subject to Force Majeure, Developer abandons the Property or, after the
25 Construction Financing Event, substantially suspends construction of the
26 improvements for a period of thirty (30) days after written notice has been
27 given by the Authority to the Developer, provided the Developer has not
28 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 shall not result in a loss of equity by CalVet either in Construction funding or land ownership and the Authority will ensure CalVet's interests are made whole."

i. **Right of Reentry**. Section 5.10 (a) of the DDA under the heading, "Right of Entry," is hereby deleted in its entirety and replaced with the following:

"Section 5.10 Right of Reentry

(a) Subject to the notice and cure provisions of Section 5.1 and the land ownership of subdivided land detailed in Construction Security Instrument and 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 owned by the Developer) 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.”

3. **Method of Financing.** The Method of Financing attached to the DDA as Attachment No. 2 is hereby deleted in its entirety and replaced with the Amended Method of Financing attached hereto as Exhibit C and incorporated herein by this reference.
4. **Schedule of Performance.** The Schedule of Performance attached to the DDA as Attachment No. 3 is hereby deleted in its entirety and replaced with the Amended Schedule of Performance attached hereto as Exhibit D and incorporated herein by this reference.
5. **Addendum to Grant Deed.** The Form of Addendum to Grant Deed attached to the DDA as Attachment No. 5, is hereby deleted in its entirety and replaced with the Amended Form of Addendum to Grant deed attached hereto as Exhibit E and incorporated herein by this reference.
6. **Miscellaneous.**
 - a. **Further Cooperation.** The Parties agree to execute such other instruments, agreements and amendments to documents as may be necessary or appropriate to effectuate the DDA as amended by this Amendment.
 - b. **Interpretation.** This Amendment, when combined with the DDA, sets forth and contains the entire understanding and agreement of the parties hereto. There are no oral or written representations, understandings, or ancillary covenants, undertakings or agreements, which are not contained or expressly referred to within this Amendment or the DDA.
 - c. **Attachments.** Each of the attachments and exhibits attached hereto are incorporated herein by this reference.
 - d. **Effectiveness of DDA.** Except as modified and amended by this Amendment, all other terms and conditions of the DDA remain unmodified and in full force and effect.
 - e. **Counterparts.** This Amendment may be signed by the different parties hereto in counterparts, each of which shall be an original but all of which together shall constitute one and the same agreement.

- 1 f. **Effective Date.** The effective date of this Amendment is the date the Parties execute
2 this Amendment. If the parties execute this Amendment on more than one date, then
3 the last date this Amendment is executed by a party shall be the effective date.
4 g. **Board of Commissioners.** This Amendment is subject to the approval of the
5 AUTHORITY's Board of Commissioners.

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IN WITNESS WHEREOF, the Parties have executed this Amendment as of the dates written below.

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: 

John Tavaglione, Chairman
Board of Commissioners

Date: JUL 25 2017

DEVELOPER:

HABITAT FOR HUMANITY RIVERSIDE, INC., a California non-profit public benefit corporation

By: 

Kathy Michalak, Executive Director

Date: 7/12/17

ATTEST:

KECIA HARPER-IHEM
Clerk of the Board

By: 

Deputy

APPROVED AS TO FORM:

GREGORY P. PRIAMOS
COUNTY COUNSEL

By: 

Thaila R. Brown, Deputy County Counsel

(AUTHORITY and DEVELOPER signatures need to be notarized)

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

§

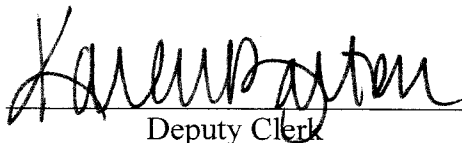
On July 25, 2017 before me, Karen Barton, Board Assistant, personally appeared John Tavaglione, Chairman of the Housing Authority Board of Commissioners, who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that 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)

ACKNOWLEDGMENT

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 July 12, 2017 before me, Yolanda Vega, Notary
(insert name and title of the officer)

personally appeared Kathy Michalak
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

Yolanda Vega

(Seal)

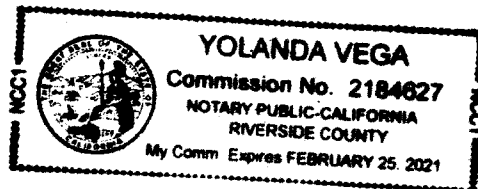


EXHIBIT A

SITE MAP

(behind this page)

EXHIBIT B
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 C
(ATTACHMENT NO. 2 TO THE DDA)
AMENDED METHOD OF FINANCING

(behind this page)

AMENDED METHOD OF FINANCING

This is the Amended Method of Financing attached to the Disposition and Development Agreement, as amended ("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 CalVet Construction Loan in the approximate aggregate 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 Construction loan funds and Necessary Capital Contributions, as set forth in the following chart and as described below:

Attachment No. 2 – Method of Financing

Sources

CalVet Construction Loan 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)	\$	300,000
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 or Construction Loan Security Instrument.

2.2 Permanent Sources of Financing

a. The Construction Loan in the approximate aggregate 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 or CalVet Loan on 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 or CalVet Construction Loans 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 or CalVet Construction Loans, 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.

6. 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.

7. 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 or CalVet 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 2nd 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.

EXHIBIT D

(ATTACHMENT NO. 3 TO THE DDA)

AMENDED 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. Approved by the Board on June 16, 2015
4. First Amendment to the DDA. Developer and Authority shall execute the First Amendment to the DDA prior to conveyance of property to Developer. August 1, 2017
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 First Amendment to 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 First Amendment to the DDA.

Continued on Following Page.

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.

EXHIBIT D

(ATTACHMENT NO. 5 TO THE DDA)

AMENDED 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 (the "Property" or "Dwelling Unit") is conveyed by Developer subject to the deed restrictions (collectively the "Deed Restriction") set forth below. Capitalized terms, words and phrases used in this Addendum shall have the same meanings as in the Grant Deed and that certain Disposition and Development Agreement (the "DDA") by and between Housing Authority of the County of Riverside ("Authority") and Developer, dated as of June 16, 2015 and recorded in the Official Records of the County of Riverside on _____, 2017 as Document No. _____, as amended by that certain First Amendment to Disposition and Development Agreement by and between Developer and Authority, dated _____, 2017 and recorded in the Official Records of the County of Riverside on _____, 2017 as Document No. _____, 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 Property is being sold to the Owner because Owner is a Lower Income First Time Homebuyer; that the Property being sold to Owner for a sales price that results in an Affordable Housing Cost to Owner as the result of a land contribution from Authority ("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 Property 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.

D. Deed Restrictions. inB. Deed Restrictions. In return for and in consideration of the opportunity for the Developer to sell and the Owner to purchase the Property 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. Affordability

Owner covenants and agrees for itself, its successors, assigns and any successor in interest to the Property, the Dwelling Unit, or any portion thereof, as follows: the Dwelling Unit shall be sold to

and occupied exclusively by Low Income Households for an affordable sale price (including a down payment) which results in an Affordable Housing Cost.

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 fifteen (15) years ("Affordability Period") commencing on the date the certificate of occupancy for the Dwelling Unit is recorded in the Official Records.

2. Method of Resale

(a) Procedures to Notify Authority

(i) Notice of Intent to Transfer. Owner shall not sell or otherwise transfer the Dwelling Unit except in accordance with this Addendum and the Senior Loan and Authority 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 Intent to Transfer") in the form attached to the Resale Restrictions and provide such information as the Authority shall reasonably request regarding the proposed sale or transfer. The Notice of Intent to Transfer 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 Intent to Transfer 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 Intent to Transfer, 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. Within thirty (30) days following receipt of the Notice of Intent to Transfer, 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) does not elect to exercise its Right of First Refusal, the Dwelling Unit may be sold to a lower income household for an affordable sale price

(iv) Assignment of Addendum.

(1) If the Authority (or Authority's assignee) elects to exercise its right of first refusal to purchase the Dwelling Unit pursuant to the Affordable Housing Resale Restriction ("Right of First Refusal") for sale to a Lower Income Household, the sale shall occur on the same terms as indicated in the Notice of Intent to Transfer, and the Authority and Owner shall execute and record such instruments as may be necessary to permit the Low 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 to a Lower Income Household for an affordable sale price, upon the sale or other transfer of the Dwelling Unit, the Authority shall execute and record such instruments as may be necessary to permit the Low Income Household to assume Owner's obligations under this Addendum.

(d) 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

(e) 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, the Senior Loan and/or 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.

3. 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.

4. 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 in accordance with this Addendum.

5. Permitted Transfers

The following transfers of title or any interest therein are permitted by this Addendum and shall not trigger the payment of any Owner's Equity to the Authority, any rights of the Authority to purchase the Dwelling Unit, or result in acceleration of the Authority Loan provided owner provides written notice of such transfer to Authority no later than seven (7) days after the occurrence of such an event:

- (a) A transfer resulting from the death of the Owner where the transfer is to the spouse who is also an Owner;
- (b) A transfer by an Owner to his/her spouse where the spouse becomes the co-owner of the Dwelling Unit and enters into an assumption agreement relating to the Senior Loan and Authority 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 Owner 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.

6. Permitted Encumbrances

The Owner shall not encumber the Dwelling Unit for the purpose of securing financing 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).

7. 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.

8. 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.

9. 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, including, but not limited to having the right, at its election, to declare a non-Authority approved sale, lease, transfer, assignment or rental, null and void and seek judicial enforcement thereof.

Nothing contained in this Addendum shall prevent the Authority from enforcing the provisions of Health and Safety Code Section 52022 or Civil Code Section 711.5, as amended from time to time, or from commencing foreclosure proceedings at any time if a default occurs under any deed of trust or mortgage.

10. 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 the issuance of the certificate of occupancy for the Dwelling Unit, except if the Authority releases this Addendum sooner in accordance with this Addendum.

11. 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. Upon the sale or other transfer of an interest subject to any of said 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 Grant 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: _____

[NOTARIZE SIGNATURE]



Original Negative Declaration/Notice of Determination was routed to County Clerks for posting on.

7/25/17
Date

Via H.A.
Initial

Notice of Exemption

To:

☐ Office of Planning and Research
For U.S Mail: Street Address:
P.O. Box 3044 1400 Tenth St.
Sacramento, CA 95812-3044 Sacramento, CA 95814

From:

Public Housing Authority of the County of
Agency: Riverside
Address: 5555 Arlington Avenue
Riverside, CA 92504
Contact: Mervyn Manalo, Housing Specialist
Phone: (951) 343-5495

☒ County Clerk

County of: Riverside
2724 Gateway Drive
P.O. Box 751
Address: Riverside, CA 92502-0751

Lead Agency (if different from above):
Address: _____

Contact: _____
Phone: _____

SUBJECT: Filing of Notice of Exemption in Compliance with Section 15061(b)(3) of CEQA Guidelines.

State Clearinghouse Number (if submitted to State Clearinghouse): N/A

Project Title: Approval of the First Amendment to Disposition and Development Agreement by and between the Housing Authority of the County of Riverside and Habitat for Humanity Riverside, Inc.

Project Location (include county): Property known as Assessor's Parcel Numbers 169-100-055, 169-100-057 and 169-070-035 Located in the City of Jurupa Valley

Project Description:

The Housing Authority of the County of Riverside (Housing Authority) and Habitat for Humanity Riverside, Inc., a California nonprofit public benefit corporation (Developer) entered into that certain Disposition and Development Agreement dated June 15, 2015 (DDA). Pursuant to the DDA, subject to the satisfaction of certain conditions, the Housing Authority agreed to convey to Developer that certain real property located in the City of Jurupa Valley, identified as Assessor's Parcel Numbers (APN) 169-100-055, 169-100-057 and 169-070-035 (Property). In addition, pursuant to the DDA the Developer is required to develop and construct 26 single-family homes which are to be sold to qualified low-income households for an affordable sales price, with a preference for veterans. The homes are to be built using the self-help method wherein purchasers contribute labor to the construction of the homes as a 'sweat equity' down payment. The DDA does not provide for any financing from the Housing Authority. The Property and the subsequent single family homes developed on the Property will be subject to long-term affordability restrictions recorded against the Property and each home.

The development, construction and subsequent purchase and sale of the single family homes located on the Property will be financed primarily through funding from the California Department of Veteran Affairs (CalVet) and various capital contributions. The estimated total development cost of the project is approximately \$6,800,000.

As a condition precedent to financing the CalVet loan, CalVet is requiring that certain terms and provisions contained in the DDA, including exhibits, be amended to incorporate terms required under CalVet funding and program requirements. The requested amendments are necessary since an economically feasible alternative method to financing the project is not available. CalVet is the primary lender. The First Amendment to Disposition and Development Agreement (First Amendment to DDA) sets forth the requested revisions. The proposed First Amendment to DDA will ensure the timely development and construction of the project, will not adversely affect the receipt of any benefit or right of the Housing Authority, including without limitation causing or requiring the subordination of the affordability covenants, and will not increase any Housing Authority obligation or liability under the DDA.

The proposed First Amendment to DDA was reviewed and determined to be exempt from the California Environmental Quality Act (CEQA) pursuant to State CEQA Guidelines Section 15061(b)(3), Common Sense, General Rule Exemption. The project involves the modification of terms and provisions in the existing DDA to ensure consistency with CalVet loan funding and program requirements in the form of an amendment to the existing DDA. No expansion of an existing use will occur under the

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First Amendment to DDA. In addition, it can be seen with certainty that there is no possibility that the proposed First Amendment to DDA may have a significant effect on the environment and will not lead to any direct or reasonably indirect physical environmental impacts since the impacts of each amendment are purely administrative in nature and will only have financial impacts. The environmental impacts of the 26 for sale single-family affordable housing development to be constructed on the Property pursuant to the existing DDA were already adequately analyzed and addressed under CEQA in the Initial Study Checklist/ Mitigated Negative Declaration under City of Jurupa Valley Master Application 1463 adopted by the County of Riverside Board of Commissioners on June 16, 2015. No substantial changes to the project or circumstances under which the project will be undertaken have occurred necessitating further environmental documentation.

Project Sponsor: Habitat for Humanity Riverside, Inc.

This is to advise that the Riverside County Board of Commissioners approved the above project on

☒ Lead agency or ☐ Responsible Agency

July 25, 2017

(tentative date)

and has made the following determinations regarding the above described project:

1. The Project is EXEMPT pursuant to State CEQA Guidelines Sections 15061(b)(3).

The Notice of Exemption Declaration is available to the General Public at:

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

Signature:

(Public Agency) _____

Title: John Aguilar, Deputy Director

Date: _____

Date received for filing at OPR: _____