

10. **Hazard or Property Insurance.** Trustor shall keep the improvements now existing or hereafter erected on the Property insured against loss of fire, hazards included within the term "extended coverage" and any other hazards, including floods or flooding, for which Beneficiary requires insurance. This insurance shall be maintained in the amounts and for the periods as required in the NSP1 Loan Agreement. The insurance carrier providing the insurance shall be chosen by Trustor subject to Beneficiary's approval which shall not be unreasonably withheld. If Trustor fails to maintain coverage described above, Beneficiary may, at Beneficiary's option, obtain coverage to protect Beneficiary's rights in the Property in accordance with **Section 12**.
- a. All insurance policies and renewals shall be acceptable to Beneficiary and shall include a standard mortgagee clause. All requirements hereof pertaining to insurance shall be deemed satisfied if the Trustor complies with the insurance requirements under this Deed of Trust and the NSP1 Loan Agreement. Trustor shall promptly give to Beneficiary certificates of insurance showing the coverage is in full force and effect and that Beneficiary is named as additional insured. In the event of loss, Trustor shall give prompt notice to the insurance carrier and Beneficiary. Beneficiary may make proof of loss if not made promptly by the Trustor.
 - b. Unless Beneficiary and Trustor otherwise agree in writing and subject to the rights of senior lenders, insurance proceeds shall be applied to restoration or repair of the Property damaged, provided Trustor determines that such restoration or repair is economically feasible and there is no default continuing beyond the expiration of all applicable cure periods. If Trustor determines that such restoration or repair is not economically feasible or if a default exists after expiration of all applicable cure periods, the insurance proceeds shall be applied to the sums secured by this Deed of Trust, with the excess, if any, paid to Trustor. If the Property is abandoned by Trustor, or if Trustor fails to respond to Beneficiary within 30 days from the date notice is mailed by Beneficiary to Trustor that the insurance carrier offers to settle a claim for insurance benefits, Beneficiary is authorized to collect and apply the insurance proceeds at Beneficiary's option either to restoration or repair of the Property or to the sums secured by this Deed of Trust.
 - c. Unless Beneficiary and Trustor otherwise agree in writing, any application of proceeds to principal shall not extend or postpone the due date of Note. If under **Section 27** the Property is acquired by Beneficiary, Trustor's right to any insurance policies and proceeds resulting from damage to the Property prior to the acquisition shall

pass to Beneficiary to the extent of the sums secured by this Deed of Trust immediately prior to the acquisition.

11. **Preservation, Maintenance and Protection of the Property; Trustor's Loan Application; Leaseholds.** Trustor shall not destroy, damage or impair the Property, allow the Property to deteriorate, or commit waste on the Property; normal wear and tear excepted. Trustor shall be in default if any forfeiture action or proceeding, whether civil or criminal, is begun that in Beneficiary's good faith judgment could result in forfeiture of the Property or otherwise materially impair the lien created by this Deed of Trust or Beneficiary's security interest. Trustor may cure such a default and reinstate, as provided in **Section 23**, by causing the action or proceeding to be dismissed with a ruling that, in Beneficiary's good faith determination, precludes forfeiture of the Trustor's interest in the Property or other material impairment of the lien created by this Deed of Trust or Beneficiary's security interest. Trustor shall also be in default if Trustor, during the loan application process, gave materially false or inaccurate information or statements to Beneficiary (or failed to provide Beneficiary with any material information) in connection with the loan evidenced by the Note, including, but not limited to representations concerning Trustor's use of Property for affordable housing. If this Deed of Trust is on a leasehold, Trustor shall comply with all provisions of the lease. If Trustor acquires fee title to the Property, the leasehold and the fee title shall not merge unless Beneficiary agrees to the merger in writing.
 - a. The Trustor acknowledges that this Property is subject to certain affordability, use and occupancy restrictions (which may be further evidenced by a separate agreement recorded in the land records where the Property is located), limiting the Property's use to "low-income housing" within the meaning of NSP1. The use and occupancy restrictions may limit the Trustor's ability to rent the Property. The violation of any use and occupancy restrictions may, if not prohibited by federal law, entitle the Beneficiary to the remedies provided in **Section 27** hereof.
12. **Protection of Beneficiary's Rights in the Property.** If Trustor fails to perform the covenants and agreements contained in this Deed of Trust, or there is a legal proceeding that may significantly affect Beneficiary's rights in the Property (such as a proceeding in bankruptcy, probate, for condemnation or forfeiture or to enforce laws or regulations), then, subject to any applicable grace periods or cure periods, Beneficiary may do and pay for whatever is necessary to protect the value of the Property and Beneficiary's rights in the Property. Beneficiary's actions may include paying any sums secured by a lien which has priority over this Deed of Trust, appearing in court, paying reasonable attorneys' fees, and entering on the Property to make repairs. Although Beneficiary may take action under this **Section 12**, Beneficiary does not have to do so.

- a. Any amounts disbursed by Beneficiary under this **Section 12** shall become additional debt of Trustor secured by this Deed of Trust. Unless Trustor and Beneficiary agree to other terms of payment, these amounts shall bear interest from the date of disbursement at the Note rate and shall be payable, with interest, upon notice from Beneficiary to Trustor requesting payment.
13. **Reserved.**
 14. **Inspection.** Beneficiary or its agent may make reasonable entries upon and inspections of the Property. Beneficiary shall give Trustor at least forty-eight (48) hours advanced notice in connection with an inspection specifying reasonable cause for the inspection.
 15. **Condemnation.** The proceeds of any award or claim for damages, direct or consequential, in connection with any condemnation or other taking of any part of the Property, or for conveyance in lieu of condemnation, are hereby assigned and shall be paid to Beneficiary.
 - a. In the event of a total taking of the Property, the proceeds shall be applied to the sums secured by this Deed of Trust, whether or not then due, with any excess paid to Trustor. In the event of a partial taking of the Property in which the fair market value of the Property immediately before the taking is equal to or greater than the amount of the sums secured by this Deed of Trust immediately before the taking, unless Trustor and Beneficiary otherwise agree in writing, the sums secured by this Deed of Trust shall be reduced by the amount of the proceeds multiplied by the following fraction: (a) the total amount of the sums secured immediately before the taking, divided by (b) the fair market value of the Property immediately before the taking. Any balance shall be paid to Trustor. In the event of a partial taking of the Property in which the fair market value of the Property immediately before the taking is less than the amount of the sums secured immediately before the taking, unless Trustor and Beneficiary otherwise agree in writing or unless applicable law otherwise provides, the proceeds shall be applied to the sums secured by this Deed of Trust whether or not the sums are then due. Notwithstanding the foregoing, so long as the value of Beneficiary's lien is not impaired, any condemnation proceeds may be used by Trustor for repair and/or restoration of the project.
 - b. If the Property is abandoned by Trustor, or if, after notice by Beneficiary to Trustor that the condemner offers to make an award or settle a claim for damages, Trustor fails to respond to Beneficiary within 30 days after the date the notice is given, Beneficiary is

authorized to collect and apply the proceeds, at its option, either to restoration or repair of the Property or to the sums secured by this Deed of Trust, whether or not then due.

- c. Unless Beneficiary and Trustor otherwise agree in writing, any application of proceeds to principal shall not extend or postpone the due date of the payments referred to in **Sections 5 and 6** or change the amount of such payments.
16. **Trustor Not Released; Forbearance By Beneficiary Not a Waiver.** Except in connection with any successor in interest approved by Beneficiary in writing, extension of the time for payment or modification of amortization of the sums secured by this Deed of Trust granted by Beneficiary to any successor in interest of Trustor shall not operate to release the liability of the original Trustor or Trustor's successors in interest. Beneficiary shall not be required to commence proceedings against any successor in interest or refuse to extend time for payment or otherwise modify amortization of the sums secured by this Deed of Trust by reason of any demand made by the original Trustor or Trustor's successors in interest. Any forbearance by Beneficiary in exercising any right or remedy shall not be a waiver of or preclude the exercise of any right or remedy.
17. **Successors and Assigns Bound; Joint and Several Liability; Co-signers.** The covenants and agreements of this Deed of Trust shall bind and benefit the successors and assigns of Beneficiary and Trustor, subject to the provisions of **Section 22**. Trustor's covenants and agreements shall be joint and several.
18. **Loan Charges.** If the loan secured by this Deed of Trust is subject to a law which sets maximum loan charges, and that law is finally interpreted so that the interest or other loan charges collected or to be collected in connection with the loan exceed the permitted limits, then: (a) any such loan charge shall be reduced by the amount necessary to reduce the charge to the permitted limit; and (b) any sums already collected from Trustor which exceeded permitted limits will be promptly refunded to Trustor. Beneficiary may choose to make this refund by reducing the principal owed under the Note or by making a direct payment to Trustor. If a refund reduces principal, the reduction will be treated as a partial prepayment without any prepayment charge under the NSP1 Note.
19. **Notices.** Any notice to Trustor provided for in this Deed of Trust shall be given by delivering it or by mailing it by first class mail unless applicable law requires use of another method. The notice shall be directed to the Trustor's mailing address stated herein or any other address Trustor designates by notice to Beneficiary. All such notices to Trustor shall also be provided to the investment limited partner at the address set forth in the

NSP1 Loan Agreement. Any notice to Beneficiary shall be given by first class mail to Beneficiary's address stated herein or any other address Beneficiary designates by notice to Trustor. Any notice provided for in this Deed of Trust shall be deemed to have been given to Trustor or Beneficiary when given as provided in this Section.

20. **Governing Law; Severability.** This Deed of Trust and any dispute arising hereunder shall be governed by and interpreted in accordance with the laws of the State of California. Each paragraph and provision of this Deed of Trust is severable from each other provision, and if any provision or part thereof is declared invalid, the remaining provisions shall nevertheless remain in full force and effect. To this end the provisions of this Deed of Trust and the Note are declared to be severable. Any action at law or in equity arising under this Deed of Trust or brought by a party hereto for the purpose of enforcing, construing or determining the validity of any provision of this Agreement shall be filed in the Superior Courts of Riverside County, State of California, and the parties hereto waive all provisions of law providing for the filing, removal or change of venue to any other court or jurisdiction.
21. **Trustor's Copy.** Trustor shall be given one conformed copy of the NSP1 Note and of this Deed of Trust.
22. **Transfer of the Property or a Beneficial Interest in Trustor.** Except as otherwise allowed under the NSP1 Loan Agreement, if all or any part of the Property or any interest in it is sold or transferred (or if a beneficial interest in Trustor is sold or transferred and Trustor is not a natural person) without Beneficiary's prior written consent (including a transfer of all or any part of the Property to any person who, at initial occupancy of the Property, does not use the Property for "low-income housing" within the meaning of NSP1) Beneficiary may, at its option, require immediate payment in full of all sums secured by this Deed of Trust. However, this option shall not be exercised by Beneficiary if exercise is prohibited by federal law as of the date of this Deed of Trust. Nothing in this Deed of Trust shall be deemed to require Beneficiary's approval of a conveyance of an easement interest in the Property for utility purposes.
 - a. If Beneficiary exercises the aforementioned option, Beneficiary shall give Trustor prior written notice of acceleration. The notice shall provide a period of not less than 30 days from the date the notice is delivered or mailed within which Trustor must pay all sums secured by this Deed of Trust. If Trustor fails to pay these sums prior to the expiration of this period, Beneficiary may invoke any remedies permitted by this Deed of Trust without further notice or demand on Trustor.

23. **Trustor's Right to Reinstate.** If Trustor meets certain conditions, Trustor shall have the right to have enforcement of this Deed of Trust discontinued at any time prior to the earlier of: (a) 5 days (or such other period as applicable law may specify for reinstatement) before sale of the Property pursuant to any power of sale contained in this Deed of Trust; or (b) entry of a judgment enforcing this Deed of Trust. Those conditions are that Trustor: (a) pays Beneficiary all sums which then would be due under this Deed of Trust and the NSP1 Note as if no acceleration had occurred; (b) cures any default of any other covenants or agreements; (c) pays all expenses incurred in enforcing this Deed of Trust, including, but not limited to, reasonable attorneys' fees; and (d) takes such action as Beneficiary may reasonably require to assure that the lien of this Deed of Trust, Beneficiary's rights in the Property and Trustor's obligation to pay the sums secured by this Deed of Trust shall continue unchanged. Upon reinstatement by Trustor, this Deed of Trust and the obligations secured hereby shall remain fully effective as if no acceleration had occurred. However, this right to reinstate shall not apply in the case of acceleration under **Section 22**.
24. **Sale of Note; Change of Loan Servicer.** The NSP1 Note or a partial interest in the NSP1 Note (together with this Deed of Trust) may be sold one or more times without prior notice to Trustor. A sale may result in a change in the entity (known as the "Loan Servicer") that collects monthly payments due under the Note and this Deed of Trust. There also may be one or more changes of the Loan Servicer unrelated to a sale of the Note. If there is a change of the Loan Servicer, Trustor will be given written notice of the change in accordance with **Section 19** above and applicable law. The notice will state the name and address of the new Loan Servicer and the address to which payments should be made. The notice will also contain any other information required by applicable law.
25. **No Assignment.** The Note and this Deed of Trust shall not be assigned by Trustor without the Beneficiary's prior written consent.
26. **Hazardous Substances.** Trustor shall not cause or permit the presence, use, disposal, storage, or release of any Hazardous Substances on or in the Property. Trustor shall not do, nor allow anyone else to do, anything affecting the Property that is in violation of any Environmental Law. The preceding two sentences shall not apply to the presence, use, or storage on the Property of small quantities of Hazardous Substances that are generally recognized to be appropriate to normal residential uses, construction, and to maintenance of the Property.
- a. Trustor shall promptly give Beneficiary written notice of any investigation, claim, demand, lawsuit or other action by any governmental or regulatory agency or private party involving the Property and any Hazardous Substance or Environmental Law of

which Trustor has actual knowledge. If Trustor learns, or is notified in writing by any governmental or regulatory authority, that any removal or other remediation of any Hazardous Substance affecting the Property is necessary, Trustor shall promptly take all necessary remedial actions in accordance with Environmental Law.

- b. As used in this **Section 26**, "Hazardous Substances" are those substances defined as toxic or hazardous substances by Environmental Law and the following substances: gasoline, kerosene, other flammable or toxic petroleum products, toxic pesticides and herbicides, volatile solvents, materials containing asbestos or formaldehyde, and radioactive materials, excluding household products in normal quantities. As used in this **Section 26**, "Environmental Law" means federal laws and laws of the jurisdiction where the Property is located that relate to health, safety or environmental protection.

27. Acceleration; Remedies. Beneficiary shall give notice to Trustor prior to acceleration following Trustor's breach of any covenant or agreement in this Deed of Trust. The notice shall specify: (a) the default; (b) the action required to cure the default; (c) a date, which shall not be more than ten (10) calendar days from the date of the mailing of the notice for a monetary default, or a date, which shall not be more than sixty (30) calendar days from the mailing of the notice for a non-monetary default, by which the default must be cured; and (d) that failure to cure the default on or before the date specified in the notice may result in acceleration of the sums secured by this Deed of Trust and sale of the Property. The notice shall further inform Trustor of the right to reinstate after acceleration and the right to bring a court action to assert the non-existence of a default or any other defense of Trustor to acceleration and sale. If the default is not cured by the Trustor on or before the date specified in the notice, Beneficiary at its option may require immediate payment in full of all sums secured by this Deed of Trust without further demand and may invoke the power of sale and any other remedies permitted by applicable law. Beneficiary shall be entitled to collect all expenses incurred in pursuing the remedies provided in this **Section 27**, including, but not limited to, reasonable attorneys' fees and costs of title evidence.

- a. If Beneficiary invokes the power of sale, Beneficiary or Trustee shall mail copies of a notice of sale in the manner prescribed by applicable law to Trustor, and to the other persons prescribed by applicable law. Trustee shall give notice of sale by public advertisement for the time and in the manner prescribed by applicable law. Trustee, without demand on Trustor, shall sell the Property at public auction to the highest bidder for cash at the time and place and under the terms designated in the notice of sale in one or more parcels and in any order Trustee determines. Trustee

may postpone sale of all or any parcel of the Property to any later time on the same date by public announcement at the time and place of any previously scheduled sale. Beneficiary or its designee may purchase the Property at any sale.

- b. Trustee shall deliver to the purchaser Trustee's deed conveying the Property without any covenant or warranty, expressed or implied. The recitals in the Trustee's deed shall be prima facie evidence of the truth of the statements made therein. Trustee shall apply the proceeds of the sale in the following order: (a) to all expenses of the sale, including, but not limited to, reasonable Trustee's and attorneys' fees; (b) to all sums secured by this Deed of Trust; and (c) any excess to the person or persons legally entitled to it.
28. **Release.** Upon payment of all sums secured by this Deed of Trust, Beneficiary shall release this Deed of Trust without charge to Trustor. Trustor shall pay any recordation costs.
29. **Substitute Trustee.** Beneficiary, at its option, may from time to time remove Trustee and appoint a successor trustee to any Trustee appointed hereunder by an instrument recorded in the county in which this Deed of Trust is recorded. Without conveyance of the Property, the successor trustee shall succeed to all the title, power and duties conferred upon Trustee herein and by applicable law.
30. **Reserved.**
31. **Prohibition against tenancy under foreclosure.** Notwithstanding anything to the contrary set forth in this Deed of Trust or in any documents secured by this Deed of Trust or contained in any subordination agreement, the Beneficiary acknowledges and agrees that, in no event will any action be taken which violates Section 42(h)(6)(E)(ii) of the U.S. Internal Revenue Code of 1986, as amended, regarding prohibitions against evicting, terminating tenancy or increasing rent of tenants for a period of three (3) years after acquisition of a building by foreclosure or deed-in-lieu of foreclosure.
32. **Removal, Demolition or Alteration of Personal Property and Fixtures.** Except to the extent permitted by the following sentence, no personal property or fixtures shall be removed, demolished or materially altered without the prior written consent of the Beneficiary. Trustor may remove and dispose of, free from the lien of this Deed of Trust, such personal property and fixtures as from time to time become worn out or obsolete, providing that, (a) the same is done in the ordinary course of business, and (2) either (i) at the time of, or prior to, such removal, any such personal property or fixtures are replaced with other personal property or fixtures which are free from liens other than encumbrances permitted

hereunder and which have a value at least equal to that of the replaced personal property and fixtures (and by such removal replacement Trustor shall be deemed to have subjected such replacement personal property and fixtures to the lien of this Deed of Trust), or (ii) such personal property and fixtures may not require replacement if functionally, economically or operationally obsolete and so long as the fair market value of and operational efficiency of the Project is not reduced or adversely effected thereby.

33. **Severability.** Each paragraph and provision of this Deed of Trust is severable from each other provision, and if any provision or part thereof is declared invalid by a competent court of law, the remaining provisions shall nevertheless remain in full force and effect.

[Remainder of Page Blank]

[Signatures on Following Page]

In Witness Whereof Trustor has executed this Deed of Trust as of the day and year set forth below.

TRUSTOR:

HABITAT FOR HUMANITY INLAND VALLEY,
a California nonprofit public benefit corporation

By: 

Tammy Marine, Executive Director

Date: 4-11-18

TRUSTOR SIGNATURE MUST BE NOTARIZED

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.

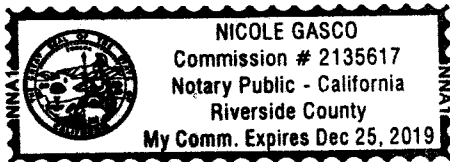
State of California

County of Riverside }

On April 11, 2018 before me, Nicole Gasco, Notary Public
Date Here Insert Name and Title of the Officer

personally appeared Tammy Marine
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 [Handwritten Signature]
Signature of Notary Public

Place Notary Seal and/or Stamp Above

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: _____ Signer's Name: _____

Corporate Officer – Title(s): _____ Corporate Officer – Title(s): _____

Partner – Limited General Partner – Limited General

Individual Attorney in Fact Individual Attorney in Fact

Trustee Guardian of Conservator Trustee Guardian of Conservator

Other: _____ Other: _____

Signer is Representing: _____ Signer is Representing: _____

EXHIBIT "A"

LEGAL DESCRIPTION OF PROPERTY

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY OF LAKE ELSINORE, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA AND IS DESCRIBED AS FOLLOWS:

LOT 6 IN BLOCK 503 OF SMITH' S ADDITION TO ELSINORE, IN THE CITY OF LAKE ELSINORE, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, AS SHOWN BY MAP ON FILE IN BOOK 2, PAGE 135 OF MAPS, RECORDS OF SAN DIEGO COUNTY, CALIFORNIA.

APN: 377-292-027

REQUEST FOR RECONVEYANCE

TO TRUSTEE:

The undersigned is the holder of the Note or Notes secured by this Security Instrument (Deed of Trust). Said Promissory Note or Notes, together with all other indebtedness secured by this Security Instrument (Deed of Trust), have been paid in full. You are hereby directed to cancel said Promissory Note or Notes and this Security Instrument (Deed of Trust), which are delivered hereby, and to reconvey, without warranty, all the estate now held by you under this Deed of Trust to the person or persons legally entitled thereto.

Dated: _____

EXHIBIT C
Promissory Note

PROMISSORY NOTE SECURED BY DEED OF TRUST

\$291,000.00
Interest 0%

Date: _____
Lake Elsinore, California

In installments as hereafter stated, for value received, Habitat for Humanity ("BORROWER"), a California nonprofit public benefit corporation promises to pay the COUNTY OF RIVERSIDE, a political subdivision of the State of California ("COUNTY"), or order, at 5555 Arlington Avenue, Riverside, CA 92504, the sum of Two Hundred Ninety One Thousand Dollars (\$291,000.00 USD) (the "NSP1 Loan" or "Note Amount") which at the time of payment is lawful for the payment of public and private debts.

This Promissory Note ("Note") is given in accordance with that certain Loan Agreement for the Use of Neighborhood Stabilization Program Funds executed by COUNTY and BORROWER, dated as of _____ and recorded in the Official Records of the County of Riverside ("Official Records") on or about the date hereof (the "NSP1 Loan Agreement"). Except to the extent otherwise expressly defined in this Note, all capitalized terms shall have the meanings ascribed to such terms in the NSP1 Loan Agreement. The Note is secured by a Deed of Trust, Security Agreement and Fixture Filing with Assignment of Rents executed by BORROWER for the benefit of COUNTY dated _____ and recorded on or about the date hereof in the Official Records (the "NSP1 Deed of Trust" or "Deed of Trust"). The rights and obligations of the BORROWER and COUNTY under this Note shall be governed by the NSP1 Loan Agreement and the following terms:

- (1) That the NSP1 Loan evidenced by this Note and secured by the NSP1 Deed of Trust are being made pursuant to the Neighborhood Stabilization Program ("NSP1"), which was enacted under Title III of Division B of the Housing and Economic Recovery Act of 2008 ("HERA") and appropriated under Community Development Block Grant (CDBG). BORROWER agrees for itself, its successors and assigns that the use of the Assisted Unit shall be subject to the restrictions on affordability, sale and occupancy set forth in the NSP1 Program regulations, the NSP1 Loan dated on or about the date hereof and recorded on or about the date hereof in the Official Records between BORROWER and COUNTY.
- (2) That the NSP1 Loan shall accrue simple interest at a rate of zero percent (0%) per annum, except in the case of default as hereinafter provided.
- (3) The term of this Note shall be eighteen (18) months from the Effective Date of the NSP1 Loan Agreement.
- (4) This Note shall be repaid according to the following:
 - a. The NSP1 Loan shall be: (1) due and payable in an Event of Default by BORROWER which has not been cured as provided for in the NSP1 Loan Agreement, and (2) converted to a grant upon sale and transfer of title to a Qualified Homebuyer.

- b. The NSP1 Loan shall be converted to a grant upon the sale and transfer of title of the Assisted Unit to a Qualified Homebuyer evidenced by recordation of a covenant ("Homebuyer Covenant") in the Official Records. At the time of sale of the Assisted Unit to a Qualified Homebuyer, COUNTY shall cause to be delivered to BORROWER a full reconveyance of the Deed of Trust, which termination does not affect the Affordability Period for the Assisted Unit.
 - c. BORROWER shall be the primary lender to provide the Qualified Homebuyer a minimum 30-year fixed rate mortgage loan to purchase the home.
 - d. Upon sale of the Assisted Unit prior to the expiration of the Affordability Period, BORROWER shall utilize proceeds from the sale towards eligible NSP1 activities, as defined in the County of Riverside's 2008-2009 One Year Action Plan and its amendments.
 - e. Annual financial statements providing for the status of the NSP1 proceeds shall be submitted to COUNTY within 60 days of July 1st for COUNTY review and approval commencing on July 1, 2019.
- (5) The NSP1 Loan is evidenced by this Note which is secured by that certain NSP1 Deed of Trust executed by BORROWER for the benefit of the COUNTY, dated on or about the date hereof and recorded in the Official Records.
- (6) This Note may be prepaid in whole or in part by the undersigned at any time without prepayment penalty or premium.
- (7) Subject to the provisions and limitations of this Paragraph 7, the obligation to repay the Note Amount is a nonrecourse obligation of BORROWER and its partners. Neither BORROWER nor its partners shall have any personal liability for repayment of the Note Amount, except as provided in this Paragraph 8. The sole recourse of the COUNTY shall be the exercise of its rights against the Property (or any portion thereof) and any related security for the NSP1 Loan; provided, however, that the foregoing shall not (i) constitute a waiver of any other obligation evidenced by this Note or the Deed of Trust; (ii) limit the right of the COUNTY to name BORROWER as a party defendant in any action or suit for judicial foreclosure and sale under this Note and the Deed of Trust or any action or proceeding hereunder so long as no judgment in the nature of a deficiency judgment shall be asked for or taken against BORROWER; (iii) release or impair either this Note or the Deed of Trust; (iv) prevent or in any way hinder the COUNTY from exercising, or constitute a defense, an affirmative defense, a counterclaim or other basis for relief in respect of the exercise of, any other remedy against the mortgaged Property or any other instrument securing this Note or as prescribed by law or in equity in case of default; (v) prevent or in any way hinder the COUNTY from exercising, or constitute a defense, an affirmative defense, a counterclaim or other basis for relief in respect of the exercise of, its

remedies in respect of any deposits, insurance proceeds, condemnation awards or other monies or other collateral or letters of credit securing this Note; or (vi) affect in any way the validity of any guarantee or indemnity from any person of all or any of the obligations evidenced and secured by this Note and the Deed of Trust. Notwithstanding the first sentence of this **Section 8**, the COUNTY may recover directly from BORROWER or, unless otherwise prohibited by any applicable law, from any other party: (a) any damages, costs and expenses incurred by the COUNTY as a result of fraud, misrepresentation or any criminal act or acts of BORROWER or any general partner, shareholder, officer, director or employee of BORROWER, or of any member or general partner of BORROWER, or of any general partner of such member or general partner; (b) any damages, costs and expenses incurred by the COUNTY as a result of any misappropriation of funds provided to pay costs as described in the HOME Loan Agreement, rents and revenues from the operation of the Project, or proceeds of insurance policies or condemnation proceeds; (c) any misappropriation of rental proceeds resulting in the failure to pay taxes, assessments, or other charges that could create statutory liens on the Project and that are payable or applicable prior to any foreclosure under the Deed of Trust; (d) the fair market value of any personal property or fixtures removed or disposed of by the BORROWER other than in accordance with the Deed of Trust; (e) any and all amounts owing by BORROWER pursuant to any indemnity set forth in the NSP1 Loan Agreement and/or Deed of Trust or the indemnification regarding Hazardous Substances pursuant to the NSP1 Loan Agreement and/or Deed of Trust, and (f) all court costs and attorneys' fees reasonably incurred in enforcing or collecting upon any of the foregoing exceptions.

- (8) The occurrence of any of the following events shall constitute an "Event of Default" under this Note after notice and opportunity to cure pursuant to the terms set forth in the Deed of Trust:
- i. Monetary Default. (1) BORROWER's failure to pay when due any sums payable under this Note or Deed of Trust, or any advances made by COUNTY under the Deed of Trust or the NSP1 Loan Agreement, after expiration of any applicable cure periods, (2) BORROWER's or any agent of BORROWER's use of NSP1 funds for costs other than costs or for uses inconsistent with terms and restrictions set forth in the NSP1 Loan Agreement, after expiration of any applicable cure periods, (3) BORROWER's or any agent of BORROWER's failure to make any other payment of any assessment or tax due under the NSP1 Loan Agreement or the Deed of Trust, after expiration of any applicable cure periods, and /or (4) default under the terms of any junior loan documents or any other instrument or document secured against the Assisted Unit;
 - ii. Non-Monetary Default - Operation. (1) Discrimination by BORROWER or BORROWER's agent on the basis of characteristics prohibited by the NSP1 Loan Agreement or applicable law, (2) the imposition of any encumbrances or liens on the Assisted Unit without COUNTY's prior

written approval, including, but not limited to those liens or encumbrances expressly prohibited under the NSP1 Loan Agreement or that have the effect of reducing the priority or invalidating the Deed of Trust, (3) BORROWER's failure to obtain and maintain the insurance coverage required under the NPS1 Loan Agreement, after expiration of any applicable cure periods, (f) breach of any term contained in the Deed of Trust, after expiration of any applicable cure periods, (4) any other default under the NSP1 Loan Agreement, after expiration of any applicable cure periods, and/or (5) default under the terms of any junior loan documents or any other instrument or document secured against the Assisted Unit;

- iii. General Performance of Loan Obligations. Any substantial or continuous or repeated breach by BORROWER or BORROWER's agents of any material obligations on BORROWER imposed in the NSP1 Loan Agreement, after expiration of any applicable cure periods,; and
 - iv. General Performance of Other Obligations. Any substantial or continuous or repeated breach by BORROWER or BORROWER's agents, after expiration of any applicable cure periods, of any material obligations on the Project imposed by any other agreement with respect to the financing, development, or operation of the Project; whether or not COUNTY is a party to such agreement.
- (7) COUNTY shall give written notice of default to BORROWER, specifying the default complained of by the COUNTY as set forth in the Deed of Trust and of BORROWER's obligation to cure the default within the periods set forth below. Delay in giving such notice shall not constitute a waiver of any default nor shall it change the time of default.

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.

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.

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.

- (8) Any failures or delays by COUNTY 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 COUNTY in asserting any of its rights and remedies shall not deprive COUNTY 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.
- (9) If the rights created by this Note shall be held by a court of competent jurisdiction to be invalid or unenforceable as to any part of the obligations described herein, the remaining obligations shall be completely performed and paid. In the event that any provision or clause of this Note conflicts with applicable law, such conflict will not affect other provisions of this Note which can be given effect without the conflicting provision, and to this end the provisions of the Note are declared to be severable.
- (10) BORROWER hereby waives diligence, presentment for payment, demand, notice of protest, dishonor and nonpayment of this Note, and expressly agrees that, without in any way affecting the liability of BORROWER hereunder, the COUNTY may extend any maturity date or the time for payment of any installment due hereunder, accept additional security, release any party liable hereunder and release any security now or hereafter securing this Note. BORROWER further waives, to the full extent permitted by law, the right to plead any and all statutes of limitations as a defense to any demand on this Note, or on any deed of trust, security agreement, guaranty or other agreement now or hereafter securing this Note.
- (11) Should default be made in payment of principal and interest when due and such default shall continue beyond the applicable notice and cure period provided in the NSP1 Loan Agreement, the whole sum of principal and interest shall become immediately due at the option of the holder of this Note. Principal and interest are payable in lawful money of the United States. If action be instituted on this Note, the undersigned promises to pay such sums as the Court may fix as attorney's fees.
- (12) This Note has been negotiated and entered in the State of California, and shall be governed by, construed and enforced in accordance with the internal laws of the State of California, applied to contracts made in California by California domiciliaries to be wholly performed in California. Any action at law or in equity arising under this Note or brought by a party hereto for the purpose of enforcing, construing or determining the validity of any provision of this Note shall be filed in the Superior Courts of Riverside County, State of California, and the parties hereto waive all provisions of law providing for the filing, removal or change of venue to any other court or jurisdiction.

- (13) No modification, rescission, waiver, release or amendment of any provision of this Note shall be made except by a written agreement executed by BORROWER and the duly authorized representative of the COUNTY.
- (14) The COUNTY may, in its sole and absolute discretion, assign its rights under this Note and its right to receive repayment of the Note Amount without obtaining the consent of BORROWER.
- (15) In no event shall BORROWER assign or transfer any portion of this Note or any rights herein without the prior express written consent of the COUNTY, which consent the COUNTY may give or withhold in its sole and absolute discretion. In the absence of specific written agreement by the COUNTY, no unauthorized assignment or transfer, or approval thereof by the COUNTY, shall be deemed to relieve BORROWER or any other party from any obligations under the NSP1 Loan Agreement or this Note. This provision shall not affect or diminish the COUNTY's assignment rights under this Note.
- (16) Except as to the Permitted Deeds of Trust identified herein, BORROWER shall not encumber the Property for the purpose of securing financing either senior or junior in priority or subordinated to the Deed of Trust without the prior written approval of the COUNTY in its sole and absolute discretion.
- (17) The relationship of BORROWER and the COUNTY pursuant to this Note is that of debtor and creditor and shall not be, or be construed to be, a joint venture, equity venture, partnership or other relationship.
- (18)
- a. Formal notices, demands and communications between the COUNTY and BORROWER shall be deemed sufficiently given if made in writing and dispatched by any of the following methods to the addresses of the COUNTY and BORROWER as set forth below: (i) registered or certified mail, postage prepaid, return receipt requested (in which event, the notice shall be deemed delivered on the date of receipt thereof); (ii) electronic facsimile transmission, followed on the same day by delivery of a "hard" copy via first-class mail, postage prepaid (in which event, the notice shall be deemed delivered on the date of its successful facsimile transmission as evidenced by a facsimile confirmation or "kick-out" sheet); or (iii) personal delivery, including by means of professional messenger service, courier service such as United Parcel Service or Federal Express, or by U.S. Postal Service (in which event, the notice shall be deemed delivered on the documented date of receipt). 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.
 - b. The address of the COUNTY for purposes of receiving notices pursuant to this Note shall be 5555 Arlington Avenue, Riverside, California 92504,

Attention: Assistant Director of Housing. The facsimile number for the COUNTY's receipt of notices is (951) 352-4852.

- c. The address of BORROWER for purposes of receiving notices pursuant to this Note is 41615 Winchester Rd, Suite 214, Temecula, CA 92591, Attention: Executive Director.
- (19) The captions and headings in this Note are for convenience only and are not to be used to interpret or define the provisions hereof.
- (20) The undersigned, if comprising more than one person or entity, shall be jointly and severally liable hereunder.
- (21) This Note shall be binding upon BORROWER and its heirs, successors and assigns, and shall benefit the COUNTY and its successors and assigns

BORROWER:

HABITAT FOR HUMANITY INLAND VALLEY,
a California nonprofit public benefit corporation

By: _____

Tammy Marine, Executive Director

Date: _____

4-11-18

EXHIBIT D

RIVERSIDE COUNTY ECONOMIC DEVELOPMENT AGENCY

SECTION 3

24 CFR PART 135

ECONOMIC OPPORTUNITIES FOR LOW-AND VERY LOW-INCOME PERSONS

CONTRACT REQUIREMENTS

RIVERSIDE COUNTY ECONOMIC DEVELOPMENT AGENCY

I. Section 135.1 Purpose

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

Section 135.30 Numerical Goals for Meeting the Greatest Extent Feasible Requirement

A. GENERAL

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

B. TRAINING AND EMPLOYMENT

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

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

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

- (iii) 30 percent of the aggregate number of new hires for the one year period beginning in FY 1997 and continuing thereafter (October 1, 1996 and thereafter).

C. CONTRACTS

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

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

D. SAFE HARBOR AND COMPLIANCE DETERMINATIONS

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

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

- A. Order of providing preference. Recipients, contractors, and subcontractors shall direct their efforts to provide, to the greatest extent feasible, training and employment opportunities generated from the expenditure of Section 3 covered assistance to Section 3 residents in the order of priority provided in this section.
 - (1) Housing and community development programs. In housing and community development programs, priority consideration shall be given, where feasible, to:
 - (i) Section 3 residents residing in the Riverside or San Bernardino County (collectively, referred to as category 1 residents); and
 - (ii) Participants in HUD Youth build programs (category 2 residents).
 - (iii) Where the section 3 project is assisted under the Stewart B. McKinney Homeless Assistance Act (42 U.S.C. 11301 et seq.), homeless persons residing in the Riverside or San Bernardino County shall be given the highest priority;
- B. Eligibility for Preference: A Section 3 resident seeking the preference in training and employment provided by this part shall certify, or submit evidence to the

recipient contractor or subcontractor, if requested, that the person is a Section 3 resident, as defined in Sec. 135.5 (An example of evidence of eligibility for the preference is evidence of receipt of public assistance, or evidence of participation in a public assistance program.)

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

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

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

SECTION 135.38 Section 3 Clause.

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

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

Section 3, shall, to the greatest extent feasible, be directed to low-and very low-income persons, particularly persons who are recipients of HUD assistance for housing.

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

VI. SECTION 135.40 Providing Other Economic Opportunities

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

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

VII. SECTION 135.5 Definitions.

As used in this part:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Secretary means the Secretary of Housing and Urban Development.

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

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

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

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

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

Section 3 covered assistance means:

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

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

Section 3 covered project means the construction, reconstruction, conversion or rehabilitation of housing (including reduction and abatement of lead-based paint

hazards), other public construction which includes buildings or improvements (regardless of ownership) assisted with housing or community development assistance.

Section 3 resident means:

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

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

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

Exhibit D

RIVERSIDE COUNTY ECONOMIC DEVELOPMENT AGENCY

CONTRACTOR CERTIFICATION

REGARDING STATUS AS A SECTION 3 BUSINESS CONCERN

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

known as _____
(print business name)

- _____ is not a Section 3 business. (Please complete the bottom section.)
- _____ is a Section 3 business **because** (check one of the following)
- _____ 51 percent or more is owned by Section 3 residents; or
- _____ 30 percent of the permanent full-time employees are currently Section 3 residents or were Section 3 residents when first hired (if within the past three years); or
- _____ The business commits in writing to subcontract over 25 percent of the total dollar amount of all subcontracts to be let to businesses that meet the requirements of Sections 1 and 2 of this definition;

AND

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

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

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

Signature _____
Date _____

Project _____
\$ _____

Effective 03/25/2015

Persons in Household	1	2	3	4	5	6	7	8
Low Income Family (80% Area Median Income)	\$34,800	\$39,800	\$44,750	\$49,700	\$53,700	\$57,700	\$61,650	\$65,650

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

EXHIBIT D-2

§ 135.38 Section 3 Clause

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

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

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

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

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

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

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

G. With respect to work performed in connection with section 3 covered Indian housing assistance, section 7(b) of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450e) also applies to the work to be performed under this contract. Section 7(b) requires that to the greatest extent feasible (i) preference and opportunities for training and employment shall be given to Indians, and (ii) preference in the award of contracts and subcontracts shall be given to Indian organizations and Indian-owned Economic Enterprises. Parties to this contract that are subject to the provisions of section 3 and section 7(b) agree to comply with section 3 to the maximum extent feasible, but not in derogation of compliance with section 7(b).

Prohibition Against Conflicts of Interest

EXHIBIT E

§ 92.356 Conflict of interest.

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

(b) **Conflicts prohibited.** No persons described in paragraph (c) of this section who exercise or have exercised any functions or responsibilities with respect to activities assisted with NSP1 funds or who are in a position to participate in a decision making process or gain inside information with regard to these activities, may obtain a financial interest or benefit from a NSP1 assisted activity, or have an interest in any contract, subcontract or agreement with respect thereto, or the proceeds thereunder either for themselves or those with whom they have family or business ties, during their tenure or for one year thereafter

(c) **Persons covered.** The conflict of interest provisions of paragraph (b) of this section apply to any person who is an employee, agent, consultant, officer, or elected official or appointed official of the COUNTY, State recipient, or sub-recipient which are receiving NSP1 funds.

(d) **Exceptions: Threshold requirements.** Upon the written request of the recipient, HUD may grant an exception to the provisions of paragraph (b) of this section on a case-by-case basis when it determines that the exception will serve to further the purposes of the NSP1 Investment Partnerships Program and the effective and efficient administration of the COUNTY's program or project. An exception may be considered only after the recipient has provided the following:

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

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

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

- a. Whether the exception would provide a significant cost benefit or an essential degree of expertise to the program or project which would otherwise not be available;
- b. Whether the person affected is a member of a group or class of low-income persons intended to be the beneficiaries of the assisted activity, and the exception will permit such person to receive generally the same interests or benefits as are being made available or provided to the group or class;
- c. Whether the affected person has withdrawn from his or her functions or responsibilities, or the decision making process with respect to the specific assisted activity in question;

- d. Whether the interest or benefit was present before the affected person was in a position as described in paragraph (c) of this section;
- e. Whether undue hardship will result either to the COUNTY or the person affected when weighed against the public interest served by avoiding the prohibited conflict;
- f. Any other relevant considerations.

Owners/Participants and Developers.

- (1) No owner, developer, or sponsor of a project assisted with NSP1 funds (or officer, employee, agent or consultant of the owner, developer, or sponsor) whether private, for profit or non-profit (including a community housing development organization (CHDO) when acting as an owner, developer or sponsor) may occupy a NSP1 assisted affordable housing unit in a project. This provision does not apply to an individual who receives NSP1 funds to acquire or construct his or her principal residence or to an employee or agent of the owner or developer of a rental housing project who occupies a housing unit as the project manager or maintenance worker.
- (2) Exceptions. Upon written request of owner or developer, the COUNTY may grant an exception to the provisions of paragraph (f)(1) of this section on a case-by-case basis when it determines that the exception will serve to further the purpose of the NSP1 program and the effective and efficient administration of the owner's or developer's NSP1 assisted project. In determining whether to grant a requested exception, the COUNTY shall consider the following factors:
 - (i) Whether the person receiving the benefit is a member of a group or class of low-income persons intended to be the beneficiaries of the assisted housing, and the exception will permit such person to receive generally the same interests or benefits as are being made available or provided to the group or class;
 - (ii) Whether the person has withdrawn from his or her functions or responsibilities, or the decision making process with respect to the specific assisted housing in question;
 - (iii) Whether the tenant protection requirements of § 92.253 are being observed;
 - (iv) Whether the affirmative marketing requirements of § 92.351 are being observed and followed; and
 - (v) Any other factor relevant to the COUNTY's determination, including the timing of the requested exception.

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

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

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

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

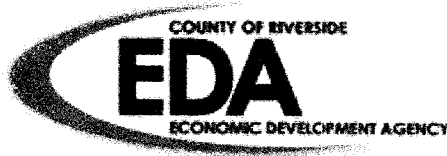


Exhibit F
**Contractor Debarment
Certification Form**

System for Award Management (SAM)

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

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

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

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

- STEP 1: Visit <https://www.sam.gov>
- STEP 2: For "Name Search Type" select "Individual (Basic)". Leave field blank.
- STEP 3: For "Classification" select "ALL"
- STEP 4: For "Exclusion Type" select "ALL"
- STEP 5: For "U.S. State" select "CA – CALIFORNIA"
- STEP 6: For "Country" select "USA – UNITED STATES"
- STEP 7: Click Search.
- STEP 8: Search name of contractor/vendor (individual last name or firm).
- STEP 9: Scroll and locate the names of contractor/vendor before and after subject contractor/vendor.
- STEP 10: Print Screen and attach to this certification as supporting documentation.
- STEP 11: Attach to this certification as supporting documentation a copy of contractor/vendor license for the service provided.

By signing below NSP1 Recipient, developer name, has verified the contractor/vendor known as, name of contractor/vendor, was not listed in the Excluded Parties Lists System and has the required contractor/vendor license as of date of verification.

X

DEVELOPER SIGNATURE

EXHIBIT G

Homebuyer Covenant Agreement

1 NO FEE FOR RECORDING PURSUANT
TO GOVERNMENT CODE SECTION 6103

2 Order No.

3 Escrow No.

4 Loan No.

5 RECORDING REQUESTED BY AND
WHEN RECORDED MAIL TO:

6 County of Riverside
7 Economic Development Agency
8 5555 Arlington Avenue
Riverside, CA 92504
Attn: Mervyn Manalo

9 SPACE ABOVE THIS LINE FOR RECORDER'S USE

10 **AGREEMENT CONTAINING COVENANTS**
11 **AFFECTING REAL PROPERTY**

12 *310 East Pottery St., Lake Elsinore, CA 92530*

13 THIS AGREEMENT CONTAINING COVENANTS AFFECTING REAL PROPERTY
14 ("Homebuyer Covenant Agreement") is made this _____ day of _____, 2018
15 by and between HABITAT FOR HUMANITY INLAND VALLEY, a California nonprofit
16 public benefit corporation ("Habitat") and <Insert Homeowner(s) name here> ("Homebuyer"),
17 collectively referred to herein as the "Parties".

18 **RECITALS**

19 WHEREAS, Habitat is the owner of that certain real property located in Lake Elsinore
20 known as Assessor's Parcel No: 377-292-027, as described in the Legal Description attached
21 hereto as Exhibit "A" and incorporated herein by this reference ("Property");

22 WHEREAS, in connection with Habitat's Hayman House Project and the County of
23 Riverside's ("County") administration of the County's Neighborhood Stabilization Program
24 ("NSP1"), which was enacted under Title III of Division B of the Housing and Economic
25 Recovery Act of 2008 ("HERA") and appropriated under Community Development Block Grant
26 ("CDBG"), was created under the heading of Emergency Assistance for the Redevelopment of
27 Abandoned and Foreclosed Homes for the purpose of assisting in the redevelopment of
28 abandoned or foreclosed homes) ("NSP1 Program"). County provided financial assistance to

1 Habitat in the amount of TWO HUNDRED AND NINETY ONE THOUSAND Dollars
2 (\$291,000) loan ("County Loan") evidenced by that certain Promissory Note executed by Habitat
3 for Humanity Inland Valley in favor of County dated _____ ("County
4 Note") to relocate and rehabilitate the Property and reconvey said Property to a qualified Low
5 Income Household (defined below);

6 WHEREAS, the County Note is secured by that certain Deed of Trust executed by
7 Habitat for Humanity Inland Valley for the benefit of County, dated
8 _____ and recorded on _____ in the Official
9 Records of Riverside County Recorder's Office ("Official Records") as Document No.
10 _____ ("County Deed of Trust"). The County Note and
11 County Deed of Trust are referred to individually as a "County Loan Document" and collectively
12 as the "County Loan Documents".

13 WHEREAS, pursuant to the County Note, the Property shall be owned and occupied by
14 a qualified Low Income Household (defined below) for a period of fifteen (15) years from the
15 date of the recordation of this Homebuyer Covenant Agreement, without regard to repayment of
16 the County Loan or the transfer of ownership; and

17 WHEREAS, the Parties desire to memorialize Homebuyer's obligation to maintain the
18 affordability of the Property pursuant to the County Note, the NSPI Program and this
19 Homeowner Covenant Agreement, as more specifically set forth below.

20 NOW, THEREFORE, in consideration of the mutual covenants and agreements
21 contained in this Homebuyer Covenant Agreement, and for other good and valuable
22 consideration, the receipt and sufficiency of which are hereby acknowledged, Homebuyer, on
23 behalf of itself and its successors and assigns, and each successor in interest to the Property, or
24 any portion thereof, hereby declares, covenants, and agrees as follows:

25 1) RECITALS. The recitals set forth above are true and correct and incorporated herein
26 by this reference.

27 2) AFFORDABILITY RESTRICTIONS. This Homebuyer Covenant Agreement shall
28 continue in full force and effect for a period of fifteen (15) years from <date Homebuyer

1 Covenant Agreement is recorded> (“Term”). Homebuyer for itself and on behalf of its
2 successors and assigns, covenants, acknowledges and agrees that for the duration of the Term,
3 the Property shall be held, sold and conveyed, subject to the following covenants, conditions, and
4 restrictions:

5 a) The Property shall be occupied by a qualified Low Income Household for the duration
6 of the Term. The term “Low Income Household” shall mean a household whose incomes are at
7 or below eighty percent (80%) of the AMI pursuant to NSP1 regulations, adjusted for family size
8 appropriate to the unit for the County of Riverside

9 b) Homebuyer on behalf of itself and its successors, assigns, and each successor in
10 interest to the Property or any part thereof shall occupy the Property as his/her or their principal
11 place of residence during the Term. The Homebuyer shall be considered as occupying the
12 Property as a principal place of residence if the Homebuyer resides in the Property for at least
13 eleven (11) months out of each calendar year. Homebuyer shall not lease or rent the Property.

14 c) Homebuyer on behalf of itself and its successors, assigns, and each successor in
15 interest to the Property or any part thereof shall comply with the terms of this Homebuyer
16 Covenant Agreement, and any other instrument secured against the Property.

17 d) The Property shall be subject to the NSP1 Program regulations, this Homebuyer
18 Covenant Agreement and any other document executed in connection therewith.

19 3) USE RESTRICTIONS.

20 a) Homebuyer shall occupy the property as Homebuyer’s principal residence for the
21 Term. In addition, during the Term any Transfer (defined below) by Homebuyer, except for a
22 Permitted Transfer (defined below) shall be prohibited without the prior written approval of
23 Habitat in its sole and absolute discretion. Any Transfer, including a Permitted Transfer, of the
24 Property by Homebuyer shall be subject to this Homebuyer Covenant Agreement.

25 b) The term “Transfer” used herein shall mean the sale, assignment, conveyance, lease or
26 transfer, voluntary or involuntary, of any interest in the Property. Without limiting the generality
27 of the foregoing, Transfer shall include (i) a transfer by devise, inheritance or intestacy to a party
28 who does not meet the definition of Low Income Household; (ii) a life estate; (iii) creation of a

1 joint tenancy interest; (iv) a gift of all or any portion of the Property; or (v) any voluntary
2 conveyance or sale of the Property; (vi) lease or renting of the Property. Transfer shall not
3 include a Permitted Transfer.

4 c) The term, "Permitted Transfer" used herein shall mean the following transfers of title
5 or interests therein:

- 6 i. A transfer resulting from the death of Homebuyer where the transfer is to the
7 spouse who is also a Homebuyer;
- 8 ii. A transfer by the Homebuyer to his/her spouse where the spouse becomes the co-
9 owner of the Property and enters into an assumption agreement relating to any
10 existing mortgage loans and this Agreement;
- 11 iii. A transfer resulting from a decree of dissolution of the marriage or legal separation
12 or from a settlement agreement incidental to such a decree which requires the
13 Homebuyer to continue to make loan payments by which a spouse who is an
14 obligor becomes the sole owner of the Property; or
- 15 iv. A transfer into an inter vivos trust in which the Homebuyer or Homebuyer are
16 beneficiaries.

17 A violation of any of the affordability or use restrictions contained herein shall constitute a
18 breach of this Homebuyer Covenant Agreement. Homebuyer has executed, concurrently with
19 this Homebuyer Covenant Agreement, an Acknowledgement of Agreement Containing
20 Covenants Affecting Real Property, attached hereto as Exhibit "B" and incorporated herein by
21 this reference.

22 4) SENIOR PRIORITY. Notwithstanding anything to the contrary, this Covenant shall
23 be in first priority lien position.

24 5) RELEASE OF COVENANT UPON TERMINATION OF TERM. Provided
25 Homebuyer is not in default under the terms of this Homebuyer Covenant Agreement or any
26 other loan secured by a deed of trust recorded against the Property, the County shall release this
27 Homebuyer Covenant Agreement upon expiration of the Term.

28 6) MAINTENANCE OF THE PROPERTY. Homebuyer, on behalf of itself and its

1 successors, assigns, and each successor in interest to the Property or any part thereof hereby
2 covenants to and shall protect, maintain, and preserve the Property in compliance with all
3 applicable federal and state law and regulations and local ordinances. In addition, Homebuyer, its
4 successors and assigns, shall maintain the improvements on the Property in the same aesthetic
5 and sound condition (or better) as the condition of the Property at the time of the recordation of
6 this Homebuyer Covenant Agreement, reasonable wear and tear excepted. This standard for the
7 quality of maintenance of the Property shall be met whether or not a specific item of
8 maintenance is listed below. However, representative items of maintenance shall include
9 frequent and regular inspection for graffiti or damage or deterioration or failure, and immediate
10 repainting or repair or replacement of all surfaces, fencing, walls, equipment, etc., as necessary;
11 emptying of trash receptacles and removal of litter; maintenance of all landscaping in a healthy
12 and attractive condition, including trimming, fertilizing and replacing vegetation as necessary;
13 painting the buildings prior to the deterioration of the painted surfaces; conducting a roof
14 inspection on a regular basis. In the event Homebuyer, its successors or assigns fails to maintain
15 the Property in accordance with the standard for the quality of maintenance, the Habitat or its
16 designee shall have the right, but not the obligation, to enter the Property upon reasonable notice
17 to Homebuyer, correct any violation, and hold Homebuyer, or such successors or assigns
18 responsible for the cost thereof, and such cost, until paid, shall constitute a lien on the Property.

19 7) NONDISCRIMINATION. Homebuyer covenants by and for itself, its successors and
20 assigns, and all persons claiming under or through them, that this Homebuyer Covenant
21 Agreement is made and accepted upon and subject to the following conditions: There shall be no
22 discrimination against or segregation of any person or group of persons, on account of any basis
23 listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are
24 defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of
25 Section 12955, and Section 12955.2 of the Government Code, in the sale, lease, sublease,
26 transfer, use, occupancy, tenure, or enjoyment of the Property, nor shall the transferee itself or
27 any person claiming under or through him or her, establish or permit any such practice or
28 practices of discrimination or segregation with reference to the selection, location, number, use,

1 or occupancy, of tenants, lessees, sublessees, subtenants, or vendees of the Property.

2
3 Homebuyer, its successors and assigns, shall refrain from restricting the rental, sale, or lease of
4 the Property or any portion thereof, on the basis of race, color, creed, religion, sex, sexual
5 orientation, marital status, national origin, or ancestry of any person. Every deed, lease, and
6 contract entered into with respect to the Property, or any portion thereof, after the date of this
7 Homebuyer Covenant Agreement shall contain or be subject to substantially the following
8 nondiscrimination or nonsegregation clauses:

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

22 b) In leases: "The lessee herein covenants by and for himself or
23 herself, his or her heirs, executors, administrators, and assigns, and all persons
24 claiming under or through him or her, and this lease is made and accepted upon and
25 subject to the following conditions: That there shall be no discrimination against or
26 segregation of any person or group of persons, on account of any basis listed in
27 subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are
28 defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision

1 (p) of Section 12955, and Section 12955.2 of the Government Code, in the leasing,
2 subleasing, transferring, use, occupancy, tenure, or enjoyment of the premises herein
3 leased nor shall the lessee himself or herself, or any person claiming under or through
4 him or her, establish or permit any such practice or practices of discrimination or
5 segregation with reference to the selection, location, number, use, or occupancy, of
6 tenants, lessees, sublessees, subtenants, or vendees in the premises herein leased.”

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

17 8) NOTICES. All Notices provided for in this Homebuyer Covenant Agreement shall be
18 deemed received when personally delivered, or two (2) days following mailing by certified mail,
19 return receipt requested. All mailing shall be addressed to the respective Parties at their addresses
20 set forth below, or at such other address as each party may designate in writing and give to the
21 other party:

22 HABITAT FOR HUMANITY

HOMEBUYER

23 Executive Director
24 Habitat for Humanity
25 Inland Valley
26 41615 Winchester Rd, Suite 214
27 Temecula, CA 92591

<Insert Address Here>

28 9) REMEDIES. Habitat shall have the right, in the event of any breach of any such
agreement or covenant contained herein, to exercise all the rights and remedies, and to maintain

1 any actions at law or suit in equity or other proper proceedings to enforce the curing of such
2 breach of agreement or covenant.

3 10) INSURANCE. Homebuyer shall maintain property insurance and flood insurance,
4 listing Habitat as additional insured for the Term of this Homebuyer Covenant Agreement.
5 Homebuyer shall keep the improvements now existing or hereafter erected on the Property
6 insured against loss by fire, hazards included within the term "extended coverage," and such
7 other hazards, including floods or flooding. In addition to the insurance requirements set forth
8 in this paragraph above, this insurance shall be maintained in the amount of the replacement
9 value of the improvements located on the Property.

10 The insurance carrier providing the insurance shall be chosen by the Homebuyer. All
11 insurance policies and renewals thereof shall include a standard mortgage clause in favor of and
12 in a form acceptable to Habitat. Habitat shall have the right to hold the policies and renewals
13 thereof, subject to the terms of any mortgage, deed of trust or other security agreement with a
14 lien, which has priority over this Homebuyer Covenant Agreement. Habitat may be named as a
15 loss payee as its interest may appear and may be named as an additional insured. If Habitat
16 requires, Homebuyer shall promptly give to Habitat copies of all receipts of paid premiums and
17 renewal notices. In the event of a loss, Homebuyer shall give prompt notice to the insurance
18 carrier, any senior lender and the Habitat. Habitat may make proof of loss if not made
19 promptly by any senior lender or the Homebuyer.

20
21 Unless Habitat and Homebuyer otherwise agree in writing, insurance proceeds shall be applied
22 to restoration or repair of the Property damaged, if the restoration or repair is economically
23 feasible, or County Loan would be lessened, the insurance proceeds shall be applied to the
24 sums set forth in this Homebuyer Covenant Agreement, whether or not then due, with any
25 excess paid to the Homebuyer.

26 If the Property is abandoned by Homebuyer, or if the Homebuyer fails to respond to Habitat
27 within 30 days from the date notice is mailed by Habitat to Homebuyer that the insurance
28 carrier offers to settle a claim for insurance benefits, Habitat is authorized to collect and apply

1 the insurance proceeds at Habitat's option either to restoration or repair of the Property or to the
2 County Loan amount.

3 11) TERM. The non-discrimination covenants, conditions and restrictions contained in
4 Section 7 of this Homebuyer Covenant Agreement shall remain in effect in perpetuity. Every
5 other covenant, condition and restriction contained in this Homebuyer Covenant Agreement
6 shall continue in full force and effect for the Term, as defined in Section 2 of this Homebuyer
7 Covenant Agreement.

8 12) RIGHT TO MONITOR. Habitat and its successors and assigns, shall have the
9 right, but not the obligation, to monitor and enforce the covenants contained herein.
10 Homebuyer covenants that it shall comply with any monitoring program set up by Habitat to
11 enforce said covenants.

12 13) NOTICE AND CURE. Prior to exercising any remedies hereunder, Habitat shall
13 give Homebuyer notice of such default. Any monetary default shall be cured within seven (7)
14 days of such written notice. Except as otherwise set forth herein, if a non-monetary default is
15 reasonably capable of being cured within thirty (30) days, Homebuyer shall have such period to
16 effect a cure prior to exercise of remedies by Habitat. If the non-monetary default is such that
17 it is not reasonably capable of being cured within thirty (30) days, and Homebuyer (a) initiates
18 corrective action within said period, and (b) diligently, continually, and in good faith works to
19 effect a cure as soon as possible, then Homebuyer shall have such additional time as is
20 reasonably necessary to cure the default prior to exercise of any remedies by the Habitat; but in
21 no event no later than sixty (60) days.

22
23 If a violation of any of the covenants or provisions of this Homebuyer Covenant Agreement
24 remains uncured after the respective time period set forth in this Section 13, Habitat and its
25 successors and assigns, without regard to whether Habitat or its successors and assigns is an
26 owner of any land or interest therein to which these covenants relate, may institute and
27 prosecute any proceedings at law or in equity to abate, prevent or enjoin any such violation or
28 attempted violation or to compel specific performance by Homebuyer of its obligations

1 hereunder. No delay in enforcing the provisions hereof as to any breach or violation shall
2 impair, damage or waive the right of any party entitled to enforce the provisions hereof or to
3 obtain relief against or recover for the continuation or repetition of such breach or violations or
4 any similar breach or violation hereof at any later time. Homebuyer hereby waives and
5 releases any statute of limitations defense in connection with any Habitat action or proceeding
6 to protect, assert, or enforce any right or remedy contained herein.

7 14) GOVERNING LAW; VENUE; SEVERABILITY. This Homebuyer Covenant
8 Agreement shall be governed by the laws of the State of California. Any legal action related to
9 the performance or interpretation of this Homebuyer Covenant Agreement shall be filed only in
10 the Superior Court of the State of California located in Riverside, California, and the parties
11 waive any provision of law providing for a change of venue to another location. In the event
12 any provision in this Homebuyer Covenant Agreement is held by a court of competent
13 jurisdiction to be invalid, void, or unenforceable, the remaining provisions will nevertheless
14 continue in full force without being impaired or invalidated in any way.

15 15) COVENANTS RUNNING WITH THE LAND. All conditions, covenants and
16 restrictions contained in this Homebuyer Covenant Agreement shall be covenants running with
17 the land, and shall, in any event, and without regard to technical classification or designation,
18 legal or otherwise, be, to the fullest extent permitted by law and equity, binding for the benefit
19 and in favor of, and enforceable by County, its successors and assigns, against Homebuyer, its
20 successors and assigns, to or of Homebuyer's interest in the Property, or any portion thereof or
21 any interest therein, and any party in possession or occupancy of said Property or portion
22 thereof. County shall be deemed the beneficiary of the covenants, conditions and restrictions of
23 this Homebuyer Covenant Agreement both for and in its own right and for the purposes of
24 protecting the interests of the community. The covenants, conditions, and restrictions shall run
25 in favor of the County, without regard to whether the County has been, remains, or is an owner
26 of any land or interest therein in the Property. Except as provided in the preceding sentence, the
27 covenants, conditions and restrictions contained in this Homebuyer Covenant Agreement shall
28 not benefit nor be enforceable by any other owner of real property except the County.

1 IN WITNESS WHEREOF, COUNTY and HOMEBUYER have executed this
2 Agreement as of the dates set forth below.

3
4 **COUNTY:**

5 **COUNTY OF RIVERSIDE**, a political
6 subdivision of the State of California

7 By: _____
8 Carrie Harmon,
9 Assistant Director/Housing
10 Economic Development Agency

11 Date: _____

HOMEBUYER:

<homebuyer name and vesting>

By: _____
<homebuyer name>

Date: _____

12
13 **HABITAT FOR HUMANITY INLAND**
14 **VALLEY**, a California nonprofit public
15 benefit corporation

16 By: _____
17 Tammy Marine,
18 Executive Director

19 Date: _____

By: _____
<homebuyer 2 name>

Date: _____

20
21 **APPROVED AS TO FORM:**
22 Gregory P. Priamos
23 County Counsel

24 By: _____
25 Jhaila R. Brown,
26 Deputy County Counsel

27 **(Signatures on this page must be notarized)**
28

<INSERT CALIFORNIA ALL-PURPOSE ACKNOWLEDGEMENT>

EXHIBIT "A"

LEGAL DESCRIPTION OF PROPERTY

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY OF LAKE ELSINORE, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA AND IS DESCRIBED AS FOLLOWS:

LOT 6 IN BLOCK 503 OF SMITH' S ADDITION TO ELSINORE, IN THE CITY OF LAKE ELSINORE, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, AS SHOWN BY MAP ON FILE IN BOOK 2, PAGE 135 OF MAPS, RECORDS OF SAN DIEGO COUNTY, CALIFORNIA.

APN: 377-292-027

EXHIBIT "B"

**County of Riverside
ACKNOWLEDGMENT AGREEMENT CONTAINING COVENANTS
AFFECTING REAL PROPERTY**

The undersigned acknowledges as follows:

1. We have purchased the property at <Insert Property Address Here>, Riverside County, State of California designated as:
2. There is recorded against this property a certain Agreement Containing Covenants Affecting Real Property recorded in the Official Records of the County of Riverside, State of California on _____, _____, as Instrument No. _____ ("Homebuyer Covenant Agreement").
3. We meet the current requirements established by the Authority in order to be deemed a qualified Low Income Household as defined in the Homebuyer Covenant Agreement.
4. We have read and fully understand the Homebuyer Covenant Agreement and have had the opportunity to ask Habitat staff any questions we have about the document.
5. We understand that the Homebuyer Covenant Agreement runs with the land and is binding on us when we decide to transfer or sell the property, and we agree to comply fully with its terms.

OWNER(S):

Print Name: <Insert Name>

Date: _____

Print Name: <Insert Name>

Date: _____