

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



ITEM: 10.1  
(ID # 14369)

**MEETING DATE:**

Tuesday, April 20, 2021

**FROM:** HOUSING AUTHORITY:

**SUBJECT:** HOUSING AUTHORITY: Approve Memorandum of Understanding Between the Housing Authority of the County of Riverside and Rural Community Assistance Corporation, a California-based Nonprofit Corporation, in Connection with the Rehabilitation of Polanco Mobile Home Parks, Farm Worker Employee Housing Located in the Communities of Thermal, Mecca and Oasis, Unincorporated Areas of Riverside County, California, All Districts. [\$0]

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

1. Approve the attached Memorandum of Understanding (MOU) between Rural Community Assistance Corporation (RCAC), a California-based nonprofit corporation, and the Housing Authority of the County of Riverside (HACR);
2. Authorize the Deputy Executive Director of HACR, or designee, to execute the attached Memorandum of Understanding on behalf of the Housing Authority of the County of Riverside;
3. Authorize the Deputy Executive Director of HACR, or designee, to execute the HACR loan documents in substantially the form attached and in such final form as approved as to form by County Counsel; and
4. Authorize the Deputy Executive Director of HACR, or designee, to take all necessary steps to implement the Memorandum of Understanding, including, but not limited to signing subsequent necessary and relevant documents, subject to approval as to form by County Counsel.

**ACTION:** Policy


  
Heidi Marshall, Director of Housing, Homelessness Prevention 3/18/2021

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**MINUTES OF THE BOARD OF COMMISSIONERS**

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

Ayes: Jeffries, Spiegel, Washington, Perez, and Hewitt  
Nays: None  
Absent: None  
Date: April 20, 2021  
xc: Housing Authority

Kecia R. Harper  
Clerk of the Board  
By:   
Deputy

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

<b>FINANCIAL DATA</b>	<b>Current Fiscal Year:</b>	<b>Next Fiscal Year:</b>	<b>Total Cost:</b>	<b>Ongoing Cost</b>
<b>COST</b>	\$ 0	\$ 0	\$ 0	\$ 0
<b>NET COUNTY COST</b>	\$ 0	\$ 0	\$ 0	\$ 0
<b>SOURCE OF FUNDS:</b> N/A			<b>Budget Adjustment:</b>	No
			<b>For Fiscal Year:</b>	
			20/21	

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

**BACKGROUND:**

**Summary**

Throughout the rural parts of the County of Riverside manufactured housing is used as a tool to address housing affordability. The majority of these small manufactured housing communities are owned and operated by small families, and they struggle to access capital sources that will help them expand or rehabilitate their existing parks. Many of these parks were constructed through the state's Polanco Park loan program which allows for up to 14 units of housing for farmworkers on agriculturally zoned land.

Historically and prior to the loss of the Redevelopment Agency ("RDA"), RDA funding was utilized as the primary funding source for the development of Polanco Mobile Home Parks, farmworker employee housing and affordable housing in general. Although there were several Polanco Mobile Home Parks developed utilizing RDA funds, there was a reluctance by property owners to utilize that source of funding. The primary hesitation from property owners stemmed from the long-term affordability restrictions placed on their property.

With the loss of RDA funding, HACR staff began to search for alternate funding sources. Traditionally, banking institutions are not inclined to provide funding sources for unpermitted situations and/or these types of projects, however, HACR found a partner in Clearinghouse CDFI. Clearinghouse CDFI had experience with providing loans to property owners who wanted to develop Polanco Mobile Home Parks, but they did not have sufficient staff to act as a liaison between Clearinghouse CDFI and property owners hoping to develop Polanco Mobile Home Parks. Clearinghouse CDFI and HACR formed a partnership to provide property owners with the technical support and funding resources to develop Polanco Mobile Home Parks. The Housing Ombudsman successfully assisted 4 property owners with the application for construction loans directly to Clearinghouse CDFI. The 4 Polanco Mobile Home Parks are now permitted and provide safe and decent living condition for its residents. HACR staff has continued to search for alternative funding sources and partners to fill the crucial gap required to finance the development of Polanco Mobile Home Parks. Toward this and, a new partnership is being proposed as detailed below, similar to and including Clearinghouse CDFI.

To facilitate qualified property owners with a viable funding source, HACR and Rural Community Assistance Corporation ("RCAC") wish to partner and provide qualified owners of unpermitted Polanco Mobile Home Parks an opportunity to apply for and receive a construction loan for the rehabilitation of their unpermitted Polanco Mobile Home Park. By doing so, HACR and RCAC

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will accomplish filling a financial gap for property owners wishing to permit their unpermitted situation and provide a decent, safe, and sanitary housing opportunity for farmworkers.

As part of the terms of the attached Memorandum of Understanding between HACR and RCAC, RCAC has agreed to provide construction loans to qualified property owners, provided the construction loans are guaranteed by HACR. In the event that a property owner fails to comply with the terms of their loan with RCAC, is not able to complete their project or there is a cost overrun and the cost of a project exceeds the amount of the construction loan provided by RCAC, HACR has agreed to step in and complete the project and/or provide the necessary gap financing to complete the project. In the event there is a cost overrun HACR anticipates utilizing former Redevelopment funding that it currently administers as the Housing Successor Agency to the former Redevelopment Agency, no general funds will be expended. Short of a loan guarantee provided by the HACR, RCAC will not be able to offer these essential construction loans to mobile home park owners that wish to permit their mobile home parks.

At the conclusion of the project, once a certificate of completion has been filed with the County of Riverside and a Certificate of Occupancy has been issued by Riverside County, Clearinghouse CDFI has agreed to purchase the construction loans from RCAC and provide the necessary permanent financing. Historically, Clearinghouse CDFI has partnered with HACR to provide construction and permanent financing to eligible property owners for the purpose of rehabilitating their Polanco Mobile Home Parks.

This funding opportunity will be made available Countywide, to all eligible property owners.

Staff is recommending the Board of Commissioners to approve the attached MOU that will allow the financing needed by these park owners to permit their mobile home parks.

**Impact on Residents and Businesses**

Approving this item will have a positive impact on farmworker families and the owner of unpermitted Polanco Mobile Home Parks. The permitted Polanco Mobile Home Parks will provide decent, safe, and sanitary housing opportunities that would not otherwise be available absent this funding source.

**SUPPLEMENTAL:**


**Additional Fiscal Information**

No general funds will be used for this agreement. RCAC and Clearinghouse CDFI are providing construction and permanent financing for this program.

**ATTACHMENTS:**

- Memorandum of Understanding
- Housing Authority of the County of Riverside Loan Documents

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COUNTY OF RIVERSIDE, STATE OF CALIFORNIA

  
Steven Atkeson 4/13/2021

  
Gregory F. Priantos, Director County Counsel 4/6/2021



**Memorandum of Understanding**  
*between*  
**Rural Community Assistance Corporation (RCAC)**  
*and the*  
**Housing Authority of Riverside County (HACR)**

This **Memorandum of Understanding (MOU)** is dated for identification purposes as of \_\_\_\_\_, 2021, and made by and between RURAL COMMUNITY ASSISTANCE CORPORATION, a California nonprofit public benefit corporation, hereinafter referred to as **RCAC**, and the HOUSING AUTHORITY OF THE COUNTY OF RIVERSIDE, a public entity, corporate and politic, hereinafter referred to as **HACR**. RCAC and HACR as sometimes referred to herein individually as a "Party" and collectively as the "Parties."

WHEREAS, HACR acts as the "housing successor" to the former Redevelopment Agency for the County of Riverside under Assembly Bill No. x1 26, as modified by Assembly Bill No. 1484 (collectively, as amended to date, the "Dissolution Act"), and, as such, administers the "Low and Moderate Income Housing Asset Fund" established pursuant to the Dissolution Act ("LMIHAF");

WHEREAS, there exist certain mobile home parks within the geographic boundaries of the County of Riverside that qualify under Health & Safety Code Sections 17008, 17021.6 and 17021.8 as farm worker employee housing (each, a "**Polanco Park**," collectively, the "**Polanco Parks**") and are in need of rehabilitation;

WHEREAS, HACR is currently in need of financial and other assistance related to the rehabilitation of the Polanco Parks and any necessary improvements to be made in connection therewith, including, without limitation, upgrades to inadequate water, power and electricity (each, a "**Project**") so that each Polanco Park will provide safe and healthy housing for the farmworkers who reside there;

WHEREAS, RCAC has agreed to provide construction loans (each, a "**RCAC Loan**," collectively, the "**RCAC Loans**") to eligible owners of the Polanco Parks (each, a "**Borrower**") for which loans can be successfully underwritten, to pay for the rehabilitation and related improvements included in each Project;

WHEREAS, RCAC has also agreed to provide additional assistance to HACR as set forth herein;

WHEREAS, upon completion of the rehabilitation of each Polanco Park, Clearinghouse-CDFI ("**CDFI**") has agreed to purchase the RCAC Loans from RCAC; and

WHEREAS, in consideration of RCAC's financial assistance and the additional obligations set forth herein, HACR has agreed to perform certain services and guarantee the completion of each Project.

WHEN DOCUMENT IS FULLY EXECUTED RETURN

**CLERK'S COPY**

to Riverside County Clerk of the Board, Stop 1010  
Post Office Box 1147, Riverside, Ca 92502-1147  
Thank you.

NOW THEREFORE, in consideration of the mutual promises of the Parties set hereto by them to be kept and performed, it is hereby agreed as follows:

**A. Obligations of RCAC**

RCAC hereby covenants and agrees to:

1. Review each RCAC Loan Application Package (as hereinafter defined) received from HACR, provide appraisal instructions for an appraisal of the property that will secure the RCAC Loan prepared by an appraiser licensed in California, and underwrite the loan to determine an approval decision. RCAC shall notify HACR via email within thirty (30) days of receipt of each RCAC complete Loan Application Package as to the approval or disapproval thereof, and provide HACR with a copy of the appraisal for any approved loan.
2. Provide CDFI with copies of each approved RCAC Loan Application Package for review within ten (10) days of approval thereof by RCAC. RCAC shall notify HACR via email within ten (10) days of receipt of CDFI approval or disapproval of each Loan Application Package.
3. Review construction related documents for each Project submitted to RCAC by HACR and confirm such construction costs do not exceed the amount of the RCAC Loan.
4. Prepare all documents evidencing each RCAC Loan and coordinate RCAC Loan closing with the Borrower and title company. Concurrently therewith, RCAC agrees to coordinate the signature of the HACR Completion Loan Documents (as hereinafter defined) with the Borrower and the deposit of such documents into escrow. RCAC acknowledges that the use of LMIHAF to fund a Completion Loan requires that certain statutory limitations regarding affordability be placed on the Borrower and the Project. HACR is responsible for fully disclosing and obtaining written acknowledgment from the Borrower as to the terms and conditions of a Completion Loan should such become necessary.
5. Notify of loan closing within ten (10) days thereof and of the date of Project launch.
6. Coordinate with HACR on the inspection and approval for funding of each Draw Request (as hereinafter defined).
7. Coordinate with HACR on all final steps of each Project, including the recordation of a Notice of Completion by the contractor or Owner and issuance of the Certificate of Occupancy or other evidence of final inspection approval by the County of Riverside.
8. At the time of the issuance of the Certificate of Occupancy or other evidence of final inspection approval by the County of Riverside, RCAC shall promptly sell the loans

to CDFI and, provided the Project has been completed within Budget, arrange for the cancellation of the HACR Completion Loan Documents. Upon completion of a Project within Budget, HACR's obligations hereunder with respect to the particular Project shall be terminated.

9. Be responsible for all RCAC employee benefits, unemployment insurance, social security and state disability insurance, including appropriate reporting to the IRS, state and federal agencies.
10. As to each RCAC Loan and RCAC's obligations hereunder, RCAC shall comply with its normal lending practices as a CDFI lender and all applicable laws.

**B. Obligations of HACR**

HACR hereby covenants and agrees to:

1. Identify Polanco Parks requiring rehabilitation and improvement and work with each potential Borrower to complete a RCAC Loan Application Package. HACR shall review all loan applications for completeness and submit completed RCAC Loan Application Packages to RCAC for review and approval. Each "**RCAC Loan Application Package**" shall contain a completed application in the form attached as Exhibit A hereto, including without limitation, the name and address of Borrower, description of the rehabilitation and improvements to be made, and an estimate of the costs of the construction of the Project prepared by a contractor appropriately licensed in the state of California (each, a "**Project Budget**") for the work to be performed.
2. Upon the Borrower's request, provide technical assistance to Borrower during Project construction.
3. Act as a third party inspector on behalf of RCAC to verify Project progress and approve each Draw Request. Each "**Draw Request**" shall be in the form attached as Exhibit B hereto and contain, at a minimum, written confirmation by HACR that the work has been completed, and identification of Project Budget line items being paid for.
4. Work with the County Planning Department in connection with the issuance of Certificate of Occupancy at project completion.
5. In the event the costs of a Project exceed the amount of the RCAC Loan, HACR shall, in its sole and absolute discretion, either (i) complete the Project at HACR's cost, or (ii) elect to pay the Project general contractor to complete the Project. The costs incurred by HACR to complete a Project, along with any other reasonable costs incurred by HACR in connection therewith, shall constitute a loan to the Borrower (each, a "**Completion Loan**"). Each Completion Loan shall be funded with LMIHAF held by the HACR. The lien of the Deed of Trust and other HACR

Completion Loan Documents will be subordinate to the liens of the documents evidencing the RCAC loan.

6. Concurrently with the Borrower's execution of the RCAC Loan Documents, each Borrower shall be required to execute loan documents (collectively, and substantially in the form of Exhibit C hereto, the "**HACR Completion Loan Documents**") (i) evidencing Borrower's obligation to repay the Completion Loan, (ii) securing each Completion Loan with the Property on which the Project is located, and (iii) setting forth the statutory obligations placed on the Borrower and the Property as a result of the use of LMIHAF to complete the Project. The HACR Completion Loan Documents shall become effective upon HACR's expenditure of LMIHAF to complete a Project, and, to the extent applicable, shall be recorded in the official records of the County of Riverside prior to the disbursement of any LMIHAF to fund the Completion Loan.
7. The aggregate amount of Completion Loans available from LMIHAF pursuant to this MOU shall not exceed One Million Dollars (\$1,000,000) ("**Total Completion Loan Funding**"). Except upon the prior written approval of the Deputy Executive Director, each Completion Loan shall not exceed an amount which, when combined with the RCAC Loan and any other loans secured by the Property, exceeds 100% of the value of the Property, as stated in the appraisal obtained by RCAC. Any unused LMIHAF encumbered for a Completion Loan, but unused upon completion of the Project, shall again become a part of the available Total Completion Funding once HACR and RCAC determine a Project is complete. Upon purchase of the RCAC Loan by CDFI, the Agreement Containing Covenants included in the HACR Completion Loan Documents shall not be subordinated to the lien securing the CDFI loan, though the HACR deed of trust and other HACR Completion Loan Documents may be subordinated to the CDFI loan documents.

#### C. RCAC Address; Project Leads

HACR shall, upon receipt and approval of this MOU, return one signed copy to RCAC, attention Grants and Contract Administration Department, 3120 Freeboard Drive, Suite 201, West Sacramento, CA 95691.

The RCAC project lead for this MOU is Juanita Hallstrom, Director. Her contact information for purposes is: [jhallstrom@rcac.org](mailto:jhallstrom@rcac.org), 916-320 9805 Day to day program manager is Robert Longman, [rlongman@rcac.org](mailto:rlongman@rcac.org), 530-692-9625.

The HACR project lead for this MOU is Michael Walsh, Deputy Director. His contact information for purposes of this MOU are as follows: [MFWalsh@rivco.org](mailto:MFWalsh@rivco.org), (951) 343-5461. Day to day program manager is Monica Telles, [mtelles@rivco.org](mailto:mtelles@rivco.org), (760) 863-2541.



**D. Term**

This MOU shall become effective upon signature by both of the Parties hereto and, unless extended in a writing executed by RCAC and the Deputy Executive Director of HACR for up to twelve (12) months, will automatically terminate on May 6, 2023. Termination of this MOU shall not terminate any ongoing obligations under any executed RCAC Loan Documents or HACR Completion Loan Documents.

**E. Miscellaneous**

1. This MOU may be amended, modified or extended at any time by a signed written agreement of both Parties.
2. This MOU may be terminated by either Party with thirty (30) days written notice with or without cause. A termination of this MOU shall not terminate any ongoing obligations under any executed RCAC Loan Documents or HACR Completion Loan Documents.
3. RCAC and HACR hereby agree to meet and confer in good faith in an attempt to resolve any dispute, controversy or claim arising under this MOU (including the breach, termination or validity hereof). The obligations and duties of RCAC and the HACR pursuant to this MOU shall survive in full the termination of this MOU.
4. This MOU constitutes the entire agreement between RCAC and the HACR with respect to the subject matter of this MOU. The provisions hereof shall supersede or replace any conflicting or additional provisions which may be contained in any other writing, document or the like. In the event of a conflict between any provisions appearing in any other writing and in this MOU, the provision of this MOU shall be controlling.
5. This MOU may be executed in one or more counterparts, each of which shall be deemed an original, but all of which taken together, shall constitute one and the same instrument. This MOU may not be assigned by either Party hereto except upon the written consent of the other Party. This MOU shall be binding on and inure to the benefit of the permitted respective successors, assigns, heirs and personal representatives of the Parties. The Parties agree to take such actions and to execute and deliver all documents required or reasonably deemed necessary by any Party to this MOU.
6. The Recitals are a material component of this MOU and are incorporated herein by this reference.
7. In the event of any legal action arising out of or relating to this MOU, the prevailing party in such action shall be entitled to recover its reasonable attorneys' fees and costs.



8. Notwithstanding anything to the contrary contained herein, neither RCAC nor HACR shall in any event be entitled to, and each hereby waives, any right to seek loss of profits, or any special, incidental or consequential damages of any kind or nature, however caused, from the other party arising out of or in connection with this MOU, even if the other party has been advised of the possibility of the damages, and in connection with such waiver each party is familiar with and hereby waives the provision of § 1542 of the California Civil Code which provides as follows:

“A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY.”

9. Should any provision of this MOU be declared or determined by any court to be unenforceable or invalid, the validity of the remaining parts, terms and provisions shall not be affected thereby and said unenforceable or invalid part, term or provision shall not be deemed to be part of this MOU.
10. The agreements contained herein shall not be construed in favor of or against any Party, but shall be construed as if all Parties prepared this MOU.
11. This MOU shall be construed and enforced in accordance with and governed by the laws of the State of California. Any legal action related to the performance or interpretation of this MOU shall be filed only in the Superior Court of the State of California, located in Riverside, California, and the Parties waive any provision of law providing for a change in venue to another location.
12. The Deputy Executive Director of HACR shall have the authority to administer this MOU on behalf of HACR, and, in connection therewith, may execute any amendments, modifications or extensions hereof and any other documents required to implement this MOU in accordance with its terms.

[signature pages follow]

IN WITNESS WHEREOF, the Parties have caused their duly authorized representatives to sign this MOU.

**RCAC:**

RURAL COMMUNITY ASSISTANCE CORPORATION,  
a California nonprofit public benefit corporation  
3120 Freeboard Drive, Suite 201  
West Sacramento, CA 95691  
916/447-2854

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David Ebenezer  
Chief Financial Officer

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

[signatures continue on following page]


**HACR:**

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

By: \_\_\_\_\_  
Carrie Harmon,  
Deputy Executive Director

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

APPROVED AS TO FORM:  
Gregory P. Priamos, County Counsel

By:  \_\_\_\_\_  
Amrit P. Dhillon,  
Deputy County Counsel

## EXHIBIT A

### Form of RCAC Loan Application Package

Reference [rcac.org](http://rcac.org), Lending, Small Business Loans for forms and additional information:

1. Loan application form (Please complete in detail and sign.)
2. Current Balance Sheet for Business and Principals with 20% or More Ownership Interest
3. Year-to-Date Profit and Loss Statement
4. Most Recent Three Full Operating Years:
  - Balance Sheet
  - Profit and Loss
  - Tax Returns
5. Business Plan (as per the suggested outline.) Required for all businesses less than two years old.
6. May be required on a case-by-case basis for more established applicants.
7. Instructions for Resolution to Borrow and Resolution to Borrow (RCAC form or equivalent)
8. Personal history/resume (for individuals with a 20% or greater ownership interest)
9. Board of Directors list including: name, address, phone numbers and experience that member brings to the Board, if applicable
10. Articles of Incorporation and Bylaws (including any amendments), or Certificate of Formation and Operating Agreement, if applicable
11. Copy of Fictitious Business Name Certificate or copy of DBA name filing as appropriate for state (if applicable)
12. Applicable business license(s)

Please provide the items below that are available at this time, if applicable to your loan request. Documents that are not available at this time will have to be provided at a later date if applicable to the particular loan under consideration.

13. Feasibility study (Generally required for new or substantially expanded facilities.) Paid for by borrower, may be financed on a case-by-case basis.
14. Purchase and sales agreement with addendum, if applicable
15. Preliminary title report

16. Appraisal
17. Location map
18. Site plan
19. Plans and specifications
20. Itemized cost breakdown
21. Survey
22. Phase I environmental report



## EXHIBIT B

### Form of RCAC Draw Request

#### RCAC Loan Fund - Request for Funds

Submit to: 3120 Freeboard Drive, Suite 201, West Sacramento, CA 95691  
Attention: Diane Tang 916-447-9832 ext. 1039

Borrower: \_\_\_\_\_

Phone Number: (XXX) XXX-XXXX

Loan Number: \_\_\_\_\_

Draw Request Number: \_\_\_\_\_

If this is the first draw request, please complete bank information. We will deposit funds to your account upon review and approval of draw request.  
If your account information has changed since first draw request, please provide new bank information.

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

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

Address: \_\_\_\_\_

Account Number: \_\_\_\_\_

Routing Number: \_\_\_\_\_

Total Amount of current request \$ \_\_\_\_\_

\$ \_\_\_\_\_ For (purpose and payee) \_\_\_\_\_

\$ \_\_\_\_\_ For (purpose and payee) \_\_\_\_\_

\$ \_\_\_\_\_ For (purpose and payee) \_\_\_\_\_

\$ \_\_\_\_\_ For (purpose and payee) \_\_\_\_\_

\$ \_\_\_\_\_ For (purpose and payee) \_\_\_\_\_

#### Instructions:

- If funds being requested are for contracted construction or site development work, enter only the total amount being requested above and provide applicable documentation as specified in the RCAC Construction Disbursement Criteria.
- For all other requests, enter total request and then information by category (e.g., architectural, engineering, fees, etc.) and provide back up documentation, i.e., invoices, billings, etc.
- This form must be signed by an authorized signer as approved on the Corporate Resolution to Borrow dated XXX.
- Provide any documentation to satisfy post closing conditions as noted on the attached exhibit A.
- Please provide a voided check for account verification purposes.

Upon processing of your request, you will be provided with an "RCAC Loan Fund - Funds Request Confirmation and Loan Account Recap" Form.

By signing below, I (we) certify that the funds requested have been or will be expended on the work activities as planned for in the sources and uses of funds for the project on which the RCAC loan was based:

Authorized Signature: \_\_\_\_\_

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

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

Title: \_\_\_\_\_

RCAC Approval: \_\_\_\_\_

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

**EXHIBIT C**

**Form of HACR Completion Loan Documents**

[TO BE ATTACHED]

## AFFORDABLE HOUSING LOAN AGREEMENT

### Housing Authority of the County of Riverside Polanco Park Program (LMIHAF)

This AFFORDABLE HOUSING LOAN AGREEMENT (this “**Agreement**”) is made this \_\_\_\_th day of \_\_\_\_\_, 202\_, by and between <insert names of Borrowers and vesting> (“**Borrower**”) and the **HOUSING AUTHORITY OF THE COUNTY OF RIVERSIDE**, a public body, corporate and politic (“**Authority**”).

#### RECITALS

A. Borrower has entered into a loan agreement (the “**RCAC Loan Agreement**”) with Rural Community Assistance Corporation, a California-based nonprofit corporation (“**RCAC**”) to borrow funds to improve certain infrastructure (such as water, heating and electricity) serving \_\_\_\_ mobile home spaces (collectively, the “**Restricted Spaces**”) to be rented by farmworker employees on that certain real property located at \_\_\_\_\_, \_\_\_\_\_, California, bearing Riverside County Assessor's Parcel Number (APN) \_\_\_\_\_, and more particularly described in Exhibit A attached hereto (the “**Property**”). Borrower’s use of the Restricted Spaces on the Property as a mobile home park qualifies under Health & Safety Code Sections 17008, 17021.6 and 17021.8 as farmworker employee housing.

B. Borrower is receiving funds in the amount of \$\_\_\_\_\_ (“**RCAC Loan**”) to make qualifying improvements to the infrastructure serving the Restricted Spaces (the “**Project**”). In connection with the RCAC Loan, Authority is agreeing to make Borrower a subordinate lien position mortgage loan in the maximum amount of \$\_\_\_\_\_ (“**Authority Loan**”) in the event funds in addition to the RCAC Loan are required to complete the Project. The Authority Loan serves as a completion guaranty for the RCAC Loan, and RCAC would not make the RCAC Loan to Borrower without Borrower’s execution of the Authority Loan Documents, as hereinafter defined.

C. Authority was established by action of the Board of Supervisors of the County of Riverside on November 23, 1942, pursuant to the California Housing Authorities Law (Health and Safety Code §§ 34200, et seq., the “**Housing Authority Law**”), and constitutes a corporate and politic public body, exercising public and essential governmental functions, and having all the powers necessary or convenient to carry out the purposes and provisions of the Housing Authority Law.

D. California redevelopment agencies were dissolved on February 1, 2012 such that the Redevelopment Agency of the County of Riverside (“**Former Agency**”) is now deemed a former redevelopment agency under Health and Safety Code section 34173 and AB x1 26, as modified by Assembly Bill No. 1484 (as modified to date, the “**Dissolution Law**”), which added Parts 1.8 and 1.85 to Division 24 of the California Community Redevelopment Law (Health and Safety Code sections 33000 et seq., the “**CRL**”).

E. Pursuant to CRL § 34176 (a), and Authority Resolution Nos. 2012-035, 2012-001 and 2012-005, all housing functions previously performed by the Former Agency, including

related rights, powers, duties, obligations, and housing assets were transferred to Authority, making Authority the "Housing Successor" to the Former Agency under the Dissolution Law.

F. In accordance with the Dissolution Law, the Authority holds monies in the Low and Moderate Income Housing Asset Fund ("**LMIHAF**") which must be used in accordance with the CRL. LMIHAF assistance is available to qualified borrowers and/or affordable housing projects that meet specific income and other requirements of the CRL. The Authority Loan will be funded from the LMIHAF.

G. In connection with the Authority Loan, Borrower is required to deliver a number of loan documents to Authority, including, but not limited to, this Agreement, an Agreement Containing Covenants Affecting Real Property (with Use and Occupancy Restrictions) (the "**Declaration**"), a Promissory Note Secured by Deed of Trust ("**Note**"), a Disclosure Statement ("**Disclosure**"), a Deed of Trust, Assignment of Rents and Security Agreement ("**Deed of Trust**"), a Notice of Affordability Restrictions on Transfer of Real Property ("**Notice**") and supplemental joint escrow and title instructions of the Authority ("**Instructions**") (collectively, and together with all other documents delivered in connection herewith, the "**Authority Loan Documents**"). The Authority Loan Documents are incorporated herein by reference as though fully set forth herein.

H. Borrower represents and warrants to Authority that Borrower has read and understands the terms and provisions of this Agreement and the covenants, conditions, and restrictions set forth in the Declaration, and that Borrower has obtained the advice of independent legal counsel with respect to the terms of this Agreement and the Authority Loan Documents, or has knowingly and voluntarily waived the right to consult with legal counsel of his/her choosing.

I. Borrower further acknowledges that without the Authority's provision of the Authority Loan, Borrower would not have been able to receive the RCAC Loan on the favorable terms included therein.

J. The Project qualifies for assistance funded from the LMIHAF, which, for purposes of this Agreement, means that Borrower will restrict the occupancy of the Restricted Spaces to persons or families whose annual income does not exceed the qualifying limits for "low income households", meaning that the household does not have aggregate gross income in excess of 80% of area median income for Riverside County, adjusted for actual family size, as published periodically by the State of California Department of Housing and Community Development.

## A G R E E M E N T

**NOW, THEREFORE**, in consideration of the foregoing Recitals, which are incorporated herein by this reference and made a part hereof, and for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. **Authority Loan.** The Authority Loan shall only be disbursed if, despite Borrower's commercially reasonable efforts, the Project cannot be completed without some or

all of the proceeds of the Authority Loan. Upon the instruction of the parties and delivery of the Authority Loan Documents, dually executed and notarized, as appropriate, by all parties thereto, and satisfaction of the conditions precedent to the Closing set forth in the Instructions, the closing of escrow for the Authority Loan shall occur. Authority may fund the Authority Loan proceeds into escrow at least one (1) business day prior to the scheduled close of escrow. Upon the close of escrow, proceeds of the Authority Loan shall be disbursed to Authority and/or Borrower and/or Borrower's contractor to complete the Project.

Unless an "**Event of Acceleration**" (as that term is defined herein) occurs prior to the expiration of the Affordability Period, (a) no interest shall accumulate on the Authority Loan, and (b) upon the expiration of the Affordability Period, the Note shall be cancelled and the Note Amount shall be deemed satisfied. If an Event of Acceleration occurs prior to the expiration of the Affordability Period, interest shall be deemed to have accumulated on the Note Amount at the rate of the lesser of seven percent (7%) per annum or the maximum rate permitted by applicable law (the "**Default Rate**"), compounded annually. The Deed of Trust, which shall secure the Note, shall be recorded as a subordinate lien against the Property.

For purposes hereof, "**Affordability Period**" means the period commencing upon the date of recordation of the Declaration in the official records of Riverside County and ending on the fifty fifth (55<sup>th</sup>) anniversary thereof.

2. **Property Transfer Restrictions.** The Property is subject to Transfer restrictions during the Affordability Period as set forth in the Declaration.

a. Borrower shall not "**Transfer**" (as defined in the Declaration) or permit the Transfer of the Property during the Affordability Period unless the Transfer is a "**Permitted Transfer**" (as defined in the Declaration) or approved by Authority in writing in accordance with the Declaration.

b. A Transfer that does not constitute a Permitted Transfer or is not approved in writing by Authority (a "**Prohibited Transfer**") is expressly prohibited by this Agreement and shall constitute a default of Borrower under this Agreement, entitling Authority to demand immediate payment in full of outstanding amounts under the Authority Loan, as well as all remedies available at law or equity.

3. **Events of Acceleration.** The Authority Loan shall become due and immediately payable irrespective of any provisions herein to the contrary upon the occurrence of any one of the following events of acceleration during the Affordability Period (each, an "**Event of Acceleration**"): (i) Prohibited Transfer of the Property (as defined in Section 3 above), or (ii) Borrower (or upon Borrower's Transfer of the Property pursuant to a Permitted Transfer, Borrower's transferee) is no longer requiring compliance with the occupancy and rent requirements for the Restricted Spaces set forth in this Agreement and the Declaration or is in default of any other obligation under this Agreement, the Note, the Declaration, or the Deed of Trust. The Executive Director may, in his or her sole and absolute discretion, waive some or all of the requirements of this Section.



4. **Notice to Authority.** Borrower (or Borrower's permitted transferee or heirs following the death of Borrower) agrees to notify Authority in writing not less than ninety (90) days prior to any Transfer of any interest in the Property using the Notice of Intent to Transfer attached as Exhibit B hereto.

5. **Provision of Tax Records.** Borrower acknowledges that in the event Authority is audited, Authority may be required to submit the financial information, including tax records, of Borrower that are required by Authority to determine Borrower's compliance with requirements for the use of LMIHAF under the CRL. In the event the Authority is unable to provide such information to the individual or entity performing the audit of the Authority's activities, Borrower agrees to provide such information to Authority, for the sole purpose of satisfying the audit. Upon completion of the audit, Authority shall, if legally able, return all such information to Borrower. Borrower shall maintain all such financial information regarding the Restricted Spaces for a period of seven (7) years from the date thereof.

6. **Maintenance of Property.** Borrower shall maintain the Restricted Spaces, improvements and landscaping on the Property in a manner consistent with community standards which will uphold the value of the Property, in accordance with the Municipal Code of the City in which the Property is located, if applicable, or the Riverside County Code. Borrower also agrees to comply with the Authority Loan Documents, and all applicable federal, state and local laws and regulations.

7. **Occupancy Standards and Requirements.** The use and occupancy of the Restricted Spaces shall be governed by the Declaration. Borrower covenants and agrees to utilize the Restricted Spaces and the Property in compliance with the Declaration at all times during the Affordability Period, including without limitation (capitalized terms not defined herein shall have the meaning set forth in the Declaration):

a. The Restricted Spaces shall be rented for use by mobile homes occupied by Low Income Households at an Affordable Space Rent during the Affordability Period and for no other purpose.

b. Borrower shall not enter into an agreement for the rental or lease of the Restricted Spaces, or any portion thereof, or permit the rental or lease of the Restricted Spaces, or any portion thereof, except in accordance with the Authority Loan Documents during the Affordability Period.

c. Occupancy of the mobile homes occupying the Restricted Spaces shall not exceed the maximum occupancy allowed by applicable law.

d. Borrower shall, upon demand by Authority, submit to Authority an affidavit of occupancy verifying Borrower's compliance with this Section. Said affidavit may be required by Authority on an annual basis.

e. Provided that Borrower obtains a similar exemption to any other applicable restrictions on the occupancy and use of the Restricted Spaces, Authority may grant a temporary written waiver of the above requirements for good cause, in Authority's sole and absolute discretion.

8. **Income and Asset Information.** Borrower agrees to require an application and additional information verifying income and asset eligibility of each Household prior to execution of a lease for a Restricted Space. Borrower represents, warrants and declares under penalty of perjury to Authority that all information Borrower has provided and will provide in the future to Authority is and will be true, correct and complete. Borrower acknowledges that Authority is relying upon Borrower's representations and covenants herein, and Authority would not have entered into this Agreement if Borrower did not so agree.

9. **RCAC Loan.** Borrower shall obtain a mortgage loan from RCAC to finance the Project. The deed of trust securing such mortgage shall be recorded in a senior lien position against the Property.

10. **Escrow Instructions; Order of Recordation; Request for Notice.** In connection herewith, Borrower and Authority are executing the Instructions. Authority shall submit the Instructions to title and Escrow, designating the order for the Authority Loan Documents required to be recorded in connection with any funding of the Authority Loan. Borrower agrees that Authority shall have no obligation to disburse Authority Loan funds unless and until the Declaration, Deed of Trust and Notice are recorded in the official records of Riverside County.

Borrower shall cause a Request for Notice of Default to be recorded on the Property requesting a statutory notice of default for all loans secured by the Property as set forth in the California Civil Code Section 2924(b). Such notice shall be sent to: Housing Authority of the County of Riverside, 555 Arlington Avenue, Riverside, CA 92504, Attn: Executive Director.

11. **Indemnification.** Borrower shall defend, indemnify and hold harmless Authority and Authority's officers, officials, agents, members, employees, and representatives from and against any losses, liabilities, claims, or judgments relating in any manner to or in connection with the Project, the Property, the Restricted Spaces, the Authority Loan, the Authority Loan Documents or this Agreement. Borrower shall remain fully obligated for the payment of taxes, liens and assessments related to the Property.

12. **Insurance.** Borrower shall maintain, during the term of this Agreement, such insurance as required by the Declaration, including an all-risk property insurance policy insuring the Property in an amount equal to the full replacement value of the structures on and Improvements to the Property. The policy shall name Authority as loss payee and shall contain a statement of obligation on behalf of the carrier to notify Authority of any material change, cancellation or termination of coverage at least thirty (30) days in advance of the effective date of such material change, cancellation or termination. Borrower shall transmit a copy of the certificate of insurance and loss payee endorsement to Authority prior to the close of escrow, with an original to follow within thirty (30) days after the effective date of this Agreement, and Borrower shall annually transmit to Authority a copy of the certificate of insurance and a loss payee endorsement, signed by an authorized agent of the insurance carrier setting forth the general provisions of coverage. The copy of the certificate of insurance and loss payee endorsement shall be transmitted to Authority as follows:

Housing Authority of the County of Riverside

555 Arlington Avenue  
Riverside, CA 92504  
Attn: Executive Director

Any certificate of insurance must be in a form, content, and with companies, reasonably approved by Authority.

13. **Defaults.** Failure or delay by either party to perform any term or provision of this Agreement which is not cured within thirty (30) days after receipt of notice from the other party constitutes a default under this Agreement; provided, however, if such default is of the nature requiring more than thirty (30) days to cure, the defaulting party shall avoid default hereunder by commencing to cure within such thirty (30) day period, and thereafter diligently pursuing such cure to completion.

The injured party shall give written notice of default to the party in default, specifying the default complained of by the injured party. Except as required to protect against further damages, the injured party may not institute proceedings against the party in default until thirty (30) days after giving such notice (or such larger period as described in the immediately preceding sentence). Failure or delay in giving such notice shall not constitute a waiver of any default, nor shall it change the time of default.

Borrower's failure to perform, or violation of, any term or provision contained in any of the Authority Loan Documents within the time prescribed in the applicable document shall constitute a default hereunder which shall immediately give rise to Authority's right seek any remedies available under applicable law.

14. **Distribution of Insurance and Condemnation Proceeds.** In the event the improvements on the Property are destroyed and insurance proceeds are distributed to Borrower instead of being used to rebuild, or in the event of condemnation, if proceeds thereof are distributed to Borrower, such proceeds (the "**Proceeds**") shall be paid and distributed as follows: (i) first, to the holder of the first lien priority note, to pay the remaining balance owed thereon, (ii) second, to the extent Proceeds remain, to the holder of the second lien priority note, and any other monetary liens senior to that or the Deed of Trust, if any, to pay the remaining balance owed thereon, (iii) third, to the extent Proceeds remain, to the holder of the Authority Note, to pay the remaining balance owed thereon, and (iv) all remaining Proceeds shall be distributed to Borrower.

15. **Rights and Remedies are Cumulative.** Except as otherwise expressly stated in this Agreement, the rights and remedies of the parties are cumulative, and the exercise by either party of one or more of its rights or remedies shall not preclude the exercise by it, at the same or different times, of any other rights or remedies for the same default or any other default by the other party.

16. **Covenants to Run with the Land.** All conditions, covenants, and restrictions contained in this Agreement shall be covenants running with the land, and shall, in any event, and without regard to technical classification or designation, legal or otherwise, be, to the fullest extent permitted by law and equity, binding for the benefit and in favor of, and enforceable by,

the Authority and its respective successors and assigns, against Borrower, its successors and assigns, to or of the Property or any portion thereof or any interest therein, and any party in possession or occupancy of said Property or portion thereof.

In amplification and not in restriction of the provisions set forth hereinabove, it is intended and agreed that Authority shall be deemed a beneficiary of the agreements and covenants provided hereinabove both for and in its own right and also for the purposes of protecting the interests of the community. All covenants without regard to technical classification or designation shall be binding for the benefit of Authority and such covenants shall run in favor of Authority for the entire period during which such covenants shall be in force and effect, without regard to whether Borrower is or remains an owner of any land or interest therein to which such covenants relate. Authority shall have the right, in the event of any breach of any such agreement or covenant, to exercise all the rights and remedies, and to maintain any action at law or suit in equity or other proper proceedings to enforce the curing of such breach of agreement or covenant.

17. **Non-Waiver.** Failure to exercise any right Authority may have or be entitled to, in the event of default hereunder, shall not constitute a waiver of such right or any other right in the event of a subsequent default.

18. **Recordation; Other Documents.** Borrower agrees and acknowledges that prior to any disbursement of the Authority Loan, certain of the Authority Loan Documents shall be recorded against the Property with the County Recorder of the County of Riverside and shall appear of record with respect to and as an encumbrance to the Property. Borrower agrees to execute any other documents reasonably required by Authority or by a participating entity to complete the transaction contemplated hereby.

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

20. **Governing Law.** Borrower hereby agrees to comply with all ordinances, rules and regulations of the City in which the Property is located ("City"), if applicable, or the Riverside County Code. Nothing in this Agreement is intended to be, nor shall it be deemed to be, a waiver of any City or County ordinance, rule or regulation. This Agreement shall be governed by the laws of the State of California. Any legal action brought under this Agreement must be instituted in the Superior Court of the County of Riverside, State of California, or in the Federal District Court in the District of California in which Riverside County is located.

21. **Amendment to Agreement.** No modification, rescission, waiver, release or amendment of any provision of this Agreement shall be made except by a written agreement executed by Borrower and Authority.

22. **Authority May Assign.** Authority may, at its option and without obtaining the consent of the Borrower, assign this Agreement and/or any or all of the Authority Loan Documents.



23. **Borrower Assignment Prohibited.** In no event shall Borrower assign or transfer any portion of the Property, the Authority Loan, this Agreement or any of the other Authority Loan Documents or agreements referred to herein without the prior express written consent of Authority. Any such assignment or transfer without the prior express written consent of Authority shall be null and void.

Authority may, in its sole and absolute discretion, agree to the assignment of the Authority Loan to a purchaser of the Property only in the event that (i) Authority has determined, and Borrower has verified, that the assignee or transferee will comply with all covenants and obligations set forth in the Declaration, and (ii) that the assignee or transferee has expressly assumed this Agreement, the Declaration, the Note and the Deed of Trust by execution of a written assumption agreement in such form as is approved by Authority.

24. **Relationship of Borrower and Authority.** The relationship of Borrower and Authority pursuant to this Agreement is that of debtor and creditor and shall not be or be construed to be a joint venture, equity venture, partnership, or other relationship.

25. **Notices.** Any notices, requests or approvals given under this Agreement from one party to another may be personally delivered, delivered by reputable same-day or overnight courier that provides a receipt with the date and time of delivery, or deposited with the United States Postal Service for mailing, postage prepaid, registered or certified mail, return receipt requested to the following address:

To Borrower:

\_\_\_\_\_  
\_\_\_\_\_, CA \_\_\_\_\_

To Authority:

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

Either party may change its address for notice by giving written notice thereof to the other party.

26. **Attorneys' Fees and Costs.** In the event that any action is instituted to enforce payment or performance under this Agreement, the parties agree the non-prevailing party shall be responsible for and shall pay all costs, including expert witness fees, and all attorneys' fees incurred by such prevailing party in enforcing this Agreement.

27. **Nondiscrimination.** Borrower covenants by and for itself and any successors in interest that there shall be no discrimination against or segregation of any person, or group of persons on any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Property, or any part



thereof, nor shall Borrower, or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees of the Property, or any part thereof. The foregoing covenants shall run with the land.

Borrower agrees for itself and any successor in interest that Borrower shall refrain from restricting the rental, sale, or lease of any portion of the Property, or contracts relating to the Property, on the basis of race, color, creed, religion, sex, marital status, ancestry, or national origin of any person. All such deeds, leases or contracts shall contain or be subject to substantially the following nondiscrimination or nonsegregation clauses:

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

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

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

The covenants established in this Agreement shall, without regard to technical classification and designation, be binding for the benefit and in favor of Authority, its successors and assigns, Authority and any successor in interest to the Property, together with any property acquired by the Borrower pursuant to this Agreement, or any part thereof. The covenants against discrimination shall remain in effect in perpetuity.

Notwithstanding the foregoing, the Borrower acknowledges and agrees that during the Affordability Period, Borrower shall rent the Restricted Spaces solely to Low Income Households at an Affordable Space Rent, as such terms are defined in the Declaration.

28. **Entire Agreement.** The Authority Loan Documents constitute the entire understanding and agreement of the parties with respect to the subject matter thereof. This Agreement integrates all of the terms and conditions mentioned herein or incidental thereto, and supersedes all prior negotiations, discussions and previous agreements between Authority and Borrower concerning all or any part of the subject matter thereof.

29. **Authority.** Each signatory hereto warrants to the other party that it has authority to sign on behalf of the party for whom it purports to sign.

30. **Joint and Several Liability.** Where Borrower consists of more than one person, each constituent person shall be jointly and severally liable for all amounts due hereunder and all covenants, conditions, representations, warranties and other obligations of Borrower under this Agreement; and any act or failure to act by any of those persons individually shall constitute an act of Borrower hereunder.

31. **Non-Liability of Officers and Employees.** No officer, official, member, employee, agent, or representative of Authority shall be personally liable to Borrower, or any successor or assign of same, in the event of any default or breach by Authority, or for any amount which may become due to Borrower, or any successor or assign of same, or for breach of any obligation of the terms of this Agreement.

32. **Time of Essence.** Time is of the essence of every portion of this Agreement in which time is a material part.

33. **Interpretation; Severability.** The terms of this Agreement shall be construed in accordance with the meaning of the language used and shall not be construed for or against either party hereto by reason of the authorship of this Agreement or any other rule of construction which might otherwise apply. The Section headings are for purposes of convenience only, and shall not be construed to limit or extend the meaning of this Agreement. Each provision of this Agreement shall be severable from the whole. If any provision of this Agreement shall be found contrary to law, the remainder of this Agreement shall continue in full force.

34. **Integration; Amendment.** It is understood that there are no oral agreements between the parties hereto affecting this Agreement, and this Agreement supersedes and cancels any and all previous negotiations, arrangements, agreements, and understandings, if any, between the parties with respect to the subject matter hereof, and none shall be used to interpret this Agreement. This Agreement may be amended at any time by the mutual consent of the parties by an instrument in writing.

35. **Counterparts.** This Agreement may be executed in counterparts, each of which, when this Agreement has been signed by each of the parties hereto, shall be deemed to be an original.

[Signatures on next page]

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year written below.

**“Authority”**

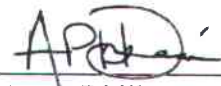
**HOUSING AUTHORITY OF THE  
COUNTY OF RIVERSIDE**, a public body,  
corporate and politic

By: \_\_\_\_\_  
Heidi Marshall, Executive Director

Date: \_\_\_\_\_, 202\_\_

APPROVED AS TO FORM:

GREGORY P. PRIAMOS  
COUNTY COUNSEL

By:  \_\_\_\_\_  
Amrit Dhillon  
Deputy County Counsel

**“Borrower”**

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

Date: \_\_\_\_\_, 202\_\_

**“Borrower”**

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

Date: \_\_\_\_\_, 202\_\_

**EXHIBIT "A"**

**LEGAL DESCRIPTION OF THE PROPERTY**

Real property in the City of \_\_\_\_\_, County of Riverside, State of California, described as follows:

<insert legal description>

APN: \_\_\_\_\_

**EXHIBIT “B”**

**NOTICE OF INTENT TO TRANSFER**

[See attached]

**NOTICE OF INTENT TO TRANSFER**

NOTICE OF INTENT TO TRANSFER MUST BE DELIVERED  
TO THE HOUSING AUTHORITY OF THE COUNTY OF  
RIVERSIDE PRIOR TO PROCEEDING WITH ANY  
TRANSFER OF THE PROPERTY.

From: \_\_\_\_\_ ("Owner")

To:                   Housing Authority of the County of Riverside  
                      555 Arlington Avenue  
                      Riverside, CA 92504  
                      Attn: Executive Director

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

Re:    <insert address>  
      APN: \_\_\_\_\_  
      (the "Property")

Owner desires to [sell, convey, transfer by inheritance or devise, lease, gift, otherwise transfer] (circle appropriate words) the Property.

The Property is subject to affordability and other covenants given by Borrower in favor of Authority, including that Restricted Spaces on the Property are restricted to rental to Low Income Households at an Affordable Space Rent in accordance with an Affordable Housing Loan Agreement and an Agreement Containing covenants Affecting Real Property (With Use and Occupancy Covenants) recorded against the Property.

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

Exhibit – Do Not Sign  
\_\_\_\_\_  
Signature of Owner  
  
(        ) \_\_\_\_\_  
Day time telephone of Owner



## BORROWER DISCLOSURE STATEMENT

### Housing Authority of the County of Riverside

#### Polanco Park Program (LMIHAF)

Name of Borrower(s): <insert names of Borrowers >

Property Address: \_\_\_\_\_, \_\_\_\_\_, CA

Authority Maximum \_\_\_\_\_ Thousand Dollars (\$\_\_\_\_\_)   
 Loan Amount:

I/we, \_\_\_\_\_ (“**Borrower**”), am/are receiving a mortgage loan (“**RCAC Loan**”) secured by the above described property (the “**Property**”) from Rural Community Assistance Corporation (“**RCAC**”) to improve certain mobile home services and infrastructure located on the Property (the “**Project**”). I/we rent the mobile home spaces located on the Property to households who qualify as farm worker employees under California law. As a condition to the loan from RCAC, I/we are receiving a loan from the Housing Authority of the County of Riverside (“**Authority**”) in the maximum amount set forth above (“**Authority Loan**”) to complete the Project in the event the RCAC Loan proceeds are insufficient to complete the Project.

The Authority Loan serves as a completion guaranty for the RCAC Loan, and is a condition to my/our receipt of the RCAC Loan. As a result, proceeds from the Authority Loan will only be disbursed if needed to complete the Project. In the event proceeds from the Authority Loan are needed to complete the Project, the Authority Documents requiring recordation in the official records of Riverside County will be recorded as a lien against the Property prior to any disbursement of Authority Loan proceeds. If the Authority Loan is not needed to complete the Project, the documents evidencing the Authority Loan will be terminated.

I/we understand that if we transfer the Property before completion of the Project, the Authority will have no obligation to make the Authority Loan to any purchaser of the Property, and that such transfer of the Property may result in a default under the RCAC Loan.

The Authority Loan is being funded with monies held in the Low and Moderate Income Housing Asset Fund (“**LMIHAF**”). LMIHAF assistance is available for affordable housing projects with occupants who meet income and other requirements of applicable California law. As a result, if proceeds of the Authority Loan are required to complete the Project, the mobile home spaces located on the Property (the “**Restricted Spaces**”) will be restricted to occupancy by households earning up to 80% of area median income in Riverside County (each, a “**Low Income Household**”) at an “**Affordable Space Rent**” as defined in the Declaration. Such restrictions on occupancy and rent will remain in effect for 55 years (“**Affordability Period**”).

I/we understand that our ability to obtain the Authority Loan is conditioned on a number of factors, including, but not limited to:

- I/we have signed or will sign an Affordable Housing Loan Agreement (“**Affordable Housing Agreement**”), Promissory Note Secured by Deed of Trust (“**Promissory Note**”), an Agreement Containing Covenants Affecting Real Property (with Use and Occupancy Covenants) (the “**Declaration**”), a Notice of Affordability Covenants (“**Notice**”), a Deed of Trust, Assignment of Rents and Security Agreement (“**Deed of Trust**”) and joint escrow instructions (“**Instructions**”) (collectively, and including this Borrower Disclosure Statement and any other documents required by Authority in connection with the Authority Loan, the “**Authority Documents**”). I/we have read or had explained to us the terms and conditions of all of the Authority Documents. I/we understand that all of the Authority Documents impose binding legal obligations on me/us.
- I/we have signed or will sign various loan documents with RCAC (the “**RCAC Loan Documents**”). I/we have read or had explained to us the terms and conditions of all of those documents. I/we understand that all of those documents impose binding legal obligations on me/us.
- I/we understand that outstanding amounts under the Authority Loan will be due and payable if I/we:
  - rent the Restricted Spaces to a household that does not qualify under the Declaration as a Low Income Household and/or at a rent that exceeds the Affordable Space Rent set forth in the Declaration; or
  - otherwise violate the terms and conditions of the Declaration, RCAC Loan Documents or Authority Documents; or
  - transfer the Property prior to the expiration of the Affordability Period without the prior written consent of Authority.
- I/we understand that the Restricted Spaces must be rented at an Affordable Space Rent to households that qualify as Low Income Households, and that such restrictions on rent and occupancy will remain in effect for fifty-five (55) years from the date of recordation of the Declaration in the official records of Riverside County.
- I/we understand that occupants of the Restricted Spaces must qualify as a “Low Income Household,” meaning that their gross household income does not exceed 80% of area median income for Riverside County based on actual household size.
- Neither RCAC nor Authority shall be held responsible for any costs associated with the RCAC Loan, Authority Loan, and/or any infrastructure improvements to the Restricted Spaces I/we purchase with such loan proceeds including, but not limited to, any loan fees or charges, any charges for appraisals or any escrow costs or other costs.

- I/we are responsible for payment of the cost of a title insurance policy insuring the Deed of Trust to be recorded against the Property as a subordinate lien to secure Authority's right to repayment of the Authority Loan.
- Authority cannot ensure that information provided by or on my/our behalf will be kept confidential.
- Authority shall not be responsible for providing information concerning other public or private sources of loans, including, without limitation, the RCAC Loan.
- Authority shall not be charged with the knowledge of the contents of the loan documents of any other lender, including, without limitation, the RCAC Loan.
- So long as I/we are in compliance with the terms and conditions of the RCAC Loan and Authority Loan, there are no periodic payments due on the Authority Loan and the Authority Loan will not bear interest. The Authority Loan will be deemed paid in full upon the expiration of the Affordability Period. I/we have obtained the advice of an independent accountant regarding the income tax consequences of such deemed repayment, or have knowingly and voluntarily waived the right to consult with an accountant of my/our choosing.
- I/we have obtained the advice of independent legal counsel with respect to the terms of the Authority Loan Documents, or have knowingly and voluntarily waived the right to consult with legal counsel of my/our choosing.

"Borrower"

Date: \_\_\_\_\_, 202\_\_

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

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

## CERTIFICATION OF AUTHORITY

By execution below, the undersigned Authority representative certifies that he/she met, in person, with Borrower, and read to the Borrower (either in Spanish, if Spanish is a primary language spoken by Borrower, or with a translator, if English or Spanish are not a primary language spoken by Borrower) this Borrower Disclosure Statement, answered any questions of Borrower and further explained to the Borrower the purpose and effect of the following Authority Documents: Affordable Housing Agreement, Promissory Note, Notice, Declaration, Instructions and Deed of Trust.

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

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

Title: \_\_\_\_\_

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

RECORDING REQUESTED BY  
AND WHEN RECORDED MAIL TO:

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

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pursuant to Government Code Section 27383.

**AGREEMENT CONTAINING COVENANTS AFFECTING REAL PROPERTY**  
**(WITH USE AND OCCUPANCY COVENANTS)**

**Housing Authority of the County of Riverside**  
**Polanco Park Program (LMIHAF)**

This **AGREEMENT CONTAINING COVENANTS AFFECTING REAL PROPERTY (WITH USE AND OCCUPANCY COVENANTS)** (this “**Declaration**”) is made as of \_\_\_\_\_, 202\_ by and between <insert names of Borrowers and vesting> (“**Owner**”) (together with its permitted successors and assigns, the “**Owner**”) and the **HOUSING AUTHORITY OF THE COUNTY OF RIVERSIDE**, a public body, corporate and politic (“**Authority**”).

RECITALS

A. Authority was established by action of the Board of Supervisors of the County of Riverside on November 23, 1942, pursuant to the California Housing Authorities Law (Health and Safety Code §§ 34200, et seq., the “**Housing Authority Law**”), and constitutes a corporate and politic public body, exercising public and essential governmental functions, and having all the powers necessary or convenient to carry out the purposes and provisions of the Housing Authority Law.

B. California redevelopment agencies were dissolved on February 1, 2012 such that the Redevelopment Agency of the County of Riverside (“**Former Agency**”) is now deemed a former redevelopment agency under Health and Safety Code section 34173 and AB x1 26, as modified by Assembly Bill No. 1484 (as modified to date, the “**Dissolution Law**”), which added Parts 1.8 and 1.85 to Division 24 of the California Community Redevelopment Law (Health and Safety Code sections 33000 et seq., the “**CRL**”).

C. Pursuant to CRL § 34176 (a), and Authority Resolution Nos. 2012-035, 2012-001 and 2012-005, all housing functions previously performed by the Former Agency, including related rights, powers, duties, obligations, and housing assets were transferred to Authority, making Authority the “Housing Successor” to the Former Agency under the Dissolution Law.

D. The Authority holds monies in the Low and Moderate Income Housing Asset Fund (“**LMIHAF**”) in accordance with the CRL. LMIHAF assistance is available to affordable housing projects which meet the applicable requirements of the CRL.

E. Pursuant to an agreement (the “**RCAC Loan Agreement**”) with Rural Community Assistance Corporation, a California-based nonprofit corporation (“**RCAC**”), Owner



is borrowing funds to improve certain infrastructure (such as water, heating and electricity) associated with spaces located on the Property to be rented for use by farmworker employee mobile homes located at \_\_\_\_\_, \_\_\_\_\_, California, bearing Riverside County Assessor's Parcel Number (APN) \_\_\_\_\_, and more particularly described in Exhibit A attached hereto (the "**Property**"). As a condition to the RCAC Loan, Authority has agreed to make Owner a subordinate lien position mortgage loan from the LMIHAF in the maximum amount of \$ \_\_\_\_\_ ("**Authority Loan**"). The Authority Loan serves as a completion guarantee for the RCAC Loan.

F. [The Former Agency adopted by Ordinance No. 638, on December 23, 1986, a redevelopment plan for an area within the County known as the Desert Communities Project Area (hereinafter referred to as "**Redevelopment Project Area**"). The Property is located outside the Redevelopment Project Area. The Former Agency adopted Resolution RDA 2005-35 on December 20, 2005 with a finding that the use of Low- and Moderate-Income Housing Set-Aside Funds outside the Redevelopment Project Area is of benefit to the Project Area. The Riverside County Board of Supervisors adopted Resolution 2005-374 on December 20, 2005, with a similar finding.] [delete if within Project Area and add description of Project Area]

G. The Authority, in its capacity as Housing Successor, endeavors to preserve, protect, improve and increase affordable housing stock and eliminate blight. The Authority Loan will alleviate blighted conditions on the Property as set forth in Section 33031 of the California Health and Safety Code.

H. In connection with the Authority Loan, Owner is required to deliver a number of loan documents to Authority, including, but not limited to, this Declaration, an Affordable Housing Loan Agreement ("**Loan Agreement**"), a Promissory Note Secured by Deed of Trust ("**Note**"), Disclosure Statement ("**Disclosure**"), a Notice of Affordability Restrictions ("**Notice**"), a subordinate lien position Deed of Trust, Assignment of Rents and Security Agreement ("**Authority Deed of Trust**") and supplemental escrow and title instructions of the Authority ("**Instructions**") (collectively, and together with all other documents delivered to Authority in connection herewith, the "**Authority Loan Documents**"). Capitalized terms not defined herein shall have the meaning set forth in the Loan Agreement.

I. Pursuant to the Loan Agreement, Owner is required to use the RCAC and Authority Loan proceeds to improve certain infrastructure servicing mobile home units located or to be located on the Property used for farmworker employee housing and make approved improvements to the Property in connection therewith (the "**Project**"). In consideration of the Authority Loan, Owner is required to restrict the use and occupancy of the \_\_\_\_\_ spaces available for farmworker employee mobile home units located on the Property (collectively, the "**Restricted Spaces**") to households whose income does not exceed 80% of area median income (as defined herein, a "**Low Income Household**") for the County of Riverside at an Affordable Space Rent (as defined herein below) for a period of no less than fifty-five (55) years, as more specifically set forth in the Loan Agreement and herein.

J. This Declaration is being recorded in the Official Records against the Property and is entered into and recorded in accordance with the Redevelopment Plan, the Loan Agreement, the CRL and the Dissolution Law.

K. Owner represents and warrants to Authority that Owner has read and understands the terms and provisions of this Declaration and the covenants, conditions, and restrictions set forth herein, and that Owner has obtained the advice of independent legal counsel with respect to the terms of this Declaration and the Authority Loan Documents, or has knowingly and voluntarily waived the right to consult with legal counsel of his/her choosing.

L. Owner further acknowledges that without the Authority's provision of the Authority Loan, Owner would not have been able to obtain the RCAC Loan on the favorable terms included therein.

### AGREEMENT

NOW, THEREFORE, in consideration of the foregoing Recitals, which are incorporated herein by this reference and made a part hereof, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Owner, on behalf of itself and its successors, assigns, and each successor in interest to the Property or any part thereof, hereby declares, covenants, acknowledges and agrees as follows:

### ARTICLE I NONDISCRIMINATION

Section 1. Nondiscrimination. Owner covenants by and for itself and any successors in interest that there shall be no discrimination against or segregation of, any person or group of persons on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the Property, or any part of it, nor shall the Owner or any person claiming under or through it, establish or permit any practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees, or vendees in the Property, including the Property or any portion thereof. The foregoing covenants shall run with the land.

Notwithstanding the foregoing paragraph, with respect to familial status, the foregoing paragraph shall not be construed to apply to housing for older persons, as defined in Section 12955.9 of the Government Code. With respect to familial status, nothing in the foregoing paragraph shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11, and 799.5 of the Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 and Section 1360 of the Civil Code and subdivisions (n), (o), and (p) of Section 12955 of the Government Code shall apply to the foregoing paragraph.

Section 2. Nondiscrimination Clauses. Owner shall refrain from restricting the sale of the Property, on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code. All such deeds, leases, contracts or subcontracts shall contain or be subject to substantially the following nondiscrimination and nonsegregation clauses:



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

Notwithstanding the foregoing paragraph, with respect to familial status, the foregoing paragraph shall not be construed to apply to housing for older persons, as defined in Section 12955.9 of the Government Code. With respect to familial status, nothing in the foregoing paragraph shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11, and 799.5 of the Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 and Section 1360 of the Civil Code and subdivisions (n), (o), and (p) of Section 12955 of the Government Code shall apply to the foregoing paragraph.

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

Notwithstanding the foregoing paragraph, with respect to familial status, the foregoing paragraph shall not be construed to apply to housing for older persons, as defined in Section 12955.9 of the Government Code. With respect to familial status, nothing in the foregoing paragraph shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11, and 799.5 of the Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 and Section 1360 of the Civil Code and subdivisions (n), (o), and (p) of Section 12955 of the Government Code shall apply to the foregoing paragraph.

c. In contracts: “There shall be no discrimination against or segregation of any person or group of persons, on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in connection with the performance of this contract nor shall the contracting party himself or herself, or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference

to the selection, location, number, use, or occupancy of tenants, lessees, sublessees, subtenants, contractors, subcontractors or vendees with respect to the premises.”

Notwithstanding the foregoing paragraph, with respect to familial status, the foregoing paragraph shall not be construed to apply to housing for older persons, as defined in Section 12955.9 of the Government Code. With respect to familial status, nothing in the foregoing paragraph shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11, and 799.5 of the Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 and Section 1360 of the Civil Code and subdivisions (n), (o), and (p) of Section 12955 of the Government Code shall apply to the foregoing paragraph.

The covenants in this Article I shall run with the Property in perpetuity.

## **ARTICLE II**

### **GENERAL DUTIES OF OWNER**

Section 1. Construction; Maintenance. Owner shall cause the completion of construction of the Project in a timely manner and in accordance with all applicable laws. Owner, or its successor in interest, shall maintain the Property and all of the improvements thereon in good condition in accordance with the terms and conditions hereof and in conformity with all applicable Governmental Regulations, including, without limitation, the Municipal Code of the City in which the Project is located, if applicable or the County of Riverside Ordinance (the “**Code**”). The Owner shall keep the Property free from graffiti and from any accumulation of debris or waste materials and shall maintain the landscaping in good condition. All exterior, painted surfaces of any structures located on the Property shall be maintained at all times in a clean, safe and presentable manner.

Section 2. No Nuisance. Owner shall not maintain, cause to be maintained, or allow to be maintained on or about the Property any public or private nuisance, including without limitation, the conduct of criminal activities set forth in the nuisance abatement provisions of the Uniform Controlled Substances Act (Health & Safety Code Sections 11570, et seq.) or the Street Terrorism Enforcement and Prevention Act (Penal Code Sections 186.22 et seq.) or any successor statute or law.

Section 3. Structural Modifications. In order to protect and maintain the structural integrity of the Restricted Spaces, subsequent to completion of the Project, no structural modification shall be made to the Restricted Spaces without a validly issued building permit in accordance with the requirements of the Code.

Section 4. Use and Occupancy Standards. The Restricted Spaces shall be rented to Low Income Households at an Affordable Space Rent during the Affordability Period (as hereinafter defined) and for no other purpose. Owner shall enter into a written agreement for the rental or lease of all or any portion of the Restricted Spaces during the Affordability Period. The maximum occupancy of the mobile homes occupying the Restricted Spaces shall not exceed the maximum occupancy allowed by the Code. Owner shall, upon demand by Authority, submit to Authority an affidavit of occupancy verifying Owner’s compliance with this section. Said affidavit may be required by Authority on an annual basis.

Section 5.     Obligation To Repair And Rebuild.

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

(b)     Variance in Exterior Appearance and Design. If the Property is damaged or destroyed by casualty, Owner may apply to Authority and any city with jurisdiction over the Property ("City") for approval to reconstruct, rebuild or repair the Property in a manner which will provide different exterior appearance and lot design from that which existed prior to the date of the casualty.

(c)     Time Limitation. In the event of damage or destruction due to casualty, Owner shall be obligated to proceed with all due diligence and commence reconstruction within two (2) months after the damage occurs and complete reconstruction within six (6) months after damage occurs or demolition and vacate within two (2) months, unless prevented by causes beyond the reasonable control of Owner.

**ARTICLE III**  
**AFFORDABLE HOUSING OBLIGATIONS**

Section 1.     Purpose. Owner acknowledges that the purpose of the Authority Loan is to provide safe and affordable housing to Low Income Households occupying the mobile homes utilizing the Restricted Spaces. Pursuant to such purpose, Owner covenants and agrees to rent the Restricted Spaces during the Affordability Period solely to Low Income Households at an Affordable Space Rent consistent with applicable requirements of the CRL and this Declaration.

Section 2.     Use. Owner covenants and agrees for itself, its successors, its assigns and every successor in interest to the Restricted Spaces or any part thereof, that Owner, such successors and such assignees shall use the Restricted Spaces only for the uses specified in the Authority Loan Documents and this Declaration. No change in the use of the Restricted Spaces shall be permitted without the prior written approval of the Authority. The Restricted Spaces shall comply with the Code and all applicable laws.

Without limiting the generality of the foregoing, Owner, its successors and assigns shall use the Restricted Spaces solely for housing for Low Income Households. The Restricted Spaces shall be made available at an Affordable Space Rent (defined hereinbelow and in the Loan Agreement) and occupied by Low Income Households (defined hereinbelow and in the Loan Agreement) whose incomes do not exceed 80% of the area median income for the County of Riverside (as defined herein below).

Authority, and its respective successors and assigns, shall have the right, but not the obligation, to monitor and enforce the covenants contained in this Declaration.

Section 3.     Income and Rent Restrictions. The maximum Household income of residential tenants eligible to rent the Restricted Spaces shall be determined on the basis of the area median income for the County of Riverside Standard Metropolitan Area as determined by the U.S. Department of Housing and Urban Development and published approximately annually



by the California Department of Housing and Community Development (“HCD”) pursuant to Title 25, Section 6932 of the California Code of Regulations (“Area Median Income”). For purposes of this Covenant, the term “Low Income Household” shall mean a Household whose Gross Income does not exceed eighty percent (80%) of Area Median Income adjusted for actual household size. “Gross Income” shall be calculated in accordance with Title 25, Section 6914 of the California Code of Regulations.

The maximum monthly “Affordable Space Rent,” together with any loan payments due for the purchase of the mobile home, and a reasonable utility allowance for utilities and services (excluding telephone) (collectively, the “Monthly Housing Cost”), that may be charged to tenants of the Restricted Spaces shall not exceed the maximum allowable rent to be charged by Owner and paid by Low Income Households occupying the Restricted Spaces as determined pursuant to Health & Safety Code Sections 50053(b), as may be amended from time to time, and the regulations promulgated pursuant to or incorporated therein, including, without limitation, any applicable regulations promulgated pursuant to Health & Safety Code Section 50093 adjusted for family size appropriate for the Affordable Unit.

As of the date of this Declaration, such maximum Monthly Housing Cost, including Affordable Space Rent, shall not exceed the following:

(1) As to Households occupying a Restricted Space whose Gross Income does not exceed thirty percent (30%) of AMI, one-twelfth (1/12) times the product of thirty percent (30%) times thirty percent (30%) of the Area Median Income, adjusted for family size appropriate for the affordable unit.

(2) As to Households occupying a Restricted Space whose Gross Income does not exceed fifty percent (50%) of AMI, one-twelfth (1/12) times the product of thirty percent (30%) times fifty percent (50%) of the Area Median Income, adjusted for family size appropriate for the affordable unit.

(3) As to Households occupying a Restricted Space whose Gross Income exceeds fifty percent (50%) of AMI, but does not exceed eighty percent (80%) of AMI, the product of thirty percent (30%) times sixty percent (60%) of AMI adjusted for family size appropriate for the affordable unit.

For purposes of this Declaration, the phrase, “adjusted for family size appropriate for the affordable unit” shall mean the number of bedrooms in the mobile home plus one.

For purposes hereof, “Household” means one or more persons occupying a mobile home located on the Restricted Space.

Section 4. Increases in Tenant Income. To the extent permitted by law, this Paragraph shall govern in the event of increases in tenant incomes:

(1) a tenant who initially qualified as a Low Income Household, but due to an increase in income no longer qualifies as a Low Income Household, but does qualify as a Moderate Income Household as defined by Health & Safety Code Section 50093, shall pay a Monthly Housing Cost, including Affordable Space Rent, that shall not exceed the amount

permitted by Health & Safety Code Section 50053(b)(4) as may be amended from time to time, which as of the date hereof shall not to exceed one-twelfth (1/12th) of thirty percent (30%) of one hundred ten percent (110%) of Area Median Income, adjusted for household size appropriate for the unit; and

(2) if a Household's income increases to above 120% of Area Median Income, the Household will be required to move out or pay the market rate space rent. In the event a Restricted Space is occupied by a Household with income exceeding the maximum qualifying income for a Low Income Household due to increases in tenant income as specified hereinabove, Owner shall rent the next available Restricted Space in the Project to a Low Income Household, at an Affordable Space Rent to comply with the requirements of this Declaration.

Section 5. Additional Occupancy Restrictions. Neither Owner, nor any officer, employee, agent, official or consultant of Owner may occupy any of the Restricted Spaces. Owner may occupy or reside in other buildings on the Property.

Section 6. Default. Failure to comply with the affordability requirements of this Declaration is an event of default under the terms of the Authority Loan. Pursuant to the Note evidencing the Authority Loan, subject to the right to cure, the Authority Loan will be due and payable immediately if the Project and the Restricted Spaces located thereon do not meet the affordability requirements of this Covenant.

Section 7. Term. Except for the non-discrimination provisions, which shall run in perpetuity, this Declaration and the use and occupancy restrictions applicable to the Restricted Spaces set forth herein shall remain in effect for a period of no less than fifty-five (55) years from the date of recordation of this Declaration in the official records of County Recorded of Riverside County ("**Term**" or "**Affordability Period**") and shall be binding upon the Property, Owner, and its successors and assigns, and enforceable by the Authority without regard to (1) the term of the Loan Note, or (2) a Transfer of the Property.

Section 8. Sale, Assignment or Transfer of the Project or Property. Except for a Permitted Transfer, or as otherwise provided in the Loan Agreement, Owner hereby covenants and agrees not to Transfer the Property or any portion thereof, including the Restricted Spaces, without obtaining the prior written consent of Authority. Any Transfer of the Property shall include an assignment and assumption agreement, the form and substance of which have been first approved in writing by the Authority. Such assignment and assumption agreement shall, among other things, provide that the transferee has assumed in writing and in full, all of Owner's duties and obligations under the Loan Agreement and this Declaration.

For purposes hereof, a "**Transfer**" is (i) any sale, assignment, or transfer of an interest in any or all of the Property, whether voluntary or involuntary, including, without limitation, a deed of trust, mortgage, fee simple interest, tenancy in common, joint tenancy, community property, tenancy by the entireties, life estate, or other limited estate, leasehold interest or any rental of the Property; (ii) any interest evidenced by a land contract, including without limitation, a deed of trust or other lien filed against the Property; (iii) the refinancing of the lien of the any senior position Deeds of Trust, or (iv) the recordation of or refinancing of any lien without the written consent of Authority, regardless of whether the lien is senior or subordinate to the Authority Deed of Trust.



Section 9. Violation of Transfer Restrictions. Owner specifically acknowledges, covenants and agrees that any Transfer or use of the Property in violation of this Declaration, (i) may be enjoined by Authority, (ii) will entitle Authority to demand payment in full of all amounts outstanding under the Authority Loan and (iii) shall provide Authority with the right to void any Transfer, attempted Transfer or use in violation thereof.

Section 10. Permitted Transfers. Notwithstanding the above, however, the following Transfers of the Property shall be permitted without the prior written consent of the Authority (collectively, “**Permitted Transfers**”):

(a) The Transfer of the Property to the surviving joint tenant Owner by operation of law, on the death of an Owner joint tenant;

(b) A Transfer of the Property where the spouse of Owner becomes an owner of the property;

(c) A Transfer of the Property resulting from a decree of dissolution of marriage, legal separation or from an incidental property settlement agreement by which the spouse of Owner becomes an owner of the Property;

(d) A Transfer to an inter vivos trust in which the Owner is and remains the sole beneficial owner and occupant of the Property;

(e) A Transfer resulting from a change in the manner in which title to the Property is held (for example, a change from joint tenancy to community property) which does not result in (i) Owner ceasing to be the sole beneficial owner of the Property, or (ii) failure of the beneficial owner(s) to occupy the Property;

(f) A Transfer which, under applicable law, would not, by itself, permit Authority to exercise a due on sale or due on encumbrance clause;

(g) The rental of a Restricted Space to a Low Income household at an Affordable Space Rent in accordance with the terms and conditions of this Declaration.

Section 11. Transfer Review. At least ninety (90) days prior to any proposed Transfer, Owner shall submit to Authority a Notice of Intent to Transfer in the form attached as Exhibit C hereto. Owner shall not cause or permit a Transfer of the Property or of an interest therein to occur without prior written confirmation from Authority that Authority has determined that the proposed transferee is reasonably capable of performing the obligations of Owner hereunder or constitutes a Permitted Transfer. Authority shall not be obligated to approve a Transfer until and unless the proposed transferee has submitted to Authority such information and completed such forms and certifications as Authority shall request in connection with insuring compliance with this Declaration which may include, but will not be limited to, certifications as to the proposed transferee's intent with respect to the Property, the proposed purchase price, the proposed financing of the purchase price, the proposed transferee's agreement to abide by the terms and conditions hereof, and disclosure of the proposed transferee's interest, if any, in other similar property.

Section 12. Operation of Project.

a. Project Monitoring and Evaluation; Tenant Checklist. Owner shall submit a Tenant Checklist Form to Authority, in such form as is required by Authority and may be revised from time to time by Authority, summarizing the income and household composition of the Low Income Households qualified to occupy and thereafter occupying the Restricted Units and the calculation of the Affordable Space Rents therefor. The Tenant Checklist Form shall be submitted upon completion of the Project and thereafter, on a semi-annual basis on or before March 31 and September 30.

b. Written Lease. Owner shall provide written rental agreement/lease for not less than one year, unless by mutual agreement between the tenant and Owner. Authority shall review the initial form of the lease agreement prior to Owner executing any leases and, provided that Owner uses the approved lease form, Owner shall be permitted to enter into residential leases of the Restricted Spaces without Authority's prior written consent.

c. Prohibited Lease Terms. The rental agreement/lease may not contain any of the following provisions:

(1) Agreement to be sued. Agreement by the tenant to be sued, to admit guilt or to a judgment in favor of Owner in a lawsuit brought in connection with the lease.

(2) Treatment of property. Agreements by tenant that Owner may take, hold, or sell personal property of Household members without notice to the tenant and a court decision on the rights of the Parties. This prohibition, however, does not apply to an agreement by the tenant concerning disposition of personal property remaining on the Property or in the housing unit after the tenant has moved off the Property or out of the unit. Owner may dispose of this personal property in accordance with State law.

(3) Excusing Owner from responsibility. Agreement by the tenant not to hold Owner or Owner's agents legally responsible for any action or failure to act, whether intentional or negligent.

(4) Waiver of notice. Agreement of the tenant that Owner may institute a lawsuit without notice to the tenant.

(5) Waiver of legal proceeding. Agreement by the tenant that the Owner may evict the tenant or Household members without instituting a civil court proceeding in which the tenant has the opportunity to present a defense, or before a court decision on the rights of the Parties.

(6) Waiver of a jury trial. Agreement by the tenant to waive any right to a trial by jury.

(7) Waiver of right to appeal court decision. Agreement by the tenant to waive the tenant's right to appeal, or to otherwise challenge in court, a court decision in connection with the lease.

(8) Tenant chargeable with cost of legal actions regardless of outcome. Agreement by the tenant to pay attorneys' fees or other legal costs even if the tenant wins in a court proceeding by Owner against the tenant. The tenant, however, may be obligated to pay costs if the tenant loses.

d. Written Selection Policies. Owner shall adopt written selection policies and criteria that meet the following requirements and are approved in writing by the Authority prior to entering into any new lease for the Restricted Spaces which selection policies shall be subject to all applicable laws:

(1) Are consistent with the purpose of providing housing for Low Income Households.

(2) Are reasonably related to program eligibility and the applicants' ability to perform the obligations of the lease.

(3) Provide for:

(A) the selection of tenants from a written waiting list in the chronological order of their satisfaction of all eligibility requirements, insofar as is practicable; and

(B) the prompt written notification to any rejected applicant of the grounds for any rejection;

(4) To the extent permitted by law, provide first priority in the selection of otherwise eligible tenants to persons displaced by the Authority (if any); and

(5) Carry out the affirmative marketing procedures of the Authority, to provide information and otherwise attract eligible persons from all racial, ethnic and gender groups in the housing market area. Owner and Authority shall cooperate to effectuate this provision during the Owner's initial lease-up of the Restricted Spaces and as vacancies occur.

e. Income Requirements and Certification. Prior to leasing a Restricted Space and annually thereafter, Owner, at its sole expense, shall certify the eligibility of each tenant applicant as a Low Income Household. The Owner shall, complete such certification on forms as may be reasonably required by the Authority. Gross Income calculations for prospective (and continuing) tenants shall be determined in accordance herewith and with applicable state law. Owner shall submit such income certification, verification and such additional information as may reasonably be required in the future by the Authority. Such supporting documentation shall include, for each member of the household eighteen (18) years old or older, copies of tax returns, paycheck stubs, or other evidence of income as may be reasonably requested by Authority. Owner and the Authority agree and acknowledge that the Authority may require such additional information, if any, required to comply with applicable California law regarding affordable housing.

#### **ARTICLE IV** **ENFORCEMENT**

Section 1. Remedies. Subject to the notice and cure rights of the Owner, in the event of default or breach of any of the terms or conditions of this Declaration by Owner, its heirs, executors, administrators or assigns, Authority may pursue the remedy thereof by any and all means of enforcement, both in equity and at law, as provided by the laws of the State of California, including, but not limited to, injunctive relief and/or specific performance.

Performance of the obligations set forth herein is secured by a deed of trust recorded against the Property concurrently herewith.

By way of example and not limitation, if any default, breach or violation is not cured to the satisfaction of Authority within the applicable cure period, Authority may declare an “**Event of Default**” hereunder and may take any one or more of the following actions:

(a) Collect all rents and income in connection with the operation or sale of the Restricted Spaces and/or the Property, if any, and use the same and the reserve funds for the sale, operation and/or maintenance of the Restricted Spaces and/or the Property.

(b) Take possession of the Restricted Spaces and/or the Property and bring any action necessary to enforce any rights of the Authority growing out of the lease, sale or Transfer of the Restricted Spaces and/or the Property, and operate the Restricted Spaces and/or the Property in accordance with the terms of this Declaration until such time as Authority, in its sole discretion, shall determine that the Owner is again in a position to resume operation of the Restricted Spaces in accordance with the terms of this Declaration.

(c) Apply to any court, state or federal, for specific performance of this Declaration or for the appointment of a receiver to take over and operate and sell the Restricted Spaces and/or the Property in accordance with the terms of this Declaration, or for such other relief as may be appropriate. It is agreed by the Owner that the injury to Authority arising from a default under any of the terms of this Declaration would be irreparable and that the amount of compensation which would provide adequate relief to Authority, in light of the purposes and requirements of the programs applicable to the Property (such as the laws applicable to the use of LMIHAF under the CRL), would be impossible to ascertain.

(d) Accelerate all amounts, including outstanding principal and interest, due under the terms of the Authority Loan Documents and demand immediate repayment thereof. Upon a failure to repay such accelerated amount in full, the Authority Loan Documents provide that Authority may proceed with a foreclosure or sale under the power of sale in accordance with the provisions of the Deed of Trust and state law regarding foreclosures.

(e) Seek such other appropriate remedies as may be available under the law.

In the event that the breach or violation involves renting the Restricted Spaces at a price or with financing that results in costs to the tenant in excess of those permitted under this Declaration, Authority may demand the return of such excess proceeds or other charges to the affected households.

The remedies of Authority hereunder and under the other Authority Loan Documents are cumulative, and the exercise of one or more of such remedies shall not be deemed an election of remedies and shall not preclude the exercise by Authority of any one or more of its other remedies.

Section 2. Rights of Authority. As a party to this Declaration, Authority is entitled to the following rights:



a. Authority has the right, but not the obligation, to enforce all of the provisions of this Declaration.

b. Any amendment to this Declaration shall require the written consent of Authority.

c. This Declaration does not in any way infringe on the right or duties of the City in which the property is located to enforce any of the provisions of the Code including, but not limited to, the abatement of dangerous buildings.

Section 3. Cumulative Remedies. The remedies herein provided for breach of the covenants contained in this Declaration shall be deemed cumulative, and none of such remedies shall be deemed exclusive.

Section 4. Failure to Enforce. The failure to enforce any of the covenants contained in this Declaration shall not constitute a waiver of the right to enforce the same thereafter.

Section 5. Third Party Beneficiary. This Declaration is made and entered into for the sole protection and benefit of the Authority and its respective successors and assigns, and Owner, and its permitted successors and assigns, and no other person or persons shall have any right of action hereon.

Section 6. Remedies; Attorneys' Fees and Costs. Breach of the covenants contained herein may be enjoined, abated or remedied by appropriate legal proceeding. In the event that Authority incurs any attorney's fees, court costs, or any other costs or expenses in investigating compliance with or enforcing this Declaration, or investigating or defending claims brought by Owner under this Declaration, Authority shall be entitled to recover any such fees, costs and expenses from Owner.

## **ARTICLE V**

### **GENERAL PROVISIONS**

Section 1. Severability. Invalidation of any one of these covenants or restrictions by judgment or court order shall in no way affect any other provisions which shall remain in all force and effect.

Section 2. Construction. The provisions of this Declaration shall be liberally construed for the purpose of developing and maintaining the Property as affordable housing and restricting the sale of the Property thereon in accordance with this Declaration and the Agreement. The article and section headings have been inserted for convenience only, and shall not be considered or referred to in resolving questions of interpretation or construction.

Section 3. Amendments. This Declaration may be amended only by the written agreement of Owner and Authority.

Section 4. Notices. Any notice permitted or required to be delivered as provided herein from one party to another shall be in writing and may be delivered either personally or by first-class or registered mail. If delivery is made by mail, it shall be deemed to have been delivered seventy-two (72) hours after a copy of same has been deposited in the United States



Mail, postage prepaid. Notices to Owner shall be sent to \_\_\_\_\_, \_\_\_\_\_, CA, \_\_\_\_\_. Notices to Authority shall be sent to Authority at 555 Arlington Avenue, Riverside, CA 92504, Attention: Executive Director. Such addresses may be changed from time to time by notice in writing, which shall be made by certified mail to the other party in accordance herewith.

Section 5. Notice of Inspection. Owner agrees and acknowledges that Authority and its employees and agents shall have the right to enter upon the Property during normal business hours to ensure compliance with this Declaration and other applicable federal, state and local laws and regulations. Authority agrees to notify Owner not less than forty eight (48) hours prior to Authority's proposed time of inspection of the Property, and agrees to attempt to obtain Owner's consent to the timing of such inspection. Upon receipt of such notice, Owner agrees to cooperate with Authority in making the Property available for inspection by Authority. Owner acknowledges and agrees that in the event that if for any reason Owner fails to consent to such inspection, Authority may obtain an administrative inspection warrant or take such other legal actions as may be necessary to gain entry to and inspect the Property.

Section 7. Cure Rights. Owner shall notify Authority in writing within three (3) days of receiving any notice of default, delinquency or foreclosure with respect to any lien or agreement (including any defaults under any other loan secured by an interest in the Property) which could potentially affect Owner's or Authority's right, title and interest in the Property. Authority shall have the option, but not the obligation, to advance any sums due or take any other actions necessary to stay or cure the default, delinquency or foreclosure, and Authority shall thereafter be entitled to immediately recover from Owner and Owner shall immediately pay to Authority any payments, cost and expenses incurred in connection with the stay and/or cure, including but not limited to attorney's fees and court costs, together with interest thereon at the rate of seven (7%) percent per annum (or the maximum rate permitted by law) from the date advanced or incurred until the date repaid.

Section 8. Transfer Voidable If Procedure Not Followed. Any Transfer in violation of the terms and procedures set forth in this Declaration shall be voidable by Authority at Authority's election in its sole and absolute discretion.

Section 9. Insurance. Without limiting or diminishing Owner's obligation to indemnify or hold Authority harmless, Owner shall procure and maintain or cause to be maintained, at its sole cost and expense, the following insurance coverage's during the term of this Declaration.

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

b. Commercial General Liability Insurance. Commercial General Liability insurance coverage, including but not limited to, premises liability, contractual liability,

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

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

d. General Insurance Provisions – All Lines.

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

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

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

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

(5) If, during the term of this Declaration, there is a material change in the scope of services or there is a material change in the equipment to be used in the performance of the scope of work which will add additional exposures, then Authority reserves the right to adjust the types of insurance required under this Covenant and the monetary limits of liability for the insurance coverage's currently required herein, if; in Risk Manager's reasonable judgment, the amount or type of insurance carried by Owner has become inadequate.

(6) Owner shall pass down the insurance obligations contained herein to all tiers of subcontractors.

(7) Owner agrees to notify Authority in writing of any claim by a third party or any incident or event that may give rise to a claim arising from the performance of this Declaration.

Section 10. No Waiver. Failure by Authority to enforce or delay by Authority in enforcing any right or remedy with respect to this Declaration shall not bar or limit any subsequent enforcement of the same or any other right or remedy with respect to the same subject matter or a different subject matter. Rights and remedies of Authority under this Declaration may be waived or modified only by a written instrument signed by Authority which states an express intention to waive or modify such rights and remedies.

Section 11. Further Assurances. Owner shall from time to time provide Authority with such further information and shall execute such further documentation and agreements as may be reasonably necessary or appropriate to carry out the purposes of this Declaration.

Section 12. Joint and Several Obligations. If at any time the Property is owned by more than one individual, all of the Owners shall be jointly and severally liable for the obligations imposed by this Declaration.

Section 13. Venue/Choice of Law. The parties agree that this Declaration shall be deemed entered into and performed in Riverside County, California, and that any litigation under this Declaration shall be brought in the Superior Court for Riverside County and governed and construed in accordance with the laws of the State of California.

*[Signatures on Next Page]*

IN WITNESS WHEREOF, Authority and Owner have executed this Declaration as of the date set forth above.

**“Authority”**

**HOUSING AUTHORITY OF THE  
COUNTY OF RIVERSIDE**, a public body,  
corporate and politic

By: \_\_\_\_\_  
Heidi Marshall, Executive Director

Date: \_\_\_\_\_, 202\_\_

APPROVED AS TO FORM:

GREGORY P. PRIAMOS  
COUNTY COUNSEL

By: \_\_\_\_\_  
Amrit Dhillon  
Deputy County Counsel

**“Owner”**

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

Date: \_\_\_\_\_, 202\_\_

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

Date: \_\_\_\_\_, 202\_\_

[DECLARATION SIGNATURE PAGE]

EXHIBIT A  
LEGAL DESCRIPTION

Real property in the County of Riverside, State of California, described as follows:

<INSERT LEGAL DESCRIPTION>

APN: \_\_\_\_\_

STATE OF CALIFORNIA )  
 ) §  
County of \_\_\_\_\_ )

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

Signature of Notary

Form of Polanco Park Agt Containing Cvs 022521



STATE OF CALIFORNIA )  
 ) §  
County of \_\_\_\_\_ )

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

Signature of Notary

Form of Polanco Park Agt Containing Cvs 022521

STATE OF CALIFORNIA )  
 )  
 ) §  
County of \_\_\_\_\_ )

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

Signature of Notary

Form of Polanco Park Agt Containing Cvs 022521

**EXHIBIT “B”**

**NOTICE OF INTENT TO TRANSFER**

[See attached]

**NOTICE OF INTENT TO TRANSFER**

NOTICE OF INTENT TO TRANSFER MUST BE DELIVERED  
TO THE HOUSING AUTHORITY OF THE COUNTY OF  
RIVERSIDE NINETY (90) DAYS PRIOR TO PROCEEDING  
WITH ANY TRANSFER OF THE PROPERTY.

From: \_\_\_\_\_ (“Owner”)

To:           Housing Authority of the County of Riverside (“Authority”)  
              555 Arlington Avenue  
              Riverside, CA 92504  
              Attn: Executive Director

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

Re: \_\_\_\_\_  
      APN: \_\_\_\_\_  
      (the “Property”)

Owner desires to [sell, convey, transfer by inheritance or devise, lease, gift, otherwise transfer] (circle appropriate words) the Property.

The Property is subject to affordability and other covenants given by Owner in favor of Authority, including that transfers of the Property are restricted to the transferee assuming the obligations or Owner in accordance with an Affordable Housing Loan Agreement and Agreement Containing Covenants Affecting Real Property recorded against the Property.

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

Exhibit – Do Not Sign \_\_\_\_\_

Signature of Owner

(        ) \_\_\_\_\_

Day time telephone of Owner

**PROMISSORY NOTE SECURED BY DEED OF TRUST**  
**Housing Authority of the County of Riverside**

**Polanco Parks Program (LMIHAF)**

\$ \_\_\_\_\_, California

<INSERT DATE>

Property Address: \_\_\_\_\_, CA

**FOR VALUE RECEIVED**, the undersigned (“**Maker**”) promises to pay to “**Holder**,” the HOUSING AUTHORITY OF THE COUNTY OF RIVERSIDE, a public body, corporate and politic, whose address is 555 Arlington Avenue, Riverside, CA 92504, Attn: Executive Director, or at such other address as Holder may direct from time to time in writing, \_\_\_\_\_ Dollars (\$ \_\_\_\_\_) (the “**Note Amount**”), together with interest thereon as hereafter set forth. All sums hereunder shall be payable in lawful money of the United States of America. This Promissory Note Secured by Deed of Trust (the “**Promissory Note**” or “**Note**”) is secured by a Deed of Trust, Assignment of Rents and Security Agreement of even date herewith, executed by Maker as Trustor in favor of Holder as Beneficiary (the “**Deed of Trust**”).

1. **Loan Agreement.** This Promissory Note is made and delivered pursuant to and in implementation of the Affordable Housing Loan Agreement entered into by and between the Holder and the Maker concurrently herewith (the “**Agreement**”), a copy of which is on file as a public record with Holder and is incorporated herein by reference. The Maker acknowledges that but for the execution of this Promissory Note, the Holder would not enter into the Agreement. Unless definitions of terms have been expressly set out at length herein, each term shall have the same definition as set forth in the Agreement.

2. **No Interest.** Except as otherwise provided herein, the Note Amount shall bear no interest.

3. **Time of Payment.** Unless an “Event of Acceleration” (as that term is defined in Section 4 below) occurs prior to the expiration of the Affordability Period, no payments shall be due hereunder. Unless sooner paid, upon the expiration of the Affordability Period, the Note Amount shall be deemed repaid in full and this Note shall be cancelled.

4. **Events of Acceleration.** The Note Amount shall become due and immediately payable irrespective of any provisions herein to the contrary upon the occurrence of any one of the following events of acceleration (“**Event of Acceleration**”): (i) a Prohibited Transfer of the Property, except a Transfer which under applicable law, would not, by itself, permit Holder to exercise a due on sale or due on encumbrance clause, or (ii) such time if or when Maker (or upon a Transfer of the Property by Maker that constitutes a Permitted Transfer, Maker’s transferee) is no longer in compliance with the occupancy and rental requirements set forth in the Agreement and the Agreement Containing Covenants Affecting Real Property (With Use and Occupancy



Covenants) ("**Declaration**") or is in default of any other obligation under the Agreement, this Note, the Declaration or the Deed of Trust.

Holder's Executive Director may, in his or her sole and absolute discretion, waive some or all of the requirements of this Section 4.

The rate of interest applicable to periods of default for the Events of Acceleration set forth in this Section 4 shall be calculated at the lesser of seven percent (7%) per annum or the maximum legal rate, and shall accrue as of the date such payment was originally due.

5. **Security for Note.** This Promissory Note is secured by the Deed of Trust.

6. **Prepayment of Note.** Maker may prepay this Note to Holder, provided that any prepayment must be in full and not in part. Prepayment shall not terminate the rent and occupancy restrictions, transfer and other restrictions set forth in the Agreement and Declaration.

PREPAYMENT OF THE LOAN EVIDENCED BY THIS NOTE, WHETHER VOLUNTARY OR DUE TO AN EVENT OF ACCELERATION, SHALL NOT TERMINATE THE RENT AND OCCUPANCY RESTRICTIONS, TRANSFER RESTRICTIONS OR THE 55-YEAR AFFORDABILITY PERIOD SET FORTH IN THE AGREEMENT AND DECLARATION. MAKER EXPRESSLY ACKNOWLEDGES THE FOREGOING.

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MAKER'S INITIALS

7. **Holder May Assign.** Holder may, at its option and without obtaining the consent of the Maker, assign (i) any of its rights hereunder, and/or (ii) its right to receive payment under this Promissory Note.

8. **Maker Assignment.** In no event shall Maker assign or transfer any portion of this Promissory Note without the express prior written consent of the Holder, which consent shall be given by the Holder only in the event that (i) the Maker has determined, and Holder has verified, that the assignee or transferee will perform the covenants and obligations of Maker in accordance with the Declaration, (ii) Maker and assignee or transferee have demonstrated to Authority's reasonable satisfaction that the transfer of the Property is being made in accordance with the Declaration, and (iii) that the assignee or transferee has expressly assumed the Agreement, the Declaration, this Note and the Deed of Trust by execution of a written assumption agreement in a form approved by the Holder.

9. **Joint and Several.** The undersigned, if more than one, shall be jointly and severally liable hereunder.

10. **Collection Costs; Attorneys' Fees.** If the Note Amount becomes due and is not paid, Borrower shall pay all costs of collection, including, but not limited to, attorneys' fees and all expenses incurred in connection with the protection or realization of the collateral securing the payment hereof or enforcement of any guarantee, incurred by Holder on account of such collection, whether or not suit is filed hereon.

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

12. **Maker's Waivers.** Maker waives any rights to require the Holder to: (a) demand payment of amounts due (known as "presentment"), (b) give notice that amounts due have not been paid (known as "notice of dishonor"), and (c) obtain an official certification of nonpayment (known as "protest").

13. **Notice.** Any notice that must be given to Maker under this Note shall be in writing and shall be effective when personally delivered or forty-eight (48) hours after deposit in the United States Mail, as certified or registered mail, return receipt requested, first-class postage and fees prepaid, addressed to Maker at the Property Address above or such other address as Maker shall direct from time to time in writing and to Holder at Holder's address stated in the preamble to this Note. Failure or delay in giving any notice required hereunder shall not constitute a waiver of any default or late payment, nor shall it change the time for any default or payment.

14. **Successors Bound.** This Promissory Note shall be binding upon the parties hereto and their respective heirs, successors and assigns.

[END – SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, Maker has executed this Promissory Note.

**“Maker”**

By: \_\_\_\_\_  
Print Name: \_\_\_\_\_

By: \_\_\_\_\_  
Print Name: \_\_\_\_\_

RECORDING REQUESTED BY AND  
WHEN RECORDED MAIL TO:

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

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[Space above line for Recorder's Use]

**DEED OF TRUST, ASSIGNMENT OF RENTS AND SECURITY AGREEMENT**

**Housing Authority of the County of Riverside  
Polanco Park Program (LMIHAF)**

APN(s): \_\_\_\_\_

This Deed of Trust, Assignment of Rents and Security Agreement is made this \_\_\_\_th day of \_\_\_\_\_, 202\_\_, by <insert names of Borrowers and vesting> \_\_\_\_\_, herein called **Trustor**, whose address is \_\_\_\_\_, \_\_\_\_\_, California, in favor of the **HOUSING AUTHORITY OF THE COUNTY OF RIVERSIDE**, a public body, corporate and politic, as **Trustee**, for the benefit of the **HOUSING AUTHORITY OF THE COUNTY OF RIVERSIDE**, a public body, corporate and politic, herein called **Beneficiary**.

Witnesseth: That Trustor IRREVOCABLY GRANTS, TRANSFERS AND ASSIGNS TO TRUSTEE IN TRUST, WITH POWER OF SALE, that property in Riverside County, California, described in Exhibit A attached hereto and incorporated herein by this reference, together with all improvements and fixtures thereon and all goods and other personal property owned by Trustor and located thereon (collectively, the "**Property**").

TOGETHER WITH the rents, issues and profits thereof, SUBJECT, HOWEVER, to the right, power and authority hereinafter given to and conferred upon Beneficiary to collect and supply such rents, issues and profits.

For the Purpose of Securing:

1. Performance of each agreement of Trustor herein contained.
2. Payment of the outstanding indebtedness evidenced by a promissory note of even date herewith, and any extension or renewal thereof (collectively, "**Promissory Note**"), in the principal sum of \$ \_\_\_\_\_ executed by Trustor in favor of Beneficiary or order ("**Authority Loan**").

3. The obligations of the Trustor, and its successors-in-interest to the Property, under that certain Affordable Housing Loan Agreement dated of even date herewith (the "**Loan Agreement**"), by and between Trustor and Beneficiary.

4. The obligations of the Trustor, and its successors-in-interest to the Property, under that certain Agreement Containing Covenants Affecting Real Property (With Use and Occupancy Covenants) dated of even date herewith (the "**Declaration**"), by and between Trustor and Beneficiary, and recorded concurrently herewith.

To Protect the Security of This Deed of Trust, Trustor Agrees:

(1) To keep said Property in good condition and repair; not to remove or demolish any building thereon; to complete or restore promptly and in good workmanlike manner any building which may be constructed, damaged or destroyed thereon and to pay when due all claims for labor performed and materials furnished thereof; to comply with all laws affecting said Property, or requiring any alterations or improvements to be made thereon; not to commit or permit waste thereof; not to commit, suffer or permit any act upon said Property in violation of law; and to do all other acts which from the character or use of said Property may be reasonably necessary, the specific enumerations herein not excluding the general.

(2) To provide or cause to provide, maintain and deliver to Beneficiary property insurance satisfactory to and with loss payable to Beneficiary and any superior trust deed holder, as their interests may appear. The amount collected under any property or other insurance policy may be applied by Beneficiary upon any indebtedness secured hereby and in such order as Beneficiary may determine, or at option of Beneficiary the entire amount so collected or any part thereof may be released to Trustor. Such application or release shall not cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice.

(3) To appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee; and to pay all costs and expenses, including cost of evidence of title and attorney's fees in a reasonable sum, in any such action or proceeding in which Beneficiary or Trustee may appear, and in any suit brought by Beneficiary to foreclose this Deed of Trust.

(4) To pay: at least ten days before delinquency all taxes and assessments affecting said Property, including assessments on appurtenant water stock; when due, all encumbrances, charges and liens, with interest, on said Property or any part thereof, which appear to be prior or superior hereto; all costs, fees and expenses of this Trust.

Should Trustor fail to make any payment or to do any act as herein provided, then Beneficiary or Trustee, but without obligation so to do and without notice to or demand upon Trustor and without releasing Trustor from any obligation hereof, may: (a) make or do the same in such manner and to such extent as either may deem necessary to protect the security hereof, Beneficiary or Trustee being authorized to enter upon said Property for such purposes; (b) appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee; (c) pay, purchase, contest or compromise any encumbrance, charge or lien which in the judgment of either appears to be prior or superior hereto; and (d) in



exercising any such powers, pay necessary expenses, employ counsel and pay his reasonable fees.

(5) To pay immediately and without demand all sums so expended by Beneficiary or Trustee, with interest from date of expenditure at the amount allowed by law in effect at the date hereof, and to pay for any statement provided for by law in effect at the date hereof regarding the obligation secured hereby any amount demanded by the Beneficiary not to exceed the maximum allowed by law at the time when said statement is demanded.

(6) That any award of damages in connection with any condemnation for public use of or injury to said Property or any part thereof is hereby assigned and shall be paid to Beneficiary (and to any superior trust deed holder, as their interests may appear) who may apply or release such moneys received by him in the same manner and with the same effect as above provided for disposition of proceeds of fire or other insurance.

(7) That by accepting payment of any sum secured hereby after its due date, Beneficiary does not waive his right either to require prompt payment when due of all other sums so secured or to declare default for failure so to pay.

(8) That at any time or from time to time, without liability therefore and without notice, upon written request of Beneficiary and presentation of this Deed of Trust and said note for endorsement, and without affecting the personal liability of any person for payment of the indebtedness secured hereby, Trustee may: (a) reconvey any part of said Property; (b) consent to the making of any map or plat thereof; (c) join in granting any easement thereon; or (d) join in any extension agreement or any agreement subordinating the lien or charge hereof.

(9) That upon written request of Beneficiary stating that all sums secured hereby have been paid, and all obligations secured hereby performed, and upon surrender of this Deed of Trust and said note to Trustee for cancellation and retention and upon payment of its fees, Trustee shall reconvey, without warranty, the Property then held hereunder. Repayment of the Note shall not terminate the obligations of Trustor secured hereby under the Declaration, and this Deed of Trust shall not be reconveyed until such obligations have been performed thereunder. The recitals in such reconveyance of any matters or facts shall be conclusive proof of the truthfulness thereof. The grantee in such reconveyance may be described as "the person or persons legally entitled thereto." Five years after issuance of such full reconveyance, Trustee may destroy said note and this Deed of Trust (unless directed in such request to retain them).

(10) That as additional security, subject to the rights of superior trust deed holders, as their interests may appear, Trustor hereby gives to and confers upon Beneficiary the right, power and authority, during the continuance of these trusts, to collect the rents, issues and profits of said Property, reserving unto Trustor the right, prior to any default by Trustor in payment of any indebtedness secured hereby or in performance of any agreement hereunder, to collect and retain such rents, issues and profits as they become due and payable. Upon any such default, Beneficiary may at any time without notice, either in person, by agent, or by a receiver to be appointed by a court, and without regard to the adequacy of any security for the indebtedness hereby secured, enter upon and take possession of said Property or any part thereof, in his own name sue for or otherwise collect such rents, issues and profits, including those past due and

unpaid, and apply the same, less costs and expenses of operation and collection, including reasonable attorney's fees, upon any indebtedness secured hereby, and in such order as Beneficiary may determine. The entering upon and taking possession of said Property, the collection of such rents, issues and profits and the application thereof as aforesaid, shall not cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice.

(11) That upon default by Trustor in payment of any indebtedness secured hereby, or any indebtedness held by superior trust deed holders, as their interests may appear, or in performance of any agreement hereunder, or default by Trustor under the Declaration or Loan Agreement, Beneficiary may declare all sums secured hereby immediately due and payable by delivery to Trustee of written declaration of default and demand for sale and of written notice of default and election to cause to be sold said Property, which notice Trustee shall cause to be filed for record.

After the lapse of such time as may then be required by law following the recordation of said notice of default, and notice of sale having been given as then required by law, Trustee, without demand on Trustor, shall sell said Property at the time and place fixed by it in said notice of sale, either as a whole or in separate parcels, and in such order as it may determine, at public auction to the highest bidder for cash in lawful money of the United States, payable at time of sale. Trustee may postpone sale of all or any portion of said Property by public announcement at such time and place of sale, and from time to time thereafter may postpone such sale by public announcement at the time fixed by the preceding postponement. Trustee shall deliver to such highest bidder its deed conveying the Property so sold, but without any covenant or warranty, express or implied. The recitals in such deed of any matters or facts shall be conclusive proof of the truthfulness thereof. Any person, including Trustor, Trustee, or Beneficiary may purchase the Property at such sale.

After deducting all costs, fees and expenses of Trustee and of this Trust, including cost of evidence of title in connection with sale, Trustee shall apply the proceeds of sale to payment of: all sums expended under the terms hereof, not then repaid, with accrued interest at the amount allowed by law in effect at the date hereof; all other sums then secured hereby; and the remainder, if any, to the person or persons legally entitled thereto.

(12) Beneficiary, or any successor in ownership of any indebtedness secured hereby, may from time to time, by instrument in writing, substitute a successor or successors to any Trustee named herein or acting hereunder, which instrument, executed by the Beneficiary and duly acknowledged and recorded in the office of the recorder of the county or counties where said Property is situated, shall be conclusive proof of proper substitution of such successor Trustee or Trustees, who shall, without conveyance from the Trustee predecessor, succeed to all its title estate, rights, powers and duties. Said instrument must contain the name of the original Trustor, Trustee and Beneficiary hereunder, the book and page where this Deed of Trust is recorded and the name and address of the new Trustee.

(13) That this Deed of Trust applies to, inures to the benefit of, and binds all parties hereto, their heirs, legatees, devisees, administrators, executors, successors and assigns. The term Beneficiary shall include the owner and holder, including pledges, of the note secured hereby,

whether or not named as Beneficiary herein. In this Deed of Trust, whenever the context so requires, the masculine gender includes the feminine and/or neuter, and the singular number includes the plural.

(14) That Trustee accepts this Trust when this Deed of Trust, duly executed and acknowledged, is made a public record as provided by law. Trustee is not obligated to notify any party hereto of pending sale under any Deed of Trust or of any action or proceeding in which Trustor, Beneficiary or Trustee shall be a party unless brought by Trustee.

(15) If the Trustor shall sell, lease, transfer, assign, convey, encumber, mortgage, hypothecate or alienate the real Property described herein, or any part thereof, or any interest therein, or shall be divested of title or any interest therein in any manner or way, whether voluntarily or involuntarily (except as permitted pursuant to the terms and conditions set forth in the Declaration and Loan Agreement), or if Trustor shall fail to make any payments due under the note secured by this Deed of Trust, or fail to perform any other obligation under said Declaration and Loan Agreement, this Deed of Trust or the note secured hereby, or any other deed of trust encumbering the subject Property, then Beneficiary shall have the right, at its option, to declare any indebtedness or obligations secured hereby, irrespective of the maturity date specified in any note evidencing the same, immediately due and payable.

(16) Notwithstanding anything provided herein to the contrary, the Beneficiary agrees to look solely to the Trustor's interest in the Property encumbered hereby and improvements thereon (or the proceeds thereof) for the satisfaction of any remedy of the Beneficiary, and for the collection of a judgment (or other judicial process) requiring the payment of money by the Trustor, except where such judgment results from a claim of fraud; intentional misrepresentation; misapplication; misappropriation; or wrongful retention of rental income; casualty insurance; condemnation proceeds; or other funds attributable to the Property; the commission of any act of deliberate waste with respect to the Property encumbered hereby; or the deposit of any hazardous or toxic materials on the Property encumbered hereby; in which events there shall be no such limitation on the Beneficiary's recourse against the Trustor.

(17) Any breach or default under the Declaration or Loan Agreement shall be deemed a breach of this Deed of Trust.

(18) This Deed of Trust is also intended to be and shall constitute both a Security Agreement and a "fixture filing" as defined in the California Commercial Code, the Trustor being the Debtor and the Beneficiary being the Secured Party. Trustor hereby grants Beneficiary a security interest in all fixtures, and in all goods which are or are to become fixtures on the Land, for the purpose of securing all indebtedness and other obligations of Trustor now or hereafter secured by this Deed of Trust. The products of such collateral are also covered hereby. This Deed of Trust, as a fixture filing, is to be recorded in the real estate records covering the real property covered hereby. Trustor authorizes Beneficiary to execute, deliver, file and record (as necessary) financing and continuation statements covering such property from time to time in such form as Beneficiary may require to perfect and continue the perfection of Beneficiary's security interest with respect to such property, and to reimburse Beneficiary for any costs incurred in filing such financing statements and any continuation statements. Trustor shall not create or allow the creation of any other security interest in such property. Upon the occurrence

of any default by Trustor hereunder, Beneficiary shall have the rights and remedies of a secured party under the California Commercial Code, as well as all other rights and remedies available at law or in equity or as provided herein, all at Beneficiary's option. Trustor and Beneficiary agree that the filing of a financing statement in the records normally having to do with personal property shall never be construed as in any way derogating from or impairing this declaration and the hereby stated intention of the parties hereto that everything used in connection with the operation or occupancy of such property or the production of income therefrom is and, at all times and for all purposes and in all proceedings, both legal and equitable, shall be regarded as real property encumbered by this Deed of Trust and fixture filing, irrespective of whether (a) any such item is physically attached to the buildings and improvements, (b) serial numbers are used for the better identification of certain equipment, or (c) any such item is referred to or reflected in any such financing statement so filed at any time. Such mention in the financing statement is declared to be for the protection of the Beneficiary in the event any court or judge shall at any time hold that notice of Beneficiary's priority of interest must be filed in the Uniform Commercial Code records to be effective against a particular class of persons, including, but not limited to, the federal government and any subdivisions or entities of the federal government.

This Deed of Trust shall be recorded in the official record of the County of Riverside in a subordinate lien priority.

The undersigned Trustor requests that a copy of any Notice of Default and of any Notice of Sale hereunder be mailed to him at his address hereinbefore set forth.

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

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



State of California )  
 ) §  
County of Riverside )

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

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

WITNESS my hand and official seal.

Signature \_\_\_\_\_ (Seal)



State of California )  
 ) §  
County of Riverside )

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

WITNESS my hand and official seal.

(Seal)

**EXHIBIT "A"**

**LEGAL DESCRIPTION OF THE PROPERTY**

Real property in the City of \_\_\_\_\_, County of Riverside, State of California, described as follows:

<INSERT LEGAL DESCRIPTION>

APN: \_\_\_\_\_

RECORDING REQUESTED BY, AND  
WHEN RECORDED MAIL TO:

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

SPACE ABOVE THIS LINE FOR RECORDER'S USE

This document is exempt from recording fees  
pursuant to Government Code Section 27383

**NOTICE OF AFFORDABILITY RESTRICTIONS  
ON TRANSFER OF PROPERTY**

**Housing Authority of the County of Riverside  
Polanco Parks Program (LMIHAF)**

Notice is hereby given that certain real property located at \_\_\_\_\_, in the City of \_\_\_\_\_, County of Riverside, State of California, and known as Assessor's Parcel Number \_\_\_\_\_, as more particularly described in Exhibit "A" attached hereto and incorporated herein by reference, is subject to certain affordability covenants and restrictions identified in that certain **AGREEMENT CONTAINING COVENANTS AFFECTING REAL PROPERTY (WITH USE AND OCCUPANCY COVENANTS)** ("**Declaration**") dated as of \_\_\_\_\_, 202\_, made by and between the **HOUSING AUTHORITY OF THE COUNTY OF RIVERSIDE**, a public body, corporate and politic ("**Housing Authority**"), and <insert names of Borrowers and vesting> ("**Owner**"), recorded concurrently herewith and incorporated herein by this reference. The affordability covenants and restrictions will expire on the fifty-fifth (55<sup>th</sup>) anniversary of the date of recording of the Declaration.

This notice is prepared for notice and recordation purposes only, and in no way modifies the terms, conditions, provisions and covenants set forth in the Declaration. In the event of any inconsistency between the terms, conditions, provisions and covenants set forth in the Declaration and this notice, the terms, conditions, provisions and covenants set forth in the Declaration shall prevail.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties have duly executed this Notice of Affordability Restrictions on Transfer of Property.

**“Authority”**

**“Borrower”**

**HOUSING AUTHORITY OF THE  
COUNTY OF RIVERSIDE**, a public  
body, corporate and politic

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

Date: \_\_\_\_\_, 202\_\_

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

Heidi Marshall, Executive Director

Date: \_\_\_\_\_, 202\_\_

**“Borrower”**

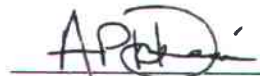
\_\_\_\_\_  
Print Name: \_\_\_\_\_

Date: \_\_\_\_\_, 202\_\_

APPROVED AS TO FORM:

GREGORY P. PRIAMOS  
COUNTY COUNSEL

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



Amrit Dhillon  
Deputy County Counsel

[SIGNATURE PAGE TO NOTICE OF  
AFFORDABILITY RESTRICTIONS]

## **EXHIBIT “A”**

### **LEGAL DESCRIPTION OF THE PROPERTY**

Real property in the City of \_\_\_\_\_, County of Riverside, State of California, described as follows:

<INSERT LEGAL DESCRIPTION>

APN: \_\_\_\_\_



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 \_\_\_\_\_ )

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

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

WITNESS my hand and official seal.

Signature of Notary

(Affix seal here)

STATE OF CALIFORNIA )  
 ) §  
County of \_\_\_\_\_ )

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

Signature of Notary

Form of Polanco Park Notice of Afford Rest 022521

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 \_\_\_\_\_ )

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

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

WITNESS my hand and official seal.

Signature of Notary

(Affix seal here)

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 \_\_\_\_\_ )

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

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

WITNESS my hand and official seal.

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

(Affix seal here)

**JOINT SUPPLEMENTAL  
ESCROW AND TITLE INSTRUCTIONS**

<Date>

\_\_\_\_\_ **Title Company**

\_\_\_\_\_

Attn: \_\_\_\_\_

\_\_\_\_\_ **Escrow Company**

\_\_\_\_\_

Attn: \_\_\_\_\_

**Re:**   Ref. No:                   \_\_\_\_\_

          Order No:               \_\_\_\_\_

          Property Address:     \_\_\_\_\_, \_\_\_\_\_, CA

          Owner(s):             \_\_\_\_\_

          Lender:               Housing Authority of the County of Riverside

          Borrower:            [insert name(s) of Owner]

          Loan Agreement:     Affordable Housing Loan Agreement

                                  dated \_\_\_\_\_

Dear \_\_\_\_\_:

We hereby provide you ("**Escrow and Title Agent**") with joint supplemental escrow instructions from the Housing Authority of the County of Riverside ("**Authority**") and \_\_\_\_\_ ("**Owner**") with respect to a loan made in connection with the improvement of the above-captioned Property by Owner, which transaction is more particularly described in the Affordable Housing Loan Agreement described above ("**Loan Agreement**"). Pursuant to the Loan Agreement, Owner is obtaining a loan from Authority secured by the Property in the maximum amount of \_\_\_\_\_ Thousand Dollars (\$\_\_\_\_\_) ("**Loan Amount**"). In consideration of the Loan Amount, Owner shall execute and deliver to escrow various documents as described herein.

To finance the rehabilitation of the Property, Owner has executed, or is about to execute, a promissory note (the "**Senior Note**") in the sum of \_\_\_\_\_ Dollars (\$\_\_\_\_\_) in favor of the Rural Community Assistance Corporation ("**RCAC**") evidencing a loan (the "**Senior Loan**") to Owner. The Senior Note is to be secured by a senior priority deed of trust (the "**Senior Deed of Trust**"), to be executed by Owner, which will encumber the Property.



In addition, Owner is receiving a loan from Authority pursuant to Authority's Low and Moderate Income Housing Asset Fund ("LMIHAF") (the "**Authority Loan**"). Owner has executed, or is about to execute, a promissory note (the "**Authority Note**") in the amount of \_\_\_\_\_ Dollars (\$\_\_\_\_\_) in favor of Authority evidencing the subordinate loan of LMIHAF funds to Owner. The Authority Note is to be secured by a subordinate priority deed of trust executed by Owner which will encumber the Property (the "**Authority Deed of Trust**").

In conjunction with the foregoing, Owner and Authority are entering into that certain Agreement Containing Covenants Affecting Real Property ("**Authority Covenant**"), as well as that certain Notice of Affordability Restrictions on Transfer of Property ("**Authority Notice**") which will encumber the Property. The Loan Agreement, Authority Note, Authority Deed of Trust, Authority Covenant and Authority Notice shall collectively be referred to herein as the "**Authority Loan Documents**".

The Authority Loan is a condition of the Senior Loan and serves as a completion guaranty for the improvements to be made to the Property. As a result, the Authority Loan documents are to be held in escrow until the first to occur of the following: (i) the disbursement of some or all of the proceeds of the Authority Loan, or (ii) the completion of Project, as defined in the Loan Agreement.

This letter shall constitute "**Joint Supplemental Escrow Instructions**" to you, on behalf of Authority and Owner, concerning the transmittal, recording, filing and disbursement of the funds and documents referred to herein and other material matters in connection with the close of the Escrow (the "**Closing**").

Upon instruction to you by each of Authority and Borrower at a later date, the following shall occur in connection with the Closing:

**A. DEPOSIT OF FUNDS; DISBURSEMENT OF EXCESS LOAN PROCEEDS**

Authority, on behalf of Owner, will deposit into escrow funds for closing costs in the amount of \_\_\_\_\_ Dollars (\$\_\_\_\_\_). Such funds shall be collectively referred to as the "**Closing Deposit**."

The proceeds of the Authority Loan shall be used to pay the cost of completion of the improvement of the Property in excess of the Senior Loan. The Authority Loan proceeds will not be funded into escrow unless and until the Owner and Authority determine they are needed.

Any excess Closing Deposit after payment of fees and costs shall be disbursed to Authority.

**B. CLOSING DOCUMENTS**

The following documents (collectively, the "**Documents**") have been or will hereafter be delivered to you for purposes of Closing the above-referenced Escrow:

1. One (1) original Authority Covenant, duly executed by Owner and Authority and notarized;
2. One (1) original Authority Deed of Trust, duly executed by Owner and notarized; and
3. One (1) original Authority Notice, duly executed by Buyer and Authority and notarized.

**C. CONDITIONS PRECEDENT TO THE CLOSING**

The following shall constitute conditions precedent to the Closing of the above-referenced Escrow:

1. You have received fully executed (and acknowledged, where appropriate) originals of all of the Documents.
2. Authority has approved the Estimated Settlement Statement(s) (the “**Statement**”) for the Authority loan secured by the Property.
3. You have received the Closing Deposit and, in accordance with the Estimated Settlement Statement, sufficient funds to pay all other fees and costs payable in connection with the close of escrow.
4. You have provided and Authority has approved a copy of the liability, property and Hazard Insurance on the Property, in the amount sufficient to cover all indebtedness on the Property and showing the Authority as a subordinate mortgage loss payee.;

Loss Payee Clause:

A standard mortgage clause form 438-BFU naming Authority as an additional insured and loss payee as its interests may appear, must be endorsed to the property insurance, and, if purchased by or on behalf of Owner, to all applicable flood and earthquake policies. In addition, the policy shall contain a provision that obligates the insurer to notify the Authority at least thirty calendar days in advance of the effective date of a material change (other than diminution of policy limits due to a claim), cancellation or termination of the policy.

5. You have received notice that the title company has made an irrevocable commitment to Authority to issue an ALTA Lenders Title Policy insuring Authority’s interest in the Property in the amount of the Authority Loan (the “**Authority Lender’s Title Policy**”) in the following form:

- a. Insured Lien: The Authority Lender’s Title Policy shall insure the subordinate priority lien of the Authority Deed of Trust subject to the Senior Deed of Trust, Authority Covenant, and no other liens except as agreed to by Authority.

- b. Form of Title Policy: The Lender's Title Policy shall be in the form of a 2006 (WITHOUT AMENDMENT OR REVISION EXCEPT AS PROVIDED HEREIN) ALTA Lender's Policy of Title Insurance, issued by Title Company in the amount of the Loan Amount; insuring Authority that its subordinate priority Deed of Trust constitutes a subordinate lien upon the fee interest in the Property, subject only to any liens existing on the Property approved by RCAC and Authority, the Authority Covenant, Senior Deed of Trust, and the Schedule B, Part I exceptions approved by Authority in the Proforma, with the following endorsements (2006 forms, where applicable and available):

- ALTA 8.1 Environmental;
- ALTA 9.3 Comprehensive, unmodified/modified (as applicable);
- CLTA 104.7 Assignment of Rents;
- Special: Deletion of Arbitration provisions (paragraph 13 of Conditions); and
- Special: Electronic signatures on policy/endorsements.

There is to be no arbitration provision in the Authority Title Policy.

No additional matters, whether prior or subordinate to the lien of the Deed of Trust, are to be shown without the express authorization of Authority. Additionally, the Authority Title Policy should substantially conform in all material respects to the marked-up copy of the Proforma attached hereto as Exhibit A. Within thirty (30) days of the date of Closing you are to deliver a Authority Title Policy in a form reflective of the instructions contained above in this.

- c. Insured: The insured under the Authority's Title Policy shall be "Housing Authority of the County of Riverside, a public body, corporate and politic, and its successors and assigns as their interests may appear."
- d. Vesting: The estate or interest referred to herein shall be shown as vested, as of the date of the Authority's Title Policy, solely in Owner.
- e. Legal Description: The legal description in the Authority's Title Policy shall conform exactly to the legal description shown in the Lender Pro Forma.

- f. Taxes: All taxes shall be shown as paid, or, if not paid, as a lien not yet delinquent.

6. You have received electronic or verbal approval from Authority and Owner to close escrow, fund the Authority Loan, and record all documents required in connection therewith.

7. You are in a position to comply with all of the instructions you may receive which are not inconsistent with the instructions and conditions described in this letter. In the event of any inconsistencies between the terms of other separate instructions and the terms of these letter instructions, please immediately notify the undersigned of such fact.

For purpose hereof, "Closing" refers to the date upon which all documents required in connection with the Authority Loan are recorded in the Official Records (as defined below).

#### **D. CLOSING PROCEDURES**

In proceeding with respect to the Closing, Escrow and Title Agent will strictly adhere to the procedures in the order set forth below. All requirements with respect to the Closing shall be considered as having taken place simultaneously, and no delivery or transaction shall be considered as having been made until all deliveries and closing transactions have been accomplished.

1. For each document executed in counterparts, combine the signature pages so as to physically form one (1) document. Escrow and Title Agent should date each undated document as of the date of submission to the County Recorder of the County of Riverside.

2. After each of the foregoing conditions precedent in Section C has been satisfied, you are authorized and instructed on behalf of Authority to record the following documents in the following order in the Official Records of the County Recorder of the County of Riverside (the "**Official Records**"):

first, the Authority Covenant,

second, the Authority Deed of Trust, and

third, the Authority Notice.

3. Perform the prorations and payments as set forth in these Instructions and the Statement and distribute the funds as set forth herein.

#### **E. DISBURSEMENT OF FUNDS**

On the Closing, upon confirmation of recording, Escrow and Title Agent shall disburse funds to such parties as listed on the approved Estimated Settlement Statement in payment of closing costs in accordance with the approved Settlement Statement.

**F. PAYMENT OF FEES**

Authority shall not be responsible for the payment of any of the following fees and charges:

1. The premium for the lender's ATLA extended title insurance policy for Authority.
2. Notary fees;
3. Any State, County or City documentary stamps or transfer tax not paid by Owner;
4. Recording fees;
5. The escrow fee, loan fees, inspection fees (if any) and all fees and impounds required by escrow or title; and
6. Such other costs, expenses and fees, not expressly provided for herein, as are customarily paid for by an Owner of property in Riverside County.

**G. DISTRIBUTION OF DOCUMENTS**

Immediately following the Closing, please provide conformed copies of the following, as recorded in the Official Records, to Authority:

- i. the Authority Covenant,
- ii. the Authority Deed of Trust, and
- iii. the Notice.

In addition, please provide to Authority copies of all disclosure documents and acknowledgments, signed by Owner. You are authorized to provide such copies in pdf format via email to Authority staff at Monica Telles, [MTelles@rivco.org](mailto:MTelles@rivco.org).

**H. MISCELLANEOUS PROVISIONS**

1. Fees, including without limitation, escrow fees, recording fees, and title policy fees are to be paid as provided in the Statement.
2. If Escrow and Title Agent is unable to comply with these Instructions and close the Escrow before 12:00 p.m. on \_\_\_\_\_, 202\_\_, or if there are to be any changes therein, Escrow and Title Agent is not to proceed without further written authorization from the undersigned.



3. Escrow and Title Agent is authorized to act upon a signed facsimile copy of these Joint Supplemental Escrow Instructions transmitted either by fax machine or a pdf via email. Escrow and Title Agent is not to comply with these Joint Supplemental Escrow Instructions if Escrow and Title Agent receives from the undersigned a written request not to so comply and not to so record.

4. We request that you sign and return a copy of these Joint Supplemental Escrow Instructions to the undersigned to confirm your acceptance and agreement in your capacity as Escrow and Title Agent.

5. Notwithstanding either your failure to sign or return these Joint Supplemental Escrow Instructions, or the undersigned's failure to receive the returned executed copy of these Joint Supplemental Escrow Instructions, your act of recording the Documents described in these instructions shall constitute evidence of your agreement to otherwise comply with the foregoing instructions.

6. These Joint Supplemental Escrow Instructions may be executed in counterparts, each of which shall be deemed an original, and which taken together shall constitute one and the same instrument.

7. These Joint Supplemental Escrow Instructions and the rights and obligations of the parties hereto shall be governed by and construed in accordance with the laws of the State of California.

[signature pages follow]

Thank you for your assistance.

**"Authority"**

HOUSING AUTHORITY OF  
THE COUNTY OF RIVERSIDE

Date: \_\_\_\_\_, 202\_\_

\_\_\_\_\_  
Heidi Marshall  
Executive Director

APPROVED AS TO FORM:

GREGORY P. PRIAMOS  
COUNTY COUNSEL

BY: APD  
Amrit Dhillon  
Deputy County Counsel

**"Owner"**

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

Date: \_\_\_\_\_, 202\_\_

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

Date: \_\_\_\_\_, 202\_\_

[SIGNATURES CONTINUE]

ESCROW AND TITLE AGENT

AGREEMENT AND CONSENT

Receipt of the foregoing Joint Supplemental Title Escrow Instructions and documents is hereby acknowledged this \_\_\_\_\_ day of \_\_\_\_\_, 202\_. The undersigned agrees, for itself and on behalf of \_\_\_\_\_ Escrow and \_\_\_\_\_ Title Company, as Escrow and Title Agent, respectively, to proceed in strict accordance with these Instructions, and represents and warrants that the undersigned is authorized to execute this Agreement and Consent on behalf of \_\_\_\_\_ Escrow and \_\_\_\_\_ Title Company.

\_\_\_\_\_ **ESCROW**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

\_\_\_\_\_ **TITLE COMPANY**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**EXHIBIT A**

**ESTIMATED CLOSING SETTLEMENT STATEMENT**

**[ATTACHED]**

**EXHIBIT B**

**PRO FORMA AUTHORITY TITLE POLICY**

**[ATTACHED]**



**Memorandum of Understanding**  
*between*  
**Rural Community Assistance Corporation (RCAC)**  
*and the*  
**Housing Authority of Riverside County (HACR)**

This **Memorandum of Understanding (MOU)** is dated for identification purposes as of April 20, 2021, and made by and between RURAL COMMUNITY ASSISTANCE CORPORATION, a California nonprofit public benefit corporation, hereinafter referred to as **RCAC**, and the HOUSING AUTHORITY OF THE COUNTY OF RIVERSIDE, a public entity, corporate and politic, hereinafter referred to as **HACR**. RCAC and HACR as sometimes referred to herein individually as a "Party" and collectively as the "Parties."

WHEREAS, HACR acts as the "housing successor" to the former Redevelopment Agency for the County of Riverside under Assembly Bill No. x1 26, as modified by Assembly Bill No. 1484 (collectively, as amended to date, the "Dissolution Act"), and, as such, administers the "Low and Moderate Income Housing Asset Fund" established pursuant to the Dissolution Act ("LMIHAF");

WHEREAS, there exist certain mobile home parks within the geographic boundaries of the County of Riverside that qualify under Health & Safety Code Sections 17008, 17021.6 and 17021.8 as farm worker employee housing (each, a "**Polanco Park**," collectively, the "**Polanco Parks**") and are in need of rehabilitation;

WHEREAS, HACR is currently in need of financial and other assistance related to the rehabilitation of the Polanco Parks and any necessary improvements to be made in connection therewith, including, without limitation, upgrades to inadequate water, power and electricity (each, a "**Project**") so that each Polanco Park will provide safe and healthy housing for the farmworkers who reside there;

WHEREAS, RCAC has agreed to provide construction loans (each, a "**RCAC Loan**," collectively, the "**RCAC Loans**") to eligible owners of the Polanco Parks (each, a "**Borrower**") for which loans can be successfully underwritten, to pay for the rehabilitation and related improvements included in each Project;

WHEREAS, RCAC has also agreed to provide additional assistance to HACR as set forth herein;

WHEREAS, upon completion of the rehabilitation of each Polanco Park, Clearinghouse-CDFI ("**CDFI**") has agreed to purchase the RCAC Loans from RCAC; and

WHEREAS, in consideration of RCAC's financial assistance and the additional obligations set forth herein, HACR has agreed to perform certain services and guarantee the completion of each Project.

WHEN DOCUMENT IS FULLY EXECUTED RETURN  
**CLERK'S COPY**

to Riverside County Clerk of the Board, Stop 1010  
Post Office Box 1147, Riverside, Ca 92502-1147  
Thank you.

NOW THEREFORE, in consideration of the mutual promises of the Parties set hereto by them to be kept and performed, it is hereby agreed as follows:

**A. Obligations of RCAC**

RCAC hereby covenants and agrees to:

1. Review each RCAC Loan Application Package (as hereinafter defined) received from HACR, provide appraisal instructions for an appraisal of the property that will secure the RCAC Loan prepared by an appraiser licensed in California, and underwrite the loan to determine an approval decision. RCAC shall notify HACR via email within thirty (30) days of receipt of each RCAC complete Loan Application Package as to the approval or disapproval thereof, and provide HACR with a copy of the appraisal for any approved loan.
2. Provide CDFI with copies of each approved RCAC Loan Application Package for review within ten (10) days of approval thereof by RCAC. RCAC shall notify HACR via email within ten (10) days of receipt of CDFI approval or disapproval of each Loan Application Package.
3. Review construction related documents for each Project submitted to RCAC by HACR and confirm such construction costs do not exceed the amount of the RCAC Loan.
4. Prepare all documents evidencing each RCAC Loan and coordinate RCAC Loan closing with the Borrower and title company. Concurrently therewith, RCAC agrees to coordinate the signature of the HACR Completion Loan Documents (as hereinafter defined) with the Borrower and the deposit of such documents into escrow. RCAC acknowledges that the use of LMIHAF to fund a Completion Loan requires that certain statutory limitations regarding affordability be placed on the Borrower and the Project. HACR is responsible for fully disclosing and obtaining written acknowledgment from the Borrower as to the terms and conditions of a Completion Loan should such become necessary.
5. Notify of loan closing within ten (10) days thereof and of the date of Project launch.
6. Coordinate with HACR on the inspection and approval for funding of each Draw Request (as hereinafter defined).
7. Coordinate with HACR on all final steps of each Project, including the recordation of a Notice of Completion by the contractor or Owner and issuance of the Certificate of Occupancy or other evidence of final inspection approval by the County of Riverside.
8. At the time of the issuance of the Certificate of Occupancy or other evidence of final inspection approval by the County of Riverside, RCAC shall promptly sell the loans

to CDFI and, provided the Project has been completed within Budget, arrange for the cancellation of the HACR Completion Loan Documents. Upon completion of a Project within Budget, HACR's obligations hereunder with respect to the particular Project shall be terminated.

9. Be responsible for all RCAC employee benefits, unemployment insurance, social security and state disability insurance, including appropriate reporting to the IRS, state and federal agencies.
10. As to each RCAC Loan and RCAC's obligations hereunder, RCAC shall comply with its normal lending practices as a CDFI lender and all applicable laws.

**B. Obligations of HACR**

HACR hereby covenants and agrees to:

1. Identify Polanco Parks requiring rehabilitation and improvement and work with each potential Borrower to complete a RCAC Loan Application Package. HACR shall review all loan applications for completeness and submit completed RCAC Loan Application Packages to RCAC for review and approval. Each "**RCAC Loan Application Package**" shall contain a completed application in the form attached as Exhibit A hereto, including without limitation, the name and address of Borrower, description of the rehabilitation and improvements to be made, and an estimate of the costs of the construction of the Project prepared by a contractor appropriately licensed in the state of California (each, a "**Project Budget**") for the work to be performed.
2. Upon the Borrower's request, provide technical assistance to Borrower during Project construction.
3. Act as a third party inspector on behalf of RCAC to verify Project progress and approve each Draw Request. Each "**Draw Request**" shall be in the form attached as Exhibit B hereto and contain, at a minimum, written confirmation by HACR that the work has been completed, and identification of Project Budget line items being paid for.
4. Work with the County Planning Department in connection with the issuance of Certificate of Occupancy at project completion.
5. In the event the costs of a Project exceed the amount of the RCAC Loan, HACR shall, in its sole and absolute discretion, either (i) complete the Project at HACR's cost, or (ii) elect to pay the Project general contractor to complete the Project. The costs incurred by HACR to complete a Project, along with any other reasonable costs incurred by HACR in connection therewith, shall constitute a loan to the Borrower (each, a "**Completion Loan**"). Each Completion Loan shall be funded with LMIHAF held by the HACR. The lien of the Deed of Trust and other HACR

Completion Loan Documents will be subordinate to the liens of the documents evidencing the RCAC loan.

6. Concurrently with the Borrower's execution of the RCAC Loan Documents, each Borrower shall be required to execute loan documents (collectively, and substantially in the form of Exhibit C hereto, the "**HACR Completion Loan Documents**") (i) evidencing Borrower's obligation to repay the Completion Loan, (ii) securing each Completion Loan with the Property on which the Project is located, and (iii) setting forth the statutory obligations placed on the Borrower and the Property as a result of the use of LMIHAF to complete the Project. The HACR Completion Loan Documents shall become effective upon HACR's expenditure of LMIHAF to complete a Project, and, to the extent applicable, shall be recorded in the official records of the County of Riverside prior to the disbursement of any LMIHAF to fund the Completion Loan.
7. The aggregate amount of Completion Loans available from LMIHAF pursuant to this MOU shall not exceed One Million Dollars (\$1,000,000) ("**Total Completion Loan Funding**"). Except upon the prior written approval of the Deputy Executive Director, each Completion Loan shall not exceed an amount which, when combined with the RCAC Loan and any other loans secured by the Property, exceeds 100% of the value of the Property, as stated in the appraisal obtained by RCAC. Any unused LMIHAF encumbered for a Completion Loan, but unused upon completion of the Project, shall again become a part of the available Total Completion Funding once HACR and RCAC determine a Project is complete. Upon purchase of the RCAC Loan by CDFI, the Agreement Containing Covenants included in the HACR Completion Loan Documents shall not be subordinated to the lien securing the CDFI loan, though the HACR deed of trust and other HACR Completion Loan Documents may be subordinated to the CDFI loan documents.

#### C. RCAC Address; Project Leads

HACR shall, upon receipt and approval of this MOU, return one signed copy to RCAC, attention Grants and Contract Administration Department, 3120 Freeboard Drive, Suite 201, West Sacramento, CA 95691.

The RCAC project lead for this MOU is Juanita Hallstrom, Director. Her contact information for purposes is: [jhallstrom@rcac.org](mailto:jhallstrom@rcac.org), 916-320 9805 Day to day program manager is Robert Longman, [rlongman@rcac.org](mailto:rlongman@rcac.org), 530-692-9625.

The HACR project lead for this MOU is Michael Walsh, Deputy Director. His contact information for purposes of this MOU are as follows: [MFWalsh@rivco.org](mailto:MFWalsh@rivco.org), (951) 343-5461. Day to day program manager is Monica Telles, [mtelles@rivco.org](mailto:mtelles@rivco.org), (760) 863-2541.

**D. Term**

This MOU shall become effective upon signature by both of the Parties hereto and, unless extended in a writing executed by RCAC and the Deputy Executive Director of HACR for up to twelve (12) months, will automatically terminate on May 6, 2023. Termination of this MOU shall not terminate any ongoing obligations under any executed RCAC Loan Documents or HACR Completion Loan Documents.

**E. Miscellaneous**

1. This MOU may be amended, modified or extended at any time by a signed written agreement of both Parties.
2. This MOU may be terminated by either Party with thirty (30) days written notice with or without cause. A termination of this MOU shall not terminate any ongoing obligations under any executed RCAC Loan Documents or HACR Completion Loan Documents.
3. RCAC and HACR hereby agree to meet and confer in good faith in an attempt to resolve any dispute, controversy or claim arising under this MOU (including the breach, termination or validity hereof). The obligations and duties of RCAC and the HACR pursuant to this MOU shall survive in full the termination of this MOU.
4. This MOU constitutes the entire agreement between RCAC and the HACR with respect to the subject matter of this MOU. The provisions hereof shall supersede or replace any conflicting or additional provisions which may be contained in any other writing, document or the like. In the event of a conflict between any provisions appearing in any other writing and in this MOU, the provision of this MOU shall be controlling.
5. This MOU may be executed in one or more counterparts, each of which shall be deemed an original, but all of which taken together, shall constitute one and the same instrument. This MOU may not be assigned by either Party hereto except upon the written consent of the other Party. This MOU shall be binding on and inure to the benefit of the permitted respective successors, assigns, heirs and personal representatives of the Parties. The Parties agree to take such actions and to execute and deliver all documents required or reasonably deemed necessary by any Party to this MOU.
6. The Recitals are a material component of this MOU and are incorporated herein by this reference.
7. In the event of any legal action arising out of or relating to this MOU, the prevailing party in such action shall be entitled to recover its reasonable attorneys' fees and costs.

8. Notwithstanding anything to the contrary contained herein, neither RCAC nor HACR shall in any event be entitled to, and each hereby waives, any right to seek loss of profits, or any special, incidental or consequential damages of any kind or nature, however caused, from the other party arising out of or in connection with this MOU, even if the other party has been advised of the possibility of the damages, and in connection with such waiver each party is familiar with and hereby waives the provision of § 1542 of the California Civil Code which provides as follows:

“A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY.”

9. Should any provision of this MOU be declared or determined by any court to be unenforceable or invalid, the validity of the remaining parts, terms and provisions shall not be affected thereby and said unenforceable or invalid part, term or provision shall not be deemed to be part of this MOU.
10. The agreements contained herein shall not be construed in favor of or against any Party, but shall be construed as if all Parties prepared this MOU.
11. This MOU shall be construed and enforced in accordance with and governed by the laws of the State of California. Any legal action related to the performance or interpretation of this MOU shall be filed only in the Superior Court of the State of California, located in Riverside, California, and the Parties waive any provision of law providing for a change in venue to another location.
12. The Deputy Executive Director of HACR shall have the authority to administer this MOU on behalf of HACR, and, in connection therewith, may execute any amendments, modifications or extensions hereof and any other documents required to implement this MOU in accordance with its terms.

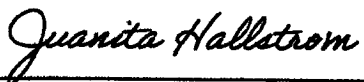
[signature pages follow]



IN WITNESS WHEREOF, the Parties have caused their duly authorized representatives to sign this MOU.

RCAC:

RURAL COMMUNITY ASSISTANCE CORPORATION,  
a California nonprofit public benefit corporation  
3120 Freeboard Drive, Suite 201  
West Sacramento, CA 95691  
916/447-2854

  
\_\_\_\_\_  
Juanita Hallstrom  
Loan Fund Director

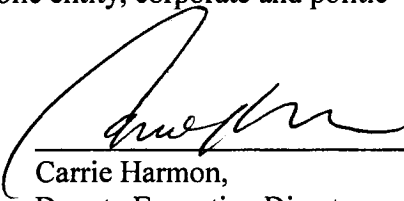
Date: 5.3.2022

{signatures continue on following page}

**HACR:**

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

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

  
Carrie Harmon,  
Deputy Executive Director

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

5/13/2022

**APPROVED AS TO FORM:**

Gregory P. Priamos, County Counsel

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

  
Amrit P. Dhillon,  
Deputy County Counsel

## **EXHIBIT A**

### **Form of RCAC Loan Application Package**

Reference rcac.org, Lending, Small Business Loans for forms and additional information:

1. Loan application form (Please complete in detail and sign.)
2. Current Balance Sheet for Business and Principals with 20% or More Ownership Interest
3. Year-to-Date Profit and Loss Statement
4. Most Recent Three Full Operating Years:
  - o Balance Sheet
  - o Profit and Loss
  - o Tax Returns
5. Business Plan (as per the suggested outline.) Required for all businesses less than two years old.
6. May be required on a case-by-case basis for more established applicants.
7. Instructions for Resolution to Borrow and Resolution to Borrow (RCAC form or equivalent)
8. Personal history/resume (for individuals with a 20% or greater ownership interest)
9. Board of Directors list including: name, address, phone numbers and experience that member brings to the Board, if applicable
10. Articles of Incorporation and Bylaws (including any amendments), or Certificate of Formation and Operating Agreement, if applicable
11. Copy of Fictitious Business Name Certificate or copy of DBA name filing as appropriate for state (if applicable)
12. Applicable business license(s)

Please provide the items below that are available at this time, if applicable to your loan request. Documents that are not available at this time will have to be provided at a later date if applicable to the particular loan under consideration.

13. Feasibility study (Generally required for new or substantially expanded facilities.) Paid for by borrower, may be financed on a case-by-case basis.
14. Purchase and sales agreement with addendum, if applicable
15. Preliminary title report

16. Appraisal
17. Location map
18. Site plan
19. Plans and specifications
20. Itemized cost breakdown
21. Survey
22. Phase I environmental report

## EXHIBIT B

### Form of RCAC Draw Request

#### RCAC Loan Fund - Request for Funds

Submit to: 3120 Freeboard Drive, Suite 201, West Sacramento, CA 95691  
Attention: Diane Tang 916-447-9832 ext. 1039

Borrower: \_\_\_\_\_

Phone Number: (XXX) XXX-XXXX

Loan Number: \_\_\_\_\_

Draw Request Number: \_\_\_\_\_

If this is the first draw request, please complete bank information. We will deposit funds to your account upon review and approval of draw request.  
If your account information has changed since first draw request, please provide new bank information.

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

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

Address: \_\_\_\_\_

Account Number: \_\_\_\_\_

Routing Number: \_\_\_\_\_

Total Amount of current request: \$ \_\_\_\_\_

\$ \_\_\_\_\_ For (purpose and payee) \_\_\_\_\_

\$ \_\_\_\_\_ For (purpose and payee) \_\_\_\_\_

\$ \_\_\_\_\_ For (purpose and payee) \_\_\_\_\_

\$ \_\_\_\_\_ For (purpose and payee) \_\_\_\_\_

\$ \_\_\_\_\_ For (purpose and payee) \_\_\_\_\_

#### Instructions:

- If funds being requested are for contracted construction or site development work, enter only the total amount being requested above and provide applicable documentation as specified in the RCAC Construction Disbursement Criteria.
- For all other requests, enter total request and then information by category (e.g., architectural, engineering, fees, etc.) and provide back up documentation, i.e., invoices, billings, etc.
- This form must be signed by an authorized signer as approved on the Corporate Resolution to Borrow dated XXXX
- Provide any documentation to satisfy post closing conditions as noted on the attached exhibit A.
- Please provide a voided check for account verification purposes.

Upon processing of your request, you will be provided with an "RCAC Loan Fund - Funds Request Confirmation and Loan Account Recap" Form.

By signing below, I (we) certify that the funds requested have been or will be expended on the work/activities as planned for in the sources and uses of funds for the project on which the RCAC loan was based:

Authorized Signature: \_\_\_\_\_

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

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

Title: \_\_\_\_\_

RCAC Approval: \_\_\_\_\_

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

**EXHIBIT C**

**Form of HACR Completion Loan Documents**

**[TO BE ATTACHED]**



Housing Authority of the County of Riverside  
Loan Documents  
Polanco Park Loan Program (LMIHAF)

- Affordable Housing Loan Agreement
- Agreement Containing Covenants Affecting Real Property
- Borrower Disclosure Statement
- Deed of Trust, Assignment of Rents & Security Agreement
- Joint Supplemental Escrow & Title Instructions
- Notice of Affordability Restrictions on Transfer
- Promissory Note Secured by Deed of Trust

Housing Authority of the County of Riverside  
Loan Documents

Polanco Park Loan Program (LMIHAF)

Affordable Housing Loan Agreement



## AFFORDABLE HOUSING LOAN AGREEMENT

### Housing Authority of the County of Riverside Polanco Park Program (LMIHAF)

This AFFORDABLE HOUSING LOAN AGREEMENT (this "Agreement") is made this \_\_\_\_th day of \_\_\_\_\_, 202\_, by and between <insert names of Borrowers and vesting> ("Borrower") and the **HOUSING AUTHORITY OF THE COUNTY OF RIVERSIDE**, a public body, corporate and politic ("Authority").

### RECITALS

A. Borrower has entered into a loan agreement (the "RCAC Loan Agreement") with Rural Community Assistance Corporation, a California-based nonprofit corporation ("RCAC") to borrow funds to improve certain infrastructure (such as water, heating and electricity) serving \_\_\_\_ mobile home spaces (collectively, the "Restricted Spaces") to be rented by farmworker employees on that certain real property located at \_\_\_\_\_, \_\_\_\_\_, California, bearing Riverside County Assessor's Parcel Number (APN) \_\_\_\_\_, and more particularly described in Exhibit A attached hereto (the "Property"). Borrower's use of the Restricted Spaces on the Property as a mobile home park qualifies under Health & Safety Code Sections 17008, 17021.6 and 17021.8 as farmworker employee housing.

B. Borrower is receiving funds in the amount of \$\_\_\_\_\_ ("RCAC Loan") to make qualifying improvements to the infrastructure serving the Restricted Spaces (the "Project"). In connection with the RCAC Loan, Authority is agreeing to make Borrower a subordinate lien position mortgage loan in the maximum amount of \$\_\_\_\_\_ ("Authority Loan") in the event funds in addition to the RCAC Loan are required to complete the Project. The Authority Loan serves as a completion guaranty for the RCAC Loan, and RCAC would not make the RCAC Loan to Borrower without Borrower's execution of the Authority Loan Documents, as hereinafter defined.

C. Authority was established by action of the Board of Supervisors of the County of Riverside on November 23, 1942, pursuant to the California Housing Authorities Law (Health and Safety Code §§ 34200, et seq., the "Housing Authority Law"), and constitutes a corporate and politic public body, exercising public and essential governmental functions, and having all the powers necessary or convenient to carry out the purposes and provisions of the Housing Authority Law.

D. California redevelopment agencies were dissolved on February 1, 2012 such that the Redevelopment Agency of the County of Riverside ("Former Agency") is now deemed a former redevelopment agency under Health and Safety Code section 34173 and AB x1 26, as modified by Assembly Bill No. 1484 (as modified to date, the "Dissolution Law"), which added Parts 1.8 and 1.85 to Division 24 of the California Community Redevelopment Law (Health and Safety Code sections 33000 et seq., the "CRL").

E. Pursuant to CRL § 34176 (a), and Authority Resolution Nos. 2012-035, 2012-001 and 2012-005, all housing functions previously performed by the Former Agency, including

related rights, powers, duties, obligations, and housing assets were transferred to Authority, making Authority the "Housing Successor" to the Former Agency under the Dissolution Law.

F. In accordance with the Dissolution Law, the Authority holds monies in the Low and Moderate Income Housing Asset Fund ("**LMIHAF**") which must be used in accordance with the CRL. LMIHAF assistance is available to qualified borrowers and/or affordable housing projects that meet specific income and other requirements of the CRL. The Authority Loan will be funded from the LMIHAF.

G. In connection with the Authority Loan, Borrower is required to deliver a number of loan documents to Authority, including, but not limited to, this Agreement, an Agreement Containing Covenants Affecting Real Property (with Use and Occupancy Restrictions) (the "**Declaration**"), a Promissory Note Secured by Deed of Trust ("**Note**"), a Disclosure Statement ("**Disclosure**"), a Deed of Trust, Assignment of Rents and Security Agreement ("**Deed of Trust**"), a Notice of Affordability Restrictions on Transfer of Real Property ("**Notice**") and supplemental joint escrow and title instructions of the Authority ("**Instructions**") (collectively, and together with all other documents delivered in connection herewith, the "**Authority Loan Documents**"). The Authority Loan Documents are incorporated herein by reference as though fully set forth herein.

H. Borrower represents and warrants to Authority that Borrower has read and understands the terms and provisions of this Agreement and the covenants, conditions, and restrictions set forth in the Declaration, and that Borrower has obtained the advice of independent legal counsel with respect to the terms of this Agreement and the Authority Loan Documents, or has knowingly and voluntarily waived the right to consult with legal counsel of his/her choosing.

I. Borrower further acknowledges that without the Authority's provision of the Authority Loan, Borrower would not have been able to receive the RCAC Loan on the favorable terms included therein.

J. The Project qualifies for assistance funded from the LMIHAF, which, for purposes of this Agreement, means that Borrower will restrict the occupancy of the Restricted Spaces to persons or families whose annual income does not exceed the qualifying limits for "**low income households**", meaning that the household does not have aggregate gross income in excess of 80% of area median income for Riverside County, adjusted for actual family size, as published periodically by the State of California Department of Housing and Community Development.

## **A G R E E M E N T**

**NOW, THEREFORE**, in consideration of the foregoing Recitals, which are incorporated herein by this reference and made a part hereof, and for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. **Authority Loan.** The Authority Loan shall only be disbursed if, despite Borrower's commercially reasonable efforts, the Project cannot be completed without some or

all of the proceeds of the Authority Loan. Upon the instruction of the parties and delivery of the Authority Loan Documents, dually executed and notarized, as appropriate, by all parties thereto, and satisfaction of the conditions precedent to the Closing set forth in the Instructions, the closing of escrow for the Authority Loan shall occur. Authority may fund the Authority Loan proceeds into escrow at least one (1) business day prior to the scheduled close of escrow. Upon the close of escrow, proceeds of the Authority Loan shall be disbursed to Authority and/or Borrower and/or Borrower's contractor to complete the Project.

Unless an **"Event of Acceleration"** (as that term is defined herein) occurs prior to the expiration of the Affordability Period, (a) no interest shall accumulate on the Authority Loan, and (b) upon the expiration of the Affordability Period, the Note shall be cancelled and the Note Amount shall be deemed satisfied. If an Event of Acceleration occurs prior to the expiration of the Affordability Period, interest shall be deemed to have accumulated on the Note Amount at the rate of the lesser of seven percent (7%) per annum or the maximum rate permitted by applicable law (the **"Default Rate"**), compounded annually. The Deed of Trust, which shall secure the Note, shall be recorded as a subordinate lien against the Property.

For purposes hereof, **"Affordability Period"** means the period commencing upon the date of recordation of the Declaration in the official records of Riverside County and ending on the fifty fifth (55<sup>th</sup>) anniversary thereof.

2. **Property Transfer Restrictions.** The Property is subject to Transfer restrictions during the Affordability Period as set forth in the Declaration.

a. Borrower shall not **"Transfer"** (as defined in the Declaration) or permit the Transfer of the Property during the Affordability Period unless the Transfer is a **"Permitted Transfer"** (as defined in the Declaration) or approved by Authority in writing in accordance with the Declaration.

b. A Transfer that does not constitute a Permitted Transfer or is not approved in writing by Authority (a **"Prohibited Transfer"**) is expressly prohibited by this Agreement and shall constitute a default of Borrower under this Agreement, entitling Authority to demand immediate payment in full of outstanding amounts under the Authority Loan, as well as all remedies available at law or equity.

3. **Events of Acceleration.** The Authority Loan shall become due and immediately payable irrespective of any provisions herein to the contrary upon the occurrence of any one of the following events of acceleration during the Affordability Period (each, an **"Event of Acceleration"**): (i) **Prohibited Transfer of the Property** (as defined in Section 3 above), or (ii) Borrower (or upon Borrower's Transfer of the Property pursuant to a Permitted Transfer, Borrower's transferee) is no longer requiring compliance with the occupancy and rent requirements for the Restricted Spaces set forth in this Agreement and the Declaration or is in default of any other obligation under this Agreement, the Note, the Declaration, or the Deed of Trust. The Executive Director may, in his or her sole and absolute discretion, waive some or all of the requirements of this Section.

4. **Notice to Authority.** Borrower (or Borrower's permitted transferee or heirs following the death of Borrower) agrees to notify Authority in writing not less than ninety (90) days prior to any Transfer of any interest in the Property using the Notice of Intent to Transfer attached as Exhibit B hereto.

5. **Provision of Tax Records.** Borrower acknowledges that in the event Authority is audited, Authority may be required to submit the financial information, including tax records, of Borrower that are required by Authority to determine Borrower's compliance with requirements for the use of LMIHAF under the CRL. In the event the Authority is unable to provide such information to the individual or entity performing the audit of the Authority's activities, Borrower agrees to provide such information to Authority, for the sole purpose of satisfying the audit. Upon completion of the audit, Authority shall, if legally able, return all such information to Borrower. Borrower shall maintain all such financial information regarding the Restricted Spaces for a period of seven (7) years from the date thereof.

6. **Maintenance of Property.** Borrower shall maintain the Restricted Spaces, improvements and landscaping on the Property in a manner consistent with community standards which will uphold the value of the Property, in accordance with the Municipal Code of the City in which the Property is located, if applicable, or the Riverside County Code. Borrower also agrees to comply with the Authority Loan Documents, and all applicable federal, state and local laws and regulations.

7. **Occupancy Standards and Requirements.** The use and occupancy of the Restricted Spaces shall be governed by the Declaration. Borrower covenants and agrees to utilize the Restricted Spaces and the Property in compliance with the Declaration at all times during the Affordability Period, including without limitation (capitalized terms not defined herein shall have the meaning set forth in the Declaration):

a. The Restricted Spaces shall be rented for use by mobile homes occupied by Low Income Households at an Affordable Space Rent during the Affordability Period and for no other purpose.

b. Borrower shall not enter into an agreement for the rental or lease of the Restricted Spaces, or any portion thereof, or permit the rental or lease of the Restricted Spaces, or any portion thereof, except in accordance with the Authority Loan Documents during the Affordability Period.

c. Occupancy of the mobile homes occupying the Restricted Spaces shall not exceed the maximum occupancy allowed by applicable law.

d. Borrower shall, upon demand by Authority, submit to Authority an affidavit of occupancy verifying Borrower's compliance with this Section. Said affidavit may be required by Authority on an annual basis.

e. Provided that Borrower obtains a similar exemption to any other applicable restrictions on the occupancy and use of the Restricted Spaces, Authority may grant a temporary written waiver of the above requirements for good cause, in Authority's sole and absolute discretion.

8. **Income and Asset Information.** Borrower agrees to require an application and additional information verifying income and asset eligibility of each Household prior to execution of a lease for a Restricted Space. Borrower represents, warrants and declares under penalty of perjury to Authority that all information Borrower has provided and will provide in the future to Authority is and will be true, correct and complete. Borrower acknowledges that Authority is relying upon Borrower's representations and covenants herein, and Authority would not have entered into this Agreement if Borrower did not so agree.

9. **RCAC Loan.** Borrower shall obtain a mortgage loan from RCAC to finance the Project. The deed of trust securing such mortgage shall be recorded in a senior lien position against the Property.

10. **Escrow Instructions; Order of Recordation; Request for Notice.** In connection herewith, Borrower and Authority are executing the Instructions. Authority shall submit the Instructions to title and Escrow, designating the order for the Authority Loan Documents required to be recorded in connection with any funding of the Authority Loan. Borrower agrees that Authority shall have no obligation to disburse Authority Loan funds unless and until the Declaration, Deed of Trust and Notice are recorded in the official records of Riverside County.

Borrower shall cause a Request for Notice of Default to be recorded on the Property requesting a statutory notice of default for all loans secured by the Property as set forth in the California Civil Code Section 2924(b). Such notice shall be sent to: Housing Authority of the County of Riverside, 555 Arlington Avenue, Riverside, CA 92504, Attn: Executive Director.

11. **Indemnification.** Borrower shall defend, indemnify and hold harmless Authority and Authority's officers, officials, agents, members, employees, and representatives from and against any losses, liabilities, claims, or judgments relating in any manner to or in connection with the Project, the Property, the Restricted Spaces, the Authority Loan, the Authority Loan Documents or this Agreement. Borrower shall remain fully obligated for the payment of taxes, liens and assessments related to the Property.

12. **Insurance.** Borrower shall maintain, during the term of this Agreement, such insurance as required by the Declaration, including an all-risk property insurance policy insuring the Property in an amount equal to the full replacement value of the structures on and Improvements to the Property. The policy shall name Authority as loss payee and shall contain a statement of obligation on behalf of the carrier to notify Authority of any material change, cancellation or termination of coverage at least thirty (30) days in advance of the effective date of such material change, cancellation or termination. Borrower shall transmit a copy of the certificate of insurance and loss payee endorsement to Authority prior to the close of escrow, with an original to follow within thirty (30) days after the effective date of this Agreement, and Borrower shall annually transmit to Authority a copy of the certificate of insurance and a loss payee endorsement, signed by an authorized agent of the insurance carrier setting forth the general provisions of coverage. The copy of the certificate of insurance and loss payee endorsement shall be transmitted to Authority as follows:

Housing Authority of the County of Riverside



555 Arlington Avenue  
Riverside, CA 92504  
Attn: Executive Director

Any certificate of insurance must be in a form, content, and with companies, reasonably approved by Authority.

13. **Defaults.** Failure or delay by either party to perform any term or provision of this Agreement which is not cured within thirty (30) days after receipt of notice from the other party constitutes a default under this Agreement; provided, however, if such default is of the nature requiring more than thirty (30) days to cure, the defaulting party shall avoid default hereunder by commencing to cure within such thirty (30) day period, and thereafter diligently pursuing such cure to completion.

The injured party shall give written notice of default to the party in default, specifying the default complained of by the injured party. Except as required to protect against further damages, the injured party may not institute proceedings against the party in default until thirty (30) days after giving such notice (or such larger period as described in the immediately preceding sentence). Failure or delay in giving such notice shall not constitute a waiver of any default, nor shall it change the time of default.

Borrower's failure to perform, or violation of, any term or provision contained in any of the Authority Loan Documents within the time prescribed in the applicable document shall constitute a default hereunder which shall immediately give rise to Authority's right seek any remedies available under applicable law.

14. **Distribution of Insurance and Condemnation Proceeds.** In the event the improvements on the Property are destroyed and insurance proceeds are distributed to Borrower instead of being used to rebuild, or in the event of condemnation, if proceeds thereof are distributed to Borrower, such proceeds (the "**Proceeds**") shall be paid and distributed as follows: (i) first, to the holder of the first lien priority note, to pay the remaining balance owed thereon, (ii) second, to the extent Proceeds remain, to the holder of the second lien priority note, and any other monetary liens senior to that or the Deed of Trust, if any, to pay the remaining balance owed thereon, (iii) third, to the extent Proceeds remain, to the holder of the Authority Note, to pay the remaining balance owed thereon, and (iv) all remaining Proceeds shall be distributed to Borrower.

15. **Rights and Remedies are Cumulative.** Except as otherwise expressly stated in this Agreement, the rights and remedies of the parties are cumulative, and the exercise by either party of one or more of its rights or remedies shall not preclude the exercise by it, at the same or different times, of any other rights or remedies for the same default or any other default by the other party.

16. **Covenants to Run with the Land.** All conditions, covenants, and restrictions contained in this Agreement shall be covenants running with the land, and shall, in any event, and without regard to technical classification or designation, legal or otherwise, be, to the fullest extent permitted by law and equity, binding for the benefit and in favor of, and enforceable by,

the Authority and its respective successors and assigns, against Borrower, its successors and assigns, to or of the Property or any portion thereof or any interest therein, and any party in possession or occupancy of said Property or portion thereof.

In amplification and not in restriction of the provisions set forth hereinabove, it is intended and agreed that Authority shall be deemed a beneficiary of the agreements and covenants provided hereinabove both for and in its own right and also for the purposes of protecting the interests of the community. All covenants without regard to technical classification or designation shall be binding for the benefit of Authority and such covenants shall run in favor of Authority for the entire period during which such covenants shall be in force and effect, without regard to whether Borrower is or remains an owner of any land or interest therein to which such covenants relate. Authority shall have the right, in the event of any breach of any such agreement or covenant, to exercise all the rights and remedies, and to maintain any action at law or suit in equity or other proper proceedings to enforce the curing of such breach of agreement or covenant.

17. **Non-Waiver.** Failure to exercise any right Authority may have or be entitled to, in the event of default hereunder, shall not constitute a waiver of such right or any other right in the event of a subsequent default.

18. **Recordation; Other Documents.** Borrower agrees and acknowledges that prior to any disbursement of the Authority Loan, certain of the Authority Loan Documents shall be recorded against the Property with the County Recorder of the County of Riverside and shall appear of record with respect to and as an encumbrance to the Property. Borrower agrees to execute any other documents reasonably required by Authority or by a participating entity to complete the transaction contemplated hereby.

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

20. **Governing Law.** Borrower hereby agrees to comply with all ordinances, rules and regulations of the City in which the Property is located ("City"), if applicable, or the Riverside County Code. Nothing in this Agreement is intended to be, nor shall it be deemed to be, a waiver of any City or County ordinance, rule or regulation. This Agreement shall be governed by the laws of the State of California. Any legal action brought under this Agreement must be instituted in the Superior Court of the County of Riverside, State of California, or in the Federal District Court in the District of California in which Riverside County is located.

21. **Amendment to Agreement.** No modification, rescission, waiver, release or amendment of any provision of this Agreement shall be made except by a written agreement executed by Borrower and Authority.

22. **Authority May Assign.** Authority may, at its option and without obtaining the consent of the Borrower, assign this Agreement and/or any or all of the Authority Loan Documents.

23. **Borrower Assignment Prohibited.** In no event shall Borrower assign or transfer any portion of the Property, the Authority Loan, this Agreement or any of the other Authority Loan Documents or agreements referred to herein without the prior express written consent of Authority. Any such assignment or transfer without the prior express written consent of Authority shall be null and void.

Authority may, in its sole and absolute discretion, agree to the assignment of the Authority Loan to a purchaser of the Property only in the event that (i) Authority has determined, and Borrower has verified, that the assignee or transferee will comply with all covenants and obligations set forth in the Declaration, and (ii) that the assignee or transferee has expressly assumed this Agreement, the Declaration, the Note and the Deed of Trust by execution of a written assumption agreement in such form as is approved by Authority.

24. **Relationship of Borrower and Authority.** The relationship of Borrower and Authority pursuant to this Agreement is that of debtor and creditor and shall not be or be construed to be a joint venture, equity venture, partnership, or other relationship.

25. **Notices.** Any notices, requests or approvals given under this Agreement from one party to another may be personally delivered, delivered by reputable same-day or overnight courier that provides a receipt with the date and time of delivery, or deposited with the United States Postal Service for mailing, postage prepaid, registered or certified mail, return receipt requested to the following address:

To Borrower:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_, CA \_\_\_\_\_

To Authority:

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

Either party may change its address for notice by giving written notice thereof to the other party.

26. **Attorneys' Fees and Costs.** In the event that any action is instituted to enforce payment or performance under this Agreement, the parties agree the non-prevailing party shall be responsible for and shall pay all costs, including expert witness fees, and all attorneys' fees incurred by such prevailing party in enforcing this Agreement.

27. **Nondiscrimination.** Borrower covenants by and for itself and any successors in interest that there shall be no discrimination against or segregation of any person, or group of persons on any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Property, or any part

thereof, nor shall Borrower, or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees of the Property, or any part thereof. The foregoing covenants shall run with the land.

Borrower agrees for itself and any successor in interest that Borrower shall refrain from restricting the rental, sale, or lease of any portion of the Property, or contracts relating to the Property, on the basis of race, color, creed, religion, sex, marital status, ancestry, or national origin of any person. All such deeds, leases or contracts shall contain or be subject to substantially the following nondiscrimination or nonsegregation clauses:

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

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

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

The covenants established in this Agreement shall, without regard to technical classification and designation, be binding for the benefit and in favor of Authority, its successors and assigns, Authority and any successor in interest to the Property, together with any property acquired by the Borrower pursuant to this Agreement, or any part thereof. The covenants against discrimination shall remain in effect in perpetuity.

Notwithstanding the foregoing, the Borrower acknowledges and agrees that during the Affordability Period, Borrower shall rent the Restricted Spaces solely to Low Income Households at an Affordable Space Rent, as such terms are defined in the Declaration.

28. **Entire Agreement.** The Authority Loan Documents constitute the entire understanding and agreement of the parties with respect to the subject matter thereof. This Agreement integrates all of the terms and conditions mentioned herein or incidental thereto, and supersedes all prior negotiations, discussions and previous agreements between Authority and Borrower concerning all or any part of the subject matter thereof.

29. **Authority.** Each signatory hereto warrants to the other party that it has authority to sign on behalf of the party for whom it purports to sign.

30. **Joint and Several Liability.** Where Borrower consists of more than one person, each constituent person shall be jointly and severally liable for all amounts due hereunder and all covenants, conditions, representations, warranties and other obligations of Borrower under this Agreement; and any act or failure to act by any of those persons individually shall constitute an act of Borrower hereunder.

31. **Non-Liability of Officers and Employees.** No officer, official, member, employee, agent, or representative of Authority shall be personally liable to Borrower, or any successor or assign of same, in the event of any default or breach by Authority, or for any amount which may become due to Borrower, or any successor or assign of same, or for breach of any obligation of the terms of this Agreement.

32. **Time of Essence.** Time is of the essence of every portion of this Agreement in which time is a material part.

33. **Interpretation; Severability.** The terms of this Agreement shall be construed in accordance with the meaning of the language used and shall not be construed for or against either party hereto by reason of the authorship of this Agreement or any other rule of construction which might otherwise apply. The Section headings are for purposes of convenience only, and shall not be construed to limit or extend the meaning of this Agreement. Each provision of this Agreement shall be severable from the whole. If any provision of this Agreement shall be found contrary to law, the remainder of this Agreement shall continue in full force.

34. **Integration; Amendment.** It is understood that there are no oral agreements between the parties hereto affecting this Agreement, and this Agreement supersedes and cancels any and all previous negotiations, arrangements, agreements, and understandings, if any, between the parties with respect to the subject matter hereof, and none shall be used to interpret this Agreement. This Agreement may be amended at any time by the mutual consent of the parties by an instrument in writing.

35. **Counterparts.** This Agreement may be executed in counterparts, each of which, when this Agreement has been signed by each of the parties hereto, shall be deemed to be an original.

[Signatures on next page]



IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year written below.

**“Authority”**

**HOUSING AUTHORITY OF THE  
COUNTY OF RIVERSIDE**, a public body,  
corporate and politic

By: \_\_\_\_\_  
Heidi Marshall, Executive Director

Date: \_\_\_\_\_, 202\_\_

APPROVED AS TO FORM:

GREGORY P. PRIAMOS  
COUNTY COUNSEL

By:  \_\_\_\_\_  
Amrit Dhillon  
Deputy County Counsel

**“Borrower”**

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

Date: \_\_\_\_\_, 202\_\_

**“Borrower”**

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

Date: \_\_\_\_\_, 202\_\_

**EXHIBIT "A"**

**LEGAL DESCRIPTION OF THE PROPERTY**

Real property in the City of \_\_\_\_\_, County of Riverside, State of California, described as follows:

<insert legal description>

APN: \_\_\_\_\_

**EXHIBIT “B”**

**NOTICE OF INTENT TO TRANSFER**

[See attached]

**NOTICE OF INTENT TO TRANSFER**

NOTICE OF INTENT TO TRANSFER MUST BE DELIVERED  
TO THE HOUSING AUTHORITY OF THE COUNTY OF  
RIVERSIDE PRIOR TO PROCEEDING WITH ANY  
TRANSFER OF THE PROPERTY.

From: \_\_\_\_\_ ("Owner")

To:                   Housing Authority of the County of Riverside  
                      555 Arlington Avenue  
                      Riverside, CA 92504  
                      Attn: Executive Director

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

Re:    <insert address>  
          APN: \_\_\_\_\_  
          (the "Property")

Owner desires to [sell, convey, transfer by inheritance or devise, lease, gift, otherwise transfer] (circle appropriate words) the Property.

The Property is subject to affordability and other covenants given by Borrower in favor of Authority, including that Restricted Spaces on the Property are restricted to rental to Low Income Households at an Affordable Space Rent in accordance with an Affordable Housing Loan Agreement and an Agreement Containing covenants Affecting Real Property (With Use and Occupancy Covenants) recorded against the Property.

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

Exhibit – Do Not Sign \_\_\_\_\_

Signature of Owner

(        ) \_\_\_\_\_

Day time telephone of Owner



Housing Authority of the County of Riverside

Loan Documents

Polanco Park Loan Program (LMIHAF)

Agreement Containing Covenants Affecting Real Property



RECORDING REQUESTED BY  
AND WHEN RECORDED MAIL TO:

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

(Space above for Recorder's Use Only)

This document is exempt from the payment of a recording fee  
pursuant to Government Code Section 27383.

**AGREEMENT CONTAINING COVENANTS AFFECTING REAL PROPERTY**  
**(WITH USE AND OCCUPANCY COVENANTS)**

**Housing Authority of the County of Riverside**  
**Polanco Park Program (LMIHAF)**

This **AGREEMENT CONTAINING COVENANTS AFFECTING REAL PROPERTY (WITH USE AND OCCUPANCY COVENANTS)** (this **"Declaration"**) is made as of \_\_\_\_\_, 202\_ by and between <insert names of Borrowers and vesting> ("Owner") (together with its permitted successors and assigns, the **"Owner"**) and the **HOUSING AUTHORITY OF THE COUNTY OF RIVERSIDE**, a public body, corporate and politic (**"Authority"**).

**RECITALS**

A. Authority was established by action of the Board of Supervisors of the County of Riverside on November 23, 1942, pursuant to the California Housing Authorities Law (Health and Safety Code §§ 34200, et seq., the **"Housing Authority Law"**), and constitutes a corporate and politic public body, exercising public and essential governmental functions, and having all the powers necessary or convenient to carry out the purposes and provisions of the Housing Authority Law.

B. California redevelopment agencies were dissolved on February 1, 2012 such that the Redevelopment Agency of the County of Riverside (**"Former Agency"**) is now deemed a former redevelopment agency under Health and Safety Code section 34173 and AB x1 26, as modified by Assembly Bill No. 1484 (as modified to date, the **"Dissolution Law"**), which added Parts 1.8 and 1.85 to Division 24 of the California Community Redevelopment Law (Health and Safety Code sections 33000 et seq., the **"CRL"**).

C. Pursuant to CRL § 34176 (a), and Authority Resolution Nos. 2012-035, 2012-001 and 2012-005, all housing functions previously performed by the Former Agency, including related rights, powers, duties, obligations, and housing assets were transferred to Authority, making Authority the **"Housing Successor"** to the Former Agency under the Dissolution Law.

D. The Authority holds monies in the Low and Moderate Income Housing Asset Fund (**"LMIHAF"**) in accordance with the CRL. LMIHAF assistance is available to affordable housing projects which meet the applicable requirements of the CRL.

E. Pursuant to an agreement (the **"RCAC Loan Agreement"**) with Rural Community Assistance Corporation, a California-based nonprofit corporation (**"RCAC"**), Owner

is borrowing funds to improve certain infrastructure (such as water, heating and electricity) associated with spaces located on the Property to be rented for use by farmworker employee mobile homes located at \_\_\_\_\_, \_\_\_\_\_, California, bearing Riverside County Assessor's Parcel Number (APN) \_\_\_\_\_, and more particularly described in Exhibit A attached hereto (the "**Property**"). As a condition to the RCAC Loan, Authority has agreed to make Owner a subordinate lien position mortgage loan from the LMIHAF in the maximum amount of \$\_\_\_\_\_ ("**Authority Loan**"). The Authority Loan serves as a completion guarantee for the RCAC Loan.

F. [The Former Agency adopted by Ordinance No. 638, on December 23, 1986, a redevelopment plan for an area within the County known as the Desert Communities Project Area (hereinafter referred to as "**Redevelopment Project Area**"). The Property is located outside the Redevelopment Project Area. The Former Agency adopted Resolution RDA 2005-35 on December 20, 2005 with a finding that the use of Low- and Moderate-Income Housing Set-Aside Funds outside the Redevelopment Project Area is of benefit to the Project Area. The Riverside County Board of Supervisors adopted Resolution 2005-374 on December 20, 2005, with a similar finding.] [delete if within Project Area and add description of Project Area]

G. The Authority, in its capacity as Housing Successor, endeavors to preserve, protect, improve and increase affordable housing stock and eliminate blight. The Authority Loan will alleviate blighted conditions on the Property as set forth in Section 33031 of the California Health and Safety Code.

H. In connection with the Authority Loan, Owner is required to deliver a number of loan documents to Authority, including, but not limited to, this Declaration, an Affordable Housing Loan Agreement ("**Loan Agreement**"), a Promissory Note Secured by Deed of Trust ("**Note**"), Disclosure Statement ("**Disclosure**"), a Notice of Affordability Restrictions ("**Notice**"), a subordinate lien position Deed of Trust, Assignment of Rents and Security Agreement ("**Authority Deed of Trust**") and supplemental escrow and title instructions of the Authority ("**Instructions**") (collectively, and together with all other documents delivered to Authority in connection herewith, the "**Authority Loan Documents**"). Capitalized terms not defined herein shall have the meaning set forth in the Loan Agreement.

I. Pursuant to the Loan Agreement, Owner is required to use the RCAC and Authority Loan proceeds to improve certain infrastructure servicing mobile home units located or to be located on the Property used for farmworker employee housing and make approved improvements to the Property in connection therewith (the "**Project**"). In consideration of the Authority Loan, Owner is required to restrict the use and occupancy of the \_\_\_\_\_ spaces available for farmworker employee mobile home units located on the Property (collectively, the "**Restricted Spaces**") to households whose income does not exceed 80% of area median income (as defined herein, a "**Low Income Household**") for the County of Riverside at an Affordable Space Rent (as defined herein below) for a period of no less than fifty-five (55) years, as more specifically set forth in the Loan Agreement and herein.

J. This Declaration is being recorded in the Official Records against the Property and is entered into and recorded in accordance with the Redevelopment Plan, the Loan Agreement, the CRL and the Dissolution Law.



K. Owner represents and warrants to Authority that Owner has read and understands the terms and provisions of this Declaration and the covenants, conditions, and restrictions set forth herein, and that Owner has obtained the advice of independent legal counsel with respect to the terms of this Declaration and the Authority Loan Documents, or has knowingly and voluntarily waived the right to consult with legal counsel of his/her choosing.

L. Owner further acknowledges that without the Authority's provision of the Authority Loan, Owner would not have been able to obtain the RCAC Loan on the favorable terms included therein.

#### AGREEMENT

NOW, THEREFORE, in consideration of the foregoing Recitals, which are incorporated herein by this reference and made a part hereof, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Owner, on behalf of itself and its successors, assigns, and each successor in interest to the Property or any part thereof, hereby declares, covenants, acknowledges and agrees as follows:

#### ARTICLE I NONDISCRIMINATION

Section 1. Nondiscrimination. Owner covenants by and for itself and any successors in interest that there shall be no discrimination against or segregation of, any person or group of persons on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the Property, or any part of it, nor shall the Owner or any person claiming under or through it, establish or permit any practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees, or vendees in the Property, including the Property or any portion thereof. The foregoing covenants shall run with the land.

Notwithstanding the foregoing paragraph, with respect to familial status, the foregoing paragraph shall not be construed to apply to housing for older persons, as defined in Section 12955.9 of the Government Code. With respect to familial status, nothing in the foregoing paragraph shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11, and 799.5 of the Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 and Section 1360 of the Civil Code and subdivisions (n), (o), and (p) of Section 12955 of the Government Code shall apply to the foregoing paragraph.

Section 2. Nondiscrimination Clauses. Owner shall refrain from restricting the sale of the Property, on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code. All such deeds, leases, contracts or subcontracts shall contain or be subject to substantially the following nondiscrimination and nonsegregation clauses:

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

Notwithstanding the foregoing paragraph, with respect to familial status, the foregoing paragraph shall not be construed to apply to housing for older persons, as defined in Section 12955.9 of the Government Code. With respect to familial status, nothing in the foregoing paragraph shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11, and 799.5 of the Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 and Section 1360 of the Civil Code and subdivisions (n), (o), and (p) of Section 12955 of the Government Code shall apply to the foregoing paragraph.

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

Notwithstanding the foregoing paragraph, with respect to familial status, the foregoing paragraph shall not be construed to apply to housing for older persons, as defined in Section 12955.9 of the Government Code. With respect to familial status, nothing in the foregoing paragraph shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11, and 799.5 of the Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 and Section 1360 of the Civil Code and subdivisions (n), (o), and (p) of Section 12955 of the Government Code shall apply to the foregoing paragraph.

c. **In contracts:** “**There shall be no discrimination against or segregation of any person or group of persons, on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in connection with the performance of this contract nor shall the contracting party himself or herself, or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference**

to the selection, location, number, use, or occupancy of tenants, lessees, sublessees, subtenants, contractors, subcontractors or vendees with respect to the premises.”

Notwithstanding the foregoing paragraph, with respect to familial status, the foregoing paragraph shall not be construed to apply to housing for older persons, as defined in Section 12955.9 of the Government Code. With respect to familial status, nothing in the foregoing paragraph shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11, and 799.5 of the Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 and Section 1360 of the Civil Code and subdivisions (n), (o), and (p) of Section 12955 of the Government Code shall apply to the foregoing paragraph.

The covenants in this Article I shall run with the Property in perpetuity.

## **ARTICLE II**

### **GENERAL DUTIES OF OWNER**

Section 1. **Construction; Maintenance.** Owner shall cause the completion of construction of the Project in a timely manner and in accordance with all applicable laws. Owner, or its successor in interest, shall maintain the Property and all of the improvements thereon in good condition in accordance with the terms and conditions hereof and in conformity with all applicable Governmental Regulations, including, without limitation, the Municipal Code of the City in which the Project is located, if applicable or the County of Riverside Ordinance (the “Code”). The Owner shall keep the Property free from graffiti and from any accumulation of debris or waste materials and shall maintain the landscaping in good condition. All exterior, painted surfaces of any structures located on the Property shall be maintained at all times in a clean, safe and presentable manner.

Section 2. **No Nuisance.** Owner shall not maintain, cause to be maintained, or allow to be maintained on or about the Property any public or private nuisance, including without limitation, the conduct of criminal activities set forth in the nuisance abatement provisions of the Uniform Controlled Substances Act (Health & Safety Code Sections 11570, et seq.) or the Street Terrorism Enforcement and Prevention Act (Penal Code Sections 186.22 et seq.) or any successor statute or law.

Section 3. **Structural Modifications.** In order to protect and maintain the structural integrity of the Restricted Spaces, subsequent to completion of the Project, no structural modification shall be made to the Restricted Spaces without a validly issued building permit in accordance with the requirements of the Code.

Section 4. **Use and Occupancy Standards.** The Restricted Spaces shall be rented to Low Income Households at an Affordable Space Rent during the Affordability Period (as hereinafter defined) and for no other purpose. Owner shall enter into a written agreement for the rental or lease of all or any portion of the Restricted Spaces during the Affordability Period. The maximum occupancy of the mobile homes occupying the Restricted Spaces shall not exceed the maximum occupancy allowed by the Code. Owner shall, upon demand by Authority, submit to Authority an affidavit of occupancy verifying Owner’s compliance with this section. Said affidavit may be required by Authority on an annual basis.

Section 5. Obligation To Repair And Rebuild.

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

(b) Variance in Exterior Appearance and Design. If the Property is damaged or destroyed by casualty, Owner may apply to Authority and any city with jurisdiction over the Property ("City") for approval to reconstruct, rebuild or repair the Property in a manner which will provide different exterior appearance and lot design from that which existed prior to the date of the casualty.

(c) Time Limitation. In the event of damage or destruction due to casualty, Owner shall be obligated to proceed with all due diligence and commence reconstruction within two (2) months after the damage occurs and complete reconstruction within six (6) months after damage occurs or demolition and vacate within two (2) months, unless prevented by causes beyond the reasonable control of Owner.

**ARTICLE III**  
**AFFORDABLE HOUSING OBLIGATIONS**

Section 1. Purpose. Owner acknowledges that the purpose of the Authority Loan is to provide safe and affordable housing to Low Income Households occupying the mobile homes utilizing the Restricted Spaces. Pursuant to such purpose, Owner covenants and agrees to rent the Restricted Spaces during the Affordability Period solely to Low Income Households at an Affordable Space Rent consistent with applicable requirements of the CRL and this Declaration.

Section 2. Use. Owner covenants and agrees for itself, its successors, its assigns and every successor in interest to the Restricted Spaces or any part thereof, that Owner, such successors and such assignees shall use the Restricted Spaces only for the uses specified in the Authority Loan Documents and this Declaration. No change in the use of the Restricted Spaces shall be permitted without the prior written approval of the Authority. The Restricted Spaces shall comply with the Code and all applicable laws.

Without limiting the generality of the foregoing, Owner, its successors and assigns shall use the Restricted Spaces solely for housing for Low Income Households. The Restricted Spaces shall be made available at an Affordable Space Rent (defined hereinbelow and in the Loan Agreement) and occupied by Low Income Households (defined hereinbelow and in the Loan Agreement) whose incomes do not exceed 80% of the area median income for the County of Riverside (as defined herein below).

Authority, and its respective successors and assigns, shall have the right, but not the obligation, to monitor and enforce the covenants contained in this Declaration.

Section 3. Income and Rent Restrictions. The maximum Household income of residential tenants eligible to rent the Restricted Spaces shall be determined on the basis of the area median income for the County of Riverside Standard Metropolitan Area as determined by the U.S. Department of Housing and Urban Development and published approximately annually

by the California Department of Housing and Community Development ("HCD") pursuant to Title 25, Section 6932 of the California Code of Regulations ("Area Median Income"). For purposes of this Covenant, the term "Low Income Household" shall mean a Household whose Gross Income does not exceed eighty percent (80%) of Area Median Income adjusted for actual household size. "Gross Income" shall be calculated in accordance with Title 25, Section 6914 of the California Code of Regulations.

The maximum monthly "Affordable Space Rent," together with any loan payments due for the purchase of the mobile home, and a reasonable utility allowance for utilities and services (excluding telephone) (collectively, the "Monthly Housing Cost"), that may be charged to tenants of the Restricted Spaces shall not exceed the maximum allowable rent to be charged by Owner and paid by Low Income Households occupying the Restricted Spaces as determined pursuant to Health & Safety Code Sections 50053(b), as may be amended from time to time, and the regulations promulgated pursuant to or incorporated therein, including, without limitation, any applicable regulations promulgated pursuant to Health & Safety Code Section 50093 adjusted for family size appropriate for the Affordable Unit.

As of the date of this Declaration, such maximum Monthly Housing Cost, including Affordable Space Rent, shall not exceed the following:

(1) As to Households occupying a Restricted Space whose Gross Income does not exceed thirty percent (30%) of AMI, one-twelfth (1/12) times the product of thirty percent (30%) times thirty percent (30%) of the Area Median Income, adjusted for family size appropriate for the affordable unit.

(2) As to Households occupying a Restricted Space whose Gross Income does not exceed fifty percent (50%) of AMI, one-twelfth (1/12) times the product of thirty percent (30%) times fifty percent (50%) of the Area Median Income, adjusted for family size appropriate for the affordable unit.

(3) As to Households occupying a Restricted Space whose Gross Income exceeds fifty percent (50%) of AMI, but does not exceed eighty percent (80%) of AMI, the product of thirty percent (30%) times sixty percent (60%) of AMI adjusted for family size appropriate for the affordable unit.

For purposes of this Declaration, the phrase, "adjusted for family size appropriate for the **affordable unit**" shall mean the number of bedrooms in the mobile home plus one.

For purposes hereof, "**Household**" means one or more persons occupying a mobile home located on the Restricted Space.

Section 4. Increases in Tenant Income. To the extent permitted by law, this Paragraph shall govern in the event of increases in tenant incomes:

(1) a tenant who initially qualified as a Low Income Household, but due to an increase in income no longer qualifies as a Low Income Household, but does qualify as a Moderate Income Household as defined by Health & Safety Code Section 50093, shall pay a Monthly Housing Cost, including Affordable Space Rent, that shall not exceed the amount

permitted by Health & Safety Code Section 50053(b)(4) as may be amended from time to time, which as of the date hereof shall not to exceed one-twelfth (1/12th) of thirty percent (30%) of one hundred ten percent (110%) of Area Median Income, adjusted for household size appropriate for the unit; and

(2) if a Household's income increases to above 120% of Area Median Income, the Household will be required to move out or pay the market rate space rent. In the event a Restricted Space is occupied by a Household with income exceeding the maximum qualifying income for a Low Income Household due to increases in tenant income as specified hereinabove, Owner shall rent the next available Restricted Space in the Project to a Low Income Household, at an Affordable Space Rent to comply with the requirements of this Declaration.

Section 5. Additional Occupancy Restrictions. Neither Owner, nor any officer, employee, agent, official or consultant of Owner may occupy any of the Restricted Spaces. Owner may occupy or reside in other buildings on the Property.

Section 6. Default. Failure to comply with the affordability requirements of this Declaration is an event of default under the terms of the Authority Loan. Pursuant to the Note evidencing the Authority Loan, subject to the right to cure, the Authority Loan will be due and payable immediately if the Project and the Restricted Spaces located thereon do not meet the affordability requirements of this Covenant.

Section 7. Term. Except for the non-discrimination provisions, which shall run in perpetuity, this Declaration and the use and occupancy restrictions applicable to the Restricted Spaces set forth herein shall remain in effect for a period of no less than fifty-five (55) years from the date of recordation of this Declaration in the official records of County Recorded of Riverside County ("**Term**" or "**Affordability Period**") and shall be binding upon the Property, Owner, and its successors and assigns, and enforceable by the Authority without regard to (1) the term of the Loan Note, or (2) a Transfer of the Property.

Section 8. Sale, Assignment or Transfer of the Project or Property. Except for a Permitted Transfer, or as otherwise provided in the Loan Agreement, Owner hereby covenants and agrees not to Transfer the Property or any portion thereof, including the Restricted Spaces, without obtaining the prior written consent of Authority. Any Transfer of the Property shall include an assignment and assumption agreement, the form and substance of which have been first approved in writing by the Authority. Such assignment and assumption agreement shall, among other things, provide that the transferee has assumed in writing and in full, all of Owner's duties and obligations under the Loan Agreement and this Declaration.

For purposes hereof, a "**Transfer**" is (i) any sale, assignment, or transfer of an interest in any or all of the Property, whether voluntary or involuntary, including, without limitation, a deed of trust, mortgage, fee simple interest, tenancy in common, joint tenancy, community property, tenancy by the entireties, life estate, or other limited estate, leasehold interest or any rental of the Property; (ii) any interest evidenced by a land contract, including without limitation, a deed of trust or other lien filed against the Property; (iii) the refinancing of the lien of the any senior position Deeds of Trust, or (iv) the recordation of or refinancing of any lien without the written consent of Authority, regardless of whether the lien is senior or subordinate to the Authority Deed of Trust.



Section 9. Violation of Transfer Restrictions. Owner specifically acknowledges, covenants and agrees that any Transfer or use of the Property in violation of this Declaration, (i) may be enjoined by Authority, (ii) will entitle Authority to demand payment in full of all amounts outstanding under the Authority Loan and (iii) shall provide Authority with the right to void any Transfer, attempted Transfer or use in violation thereof.

Section 10. Permitted Transfers. Notwithstanding the above, however, the following Transfers of the Property shall be permitted without the prior written consent of the Authority (collectively, "**Permitted Transfers**"):

(a) The Transfer of the Property to the surviving joint tenant Owner by operation of law, on the death of an Owner joint tenant;

(b) A Transfer of the Property where the spouse of Owner becomes an owner of the property;

(c) A Transfer of the Property resulting from a decree of dissolution of marriage, legal separation or from an incidental property settlement agreement by which the spouse of Owner becomes an owner of the Property;

(d) A Transfer to an inter vivos trust in which the Owner is and remains the sole beneficial owner and occupant of the Property;

(e) A Transfer resulting from a change in the manner in which title to the Property is held (for example, a change from joint tenancy to community property) which does not result in (i) Owner ceasing to be the sole beneficial owner of the Property, or (ii) failure of the beneficial owner(s) to occupy the Property;

(f) A Transfer which, under applicable law, would not, by itself, permit Authority to exercise a due on sale or due on encumbrance clause;

(g) The rental of a Restricted Space to a Low Income household at an Affordable Space Rent in accordance with the terms and conditions of this Declaration.

Section 11. Transfer Review. At least ninety (90) days prior to any proposed Transfer, Owner shall submit to Authority a Notice of Intent to Transfer in the form attached as Exhibit C hereto. Owner shall not cause or permit a Transfer of the Property or of an interest therein to occur without prior written confirmation from Authority that Authority has determined that the proposed transferee is reasonably capable of performing the obligations of Owner hereunder or constitutes a Permitted Transfer. Authority shall not be obligated to approve a Transfer until and unless the proposed transferee has submitted to Authority such information and completed such forms and certifications as Authority shall request in connection with insuring compliance with this Declaration which may include, but will not be limited to, certifications as to the proposed transferee's intent with respect to the Property, the proposed purchase price, the proposed financing of the purchase price, the proposed transferee's agreement to abide by the terms and conditions hereof, and disclosure of the proposed transferee's interest, if any, in other similar property.

Section 12. Operation of Project.

a. Project Monitoring and Evaluation; Tenant Checklist. Owner shall submit a Tenant Checklist Form to Authority, in such form as is required by Authority and may be revised from time to time by Authority, summarizing the income and household composition of the Low Income Households qualified to occupy and thereafter occupying the Restricted Units and the calculation of the Affordable Space Rents therefor. The Tenant Checklist Form shall be submitted upon completion of the Project and thereafter, on a semi-annual basis on or before March 31 and September 30.

b. Written Lease. Owner shall provide written rental agreement/lease for not less than one year, unless by mutual agreement between the tenant and Owner. Authority shall review the initial form of the lease agreement prior to Owner executing any leases and, provided that Owner uses the approved lease form, Owner shall be permitted to enter into residential leases of the Restricted Spaces without Authority's prior written consent.

c. Prohibited Lease Terms. The rental agreement/lease may not contain any of the following provisions:

(1) Agreement to be sued. Agreement by the tenant to be sued, to admit guilt or to a judgment in favor of Owner in a lawsuit brought in connection with the lease.

(2) Treatment of property. Agreements by tenant that Owner may take, hold, or sell personal property of Household members without notice to the tenant and a court decision on the rights of the Parties. This prohibition, however, does not apply to an agreement by the tenant concerning disposition of personal property remaining on the Property or in the housing unit after the tenant has moved off the Property or out of the unit. Owner may dispose of this personal property in accordance with State law.

(3) Excusing Owner from responsibility. Agreement by the tenant not to hold Owner or Owner's agents legally responsible for any action or failure to act, whether intentional or negligent.

(4) Waiver of notice. Agreement of the tenant that Owner may institute a lawsuit without notice to the tenant.

(5) Waiver of legal proceeding. Agreement by the tenant that the Owner may evict the tenant or Household members without instituting a civil court proceeding in which the tenant has the opportunity to present a defense, or before a court decision on the rights of the Parties.

(6) Waiver of a jury trial. Agreement by the tenant to waive any right to a trial by jury.

(7) Waiver of right to appeal court decision. Agreement by the tenant to waive the tenant's right to appeal, or to otherwise challenge in court, a court decision in connection with the lease.

(8) Tenant chargeable with cost of legal actions regardless of outcome. Agreement by the tenant to pay attorneys' fees or other legal costs even if the tenant wins in a court proceeding by Owner against the tenant. The tenant, however, may be obligated to pay costs if the tenant loses.

d. Written Selection Policies. Owner shall adopt written selection policies and criteria that meet the following requirements and are approved in writing by the Authority prior to entering into any new lease for the Restricted Spaces which selection policies shall be subject to all applicable laws:

(1) Are consistent with the purpose of providing housing for Low Income Households.

(2) Are reasonably related to program eligibility and the applicants' ability to perform the obligations of the lease.

(3) Provide for:

(A) the selection of tenants from a written waiting list in the chronological order of their satisfaction of all eligibility requirements, insofar as is practicable; and

(B) the prompt written notification to any rejected applicant of the grounds for any rejection;

(4) To the extent permitted by law, provide first priority in the selection of otherwise eligible tenants to persons displaced by the Authority (if any); and

(5) Carry out the affirmative marketing procedures of the Authority, to provide information and otherwise attract eligible persons from all racial, ethnic and gender groups in the housing market area. Owner and Authority shall cooperate to effectuate this provision during the Owner's initial lease-up of the Restricted Spaces and as vacancies occur.

e. Income Requirements and Certification. Prior to leasing a Restricted Space and annually thereafter, Owner, at its sole expense, shall certify the eligibility of each tenant applicant as a Low Income Household. The Owner shall, complete such certification on forms as may be reasonably required by the Authority. Gross Income calculations for prospective (and continuing) tenants shall be determined in accordance herewith and with applicable state law. Owner shall submit such income certification, verification and such additional information as may reasonably be required in the future by the Authority. Such supporting documentation shall include, for each member of the household eighteen (18) years old or older, copies of tax returns, paycheck stubs, or other evidence of income as may be reasonably requested by Authority. Owner and the Authority agree and acknowledge that the Authority may require such additional information, if any, required to comply with applicable California law regarding affordable housing.

#### **ARTICLE IV** **ENFORCEMENT**

Section 1. Remedies. Subject to the notice and cure rights of the Owner, in the event of default or breach of any of the terms or conditions of this Declaration by Owner, its heirs, executors, administrators or assigns, Authority may pursue the remedy thereof by any and all means of enforcement, both in equity and at law, as provided by the laws of the State of California, including, but not limited to, injunctive relief and/or specific performance.

Performance of the obligations set forth herein is secured by a deed of trust recorded against the Property concurrently herewith.

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By way of example and not limitation, if any default, breach or violation is not cured to the satisfaction of Authority within the applicable cure period, Authority may declare an **"Event of Default"** hereunder and may take any one or more of the following actions:

(a) Collect all rents and income in connection with the operation or sale of the Restricted Spaces and/or the Property, if any, and use the same and the reserve funds for the sale, operation and/or maintenance of the Restricted Spaces and/or the Property.

(b) Take possession of the Restricted Spaces and/or the Property and bring any action necessary to enforce any rights of the Authority growing out of the lease, sale or Transfer of the Restricted Spaces and/or the Property, and operate the Restricted Spaces and/or the Property in accordance with the terms of this Declaration until such time as Authority, in its sole discretion, shall determine that the Owner is again in a position to resume operation of the Restricted Spaces in accordance with the terms of this Declaration.

(c) Apply to any court, state or federal, for specific performance of this Declaration or for the appointment of a receiver to take over and operate and sell the Restricted Spaces and/or the Property in accordance with the terms of this Declaration, or for such other relief as may be appropriate. It is agreed by the Owner that the injury to Authority arising from a default under any of the terms of this Declaration would be irreparable and that the amount of compensation which would provide adequate relief to Authority, in light of the purposes and requirements of the programs applicable to the Property (such as the laws applicable to the use of LMIHAF under the CRL), would be impossible to ascertain.

(d) Accelerate all amounts, including outstanding principal and interest, due under the terms of the Authority Loan Documents and demand immediate repayment thereof. Upon a failure to repay such accelerated amount in full, the Authority Loan Documents provide that Authority may proceed with a foreclosure or sale under the power of sale in accordance with the provisions of the Deed of Trust and state law regarding foreclosures.

(e) Seek such other appropriate remedies as may be available under the law.

In the event that the breach or violation involves renting the Restricted Spaces at a price or with financing that results in costs to the tenant in excess of those permitted under this Declaration, Authority may demand the return of such excess proceeds or other charges to the affected households.

The remedies of Authority hereunder and under the other Authority Loan Documents are cumulative, and the exercise of one or more of such remedies shall not be deemed an election of remedies and shall not preclude the exercise by Authority of any one or more of its other remedies.

Section 2. Rights of Authority. As a party to this Declaration, Authority is entitled to the following rights:

a. Authority has the right, but not the obligation, to enforce all of the provisions of this Declaration.

b. Any amendment to this Declaration shall require the written consent of Authority.

c. This Declaration does not in any way infringe on the right or duties of the City in which the property is located to enforce any of the provisions of the Code including, but not limited to, the abatement of dangerous buildings.

Section 3. Cumulative Remedies. The remedies herein provided for breach of the covenants contained in this Declaration shall be deemed cumulative, and none of such remedies shall be deemed exclusive.

Section 4. Failure to Enforce. The failure to enforce any of the covenants contained in this Declaration shall not constitute a waiver of the right to enforce the same thereafter.

Section 5. Third Party Beneficiary. This Declaration is made and entered into for the sole protection and benefit of the Authority and its respective successors and assigns, and Owner, and its permitted successors and assigns, and no other person or persons shall have any right of action hereon.

Section 6. Remedies; Attorneys' Fees and Costs. Breach of the covenants contained herein may be enjoined, abated or remedied by appropriate legal proceeding. In the event that Authority incurs any attorney's fees, court costs, or any other costs or expenses in investigating compliance with or enforcing this Declaration, or investigating or defending claims brought by Owner under this Declaration, Authority shall be entitled to recover any such fees, costs and expenses from Owner.

## **ARTICLE V**

### **GENERAL PROVISIONS**

Section 1. Severability. Invalidation of any one of these covenants or restrictions by judgment or court order shall in no way affect any other provisions which shall remain in all force and effect.

Section 2. Construction. The provisions of this Declaration shall be liberally construed for the purpose of developing and maintaining the Property as affordable housing and restricting the sale of the Property thereon in accordance with this Declaration and the Agreement. The article and section headings have been inserted for convenience only, and shall not be considered or referred to in resolving questions of interpretation or construction.

Section 3. Amendments. This Declaration may be amended only by the written agreement of Owner and Authority.

Section 4. Notices. Any notice permitted or required to be delivered as provided herein from one party to another shall be in writing and may be delivered either personally or by first-class or registered mail. If delivery is made by mail, it shall be deemed to have been delivered seventy-two (72) hours after a copy of same has been deposited in the United States

Mail, postage prepaid. Notices to Owner shall be sent to \_\_\_\_\_, \_\_\_\_\_, CA, \_\_\_\_\_, \_\_\_\_\_, CA 92504, Attention: Executive Director. Such addresses may be changed from time to time by notice in writing, which shall be made by certified mail to the other party in accordance herewith.

Section 5. Notice of Inspection. Owner agrees and acknowledges that Authority and its employees and agents shall have the right to enter upon the Property during normal business hours to ensure compliance with this Declaration and other applicable federal, state and local laws and regulations. Authority agrees to notify Owner not less than forty eight (48) hours prior to Authority's proposed time of inspection of the Property, and agrees to attempt to obtain Owner's consent to the timing of such inspection. Upon receipt of such notice, Owner agrees to cooperate with Authority in making the Property available for inspection by Authority. Owner acknowledges and agrees that in the event that if for any reason Owner fails to consent to such inspection, Authority may obtain an administrative inspection warrant or take such other legal actions as may be necessary to gain entry to and inspect the Property.

Section 7. Cure Rights. Owner shall notify Authority in writing within three (3) days of receiving any notice of default, delinquency or foreclosure with respect to any lien or agreement (including any defaults under any other loan secured by an interest in the Property) which could potentially affect Owner's or Authority's right, title and interest in the Property. Authority shall have the option, but not the obligation, to advance any sums due or take any other actions necessary to stay or cure the default, delinquency or foreclosure, and Authority shall thereafter be entitled to immediately recover from Owner and Owner shall immediately pay to Authority any payments, cost and expenses incurred in connection with the stay and/or cure, including but not limited to attorney's fees and court costs, together with interest thereon at the rate of seven (7%) percent per annum (or the maximum rate permitted by law) from the date advanced or incurred until the date repaid.

Section 8. Transfer Voidable If Procedure Not Followed. Any Transfer in violation of the terms and procedures set forth in this Declaration shall be voidable by Authority at Authority's election in its sole and absolute discretion.

Section 9. Insurance. Without limiting or diminishing Owner's obligation to indemnify or hold Authority harmless, Owner shall procure and maintain or cause to be maintained, at its sole cost and expense, the following insurance coverage's during the term of this Declaration.

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

b. Commercial General Liability Insurance. Commercial General Liability insurance coverage, including but not limited to, premises liability, contractual liability,



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

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

d. General Insurance Provisions – All Lines.

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

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

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

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

(5) If, during the term of this Declaration, there is a material change in the scope of services or there is a material change in the equipment to be used in the performance of the scope of work which will add additional exposures, then Authority reserves the right to adjust the types of insurance required under this Covenant and the monetary limits of liability for the insurance coverage's currently required herein, if; in Risk Manager's reasonable judgment, the amount or type of insurance carried by Owner has become inadequate.

(6) Owner shall pass down the insurance obligations contained herein to all tiers of subcontractors.

(7) Owner agrees to notify Authority in writing of any claim by a third party or any incident or event that may give rise to a claim arising from the performance of this Declaration.

Section 10. No Waiver. Failure by Authority to enforce or delay by Authority in enforcing any right or remedy with respect to this Declaration shall not bar or limit any subsequent enforcement of the same or any other right or remedy with respect to the same subject matter or a different subject matter. Rights and remedies of Authority under this Declaration may be waived or modified only by a written instrument signed by Authority which states an express intention to waive or modify such rights and remedies.

Section 11. Further Assurances. Owner shall from time to time provide Authority with such further information and shall execute such further documentation and agreements as may be reasonably necessary or appropriate to carry out the purposes of this Declaration.

Section 12. Joint and Several Obligations. If at any time the Property is owned by more than one individual, all of the Owners shall be jointly and severally liable for the obligations imposed by this Declaration.

Section 13. Venue/Choice of Law. The parties agree that this Declaration shall be deemed entered into and performed in Riverside County, California, and that any litigation under this Declaration shall be brought in the Superior Court for Riverside County and governed and construed in accordance with the laws of the State of California.

*[Signatures on Next Page]*

**IN WITNESS WHEREOF**, Authority and Owner have executed this Declaration as of the date set forth above.

**“Authority”**

**“Owner”**

**HOUSING AUTHORITY OF THE  
COUNTY OF RIVERSIDE**, a public body,  
corporate and politic

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

Date: \_\_\_\_\_, 202\_\_

By: \_\_\_\_\_  
Heidi Marshall, Executive Director

Date: \_\_\_\_\_, 202\_\_

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

Date: \_\_\_\_\_, 202\_\_

**APPROVED AS TO FORM:**

**GREGORY P. PRIAMOS  
COUNTY COUNSEL**

By: \_\_\_\_\_  
Amrit Dhillon  
Deputy County Counsel

[DECLARATION SIGNATURE PAGE]

**EXHIBIT A**  
**LEGAL DESCRIPTION**

**Real property in the County of Riverside, State of California, described as follows:**

**<INSERT LEGAL DESCRIPTION>**

**APN: \_\_\_\_\_**

STATE OF CALIFORNIA )  
 ) §  
County of \_\_\_\_\_ )

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

**Signature of Notary**

Form of Polanco Park Agt Containing Cvs 022521

STATE OF CALIFORNIA )  
 ) §  
County of \_\_\_\_\_ )

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

**Signature of Notary**

Form of Polanco Park Agt Containing Cvs 022521



STATE OF CALIFORNIA )  
 ) §  
County of \_\_\_\_\_ )

**EXHIBIT "B"**

**NOTICE OF INTENT TO TRANSFER**

[See attached]

**NOTICE OF INTENT TO TRANSFER**

NOTICE OF INTENT TO TRANSFER MUST BE DELIVERED  
TO THE HOUSING AUTHORITY OF THE COUNTY OF  
RIVERSIDE NINETY (90) DAYS PRIOR TO PROCEEDING  
WITH ANY TRANSFER OF THE PROPERTY.

From: \_\_\_\_\_ ("Owner")

To: Housing Authority of the County of Riverside ("Authority")  
555 Arlington Avenue  
Riverside, CA 92504  
Attn: Executive Director

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

Re: \_\_\_\_\_  
APN: \_\_\_\_\_  
(the "Property")

Owner desires to [sell, convey, transfer by inheritance or devise, lease, gift, otherwise transfer] (circle appropriate words) the Property.

The Property is subject to affordability and other covenants given by Owner in favor of Authority, including that transfers of the Property are restricted to the transferee assuming the obligations or Owner in accordance with an Affordable Housing Loan Agreement and Agreement Containing Covenants Affecting Real Property recorded against the Property.

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

Exhibit – Do Not Sign  
\_\_\_\_\_  
Signature of Owner

( ) \_\_\_\_\_  
Day time telephone of Owner



Housing Authority of the County of Riverside

Loan Documents

Polanco Park Loan Program (LMIHAF)

Borrower Disclosure Statement



## BORROWER DISCLOSURE STATEMENT

### Housing Authority of the County of Riverside

#### Polanco Park Program (LMIHAF)

Name of Borrower(s): <insert names of Borrowers >

Property Address: \_\_\_\_\_, \_\_\_\_\_, CA

Authority Maximum \_\_\_\_\_ Thousand Dollars (\$ \_\_\_\_\_)  
Loan Amount:

I/we, \_\_\_\_\_ ("Borrower"), am/are receiving a mortgage loan ("RCAC Loan") secured by the above described property (the "Property") from Rural Community Assistance Corporation ("RCAC") to improve certain mobile home services and infrastructure located on the Property (the "Project"). I/we rent the mobile home spaces located on the Property to households who qualify as farm worker employees under California law. As a condition to the loan from RCAC, I/we are receiving a loan from the Housing Authority of the County of Riverside ("Authority") in the maximum amount set forth above ("Authority Loan") to complete the Project in the event the RCAC Loan proceeds are insufficient to complete the Project.

The Authority Loan serves as a completion guaranty for the RCAC Loan, and is a condition to my/our receipt of the RCAC Loan. As a result, proceeds from the Authority Loan will only be disbursed if needed to complete the Project. In the event proceeds from the Authority Loan are needed to complete the Project, the Authority Documents requiring recordation in the official records of Riverside County will be recorded as a lien against the Property prior to any disbursement of Authority Loan proceeds. If the Authority Loan is not needed to complete the Project, the documents evidencing the Authority Loan will be terminated.

I/we understand that if we transfer the Property before completion of the Project, the Authority will have no obligation to make the Authority Loan to any purchaser of the Property, and that such transfer of the Property may result in a default under the RCAC Loan.

The Authority Loan is being funded with monies held in the Low and Moderate Income Housing Asset Fund ("LMIHAF"). LMIHAF assistance is available for affordable housing projects with occupants who meet income and other requirements of applicable California law. As a result, if proceeds of the Authority Loan are required to complete the Project, the mobile home spaces located on the Property (the "Restricted Spaces") will be restricted to occupancy by households earning up to 80% of area median income in Riverside County (each, a "Low Income Household") at an "Affordable Space Rent" as defined in the Declaration. Such restrictions on occupancy and rent will remain in effect for 55 years ("Affordability Period").

I/we understand that our ability to obtain the Authority Loan is conditioned on a number of factors, including, but not limited to:

- I/we have signed or will sign an Affordable Housing Loan Agreement (“**Affordable Housing Agreement**”), Promissory Note Secured by Deed of Trust (“**Promissory Note**”), an Agreement Containing Covenants Affecting Real Property (with Use and Occupancy Covenants) (the “**Declaration**”), a Notice of Affordability Covenants (“**Notice**”), a Deed of Trust, Assignment of Rents and Security Agreement (“**Deed of Trust**”) and joint escrow instructions (“**Instructions**”) (collectively, and including this Borrower Disclosure Statement and any other documents required by Authority in connection with the Authority Loan, the “**Authority Documents**”). I/we have read or had explained to us the terms and conditions of all of the Authority Documents. I/we understand that all of the Authority Documents impose binding legal obligations on me/us.
- I/we have signed or will sign various loan documents with RCAC (the “**RCAC Loan Documents**”). I/we have read or had explained to us the terms and conditions of all of those documents. I/we understand that all of those documents impose binding legal obligations on me/us.
- I/we understand that outstanding amounts under the Authority Loan will be due and payable if I/we:
  - rent the Restricted Spaces to a household that does not qualify under the Declaration as a Low Income Household and/or at a rent that exceeds the Affordable Space Rent set forth in the Declaration; or
  - otherwise violate the terms and conditions of the Declaration, RCAC Loan Documents or Authority Documents; or
  - transfer the Property prior to the expiration of the Affordability Period without the prior written consent of Authority.
- I/we understand that the Restricted Spaces must be rented at an Affordable Space Rent to households that qualify as Low Income Households, and that such restrictions on rent and occupancy will remain in effect for fifty-five (55) years from the date of recordation of the Declaration in the official records of Riverside County.
- I/we understand that occupants of the Restricted Spaces must qualify as a “Low Income Household,” meaning that their gross household income does not exceed 80% of area median income for Riverside County based on actual household size.
- Neither RCAC nor Authority shall be held responsible for any costs associated with the RCAC Loan, Authority Loan, and/or any infrastructure improvements to the Restricted Spaces I/we purchase with such loan proceeds including, but not limited to, any loan fees or charges, any charges for appraisals or any escrow costs or other costs.

- I/we are responsible for payment of the cost of a title insurance policy insuring the Deed of Trust to be recorded against the Property as a subordinate lien to secure Authority's right to repayment of the Authority Loan.
- Authority cannot ensure that information provided by or on my/our behalf will be kept confidential.
- Authority shall not be responsible for providing information concerning other public or private sources of loans, including, without limitation, the RCAC Loan.
- Authority shall not be charged with the knowledge of the contents of the loan documents of any other lender, including, without limitation, the RCAC Loan.
- So long as I/we are in compliance with the terms and conditions of the RCAC Loan and Authority Loan, there are no periodic payments due on the Authority Loan and the Authority Loan will not bear interest. The Authority Loan will be deemed paid in full upon the expiration of the Affordability Period. I/we have obtained the advice of an independent accountant regarding the income tax consequences of such deemed repayment, or have knowingly and voluntarily waived the right to consult with an accountant of my/our choosing.
- I/we have obtained the advice of independent legal counsel with respect to the terms of the Authority Loan Documents, or have knowingly and voluntarily waived the right to consult with legal counsel of my/our choosing.

**"Borrower"**

Date: \_\_\_\_\_, 202\_

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

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



## CERTIFICATION OF AUTHORITY

By execution below, the undersigned Authority representative certifies that he/she met, in person, with Borrower, and read to the Borrower (either in Spanish, if Spanish is a primary language spoken by Borrower, or with a translator, if English or Spanish are not a primary language spoken by Borrower) this Borrower Disclosure Statement, answered any questions of Borrower and further explained to the Borrower the purpose and effect of the following Authority Documents: Affordable Housing Agreement, Promissory Note, Notice, Declaration, Instructions and Deed of Trust.

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

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

Title: \_\_\_\_\_

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

Housing Authority of the County of Riverside  
Loan Documents  
Polanco Park Loan Program (LMIHAF)

Deed of Trust, Assignment of Rents & Security Agreement



RECORDING REQUESTED BY AND  
WHEN RECORDED MAIL TO:

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

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[Space above line for Recorder's Use]

**DEED OF TRUST, ASSIGNMENT OF RENTS AND SECURITY AGREEMENT**

**Housing Authority of the County of Riverside  
Polanco Park Program (LMIHAF)**

APN(s): \_\_\_\_\_

This Deed of Trust, Assignment of Rents and Security Agreement is made this \_\_\_\_th day of \_\_\_\_\_, 202\_\_, by <insert names of Borrowers and vesting> \_\_\_\_\_, herein called **Trustor**, whose address is \_\_\_\_\_, \_\_\_\_\_, California, in favor of the **HOUSING AUTHORITY OF THE COUNTY OF RIVERSIDE**, a public body, corporate and politic, as **Trustee**, for the benefit of the **HOUSING AUTHORITY OF THE COUNTY OF RIVERSIDE**, a public body, corporate and politic, herein called **Beneficiary**.

Witnesseth: That Trustor IRREVOCABLY GRANTS, TRANSFERS AND ASSIGNS TO TRUSTEE IN TRUST, WITH POWER OF SALE, that property in Riverside County, California, described in Exhibit A attached hereto and incorporated herein by this reference, together with all improvements and fixtures thereon and all goods and other personal property owned by Trustor and located thereon (collectively, the "**Property**").

TOGETHER WITH the rents, issues and profits thereof, SUBJECT, HOWEVER, to the right, power and authority hereinafter given to and conferred upon Beneficiary to collect and supply such rents, issues and profits.

For the Purpose of Securing:

1. Performance of each agreement of Trustor herein contained.
2. Payment of the outstanding indebtedness evidenced by a promissory note of even date herewith, and any extension or renewal thereof (collectively, "**Promissory Note**"), in the principal sum of \$ \_\_\_\_\_ executed by Trustor in favor of Beneficiary or order ("**Authority Loan**").

3. The obligations of the Trustor, and its successors-in-interest to the Property, under that certain Affordable Housing Loan Agreement dated of even date herewith (the "**Loan Agreement**"), by and between Trustor and Beneficiary.

4. The obligations of the Trustor, and its successors-in-interest to the Property, under that certain Agreement Containing Covenants Affecting Real Property (With Use and Occupancy Covenants) dated of even date herewith (the "**Declaration**"), by and between Trustor and Beneficiary, and recorded concurrently herewith.

To Protect the Security of This Deed of Trust, Trustor Agrees:

(1) To keep said Property in good condition and repair; not to remove or demolish any building thereon; to complete or restore promptly and in good workmanlike manner any building which may be constructed, damaged or destroyed thereon and to pay when due all claims for labor performed and materials furnished thereof; to comply with all laws affecting said Property, or requiring any alterations or improvements to be made thereon; not to commit or permit waste thereof; not to commit, suffer or permit any act upon said Property in violation of law; and to do all other acts which from the character or use of said Property may be reasonably necessary, the specific enumerations herein not excluding the general.

(2) To provide or cause to provide, maintain and deliver to Beneficiary property insurance satisfactory to and with loss payable to Beneficiary and any superior trust deed holder, as their interests may appear. The amount collected under any property or other insurance policy may be applied by Beneficiary upon any indebtedness secured hereby and in such order as Beneficiary may determine, or at option of Beneficiary the entire amount so collected or any part thereof may be released to Trustor. Such application or release shall not cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice.

(3) To appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee; and to pay all costs and expenses, including cost of evidence of title and attorney's fees in a reasonable sum, in any such action or proceeding in which Beneficiary or Trustee may appear, and in any suit brought by Beneficiary to foreclose this Deed of Trust.

(4) To pay: at least ten days before delinquency all taxes and assessments affecting said Property, including assessments on appurtenant water stock; when due, all encumbrances, charges and liens, with interest, on said Property or any part thereof, which appear to be prior or superior hereto; all costs, fees and expenses of this Trust.

Should Trustor fail to make any payment or to do any act as herein provided, then Beneficiary or Trustee, but without obligation so to do and without notice to or demand upon Trustor and without releasing Trustor from any obligation hereof, may: (a) make or do the same in such manner and to such extent as either may deem necessary to protect the security hereof, Beneficiary or Trustee being authorized to enter upon said Property for such purposes; (b) appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee; (c) pay, purchase, contest or compromise any encumbrance, charge or lien which in the judgment of either appears to be prior or superior hereto; and (d) in

exercising any such powers, pay necessary expenses, employ counsel and pay his reasonable fees.

(5) To pay immediately and without demand all sums so expended by Beneficiary or Trustee, with interest from date of expenditure at the amount allowed by law in effect at the date hereof, and to pay for any statement provided for by law in effect at the date hereof regarding the obligation secured hereby any amount demanded by the Beneficiary not to exceed the maximum allowed by law at the time when said statement is demanded.

(6) That any award of damages in connection with any condemnation for public use of or injury to said Property or any part thereof is hereby assigned and shall be paid to Beneficiary (and to any superior trust deed holder, as their interests may appear) who may apply or release such moneys received by him in the same manner and with the same effect as above provided for disposition of proceeds of fire or other insurance.

(7) That by accepting payment of any sum secured hereby after its due date, Beneficiary does not waive his right either to require prompt payment when due of all other sums so secured or to declare default for failure so to pay.

(8) That at any time or from time to time, without liability therefore and without notice, upon written request of Beneficiary and presentation of this Deed of Trust and said note for endorsement, and without affecting the personal liability of any person for payment of the indebtedness secured hereby, Trustee may: (a) reconvey any part of said Property; (b) consent to the making of any map or plat thereof; (c) join in granting any easement thereon; or (d) join in any extension agreement or any agreement subordinating the lien or charge hereof.

(9) That upon written request of Beneficiary stating that all sums secured hereby have been paid, and all obligations secured hereby performed, and upon surrender of this Deed of Trust and said note to Trustee for cancellation and retention and upon payment of its fees, Trustee shall reconvey, without warranty, the Property then held hereunder. Repayment of the Note shall not terminate the obligations of Trustor secured hereby under the Declaration, and this Deed of Trust shall not be reconveyed until such obligations have been performed thereunder. The recitals in such reconveyance of any matters or facts shall be conclusive proof of the truthfulness thereof. **The grantee in such reconveyance may be described as "the person or persons legally entitled thereto."** Five years after issuance of such full reconveyance, Trustee may destroy said note and this Deed of Trust (unless directed in such request to retain them).

(10) That as additional security, subject to the rights of superior trust deed holders, as their interests may appear, Trustor hereby gives to and confers upon Beneficiary the right, power and authority, during the continuance of these trusts, to collect the rents, issues and profits of said Property, reserving unto Trustor the right, prior to any default by Trustor in payment of any indebtedness secured hereby or in performance of any agreement hereunder, to collect and retain such rents, issues and profits as they become due and payable. Upon any such default, Beneficiary may at any time without notice, either in person, by agent, or by a receiver to be appointed by a court, and without regard to the adequacy of any security for the indebtedness hereby secured, enter upon and take possession of said Property or any part thereof, in his own name sue for or otherwise collect such rents, issues and profits, including those past due and

unpaid, and apply the same, less costs and expenses of operation and collection, including reasonable attorney's fees, upon any indebtedness secured hereby, and in such order as Beneficiary may determine. The entering upon and taking possession of said Property, the collection of such rents, issues and profits and the application thereof as aforesaid, shall not cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice.

(11) That upon default by Trustor in payment of any indebtedness secured hereby, or any indebtedness held by superior trust deed holders, as their interests may appear, or in performance of any agreement hereunder, or default by Trustor under the Declaration or Loan Agreement, Beneficiary may declare all sums secured hereby immediately due and payable by delivery to Trustee of written declaration of default and demand for sale and of written notice of default and election to cause to be sold said Property, which notice Trustee shall cause to be filed for record.

After the lapse of such time as may then be required by law following the recordation of said notice of default, and notice of sale having been given as then required by law, Trustee, without demand on Trustor, shall sell said Property at the time and place fixed by it in said notice of sale, either as a whole or in separate parcels, and in such order as it may determine, at public auction to the highest bidder for cash in lawful money of the United States, payable at time of sale. Trustee may postpone sale of all or any portion of said Property by public announcement at such time and place of sale, and from time to time thereafter may postpone such sale by public announcement at the time fixed by the preceding postponement. Trustee shall deliver to such highest bidder its deed conveying the Property so sold, but without any covenant or warranty, express or implied. The recitals in such deed of any matters or facts shall be conclusive proof of the truthfulness thereof. Any person, including Trustor, Trustee, or Beneficiary may purchase the Property at such sale.

After deducting all costs, fees and expenses of Trustee and of this Trust, including cost of evidence of title in connection with sale, Trustee shall apply the proceeds of sale to payment of: all sums expended under the terms hereof, not then repaid, with accrued interest at the amount allowed by law in effect at the date hereof; all other sums then secured hereby; and the remainder, if any, to the person or persons legally entitled thereto.

(12) Beneficiary, or any successor in ownership of any indebtedness secured hereby, may from time to time, by instrument in writing, substitute a successor or successors to any Trustee named herein or acting hereunder, which instrument, executed by the Beneficiary and duly acknowledged and recorded in the office of the recorder of the county or counties where said Property is situated, shall be conclusive proof of proper substitution of such successor Trustee or Trustees, who shall, without conveyance from the Trustee predecessor, succeed to all its title estate, rights, powers and duties. Said instrument must contain the name of the original Trustor, Trustee and Beneficiary hereunder, the book and page where this Deed of Trust is recorded and the name and address of the new Trustee.

(13) That this Deed of Trust applies to, inures to the benefit of, and binds all parties hereto, their heirs, legatees, devisees, administrators, executors, successors and assigns. The term Beneficiary shall include the owner and holder, including pledges, of the note secured hereby,



whether or not named as Beneficiary herein. In this Deed of Trust, whenever the context so requires, the masculine gender includes the feminine and/or neuter, and the singular number includes the plural.

(14) That Trustee accepts this Trust when this Deed of Trust, duly executed and acknowledged, is made a public record as provided by law. Trustee is not obligated to notify any party hereto of pending sale under any Deed of Trust or of any action or proceeding in which Trustor, Beneficiary or Trustee shall be a party unless brought by Trustee.

(15) If the Trustor shall sell, lease, transfer, assign, convey, encumber, mortgage, hypothecate or alienate the real Property described herein, or any part thereof, or any interest therein, or shall be divested of title or any interest therein in any manner or way, whether voluntarily or involuntarily (except as permitted pursuant to the terms and conditions set forth in the Declaration and Loan Agreement), or if Trustor shall fail to make any payments due under the note secured by this Deed of Trust, or fail to perform any other obligation under said Declaration and Loan Agreement, this Deed of Trust or the note secured hereby, or any other deed of trust encumbering the subject Property, then Beneficiary shall have the right, at its option, to declare any indebtedness or obligations secured hereby, irrespective of the maturity date specified in any note evidencing the same, immediately due and payable.

(16) Notwithstanding anything provided herein to the contrary, the Beneficiary agrees to look solely to the Trustor's interest in the Property encumbered hereby and improvements thereon (or the proceeds thereof) for the satisfaction of any remedy of the Beneficiary, and for the collection of a judgment (or other judicial process) requiring the payment of money by the Trustor, except where such judgment results from a claim of fraud; intentional misrepresentation; misapplication; misappropriation; or wrongful retention of rental income; casualty insurance; condemnation proceeds; or other funds attributable to the Property; the commission of any act of deliberate waste with respect to the Property encumbered hereby; or the deposit of any hazardous or toxic materials on the Property encumbered hereby; in which events there shall be no such limitation on the Beneficiary's recourse against the Trustor.

(17) Any breach or default under the Declaration or Loan Agreement shall be deemed a breach of this Deed of Trust.

(18) This Deed of Trust is also intended to be and shall constitute both a Security Agreement and a "fixture filing" as defined in the California Commercial Code, the Trustor being the Debtor and the Beneficiary being the Secured Party. Trustor hereby grants Beneficiary a security interest in all fixtures, and in all goods which are or are to become fixtures on the Land, for the purpose of securing all indebtedness and other obligations of Trustor now or hereafter secured by this Deed of Trust. The products of such collateral are also covered hereby. This Deed of Trust, as a fixture filing, is to be recorded in the real estate records covering the real property covered hereby. Trustor authorizes Beneficiary to execute, deliver, file and record (as necessary) financing and continuation statements covering such property from time to time in such form as Beneficiary may require to perfect and continue the perfection of Beneficiary's security interest with respect to such property, and to reimburse Beneficiary for any costs incurred in filing such financing statements and any continuation statements. Trustor shall not create or allow the creation of any other security interest in such property. Upon the occurrence

of any default by Trustor hereunder, Beneficiary shall have the rights and remedies of a secured party under the California Commercial Code, as well as all other rights and remedies available at law or in equity or as provided herein, all at Beneficiary's option. Trustor and Beneficiary agree that the filing of a financing statement in the records normally having to do with personal property shall never be construed as in any way derogating from or impairing this declaration and the hereby stated intention of the parties hereto that everything used in connection with the operation or occupancy of such property or the production of income therefrom is and, at all times and for all purposes and in all proceedings, both legal and equitable, shall be regarded as real property encumbered by this Deed of Trust and fixture filing, irrespective of whether (a) any such item is physically attached to the buildings and improvements, (b) serial numbers are used for the better identification of certain equipment, or (c) any such item is referred to or reflected in any such financing statement so filed at any time. Such mention in the financing statement is declared to be for the protection of the Beneficiary in the event any court or judge shall at any time hold that notice of Beneficiary's priority of interest must be filed in the Uniform Commercial Code records to be effective against a particular class of persons, including, but not limited to, the federal government and any subdivisions or entities of the federal government.

This Deed of Trust shall be recorded in the official record of the County of Riverside in a subordinate lien priority.

The undersigned Trustor requests that a copy of any Notice of Default and of any Notice of Sale hereunder be mailed to him at his address hereinbefore set forth.

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

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

State of California )  
 ) §  
County of Riverside )

State of California )  
 ) §  
County of Riverside )

**EXHIBIT "A"**

**LEGAL DESCRIPTION OF THE PROPERTY**

Real property in the City of \_\_\_\_\_, County of Riverside, State of California, described as follows:

<INSERT LEGAL DESCRIPTION>

APN: \_\_\_\_\_



Housing Authority of the County of Riverside  
Loan Documents

Polanco Park Loan Program (LMIHAF)

Joint Supplemental Escrow & Title Instructions



<Date>

**Attn:**

Attn:

**Re:** Ref. No: \_\_\_\_\_  
 Order No: \_\_\_\_\_  
 Property Address: \_\_\_\_\_, \_\_\_\_\_, CA  
 Owner(s): \_\_\_\_\_  
 Lender: Housing Authority of the County of Riverside  
 Borrower: [insert name(s) of Owner]  
 Loan Agreement: Affordable Housing Loan Agreement  
 dated \_\_\_\_\_

Dear \_\_\_\_\_ :

We hereby provide you ("**Escrow and Title Agent**") with joint supplemental escrow instructions from the Housing Authority of the County of Riverside ("**Authority**") and \_\_\_\_\_ ("**Owner**") with respect to a loan made in connection with the improvement of the above-captioned Property by Owner, which transaction is more particularly described in the Affordable Housing Loan Agreement described above ("**Loan Agreement**"). Pursuant to the Loan Agreement, Owner is obtaining a loan from Authority secured by the Property in the maximum amount of \_\_\_\_\_ Thousand Dollars (\$\_\_\_\_\_) ("**Loan Amount**"). In consideration of the Loan Amount, Owner shall execute and deliver to escrow various documents as described herein.

To finance the rehabilitation of the Property, Owner has executed, or is about to execute, a promissory note (the “**Senior Note**”) in the sum of \_\_\_\_\_ Dollars (\$\_\_\_\_\_) in favor of the Rural Community Assistance Corporation (“**RCAC**”) evidencing a loan (the “**Senior Loan**”) to Owner. The Senior Note is to be secured by a senior priority deed of trust (the “**Senior Deed of Trust**”), to be executed by Owner, which will encumber the Property.

In addition, Owner is receiving a loan from Authority pursuant to Authority's Low and Moderate Income Housing Asset Fund ("LMIHAF") (the "Authority Loan"). Owner has executed, or is about to execute, a promissory note (the "Authority Note") in the amount of \_\_\_\_\_ Dollars (\$\_\_\_\_\_) in favor of Authority evidencing the subordinate loan of LMIHAF funds to Owner. The Authority Note is to be secured by a subordinate priority deed of trust executed by Owner which will encumber the Property (the "Authority Deed of Trust").

In conjunction with the foregoing, Owner and Authority are entering into that certain Agreement Containing Covenants Affecting Real Property ("Authority Covenant"), as well as that certain Notice of Affordability Restrictions on Transfer of Property ("Authority Notice") which will encumber the Property. The Loan Agreement, Authority Note, Authority Deed of Trust, Authority Covenant and Authority Notice shall collectively be referred to herein as the "Authority Loan Documents".

The Authority Loan is a condition of the Senior Loan and serves as a completion guaranty for the improvements to be made to the Property. As a result, the Authority Loan documents are to be held in escrow until the first to occur of the following: (i) the disbursement of some or all of the proceeds of the Authority Loan, or (ii) the completion of Project, as defined in the Loan Agreement.

This letter shall constitute "Joint Supplemental Escrow Instructions" to you, on behalf of Authority and Owner, concerning the transmittal, recording, filing and disbursement of the funds and documents referred to herein and other material matters in connection with the close of the Escrow (the "Closing").

Upon instruction to you by each of Authority and Borrower at a later date, the following shall occur in connection with the Closing:

**A. DEPOSIT OF FUNDS; DISBURSEMENT OF EXCESS LOAN PROCEEDS**

Authority, on behalf of Owner, will deposit into escrow funds for closing costs in the amount of \_\_\_\_\_ Dollars (\$\_\_\_\_\_). Such funds shall be collectively referred to as the "Closing Deposit."

The proceeds of the Authority Loan shall be used to pay the cost of completion of the improvement of the Property in excess of the Senior Loan. The Authority Loan proceeds will not be funded into escrow unless and until the Owner and Authority determine they are needed.

Any excess Closing Deposit after payment of fees and costs shall be disbursed to Authority.

**B. CLOSING DOCUMENTS**

The following documents (collectively, the "Documents") have been or will hereafter be delivered to you for purposes of Closing the above-referenced Escrow:

1. One (1) original Authority Covenant, duly executed by Owner and Authority and notarized;
2. One (1) original Authority Deed of Trust, duly executed by Owner and notarized; and
3. One (1) original Authority Notice, duly executed by Buyer and Authority and notarized.

**C. CONDITIONS PRECEDENT TO THE CLOSING**

The following shall constitute conditions precedent to the Closing of the above-referenced Escrow:

1. You have received fully executed (and acknowledged, where appropriate) originals of all of the Documents.
2. Authority has approved the Estimated Settlement Statement(s) (the “**Statement**”) for the Authority loan secured by the Property.
3. You have received the Closing Deposit and, in accordance with the Estimated Settlement Statement, sufficient funds to pay all other fees and costs payable in connection with the close of escrow.
4. You have provided and Authority has approved a copy of the liability, property and Hazard Insurance on the Property, in the amount sufficient to cover all indebtedness on the Property and showing the Authority as a subordinate mortgage loss payee.;

**Loss Payee Clause:**

A standard mortgage clause form 438-BFU naming Authority as an additional insured and loss payee as its interests may appear, must be endorsed to the property insurance, and, if purchased by or on behalf of Owner, to all applicable flood and earthquake policies. In addition, the policy shall contain a provision that obligates the insurer to notify the Authority at least thirty calendar days in advance of the effective date of a material change (other than diminution of policy limits due to a claim), cancellation or termination of the policy.

5. You have received notice that the title company has made an irrevocable commitment to Authority to issue an ALTA Lenders Title Policy insuring Authority’s interest in the Property in the amount of the Authority Loan (the “**Authority Lender’s Title Policy**”) in the following form:

- a. **Insured Lien:** The Authority Lender’s Title Policy shall insure the subordinate priority lien of the Authority Deed of Trust subject to the Senior Deed of Trust, Authority Covenant, and no other liens except as agreed to by Authority.

b. Form of Title Policy: The Lender's Title Policy shall be in the form of a 2006 (WITHOUT AMENDMENT OR REVISION EXCEPT AS PROVIDED HEREIN) ALTA Lender's Policy of Title Insurance, issued by Title Company in the amount of the Loan Amount; insuring Authority that its subordinate priority Deed of Trust constitutes a subordinate lien upon the fee interest in the Property, subject only to any liens existing on the Property approved by RCAC and Authority, the Authority Covenant, Senior Deed of Trust, and the Schedule B, Part I exceptions approved by Authority in the Proforma, with the following endorsements (2006 forms, where applicable and available):

- ALTA 8.1 Environmental;
- ALTA 9.3 Comprehensive, unmodified/modified (as applicable);
- CLTA 104.7 Assignment of Rents;
- Special: Deletion of Arbitration provisions (paragraph 13 of Conditions); and
- Special: Electronic signatures on policy/endorsements.

There is to be no arbitration provision in the Authority Title Policy.

No additional matters, whether prior or subordinate to the lien of the Deed of Trust, are to be shown without the express authorization of Authority. Additionally, the Authority Title Policy should substantially conform in all material respects to the marked-up copy of the Proforma attached hereto as Exhibit A. Within thirty (30) days of the date of Closing you are to deliver a Authority Title Policy in a form reflective of the instructions contained above in this.

- c. Insured: The insured under the Authority's Title Policy shall be "Housing Authority of the County of Riverside, a public body, corporate and politic, and its successors and assigns as their interests may appear."
- d. Vesting: The estate or interest referred to herein shall be shown as vested, as of the date of the Authority's Title Policy, solely in Owner.
- e. Legal Description: The legal description in the Authority's Title Policy shall conform exactly to the legal description shown in the Lender Pro Forma.

- f. Taxes: All taxes shall be shown as paid, or, if not paid, as a lien not yet delinquent.

6. You have received electronic or verbal approval from Authority and Owner to close escrow, fund the Authority Loan, and record all documents required in connection therewith.

7. You are in a position to comply with all of the instructions you may receive which are not inconsistent with the instructions and conditions described in this letter. In the event of any inconsistencies between the terms of other separate instructions and the terms of these letter instructions, please immediately notify the undersigned of such fact.

For purpose hereof, "Closing" refers to the date upon which all documents required in connection with the Authority Loan are recorded in the Official Records (as defined below).

**D. CLOSING PROCEDURES**

In proceeding with respect to the Closing, Escrow and Title Agent will strictly adhere to the procedures in the order set forth below. All requirements with respect to the Closing shall be considered as having taken place simultaneously, and no delivery or transaction shall be considered as having been made until all deliveries and closing transactions have been accomplished.

1. For each document executed in counterparts, combine the signature pages so as to physically form one (1) document. Escrow and Title Agent should date each undated document as of the date of submission to the County Recorder of the County of Riverside.

2. After each of the foregoing conditions precedent in Section C has been satisfied, you are authorized and instructed on behalf of Authority to record the following documents in the following order in the Official Records of the County Recorder of the County of Riverside (the "**Official Records**"):

first, the Authority Covenant,

second, the Authority Deed of Trust, and

third, the Authority Notice.

3. Perform the prorations and payments as set forth in these Instructions and the Statement and distribute the funds as set forth herein.

**E. DISBURSEMENT OF FUNDS**

On the Closing, upon confirmation of recording, Escrow and Title Agent shall disburse funds to such parties as listed on the approved Estimated Settlement Statement in payment of closing costs in accordance with the approved Settlement Statement.

**F. PAYMENT OF FEES**

Authority shall not be responsible for the payment of any of the following fees and charges:

1. The premium for the lender's ATLA extended title insurance policy for Authority.
2. Notary fees;
3. Any State, County or City documentary stamps or transfer tax not paid by Owner;
4. Recording fees;
5. The escrow fee, loan fees, inspection fees (if any) and all fees and impounds required by escrow or title; and
6. Such other costs, expenses and fees, not expressly provided for herein, as are customarily paid for by an Owner of property in Riverside County.

**G. DISTRIBUTION OF DOCUMENTS**

Immediately following the Closing, please provide conformed copies of the following, as recorded in the Official Records, to Authority:

- i. the Authority Covenant,
- ii. the Authority Deed of Trust, and
- iii. the Notice.

In addition, please provide to Authority copies of all disclosure documents and acknowledgments, signed by Owner. You are authorized to provide such copies in pdf format via email to Authority staff at Monica Telles, [MTelles@rivco.org](mailto:MTelles@rivco.org).

**H. MISCELLANEOUS PROVISIONS**

1. Fees, including without limitation, escrow fees, recording fees, and title policy fees are to be paid as provided in the Statement.
2. If Escrow and Title Agent is unable to comply with these Instructions and close the Escrow before 12:00 p.m. on \_\_\_\_\_, 202\_\_, or if there are to be any changes therein, Escrow and Title Agent is not to proceed without further written authorization from the undersigned.



3. Escrow and Title Agent is authorized to act upon a signed facsimile copy of these Joint Supplemental Escrow Instructions transmitted either by fax machine or a pdf via email. Escrow and Title Agent is not to comply with these Joint Supplemental Escrow Instructions if Escrow and Title Agent receives from the undersigned a written request not to so comply and not to so record.

4. We request that you sign and return a copy of these Joint Supplemental Escrow Instructions to the undersigned to confirm your acceptance and agreement in your capacity as Escrow and Title Agent.

5. Notwithstanding either your failure to sign or return these Joint Supplemental Escrow Instructions, or the undersigned's failure to receive the returned executed copy of these Joint Supplemental Escrow Instructions, your act of recording the Documents described in these instructions shall constitute evidence of your agreement to otherwise comply with the foregoing instructions.

6. These Joint Supplemental Escrow Instructions may be executed in counterparts, each of which shall be deemed an original, and which taken together shall constitute one and the same instrument.

7. These Joint Supplemental Escrow Instructions and the rights and obligations of the parties hereto shall be governed by and construed in accordance with the laws of the State of California.

[signature pages follow]

Thank you for your assistance.

**"Authority"**

HOUSING AUTHORITY OF  
THE COUNTY OF RIVERSIDE

Date: \_\_\_\_\_, 202\_\_

\_\_\_\_\_  
Heidi Marshall  
Executive Director

APPROVED AS TO FORM:

GREGORY P. PRIAMOS  
COUNTY COUNSEL

BY:



Amrit Dhillon  
Deputy County Counsel

**"Owner"**

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

Date: \_\_\_\_\_, 202\_\_

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

Date: \_\_\_\_\_, 202\_\_

[SIGNATURES CONTINUE]

ESCROW AND TITLE AGENT

AGREEMENT AND CONSENT

Receipt of the foregoing Joint Supplemental Title Escrow Instructions and documents is hereby acknowledged this \_\_\_\_ day of \_\_\_\_\_, 202\_. The undersigned agrees, for itself and on behalf of \_\_\_\_\_ Escrow and \_\_\_\_\_ Title Company, as Escrow and Title Agent, respectively, to proceed in strict accordance with these Instructions, and represents and warrants that the undersigned is authorized to execute this Agreement and Consent on behalf of \_\_\_\_\_ Escrow and \_\_\_\_\_ Title Company.

\_\_\_\_\_ **ESCROW**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

\_\_\_\_\_ **TITLE COMPANY**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**EXHIBIT A**

**ESTIMATED CLOSING SETTLEMENT STATEMENT**

**[ATTACHED]**

**EXHIBIT B**

**PRO FORMA AUTHORITY TITLE POLICY**

**[ATTACHED]**



Housing Authority of the County of Riverside  
Loan Documents

Polanco Park Loan Program (LMIHAF)

Notice of Affordability Restrictions on Transfer



RECORDING REQUESTED BY, AND  
WHEN RECORDED MAIL TO:

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

SPACE ABOVE THIS LINE FOR RECORDER'S USE

This document is exempt from recording fees  
pursuant to Government Code Section 27383

**NOTICE OF AFFORDABILITY RESTRICTIONS  
ON TRANSFER OF PROPERTY**

**Housing Authority of the County of Riverside  
Polanco Parks Program (LMIHAF)**

Notice is hereby given that certain real property located at \_\_\_\_\_, in the City of \_\_\_\_\_, County of Riverside, State of California, and known as Assessor's Parcel Number \_\_\_\_\_, as more particularly described in Exhibit "A" attached hereto and incorporated herein by reference, is subject to certain affordability covenants and restrictions identified in that certain **AGREEMENT CONTAINING COVENANTS AFFECTING REAL PROPERTY (WITH USE AND OCCUPANCY COVENANTS)** ("Declaration") dated as of \_\_\_\_\_, 202\_, made by and between the **HOUSING AUTHORITY OF THE COUNTY OF RIVERSIDE**, a public body, corporate and politic ("Housing Authority"), and <insert names of Borrowers and vesting> ("Owner"), recorded concurrently herewith and incorporated herein by this reference. The affordability covenants and restrictions will expire on the fifty-fifth (55<sup>th</sup>) anniversary of the date of recording of the Declaration.

This notice is prepared for notice and recordation purposes only, and in no way modifies the terms, conditions, provisions and covenants set forth in the Declaration. In the event of any inconsistency between the terms, conditions, provisions and covenants set forth in the Declaration and this notice, the terms, conditions, provisions and covenants set forth in the Declaration shall prevail.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties have duly executed this Notice of Affordability Restrictions on Transfer of Property.

**“Authority”**

**“Borrower”**

**HOUSING AUTHORITY OF THE  
COUNTY OF RIVERSIDE**, a public  
body, corporate and politic

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

Date: \_\_\_\_\_, 202\_\_

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

Heidi Marshall, Executive Director **“Borrower”**

Date: \_\_\_\_\_, 202\_\_

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

Date: \_\_\_\_\_, 202\_\_

APPROVED AS TO FORM:

GREGORY P. PRIAMOS  
COUNTY COUNSEL

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



Amrit Dhillon  
Deputy County Counsel

[SIGNATURE PAGE TO NOTICE OF  
AFFORDABILITY RESTRICTIONS]

**EXHIBIT "A"**

**LEGAL DESCRIPTION OF THE PROPERTY**

Real property in the City of \_\_\_\_\_, County of Riverside, State of California, described as follows:

<INSERT LEGAL DESCRIPTION>

APN: \_\_\_\_\_

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 \_\_\_\_\_ )

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

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

**WITNESS my hand and official seal.**

**Signature of Notary**

(Affix seal here)

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 \_\_\_\_\_ )

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

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**WITNESS** my hand and official seal.

**Signature of Notary**

(Affix seal here)

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**Signature of Notary**

**(Affix seal here)**



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STATE OF CALIFORNIA )  
 ) §  
County of \_\_\_\_\_ )

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

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

WITNESS my hand and official seal.

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

(Affix seal here)

Housing Authority of the County of Riverside  
Loan Documents  
Polanco Park Loan Program (LMIHAF)

Promissory Note Secured by Deed of Trust



**PROMISSORY NOTE SECURED BY DEED OF TRUST**  
**Housing Authority of the County of Riverside**

**Polanco Parks Program (LMIHAF)**

\$ \_\_\_\_\_, California

<INSERT DATE>

Property Address: \_\_\_\_\_, CA

**FOR VALUE RECEIVED**, the undersigned (“**Maker**”) promises to pay to “**Holder**,” the HOUSING AUTHORITY OF THE COUNTY OF RIVERSIDE, a public body, corporate and politic, whose address is 555 Arlington Avenue, Riverside, CA 92504, Attn: Executive Director, or at such other address as Holder may direct from time to time in writing, \_\_\_\_\_ Dollars (\$ \_\_\_\_\_) (the “**Note Amount**”), together with interest thereon as hereafter set forth. All sums hereunder shall be payable in lawful money of the United States of America. This Promissory Note Secured by Deed of Trust (the “**Promissory Note**” or “**Note**”) is secured by a Deed of Trust, Assignment of Rents and Security Agreement of even date herewith, executed by Maker as Trustor in favor of Holder as Beneficiary (the “**Deed of Trust**”).

1. **Loan Agreement.** This Promissory Note is made and delivered pursuant to and in implementation of the Affordable Housing Loan Agreement entered into by and between the Holder and the Maker concurrently herewith (the “**Agreement**”), a copy of which is on file as a public record with Holder and is incorporated herein by reference. The Maker acknowledges that but for the execution of this Promissory Note, the Holder would not enter into the Agreement. Unless definitions of terms have been expressly set out at length herein, each term shall have the same definition as set forth in the Agreement.

2. **No Interest.** Except as otherwise provided herein, the Note Amount shall bear no interest.

3. **Time of Payment.** Unless an “**Event of Acceleration**” (as that term is defined in Section 4 below) occurs prior to the expiration of the Affordability Period, no payments shall be due hereunder. Unless sooner paid, upon the expiration of the Affordability Period, the Note Amount shall be deemed repaid in full and this Note shall be cancelled.

4. **Events of Acceleration.** The Note Amount shall become due and immediately payable irrespective of any provisions herein to the contrary upon the occurrence of any one of the following events of acceleration (“**Event of Acceleration**”): (i) a Prohibited Transfer of the Property, except a Transfer which under applicable law, would not, by itself, permit Holder to exercise a due on sale or due on encumbrance clause, or (ii) such time if or when Maker (or upon a Transfer of the Property by Maker that constitutes a Permitted Transfer, Maker’s transferee) is no longer in compliance with the occupancy and rental requirements set forth in the Agreement and the Agreement Containing Covenants Affecting Real Property (With Use and Occupancy

Covenants) ("**Declaration**") or is in default of any other obligation under the Agreement, this Note, the Declaration or the Deed of Trust.

Holder's Executive Director may, in his or her sole and absolute discretion, waive some or all of the requirements of this Section 4.

The rate of interest applicable to periods of default for the Events of Acceleration set forth in this Section 4 shall be calculated at the lesser of seven percent (7%) per annum or the maximum legal rate, and shall accrue as of the date such payment was originally due.

5. **Security for Note.** This Promissory Note is secured by the Deed of Trust.

6. **Prepayment of Note.** Maker may prepay this Note to Holder, provided that any prepayment must be in full and not in part. Prepayment shall not terminate the rent and occupancy restrictions, transfer and other restrictions set forth in the Agreement and Declaration.

PREPAYMENT OF THE LOAN EVIDENCED BY THIS NOTE, WHETHER VOLUNTARY OR DUE TO AN EVENT OF ACCELERATION, SHALL NOT TERMINATE THE RENT AND OCCUPANCY RESTRICTIONS, TRANSFER RESTRICTIONS OR THE 55-YEAR AFFORDABILITY PERIOD SET FORTH IN THE AGREEMENT AND DECLARATION. MAKER EXPRESSLY ACKNOWLEDGES THE FOREGOING.

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#### MAKER'S INITIALS

7. **Holder May Assign.** Holder may, at its option and without obtaining the consent of the Maker, assign (i) any of its rights hereunder, and/or (ii) its right to receive payment under this Promissory Note.

8. **Maker Assignment.** In no event shall Maker assign or transfer any portion of this Promissory Note without the express prior written consent of the Holder, which consent shall be given by the Holder only in the event that (i) the Maker has determined, and Holder has verified, that the assignee or transferee will perform the covenants and obligations of Maker in accordance with the Declaration, (ii) Maker and assignee or transferee have demonstrated to Authority's reasonable satisfaction that the transfer of the Property is being made in accordance with the Declaration, and (iii) that the assignee or transferee has expressly assumed the Agreement, the Declaration, this Note and the Deed of Trust by execution of a written assumption agreement in a form approved by the Holder.

9. **Joint and Several.** The undersigned, if more than one, shall be jointly and severally liable hereunder.

10. **Collection Costs; Attorneys' Fees.** If the Note Amount becomes due and is not paid, Borrower shall pay all costs of collection, including, but not limited to, attorneys' fees and all expenses incurred in connection with the protection or realization of the collateral securing the payment hereof or enforcement of any guarantee, incurred by Holder on account of such collection, whether or not suit is filed hereon.

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

12. **Maker's Waivers.** Maker waives any rights to require the Holder to: (a) demand payment of amounts due (known as "presentment"), (b) give notice that amounts due have not been paid (known as "notice of dishonor"), and (c) obtain an official certification of nonpayment (known as "protest").

13. **Notice.** Any notice that must be given to Maker under this Note shall be in writing and shall be effective when personally delivered or forty-eight (48) hours after deposit in the United States Mail, as certified or registered mail, return receipt requested, first-class postage and fees prepaid, addressed to Maker at the Property Address above or such other address as Maker shall direct from time to time in writing and to Holder at Holder's address stated in the preamble to this Note. Failure or delay in giving any notice required hereunder shall not constitute a waiver of any default or late payment, nor shall it change the time for any default or payment.

14. **Successors Bound.** This Promissory Note shall be binding upon the parties hereto and their respective heirs, successors and assigns.

[END — SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, Maker has executed this Promissory Note.

**“Maker”**

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

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

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

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