

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



ITEM: 3.30
(ID # 15439)

MEETING DATE:
Tuesday, June 28, 2022

FROM : HOUSING AND WORKFORCE SOLUTIONS:

SUBJECT: HOUSING AND WORKFORCE SOLUTIONS (HWS): Approve the Form of the Loan Agreement for the Use of Neighborhood Stabilization Program 3 Funds and Authorize the Director of Housing & Workforce Solutions to Execute an NSP3 Loan Agreement, Covenant Agreement and Subsequent Subordination Agreements with Habitat for Humanity Inland Valley, Inc., for the Peck Street Affordable Housing Project; District 1. [\$390,000 – 100% Neighborhood Stabilization Program 3 Funds]; CEQA and NEPA Exempt (Clerk of the Board to File the Notice of Exemption)

RECOMMENDED MOTION: That the Board of Supervisors:

1. Find that the project is a categorically excluded activity subject to Title 24 Code of Federal regulations (CFR) Section 58.5 and meets the conditions specified for such exemption pursuant to Title 24 CFR Section 58.35(a) and the National Environmental Policy Action of 1969;
2. Find that the Project is exempt from California Environmental Quality Act (CEQA) pursuant to State CEQA Guidelines 15303, Class 3-New construction or conversion of small structures and State CEQA Guidelines 15061(b)(3);


ACTION:Policy


Heidi Marshall, Director 5/19/2022

MINUTES OF THE BOARD OF SUPERVISORS

On motion of Supervisor Spiegel, seconded by Supervisor Perez 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: June 28, 2022
xc: HWS, Recorder

Kecia R. Harper
Clerk of the Board
By: 
Deputy

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

RECOMMENDED MOTION: That the Board of Supervisors:

3. Approve the attached forms of the Loan Agreement for the Use of Neighborhood Stabilization Program 3 (NSP3) Funds including all attachments thereto (NSP3 Loan Agreement), the NSP3 Loan Deed of Trust, Security Agreement and Fixture Filing, the NSP3 Loan Promissory Note, and the NSP3 Homebuyer Covenant Agreement providing a loan derived from the County's NSP3 Allocation to pay new construction and development costs for the Peck Street Affordable Housing Project for the construction of one (1) single family infill home in the City of Lake Elsinore located at 245 East Peck Street in the City of Lake Elsinore, identified as APN 373-041-020;
4. Authorize the Director of the Housing and Workforce Solutions (HWS), or designee, to execute a NSP3 Loan Agreement with Habitat for Humanity Inland Valley, Inc., substantially conforming in form and substance to the attached NSP3 Loan Agreement, to provide a loan in the total amount of \$390,000 with the term commencing upon signature of the parties and terminating eighteen (18) months from the execution of the NSP3 Loan Agreement, subject to approval as to form by County Counsel;
5. Authorize the Director of HWS, or designee, to execute a NSP3 Homebuyer Covenant Agreement with a Qualified Homebuyer (as defined in the NSP3 Loan Agreement), substantially conforming in form and substance to NSP3 Homebuyer Covenant Agreement attached as Exhibit G to the NSP3 Loan Agreement, subject to approval as to form by County Counsel;
6. Authorize the Director of HWS, or designee, to take all necessary steps to implement the NSP3 Loan Agreement, including but not limited to, signing subsequent necessary and relevant documents and subordination agreements, subject to approval as to form by County Counsel; and
7. Direct the Clerk of the Board to file the Notice of Exemption with the County Clerk within five business days of approval.

FINANCIAL DATA	Current Fiscal Year:	Next Fiscal Year:	Total Cost:	Ongoing Cost
COST	\$150,000	\$240,000	\$390,000	\$ 0
NET COUNTY COST	\$ 0	\$ 0	\$ 0	\$ 0
SOURCE OF FUNDS: Neighborhood Stabilization Program 3 Funds (100%)			Budget Adjustment: No	
			For Fiscal Year: 2021/22 & 2022/23	

C.E.O. RECOMMENDATION: Approve

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BACKGROUND:

Summary

Habitat for Humanity Inland Valley, a nonprofit public benefit corporation and an affordable housing developer (Habitat), is requesting a loan from the County of Riverside (County) in an amount not to exceed \$390,000 from Neighborhood Stabilization Program 3 (NSP3) funds for the development and construction of one (1) for-sale single family infill home in the City of Lake Elsinore. The NSP3 funds were obtained by the County from the United States Department of Housing and Urban Development (HUD). The proposed project will be located on approximately 0.16 acres of real property located at 245 East Peck Street in the City of Lake Elsinore, Riverside County, CA; APN 373-041-020 (Project Site). This for-sale single family infill home will be approximately 1,230 square feet and have 3 bedrooms and 2 bathrooms with an attached two car garage. The home will be sold to and occupied by a low-, moderate- and middle-income ("LMMI") first time homebuyer within the designated NSP3 target area in the City of Lake Elsinore as defined in the County of Riverside's 2008-2009 One Year Action Plan and its amendments. In addition, income shall not exceed 120% area median income (AMI) for Riverside County. The occupancy of the NSP-assisted unit will be income restricted for a period of at least 15 years. The maximum purchase price shall not exceed \$551,000 for new homes. In addition, the purchase price of property shall not exceed the appraised value of the property.

The terms of the proposed NSP3 loan are set forth in the attached proposed Loan Agreement for the Use of Neighborhood Stabilization Program Funds to be entered into between the County and Habitat (NSP3 Loan Agreement). The proposed NSP3 loan in the amount of \$390,000 will be evidenced by a Promissory Note and secured by a Deed of Trust, forms of which are attached as exhibits to the NSP3 Loan Agreement. Provided Habitat is not in default under the NSP3 Loan Agreement, once the single family infill home is sold to a qualified household and the NSP3 Homebuyer Covenant Agreement is executed and recorded, the Promissory Note will be cancelled, the Deed of Trust will be reconveyed, and the NSP3 loan will convert to a grant ensuring the affordability of the home for 15 years.

The NSP3 Loan Agreement meets the conditions of categorical exclusion under Title 24 Code of Federal Regulations (CFR) Section 58.35 (a) and is an exempt activity pursuant to Title 24 CFR Section 58.35 (a)(12) and is in accordance with the provisions of the National Environmental Policy Act of 1969 (NEPA). Therefore, an Environmental Impact Statement under NEPA was not required.

Pursuant to the California Environmental Quality Act (CEQA), the NSP3 Loan Agreement was reviewed and determined to be categorically exempt from CEQA under State CEQA Guidelines 15303, Class 3-New construction or conversion of small structures and State CEQA Guidelines 15061(b)(3), General Rule or "Common Sense" Exemption. The proposed project, the NSP3 Loan Agreement, involves the loan of NSP3 funds and the relocation and rehabilitation of an existing facility and no expansion of an existing use will occur. In addition, there is no possibility that the proposed project will have a significant effect on the environment and the project will not lead to any direct or reasonably indirect physical environmental impacts since the existing use

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STATE OF CALIFORNIA**

will be maintained.

County Counsel has reviewed and approved as to form the attached NSP3 Loan Agreement, including all exhibits. Staff recommends that the Board approve the attached NSP3 Loan Agreement.

Impact on Residents and Businesses

Approving this item will have a positive impact on the citizens and businesses in the City of Lake Elsinore and the County of Riverside. The Proposed Project is expected to generate temporary construction and provide affordable housing for residents of the City of Lake Elsinore and the County of Riverside.

SUPPLEMENTAL:

Additional Fiscal Information

No impact upon the County's General Fund; the County's contribution to the project will be fully funded with NSP3 funds from HUD. Project budget sources and uses are listed and attached in Exhibit A of the Loan Agreement.

Attachments:

- Loan Agreement for the Use of Neighborhood Stabilization Program 3 Funds
- Notice of Exemption


Brianna Lontajo, Principal Management Analyst

6/20/2022


Cynthia M. Guarez, Chief Deputy County Counsel

6/16/2022



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

7/5/22 Date zm Initial

Notice of Exemption

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

From:
 Public: County of Riverside
 Agency: Housing & Workforce Solutions
 Address: 3403 Tenth Street, Suite 300 Riverside, CA 92501
 Contact: Diana Acosta, Housing Specialist
 Phone: (951) 955-0856

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

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

SUBJECT: Filing of Notice of Determination in Compliance with Section 21108 or 21152 of the public Resources Code.

State Clearinghouse Number (if submitted to State Clearinghouse): _____

Project Title: Peck Street Affordable Housing Project

Project Location: 245 East Peck Street, Lake Elsinore, CA 92530; Assessor's Parcel Number: 373-041-020

Project Description:

The County of Riverside is proposing to provide Neighborhood Stabilization Program (NSP1) funds obtained from the United States Department of Housing and Urban Development (HUD) for the purpose of providing decent, safe, sanitary, and affordable housing for low-income families. The proposed project involves the development and construction of one (1) infill single-family home in the City of Lake Elsinore. In urbanized areas, up to four single-family residences may be constructed under this exemption. Any existing impacts related to noise, traffic, or utilities will remain similar to existing conditions.

Project Sponsor: Habitat for Humanity Inland Valley

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

Lead agency or Responsible Agency

6/21/2022 and has made the following determinations regarding the above described project:
(tentative date)

Exempt Status: California Environmental Quality Act (CEQA) Guidelines, Section 15303, New Construction or Conversion of Small Structures, and Section 15061 (b) (3), General Rule Exemption.

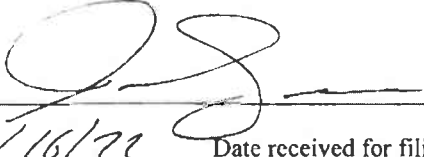
Reasons Why Project is Exempt: The project is exempt from the provisions of CEQA specifically by the State CEQA Guidelines as identified below. The project will not result in any specific or general exceptions to the use of the categorical exemption as detailed under State CEQA Guidelines Section 15300.2. The project will not cause any impacts to scenic resources, historic resources, or unique sensitive biological environments. No unusual circumstances or potential cumulative impacts would occur that may reasonably create an environmental impact. The development and construction of residential units will not have an effect on the environment and no significant physical environmental impacts are anticipated to occur.

(Continued)

JUN 28 2022 3:30

- Section 15303 – Class 3-Construction and location of limited numbers of new, small facilities or structures. In urbanized areas, up to three single-family residences may be constructed under this exemption. The project as proposed is the development and construction of two infill single-family residential homes to be sold to qualified low-income households with a preference for veterans. The development and construction of the residential units will not have an effect on the environment and no significant physical environmental impacts are anticipated to occur, and would not result in any physical impacts related to air quality, traffic, noise, biological or historic resources, or any other potential physical environmental impacts. Once the residential units are constructed, the property will remain as affordable residential units for a period of 15 years. Therefore, the project meets the scope and intent of the Class 3 Exemption.
- Section 15061 – General Rule or “Common Sense” Exemption. The State CEQA Guidelines provides this exemption based upon the general rule that CEQA only applies to projects with the potential to cause a significant effect on the environment. The development and construction of residential units will not have an effect on the environment. The use of the site will be substantially similar to the existing surrounding residential units and will not create any new environmental impacts to the surrounding area. In fact, the infill housing will improve the surrounding community. Therefore, the project as proposed will not have the potential to cause a significant environmental impact and the project is exempt from further CEQA analysis.

Based upon the identified exemptions above, the County of Riverside, Housing & Workforce Solutions hereby concludes that no physical environmental impacts are anticipated to occur and the project as proposed is exempt under CEQA. No further environmental analysis is warranted.

Signature:  Title: Juan Garcia, Principal Development Specialist, Riverside County HWS

Date: 8/16/22 Date received for filing: _____



Peter Aldana
Riverside County
Assessor-County Clerk-Recorder
2724 Gateway Drive
Riverside, CA 92507
(951) 486-7000
www.rivcoacr.org

Receipt: 22-255894

Product	Name	Extended
FISH	CLERK FISH AND GAME FILINGS	\$50.00
	# Pages	2
	Document #	E-202200626
	Filing Type	7
	State Fee Prev Charged	false
	No Charge Clerk Fee	false
F&G Notice of Exemption Fee		\$50.00
Total		\$50.00
Tender (On Account)		\$50.00
Account#	EDAGRANT	
Account Name	EDAGRANT - EDA-NSP/HOME/CDBG FUNDS	
Balance	\$570.00	



State of California - Department of Fish and Wildlife
2022 ENVIRONMENTAL DOCUMENT FILING FEE
CASH RECEIPT
 DFW 753.5a (REV. 01/01/22) Previously DFG 753.5a

RECEIPT NUMBER: 22-255894
STATE CLEARINGHOUSE NUMBER (if applicable)

SEE INSTRUCTIONS ON REVERSE. TYPE OR PRINT CLEARLY.

LEAD AGENCY RIVERSIDE COUNTY HOUSING & WORKFORCE	LEAD AGENCY EMAIL	DATE 07/07/2022
COUNTY/STATE AGENCY OF FILING RIVERSIDE	DOCUMENT NUMBER E-202200626	

PROJECT TITLE
PECK STREET AFFORDABLE HOUSING PROJECT

PROJECT APPLICANT NAME RIVERSIDE COUNTY HOUSING & WORKFORCE	PROJECT APPLICANT EMAIL	PHONE NUMBER (951) 955-0856
PROJECT APPLICANT ADDRESS 3403 TENTH STREET SUITE 300,	CITY RIVERSIDE	STATE CA
		ZIP CODE 92501

PROJECT APPLICANT (Check appropriate box)

Local Public Agency School District Other Special District State Agency Private Entity

CHECK APPLICABLE FEES:

<input type="checkbox"/> Environmental Impact Report (EIR)	\$3,539.25	\$ _____
<input type="checkbox"/> Mitigated/Negative Declaration (MND)(ND)	\$2,548.00	\$ _____
<input type="checkbox"/> Certified Regulatory Program (CRP) document - payment due directly to CDFW	\$1,203.25	\$ _____
<input checked="" type="checkbox"/> Exempt from fee		
<input checked="" type="checkbox"/> Notice of Exemption (attach)		
<input type="checkbox"/> CDFW No Effect Determination (attach)		
<input type="checkbox"/> Fee previously paid (attach previously issued cash receipt copy)		
<input type="checkbox"/> Water Right Application or Petition Fee (State Water Resources Control Board only)	\$850.00	\$ _____
<input checked="" type="checkbox"/> County documentary handling fee		\$ 50.00
<input type="checkbox"/> Other		\$ _____
PAYMENT METHOD:		
<input checked="" type="checkbox"/> Cash <input type="checkbox"/> Credit <input type="checkbox"/> Check <input type="checkbox"/> Other	TOTAL RECEIVED	\$ 50.00

SIGNATURE X [Signature]	AGENCY OF FILING PRINTED NAME AND TITLE Deputy
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FILED / POSTED

County of Riverside
Peter Aldana
Assessor-County Clerk-Recorder

E-202200626
07/07/2022 08:06 AM Fee: \$ 50.00
Page 1 of 2

Removed: _____ By: _____ Deputy


Notice of Exemption

To:	<input type="checkbox"/> Office of Planning and Research	From:	Public
<i>For U.S. Mail:</i>	<i>Street Address:</i>	Agency:	County of Riverside
P.O. Box 3044	1400 Tenth St.	Address:	Housing & Workforce Solutions
Sacramento, CA 95812-3044	Sacramento, CA 95814		3403 Tenth Street, Suite 300
			Riverside, CA 92501
		Contact:	Diana Acosta, Housing Specialist
		Phone:	(951) 955-0856

<input checked="" type="checkbox"/> County Clerk	Lead Agency (if different from above):
County of <u>Riverside</u>	Address: _____
2724 Gateway Drive	
P.O. Box 751	
Address: Riverside, CA 92502-0751	Contact: _____
	Phone: _____

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Lead agency or Responsible Agency

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(tentative date)

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Reasons Why Project is Exempt: The project is exempt from the provisions of CEQA specifically by the State CEQA Guidelines as identified below. The project will not result in any specific or general exceptions to the use of the categorical exemption as detailed under State CEQA Guidelines Section 15300.2. The project will not cause any impacts to scenic resources, historic resources, or unique sensitive biological environments. No unusual circumstances or potential cumulative impacts would occur that may reasonably create an environmental impact. The development and construction of residential units will not have an effect on the environment and no significant physical environmental impacts are anticipated to occur.

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JUN 28 2022 3:30

- Section 15303 – Class 3-Construction and location of limited numbers of new, small facilities or structures. In urbanized areas, up to three single-family residences may be constructed under this exemption. The project as proposed is the development and construction of two infill single-family residential homes to be sold to qualified low-income households with a preference for veterans. The development and construction of the residential units will not have an effect on the environment and no significant physical environmental impacts are anticipated to occur, and would not result in any physical impacts related to air quality, traffic, noise, biological or historic resources, or any other potential physical environmental impacts. Once the residential units are constructed, the property will remain as affordable residential units for a period of 15 years. Therefore, the project meets the scope and intent of the Class 3 Exemption.
- Section 15061 – General Rule or “Common Sense” Exemption. The State CEQA Guidelines provides this exemption based upon the general rule that CEQA only applies to projects with the potential to cause a significant effect on the environment. The development and construction of residential units will not have an effect on the environment. The use of the site will be substantially similar to the existing surrounding residential units and will not create any new environmental impacts to the surrounding area. In fact, the infill housing will improve the surrounding community. Therefore, the project as proposed will not have the potential to cause a significant environmental impact and the project is exempt from further CEQA analysis.

Based upon the identified exemptions above, the County of Riverside, Housing & Workforce Solutions hereby concludes that no physical environmental impacts are anticipated to occur and the project as proposed is exempt under CEQA. No further environmental analysis is warranted.

Signature:  Title: Juan Garcia, Principal Development Specialist, Riverside County HWS

Date: 8/16/22 Date received for filing: _____

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

3 Order No.
4 Escrow No.
5 Loan No.

6 RECORDING REQUESTED BY AND
7 WHEN RECORDED MAIL TO:

8 County of Riverside
9 Housing and Workforce Solutions
10 3403 10th Street, Suite 300
11 Riverside, CA 92501
12 Attn: Juan Garcia

13 SPACE ABOVE THIS LINE FOR RECORDER'S USE

14
15 **LOAN AGREEMENT FOR THE USE OF**
16 **NEIGHBORHOOD STABILIZATION PROGRAM FUNDS**
17 **(Peck Street Affordable Housing Project)**

18 This LOAN AGREEMENT FOR THE USE OF NEIGHBORHOOD
19 STABILIZATION PROGRAM FUNDS ("Agreement") is made and entered into this ____ day
20 of _____, 2022 by and between the COUNTY OF RIVERSIDE, a political subdivision
21 of the State of California ("COUNTY") and HABITAT FOR HUMANITY INLAND
22 VALLEY, Inc, a California public benefit corporation ("BORROWER"). The COUNTY and
23 BORROWER may be individually referred to herein as a "Party" and collectively as the
24 "Parties."

25 **WITNESSETH:**

26 **WHEREAS**, the Neighborhood Stabilization Program ("NSP3"), enacted under
27 Title III of Division B of the Housing and Economic Recovery Act of 2008 ("HERA") and
28 appropriated under Community Development Block Grant ("CDBG"), was created under the
heading of Emergency Assistance for Redevelopment of Abandoned and Foreclosed Homes
for the purpose of assisting in the redevelopment of abandoned or foreclosed homes. The intent
of NSP3 is to stabilize neighborhoods in areas with greatest need and stem the decline of house
values of neighboring homes; and

WHEREAS, COUNTY has qualified as an "Urban County" for purposes of
receiving CDBG funds, including NSP3 funds, which are to be used to assist and undertake

1 essential community development and housing assistance activities pursuant to the Housing
2 and Community Development Act of 1974, Title I, as amended, Public Law 93-383 (“Act”);
3 and

4 **WHEREAS**, BORROWER is eligible under NSP3 to apply and receive NSP3
5 funds to perform those activities described herein; and

6 **WHEREAS**, Program Income is defined as, proceeds from the sale, minus
7 transaction costs, fees, and purchase price assistance from the first-time homebuyer (“Program
8 Income”); and

9 **WHEREAS**, BORROWER has proposed to utilize NSP3 funds for the
10 development and construction of one (1) for-sale single family infill home (“Project”) for a
11 qualified low-, moderate, and middle-income (“LMMI”) first-time homebuyer in the County of
12 Riverside, on real property located on approximately 0.16 acres of vacant land located in the
13 City of Lake Elsinore, more specifically located at 245 East Peck Street, Lake Elsinore,
14 California and can also be identified as Assessor Parcel Number (“APN”) 373-041-020 as
15 more specifically described in the legal description and depicted on the site map attached
16 hereto as Exhibit A and incorporated herein by this reference (“Property” or “Assisted Unit”);
17 and

18 **WHEREAS**, the Property is owned by Habitat For Humanity Inland Valley
19 (HFHIV); and

20 **WHEREAS**, the Property will be restricted to ownership and occupancy by a
21 LMMI household whose income do not exceed 120% of the area median income (“AMI”)
22 adjusted for family size appropriate to the unit for a period of at least fifteen (15) years which
23 is more particularly described in **Exhibit A** attached hereto and incorporated herein by this
24 reference; and

25 **WHEREAS**, the purpose of this Agreement is for COUNTY to provide financial
26 assistance to BORROWER in the maximum amount of THREE HUNDRED NINETY
27 THOUSAND Dollars (\$390,000.00) consisting of NSP3 funds, to pay Project costs related to
28 acquisition, development and new construction, as more fully described in **Exhibit A**; and

1 **WHEREAS**, the NSP3-assisted activities described herein comply with the
2 objectives as defined in the COUNTY’s 2008-2009 One Year Action Plan (“Action Plan”) and
3 its amendments as required under NSP3;

4 **WHEREAS**, the NSP3-assisted activities described herein are consistent with
5 the COUNTY’s Consolidated Plan and Action Plan.

6 **NOW, THEREFORE**, based upon the foregoing Recitals and for good and
7 valuable consideration, the receipt and sufficiency of which is acknowledged by all Parties, the
8 COUNTY and BORROWER hereby agree as follows:

9 1. **PURPOSE**. The aforementioned Recitals are true and correct and
10 incorporated herein by this reference. COUNTY has agreed to lend no more than a maximum
11 total amount of THREE HUNDRED NINETY THOUSAND DOLLARS (\$390,000.00) of
12 NSP3 funds (“NSP3 Loan”) to BORROWER upon the terms and conditions set forth herein
13 including but not limited to the conditions precedent to distribution of NSP3 Loan funds set
14 forth in **Section 11**. Subject to performance requirements in **Section 10**, BORROWER shall
15 undertake and complete the NSP3 activities required herein and as set forth in **Exhibit A**, and
16 shall utilize the NSP3 Loan funds, as required herein and pursuant to NSP3.

17 2. **BORROWER’S OBLIGATIONS**. Upon the commencement of the
18 Effective Date (defined in **Section 50**), BORROWER shall undertake and complete the
19 following activities within the time periods set forth herein and in **Exhibit A**:

- 20 a. Satisfy the conditions precedent to distribution of NSP3 Loan
21 funds set forth in **Section 11**.
- 22 b. Acquire fee title to the Property no later than the date set forth in
23 **Exhibit A**, including any County approved extensions thereto.
- 24 c. Develop the Project in accordance with the timeline set forth in
25 **Exhibit A**.
- 26 d. Ensure the Project will remain affordable to a Qualified
27 Homebuyer for the Affordability Period as defined in **Sections 13**
28 and **14** herein without regard to (i) the term of the NSP3 Note or

1 (ii) transfer of ownership as further described in the Homebuyer
2 Covenant Agreement. BORROWER shall also ensure that
3 Qualified Homebuyer executes the Homebuyer Covenant
4 Agreement (described below).

5 e. Maintain the Project in compliance with applicable local, state,
6 federal laws, codes, ordinances and regulations as further
7 described in **Section 20** until the expiration of the Term of this
8 Agreement set forth in **Section 5**, and the Affordability Period set
9 forth in **Sections 13 and 14**.

10 f. Provide the COUNTY the Data Universal Number as assigned by
11 the Data Universal Number System (“DUNS”) assigned to
12 BORROWER as required by the Federal Funding Accountability
13 and Transparency Act of 2006.

14 g. Cooperate with the Riverside County Workforce Development
15 Center (“WDC”) and post all jobs created, if any, as a result of
16 this Project with the WDC. Evidence of posted jobs, if any, shall
17 be submitted to the COUNTY prior to start of construction.

18 3. COUNTY’S OBLIGATIONS. The COUNTY agrees to undertake and
19 complete the following activities, subject to its receipt of NSP3 funds from the U.S.
20 Department of Housing and Urban Development (“HUD”) and BORROWER’s satisfactory
21 completion of the conditions precedent to disbursement of NSP3 funds set forth in this
22 Agreement:

23 a. Provide the NSP3 Loan to BORROWER in the total amount
24 identified in **Section 1** to pay NSP3-eligible costs including, but
25 not limited to, acquisition, construction, and disposition costs for
26 the Project pursuant to the NSP1 Program.

27 b. Project shall remain in compliance with all applicable Federal,
28 State, and local codes, laws, regulations an ordinances as

1 described in **Section 20**.

2 4. PRIOR COUNTY APPROVAL. BORROWER shall obtain COUNTY'S
3 approval, through its Department of Housing and Workforce Solutions ("HWS"), of all items
4 requiring such approvals as described in this Agreement.

5 5. NSP3 Loan. Subject to the satisfaction of the conditions precedent to
6 disbursement of the NSP3 Loan set forth in **Section 11**, COUNTY shall provide financing to
7 BORROWER in the form of a loan in the amount of the NSP3 Loan, pursuant to the following
8 terms and conditions:

9 a. Term of NSP3 Loan. This Agreement shall become effective upon
10 the Effective Date, as defined in **Section 50**, and shall continue in
11 full force and effect for a period of eighteen (18) months (the
12 "Term").

13 b. Principal. The total amount of the NSP3 Loan shall not exceed
14 \$390,000 and shall be evidenced by a Promissory Note,
15 substantially conforming in form and substance to the Promissory
16 Note attached hereto as **Exhibit C** and incorporated herein by this
17 reference ("NSP3 Note"). The NSP3 Note shall be secured by a
18 Deed of Trust, Security Agreement and Fixture Filing with
19 Assignment of Rents, substantially conforming in form and
20 substance to the Deed of Trust, Security Agreement and Fixture
21 Filing with Assignment of Rents attached hereto as **Exhibit B** and
22 incorporated herein by this reference ("NSP3 Deed of Trust").

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

24 d. Repayment. The terms of the NSP3 Note shall be as follows:

- 25 1) The NSP3 Loan shall be: (1) due and payable in an Event
26 of Default (set forth in **Section 28**) by BORROWER
27 which has not been cured as provided for in this
28 Agreement, and (2) converted to a grant upon sale and

1 transfer of title to a Qualified Homebuyer and upon
2 execution and recordation of the Homebuyer Covenant
3 Agreement.

4 2) The NSP3 Loan shall be converted to a grant upon the sale
5 and transfer of title of the Assisted Unit to a Qualified
6 Homebuyer and BORROWER shall cause the Qualified
7 Homebuyer to record in the Official Records of the
8 County of Riverside a Covenant Agreement (“Homebuyer
9 Covenant Agreement”), substantially conforming in form
10 and substance to the Homebuyer Covenant Agreement
11 attached hereto as **Exhibit G** and incorporated herein by
12 this reference. The term, “Official Records” used herein
13 shall mean the Official Records of the Recorder’s Office
14 of the County of Riverside. At the time of sale of the
15 Assisted Unit to a Qualified Homebuyer and upon
16 execution and recordation of the Homebuyer Covenant
17 Agreement, COUNTY shall cause to be delivered to
18 BORROWER a full reconveyance of the Deed of Trust, of
19 which termination shall not affect the Affordability Period,
20 as defined in **Sections 13 and 14** for the Assisted Unit.

21 3) BORROWER shall be the primary lender to provide the
22 Qualified Homebuyer a minimum 30-year fixed rate
23 mortgage loan to purchase the home.

24 4) Upon sale of the Property prior to the expiration of the
25 Affordability Period, BORROWER shall utilize proceeds
26 from the sale towards eligible NSP3 activities, as defined
27 in the County of Riverside’s 2008-2009 One Year Action
28 Plan and its amendments.

1 5) Annual financial statements providing for the status of the
2 NSP3 proceeds shall be submitted to COUNTY within 60
3 days of July 1st for COUNTY review and approval
4 commencing on July 1, 2022.

5 e. Security. The NSP3 Loan shall be secured by NSP3 Deed of Trust
6 and BORROWER agrees that the NSP3 Deed of Trust shall be in
7 the first position until the home has been sold to a Qualified
8 Homebuyer. Upon conveyance to a Qualified Homebuyer, the
9 Homebuyer Covenant Agreement shall be in the first position.

10 6. TERM OF AGREEMENT. This Agreement shall become effective upon
11 the Effective Date, as defined in **Section 50**, and shall continue in full force and effect for a
12 period of eighteen (18) months (the "Term").

13 7. BORROWER REPRESENTATIONS. BORROWER represents and
14 warrants to COUNTY as follows:

15 a. Authority. BORROWER is a duly organized non-profit public
16 benefit corporation under the laws of the State of California and is
17 certified to conduct business in the State of California by the
18 California Secretary of State. The copies of the documents
19 evidencing the organization of BORROWER, which have been
20 delivered to the COUNTY, are true and complete copies of the
21 originals, amended to the date of this Agreement. BORROWER
22 has full right, power and lawful authority to accept the
23 conveyance of the eligible Property of the Project and undertake
24 all obligations as provided herein and the execution, performance
25 and delivery of this Agreement by BORROWER has been fully
26 authorized by all requisite actions on the part of BORROWER.

27 b. No Conflict. To the best of BORROWER's knowledge,
28 BORROWER's execution, delivery and performance of its

1 obligations under this Agreement will not constitute a default or a
2 breach under contract, agreement or order to which BORROWER
3 is a party or by which it is bound.

4 c. No Bankruptcy. BORROWER is not the subject of a bankruptcy
5 proceeding.

6 d. Prior to Closing. BORROWER shall upon learning of any fact or
7 condition which would cause any of the warranties and
8 representations in this Agreement not to be true as of Closing,
9 immediately give written notice such fact or condition to
10 COUNTY. Such exception(s) to a representation shall not be
11 deemed a breach by BORROWER hereunder, but shall constitute
12 an exception which COUNTY shall have the right to approve or
13 disapprove if such exception would have an effect on the value or
14 operation of the Project.

15 8. COMPLETION SCHEDULE. BORROWER shall proceed consistent
16 with the completion schedule set forth in **Exhibit A**, as the same may be amended in writing
17 by the parties from time to time, and subject to force majeure delays.

18 9. FORCE MAJEURE DELAYS. "Force Majeure" means event(s) beyond
19 the reasonable control of BORROWER, and which could not have been reasonably anticipated,
20 which prevent(s) BORROWER from complying with any of its obligations under this
21 Agreement, including, but not limited to: acts of God, acts of war, acts or threats of terrorism,
22 civil disorders, strikes, labor disputes, flood, fire, explosion, earthquake, Indian
23 remains/artifacts or other similar acts.

24 "Force Majeure Delay" is delay due to Force Majeure event that, in each
25 case, (i) materially adversely affects the performance by BORROWER of its obligations
26 hereunder, (ii) is not reasonably foreseeable and is beyond BORROWER's reasonable control,
27 (iii) despite the exercise of reasonable diligence, cannot be prevented, avoided or removed by
28 BORROWER and is not attributable to the negligence, willful misconduct or bad faith of

1 BORROWER, and (iv) is not the result of the failure of BORROWER to perform any of its
2 obligations under this Agreement. Notwithstanding the foregoing, a Force Majeure Delay shall
3 not be deemed to have occurred unless BORROWER has notified COUNTY in writing of such
4 occurrence of a Force Majeure event within fifteen (15) days after such occurrence and has
5 provided COUNTY with the details of such event and the length of the anticipated delay within
6 an additional fifteen (15) days thereafter. BORROWER shall diligently attempt to remove,
7 resolve, or otherwise eliminate such event, keep COUNTY advised with respect thereto, and
8 shall commence performance of its obligations hereunder immediately upon such removal,
9 resolution or elimination. During the occurrence and continuance of a Force Majeure Delay,
10 BORROWER shall be excused from performance of its obligations under this Agreement to
11 the extent the Force Majeure event prevents BORROWER from performing such obligations.

12 10. PERFORMANCE REQUIREMENTS. BORROWER shall complete all
13 of the following activities within the timeframe specified below:

- 14 a. Construct the Assisted Unit as set forth in Exhibit A, within eighteen
15 (18) months from the Effective Date; and
- 16 b. Sell the Assisted Unit to a Qualified Homebuyer within eighteen (18)
17 months from the Effective Date.
- 18 c. Upon sale of the Assisted Unit to a Qualified Homebuyer,
19 BORROWER shall cause the Qualified Homebuyer to execute and
20 record a Homebuyer Covenant Agreement in the Official Records
21 concurrently with the close of escrow.

22 Subject to the Force Majeure Delays, as provided in **Section 9** above, failure to meet the
23 performance requirements in this **Section 10** shall constitute an Event of Default. Notice of
24 Default and Opportunity to Cure provisions are set forth in **Section 28** below.

25 _____
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26 11. CONDITIONS PRECEDENT FOR DISBURSEMENT OF NSP3 LOAN
27 FUNDS. COUNTY, through its HWS, shall: (1) make payments of the NSP3 Loan to
28 BORROWER as specified in **Exhibit A**, and (2) monitor the Project to ensure compliance with

1 applicable federal, state and local laws, regulations, ordinances, including environmental
2 compliance, and the terms of this Agreement.

3 There will be no disbursement of funds for acquisition, development and new
4 construction costs for the Assisted Unit until the following conditions precedent are first
5 satisfied:

- 6 a. BORROWER shall execute this Loan Agreement, Deed of Trust,
7 and Promissory Note
- 8 b. If Davis Bacon wages are required to be paid, then BORROWER
9 must hire a qualified professional firm or assign experienced staff
10 to review and monitor Davis-Bacon prevailing wage compliance
11 for all submissions of contractors certified payrolls to the
12 COUNTY;
- 13 c. BORROWER must provide satisfactory evidence that it has
14 secured any and all permits and approvals which may be required
15 for construction of the Assisted Unit pursuant to the applicable
16 rules and regulations of the county and cities where the properties
17 are located and any other governmental agency affected by such
18 construction of work;
- 19 d. BORROWER shall provide a detailed construction plan and
20 timetable to complete the construction and sale of the Assisted
21 Unit in accordance with the implementation schedule shown in
22 **Exhibit A** including a detailed line item construction cost budget
23 for review and approval by COUNTY;
- 24 e. BORROWER shall provide duly executed documents and
25 instruments showing the ownership of the Assisted Unit;
- 26 f. BORROWER shall pay all costs incurred due to the ownership
27 and development of the Assisted Unit in a timely manner.
28 BORROWER shall pay all incurred costs on or before the date

1 such incurred cost becomes delinquent. COUNTY shall not
2 reimburse BORROWER for late payments or penalties incurred
3 by BORROWER due to non-timely payment. In the event that
4 COUNTY has inadvertently paid for a late payment penalty, the
5 amount of the penalty shall be deducted from the BORROWER's
6 fee, unless otherwise authorized by the COUNTY;

7 g. Pursuant to 24 CFR Parts 180 and 2424, BORROWER shall
8 certify that BORROWER, and its principals, or any/all persons,
9 contractors, consultants, businesses, etc. ("BORROWER
10 Associates"), that BORROWER is conducting business with, are
11 not presently debarred, proposed for debarment, suspended,
12 declared ineligible, or voluntarily excluded from participation or
13 from receiving federal contracts or federally approved
14 subcontracts or from certain types of federal financial and
15 nonfinancial assistance and benefits with the Excluded Parties
16 Listing System ("EPLS"). EPLS records are located at
17 www.sam.gov; and

18 h. BORROWER shall search and provide a single comprehensive
19 list of BORROWER Associates (individuals and firms) and print
20 and maintain evidence of the search results of each BORROWER
21 associate as verification of compliance with this requirement as
22 provided in **Exhibit F**, Contractor Debarment Certification Form,
23 which is incorporated herein and attached hereto by reference.

24 COUNTY shall release final draw down, including BORROWER's developer
25 fee, of NSP3 funds for the Assisted Unit following receipt of all of the following closing
26 documents from BORROWER:

- 27 1) Conditional lien release from general contractor;
- 28 2) recorded Notice of Completion;

- 1 3) if applicable, all remaining Davis Bacon documentation, if
- 2 any, including, but not limited to, complete certified
- 3 payrolls, Section 3 certifications, fringe benefit forms, and
- 4 certificates of authorization and understanding;
- 5 4) final Contract and Subcontract Activity report, Minority
- 6 Business Enterprise/Women Business Enterprise
- 7 (MBE/WBE) report, HUD form 2516;
- 8 5) final development costs and project budget; and
- 9 6) final sources and uses of funds.

10 Provided BORROWER has executed this Agreement and this Agreement has been
11 recorded in the Official Records, BORROWER shall be permitted to draw down no more than
12 Five Thousand (\$5,000) Dollars in NSP3 Loan funds for eligible soft costs incurred for the
13 Project prior to satisfaction of the remaining conditions precedent to distribution of the NSP3
14 Loan funds set forth in this **Section 11** above. Should the Project be cancelled, all funds drawn
15 down shall be paid back by BORROWER to COUNTY within thirty (30) calendar days after
16 receiving a request for repayment from the COUNTY.

17 12. DISTRIBUTION OF FUNDS. The Disaster Recovery Grant Reporting
18 (DRGR) system was developed by HUD's Office of Community Planning and Development
19 and will be utilized for NSP3. The DRGR system is a computerized system which manages,
20 disburses, collects, and reports information on the use of NSP3 funds in the United States
21 Treasury Account.

22 Disbursement of NSP3 funds shall occur upon the satisfactory receipt of copies
23 of invoices and conditional (upon receipt of payment) lien releases for relocation, rehabilitation
24 and disposition costs to be paid with the proceeds of the NSP3 Loan. Any disbursement of
25 funds is expressly conditioned upon the satisfaction of conditions set forth herein, including,
26 but not limited to the conditions set forth in **Section 11** above. Subject to the satisfaction of the
27 required conditions precedent, COUNTY shall disburse to BORROWER the sum specified in
28 **Section 1** above on a "cost-as-incurred" basis for all eligible approved costs under itemized

1 schedule shown in **Exhibit A** as follows:

- 2 a. Up to ninety percent (90%) of the NSP3 Loan may be disbursed
3 as construction cost is incurred.

4 COUNTY shall release and disburse the final draw down of ten percent
5 (10%) of the NSP3 Loan, including the BORROWER's developer fee, following receipt of all
6 of the items listed in **Section 11**.

7 13. TERMS OF AFFORDABILITY. The period of affordability for the
8 Assisted Unit (the "Affordability Period") shall be fifteen (15) years from the date a Grant
9 Deed and Homebuyer Covenant Agreement are concurrently recorded in the Official Records
10 conveying title from the BORROWER to the Qualified Homebuyer.

11 14. AFFORDABILITY RESTRICTIONS. The COUNTY and BORROWER
12 hereby declare their express intent that the restrictions set forth in the Homebuyer Covenant
13 Agreement and this Agreement for the Assisted Unit of the Project shall run with the land as a
14 lien for a period of fifteen (15) years as set forth in **Section 13** above. The restrictions set forth
15 in this Agreement for the Assisted Unit of the Project shall bind all successors in title to the
16 Assisted Unit until the expiration of the Affordability Period. Each and every contract, deed or
17 other instrument hereafter executed covering and conveying the Assisted Unit or any portion
18 thereof shall be held conclusively to have been executed, delivered and accepted subject to
19 such restrictions, regardless whether such restrictions are set forth in such contract, deed or
20 other instrument.

21 15. BORROWER'S DEVELOPER FEE AND REAL ESTATE SALE
22 COMMISSIONS. The BORROWER's developer fee cannot exceed 10% of total Project costs
23 identified in **Exhibit A**. COUNTY will allow for real estate commissions up to 3% of the
24 resale price for the Assisted Unit. BORROWER's developer fee shall be disbursed in
25 accordance with **Section 11**. The real estate commission fee shall not be calculated as part of
26 the Project Cost in determining BORROWER's developer fee.

27 16. INSURANCE. Without limiting or diminishing BORROWER'S
28 obligation to indemnify or hold COUNTY harmless, BORROWER or its general contractor for

1 the Project (“**General Contractor**”), shall procure and maintain or cause to be maintained, at
2 its sole cost and expense, the following insurance coverages during the Term of this
3 Agreement.

4 a. Builder’s All Risk (Course of Construction) Insurance.

5 BORROWER shall require contractor provide a policy of
6 Builder’s All Risk (Course of Construction) insurance coverage
7 including (if the work is located in an earthquake or flood zone or
8 if required on financed or bond financing arrangements) coverage
9 for earthquake and flood, covering the COUNTY, BORROWER
10 and every subcontractor, of every tier, for the entire Project,
11 including property to be used in the construction of the work
12 while such property is at off-site storage locations or while in
13 transit or temporary off-site storage. Such policy shall include,
14 but not be limited to, coverage for fire, collapse, faulty
15 workmanship, debris removal, expediting expense, fire
16 department service charges, valuable papers and records, trees,
17 grass, shrubbery and plants. If scaffolding, false work and
18 temporary buildings are insured separately by the BORROWER
19 or others, evidence of such separate coverage shall be provided to
20 County prior to the start of the work. Such policy shall be written
21 on an all risk basis and a completed value form. Such policy shall
22 cover the full insurable value. Such policy shall also provide
23 coverage for temporary structures (on-site offices, etc.), fixtures,
24 machinery and equipment being installed as part of the
25 work. BORROWER shall be responsible for any and all
26 deductibles under such policy. Upon request by COUNTY,
27 BORROWER shall declare all terms, conditions, coverages and
28 limits of such policy. Such policy shall name the COUNTY as a

1 loss payee as their interest may appear. If the County so provides,
2 in its sole discretion, the All Risk (Course of Construction)
3 insurance for the Project, then BORROWER shall assume the cost
4 of any and all applicable policy deductibles (currently, \$50,000
5 per occurrence) and shall insure its own machinery, equipment,
6 tools, etc. from any loss of any nature whatsoever.

7 b. Worker's Compensation Insurance.

8 If BORROWER or General Contractor have employees as defined
9 by the State of California, the CONTRACTOR shall maintain
10 statutory Workers' Compensation Insurance (Coverage A) as
11 prescribed by the laws of the State of California. Policy shall
12 include Employers' Liability (Coverage B) including
13 Occupational Disease with limits not less than \$1,000,000 per
14 person per accident. The policy shall be endorsed to waive
15 subrogation in favor of The County of Riverside. Policy shall
16 name the COUNTY as Additional Insureds.

17 c. Commercial General Liability Insurance.

18 Borrower shall maintain Commercial General Liability insurance
19 coverage, including but not limited to, premises liability,
20 unmodified contractual liability, products and completed
21 operations liability, personal and advertising injury, and cross
22 liability coverage, covering claims which may arise from or out of
23 CONTRACTOR'S performance of its obligations hereunder.
24 Policy shall name the COUNTY as Additional Insured. Policy's
25 limit of liability shall not be less than \$2,000,000 per occurrence
26 combined single limit. If such insurance contains a general
27 aggregate limit, it shall apply separately to this agreement or be
28 no less than two (2) times the occurrence limit. Policy shall name

1 the COUNTY as Additional Insureds.

2 d. Vehicle Liability Insurance.

3 If vehicles or mobile equipment are used in the performance of
4 the obligations under this Agreement, then CONTRACTOR shall
5 maintain liability insurance for all owned, non-owned or hired
6 vehicles so used in an amount not less than \$1,000,000 per
7 occurrence combined single limit. If such insurance contains a
8 general aggregate limit, it shall apply separately to this agreement
9 or be no less than two (2) times the occurrence limit. Policy shall
10 name the COUNTY as Additional Insureds.

11 e. Fire Insurance.

12 BORROWER shall furnish new fire insurance prior to the close of
13 escrow of Assisted Unit with sufficient coverage on the dwelling
14 for replacement of subject property. BORROWER will deposit
15 sufficient funds as called for by escrow to pay first year premium
16 at close of escrow. COUNTY shall be listed as additional insured
17 on the property's fire insurance, title insurance, and flood
18 insurance, if applicable. The loss payee shall read: County of
19 Riverside, its successors and/or assigns, 3403 10th Street, Suite
20 300, Riverside, CA 92501, Attention: Housing and Workforce
21 Solutions.

22 f. General Insurance Provisions – All Lines.

- 23 i) Any insurance carrier providing insurance coverage
24 hereunder shall be admitted to the State of California
25 and have an A M BEST rating of not less than A: VIII
26 (A:8) unless such requirements are waived in writing,
27 by COUNTY Risk Manager. If COUNTY's Risk
28 Manager waives a requirement for a particular insurer

1 such waiver is only valid for that specific insurer and
2 only for one policy term.

3 ii) BORROWER, or Borrower on behalf of General
4 Contractor, must declare its insurance self-insured
5 retentions. If such self-insured retentions exceed
6 \$500,000 per occurrence such retentions shall have the
7 prior written consent of COUNTY Risk Manager
8 before the commencement of operations under this
9 Agreement. Upon notification of self-insured
10 retention unacceptable to COUNTY, and at the
11 election of COUNTY's Risk Manager,
12 BORROWER's or General Contractor's, as applicable,
13 carriers shall either: (a) reduce or eliminate such self-
14 insured retention as respects this Agreement with
15 COUNTY, or (b) procure a bond which guarantees
16 payment of losses and related investigations, claims
17 administration, and defense costs and expenses.

18 iii) BORROWER shall cause BORROWER's and General
19 Contractor's insurance carrier(s) to furnish the County
20 of Riverside with copies of the Certificate(s) of
21 Insurance and Endorsements effecting coverage as
22 required herein, and 2) if requested to do so orally or
23 in writing by COUNTY Risk Manager, provide copies
24 of policies including all Endorsements and all
25 attachments thereto, showing such insurance is in full
26 force and effect. Further, said Certificate(s) and
27 policies of insurance shall contain the covenant of the
28 insurance carrier(s) that thirty (30) days written notice

1 shall be given to the County of Riverside prior to any
2 material modification, cancellation, expiration or
3 reduction in coverage of such insurance. In the event
4 of a material modification, cancellation, expiration, or
5 reduction in coverage, this Agreement shall terminate
6 forthwith, unless the County of Riverside receives,
7 prior to such effective date, another Certificate of
8 Insurance and copies of endorsements, including all
9 endorsements and attachments thereto evidencing
10 coverages set forth herein and the insurance required
11 herein is in full force and effect. BORROWER shall
12 not commence operations until COUNTY has been
13 furnished Certificate(s) of Insurance and copies of
14 endorsements and if requested, copies of policies of
15 insurance including all endorsements and any and all
16 other attachments as required in this Section. An
17 individual authorized by the insurance carrier on its
18 behalf shall sign the original endorsements for each
19 policy and the Certificate of Insurance.

20 iv) It is understood and agreed to by the parties hereto the
21 BORROWER's insurance shall be construed as
22 primary insurance, and COUNTY's insurance and/or
23 deductibles and/or self-insured retentions or self-
24 insured programs shall not be construed as
25 contributory.

26 v) If, during the term of this Agreement or any extension
27 thereof, there is a material change in the scope of
28 services; or, there is a material change in the

1 equipment to be used in the performance of the scope
2 of work which will add additional exposures (such as
3 the use of aircraft, watercraft, cranes, etc.); or, the term
4 of this Agreement, including any extensions thereof,
5 exceeds five (5) years, COUNTY reserves the right to
6 adjust the types of insurance required under this
7 Agreement and the monetary limits of liability for the
8 insurance coverages currently required herein, if; in
9 COUNTY Risk Manager's reasonable judgment, the
10 amount or type of insurance carried by BORROWER
11 has become inadequate.

12 vi) BORROWER shall pass down the insurance
13 obligations contained herein to all tiers of
14 subcontractors working under this Agreement.

15 vii) The insurance requirements contained in this
16 Agreement may be met with a program(s) of self-
17 insurance acceptable to COUNTY.

18 viii) BORROWER agrees to notify COUNTY of any
19 claim by a third party or any incident or event that may
20 give rise to a claim arising from the performance of
21 this Agreement.

22 17. FINANCIAL AND PROJECT RECORDS. BORROWER shall maintain
23 financial, programmatic, statistical, and other supporting records of its operations and financial
24 activities in accordance with the requirements of NSP3, and the regulations as amended and
25 promulgated thereunder, which records shall be open to inspection and audit by authorized
26 representatives of COUNTY, HUD, and the Comptroller General of the United States during
27 regular working hours. COUNTY, HUD, and the Comptroller General, or any of their
28 representatives, have the right of access with at least forty-eight (48) hours prior notice, to any

1 pertinent books, documents, papers, or other records of BORROWER, in order to make audits,
2 examinations, excerpts, and transcripts. Said records shall be retained for such time as may be
3 required by the regulations of NSP3, but in no event no less than five (5) years after the Project
4 completion date as evidenced by recordation of the Notice of Completion; except that records
5 of individual tenant income verifications, project rents, and project inspections must be
6 retained for the most recent five (5) year period, until five (5) years after the Affordability
7 Period terminates. If any litigation, claim, negotiation, audit, or other action has been started
8 before the expiration of the regular period specified, the records must be retained until
9 completion of the action and resolution of all issues which arise from it, or until the end of the
10 regular period, whichever is later.

11 18. PROJECT MONITORING AND EVALUATION. Except as otherwise
12 provided for in this Agreement, BORROWER shall maintain and submit records to the
13 COUNTY within ten (10) business days of the COUNTY's request which clearly documents
14 BORROWER's performance under each requirement of NSP3. A list of document submissions
15 and timeline are shown in **Exhibit A** and such list may be amended from time to time subject
16 to HUD and COUNTY reporting requirements.

17 19. ACCESS TO PROJECT SITE. COUNTY and HUD shall have the right
18 to visit the Project site at all reasonable times, and upon completion of the Project upon
19 reasonable written notice to BORROWER, to review the operation of the Project in accordance
20 with this Agreement.

21 20. COMPLIANCE WITH LAWS AND REGULATIONS. By executing this
22 Agreement, BORROWER hereby certifies that it will adhere to and comply with all federal,
23 state and local laws, regulations and ordinances. In particular, BORROWER shall comply with
24 the following as they may be applicable to BORROWER of funds granted pursuant to the
25 NSP3 program:

- 26 a. NSP3 regulations as set forth under HERA, as it now exists and
27 may hereafter be amended, and Federal Register / Vol. 73, No.
28 194 / Monday, October 6, 2008 / Docket No. FR-5255-N-01,

1 Notice of Allocations, Application Procedures, Regulatory
2 Waivers Granted to and Alternative Requirements for Emergency
3 Assistance for Redevelopment of Abandoned and Foreclosed
4 Homes Grantees Under the Housing and Economic Recovery Act,
5 2008. Since NSP3 is a component of the Community
6 Development Block Grant (CDBG) Program, the CDBG
7 regulatory structure is the platform used to implement NSP3. The
8 regulations created by the Office of the Assistant Secretary of
9 Community Planning and Development that pertain to
10 Community Development programs are contained within 24 CFR
11 part 570 - Community Development Block Grants. NSP3 is
12 governed by CDBG regulations except where specifically waived.

13 b. 24 CFR Section 92.350 Other Federal requirements and
14 nondiscrimination. As set forth in 24 CFR Part 5, Subpart A,
15 BORROWER is required to include the following requirements:
16 nondiscrimination and equal opportunity under Section 282 of the
17 Act; disclosure; debarred, suspended, or ineligible contractors;
18 and drug-free workplace.

19 c. 24 CFR Section 92.351 Affirmative marketing and minority
20 outreach program. BORROWER shall adopt affirmative
21 marketing procedures and requirements which shall include the
22 following:

23 (1) Methods for informing the public, owners, and potential
24 tenants about Federal fair housing laws and the affirmative
25 marketing policy (e.g., the use of the Equal Housing
26 Opportunity logotype or slogan in press releases and
27 solicitations for owners, and written communication to fair
28 housing and other groups).

- 1 (2) Requirements and practices that BORROWER shall
2 adhere to in order to carry out the affirmative marketing
3 procedures and requirements (e.g., use of commercial
4 media, use of community contacts, use of the Equal
5 Housing Opportunity logotype or slogan, and display of
6 fair housing poster).
- 7 (3) Procedures to be used by BORROWER to inform and
8 solicit applications from persons in the housing market
9 area who are not likely to apply without special outreach
10 (e.g., use of community organizations, employment
11 centers, fair housing groups, or housing counseling
12 agencies).
- 13 (4) Records that will be kept describing actions taken by
14 BORROWER to affirmatively market units and records to
15 assess the results of these actions.
- 16 (5) A description of how BORROWER will annually assess
17 the success of affirmative marketing actions and what
18 corrective actions will be taken where affirmative
19 marketing requirements are not met.
- 20 (6) BORROWER must prescribe procedures to establish and
21 oversee a minority outreach program to ensure the
22 inclusion, to the maximum extent possible, of minorities
23 and women, and entities owned by minorities and women,
24 including, without limitation, real estate firms,
25 construction firms, appraisal firms, management firms,
26 financial institutions, investment banking firms,
27 underwriters, accountants, and providers of legal services,
28 in all contracts entered into by BORROWER with such

1 persons or entities, public and private, in order to facilitate
2 the activities of COUNTY to provide affordable housing
3 authorized under this Act or any other Federal housing
4 law. 2 CFR Section 200.321 provides affirmative steps to
5 assure that minority business enterprises and women
6 business enterprises are used when possible in the
7 procurement of property and services. The steps include:

- 8 (i) Placing qualified small and minority businesses
9 and women's business enterprises on solicitation
10 lists;
- 11 (ii) Assuring that small and minority businesses, and
12 women's business enterprises are solicited
13 whenever they are potential sources;
- 14 (iii) Dividing total requirements, when economically
15 feasible, into smaller tasks or quantities to permit
16 maximum participation by small and minority
17 business, and women's business enterprises;
- 18 (iv) Establishing delivery schedules, where the
19 requirement permits, which encourage
20 participation by small and minority business, and
21 women's business enterprises;
- 22 (v) Using the services and assistance of the Small
23 Business Administration, and the Minority
24 Business Development Agency of the Department
25 of Commerce; and
- 26 (vi) Requiring the prime contractor, if subcontracts are
27 to be let, to take the affirmative steps listed in (i)
28 through (v) above of this section.

- 1 d. 24 CFR Section 92.352 Environmental review. The
2 environmental effects of each activity carried out with HOME
3 funds must be assessed in accordance with the provisions of the
4 National Environmental Policy Act of 1969 (NEPA) (42 U.S.C.
5 4321) and the related authorities listed in HUD's implementing
6 regulations at 24 CFR Parts 50 and 58.
- 7 e. 24 CFR Section 92.353 Displacement, relocation, and acquisition.
8 The relocation requirements of Title II and the acquisition
9 requirements of Title III of the Uniform Relocation Assistance
10 and Real Property Acquisition Policies Act of 1970, and the
11 implementing regulations at 24 CFR Part 42. BORROWER must
12 ensure that it has taken all reasonable steps to minimize the
13 displacement of persons as a result of this project assisted with
14 NSP3 Funds.
- 15 f. 24 CFR Section 92.354 Lead-based paint. Housing assisted with
16 NSP3 funds is subject to the lead-based paint requirements of 24
17 CFR Part 35 issued pursuant to the Lead-Based Paint Poisoning
18 Prevention Act (42 U.S.C. 4821, et seq.). The lead-based paint
19 provisions of 24 CFR 982.401 (j), except 24 CFR 982.401
20 (j)(1)(i), also apply, irrespective of the applicable property
21 standard under §92.251.
- 22 g. 24 CFR Section 92.354 Labor. Every contract for the construction
23 of housing that includes twelve (12) or more units assisted with
24 NSP3 funds must contain a provision requiring the payment of not
25 less than the wages prevailing in the locality, as predetermined by
26 the Secretary of Labor pursuant to the Davis-Bacon Act (40
27 U.S.C. 276a-276a-5), to all laborers and mechanics employed in
28 the development of any part of the housing. Such contracts must

1 also be subject to the overtime provisions, as applicable, of the
2 Contract Work Hours and Safety Standards Act (40 U.S.C. 327-
3 332). If applicable, BORROWER must apply most current wage
4 rate determination at the date of execution of this Agreement.

5 h. 24 CFR Section 92.356 Conflict of Interest. In the procurement of
6 property and services by BORROWER, the conflict of interest
7 provisions in 2 CFR Section 200.317 and 2 CFR Section 200.318,
8 respectively shall apply. Section 92.356 shall cover all cases not
9 governed by 2 CFR Section 200.317 and 2 CFR Section 200.318.

10 j. State and local codes, ordinances, and requirements. COUNTY
11 requires the housing to meet all applicable State and local codes,
12 ordinances, and requirements. Housing that is rehabilitated with
13 NSP3 funds must also meet California Building Standards Code
14 (California Code of Regulations, Title 24) and applicable local
15 codes, ordinances, and zoning requirements.

16 k. Section 3 of the Housing and Urban Development Act of 1968.
17 To the greatest extent feasible, opportunities for training and
18 employment arising from NSP3 funds will be provided to low-
19 income persons residing in the program service area. To the
20 greatest extent feasible, contracts for work to be performed in
21 connection with NSP3 funds will be awarded to business concerns
22 that are located in or owned by persons residing in the program
23 service area as outlined in the Riverside County HWS Section 3
24 Contract Requirements attached hereto as **Exhibit D** and
25 incorporated herein by reference. Contracts funded from Section 3
26 covered funding sources must abide by the Section 3 Clause
27 prescribed at 24 CFR Section 135.38. All contracts subject to the
28 requirements of Section 3 must include the Section 3 Clause

1 verbatim that is contained at 24 CFR Section 135.38 attached
2 hereto as **Exhibit D** and incorporated herein by reference.

3 l. Section 106 of the National Historic Preservation Act of 1966
4 (NHPA). Consultation with concerned Native American tribes
5 must continue under HUD regulation 24 CFR Parts 50 and 58,
6 and Section 106 of the National Historic Preservation Act and its
7 implementing regulations 36 CFR Part 800 for possible impacts
8 on historic properties. Historic properties include archeological
9 sites, burial grounds, sacred landscapes or features, ceremonial
10 areas, traditional cultural places and landscapes, plant and animal
11 communities, and buildings and structures with significant tribal
12 association.

13 m. 24 CFR Section 92.358 Consultant Activities. No person
14 providing consultant services in an employer-employee type
15 relationship shall receive more than a reasonable rate of
16 compensation for personal services paid with NSP3 funds.

17 n. BORROWER shall carry out its activity pursuant to this
18 Agreement in compliance with all federal laws and regulations
19 described in 24 CFR Part 92 Subpart E (Program Requirements),
20 except that:

21 (a) BORROWER does not assume COUNTY'S
22 environmental responsibilities described at 24 CFR
23 Section 92.352; and

24 (b) BORROWER does not assume COUNTY's responsibility
25 for initiating the review process under the provisions of 24
26 CFR Section 92.352

27 o. Uniform Administrative Requirements of 24 CFR 92.505 and 24
28 CFR Part 200 as now in effect and as may be amended from time

1 to time. 24 CFR Part 84 and 2 CFR Part 200 “Common Rule”,
2 OMB Circular Nos. A-87 (for government entities), A-122 (for
3 non-profit organizations), and 2 CFR Part 200 et seq. Federal
4 awards expended as a recipient or a subrecipient, as defined by
5 HUD, would be subject to single audit. The payments received for
6 goods or services provided as a vendor would not be considered
7 Federal awards.

8 p. BORROWER shall include written agreements that include all
9 provisions of **Section 20** if BORROWER provides NSP3 funds to
10 for-profit owners or developers, non-profit owners or developers,
11 sub-recipients, homeowners, homebuyers, tenants receiving
12 tenant-based rental assistance, or contractors.

13 q. Immigration requirements of Federal Register, Vol. 62, No. 221,
14 Department of Justice Interim Guidance on Verification of
15 Citizenship, Qualified Alien Status and Eligibility Under Title IV
16 of the Personal Responsibility and Work Opportunity
17 Reconciliation Act of 1996 (“PRWORA”). Final Attorney
18 General’s Order issued pursuant to PRWORA is specified under
19 Federal Register Vol. 66, No. 10, Department of Justice Final
20 Specification of Community Programs Necessary for Protection
21 of Life or Safety Under Welfare Reform Legislation.

22 d. BORROWER shall comply with all applicable local, state and
23 federal laws in addition to the above mentioned laws.

24 21. INCOME TARGETING REQUIREMENTS. BORROWER shall expend
25 NSP3 funds to assist a low-, moderate, and middle-income (“LMMI”) household whose
26 incomes are at or below one hundred twenty percent (120%) of the AMI pursuant to NSP3
27 regulations, adjusted for family size appropriate to the unit for the County of Riverside.

28 22. DISPOSAL REQUIREMENTS. BORROWER is required to sell the

1 Assisted Unit to a Qualified Homebuyer as described in **Section 23** below. The selling price of
2 the Assisted Unit shall not exceed either (a) the fair market value or (b) the total costs to
3 acquire, construct and dispose the Assisted Unit pursuant to NSP3.

4 23. QUALIFIED HOMEBUYER. BORROWER shall provide to HWS
5 evidence to support the following listed information for HWS' review and approval in its sole
6 and absolute discretion, the approval of which shall qualify a household as a "Qualified
7 Homebuyer":

- 8 a. Income Limits. In order for homebuyers to be eligible to purchase
9 an Assisted Unit the proposed homebuyer's annual income shall be a
10 LMMI homebuyer whose annual income must not exceed one
11 hundred twenty percent (120%) of the AMI, as determined by NSP3
12 Regulations, adjusted for family size appropriate to the unit for the
13 County of Riverside. The income and assets of all persons age
14 eighteen (18) and older who will reside in the home must be
15 included in the calculation to determine income eligibility.
- 16 b. Co-owners. Co-owners are only permitted if they will occupy the
17 home as their principal residence and qualify as first time buyers.
18 The income of all co-owners will be included in determining if the
19 household qualifies as moderate income, as noted above. Co-signers
20 are not permitted.
- 21 c. First-time homebuyer. In order to qualify as a first-time homebuyer,
22 the homebuyer cannot have owned a home for the previous three (3)
23 years from the date the homebuyer enters into a purchase agreement.
24 BORROWER shall cause the homebuyer to sign a sworn affidavit
25 attesting that they have not owned a home and tax returns from the
26 last three (3) years will be reviewed to ascertain that no mortgage
27 interest or real estate tax deductions have been claimed.
- 28 d. Principal Residence. The Assisted Unit shall be the principal

1 residence of the Qualified Homebuyer during the Affordability
2 Period.

3 e. Occupancy Standard. All homebuyers must meet the occupancy
4 standard as defined in the Housing Quality Act under 24 CFR
5 Section 982.401 that states, "The dwelling unit must have at least
6 one bedroom or living/sleeping room for each two persons."
7 Children of opposite sex, other than very young children, may not be
8 required to occupy the same bedroom or living/sleeping room.

9 f. Homebuyer Education. Each homebuyer must receive a certificate of
10 completion evidencing at least eight (8) hours of homebuyer
11 counseling from a HUD-approved housing counseling agency before
12 obtaining a mortgage loan.

13 g. Long Term Affordability. NSP3 Assisted Unit must meet the
14 affordability requirements for fifteen (15) years after recordation of
15 the Homebuyer Covenant Agreement and the Grant Deed from
16 BORROWER to Qualified Homebuyer in the Official Records.
17 Affordability requirements apply regardless of the term of any loan,
18 mortgage or the transfer of ownership. Affordability requirements
19 are imposed by deed restrictions.

20 h. County Assistance. The following County of Riverside programs
21 are not eligible: First Time Home Buyer Program, Neighborhood
22 Stabilization Homeownership Program and Redevelopment
23 Homeownership Program.

24 24. FEDERAL REQUIREMENTS. BORROWER shall comply with the
25 provisions of NSP3 and any amendments thereto and all applicable federal regulations and
26 guidelines now or hereafter enacted.

27 25. INDEPENDENT CONTRACTOR. BORROWER and its agents, servants
28 and employees shall act at all times in an independent capacity during the Term of this

1 Agreement, and shall not act as, shall not be, nor shall they in any manner be construed to be
2 agents, officers, or employees of COUNTY.

3 26. NONDISCRIMINATION. BORROWER shall abide by 24 CFR Section
4 570.602 which requires that no person in the United States shall on the grounds of race, color,
5 national origin, religion, or sex be excluded from participation in, be denied the benefits of, or
6 be subjected to discrimination under any program or activity receiving Federal financial
7 assistance made available pursuant to the Act. Under the Act, Section 109 directs that the
8 prohibitions against discrimination on the basis of age under the Age Discrimination Act and
9 the prohibitions against discrimination on the basis of disability under Section 504 shall apply
10 to programs or activities receiving Federal financial assistance under Title I programs. The
11 policies and procedures necessary to ensure enforcement of Section 109 are codified in 24 CFR
12 Part 6. In addition, BORROWER shall not discriminate on the basis of race, gender, religion,
13 national origin, ethnicity, sexual orientation, age or disability in the solicitation, selection,
14 hiring or treatment of any contractors or consultants, to participate in
15 subcontracting/subconsulting opportunities. BORROWER understands and agrees that
16 violation of this clause shall be considered a material breach of this Lease and may result in
17 termination, debarment or other sanctions. This language shall be incorporated into all
18 contracts between BORROWER and any contractor, consultant, subcontractor, subconsultants,
19 vendors and suppliers. BORROWER shall comply with the provisions of the California Fair
20 Employment and Housing Act (Government Code Sections 12900 et seq.), the Federal Civil
21 Rights Act of 1964 (P.L. 88-352), as amended, and all Administrative Rules and Regulations
22 issued pursuant to said Acts and Orders with respect to its use of the Property.

23 BORROWER herein covenants by and for itself, its successors and assigns, and all
24 persons claiming under or through them, that this Covenant is made and accepted upon and
25 subject to the following conditions: There shall be no discrimination against or segregation of
26 any person or group of persons, on account of any basis listed in subdivision (a) or (d) of Section
27 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1,
28 subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of

1 the Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment
2 of the Property, nor shall the transferee itself or any person claiming under or through him or her,
3 establish or permit any such practice or practices of discrimination or segregation with reference
4 to the selection, location, number, use, or occupancy, of tenants, lessees, sublessees, subtenants,
5 or vendees of the Property.

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

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

24 b) Reserved.

25 c) In contracts: "There shall be no discrimination against or segregation of any person or
26 group of persons, on account of any basis listed in subdivision (a) or (d) of Section 12955
27 of the Government Code, as those bases are defined in Sections 12926, 12926.1,
28 subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section

1 12955.2 of the Government Code, in the sale, lease, sublease, transfer, use, occupancy,
2 tenure, or enjoyment of the land, nor shall the transferee itself or any person claiming
3 under or through him or her, establish or permit any such practice or practices of
4 discrimination or segregation with reference to the selection, location, number, use, or
5 occupancy, of tenants, lessees, sublessees, subtenants, or vendees of the land.”

6 In addition to the obligations and duties of BORROWER set forth herein,
7 BORROWER shall, upon notice from County, promptly pay to County all fees and
8 costs, including administrative and attorneys’ fees, incurred by County in connection
9 with responding to or defending any discrimination claim brought by any third party
10 and/or local, state or federal government entity, arising out of or in connection with this
11 Agreement or the Covenant Agreement attached hereto.

12 27. PROHIBITION AGAINST CONFLICTS OF INTEREST:

- 13 a. BORROWER and its assigns, employees, agents, consultants,
14 officers and elected and appointed officials shall become familiar
15 with and shall comply with the conflict of interest provisions in
16 OMB Circular A-110, 24 CFR 570.611 and Policy Manual #A-11,
17 attached hereto as **Exhibit E** and incorporated herein by reference.
- 18 b. BORROWER understands and agrees that no waiver or exception
19 can be granted to the prohibition against conflict of interest except
20 upon written approval of HUD pursuant to 24 CFR Section
21 92.356(d). Any request by BORROWER for an exception shall
22 first be reviewed by COUNTY to determine whether such request is
23 appropriate for submission to HUD. In determining whether such
24 request is appropriate for submission to HUD, COUNTY will
25 consider the factors listed in 24 CFR Section 92.356(e).
- 26 c. Prior to any funding under this Agreement, BORROWER shall
27 provide COUNTY with a list of all employees, agents, consultants,
28 officers and elected and appointed officials who are in a position to

1 participate in a decision-making process, exercise any functions or
2 responsibilities, or gain inside information with respect to the NSP3
3 activities funded under this Agreement. BORROWER shall also
4 promptly disclose to COUNTY any potential conflict, including
5 even the appearance of conflict that may arise with respect to the
6 NSP3 activities funded under this Agreement.

- 7 d. Any violation of this section shall be deemed a material breach of
8 this Agreement, and the Agreement shall be immediately terminated
9 by the COUNTY.

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

- 12 a. Monetary Default. (1) BORROWER's failure to pay any sums
13 payable when due under this Agreement, the Covenant Agreement,
14 the NSP3 Note or any advances made by COUNTY under this
15 Agreement; (2) BORROWER's or any agent of BORROWER's use
16 of NSP3 funds for costs other than those costs permitted under this
17 Agreement or for uses inconsistent with terms and restrictions set
18 forth in this Agreement; (3) BORROWER's or any agent of
19 BORROWER's failure to make any other payment of any
20 assessment or tax due under this Agreement, or (4) default under
21 the terms of any Senior Loan documents or any other instrument or
22 document secured against the Property;

- 23 b. Non-Monetary Default - Operation. (1) Discrimination by
24 BORROWER or BORROWER's agent(s) on the basis of
25 characteristics prohibited by this Agreement or applicable law; (2)
26 the imposition of any encumbrances or liens on the Project without
27 COUNTY's prior written approval that are prohibited under this
28 Agreement or that have the effect of reducing the priority or

1 invalidating the lien of the NSP3 Deed of Trust; (3) BORROWER's
2 failure to obtain and maintain the insurance coverage required under
3 this Agreement; (4) any material default under this Agreement, the
4 NSP3 Deed of Trust, NSP3 Note, or any document executed by
5 COUNTY in connection with this Agreement, or (5) a default
6 under the terms of any senior documents or any other instrument or
7 document secured against the Property or the Project;

8 c. General Performance of Loan Obligations. Any substantial or
9 continuous or repeated breach by BORROWER or BORROWER's
10 agents of any material obligations of BORROWER under this
11 Agreement, including failure to meet performance requirements set
12 forth in **Section 10**; but only following any applicable notice and
13 cure periods with respect to any such obligation.

14 d. General Performance of Other Obligations. Any substantial or
15 continuous or repeated breach by BORROWER or BORROWER's
16 agents of any material obligations on the Project imposed by any
17 other agreement with respect to the financing, development, or
18 operation of the Project; whether or not the COUNTY is a party to
19 such agreement; but only following any applicable notice and cure
20 periods with respect to any such obligation.

21 e. Representations and Warranties. A determination by COUNTY that
22 any of BORROWER's representations or warranties made in this
23 Agreement, any statements made to COUNTY by BORROWER, or
24 any certificates, documents, or schedules supplied to COUNTY by
25 BORROWER were false in any material respect when made, or that
26 BORROWER concealed or failed to disclose a material fact to
27 COUNTY.

28 f. Damage to Project. In the event that the Project is materially

1 damaged or destroyed by fire or other casualty, and BORROWER
2 receives an award or insurance proceeds for the repair or
3 reconstruction of the Project, and BORROWER does not use such
4 award or proceeds to repair or reconstruct the Project.

- 5 g. Bankruptcy, Dissolution and Insolvency. BORROWER's (1) filing
6 for bankruptcy, dissolution, or reorganization, or failure to obtain a
7 full dismissal of any such involuntary filing brought by another
8 party before the earlier of final relief or ninety (90) days after such
9 filing; (2) making a general assignment for the benefit of creditors;
10 (3) applying for the appointment of a receiver, trustee, custodian, or
11 liquidator, or failure to obtain a full dismissal of any such
12 involuntary application brought by another party before the earlier
13 of final relief or ninety (90) days after such filing; (4) insolvency; or
14 (5) failure, inability or admission in writing of its inability to pay its
15 debts as they become due.

16 29. NOTICE OF DEFAULT AND OPPORTUNITY TO CURE.

- 17 a. Formal notices, demands and communications between the
18 COUNTY and the BORROWER shall be sufficiently given if
19 dispatched by registered or certified mail, postage prepaid, return
20 receipt requested, to the principal offices of the COUNTY and the
21 BORROWER, as designated below. Such written notices,
22 demands and communications may be sent in the same manner to
23 such other addresses as either party may from time to time
24 designate by mail as provided in this **Section 29**. Any notice that
25 is transmitted by electronic facsimile transmission followed by
26 delivery of a "hard" copy, shall be deemed delivered upon its
27 transmission; any notice that is personally delivered (including by
28 means of professional messenger service, courier service such as

1 United Parcel Service or Federal Express, or by U.S. Postal
2 Service), shall be deemed received on the documented date of
3 receipt by the recipient; and any notice that is sent by registered or
4 certified mail, postage prepaid, return receipt required shall be
5 deemed received on the date of delivery thereof

6 b. Subject to the Force Majeure Delays, as provided in **Section 9**,
7 failure or delay by BORROWER to perform any term or
8 provision of this Agreement constitutes a default under this
9 Agreement. BORROWER must immediately commence to cure,
10 correct or remedy such failure or delay and shall complete such
11 cure, correction or remedy with reasonable diligence.

12 c. COUNTY shall give written notice of default to BORROWER,
13 specifying the default complained of by COUNTY. Failure or
14 delay in giving such notice shall not constitute a waiver of any
15 default, nor shall it change the time of default. Except as
16 otherwise expressly provided in this Agreement, any failures or
17 delays by COUNTY in asserting any of its rights and remedies as
18 to any default shall not operate as a waiver of any default or of
19 any such rights or remedies. Delays by COUNTY in asserting
20 any of its rights and remedies shall not deprive COUNTY of its
21 right to institute and maintain any actions or proceedings which it
22 may deem necessary to protect, assert or enforce any such rights
23 or remedies.

24 d. If a monetary event of default occurs, prior to exercising any
25 remedies hereunder, COUNTY shall give BORROWER written
26 notice of such default. BORROWER shall have a period of ten
27 (10) days after such notice is given within which to cure the
28 default prior to exercise of remedies by COUNTY.

1 e. If a non-monetary event of default occurs, prior to exercising any
2 remedies hereunder, COUNTY shall give BORROWER written
3 notice of such default. If the default is reasonably capable of
4 being cured within thirty (30) days, BORROWER shall have such
5 period to effect a cure prior to exercise of remedies by COUNTY.
6 If the default is such that it is not reasonably capable of being
7 cured within thirty (30) days, and BORROWER (i) initiates
8 corrective action within said period, and (ii) diligently,
9 continually, and in good faith works to effect a cure as soon as
10 possible, then BORROWER shall have such additional time as is
11 reasonably necessary to cure the default prior to exercise of any
12 remedies by the injured party, but in no event no more than sixty
13 (60) days from the date of the notice of default. In no event shall
14 COUNTY be precluded from exercising remedies if its security
15 becomes or is about to become materially jeopardized by any
16 failure to cure a default or the default is not cured within sixty
17 (60) days after the first notice of default is given.

18 30. COUNTY REMEDIES. Upon the occurrence of an Event of Default,
19 after notice and opportunity to cure, COUNTY's obligation to disburse NSP3 funds shall
20 terminate and COUNTY shall also have the right, but not the obligation to, in addition to other
21 rights and remedies permitted by this Agreement or applicable law, proceed with any or all of
22 the following remedies in any order or combination COUNTY may choose in its sole
23 discretion:

24 a. Terminate this Agreement, in which event the entire NSP3 Loan
25 amount as well as any other monies advanced to BORROWER by
26 COUNTY under this Agreement including administrative costs,
27 shall immediately become due and payable to COUNTY at the
28 option of COUNTY.

- 1 b. Bring an action in equitable relief (1) seeking the specific
2 performance by BORROWER of the terms and conditions of this
3 Agreement, and/or (2) enjoining, abating, or preventing any
4 violation of said terms and conditions, and/or (3) seeking
5 declaratory relief.
- 6 c. Accelerate the NSP3 Loan, and demand immediate full payment of
7 the principal payment outstanding and all accrued interest under the
8 NSP3 Note, as well as any other monies advanced to BORROWER
9 by COUNTY under this Agreement.
- 10 d. Enter upon, take possession of, and manage the Project, either in
11 person, by agent, or by a receiver appointed by a court, and collect
12 rents and other amounts specified in the Assignment of Rents in the
13 Deed of Trust and apply them to operate the Project or to pay off the
14 NSP3 Loan or any advances made under this Agreement, as
15 provided for by the NSP3 Deed of Trust.
- 16 e. Pursue any other remedy allowed at law or in equity.

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

27 32. BORROWER'S CERTIFICATION. BORROWER certifies, to the best
28 of its knowledge and belief, that:

- 1 a. No federally appropriated funds have been paid or will be paid, by or
2 on behalf of the undersigned, to any person for influencing or
3 attempting to influence an officer or employee of any agency, a
4 member of Congress, an officer or employee of Congress, or an
5 employee of a member of Congress in connection with the awarding
6 of any federal contract, the making of any federal grant, the making
7 of any federal loan, the entering into of any cooperative agreement,
8 and the extension, continuation, review, amendment, or modification
9 of any federal contract, grant, loan, or cooperative agreement.
- 10 b. If any funds other than federally appropriated funds have been paid or
11 will be paid to any person for influencing or attempting to influence
12 an officer or employee of any agency, a member of Congress, an
13 officer or employee of Congress, or an employee of a member of
14 Congress in connection with this federal contract, grant, loan, or
15 cooperative agreement, the undersigned shall complete and submit
16 Standard Form-LLL, "Disclosure Form to Report Lobbying," in
17 accordance with its instructions.
- 18 c. The undersigned shall require that the language of this certification be
19 included in the award documents for all sub-awards at all tiers
20 (including subcontracts, sub-grants, and contracts under grants, loans,
21 and cooperative agreements) and that BORROWER shall certify and
22 disclose accordingly. This certification is a material representation of
23 fact upon which reliance was placed when this transaction was made
24 or entered into.

25 33. HOLD HARMLESS AND INDEMNIFICATION. BORROWER shall
26 indemnify and hold harmless the County of Riverside, its Agencies, Boards, Districts, Special
27 Districts and Departments, their respective directors, officers, Board of Supervisors, elected and
28 appointed officials, employees, agents and representatives (collectively the "**Indemnified**

1 **Parties**”) from any liability whatsoever, based or asserted upon any services of BORROWER,
2 its officers, employees, subcontractors, agents or representatives arising out of their
3 performance under this Agreement, including but not limited to property damage, bodily injury,
4 or death or any other element of any kind or nature whatsoever arising from the performance of
5 BORROWER, its officers, agents, employees, subcontractors, agents or representatives under
6 this Agreement. BORROWER shall defend, at its sole expense, all costs and fees including, but
7 not limited, to attorney fees, cost of investigation, defense and settlements or awards, the
8 County of Riverside, its Agencies, Districts, Special Districts and Departments, their respective
9 directors, officers, Board of Supervisors, elected and appointed officials, employees, agents and
10 representatives in any claim or action based upon such alleged acts or omissions.

11 With respect to any action or claim subject to indemnification herein by BORROWER,
12 BORROWER shall, at their sole cost, have the right to use counsel of their own choice and shall
13 have the right to adjust, settle, or compromise any such action or claim without the prior consent
14 of COUNTY; provided, however, that any such adjustment, settlement or compromise in no
15 manner whatsoever limits or circumscribes BORROWER’S indemnification to COUNTY as set
16 forth herein.

17 BORROWER’s obligation hereunder shall be satisfied when BORROWER has provided
18 to COUNTY the appropriate form of dismissal relieving COUNTY from any liability for the
19 action or claim involved.

20 The specified insurance limits required in this Agreement shall in no way limit or
21 circumscribe BORROWER’s obligations to indemnify and hold harmless COUNTY herein from
22 third party claims.

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

26 BORROWER’s obligations set forth in this **Section 33** shall survive the expiration or
27 earlier termination of this Agreement.

28 34. TERMINATION.

- 1 a. BORROWER. BORROWER may terminate this Agreement prior
2 to disbursement of any NSP3 Loan funds by COUNTY in
3 accordance with the applicable NSP3 regulations, and 2 CFR
4 Section 200.339.
- 5 b. COUNTY. Notwithstanding the provisions of **Section 34(a)**,
6 COUNTY may suspend or terminate this Agreement upon written
7 notice to BORROWER of the action being taken and the reason
8 for such action in the event one of the following events occur:
- 9 (a) In the event BORROWER fails to perform the covenants
10 herein contained at such times and in such manner as
11 provided in this Agreement after the applicable notice and
12 cure provision hereof;
- 13 (b) In the event there is a conflict with any federal, state or
14 local law, ordinance, regulation or rule rendering any
15 material provision, in the judgment of COUNTY of this
16 Agreement invalid or untenable; or
- 17 (c) In the event the NSP3 funding from HUD identified in
18 **Section 1** above is terminated or otherwise becomes
19 unavailable.
- 20 c. This Agreement may be terminated or funding suspended in
21 whole or in part for cause in accordance with 2 CFR Section
22 200.338. Cause shall be based on the failure of BORROWER to
23 materially comply with either the terms or conditions of this
24 Agreement after the expiration of all applicable notice and cure
25 provisions hereof. Upon suspension of funding, BORROWER
26 agrees not to incur any costs related thereto, or connected with,
27 any area of conflict from which COUNTY has determined that
28 suspension of funds is necessary. The award may be terminated

1 for convenience in accordance with 2 CFR Section 200.339.

2 d. Upon expiration or earlier termination of this Agreement,
3 BORROWER shall transfer to COUNTY any unexpended NSP3
4 funds in its possession at the time of expiration of the Agreement
5 as well as any accounts receivable held by BORROWER which
6 are attributable to the use of NSP3 funds awarded pursuant to this
7 Agreement.

8 35. MECHANICS LIENS AND STOP NOTICES. If any claim of mechanics
9 lien is filed against the Project or a stop notice affecting the NSP3 Loan is served on
10 COUNTY, BORROWER must, within thirty (30) calendar days of such filing or service, either
11 pay and fully discharge the lien or stop notice, obtain a release of the lien or stop notice by
12 delivering to COUNTY a surety bond in sufficient form and amount, or provide COUNTY
13 with other assurance reasonably satisfactory to COUNTY that the lien or stop notice will be
14 paid or discharged.

15 36. ENTIRE AGREEMENT. It is expressly agreed that this Agreement
16 embodies the entire agreement of the parties in relation to the subject matter hereof, and that no
17 other agreement or understanding, verbal or otherwise, relative to this subject matter, exists
18 between the parties at the time of execution.

19 37. AUTHORITY TO EXECUTE. The persons executing this Agreement or
20 exhibits attached hereto on behalf of the parties to this Agreement hereby warrant and
21 represent that they have the authority to execute this Agreement and warrant and represent that
22 they have the authority to bind the respective parties to this Agreement to the performance of
23 its obligations hereunder.

24 38. WAIVER. Failure by a party to insist upon the strict performance of any
25 of the provisions of this Agreement by the other party, or the failure by a party to exercise its
26 rights upon the default of the other party, shall not constitute a waiver of such party's rights to
27 insist and demand strict compliance by the other party with the terms of this Agreement
28 thereafter.

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

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

13 41. SEVERABILITY. Each paragraph and provision of this Agreement is
14 severable from each other provision, and if any provision or part thereof is declared invalid by
15 a competent court of law, the remaining provisions shall nevertheless remain in full force and
16 effect.

17 42. MINISTERIAL ACTS. COUNTY's Director of HWS or designee(s) are
18 authorized to take such ministerial actions as may be necessary or appropriate to implement the
19 terms, provisions, and conditions of this Agreement as it may be amended from time to time by
20 the Parties.

21 43. MODIFICATION OF AGREEMENT. COUNTY or BORROWER may
22 consider it in its best interest to change, modify or extend a term or condition of this
23 Agreement, provided such change, modification or extension is agreed to in writing by the
24 other party. Any such change, extension or modification, which is mutually agreed upon by
25 COUNTY and BORROWER shall be incorporated in written amendments to this Agreement.
26 The Director of HWS or designee is authorized to execute, subject to County Counsel approval
27 as to form, the amendments to change, modify or extend a term or condition of this Agreement.
28 Such amendments shall not invalidate this Agreement, nor relieve or release COUNTY or

1 BORROWER from any obligations under this Agreement, except for those parts thereby
2 amended. No amendment to this Agreement shall be effective and binding upon the parties,
3 unless it expressly makes reference to this Agreement, is in writing, is signed and
4 acknowledged by duly authorized representatives of all parties, and approved by COUNTY.

5 44. ASSIGNMENT. BORROWER shall not make any sale, assignment,
6 conveyance, or lease of any trust or power, or transfer in any other form with respect to this
7 Agreement or the Project, other than the sale of the Assisted Unit to Qualified Homebuyer as
8 set forth in this Agreement.

9 45. EXHIBITS AND ATTACHMENTS. Each of the attachments and
10 exhibits attached hereto is incorporated herein by this reference.

11 46. MEDIA RELEASES. BORROWER agrees to allow COUNTY to
12 coordinate all media releases regarding the Project, with prior approval of BORROWER. Any
13 publicity generated by BORROWER for the Project must make reference to the contribution of
14 COUNTY in making the Project possible. COUNTY's name shall be prominently displayed in
15 all pieces of publicity generated by BORROWER, including flyers, press releases, posters,
16 signs, brochures, and public service announcements. BORROWER agrees to cooperate with
17 COUNTY in any COUNTY-generated publicity or promotional activities with respect to the
18 Project. COUNTY staff will be available whenever possible at the request of BORROWER to
19 assist BORROWER in generating publicity for the Project. BORROWER shall notify
20 COUNTY and coordinate with COUNTY with respect to any publicity or promotional
21 activities for the Project.

22 47. NOTICES. All notices, requests, demands and other communication
23 required or desired to be served by either party upon the other shall be addressed to the
24 respective parties as set forth below or the such other addresses as from time to time shall be
25 designated by the respective parties and shall be sufficient if sent by United States first class,
26 certified mail, postage prepaid, or express delivery service with a receipt showing the date of
27 delivery.

28 COUNTY

BORROWER

1 Assistant Director of Housing
2 Riverside County
3 Housing and Workforce Solutions
4 3403 10th Street, Suite 300
5 Riverside, CA 92501

Executive Director
Habitat for Humanity
Inland Valley, Inc
41615 Winchester Rd, Suite 214
Temecula, CA 92591

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

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

11 50. EFFECTIVE DATE. The effective date of this Agreement is the date this
12 Agreement is signed by all Parties (“Effective Date”). If the Parties sign the Agreement on
13 more than one date, then the last date the Agreement is signed by a Party shall be the Effective
14 Date.

15 51. FURTHER ASSURANCES. BORROWER shall execute any further
16 documents consistent with the terms of this Agreement, including documents in recordable
17 form, as the COUNTY may from time to time find necessary or appropriate to effectuate its
18 purposes in entering into this Agreement.

19 52. NONLIABILITY OF COUNTY OFFICIALS AND EMPLOYEES. No
20 member, official, employee or consultant of the COUNTY shall be personally liable to the
21 BORROWER, or any successor in interest, in the event of any default or breach by the
22 COUNTY or for any amount which may become due to the BORROWER or to its successor,
23 or on any obligations under the terms of this Agreement.

24 a. Construction and Interpretation of Agreement. The language in
25 all parts of this Agreement shall in all cases be construed simply, as a whole and in accordance
26 with its fair meaning and not strictly for or against any party. The parties hereto acknowledge
27 and agree that this Agreement has been prepared jointly by the parties and has been the subject
28 of arm’s length and careful negotiation over a considerable period of time, that each party has
been given the opportunity to independently review this Agreement with legal counsel, and
that each party has the requisite experience and sophistication to understand, interpret, and

1 agree to the particular language of the provisions hereof. Accordingly, in the event of an
2 ambiguity in or dispute regarding the interpretation of this Agreement, this Agreement shall
3 not be interpreted or construed against the party preparing it, and instead other rules of
4 interpretation and construction shall be utilized.

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

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

17 d. References in this instrument to this Agreement mean, refer to
18 and include this instrument as well as any riders, exhibits, addenda and attachments hereto
19 (which are hereby incorporated herein by this reference) or other documents expressly
20 incorporated by reference in this instrument. Any references to any covenant, condition,
21 obligation, and/or undertaking "herein," "hereunder," or "pursuant hereto" (or language of like
22 import) means, refer to, and include the covenants, obligations, and undertakings existing
23 pursuant to this instrument and any riders, exhibits, addenda, and attachments or other
24 documents affixed to or expressly incorporated by reference in this instrument.

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

28 53. BINDING EFFECT. This Agreement, and the terms, provisions,

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

3 54. NO THIRD PARTY BENEFICIARIES. The Parties to this Agreement
4 acknowledge and agree that the provisions of this Agreement are for the sole benefit of
5 COUNTY and BORROWER, and not for the benefit, directly or indirectly, of any other person
6 or entity, except as otherwise expressly provided herein.

7 55. ENTIRE AGREEMENT, WAIVERS AND AMENDMENTS.

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

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

15 c. All waivers of the provisions of this Agreement must be in
16 writing and signed by the appropriate authorities of the COUNTY or the BORROWER, and all
17 amendments hereto must be in writing and signed by the appropriate authorities of the
18 COUNTY and the BORROWER. This Agreement and any provisions hereof may be amended
19 by mutual written agreement by the BORROWER and the COUNTY.

20
21 (Signatures follow next page)
22
23
24
25
26
27
28

1 **IN WITNESS WHEREOF**, the COUNTY and BORROWER have executed this
2 Agreement as of the date written below.

3
4 COUNTY:
5 COUNTY OF RIVERSIDE, a political
6 subdivision of the State of California

BORROWER:
HABITAT FOR HUMANITY
INLAND VALLEY, Inc,
a California public benefit corporation

7
8 By: **form - do not sign** _____
9 HEIDI MARSHALL
10 Director, Housing & Workforce
11 Solutions

By: **form - do not sign** _____
TAMMY MARINE,
Executive Director

12 Date: _____

Date: _____

13
14 ATTEST:
15 KECIA R. HARPER
16 Clerk of the Board

17
18 By: **form - do not sign** _____
19 Deputy

20
21 APPROVED AS TO FORM:
22 County Counsel

23
24 By:  _____
25 Amrit P. Dhillon, Deputy County Counsel
26
27
28

Exhibit A

BORROWER: Habitat for Humanity Inland Valley, Inc, a California nonprofit public benefit corporation

Address: 41615 Winchester Rd, Suite 214, Temecula, CA 92590

Project Title: HFHIV NSP3 Peck Street Affordable Housing Project

Project Description:

BORROWER will utilize up to \$390,000 in NSP3 funds for the acquisition, development and new construction of a single-family home to a low-, moderate, and middle-income (“LMMI”) first-time homebuyers within the designated NSP3 target area in the City of Lake Elsinore as defined in the County of Riverside’s 2008-2009 One Year Action Plan and its amendments.

BORROWER shall expend NSP3 funds to assist a LMMI households whose incomes are at or below one hundred twenty percent (120%) of the AMI, adjusted by family size at the time of occupancy for the County of Riverside.

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

Eligible Properties (“Assisted Units”)

The Assisted Unit will be subject to environmental review prior to acquisition, demolition, construction or new construction. The environmental effects of each activity carried out with NSP3 funds must be assessed in accordance with the provisions of the National Environmental Policy Act of 1969 (NEPA) and related authorities listed at HUD’s implementing regulations at 24 CFR Parts 50 and 58. The Project is required to comply with 24 CFR Section 58.5 (related federal laws and authorities) including but not limited to: historic properties, floodplain management & wetlands protection, coastal zone management, aquifers, endangered species, rivers, air, farmlands, HUD environmental standards and environmental justice. BORROWER shall also comply with the California Environmental Quality Act (CEQA).

Target Areas

The Assisted Unit must be located inside areas of greatest need within the designated Target Areas of the County of Riverside as defined in the County’s 2008-2009 One Year Action Plan and its amendments.

Maximum Purchase Price

The selling price of the Assisted Unit shall not exceed either (a) the fair market value or (b) the total costs to acquire, construct and dispose the Assisted Unit pursuant to NSP3.

Resale Price Limitation

The Selling Price of the Assisted Unit shall not exceed the lesser of (a) the fair market value or (b) the total costs to acquire, construct and dispose of the Assisted Unit pursuant to NSP3.

Project Sources and Uses of Funds:

Sources:

City of Lake Elsinore	\$ 23,073
Other Grants/Sources	\$ 66,886
County of Riverside NSP3 Loan 18 months @ 0%	\$ <u>390,000</u>
Total Sources	\$ <u>479,959</u>

Uses:

Acquisition	\$43,450
Appraisals	\$2,000
Finance Charge Construction Loan	\$0
Permits & Fees	\$22,318
Land Development	\$81,450
House Design & Engineering Costs	\$60,760
Marketing	\$2,200
New Construction Costs	\$175,108
Legal & Accounting	\$4,000
Property Taxes	\$320
Insurance	\$5,800
Escrow	\$2,500
Title and Recording	\$3,000
Interim Maintenance	\$1,100
(Total Project Costs) Sub-Total	\$404,006
Contingency	\$32,320
Developer Fee (10%)	\$43,633
Total Uses	\$479,959

IMPLEMENTATION SCHEDULE

Milestone	Completion Date
1. NSP Loan Agreement executed	(1 st month)
2. Acquisition of Land Completed	(1 st month)
3. Land Development & House Design	(4 th month)
4. Homeowner Recruitment/Selection & HWS Approval	(4 th month)
5. Marketing & Community Outreach	(Ongoing)
6. Completion of Assisted Unit*	(16 th month)
7. Transfer of title to Qualified Homebuyer*	(16 th month)
8. Submission of Closing Documents	(16 th month)

* Section 9, Performance Requirements

DOCUMENT SUBMISSION SCHEDULE

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

EXHIBIT "A"

LEGAL DESCRIPTION OF PROPERTY

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

LOT 7 IN BLOCK "A" OF HAMPTONS FIRST ADDITION TO ELSINORE, IN THE CITY OF LAKE ELSINORE, COUNTY OF RIVERSIDE, AS PER MAP RECORDED IN BOOK 4, PAGE 267 OF MAPS RECORDED IN THE OFFICE OF THE COUNTY RECORDER OF RIVERSIDE COUNTY, CALIFORNIA.

APN: 373-041-020

EXHIBIT B

Deed of Trust

EXEMPT RECORDING FEE CODE 6103
RECORDING REQUESTED BY AND
WHEN RECORDED MAIL TO:

Riverside County
Housing and Workforce Solutions
3403 10th Street, Suite 300
Riverside, CA 92504
ATTN: Juan Garcia

SPACE ABOVE THIS LINE FOR RECORDER'S USE

**DEED OF TRUST, SECURITY AGREEMENT AND FIXTURE FILING
(WITH ASSIGNMENT OF RENTS)**

This DEED OF TRUST, SECURITY AGREEMENT AND FIXTURE FILING WITH ASSIGNMENT OF RENTS ("Security Instrument" or "Deed of Trust") is made on this ____ day of _____, 2022. The trustor is HABITAT FOR HUMANITY INLAND VALLEY, INC., a California public benefit corporation ("Trustor"), whose address is 41615 Winchester Rd, Suite 214, Temecula, CA 92590. The trustee is _____ ("Trustee"). The beneficiary is the COUNTY OF RIVERSIDE ("Beneficiary"), a political subdivision of the State of California, and whose address is 3403 10th Street, Suite 300, Riverside, CA 92501.

WITNESSETH: That Trustor IRREVOCABLY GRANTS, TRANSFERS AND ASSIGNS to Trustee, its successors and assigns, in Trust, with POWER OF SALE TOGETHER WITH RIGHT OF ENTRY AND POSSESSION the following property (the "Trust Estate"):

(A) That certain fee interest in the real property in the City of Lake Elsinore, County of Riverside, State of California more particularly described in **Exhibit A** attached hereto and incorporated herein by this reference (such interest in real property is hereafter referred to as the "Subject Property");

(B) All buildings, structures and other improvements now or in the future located or to be constructed on the Subject Property (the "Improvements");

(C) All tenements, hereditaments, appurtenances, privileges, franchises and other rights and interests now or in the future benefiting or otherwise relating to the Subject Property or the Improvements, including easements, rights-of-way and development rights (the "Appurtenances"). (The Appurtenances, together with the Subject Property and the Improvements, are hereafter referred to as the "Real Property");

(D) All rents, issues, income, revenues, royalties and profits now or in the future payable with respect to or otherwise derived from the Trust Estate or the Trustorship, use, management, operation leasing or occupancy of the Trust Estate, including those past due and unpaid (the "Rents");

(E) All present and future right, title and interest of Trustor in and to all inventory, equipment, fixtures and other goods (as those terms are defined in Division 9 of the California Uniform Commercial Code (the "UCC"), and whether existing now or in the future) now or in the future located at, upon or about, or affixed or attached to or installed in, the Real Property, or used or to be used in connection with or otherwise relating to the Real Property or the ownership, use, development, construction, maintenance, management, operation, marketing, leasing or occupancy of the Real Property, including furniture, furnishings, theater equipment, seating, machinery, appliances, building materials and supplies, generators, boilers, furnaces, water tanks, heating ventilating and air conditioning equipment and all other types of tangible personal property of any kind or nature, and all accessories, additions, attachments, parts, proceeds, products, repairs, replacements and substitutions of or to any of such property, but not including personal property that is donated to Trustor (the "Goods," and together with the Real Property, the "Property"); and

(F) All present and future right, title and interest of Trustor in and to all accounts, general intangibles, chattel paper, deposit accounts, money, instruments and documents (as those terms are defined in the UCC) and all other agreements, obligations, rights and written material (in each case whether existing now or in the future) now or in the future relating to or otherwise arising in connection with or derived from the Property or any other part of the Trust Estate or the Ownership, use, development, construction, maintenance, management, operation, marketing, leasing, occupancy, sale or financing of the property or any other part of the Trust Estate, including (to the extent applicable to the Property or any other portion of the Trust Estate) (i) permits, approvals and other governmental authorizations, (ii) improvement plans and specifications and architectural drawings, (iii) agreements with contractors, subcontractors, suppliers, project managers, supervisors, designers, architects, engineers, sales agents, leasing agents, consultants and property managers, (iv) takeout, refinancing and permanent loan commitments, (v) warranties, guaranties, indemnities and insurance policies, together with insurance payments and unearned insurance premiums, (vi) claims, demands, awards, settlements, and other payments arising or resulting from or otherwise relating to any insurance or any loss or destruction of, injury or damage to, trespass on or taking, condemnation (or conveyance in lieu of condemnation) or public use of any of the Property, (vii) license agreements, service and maintenance agreements, purchase and sale agreements and purchase options, together with advance payments, security deposits and other amounts paid to or deposited with Trustor under any such agreements, (viii) reserves, deposits, bonds, deferred payments, refunds, rebates, discounts, cost savings, escrow proceeds, sale proceeds and other rights to the payment of money, trade names, trademarks, goodwill and all other types of intangible personal property of any kind or nature, and (ix) all supplements, modifications, amendments, renewals, extensions, proceeds, replacements and substitutions of or to any of such property (the "Intangibles").

Trustor further grants to Trustee and Beneficiary, pursuant to the UCC, a security interest in all present and future right, title and interest of Trustor in and to all Goods and Intangibles and all of the Trust Estates described above in which a security interest may be created under the UCC (collectively, the "Personal Property"). This Deed of Trust constitutes a security agreement under the UCC, conveying a security interest in the Personal Property to Trustee and Beneficiary. Trustee and Beneficiary shall have, in addition to all rights and remedies provided herein, all the rights and remedies of a "secured party" under the UCC and other applicable

California law. Trustor covenants and agrees that this Deed of Trust constitutes a fixture filing under Section 9334 and 9502(b) of the UCC.

FOR THE PURPOSE OF SECURING, in such order of priority as Beneficiary may elect, the following:

- 1) due, prompt and complete observance, performance and discharge of each and every condition, obligation, covenant and agreement contained herein or contained in the following:
 - (a) that certain Promissory Note in favor of the Beneficiary ("COUNTY" therein) executed by Trustor ("BORROWER" therein) of even date herewith (the "NSP3 Note") in the principal amount of \$390,000.00;
 - (b) that certain Loan Agreement, for the Use of Neighborhood Stabilization Program ("NSP3") Funds dated _____ and recorded in the Official Records of the County of Riverside ("Official Records") concurrently herewith, between Trustor ("BORROWER" therein) and Beneficiary ("County" therein) (the "NSP3 Loan Agreement").
- 2) payment of indebtedness of the Trustor to the Beneficiary not to exceed **THREE HUNDRED NINETY THOUSAND DOLLARS (\$390,000.00)** (the "NSP3 Loan") according to the terms of the Note.

Said NSP3 Note, NSP3 and Loan Agreement (collectively, referred to as the "Secured Obligations") and all of their terms are incorporated herein by this reference and this conveyance shall secure any and all extensions, amendments, modifications or renewals thereof however evidenced, and additional advances evidenced by any note reciting that it is secured hereby. The NSP3 Note and NSP3 Loan Agreement as used herein shall mean, refer to and include the NSP3 Note and NSP3 Loan Agreement, as well as any riders, exhibits, addenda, implementation agreements, covenants, amendments, or attachments thereto (which are hereby incorporated herein by this reference). Any capitalized term not otherwise defined herein shall have the meaning ascribed to such term in the NSP3 Loan Agreement.

TRUSTOR COVENANTS that the Trustor is lawfully seized of the estate hereby conveyed and has the right to grant and convey the fee interest of the Property. Trustor warrants and will defend generally the title to the Property against all claims and demands, subject to such encumbrances of record.

AND TO PROTECT THE SECURITY OF THIS DEED OF TRUST, TRUSTOR COVENANTS AND AGREES:

1. That Trustor shall pay the NSP3 Note at the time and in the manner provided therein, and perform the obligations of the Trustor as set forth in the NSP3 Loan Agreement at the time and in the manner respectively provided therein.

2. That Trustor shall not permit or suffer the use of any of the property for any purpose other than the use set forth in the NSP3 Loan Agreement.
3. That the Secured Obligations are incorporated in and made a part of the Deed of Trust. Upon default of a Secured Obligation, and after the giving of notice and the expiration of any applicable cure period, the Beneficiary, at its option, may declare the whole of the indebtedness secured hereby to be due and payable.
4. That all rents, profits and income from the property covered by this Deed of Trust are hereby assigned to the Beneficiary for the purpose of discharging the debt hereby secured. Permission is hereby given to Trustor so long as no default exists hereunder after the giving of notice and the expiration of any applicable cure period, to collect such rents, profits and income for use in accordance with the provisions of the NSP3 Loan Agreement.
 - a. That upon default hereunder or under any of the Secured Obligations and after giving notice and opportunity to cure, Beneficiary shall be entitled to the appointment of receiver by any court having jurisdiction, without notice, to take possession and protect the Property described herein and operate same and collect the rents, profits and income therefrom.
5. **Payment of Principal and Interest; Prepayment and Late Charges.** Trustor shall promptly pay when due the principal of and interest on the debt evidenced by the NSP3 Note and any late charges due under the Note.
6. **Taxes and Insurance.** Trustor shall pay 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 Deed of Trust.
 - a. Should Trustor fail to make any payment or to do any act herein provided, then Beneficiary or Trustee, but without obligation so to do and upon written notice to or demand upon Trustor and without releasing Trustor from any obligation hereof, may make or do the same in such manner and to such extent as either may deem necessary to protect the security hereof, Beneficiary or Trustee being authorized to enter upon said property for such purposes; appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee; pay, purchase, contest or compromise any encumbrance, charge, or lien which in the judgment of either appears to be prior or superior hereto; and, in exercising any such powers, pay necessary expenses, employ counsel and pay his or her reasonable fees.
7. **Application of Payments.** Unless applicable law provides otherwise, all payments received by Beneficiary under **Section 5** shall be applied: first, to

interest due; second, to principal due; and last, to any late charges due under the NSP3 Note.

8. **Prior Deeds of Trust; Charge; Liens.** Trustor shall pay all taxes, assessments, charges, fines and impositions attributable to the Property which may attain priority over this Deed of Trust, and leasehold payments or ground rents, if any, subject to applicable cure periods directly to the person owed payment. Trustor shall pay these obligations in the manner provided in **Section 6**. Trustor shall promptly furnish to Beneficiary all notices of amounts to be paid under this Section. If Trustor makes these payments directly, Trustor shall promptly furnish to Beneficiary receipts evidencing the payments.
 - a. Except for the liens permitted in writing by the Beneficiary, Trustor shall promptly discharge any other lien which shall have attained priority over this Deed of Trust unless Trustor: (1) agrees in writing to the payment of the obligation secured by the lien in a manner acceptable to Beneficiary; (2) contests in good faith the lien by, or defends against enforcement of the lien in, legal proceedings which in the Beneficiary's opinion operate to prevent the enforcement of the lien; or (3) bond around the lien (4) secures from the holder of the lien an agreement satisfactory to Beneficiary subordinating the lien to this Deed of Trust. Except for the liens approved herein, if Beneficiary determines that any part of the Property is subject to a lien which may attain priority over this Deed of Trust, Beneficiary may give Trustor a notice identifying the lien. Trustor shall satisfy such lien or take one or more of the actions set forth above within 30 days of the giving of notice.
9. **First Priority Position.** This Deed of Trust shall be recorded in a first priority position. This Deed of Trust shall remain in a superior position over any other trust deed that may be issued to secure additional public and/or private funding. Upon conveyance of the Subject Property and upon execution of the Homebuyer Covenant Agreement, the Homebuyer Covenant Agreement shall take first priority position.
10. **Hazard or Property Insurance.** Trustor shall keep the improvements now existing or hereafter erected on the Property insured against loss of fire, hazards included within the term "extended coverage" and any other hazards, including floods or flooding, for which Beneficiary requires insurance. This insurance shall be maintained in the amounts and for the periods as required in the NSP3 Loan Agreement. The insurance carrier providing the insurance shall be chosen by Trustor subject to Beneficiary's approval which shall not be unreasonably withheld. If Trustor fails to maintain coverage described above, Beneficiary may, at Beneficiary's option, obtain coverage to protect Beneficiary's rights in the Property in accordance with **Section 12**.
 - a. All insurance policies and renewals shall be acceptable to Beneficiary and shall include a standard mortgagee clause. All requirements hereof

pertaining to insurance shall be deemed satisfied if the Trustor complies with the insurance requirements under this Deed of Trust and the NSP3 Loan Agreement. Trustor shall promptly give to Beneficiary certificates of insurance showing the coverage is in full force and effect and that Beneficiary is named as additional insured. In the event of loss, Trustor shall give prompt notice to the insurance carrier and Beneficiary. Beneficiary may make proof of loss if not made promptly by the Trustor.

- b. Unless Beneficiary and Trustor otherwise agree in writing and subject to the rights of senior lenders, insurance proceeds shall be applied to restoration or repair of the Property damaged, provided Trustor determines that such restoration or repair is economically feasible and there is no default continuing beyond the expiration of all applicable cure periods. If Trustor determines that such restoration or repair is not economically feasible or if a default exists after expiration of all applicable cure periods, the insurance proceeds shall be applied to the sums secured by this Deed of Trust, with the excess, if any, paid to Trustor. If the Property is abandoned by Trustor, or if Trustor fails to respond to Beneficiary within 30 days from the date notice is mailed by Beneficiary to Trustor that the insurance carrier offers to settle a claim for insurance benefits, Beneficiary is authorized to collect and apply the insurance proceeds at Beneficiary's option either to restoration or repair of the Property or to the sums secured by this Deed of Trust.
- c. Unless Beneficiary and Trustor otherwise agree in writing, any application of proceeds to principal shall not extend or postpone the due date of Note. If under **Section 27** the Property is acquired by Beneficiary, Trustor's right to any insurance policies and proceeds resulting from damage to the Property prior to the acquisition shall pass to Beneficiary to the extent of the sums secured by this Deed of Trust immediately prior to the acquisition.

- 11. **Preservation, Maintenance and Protection of the Property; Trustor's Loan Application; Leaseholds.** Trustor shall not destroy, damage or impair the Property, allow the Property to deteriorate, or commit waste on the Property; normal wear and tear excepted. Trustor shall be in default if any forfeiture action or proceeding, whether civil or criminal, is begun that in Beneficiary's good faith judgment could result in forfeiture of the Property or otherwise materially impair the lien created by this Deed of Trust or Beneficiary's security interest. Trustor may cure such a default and reinstate, as provided in **Section 23**, by causing the action or proceeding to be dismissed with a ruling that, in Beneficiary's good faith determination, precludes forfeiture of the Trustor's interest in the Property or other material impairment of the lien created by this Deed of Trust or Beneficiary's security interest. Trustor shall also be in default if Trustor, during the loan application process, gave materially false or inaccurate information or statements to Beneficiary (or failed to provide Beneficiary with any material information) in connection with the loan evidenced by the Note, including, but not

limited to representations concerning Trustor's use of Property for affordable housing. If this Deed of Trust is on a leasehold, Trustor shall comply with all provisions of the lease. If Trustor acquires fee title to the Property, the leasehold and the fee title shall not merge unless Beneficiary agrees to the merger in writing.

- a. The Trustor acknowledges that this Property is subject to certain affordability, use and occupancy restrictions (which may be further evidenced by a separate agreement recorded in the land records where the Property is located), limiting the Property's use to "low-income housing" within the meaning of NSP3. The use and occupancy restrictions may limit the Trustor's ability to rent the Property. The violation of any use and occupancy restrictions may, if not prohibited by federal law, entitle the Beneficiary to the remedies provided in **Section 27** hereof.

12. **Protection of Beneficiary's Rights in the Property.** If Trustor fails to perform the covenants and agreements contained in this Deed of Trust, or there is a legal proceeding that may significantly affect Beneficiary's rights in the Property (such as a proceeding in bankruptcy, probate, for condemnation or forfeiture or to enforce laws or regulations), then, subject to any applicable grace periods or cure periods, Beneficiary may do and pay for whatever is necessary to protect the value of the Property and Beneficiary's rights in the Property. Beneficiary's actions may include paying any sums secured by a lien which has priority over this Deed of Trust, appearing in court, paying reasonable attorneys' fees, and entering on the Property to make repairs. Although Beneficiary may take action under this **Section 12**, Beneficiary does not have to do so.

- a. Any amounts disbursed by Beneficiary under this **Section 12** shall become additional debt of Trustor secured by this Deed of Trust. Unless Trustor and Beneficiary agree to other terms of payment, these amounts shall bear interest from the date of disbursement at the Note rate and shall be payable, with interest, upon notice from Beneficiary to Trustor requesting payment.

13. **Reserved.**

14. **Inspection.** Beneficiary or its agent may make reasonable entries upon and inspections of the Property. Beneficiary shall give Trustor at least forty-eight (48) hours advanced notice in connection with an inspection specifying reasonable cause for the inspection.

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

- a. In the event of a total taking of the Property, the proceeds shall be applied to the sums secured by this Deed of Trust, whether or not then due, with any excess paid to Trustor. In the event of a partial taking of the Property in which the fair market value of the Property immediately before the taking is equal to or greater than the amount of the sums secured by this Deed of Trust immediately before the taking, unless Trustor and Beneficiary otherwise agree in writing, the sums secured by this Deed of Trust shall be reduced by the amount of the proceeds multiplied by the following fraction: (a) the total amount of the sums secured immediately before the taking, divided by (b) the fair market value of the Property immediately before the taking. Any balance shall be paid to Trustor. In the event of a partial taking of the Property in which the fair market value of the Property immediately before the taking is less than the amount of the sums secured immediately before the taking, unless Trustor and Beneficiary otherwise agree in writing or unless applicable law otherwise provides, the proceeds shall be applied to the sums secured by this Deed of Trust whether or not the sums are then due. Notwithstanding the foregoing, so long as the value of Beneficiary's lien is not impaired, any condemnation proceeds may be used by Trustor for repair and/or restoration of the project.
 - b. If the Property is abandoned by Trustor, or if, after notice by Beneficiary to Trustor that the condemner offers to make an award or settle a claim for damages, Trustor fails to respond to Beneficiary within 30 days after the date the notice is given, Beneficiary is authorized to collect and apply the proceeds, at its option, either to restoration or repair of the Property or to the sums secured by this Deed of Trust, whether or not then due.
 - c. Unless Beneficiary and Trustor otherwise agree in writing, any application of proceeds to principal shall not extend or postpone the due date of the payments referred to in **Sections 5 and 6** or change the amount of such payments.
16. **Trustor Not Released; Forbearance By Beneficiary Not a Waiver.** Except in connection with any successor in interest approved by Beneficiary in writing, extension of the time for payment or modification of amortization of the sums secured by this Deed of Trust granted by Beneficiary to any successor in interest of Trustor shall not operate to release the liability of the original Trustor or Trustor's successors in interest. Beneficiary shall not be required to commence proceedings against any successor in interest or refuse to extend time for payment or otherwise modify amortization of the sums secured by this Deed of Trust by reason of any demand made by the original Trustor or Trustor's successors in interest. Any forbearance by Beneficiary in exercising any right or remedy shall not be a waiver of or preclude the exercise of any right or remedy.
17. **Successors and Assigns Bound; Joint and Several Liability; Co-signers.** The covenants and agreements of this Deed of Trust shall bind and benefit the

successors and assigns of Beneficiary and Trustor, subject to the provisions of **Section 22**. Trustor's covenants and agreements shall be joint and several.

18. **Loan Charges.** If the loan secured by this Deed of Trust is subject to a law which sets maximum loan charges, and that law is finally interpreted so that the interest or other loan charges collected or to be collected in connection with the loan exceed the permitted limits, then: (a) any such loan charge shall be reduced by the amount necessary to reduce the charge to the permitted limit; and (b) any sums already collected from Trustor which exceeded permitted limits will be promptly refunded to Trustor. Beneficiary may choose to make this refund by reducing the principal owed under the Note or by making a direct payment to Trustor. If a refund reduces principal, the reduction will be treated as a partial prepayment without any prepayment charge under the NSP3 Note.
19. **Notices.** Any notice to Trustor provided for in this Deed of Trust shall be given by delivering it or by mailing it by first class mail unless applicable law requires use of another method. The notice shall be directed to the Trustor's mailing address stated herein or any other address Trustor designates by notice to Beneficiary. All such notices to Trustor shall also be provided to the investment limited partner at the address set forth in the NSP3 Loan Agreement. Any notice to Beneficiary shall be given by first class mail to Beneficiary's address stated herein or any other address Beneficiary designates by notice to Trustor. Any notice provided for in this Deed of Trust shall be deemed to have been given to Trustor or Beneficiary when given as provided in this Section.
20. **Governing Law; Severability.** This Deed of Trust and any dispute arising hereunder shall be governed by and interpreted in accordance with the laws of the State of California. Each paragraph and provision of this Deed of Trust is severable from each other provision, and if any provision or part thereof is declared invalid, the remaining provisions shall nevertheless remain in full force and effect. To this end the provisions of this Deed of Trust and the Note are declared to be severable. Any action at law or in equity arising under this Deed of Trust or brought by a party hereto for the purpose of enforcing, construing or determining the validity of any provision of this Agreement shall be filed in the Superior Courts of Riverside County, State of California, and the parties hereto waive all provisions of law providing for the filing, removal or change of venue to any other court or jurisdiction.
21. **Trustor's Copy.** Trustor shall be given one conformed copy of the NSP3 Note and of this Deed of Trust.
22. **Transfer of the Property or a Beneficial Interest in Trustor.** Except as otherwise allowed under the NSP3 Loan Agreement, if all or any part of the Property or any interest in it is sold or transferred (or if a beneficial interest in Trustor is sold or transferred and Trustor is not a natural person) without Beneficiary's prior written consent (including a transfer of all or any part of the Property to any person who, at initial occupancy of the Property, does not use the

Property for "low-income housing" within the meaning of NSP3) Beneficiary may, at its option, require immediate payment in full of all sums secured by this Deed of Trust. However, this option shall not be exercised by Beneficiary if exercise is prohibited by federal law as of the date of this Deed of Trust. Nothing in this Deed of Trust shall be deemed to require Beneficiary's approval of a conveyance of an easement interest in the Property for utility purposes.

- a. If Beneficiary exercises the aforementioned option, Beneficiary shall give Trustor prior written notice of acceleration. The notice shall provide a period of not less than 30 days from the date the notice is delivered or mailed within which Trustor must pay all sums secured by this Deed of Trust. If Trustor fails to pay these sums prior to the expiration of this period, Beneficiary may invoke any remedies permitted by this Deed of Trust without further notice or demand on Trustor.
23. **Trustor's Right to Reinstate.** If Trustor meets certain conditions, Trustor shall have the right to have enforcement of this Deed of Trust discontinued at any time prior to the earlier of: (a) 5 days (or such other period as applicable law may specify for reinstatement) before sale of the Property pursuant to any power of sale contained in this Deed of Trust; or (b) entry of a judgment enforcing this Deed of Trust. Those conditions are that Trustor: (a) pays Beneficiary all sums which then would be due under this Deed of Trust and the NSP3 Note as if no acceleration had occurred; (b) cures any default of any other covenants or agreements; (c) pays all expenses incurred in enforcing this Deed of Trust, including, but not limited to, reasonable attorneys' fees; and (d) takes such action as Beneficiary may reasonably require to assure that the lien of this Deed of Trust, Beneficiary's rights in the Property and Trustor's obligation to pay the sums secured by this Deed of Trust shall continue unchanged. Upon reinstatement by Trustor, this Deed of Trust and the obligations secured hereby shall remain fully effective as if no acceleration had occurred. However, this right to reinstate shall not apply in the case of acceleration under **Section 22**.
 24. **Sale of Note; Change of Loan Servicer.** The NSP3 Note or a partial interest in the NSP3 Note (together with this Deed of Trust) may be sold one or more times without prior notice to Trustor. A sale may result in a change in the entity (known as the "Loan Servicer") that collects monthly payments due under the Note and this Deed of Trust. There also may be one or more changes of the Loan Servicer unrelated to a sale of the Note. If there is a change of the Loan Servicer, Trustor will be given written notice of the change in accordance with **Section 19** above and applicable law. The notice will state the name and address of the new Loan Servicer and the address to which payments should be made. The notice will also contain any other information required by applicable law.
 25. **No Assignment.** The Note and this Deed of Trust shall not be assigned by Trustor without the Beneficiary's prior written consent.

26. **Hazardous Substances.** Trustor shall not cause or permit the presence, use, disposal, storage, or release of any Hazardous Substances on or in the Property. Trustor shall not do, nor allow anyone else to do, anything affecting the Property that is in violation of any Environmental Law. The preceding two sentences shall not apply to the presence, use, or storage on the Property of small quantities of Hazardous Substances that are generally recognized to be appropriate to normal residential uses, construction, and to maintenance of the Property.
- a. Trustor shall promptly give Beneficiary written notice of any investigation, claim, demand, lawsuit or other action by any governmental or regulatory agency or private party involving the Property and any Hazardous Substance or Environmental Law of which Trustor has actual knowledge. If Trustor learns, or is notified in writing by any governmental or regulatory authority, that any removal or other remediation of any Hazardous Substance affecting the Property is necessary, Trustor shall promptly take all necessary remedial actions in accordance with Environmental Law.
 - b. As used in this **Section 26**, "Hazardous Substances" are those substances defined as toxic or hazardous substances by Environmental Law and the following substances: gasoline, kerosene, other flammable or toxic petroleum products, toxic pesticides and herbicides, volatile solvents, materials containing asbestos or formaldehyde, and radioactive materials, excluding household products in normal quantities. As used in this **Section 26**, "Environmental Law" means federal laws and laws of the jurisdiction where the Property is located that relate to health, safety or environmental protection.
27. **Acceleration; Remedies.** Beneficiary shall give notice to Trustor prior to acceleration following Trustor's breach of any covenant or agreement in this Deed of Trust. The notice shall specify: (a) the default; (b) the action required to cure the default; (c) a date, which shall not be more than ten (10) calendar days from the date of the mailing of the notice for a monetary default, or a date, which shall not be more than sixty (30) calendar days from the mailing of the notice for a non-monetary default, by which the default must be cured; and (d) that failure to cure the default on or before the date specified in the notice may result in acceleration of the sums secured by this Deed of Trust and sale of the Property. The notice shall further inform Trustor of the right to reinstate after acceleration and the right to bring a court action to assert the non-existence of a default or any other defense of Trustor to acceleration and sale. If the default is not cured by the Trustor on or before the date specified in the notice, Beneficiary at its option may require immediate payment in full of all sums secured by this Deed of Trust without further demand and may invoke the power of sale and any other remedies permitted by applicable law. Beneficiary shall be entitled to collect all expenses incurred in pursuing the remedies provided in this **Section 27**, including, but not limited to, reasonable attorneys' fees and costs of title evidence.

- a. If Beneficiary invokes the power of sale, Beneficiary or Trustee shall mail copies of a notice of sale in the manner prescribed by applicable law to Trustor, and to the other persons prescribed by applicable law. Trustee shall give notice of sale by public advertisement for the time and in the manner prescribed by applicable law. Trustee, without demand on Trustor, shall sell the Property at public auction to the highest bidder for cash at the time and place and under the terms designated in the notice of sale in one or more parcels and in any order Trustee determines. Trustee may postpone sale of all or any parcel of the Property to any later time on the same date by public announcement at the time and place of any previously scheduled sale. Beneficiary or its designee may purchase the Property at any sale.
 - b. Trustee shall deliver to the purchaser Trustee's deed conveying the Property without any covenant or warranty, expressed or implied. The recitals in the Trustee's deed shall be prima facie evidence of the truth of the statements made therein. Trustee shall apply the proceeds of the sale in the following order: (a) to all expenses of the sale, including, but not limited to, reasonable Trustee's and attorneys' fees; (b) to all sums secured by this Deed of Trust; and (c) any excess to the person or persons legally entitled to it.
28. **Release.** Upon payment of all sums secured by this Deed of Trust, Beneficiary shall release this Deed of Trust without charge to Trustor. Trustor shall pay any recordation costs.
 29. **Substitute Trustee.** Beneficiary, at its option, may from time to time remove Trustee and appoint a successor trustee to any Trustee appointed hereunder by an instrument recorded in the county in which this Deed of Trust is recorded. Without conveyance of the Property, the successor trustee shall succeed to all the title, power and duties conferred upon Trustee herein and by applicable law.
 30. **Reserved.**
 31. **Prohibition against tenancy under foreclosure.** Notwithstanding anything to the contrary set forth in this Deed of Trust or in any documents secured by this Deed of Trust or contained in any subordination agreement, the Beneficiary acknowledges and agrees that, in no event will any action be taken which violates Section 42(h)(6)(E)(ii) of the U.S. Internal Revenue Code of 1986, as amended, regarding prohibitions against evicting, terminating tenancy or increasing rent of tenants for a period of three (3) years after acquisition of a building by foreclosure or deed-in-lieu of foreclosure.
 32. **Removal, Demolition or Alteration of Personal Property and Fixtures.** Except to the extent permitted by the following sentence, no personal property or fixtures shall be removed, demolished or materially altered without the prior written consent of the Beneficiary. Trustor may remove and dispose of, free from the lien

of this Deed of Trust, such personal property and fixtures as from time to time become worn out or obsolete, providing that, (a) the same is done in the ordinary course of business, and (2) either (i) at the time of, or prior to, such removal, any such personal property or fixtures are replaced with other personal property or fixtures which are free from liens other than encumbrances permitted hereunder and which have a value at least equal to that of the replaced personal property and fixtures (and by such removal replacement Trustor shall be deemed to have subjected such replacement personal property and fixtures to the lien of this Deed of Trust), or (ii) such personal property and fixtures may not require replacement if functionally, economically or operationally obsolete and so long as the fair market value of and operational efficiency of the Project is not reduced or adversely effected thereby.

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

[Remainder of Page Blank]

[Signatures on Following Page]

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

TRUSTOR:

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

By: form - do not sign
Tammy Marine, Executive Director

Date: _____

TRUSTOR SIGNATURE MUST BE NOTARIZED

<INSERT CALIFORNIA ALL-PURPOSE ACKNOWLEDGEMENT >

EXHIBIT "A"

LEGAL DESCRIPTION OF PROPERTY

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

LOT 7 IN BLOCK "A" OF HAMPTONS FIRST ADDITION TO ELSINORE, IN THE
CITY OF LAKE ELSINORE, COUNTY OF RIVERSIDE, AS PER MAP RECORDED IN
BOOK 4, PAGE 267 OF MAPS RECORDED IN THE OFFICE OF THE COUNTY
RECORDER OF RIVERSIDE COUNTY, CALIFORNIA.

APN: 373-041-020

REQUEST FOR RECONVEYANCE

TO TRUSTEE:

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

Dated: _____

EXHIBIT C

Promissory Note

PROMISSORY NOTE SECURED BY DEED OF TRUST

\$390,000.00
Interest 0%

Date: _____
Lake Elsinore, California

In installments as hereafter stated, for value received, Habitat for Humanity, Inc (“BORROWER”), a California nonprofit public benefit corporation promises to pay the COUNTY OF RIVERSIDE, a political subdivision of the State of California (“COUNTY”), or order, at 3403 10th Street, Suite 300, Riverside, CA 92501, the sum of Three Hundred Ninety Thousand Dollars (\$390,000.00 USD) (the “NSP3 Loan” or “Note Amount”) which at the time of payment is lawful for the payment of public and private debts.

This Promissory Note (“Note”) is given in accordance with that certain Loan Agreement for the Use of Neighborhood Stabilization Program Funds executed by COUNTY and BORROWER, dated as of _____ and recorded in the Official Records of the County of Riverside (“Official Records”) on or about the date hereof (the “NSP3 Loan Agreement”). Except to the extent otherwise expressly defined in this Note, all capitalized terms shall have the meanings ascribed to such terms in the NSP3 Loan Agreement. The Note is secured by a Deed of Trust, Security Agreement and Fixture Filing with Assignment of Rents executed by BORROWER for the benefit of COUNTY dated _____ and recorded on or about the date hereof in the Official Records (the “NSP3 Deed of Trust” or “Deed of Trust”). The rights and obligations of the BORROWER and COUNTY under this Note shall be governed by the NSP3 Loan Agreement and the following terms:

- (1) That the NSP3 Loan evidenced by this Note and secured by the NSP3 Deed of Trust are being made pursuant to the Neighborhood Stabilization Program (“NSP3”), which was enacted under Title III of Division B of the Housing and Economic Recovery Act of 2008 (“HERA”) and appropriated under Community Development Block Grant (“CDBG”). BORROWER agrees for itself, its successors and assigns that the use of the Assisted Unit shall be subject to the restrictions on affordability, sale and occupancy set forth in the NSP3 Program regulations, the NSP3 Loan dated on or about the date hereof and recorded on or about the date hereof in the Official Records between BORROWER and COUNTY.
- (2) That the NSP3 Loan shall accrue simple interest at a rate of zero percent (0%) per annum, except in the case of default as hereinafter provided.
- (3) The term of this Note shall be eighteen (18) months from the Effective Date of the NSP3 Loan Agreement.
- (4) This Note shall be repaid according to the following:
 - a. The NSP3 Loan shall be: (1) due and payable in an Event of Default by BORROWER which has not been cured as provided for in the NSP3 Loan Agreement, and (2) converted to a grant upon sale and transfer of title to a Qualified Homebuyer and upon execution and recordation of the Homebuyer Covenant Agreement as described in the NSP3 Loan Agreement.

- b. The NSP3 Loan shall be converted to a grant upon the sale and transfer of title of the Assisted Unit to a Qualified Homebuyer evidenced by recordation of a covenant ("Homebuyer Covenant") in the Official Records. At the time of sale of the Assisted Unit to a Qualified Homebuyer and upon execution and recordation of the Homebuyer Covenant Agreement, COUNTY shall cause to be delivered to BORROWER a full reconveyance of the Deed of Trust, which termination does not affect the Affordability Period for the Assisted Unit.
 - c. BORROWER shall be the primary lender to provide the Qualified Homebuyer a minimum 30-year fixed rate mortgage loan to purchase the home.
 - d. Upon sale of the Assisted Unit prior to the expiration of the Affordability Period, BORROWER shall utilize proceeds from the sale towards eligible NSP3 activities, as defined in the County of Riverside's 2008-2009 One Year Action Plan and its amendments.
 - e. Annual financial statements providing for the status of the NSP3 proceeds shall be submitted to COUNTY within 60 days of July 1st for COUNTY review and approval commencing on July 1, 2025.
- (5) The NSP3 Loan is evidenced by this Note which is secured by that certain NSP3 Deed of Trust executed by BORROWER for the benefit of the COUNTY, dated on or about the date hereof and recorded in the Official Records.
- (6) This Note may be prepaid in whole or in part by the undersigned at any time without prepayment penalty or premium.
- (7) Subject to the provisions and limitations of this Paragraph 7, the obligation to repay the Note Amount is a nonrecourse obligation of BORROWER and its partners. Neither BORROWER nor its partners shall have any personal liability for repayment of the Note Amount, except as provided in this Paragraph 7. The sole recourse of the COUNTY shall be the exercise of its rights against the Property (or any portion thereof) and any related security for the NSP3 Loan; provided, however, that the foregoing shall not (i) constitute a waiver of any other obligation evidenced by this Note or the Deed of Trust; (ii) limit the right of the COUNTY to name BORROWER as a party defendant in any action or suit for judicial foreclosure and sale under this Note and the Deed of Trust or any action or proceeding hereunder so long as no judgment in the nature of a deficiency judgment shall be asked for or taken against BORROWER; (iii) release or impair either this Note or the Deed of Trust; (iv) prevent or in any way hinder the COUNTY from exercising, or constitute a defense, an affirmative defense, a counterclaim or other basis for relief in respect of the exercise of, any other remedy against the mortgaged Property or any other instrument securing this Note or as prescribed by law or in equity in case of default; (v) prevent or in any way hinder the COUNTY from exercising, or constitute a defense, an affirmative defense, a counterclaim or other basis for relief in respect of the exercise of, its remedies in respect of any deposits, insurance proceeds, condemnation awards or other monies or other collateral or letters of credit securing this Note; or (vi) affect in any way the validity of any guarantee or indemnity from any person of all or any of the obligations

evidenced and secured by this Note and the Deed of Trust. Notwithstanding the first sentence of this **Section 7**, the COUNTY may recover directly from BORROWER or, unless otherwise prohibited by any applicable law, from any other party: (a) any damages, costs and expenses incurred by the COUNTY as a result of fraud, misrepresentation or any criminal act or acts of BORROWER or any general partner, shareholder, officer, director or employee of BORROWER, or of any member or general partner of BORROWER, or of any general partner of such member or general partner; (b) any damages, costs and expenses incurred by the COUNTY as a result of any misappropriation of funds provided to pay costs as described in the HOME Loan Agreement, rents and revenues from the operation of the Project, or proceeds of insurance policies or condemnation proceeds; (c) any misappropriation of rental proceeds resulting in the failure to pay taxes, assessments, or other charges that could create statutory liens on the Project and that are payable or applicable prior to any foreclosure under the Deed of Trust; (d) the fair market value of any personal property or fixtures removed or disposed of by the BORROWER other than in accordance with the Deed of Trust; (e) any and all amounts owing by BORROWER pursuant to any indemnity set forth in the NSP3 Loan Agreement and/or Deed of Trust or the indemnification regarding Hazardous Substances pursuant to the NSP3 Loan Agreement and/or Deed of Trust, and (f) all court costs and attorneys' fees reasonably incurred in enforcing or collecting upon any of the foregoing exceptions.

- (8) The occurrence of any of the following events shall constitute an "Event of Default" under this Note after notice and opportunity to cure pursuant to the terms set forth in the Deed of Trust:
- i. Monetary Default. (1) BORROWER's failure to pay when due any sums payable under this Note or Deed of Trust, or any advances made by COUNTY under the Deed of Trust or the NSP3 Loan Agreement, after expiration of any applicable cure periods, (2) BORROWER's or any agent of BORROWER's use of NSP3 funds for costs other than costs or for uses inconsistent with terms and restrictions set forth in the NSP3 Loan Agreement, after expiration of any applicable cure periods, (3) BORROWER's or any agent of BORROWER's failure to make any other payment of any assessment or tax due under the NSP3 Loan Agreement or the Deed of Trust, after expiration of any applicable cure periods, and /or (4) default under the terms of any junior loan documents or any other instrument or document secured against the Assisted Unit;
 - ii. Non-Monetary Default - Operation. (1) Discrimination by BORROWER or BORROWER's agent on the basis of characteristics prohibited by the NSP3 Loan Agreement or applicable law, (2) the imposition of any encumbrances or liens on the Assisted Unit without COUNTY's prior written approval, including, but not limited to those liens or encumbrances expressly prohibited under the NSP3 Loan Agreement or that have the effect of reducing the priority or invalidating the Deed of Trust, (3) BORROWER's failure to obtain and maintain the insurance coverage required under the NPS3 Loan Agreement, after expiration of any applicable cure periods, (f) breach of any term contained in the Deed of Trust, after expiration of any applicable cure periods, (4) any other

default under the NSP3 Loan Agreement, after expiration of any applicable cure periods, and/or (5) default under the terms of any junior loan documents or any other instrument or document secured against the Assisted Unit;

- iii. General Performance of Loan Obligations. Any substantial or continuous or repeated breach by BORROWER or BORROWER's agents of any material obligations on BORROWER imposed in the NSP3 Loan Agreement, after expiration of any applicable cure periods; and
 - iv. General Performance of Other Obligations. Any substantial or continuous or repeated breach by BORROWER or BORROWER's agents, after expiration of any applicable cure periods, of any material obligations on the Project imposed by any other agreement with respect to the financing, development, or operation of the Project; whether or not COUNTY is a party to such agreement.
- (7) COUNTY shall give written notice of default to BORROWER, specifying the default complained of by the COUNTY as set forth in the Deed of Trust and of BORROWER's obligation to cure the default within the periods set forth below. Delay in giving such notice shall not constitute a waiver of any default nor shall it change the time of default.

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

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

If a non-monetary event of default occurs, prior to exercising any remedies hereunder, the injured party shall give the party in default notice of such default. If the default is reasonably capable of being cured within thirty (30) days, the party in default shall have such period to effect a cure prior to exercise of remedies by the injured party.

- (8) Any failures or delays by COUNTY in asserting any of its rights and remedies as to any default shall not operate as a waiver of any default or of any such rights or remedies. Delays by COUNTY in asserting any of its rights and remedies shall not deprive COUNTY of its right to institute and maintain any actions or proceedings which it may deem necessary to protect, assert, or enforce any such rights or remedies.
- (9) If the rights created by this Note shall be held by a court of competent jurisdiction to be invalid or unenforceable as to any part of the obligations described herein, the remaining

obligations shall be completely performed and paid. In the event that any provision or clause of this Note conflicts with applicable law, such conflict will not affect other provisions of this Note which can be given effect without the conflicting provision, and to this end the provisions of the Note are declared to be severable.

- (10) BORROWER hereby waives diligence, presentment for payment, demand, notice of protest, dishonor and nonpayment of this Note, and expressly agrees that, without in any way affecting the liability of BORROWER hereunder, the COUNTY may extend any maturity date or the time for payment of any installment due hereunder, accept additional security, release any party liable hereunder and release any security now or hereafter securing this Note. BORROWER further waives, to the full extent permitted by law, the right to plead any and all statutes of limitations as a defense to any demand on this Note, or on any deed of trust, security agreement, guaranty or other agreement now or hereafter securing this Note.
- (11) Should default be made in payment of principal and interest when due and such default shall continue beyond the applicable notice and cure period provided in the NSP3 Loan Agreement, the whole sum of principal and interest shall become immediately due at the option of the holder of this Note. Principal and interest are payable in lawful money of the United States. If action be instituted on this Note, the undersigned promises to pay such sums as the Court may fix as attorney's fees.
- (12) This Note has been negotiated and entered in the State of California, and shall be governed by, construed and enforced in accordance with the internal laws of the State of California, applied to contracts made in California by California domiciliaries to be wholly performed in California. Any action at law or in equity arising under this Note or brought by a party hereto for the purpose of enforcing, construing or determining the validity of any provision of this Note shall be filed in the Superior Courts of Riverside County, State of California, and the parties hereto waive all provisions of law providing for the filing, removal or change of venue to any other court or jurisdiction.
- (13) No modification, rescission, waiver, release or amendment of any provision of this Note shall be made except by a written agreement executed by BORROWER and the duly authorized representative of the COUNTY.
- (14) The COUNTY may, in its sole and absolute discretion, assign its rights under this Note and its right to receive repayment of the Note Amount without obtaining the consent of BORROWER.
- (15) In no event shall BORROWER assign or transfer any portion of this Note or any rights herein without the prior express written consent of the COUNTY, which consent the COUNTY may give or withhold in its sole and absolute discretion. In the absence of specific written agreement by the COUNTY, no unauthorized assignment or transfer, or approval thereof by the COUNTY, shall be deemed to relieve BORROWER or any other party from any obligations under the NSP3 Loan Agreement or this Note. This provision shall not affect or diminish the COUNTY's assignment rights under this Note.

- (16) Except as to the Permitted Deeds of Trust identified herein, BORROWER shall not encumber the Property for the purpose of securing financing either senior or junior in priority or subordinated to the Deed of Trust without the prior written approval of the COUNTY in its sole and absolute discretion.
- (17) The relationship of BORROWER and the COUNTY pursuant to this Note is that of debtor and creditor and shall not be, or be construed to be, a joint venture, equity venture, partnership or other relationship.
- (18)
- a. Formal notices, demands and communications between the COUNTY and BORROWER shall be deemed sufficiently given if made in writing and dispatched by any of the following methods to the addresses of the COUNTY and BORROWER as set forth below: (i) registered or certified mail, postage prepaid, return receipt requested (in which event, the notice shall be deemed delivered on the date of receipt thereof); (ii) electronic facsimile transmission, followed on the same day by delivery of a “hard” copy via first-class mail, postage prepaid (in which event, the notice shall be deemed delivered on the date of its successful facsimile transmission as evidenced by a facsimile confirmation or “kick-out” sheet); or (iii) personal delivery, including by means of professional messenger service, courier service such as United Parcel Service or Federal Express, or by U.S. Postal Service (in which event, the notice shall be deemed delivered on the documented date of receipt). Such written notices, demands and communications may be sent in the same manner to such other addresses as either party may from time to time designate by mail.
 - b. The address of the COUNTY for purposes of receiving notices pursuant to this Note shall be 3403 10th Street, Suite 300, Riverside, California 92501, Attention: Director of HWS. The facsimile number for the COUNTY’s receipt of notices is (951) 352-4852.
 - c. The address of BORROWER for purposes of receiving notices pursuant to this Note is 41615 Winchester Rd, Suite 214, Temecula, CA 92591, Attention: Executive Director.
- (19) The captions and headings in this Note are for convenience only and are not to be used to interpret or define the provisions hereof.
- (20) The undersigned, if comprising more than one person or entity, shall be jointly and severally liable hereunder.
- (21) This Note shall be binding upon BORROWER and its heirs, successors and assigns, and shall benefit the COUNTY and its successors and assigns

BORROWER:

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

By: form - do not sign
Tammy Marine, Executive Director

Date: _____

EXHIBIT D
RIVERSIDE COUNTY

SECTION 3

24 CFR PART 75

EXHIBIT “D”

RIVERSIDE COUNTY

SECTION 3

24 CFR PART 75

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

CONTRACT REQUIREMENTS

RIVERSIDE COUNTY

Section 75.1 Purpose

This part establishes the requirements to be followed to ensure the objectives of Section 3 of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701u) (Section 3) are met. The purpose of Section 3 is to ensure that economic opportunities, most importantly employment, generated by certain HUD financial assistance shall be directed to low- and very low-income persons, particularly those who are recipients of government assistance for housing or residents of the community in which the Federal assistance is spent.

Section 75.3 Applicability

(a) General applicability. Section 3 applies to public housing financial assistance and Section 3 projects, as follows:

(1) Public housing financial assistance. Public housing financial assistance means:

(i) Development assistance provided pursuant to section 5 of the United States Housing Act of 1937 (the 1937 Act);

(ii) Operations and management assistance provided pursuant to section 9(e) of the 1937 Act;

(iii) Development, modernization, and management assistance provided pursuant to section 9(d) of the 1937 Act; and

(iv) The entirety of a mixed-finance development project as described in 24 CFR 905.604, regardless of whether the project is fully or partially assisted with public housing financial assistance as defined in paragraphs (a)(1)(i) through (iii) of this section.

(2) Section 3 projects. (i) Section 3 projects means housing rehabilitation, housing construction, and other public construction projects assisted under HUD programs that provide housing and community development financial assistance when the total amount of assistance to the project exceeds a threshold of \$200,000. The threshold is \$100,000 where the assistance is from the Lead Hazard Control and Healthy Homes programs, as authorized by Sections 501 or 502 of the Housing and Urban Development Act of 1970 (12 U.S.C. 1701z-1 or 1701z-2), the Lead-Based Paint Poisoning Prevention Act (42 U.S.C 4801 et seq.); and the Residential Lead-Based Paint Hazard Reduction Act of 1992 (42 U.S.C. 4851 et seq.). The project is the site or sites together with any building(s) and improvements located on the site(s) that are under common ownership, management, and financing.

(ii) The Secretary must update the thresholds provided in paragraph (a)(2)(i) of this section not less than once every 5 years based on a national construction cost inflation factor through Federal Register notice not subject to public comment. When the Secretary finds it is warranted to ensure compliance with Section 3, the Secretary may adjust,

regardless of the national construction cost factor, such thresholds through Federal Register notice, subject to public comment.

(iii) The requirements in this part apply to an entire Section 3 project, regardless of whether the project is fully or partially assisted under HUD programs that provide housing and community development financial assistance.

(b) Contracts for materials. Section 3 requirements do not apply to material supply contracts.

(c) Indian and Tribal preferences. Contracts, subcontracts, grants, or subgrants subject to Section 7(b) of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 5307(b)) or subject to tribal preference requirements as authorized under 101(k) of the Native American Housing Assistance and Self-Determination Act (25 U.S.C. 4111(k)) must provide preferences in employment, training, and business opportunities to Indians and Indian organizations, and are therefore not subject to the requirements of this part.

(d) Other HUD assistance and other Federal assistance. Recipients that are not subject to Section 3 are encouraged to consider ways to support the purpose of Section 3.

Section 75.5 Definitions.

The terms HUD, Public housing, and Public Housing Agency (PHA) are defined in 24 CFR part 5. The following definitions also apply to this part:

1937 Act means the United States Housing Act of 1937, 42 U.S.C. 1437 et seq.

Contractor means any entity entering into a contract with:

- (1) A recipient to perform work in connection with the expenditure of public housing financial assistance or for work in connection with a Section 3 project; or
- (2) A subrecipient for work in connection with a Section 3 project.

Labor hours means the number of paid hours worked by persons on a Section 3 project or by persons employed with funds that include public housing financial assistance.

Low-income person means a person as defined in Section 3(b)(2) of the 1937 Act.

Material supply contracts means contracts for the purchase of products and materials, including, but not limited to, lumber, drywall, wiring, concrete, pipes, toilets, sinks, carpets, and office supplies.

Professional services means non-construction services that require an advanced degree or professional licensing, including, but not limited to, contracts for legal services, financial consulting, accounting services, environmental assessment, architectural services, and civil engineering services.

Public housing financial assistance means assistance as defined in §75.3(a)(1).

Public housing project is defined in 24 CFR 905.108.

Recipient means any entity that receives directly from HUD public housing financial assistance or housing and community development assistance that funds Section 3 projects, including, but not limited to, any State, local government, instrumentality, PHA, or other public agency, public or private nonprofit organization.

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

Section 3 business concern means:

(1) A business concern meeting at least one of the following criteria, documented within the last six-month period:

(i) It is at least 51 percent owned and controlled by low- or very low-income persons;

(ii) Over 75 percent of the labor hours performed for the business over the prior three-month period are performed by Section 3 workers; or

(iii) It is a business at least 51 percent owned and controlled by current public housing residents or residents who currently live in Section 8-assisted housing.

(2) The status of a Section 3 business concern shall not be negatively affected by a prior arrest or conviction of its owner(s) or employees.

(3) Nothing in this part shall be construed to require the contracting or subcontracting of a Section 3 business concern. Section 3 business concerns are not exempt from meeting the specifications of the contract.

Section 3 project means a project defined in §75.3(a)(2).

Section 3 worker means:

(1) Any worker who currently fits or when hired within the past five years fit at least one of the following categories, as documented:

(i) The worker's income for the previous or annualized calendar year is below the income limit established by HUD.

(ii) The worker is employed by a Section 3 business concern.

(iii) The worker is a YouthBuild participant.

(2) The status of a Section 3 worker shall not be negatively affected by a prior arrest or conviction.

(3) Nothing in this part shall be construed to require the employment of someone who meets this definition of a Section 3 worker. Section 3 workers are not exempt from meeting the qualifications of the position to be filled.

Section 8-assisted housing refers to housing receiving project-based rental assistance or tenant-based assistance under Section 8 of the 1937 Act.

Service area or the neighborhood of the project means an area within one mile of the Section 3 project or, if fewer than 5,000 people live within one mile of a Section 3 project, within a circle centered on the Section 3 project that is sufficient to encompass a population of 5,000 people according to the most recent U.S. Census.

Small PHA means a public housing authority that manages or operates fewer than 250 public housing units.

Subcontractor means any entity that has a contract with a contractor to undertake a portion of the contractor's obligation to perform work in connection with the expenditure of public housing financial assistance or for a Section 3 project.

Subrecipient has the meaning provided in the applicable program regulations or in 2 CFR 200.93.

Targeted Section 3 worker has the meanings provided in §§75.11, 75.21, or 75.29, and does not exclude an individual that has a prior arrest or conviction.

Very low-income person means the definition for this term set forth in section 3(b)(2) of the 1937 Act.

YouthBuild programs refers to YouthBuild programs receiving assistance under the Workforce Innovation and Opportunity Act (29 U.S.C. 3226).

Subpart C—Additional Provisions for Housing and Community Development Financial Assistance

§75.19 Requirements.

(a) *Employment and training.* (1) To the greatest extent feasible, and consistent with existing Federal, state, and local laws and regulations, recipients covered by this subpart shall ensure that employment and training opportunities arising in connection with Section 3 projects are provided to Section 3 workers within the metropolitan area (or nonmetropolitan county) in which the project is located.

(2) Where feasible, priority for opportunities and training described in paragraph (a)(1) of this section should be given to:

(i) Section 3 workers residing within the service area or the neighborhood of the project, and

(ii) Participants in YouthBuild programs.

(b) *Contracting.* (1) To the greatest extent feasible, and consistent with existing Federal, state, and local laws and regulations, recipients covered by this subpart shall ensure contracts for work awarded in connection with Section 3 projects are provided to business concerns that provide economic opportunities to Section 3 workers residing within the metropolitan area (or nonmetropolitan county) in which the project is located.

(2) Where feasible, priority for contracting opportunities described in paragraph (b)(1) of this section should be given to:

(i) Section 3 business concerns that provide economic opportunities to Section 3 workers residing within the service area or the neighborhood of the project, and

(ii) YouthBuild programs.

§75.21 Targeted Section 3 worker for housing and community development financial assistance.

(a) *Targeted Section 3 worker.* A Targeted Section 3 worker for housing and community development financial assistance means a Section 3 worker who is:

(1) A worker employed by a Section 3 business concern; or

(2) A worker who currently fits or when hired fit at least one of the following categories, as documented within the past five years:

(i) Living within the service area or the neighborhood of the project, as defined in §75.5; or

(ii) A YouthBuild participant.

(b) [Reserved]

§75.23 Section 3 safe harbor.

(a) *General.* Recipients will be considered to have complied with requirements in this part, in the absence of evidence to the contrary if they:

(1) Certify that they have followed the prioritization of effort in §75.19; and

(2) Meet or exceed the applicable Section 3 benchmark as described in paragraph (b) of this section.

(b) *Establishing benchmarks.* (1) HUD will establish Section 3 benchmarks for Section 3 workers or Targeted Section 3 workers or both through a document published in the FEDERAL REGISTER. HUD may establish a single nationwide benchmark for Section 3 workers and a single nationwide benchmark for Targeted Section 3 workers, or may establish multiple benchmarks based on geography, the nature of the Section 3 project, or other variables. HUD will update the benchmarks through a document published in the FEDERAL REGISTER, subject to public

comment, not less frequently than once every 3 years. Such notice shall include aggregate data on labor hours and the proportion of recipients meeting benchmarks, as well as other metrics reported pursuant to §75.25 as deemed appropriate by HUD, for the 3 most recent reporting years.

(2) In establishing the Section 3 benchmarks, HUD may consider the industry averages for labor hours worked by specific categories of workers or in different localities or regions; averages for labor hours worked by Section 3 workers and Targeted Section 3 workers as reported by recipients pursuant to this section; and any other factors HUD deems important. In establishing the Section 3 benchmarks, HUD will exclude professional services from the total number of labor hours as such hours are excluded from the total number of labor hours to be reported per §75.25(a)(4).

(3) Section 3 benchmarks will consist of the following two ratios:

(i) The number of labor hours worked by Section 3 workers divided by the total number of labor hours worked by all workers on a Section 3 project in the recipient's program year.

(ii) The number of labor hours worked by Targeted Section 3 workers as defined in §75.21(a), divided by the total number of labor hours worked by all workers on a Section 3 project in the recipient's program year.

§75.25 Reporting.

(a) *Reporting of labor hours.* (1) For Section 3 projects, recipients must report in a manner prescribed by HUD:

(i) The total number of labor hours worked;

(ii) The total number of labor hours worked by Section 3 workers; and

(iii) The total number of labor hours worked by Targeted Section 3 workers.

(2) Section 3 workers' and Targeted Section 3 workers' labor hours may be counted for five years from when their status as a Section 3 worker or Targeted Section 3 worker is established pursuant to §75.31.

(3) The labor hours reported under paragraph (a)(1) of this section must include the total number of labor hours worked on a Section 3 project, including labor hours worked by any subrecipients, contractors and subcontractors that the recipient is required, or elects pursuant to paragraph (a)(4) of this section, to report.

(4) Recipients reporting under this section, as well as subrecipients, contractors and subcontractors who report to recipients, may report labor hours by Section 3 workers, under paragraph (a)(1)(ii) of this section, and labor hours by Targeted Section 3 workers, under paragraph (a)(1)(iii) of this section, from professional services without including labor hours from professional services in the total number of labor hours worked under paragraph (a)(1)(i) of this section. If a contract covers both professional services and other work and the recipient or

contractor or subcontractor chooses not to report labor hours from professional services, the labor hours under the contract that are not from professional services must still be reported.

(5) Recipients may report their own labor hours or that of a subrecipient, contractor, or subcontractor based on the employer's good faith assessment of the labor hours of a full-time or part-time employee informed by the employer's existing salary or time and attendance based payroll systems, unless the project or activity is otherwise subject to requirements specifying time and attendance reporting.

(b) *Additional reporting if Section 3 benchmarks are not met.* If the recipient's reporting under paragraph (a) of this section indicates that the recipient has not met the Section 3 benchmarks described in §75.23, the recipient must report in a form prescribed by HUD on the qualitative nature of its activities and those its contractors and subcontractors pursued. Such qualitative efforts may, for example, include but are not limited to the following:

(1) Engaged in outreach efforts to generate job applicants who are Targeted Section 3 workers.

(2) Provided training or apprenticeship opportunities.

(3) Provided technical assistance to help Section 3 workers compete for jobs (*e.g.*, resume assistance, coaching).

(4) Provided or connected Section 3 workers with assistance in seeking employment including: drafting resumes, preparing for interviews, and finding job opportunities connecting residents to job placement services.

(5) Held one or more job fairs.

(6) Provided or referred Section 3 workers to services supporting work readiness and retention (*e.g.*, work readiness activities, interview clothing, test fees, transportation, child care).

(7) Provided assistance to apply for/or attend community college, a four-year educational institution, or vocational/technical training.

(8) Assisted Section 3 workers to obtain financial literacy training and/or coaching.

(9) Engaged in outreach efforts to identify and secure bids from Section 3 business concerns.

(10) Provided technical assistance to help Section 3 business concerns understand and bid on contracts.

(11) Divided contracts into smaller jobs to facilitate participation by Section 3 business concerns.

(12) Provided bonding assistance, guaranties, or other efforts to support viable bids from Section 3 business concerns.

(13) Promoted use of business registries designed to create opportunities for disadvantaged and small businesses.

(14) Outreach, engagement, or referrals with the state one-stop system as defined in Section 121(e)(2) of the Workforce Innovation and Opportunity Act.

(c) *Reporting frequency.* Unless otherwise provided, recipients must report annually to HUD under paragraph (a) of this section, and, where required, under paragraph (b) of this section, on all projects completed within the reporting year in a manner consistent with reporting requirements for the applicable HUD program.

§75.27 Contract provisions.

(a) Recipients must include language applying Section 3 requirements in any subrecipient agreement or contract for a Section 3 project.

(b) Recipients of Section 3 funding must require subrecipients, contractors, and subcontractors to meet the requirements of §75.19, regardless of whether Section 3 language is included in recipient or subrecipient agreements, program regulatory agreements, or contracts.

Subpart D—Provisions for Multiple Funding Sources, Recordkeeping, and Compliance

§75.29 Multiple funding sources.

(a) If a housing rehabilitation, housing construction or other public construction project is subject to Section 3 pursuant to §75.3(a)(1) and (2), the recipient must follow subpart B of this part for the public housing financial assistance and may follow either subpart B or C of this part for the housing and community development financial assistance. For such a project, the following applies:

(1) For housing and community development financial assistance, a Targeted Section 3 worker is any worker who meets the definition of a Targeted Section 3 worker in either subpart B or C of this part; and

(2) The recipients of both sources of funding shall report on the housing rehabilitation, housing construction, or other public construction project as a whole and shall identify the multiple associated recipients. PHAs and other recipients must report the following information:

- (i) The total number of labor hours worked on the project;
- (ii) The total number of labor hours worked by Section 3 workers on the project; and
- (iii) The total number of labor hours worked by Targeted Section 3 workers on the project.

(b) If a housing rehabilitation, housing construction, or other public construction project is subject to Section 3 because the project is assisted with funding from multiple sources of housing and community development assistance that exceed the thresholds in §75.3(a)(2), the recipient or

recipients must follow subpart C of this part, and must report to the applicable HUD program office, as prescribed by HUD.

§75.31 Recordkeeping.

(a) HUD shall have access to all records, reports, and other documents or items of the recipient that are maintained to demonstrate compliance with the requirements of this part, or that are maintained in accordance with the regulations governing the specific HUD program by which the Section 3 project is governed, or the public housing financial assistance is provided or otherwise made available to the recipient, subrecipient, contractor, or subcontractor.

(b) Recipients must maintain documentation, or ensure that a subrecipient, contractor, or subcontractor that employs the worker maintains documentation, to ensure that workers meet the definition of a Section 3 worker or Targeted Section 3 worker, at the time of hire or the first reporting period, as follows:

(1) For a worker to qualify as a Section 3 worker, one of the following must be maintained:

(i) A worker's self-certification that their income is below the income limit from the prior calendar year;

(ii) A worker's self-certification of participation in a means-tested program such as public housing or Section 8-assisted housing;

(iii) Certification from a PHA, or the owner or property manager of project-based Section 8-assisted housing, or the administrator of tenant-based Section 8-assisted housing that the worker is a participant in one of their programs;

(iv) An employer's certification that the worker's income from that employer is below the income limit when based on an employer's calculation of what the worker's wage rate would translate to if annualized on a full-time basis; or

(v) An employer's certification that the worker is employed by a Section 3 business concern.

(2) For a worker to qualify as a Targeted Section 3 worker, one of the following must be maintained:

(i) For a worker to qualify as a Targeted Section 3 worker under subpart B of this part:

(A) A worker's self-certification of participation in public housing or Section 8-assisted housing programs;

(B) Certification from a PHA, or the owner or property manager of project-based Section 8-assisted housing, or the administrator of tenant-based Section 8-assisted housing that the worker is a participant in one of their programs;

(C) An employer's certification that the worker is employed by a Section 3 business concern; or

(D) A worker's certification that the worker is a YouthBuild participant.

(ii) For a worker to qualify as a Targeted Section 3 worker under subpart C of this part:

(A) An employer's confirmation that a worker's residence is within one mile of the work site or, if fewer than 5,000 people live within one mile of a work site, within a circle centered on the work site that is sufficient to encompass a population of 5,000 people according to the most recent U.S. Census;

(B) An employer's certification that the worker is employed by a Section 3 business concern; or

(C) A worker's self-certification that the worker is a YouthBuild participant.

(c) The documentation described in paragraph (b) of this section must be maintained for the time period required for record retentions in accordance with applicable program regulations or, in the absence of applicable program regulations, in accordance with 2 CFR part 200.

(d) A PHA or recipient may report on Section 3 workers and Targeted Section 3 workers for five years from when their certification as a Section 3 worker or Targeted Section 3 worker is established.

§75.33 Compliance.

(a) *Records of compliance.* Each recipient shall maintain adequate records demonstrating compliance with this part, consistent with other recordkeeping requirements in 2 CFR part 200.

(b) *Complaints.* Complaints alleging failure of compliance with this part may be reported to the HUD program office responsible for the public housing financial assistance or the Section 3 project, or to the local HUD field office.

(c) *Monitoring.* HUD will monitor compliance with the requirements of this part. The applicable HUD program office will determine appropriate methods by which to oversee Section 3 compliance. HUD may impose appropriate remedies and sanctions in accordance with the laws and regulations for the program under which the violation was found.

RIVERSIDE COUNTY
SECTION 3 BUSINESS CONCERN CERTIFICATION FOR CONTRACTING

Instructions: Enter the following information and select the criteria that applies to certify your business' Section 3 Business Concern status.

Business Information

Name of Business _____

Address of Business _____

Name of Business Owner _____

Phone Number of Business Owner _____

Email Address of Business Owner _____

Preferred Contact Information

Same as above

Name of Preferred Contact _____

Phone Number of Preferred Contact _____

Type of Business (select from the following options):

Corporation Partnership Sole Proprietorship Joint Venture

Select from ONE of the following three options below that applies:

At least 51 percent of the business is owned and controlled by low- or very low-income persons (*Refer to income guidelines on page 2*).

At least 51 percent of the business is owned and controlled by current public housing residents or residents who currently live in Section 8-assisted housing.

Over 75 percent of the labor hours performed for the business over the prior three-month period are performed by Section 3 workers (*Refer to definition on page 2*).

Business Concern Affirmation

I affirm that the above statements (on the frontside of this form) are true, complete, and correct to the best of my knowledge and belief. I understand that businesses who misrepresent themselves as Section 3 business concerns and report false information to [insert name of recipient/grantee] may have their contracts terminated as default and be barred from ongoing and future considerations for contracting opportunities. I hereby certify, under penalty of law, that the following information is correct to the best of my knowledge.

Print Name: _____

Signature: _____ Date: _____

*Certification expires within six months of the date of signature.

Information regarding Section 3 Business Concerns can be found at 24 CFR 75.5

FOR ADMINISTRATIVE USE ONLY

Is the business a Section 3 business concern based upon their certification? YES NO
EMPLOYERS MUST RETAIN THIS FORM IN THEIR SECTION 3 COMPLIANCE FILE FOR FIVE YEARS.

Riverside County Section 3 Income Limits

2021 HOME -effective June 1, 2021 HUD RIVERSIDE-SAN BERNARDINO CA MSA								
HOME INCOME	1 Person	2 Person	3 Person	4 Person	5 Person	6 Person	7 Person	8 Person
30% Limits	16600	19000	21350	23700	25600	27500	29400	31300
50% Limits Very Low-Inc	27650	31600	35550	39500	42700	45850	49000	52150
60% Limits	33180	37920	42660	47400	51240	55020	58800	62580
80% Limits Low-Inc	44250	50600	56900	63200	68300	73350	78400	83450

Section 3 Worker Definition:

- i. A low or very low-income resident (the worker's income for the previous or annualized calendar year is below the income limit established by HUD); or
- ii. Employed by a Section 3 business concern; or
- iii. A YouthBuild participant.

Targeted Section 3 Worker Definition:

- iv. Employed by a Section 3 business concern or
- v. Currently meets or when hired met at least one of the following categories as documented within the past five years:
 - o A resident of public housing; or
 - o A resident of other public housing projects or Section 8-assisted housing; or
 - o A YouthBuild participant.

EXHIBIT E
Prohibition Against Conflicts of Interest

Prohibition Against Conflicts of Interest

EXHIBIT E

§ 92.356 Conflict of interest.

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

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

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

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

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

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

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

- a. Whether the exception would provide a significant cost benefit or an essential degree of expertise to the program or project which would otherwise not be available;
- b. Whether the person affected is a member of a group or class of low-income persons intended to be the beneficiaries of the assisted activity, and the exception will permit such person to receive generally the same interests or benefits as are being made available or provided to the group or class;
- c. Whether the affected person has withdrawn from his or her functions or responsibilities, or the decision making process with respect to the specific assisted activity in question;
- d. Whether the interest or benefit was present before the affected person was in a position as described in paragraph (c) of this section;
- e. Whether undue hardship will result either to the COUNTY or the person affected when weighed against the public interest served by avoiding the prohibited conflict;

- f. Any other relevant considerations.

Owners/Participants and Developers.

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

TOPIC:

CONFLICT OF INTEREST CODED
RIVERSIDE COUNTY
HOUSING AND WORKFORCE SOLUTIONS

DATE:

MARCH 1999

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

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

EXHIBIT F

Contractor Debarment Certification

Exhibit F

Contractor Debarment Certification Form

System for Award Management (SAM)

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

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

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

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

- STEP 1: Visit <https://www.sam.gov>
- STEP 2: Click on "Search" button
- STEP 3: Go to *Select Domain* and click the + button
- STEP 4: Select the "Entity Information" button
- STEP 5: Select the "Exclusions" button
- STEP 6: Select the "Excluded Entity" button
- STEP 7: Under "Entity Name" type into box the contractor's/vendor's or contact name
- STEP 8: Press enter key on computer keyboard
- STEP 9: Scroll and locate the names of contractor/vendor before and after subject contractor/vendor.
- STEP 10: Print Screen and attach to this certification as supporting documentation.
- STEP 11: Attach to this certification as supporting documentation a copy of contractor/vendor license for the service provided.

By signing below NSP3 Recipient, developer name, has verified the contractor/vendor known as, name of contractor/vendor, was not listed in the Excluded Parties Lists System and has the required contractor/vendor license as of date of verification.

X

DEVELOPER SIGNATURE

EXHIBIT G

Homebuyer Covenant Agreement

1 NO FEE FOR RECORDING PURSUANT
2 TO GOVERNMENT CODE SECTION 6103
3 Order No.
Escrow No.
Loan No.

4 RECORDING REQUESTED BY AND
5 WHEN RECORDED MAIL TO:

6 County of Riverside
7 Housing and Workforce Solutions
8 3403 10th Street, Suite 300
Riverside, CA 92501
Attn: Juan Garcia

9 SPACE ABOVE THIS LINE FOR RECORDER'S USE

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

12 *245 East Peck St., Lake Elsinore, CA 92530*

13 THIS AGREEMENT CONTAINING COVENANTS AFFECTING REAL PROPERTY
14 ("Homebuyer Covenant Agreement") is made this _____ day of _____, 2022
15 by and between THE COUNTY OF RIVERSIDE, a political subdivision of the State of
16 California ("County") and <Insert Homeowner(s) name here> ("Homebuyer"), *vesting*,
17 collectively referred to herein as the "Parties".

18 **RECITALS**

19 WHEREAS, HABITAT FOR HUMANITY INLAND VALLEY, INC., a California
20 public benefit corporation ("Habitat"), is the owner of that certain real property located at 245
21 East Peck Street in the City of Lake Elsinore, California also known as Assessor's Parcel No:
22 373-041-020, as described in the Legal Description attached hereto as Exhibit "A" and
23 incorporated herein by this reference ("Property"); and

24 WHEREAS, in connection with Habitat's Peck Street Affordable Housing Project and the
25 County of Riverside's ("County") administration of the County's Neighborhood Stabilization
26 Program ("NSP3"), which was enacted under Title III of Division B of the Housing and
27 Economic Recovery Act of 2008 ("HERA") and appropriated under Community Development
28 Block Grant ("CDBG"), was created under the heading of Emergency Assistance for the

1 Redevelopment of Abandoned and Foreclosed Homes for the purpose of assisting in the
2 redevelopment of abandoned or foreclosed homes) (“NSP3 Program”). County provided
3 financial assistance to Habitat in the amount of THREE HUNDRED AND NINETY
4 THOUSAND Dollars (\$390,000) loan (“County Loan”) evidenced by that certain Promissory
5 Note executed by Habitat for Humanity Inland Valley, Inc in favor of County dated
6 _____ (“County Note”) to develop the Property and reconvey said
7 Property to a qualified Low-, Moderate, and Middle-Income Household (defined below);

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

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

19 WHEREAS, the Parties desire to memorialize Homebuyer’s obligation to maintain the
20 affordability of the Property pursuant to the County Note, the NSP3 Program and this
21 Homeowner Covenant Agreement, as more specifically set forth below.

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

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

1 2) AFFORDABILITY RESTRICTIONS. This Homebuyer Covenant Agreement shall
2 continue in full force and effect for a period of fifteen (15) years from <date Homebuyer
3 Covenant Agreement is recorded> (“Term”). Homebuyer for itself and on behalf of its
4 successors and assigns, covenants, acknowledges and agrees that for the duration of the Term,
5 the Property shall be held, sold and conveyed, subject to the following covenants, conditions, and
6 restrictions:

7 a) The Property shall be occupied by a qualified low-, moderate, and middle-income
8 (“LMMI”) first-time homebuyers for the duration of the Term. The term “Low-, Moderate, and
9 Middle-Income” shall mean a household whose incomes are at or below one hundred twenty
10 percent (120%) of the AMI pursuant to NSP3 regulations, adjusted for family size appropriate to
11 the unit for the County of Riverside

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

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

20 d) The Property shall be subject to the NSP3 Program regulations, this Homebuyer
21 Covenant Agreement and any other document executed in connection therewith.

22 3) USE RESTRICTIONS.

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

28 b) The term “Transfer” used herein shall mean the sale, assignment, conveyance, lease or

1 transfer, voluntary or involuntary, of any interest in the Property. Without limiting the generality
2 of the foregoing, Transfer shall include (i) a transfer by devise, inheritance or intestacy to a party
3 who does not meet the definition of Low-, Moderate, and Middle-Income Household; (ii) a life
4 estate; (iii) creation of a joint tenancy interest; (iv) a gift of all or any portion of the Property; or
5 (v) any voluntary conveyance or sale of the Property; (vi) lease or renting of the Property.
6 Transfer shall not include a Permitted Transfer.

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

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

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

25 4) SENIOR PRIORITY. Notwithstanding anything to the contrary, this Homebuyer
26 Covenant Agreement shall be in first priority lien position.

27 5) RELEASE OF COVENANT UPON TERMINATION OF TERM. Provided
28 Homebuyer is not in default under the terms of this Homebuyer Covenant Agreement or any

1 other loan secured by a deed of trust recorded against the Property, the County shall release this
2 Homebuyer Covenant Agreement upon expiration of the Term.

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

22 7) NONDISCRIMINATION. Homebuyer covenants by and for itself, its successors and
23 assigns, and all persons claiming under or through them, that this Homebuyer Covenant
24 Agreement is made and accepted upon and subject to the following conditions: There shall be no
25 discrimination against or segregation of any person or group of persons, on account of any basis
26 listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are
27 defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of
28 Section 12955, and Section 12955.2 of the Government Code, in the sale, lease, sublease,

1 transfer, use, occupancy, tenure, or enjoyment of the Property, nor shall the transferee itself or
2 any person claiming under or through him or her, establish or permit any such practice or
3 practices of discrimination or segregation with reference to the selection, location, number, use,
4 or occupancy, of tenants, lessees, sublessees, subtenants, or vendees of the Property.

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

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

25 b) In leases: "The lessee herein covenants by and for himself or
26 herself, his or her heirs, executors, administrators, and assigns, and all persons
27 claiming under or through him or her, and this lease is made and accepted upon and
28 subject to the following conditions: That there shall be no discrimination against or

1 segregation of any person or group of persons, on account of any basis listed in
2 subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are
3 defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision
4 (p) of Section 12955, and Section 12955.2 of the Government Code, in the leasing,
5 subleasing, transferring, use, occupancy, tenure, or enjoyment of the premises herein
6 leased nor shall the lessee himself or herself, or any person claiming under or through
7 him or her, establish or permit any such practice or practices of discrimination or
8 segregation with reference to the selection, location, number, use, or occupancy, of
9 tenants, lessees, sublessees, subtenants, or vendees in the premises herein leased.”

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

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

25 COUNTY

HOMEBUYER

26
27 9) REMEDIES. County shall have the right, in the event of any breach of any such
28 agreement or covenant contained herein, to exercise all the rights and remedies, and to maintain

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

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

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

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

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

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

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

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

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

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

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

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

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

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16) BINDING EFFECT. The rights and obligations of this Homebuyer Covenant Agreement shall bind and inure to the benefit of the respective heirs, successors and assigns of the parties.

17) COUNTERPARTS. This Homebuyer Covenant Agreement may be signed by the different parties hereto in counterparts, each of which shall be an original, but all of which together shall constitute one and the same agreement.

18) PERMITTED MORTGAGES. No violation or breach of the covenants, conditions, restrictions, provisions or limitations contained in this Homebuyer Covenant Agreement shall defeat or render invalid or in any way impair the lien or charge of any mortgage.

[Remainder of Page Intentionally Blank]

[Signatures on Following Page]

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

3
4 **COUNTY:**

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

7 By: form - do not sign

8
9 Director/Housing & Workforce
Solutions

10 Date: _____

HOMEBUYER:

<homebuyer name and vesting>

By: _____
<homebuyer name>

Date: _____

11
12 **HABITAT FOR HUMANITY INLAND**
13 **VALLEY, Inc** a California public
14 benefit corporation

15 By: form - do not sign

16 Tammy Marine,
17 Executive Director

18 Date: _____

By: form - do not sign
<homebuyer 2 name>

Date: _____

19
20 **APPROVED AS TO FORM:**
21 **County Counsel**

22
23 By: 

24 Amit P. Dhillon,
25 Deputy County Counsel

26 **(Signatures on this page must be notarized)**

<INSERT CALIFORNIA ALL-PURPOSE ACKNOWLEDGEMENT>

EXHIBIT "A"

LEGAL DESCRIPTION OF PROPERTY

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

LOT 7 IN BLOCK "A" OF HAMPTONS FIRST ADDITION TO ELSINORE, IN THE CITY OF LAKE ELSINORE, COUNTY OF RIVERSIDE, AS PER MAP RECORDED IN BOOK 4, PAGE 267 OF MAPS RECORDED IN THE OFFICE OF THE COUNTY RECORDER OF RIVERSIDE COUNTY, CALIFORNIA.

APN: 373-041-020

EXHIBIT "B"

County of Riverside ACKNOWLEDGMENT AGREEMENT CONTAINING COVENANTS AFFECTING REAL PROPERTY

The undersigned acknowledges as follows:

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

OWNER(S):

Print Name: <Insert Name>

Date: _____

Print Name: <Insert Name>

Date: _____