

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



ITEM: 3.27
(ID # 28106)

MEETING DATE:
Monday, September 22, 2025

FROM : HOUSING AND WORKFORCE SOLUTIONS

SUBJECT: HOUSING AND WORKFORCE SOLUTIONS (HWS): Approve the Form of Loan Agreement for the Use of HOME Program Funds for Lantana Court Affordable Housing Project and All Attachments Thereto, in the City of Moreno Valley, and Authorize the Director of HWS to Execute the HOME Loan Agreement and Covenant Agreements; District 5. [\$735,000 - 100% HOME Investment Partnerships Act Funds] [Affirming Finding of No Significant Impacts pursuant to NEPA]

RECOMMENDED MOTION: That the Board of Supervisors:

1. Affirm the Finding of No Significant Impact adopted by the Board of Supervisors on August 29, 2023, for the Project, concluding that the Project is not an action which may affect the quality of the environment pursuant to the provisions of the National Environmental Policy Act of 1969 (NEPA) and under the implementing regulations of 24 CFR Parts 50 and 58;
2. Approve a loan in the amount of \$700,000 derived from HOME funds to pay a portion of the of the development and construction costs of Lantana Court Single Family Home Infill Project;

Continued on Page 2


ACTION:Policy


Heidi Marshall, Director 7/8/2025

MINUTES OF THE BOARD OF SUPERVISORS

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

Ayes: Medina, Spiegel, Washington, Perez and Gutierrez
Nays: None
Absent: None
Date: September 22, 2025
xc: HWS

Kimberly A. Rector
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 form of the Loan Agreement for the Use of HOME Program Funds (Lantana Court Single Family Home Infill Project), including all attachments thereto, (HOME Loan Agreement), between the Mary Erickson Community Housing, a nonprofit corporation (MECH), and the County of Riverside, providing a loan derived from the HOME Investment Partnerships Program in the amount of \$700,000 (HOME Loan), to be used to pay a portion of the development costs for a single family home infill project in the City of Moreno Valley;
4. Approve the attached forms of HOME Loan Deed of Trust, Security Agreement and Fixture Filing (with Assignment of Rents) (BORROWER Deed of Trust), HOME Loan Promissory Note (BORROWER Note), HOME Covenant Agreement (BORROWER Covenant), HOME Subordinate Deed of Trust (the PURCHASER Deed of Trust), HOME Covenant Agreement (PURCHASER Covenant), and HOME Loan Promissory Note (PURCHASER Note);
5. Approve the allocation of \$35,000 in HOME funds to Housing and Workforce Solutions (HWS) for direct staff costs associated with project management and compliance of the Lantana Court Single Family Home Infill Project;
6. Authorize the Director of the Housing and Workforce Solutions (HWS), or designee, to execute a HOME Loan Agreement and Covenant Agreements, each conforming in form and substance to the attached HOME Loan Agreement and the Covenant Agreements, subject to approval as to form by County Counsel; and
7. Authorize the Director of the HWS, or designee, to take all necessary steps to implement the HOME Loan Agreement and the Covenant Agreements, including but not limited to, signing subsequent necessary and relevant documents, subject to approval as to form by County Counsel.

E33w

FINANCIAL DATA	Current Fiscal Year:	Next Fiscal Year:	Total Cost:	Ongoing Cost
COST	\$735,000	\$ 0	\$735,000	\$ 0
NET COUNTY COST	\$ 0	\$ 0	\$ 0	\$ 0
SOURCE OF FUNDS: 100% HOME Investment Partnerships Act Funds			Budget Adjustment: No	
			For Fiscal Year: 25/26	

C.E.O. RECOMMENDATION: Approve

BACKGROUND:

Summary

Mary Erickson Community Housing (Developer), a California nonprofit public benefit corporation and certified Community Housing Development Organization (CHDO) in the County of Riverside (County), has applied to County for HOME Investment Partnerships Act (HOME) funding in the

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

amount of \$700,000 to pay a portion of the costs to develop and construct the Lantana Court Single Family Home Infill Project for sale to qualified low-income, first time homebuyer families (Proposed Project). The Proposed Project will be developed on 1.4 acres located at 12977, 12965, 12953, 12952, 12964, 12976, and 12989 Lantana Ct, in the City of Moreno Valley, County of Riverside, State of California, identified as Assessor's Parcel Numbers (APNs) 481-270-065, 481-270-066, 481-270-067, 481-270-068, 481-270-069, 481-270-070, 481-270-071 (Property). The Proposed Project involves the new construction of seven (7) detached single-family homes, utilizing Fannie Mae's MH (manufactured housing) Advantage (MHA) product. The homes will be offered for sale to first-time homebuyers at 80% of the Area Median Income, with a preference given to U.S. Veterans. Under the County's HOME program, all 7 units will be restricted to households whose incomes do not exceed 80% of the area median income for the County.

Staff recommends that the Board approve the attached form of Loan Agreement for the Use of HOME Program Funds, including all attachments thereto (HOME Loan Agreement) between the County, Developer, and subsequent purchaser. The loan of \$700,000 derived from HOME Program funds will be used to pay a portion of the development and construction costs for the Proposed Project. The HOME Loan will be evidenced by a Promissory Note, hereinafter referred to as "BORROWER Note," which will be secured by a Deed of Trust, hereinafter referred to as "BORROWER Deed of Trust," encumbering the Proposed Project. If there are any realized cost savings to the project, any remaining HOME funds will not be disbursed.

When a HOME Assisted Unit is sold and the title is transferred to an eligible first-time homebuyer, one-seventh (or \$100,000) of the HOME Loan Agreement will be released from the Developer and divided into a partial grant to the Developer and a partial loan to the first-time homebuyer. Both the Developer and the County will ensure that the first-time homebuyer records a Covenant, hereinafter referred to as "PURCHASER Covenant," and Deed of Trust, hereinafter referred to as "PURCHASER Deed of Trust," in the Official Records of Riverside County. The partial loan to the first-time homebuyer will be evidenced by a Promissory Note, hereinafter referred to as "PURCHASER Note." The HOME-assisted units will be governed by the PURCHASER Covenant and will remain subject to restrictions for at least 20 years from the date a Grant Deed is recorded in the Official Records conveying title from the Developer to the first-time homebuyer.

Staff recommends approval of HOME funds for the Proposed Project to pay a portion of the development and construction costs for the Proposed Project and direct project staffing costs in an amount not to exceed 5% of HOME funds approved for the Proposed Project as follows:

Lantana Ct Single Family Home Infill Project	\$700,000	HOME Project Funding
Lantana Ct Single Family Home Infill Project	<u>\$35,000</u>	HOME Direct Staffing (5%)
Total	\$735,000	

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

Construction Sources

Banc of California	\$1,389,193
City of Moreno Valley HOME	\$1,686,961
County of Riverside HOME CHDO	\$700,000
MECH Internal Loan	\$150,000
City of Moreno Valley LMIHAF	\$123,789
Total Construction Sources for Homes	\$4,049,943.00

Permanent Sources

City of Moreno Valley HOME	\$1,686,961
County of Riverside HOME	\$700,000
Buyer 1st Mortgage+down	\$1,168,647
CalHOME DPA	\$700,000
WISH DPA	\$224,693
City of Moreno Valley LMIHAF	\$123,789
Total Permanent Sources for Homes	\$4,604,090.00

Construction and Permanent sources align at \$4,049,943 and \$4,604,090, respectively. The \$554,147 difference reflects \$173,720 for cost of sales and \$380,427 for the service delivery fee.

During construction of the HOME Assisted Units, BORROWER Note shall be secured by BORROWER Deed of Trust. The BORROWER Deed of Trust and HOME Loan Agreement will be recorded in a lien position junior to a loan from Banc of California, Inc. in the amount not to exceed \$1,500,000.00 and a loan from the Moreno Valley Housing Authority in the amount of \$3,446,961.00. BORROWER Deed of Trust will be in senior lien position to a loan from BORROWER for the Proposed Project.

Upon the completion and subsequent sale of each HOME Assisted Unit to a Qualified Homebuyer, the BORROWER Deed of Trust will be partially reconveyed with respect to each HOME Assisted Unit. At this time, a PURCHASER Note will be secured by PURCHASER Deed of Trust. The PURCHASER Deed of Trust will be recorded in a lien position junior to a private mortgage bank loan, a loan from the Moreno Valley Housing Authority, and a CalHOME loan through Neighborhood Housing Services of the Inland Empire. The PURCHASER Deed of Trust will be in senior lien position to a WISH loan from Federal Home Loan Bank of San Francisco.

On August 23, 2023 (Minute Order 3.34), the Board of Supervisors adopted a Finding of No Significant Impact for the Project and concluded that the Project is not an action which may affect the quality of the environment pursuant to the provisions of the National Environmental Policy Act of 1969 (NEPA) and under implementing regulations at 24 CFR Parts 50 and 58.

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

Staff recommends that the County Board of Supervisors affirm that the environmental effects of the HOME Loan Agreement will not have a significant effect on the environment.

Staff recommends that the Board of Supervisors approve the attached form of HOME Loan Agreement, including all exhibits, including, but not limited to the forms of the BORROWER Deed of Trust, BORROWER Promissory Note, PURCHASER Deed of Trust, PURCHASER Promissory Note, and PURCHASER Covenant Agreement.

Impact on Residents and Businesses

The development of Lantana Court Single Family Home Infill Project in the City of Moreno Valley will have a positive impact on the citizens and businesses within the County of Riverside. The Project is expected to generate construction, permanent maintenance, and property management jobs, as well as provide affordable housing for residents of 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 HOME funds from the U.S. Department of Housing and Urban Development.

Attachments:

- Form of Loan Agreement for the Use of HOME funds, including all exhibits:
 - Form of BORROWER Deed of Trust
 - Form of BORROWER Promissory Note
 - Form of PURCHASER Deed of Trust
 - Form of PURCHASER Promissory Note
 - Form of PURCHASER Covenant Agreement



Stacey Pena, EO Management Analyst 9/15/2025



Aaron Gettis, Chief of Deputy County Counsel 9/11/2025

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: Mervyn Manalo

SPACE ABOVE THIS LINE FOR RECORDER'S USE

8
9 **LOAN AGREEMENT FOR THE USE OF**
10 **HOME PROGRAM FUNDS**
11 **(Lantana Court Affordable Housing Project)**

12 This LOAN AGREEMENT FOR THE USE OF HOME PROGRAM FUNDS
13 ("Agreement") is made and entered into this ____ day of _____, 2025 by and between
14 the COUNTY OF RIVERSIDE, a political subdivision of the State of California ("COUNTY")
15 and MARY ERICKSON COMMUNITY HOUSING A NON PROFIT CORPORATION, a
16 California nonprofit public benefit corporation ("BORROWER"). The COUNTY and
17 BORROWER may be individually referred to herein as a "Party" and collectively as the
18 "Parties."

18 RECITALS:

19 **WHEREAS**, the COUNTY was qualified by the United States Department of
20 Housing and Urban Development ("HUD") as an "Urban County" and an approved participating
21 jurisdiction that has received funds from HUD pursuant to the HOME Investment Partnerships
22 ("HOME") Program, which was enacted under Title II of the Cranston-Gonzalez National
23 Affordable Housing Act (the "Act"), as amended (commencing at 42 U.S.C. 12701 et seq.), and
24 the implementing regulations thereto (24 CFR Part 92) (collectively, the "HOME Program").
25 The purpose of the HOME Program is to expand the supply of decent, safe, sanitary, and
26 affordable housing with primary attention to rental housing, for very low-income and low-
27 income families; to strengthen public-private partnerships to carry out affordable housing
28 programs; and to provide for coordinated assistance to participants in the development of

1 affordable low-income housing;

2 **WHEREAS**, pursuant to the HOME Program (24 CFR Section 92.300), the County
3 has reserved not less than fifteen percent (15%) of its allocation of HOME Program funds for
4 investment in housing to be developed, sponsored, or owned by community housing
5 development organizations (“CHDO”);

6 **WHEREAS**, BORROWER has been certified with the COUNTY as a qualified
7 CHDO under the HOME Program that has among its purposes the provision of decent housing
8 that is affordable to low-income persons, and has submitted a proposal to the County for use of
9 CHDO set aside funds for a CHDO-eligible project as described herein;

10 **WHEREAS**, BORROWER is eligible under HOME to apply and receive HOME
11 funds to perform those activities described herein;

12 **WHEREAS**, BORROWER has proposed to utilize HOME funds for the
13 construction of seven (7) detached single-family homes for qualified low-income (“LI”) first-
14 time homebuyers in the County of Riverside (“Project”) as described in **Exhibit A** which is
15 attached hereto and by this reference incorporated herein;

16 **WHEREAS**, each assisted unit for a LI first-time homebuyer (“HOME Assisted
17 Unit) must be sold to a Qualified Homebuyer (as defined in **Section 23**);

18 **WHEREAS**, the HOME-assisted activities described herein comply with the
19 objectives required under 24 Code of Federal Regulations (“CFR”) Part 92 and are consistent
20 with the County’s Consolidated Plan;

21 **WHEREAS**, COUNTY desires to lend BORROWER up to \$700,000 in HOME
22 CHDO set aside funds to be used to pay project costs, as more specifically set forth below.

23 **NOW, THEREFORE**, the COUNTY and BORROWER mutually agree as
24 follows:

25 1. **PURPOSE**. The COUNTY agrees to lend up to SEVEN HUNDRED
26 THOUSAND DOLLARS (\$700,000.00) (“HOME Loan”) of HOME funds to BORROWER
27 upon the terms and conditions set forth herein. BORROWER will borrow the HOME funds from
28 the COUNTY for individual financing of the construction of each HOME Assisted Unit of the

1 Project. BORROWER promises and agrees to undertake and assist with the HOME-assisted
2 activities by utilizing such HOME funds as identified in **Exhibit A**. The BORROWER's
3 obligation to repay the HOME funds shall be evidenced by a promissory note in the original
4 principal amount of \$700,000 ("BORROWER Note"), and secured by a deed of trust
5 ("BORROWER Deed of Trust") to be recorded against the real property to be developed with
6 the funds provided under this Agreement.

7 2. BORROWER'S OBLIGATIONS. BORROWER hereby agrees to
8 undertake and complete the following activities, subject to this Agreement and its receipt of the
9 HOME funds:

- 10 a. Develop the Project in accordance with the timeline set forth in
11 **Exhibit A**.
- 12 b. Obtain equity financing in a sufficient amount to complete the
13 Project in accordance with the timeline set forth in **Exhibit A**.
- 14 c. Market each property and make it available for sale and occupancy
15 to qualified low income households.
- 16 d. Project shall remain in compliance with all applicable Federal,
17 State and local codes, laws, regulations and ordinances as described
18 in **Section 19**.

19 3. COUNTY'S OBLIGATIONS. The COUNTY agrees to undertake and
20 complete the following activities, subject to its receipt of HOME funds from the U.S. Department
21 of Housing and Urban Development ("HUD"):

- 22 a. Provide a total amount identified in **Section 1** in HOME funds to
23 BORROWER for financing construction costs of each HOME
24 Assisted Unit of the Project on a "cost-as-incurred" basis as
25 described **Section 12**.
- 26 b. Comply with all of its obligations as participating recipient under
27 the applicable regulations set forth under HUD regulations.

28 4. PRIOR COUNTY APPROVAL. BORROWER shall obtain COUNTY'S

1 approval, through its Department of Housing and Workforce Solutions (“HWS”), of all items
2 requiring such approvals as described in this Agreement.

3 5. HOME Loan. BORROWER shall borrow the HOME funds from the
4 COUNTY for individual financing of each HOME Assisted Unit of the Project under the
5 following terms and conditions:

6 a. Term. This Agreement shall become effective upon the Effective
7 Date, as defined in **Section 53**, shall continue in full force and
8 effect with respect to each completed HOME Assisted Unit until
9 the date of initial transfer of title of such HOME Assisted Unit to
10 an individual Qualified Homebuyer. A total of 7 homes will be
11 designated as “HOME Assisted Units.”

12 b. Principal. The total amount of the HOME Loan shall not exceed
13 \$700,000, and shall be evidenced by a promissory note,
14 substantially conforming in form and substance to the
15 BORROWER Note attached hereto and incorporated herein by this
16 reference as **Exhibit B**, which BORROWER Note shall be secured
17 by BORROWER Deed of Trust for the benefit of COUNTY and
18 given by BORROWER upon Closing (as defined in **Section 11**),
19 substantially conforming in form and substance to the
20 BORROWER Deed of Trust attached hereto as **Exhibit C** and
21 incorporated herein by this reference.

22 c. The Parties anticipate that the close of escrow for the sale of each
23 of the HOME Assisted Units shall occur over a period of
24 approximately two to three months after completion. At the close
25 of each escrow, the COUNTY shall fully forgive a corresponding
26 portion of the BORROWER’s obligations under the BORROWER
27 Note and fully reconvey a proportionate interest under the
28 BORROWER Deed of Trust. In any event, without diminishing

1 BORROWER's obligations under the BORROWER Note or the
2 BORROWER Deed of Trust, the parties agree to take such actions
3 as reasonably required by the other party to minimize the cost and
4 documentation necessary to affect any forgiveness and
5 reconveyance.

6 d. Concurrently with the close of escrow of each HOME Assisted
7 Unit, the purchaser of each HOME Assisted Unit
8 ("PURCHASER") shall execute and deliver to the COUNTY a
9 Covenant Agreement attached hereto and incorporated herein by
10 this reference as **Exhibit D** (the "PURCHASER Covenant"), a
11 Promissory Note attached hereto and incorporated herein by this
12 reference as **Exhibit E** (the "PURCHASER Note"), and a
13 Subordinate Deed of Trust attached hereto and incorporated herein
14 by this reference as **Exhibit F** (the "PURCHASER Deed of Trust").
15 The PURCHASER Documents shall evidence and secure each
16 PURCHASER's obligation to repay a prorated portion of the
17 HOME funds provided under this Agreement in the event of an
18 uncured violation of the Purchaser Documents.

19 e. Interest. The interest rate shall be zero percent (0%) per annum.

20 f. Repayment. Each Note shall provide the following:

- 21 1) The HOME Loan attributable to a HOME Assisted Unit
22 shall be: (1) due and payable in an Event of Default by
23 BORROWER which has not been cured as provided for in
24 this Agreement, and (2) convert to a grant to BORROWER
25 and a loan to PURCHASER upon sale and transfer of title
26 to a Qualified Homebuyer.
- 27 2) 1/7th (\$100,000) of the HOME Loan shall be reconveyed
28 from BORROWER and converted to a partial grant to

1 BORROWER and partial loan to PURCHASER upon the
2 sale and transfer of title of a HOME Assisted Unit to a
3 Qualified Homebuyer and BORROWER shall cause the
4 Qualified Homebuyer to record in the Official Records of
5 the County of Riverside a PURCHASER Covenant,
6 substantially conforming in form and substance to the
7 PURCHASER Covenant Agreement. The term, "Official
8 Records" used herein shall mean the Official Records of the
9 Recorder's Office of the County of Riverside. At the time
10 of sale of the HOME Assisted Unit to a Qualified
11 Homebuyer and upon execution and recordation of the
12 PURCHASER Covenant Agreement, COUNTY shall
13 cause to be delivered to BORROWER a 1/7th partial
14 reconveyance of the Deed of Trust, of which termination
15 shall not affect the Affordability Period, as defined in
16 **Section 13** for the HOME Assisted Unit. Notwithstanding
17 the above, BORROWER's obligation to repay the full
18 amount of the HOME Loan attributable to a particular
19 HOME Assisted Unit will be reduced 1/7th of the HOME
20 Loan:

- 21 (a) Development Subsidy. The Development Subsidy
22 is the amount of the total cost of development
23 ("Total Development Cost") per HOME Assisted
24 Unit less the Selling Price of the HOME Assisted
25 Unit (as defined in **Section 22**) for the County's
26 proportionate share of 1/7th (\$100,000) of the
27 HOME Loan per HOME Assisted Unit.
28 (b) Closing Costs. Closing Costs include all costs

1 payable by BORROWER in connection with the
2 sale of the HOME Assisted Unit to a Qualified
3 Homebuyer;

4 3) The HOME Loan less the Development Subsidy and Closing
5 Costs for such Assisted Unit shall be converted to a loan
6 upon the sale and transfer of title of the Assisted Unit to a
7 Qualified Homebuyer evidenced by recordation of a grant
8 deed, and deed of trust in the official records of the County
9 of Riverside with promissory note. At the time of each sale
10 of the Assisted Unit to a Qualified Homebuyer, as defined
11 herein, COUNTY shall cause to be delivered to
12 BORROWER a partial reconveyance of the Deed of Trust
13 and the Promissory Note 1/7th of the HOME Loan: from
14 such Assisted Unit as a lien on such Assisted Unit, which
15 termination does not affect the Affordability Period, as
16 defined in **Section 13**, for each Assisted Unit.

17 g. Security. During construction of the HOME Assisted Units,
18 BORROWER Note shall be secured by BORROWER Deed of
19 Trust. The BORROWER Deed of Trust and this Agreement shall
20 be recorded in a lien position junior to a loan from Banc of
21 California, Inc. in the amount not to exceed \$1,500,000.00 and a
22 loan from the Moreno Valley Housing Authority in the amount of
23 \$3,446,961.00. BORROWER Deed of Trust will be in senior lien
24 position to a loan from BORROWER for the Project.

25 Upon completion and sale of each HOME Assisted Unit to
26 Qualified Homebuyer, the BORROWER Deed of Trust will be
27 partially reconveyed with respect to each HOME Assisted Unit,
28 and a PURCHASER Note shall be secured by PURCHASER Deed

1 of Trust. The PURCHASER Deed of Trust shall be recorded in a
2 lien position junior to a private mortgage bank loan, a loan from the
3 Moreno Valley Housing Authority, and a CalHOME loan through
4 Neighborhood Housing Services of the Inland Empire. The
5 PURCHASER Deed of Trust will be in senior lien position to a
6 WISH loan from Federal Home Loan Bank of San Francisco.

7 6. TERM OF AGREEMENT. This Agreement shall become effective upon
8 the Effective Date, as defined in **Section 53**, and shall continue in full force and effect for a
9 period of twenty-four (24) months (the "Term").

10 7. BORROWER REPRESENTATIONS. BORROWER represents and
11 warrants to COUNTY as follows:

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

24 b. No Conflict. To the best of BORROWER's knowledge,
25 BORROWER's execution, delivery, and performance of its
26 obligations under this Agreement will not constitute a default or a
27 breach under contract, agreement or order to which BORROWER
28 is a party or by which it is bound.

1 c. No Bankruptcy. BORROWER is not the subject of a bankruptcy
2 proceeding.

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

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

15 9. CHDO DESIGNATION. Pursuant to 24 CFR Section 92.300 (a), County
16 as a participating jurisdiction has reserved not less than 15 percent of its HOME allocation for
17 investment only in housing to be owned, developed or sponsored by community housing
18 development organizations (“Set Aside”). The HOME Loan is derived from the Set-Aside. The
19 Set-Aside shall be used by BORROWER in accordance with this Agreement and the HOME
20 Program, including, but not limited to 24 CFR Sections 92.300 through 92.303. BORROWER
21 acknowledges and agrees that the HOME CHDO Set Aside funds provided by County for this
22 Project pursuant to this Agreement must be allocated only for housing developed, sponsored or
23 owned by a CHDO, its subsidiary or partnership of which it or its subsidiary is the managing
24 general partner. Borrower represents that since BORROWER is the sole owner and manager of
25 the Project, it is eligible to receive HOME funds and conduct activities pursuant to this
26 Agreement. Any proposed sale, assignment or other transfer of the Project shall be subject to the
27 provisions set forth in Section 23, Sale or Transfer of the Project, herein and 24 CFR Part 92.

28 10. REALLOCATION AND RECAPTURE OF FUNDS. If substantial

1 progress toward completion, as determined by COUNTY, of the activity is not made in
2 accordance with the completion schedule specified in **Exhibit A**, the funds allocated, reserved,
3 or placed in a HOME Investment Trust Fund may be reallocated and recaptured by COUNTY
4 after at least thirty (30) days' prior written notice is given to BORROWER.

5 11. CONDITIONS FOR DISBURSEMENT OF HOME FUNDS. The date
6 upon which the BORROWER Deed of Trust is recorded in the Official Records shall be referred
7 to herein as the "Closing." COUNTY shall disburse HOME Loan funds in accordance with this
8 Agreement to BORROWER subject to the Closing having occurred and Borrower's satisfaction
9 of the conditions precedent set forth below. COUNTY, through its HWS, shall: (1) make
10 payments of the HOME Loan to BORROWER as specified in **Exhibit A**, and (2) monitor the
11 Project to ensure compliance with applicable federal, state and local laws, regulations,
12 ordinances, including environmental compliance, and the terms of this Agreement.

13 There will be no disbursement of funds for construction costs for each HOME
14 Assisted Unit until the following conditions precedent are satisfied:

- 15 a. BORROWER shall execute this Loan Agreement, BORROWER
16 Deed of Trust, and BORROWER Promissory Note and delivers to
17 COUNTY for recordation in the Official Records, as applicable.
- 18 b. BORROWER submits written evidence to COUNTY that
19 BORROWER has obtained sufficient financing commitments
20 necessary to undertake the acquisition and construction of the
21 project as required herein.
- 22 c. BORROWER shall provide the Data Universal Number as
23 assigned by the Data Universal Number System (DUNS) assigned
24 to BORROWER as required by the Federal Funding Accountability
25 and Transparency Act of 2006.
- 26 d. BORROWER provides COUNTY with evidence of insurance as
27 required herein.
- 28 e. BORROWER submits evidence that all jobs created, if any, as a

1 result of this project shall be posted with the COUNTY.

2 f. BORROWER shall provide documentation to support compliance
3 with eligibility requirements for the HOME Assisted Unit Project.

4 g. BORROWER shall provide at its expense an updated Preliminary
5 Title Report for the HOME Assisted Unit evidencing the
6 recordation of all documents to COUNTY.

7 h. If Davis Bacon and/or California Labor Code Section 1720, *et seq.*
8 prevailing wages (together "Prevailing Wages") are required to be
9 paid, then BORROWER must hire a qualified professional firm or
10 assign experienced staff to review and monitor Davis-Bacon and/or
11 Labor Code Section 1720, *et seq.* Prevailing Wages compliance for
12 all submissions of contractors certified payrolls to the COUNTY.

13 i. 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 HOME Assisted Unit pursuant to the
16 applicable rules and regulations of the county and cities where the
17 properties are located and any other governmental agency affected
18 by such construction of work.

19 j. BORROWER shall provide a detailed construction plan and
20 timetable to complete the acquisition, construction and sale of the
21 HOME Assisted Units in accordance with the completion schedule
22 shown in **Exhibit A** including a detailed line item project
23 construction cost budget for review and approval by COUNTY.

24 k. BORROWER shall provide duly executed documents and
25 instruments showing the ownership of the Land/Real Property
26 which has been acquired from the Moreno Valley Housing
27 Authority.

28 l. BORROWER shall pay all costs incurred due to the ownership and

1 development of the HOME Assisted Units in a timely manner.
2 BORROWER shall pay all incurred costs on or before the date such
3 incurred cost becomes delinquent. COUNTY shall not reimburse
4 BORROWER for late payments or penalties incurred by
5 BORROWER due to non-timely payment. In the event that
6 COUNTY has inadvertently paid for a late payment penalty, the
7 amount of the penalty shall be deducted from the developer's fee,
8 unless otherwise authorized by the COUNTY.

9 m. Pursuant to 24 CFR, Part 5, BORROWER agrees to verify that
10 BORROWER, and its principals, or any/all persons, contractors,
11 consultants, businesses, etc. ("Developer Associates"), that
12 BORROWER is conducting business with, are not presently
13 debarred, proposed for debarment, suspended, declared ineligible,
14 or voluntarily excluded from participation or from receiving federal
15 contracts or federally approved subcontracts or from certain types
16 of federal financial and nonfinancial assistance and benefits with
17 the Excluded Parties Listing System ("EPLS"). EPLS records are
18 located at www.sam.gov; and

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

25 o. BORROWER shall obtain payment and performance bonds from
26 responsible sureties admitted in the State of California in the
27 amount of 100% of the construction costs and, with respect to the
28 performance bond, naming the COUNTY as a co-obligee. In the

1 event payment and performance bonds are obtained and delivered,
2 the payment bond shall remain in full force and effect until thirty
3 five (35) days after the date of recordation of the Notice of
4 Completion and the performance bond will be released one year
5 after said date.

6 12. DISBURSEMENT OF HOME FUNDS; RETENTION. The HOME
7 Investment Trust Fund account established in the United States Treasury is managed through
8 HUD, Integrated Disbursement and Information System ("IDIS") for the HOME Investment
9 Partnerships Program. The IDIS System is a computerized system which manages, disburses,
10 collects, and reports information on the use of HOME funds in the United States Treasury
11 Account. Disbursement of HOME funds shall occur upon the satisfactory receipt of copies of
12 invoices and conditional (upon receipt of payment) lien releases for construction costs to be paid
13 with the proceeds of the HOME Loan.

14 Any disbursement of funds is expressly conditioned upon the satisfactory
15 receipt of copies of invoices and conditional (upon receipt of payment) lien releases for
16 construction costs to be paid with the proceeds of the HOME Loan and the satisfaction of
17 conditions set forth in **Section 11**. COUNTY shall reimburse BORROWER for construction
18 costs on a "cost-as-incurred " basis for all HOME-eligible approved costs. All disbursements of
19 HOME funds for construction will be made within thirty (30) days after BORROWER has
20 submitted its invoice identifying payments made and requesting reimbursement. COUNTY shall
21 disburse to BORROWER the HOME funds above on a "cost-as-incurred" basis for construction
22 hard costs, site work, structures, architecture design and survey & engineering costs under
23 itemized schedule shown in **Exhibit A** as follows:

- 24 a. Up to fifty percent (50%) of the HOME Loan may be disbursed at
25 Closing.
26 b. Up to ninety percent (90%) of the HOME Loan shall be disbursed
27 upon fifty-one percent (51%) completion of Project, as certified
28 and documented by the architect/engineer for the Project

1 c. COUNTY shall release final draw down of ten percent (10%) of
2 HOME funds for construction applicable to the HOME Assisted
3 Unit project following receipt of all of the following closing
4 documents from BORROWER with respect to the HOME Assisted
5 Unit Project:

- 6 1) unconditional lien release from general contractor and any
7 subcontractors;
- 8 2) recorded Notice of Completion;
- 9 3) if applicable, all remaining Davis Bacon and Labor Code
10 Section 1720 documentation, as applicable, including, but
11 not limited to, complete certified payrolls, Section 3
12 certifications, fringe benefit forms, and certificates of
13 authorization and understanding;
- 14 4) final Contract and Subcontract Activity report, Minority
15 Business Enterprise/Women Business Enterprise
16 (MBE/WBE) report, HUD form 2516;
- 17 5) final development costs and project budget; and
- 18 6) final sources and uses of funds.

19 13. TERMS OF AFFORDABILITY. The period of affordability of each
20 HOME Assisted Unit (the "Affordability Period") shall be twenty (20) years from the date of
21 such Grant Deed is recorded in the Official Records conveying title from the BORROWER to
22 the Qualified Homebuyer, secured by the PURCHASER Covenant and PURCHASER Deed of
23 Trust.

24 14. BORROWER'S DEVELOPER FEE. The developer's fee cannot exceed
25 10% of total Project costs identified in project budget.

26 15. INSURANCE. Without limiting or diminishing the BORROWER'S
27 obligation to indemnify or hold the COUNTY harmless, BORROWER shall procure and
28 maintain or cause to be maintained, at its sole cost and expense, the following insurance

1 coverage's during the term of this Agreement. With respect to the insurance section only, the
2 COUNTY herein refers to the County of Riverside, its Agencies, Districts, Special Districts, and
3 Departments, their respective directors, officers, Board of Supervisors, Board of Commissioners,
4 employees, elected or appointed officials, agents or representatives as Additional Insureds.

5 a. Worker's Compensation Insurance.

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

15 b. Commercial General Liability Insurance.

16 Commercial General Liability insurance coverage, including but
17 not limited to, premises liability, contractual liability, products and
18 completed operations liability, personal and advertising injury, and
19 cross liability coverage, covering claims which may arise from or
20 out of BORROWER'S performance of its obligations hereunder.
21 Policy shall name the County of Riverside, its Agencies, Districts,
22 Special Districts, and Departments, their respective directors,
23 officers, Board of Supervisors, employees, elected or appointed
24 officials, agents or representatives 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 no
28 less than two (2) times the occurrence limit.

1 c. Vehicle Liability Insurance.

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

14 d. Fire Insurance.

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

24 e. General Insurance Provisions – All Lines.

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

1 Risk Manager waives a requirement for a particular insurer such
2 waiver is only valid for that specific insurer and only for one policy
3 term.

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

16 3) BORROWER shall cause BORROWER's insurance carrier(s)
17 to furnish the County of Riverside with copies of the Certificate(s)
18 of Insurance and Endorsements effecting coverage as required
19 herein, and 2) if requested to do so orally or in writing by COUNTY
20 Risk Manager, provide copies of policies including all
21 Endorsements and all attachments thereto, showing such insurance
22 is in full force and effect. Further, said Certificate(s) and policies
23 of insurance shall contain the covenant of the insurance carrier(s)
24 that thirty (30) days written notice shall be given to the County of
25 Riverside prior to any material modification, cancellation,
26 expiration or reduction in coverage of such insurance. In the event
27 of a material modification, cancellation, expiration, or reduction in
28 coverage, this Agreement shall terminate forthwith, unless the

1 County of Riverside receives, prior to such effective date, another
2 Certificate of Insurance and copies of endorsements, including all
3 endorsements and attachments thereto evidencing coverage's set
4 forth herein and the insurance required herein is in full force and
5 effect. BORROWER shall not commence operations until
6 COUNTY has been furnished Certificate(s) of Insurance and
7 copies of endorsements and if requested, copies of policies of
8 insurance including all endorsements and any and all other
9 attachments as required in this Section. An individual authorized
10 by the insurance carrier to do so, on its behalf, shall sign the original
11 endorsements for each policy and the Certificate of Insurance.

12 4) It is understood and agreed to by the parties hereto that
13 BORROWER's insurance shall be construed as primary insurance,
14 and COUNTY's insurance and/or deductibles and/or self-insured
15 retention's or self-insured programs shall not be construed as
16 contributory.

17 5) If, during the term of this Agreement or any extension thereof,
18 there is a material change in the scope of services; or, there is a
19 material change in the equipment to be used in the performance of
20 the scope of work which will add additional exposures (such as the
21 use of aircraft, watercraft, cranes, etc.); or, the term of this
22 Agreement, including any extensions thereof, exceeds five (5)
23 years COUNTY reserves the right to adjust the types of insurance
24 required under this Agreement and the monetary limits of liability
25 for the insurance coverage's currently required herein, if; in
26 COUNTY Risk Manager's reasonable judgment, the amount or
27 type of insurance carried by BORROWER has become inadequate.

28 6) BORROWER shall pass down the insurance obligations

1 contained herein to all tiers of subcontractors working under this
2 Agreement.

3 7) The insurance requirements contained in this Agreement may be
4 met with a program(s) of self-insurance acceptable to the
5 COUNTY.

6 8) BORROWER agrees to notify COUNTY of any claim by a third
7 party or any incident or event that may give rise to a claim arising
8 from the performance of this Agreement.

9 16. FINANCIAL AND PROJECT RECORDS. BORROWER shall maintain
10 financial, programmatic, statistical, and other supporting records of its operations and financial
11 activities in accordance with the requirements of the HOME Program, and the regulations as
12 amended and promulgated thereunder, which records shall be open to inspection and audit by
13 authorized representatives of COUNTY, HUD, and the Comptroller General of the United States
14 during regular working hours. COUNTY, HUD, and the Comptroller General, or any of their
15 representatives, have the right of access with at least forty-eight (48) hours prior notice, to any
16 pertinent books, documents, papers, or other records of BORROWER, in order to make audits,
17 examinations, excerpts, and transcripts. Any deficiencies noted in audit reports must be fully
18 cleared by BORROWER within thirty (30) days after receipt by BORROWER. Failure of
19 BORROWER to comply with the above audit requirements will constitute a violation of this
20 contract and may result in the withholding of future payments. Said records shall be retained for
21 such time as may be required by the regulations of the HOME Program, but in no case for less
22 than five (5) years after the Project completion date; except that records of individual homeowner
23 income verifications, project affordable housing cost verifications, and project inspections must
24 be retained for the most recent five (5) year period, until five (5) years after the Affordability
25 Period terminates. If any litigation, claim, negotiation, audit, or other action has been started
26 before the expiration of the regular period specified, the records must be retained until
27 completion of the action and resolution of all issues which arise from it, or until the end of the
28 regular period, whichever is later.

1 BORROWER shall obtain an external audit in accordance with HUD audit
2 regulations (24 CFR Parts 44 and 45, as applicable). The audit report shall be submitted to the
3 COUNTY within 30 days after completion of the audit.

4 17. PROJECT MONITORING AND EVALUATION. Except as otherwise
5 provided for in this Agreement, BORROWER shall maintain and submit records to the
6 COUNTY within ten (10) business days of the COUNTY's request which clearly documents
7 BORROWER's performance under each requirement of HOME. A list of document submissions
8 and timeline are shown in **Exhibit A** and such list may be amended from time to time subject to
9 HUD and COUNTY reporting requirements.

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

14 19. COMPLIANCE WITH LAWS AND REGULATIONS. By executing this
15 Agreement, BORROWER hereby certifies that it will adhere to and comply with all applicable
16 federal, state and local laws, regulations and ordinances. In particular, BORROWER shall
17 comply with the following as they may be applicable to BORROWER in connection with the
18 loan of funds granted pursuant to the HOME Program:

- 19 a. HOME Investment Partnership Program as enacted under Title II
20 of the Cranston Gonzalez National Affordable Housing Act (42
21 USC 12701 et seq.) and its implementing regulations, 24 CFR Part
22 92, as both shall be amended from time to time, including, but not
23 limited to, 24 CFR 92.356, 24 CFR 92.358, 24 CFR 92.253, 24
24 CFR 92.252, 24 CFR 92.255, 24 CFR 92.256, 24 CFR 92.350,
25 Subpart F, Subpart H, and its implementing regulations set forth in
26 the Final Rule, as it now exists and may hereafter be amended.
- 27 b. Section 92.254 Homeownership Qualification. BORROWER shall
28 comply with the following affordability requirement:

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- (a) The housing must be single-family housing.
- (b) The housing has a purchase price for the type of single-family housing that does not exceed 95 percent of the median purchase price for Riverside County area under the Single Family Mortgage Limits for Section 203(b) of the National Housing Act.
- (c) The housing must be acquired by a homebuyer whose family qualifies as a low-income family and the housing must be the principal residence of the family while such household owns the unit.
- (d) BORROWER shall, at the time of the initial sale of each HOME restricted unit in the Project, record documents to provide that such unit will remain affordable for a period of twenty (20) years from the initial transfer of title to such unit, pursuant to covenants running with the land, or other similar mechanisms to ensure affordability, to a reasonable range of low-income homebuyers. The Promissory Note and Subordinate Deed of Trust to be recorded on each HOME unit is attached and incorporated herein. COUNTY hereby agrees that the HOME funds and all documents and restrictions evidencing such funds shall be subordinated to construction financing (1st Banc of California, 2nd City of Moreno Valley Housing Authority) and first, second and third permanent financing. COUNTY also agrees to subordinate HOME funds to the California

1 Department of Housing and Community
2 Development's CalHOME Program serviced by
3 Neighborhood Housing Services of the Inland
4 Empire, Inc., and the California Department of
5 Housing and Community Development's
6 Farmworker Housing Grant Program if the funds are
7 greater than or equal to the HOME funds at the time
8 of close of escrow. The COUNTY agrees to execute
9 any and all documents necessary to effectuate the
10 above subordination upon BORROWER'S request.
11 The affordability restrictions shall be revived
12 according to the original terms if, during the original
13 affordability period, the owner of record before the
14 termination event, obtains an ownership interest in
15 the project or property after the termination event.

16 c. Section 92.350 Other Federal requirements and nondiscrimination.

17 As set forth in 24 CFR part 5, sub part A, BORROWER is required
18 to include the following requirements: nondiscrimination and equal
19 opportunity under Section 282 of the Act; disclosure; debarred,
20 suspended, or ineligible contractors; and drug-free workplace.

21 d. Section 92.352 Environmental review. Each HOME Assisted Unit

22 will be subject to environmental review prior to acquisition,
23 demolition, rehabilitation or new construction. The environmental
24 effects of each activity carried out with HOME funds must be
25 assessed in accordance with the provisions of the National
26 Environmental Policy Act of 1969 (NEPA) and related authorities
27 listed at HUD's implementing regulations at 24 CFR Parts 50 and
28 58. The Project is required to comply with 24 CFR Section 58.5

1 (related federal laws and authorities) including but not limited to
2 §58.5: historic properties, floodplain management & wetlands
3 protection, coastal zone management, aquifers, endangered
4 species, rivers, air, farmlands, HUD environmental standards and
5 environmental justice. BORROWER shall also comply with the
6 California Environmental Quality Act (CEQA).

7 e. Section 92.353 Displacement, relocation, and acquisition. Each
8 Assisted Unit not owner occupied at time of foreclosure must be
9 vacant for a minimum period of ninety (90) days prior to the
10 BORROWER making an initial offer to buy an Assisted Unit. The
11 Project is subject to relocation requirements of Title II and the
12 acquisition requirements of Title III of the Uniform Relocation
13 Assistance and Real Property Acquisition Policies Act of 1970, and
14 the implementing regulations at 24 CFR Part 42 and California
15 Government Code Section 7260, *et seq.* and implementing
16 regulations 25 Cal Code Regs 6000, *et seq.*

17 1) Prevailing Wages and Compliance with Davis-Bacon Act and
18 Labor Code Section 1720, *et seq.* BORROWER shall comply
19 with any applicable labor regulations and all other State and
20 Federal Laws in connection with the construction of the
21 improvements which comprise the Project, including if
22 applicable, requirements relating to the Davis-Bacon Act (40
23 U.S.C. 3141 *et seq.*) and California Labor Code Section 1720,
24 *et seq.* BORROWER agrees and acknowledges that it is the
25 responsibility of BORROWER to obtain a legal
26 determination, at BORROWER's sole cost and expenses as
27 to whether Prevailing Wages must be paid during the
28 construction of the Project. BORROWER agrees to identify,

1 defend, and hold COUNTY harmless from and against any
2 and all liability arising out of and related to BORROWER's
3 failure to comply with any and all applicable Prevailing Wage
4 requirements.

5 f. Section 92.354 Lead-based paint. Housing assisted with HOME
6 funds is subject to the lead-based paint regulations of 24 CFR Part
7 35, subparts A, B, J, K, and R, issued pursuant to the Lead-Based
8 Paint Poisoning Prevention Act (42 U.S.C. 4821, et seq.). All
9 homes built prior to 1978 shall be tested for lead based paint.

10 g. Section 92.356 Conflict of Interest. In the procurement of property
11 and services by BORROWER, the conflict of interest provisions at
12 §570.611 shall apply.

13 h. Section 3 of the Housing and Urban Development Act of 1968. To
14 the greatest extent feasible, opportunities for training and
15 employment arising from HOME funds will be provided to low-
16 income persons residing in the program service area. To the
17 greatest extent feasible, contracts for work to be performed in
18 connection with HOME funds will be awarded to business concerns
19 that are located in or owned by persons residing in the program
20 service area as outlined in the Riverside County HWS Section 3
21 Contract Requirements attached hereto as **Exhibit G**.

22 i. Compliance with anti-discrimination laws. Conformity with title
23 VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d), the Fair
24 Housing Act (42 U.S.C. 3601-3619), and implementing
25 regulations.

26 j. Section 92.351 Affirmative marketing and minority outreach
27 program. BORROWER must adopt affirmative marketing
28 procedures and requirements. These should include:

- 1) Methods for informing the public, owners, and potential tenants about Federal fair housing laws and the affirmative marketing policy.
- 2) Requirements and practices that BORROWER must adhere to in order to carry out the affirmative marketing procedures and requirements.
- 3) Procedures to be used by BORROWER to inform and solicit applications from persons in the housing market areas that are not likely to apply without special outreach.
- 4) Records will be kept describing actions taken by BORROWER to affirmatively market units and to assess the results of these actions.
- 5) A description of how BORROWER will annually assess the success of affirmative marketing actions and what corrective actions will be taken where affirmative marketing requirements are not met.
- 6) BORROWER should prescribe procedures to establish and oversee a minority outreach program to ensure the inclusion, to the maximum extent possible, of minorities and women, and entities owned by minorities and women, including, without limitation, real estate firms, construction firms, appraisal firms, management firms, financial institutions, investment banking firms, underwriters, accountants, and providers of legal services, in all contracts entered into by BORROWER with such persons or entities, public and private, in order to facilitate the activities of the County to provide affordable housing authorized under this Act or any other Federal housing law. Affirmative steps to

1 assure that minority business enterprises and women
2 business enterprises are used when possible in the
3 procurement of property and services are at 24 CFR
4 85.36(e).

5 7) Anti-lobbying. BORROWER must comply with restrictions
6 on lobbying required by 24 CFR Part 87.

7 k. Section 504 of the Rehabilitation Act of 1973; housing accessibility
8 requirement at 24 CFR Part 8, implementing Section 504 of the
9 Rehabilitation Act of 1973 (29 U.S.C. 794).

10 l. Model Energy Code published by the Council of American
11 Building Officials.

12 m. Consultant Activities. Pursuant to 24 CFR 570.200(d), no person
13 providing consultant services in an employer-employee type of
14 relationship shall receive more than a reasonable rate of
15 compensation for personal services paid with HOME funds.

16 n. Uniform Administrative Requirements of 24 CFR 92.505 and 24
17 CFR Part 200 as now in effect and as may be amended from time
18 to time. Federal awards expended as a recipient or a subrecipient,
19 as defined by HUD, would be subject to single audit. The payments
20 received for goods or services provided as a vendor would not be
21 considered Federal awards.

22 o. Buy America, Buy America Act ("BABAA") Contractors and their
23 subcontractors who apply or bid for an award for an infrastructure
24 project subject to the domestic preference requirement in the Build
25 America, Buy America Act (BABAA) shall file the required
26 certification to the non-federal entity with each bid or offer for an
27 infrastructure project, unless a domestic preference requirement is
28 waived by HUD. Contractors and subcontractors certify that no

1 federal financial assistance funding for infrastructure projects will
2 be provided unless all the iron, steel, manufactured projects, and
3 construction materials used in the project are produced in the United
4 States. BABAA, Pub. L. No. 117-58, §§ 70901-52. Contractors and
5 subcontractors shall also disclose any use of federal financial
6 assistance for infrastructure projects that do not ensure compliance
7 with BABAA domestic preference requirement. Such disclosures
8 shall be forwarded to the grant recipient who in turn will forward
9 the disclosures to HUD, the federal awarding agency; subrecipients
10 will forward disclosures to the pass-through entity, who will in turn
11 forward the disclosures to HUD.

12 p. BORROWER shall include written agreements that include all
13 provisions of this section if BORROWER provides HOME funds
14 to for-profit owners or developers, non-profit owners or
15 developers, sub-recipients, homeowners, homebuyers, tenants
16 receiving tenant-based rental assistance, or contractors.

17 q. BORROWER shall maintain the Project in compliance with
18 applicable local, state, federal laws, codes and regulations for the
19 duration of the Agreement.

20 20. SALE, ASSIGNMENT OR OTHER TRANSFER OF THE PROJECT.

21 BORROWER hereby covenants and agrees not to sell, assign, transfer or otherwise dispose of
22 the Project or any portion thereof, without obtaining the prior written consent of the COUNTY,
23 which consent shall be conditioned upon (a) a County determination that transferee is a Qualified
24 Homebuyer, as defined in **Section 23**, and (b) solely upon receipt by the COUNTY of reasonable
25 evidence satisfactory to the COUNTY in its sole discretion, that transferee has assumed in
26 writing all of BORROWER'S duties and obligations under this Agreement, and is reasonably
27 capable of performing and complying with the BORROWER's duties and obligations under this
28

1 Agreement, provided, however Borrower shall not be released of all obligations hereunder which
2 accrue from and after the date of such sale.

3 21. INCOME TARGETING REQUIREMENTS. BORROWER will comply
4 with the income targeting requirements set forth at 24 CFR 92.217. BORROWER shall invest
5 HOME funds made available during a fiscal year so that with respect to homeownership
6 assistance, 100 percent of these funds are invested in dwelling units that are occupied by Low
7 Income (“LI”) households whose incomes do not exceed eighty percent (80%) of the Area
8 Median Income (“AMI”), adjusted by family size at the time of occupancy for the County of
9 Riverside.

10 22. DISPOSAL REQUIREMENTS BORROWER is required to sell each
11 Assisted Unit to a Qualified Homebuyer as described in **Section 23** below. The Selling Price of
12 each Assisted Unit shall not exceed the lesser of: (a) affordable housing cost as defined by Health
13 and Safety Code Section 50052.5, (b) the fair market value, or (c) the total costs to acquire,
14 construct, and dispose the Assisted Unit pursuant to HOME. Each Qualified Homebuyer, as
15 defined in **Section 23**, will execute a PURCHASER Covenant Agreement. Upon transfer of title
16 to the Qualified Homebuyer evidenced by recording of the Grant Deed in the Official Records,
17 HOME Assisted Units shall be affordable for a period of at least 20 years from the transfer of
18 title to qualified first-time homebuyers.

19 23. QUALIFIED HOMEBUYER. BORROWER shall provide to HWS
20 evidence to support the following listed information for HWS’ review and approval in its sole
21 and absolute discretion, the approval of which shall qualify a household as a “Qualified
22 Homebuyer”:

- 23 a. Income Limits. In order for homebuyers to be eligible to purchase an
24 Assisted Unit the proposed homebuyer’s annual income shall be a LI
25 homebuyer annual income must not exceed eighty percent (80%) of
26 the AMI, as determined by HUD, adjusted for family size for the
27 County of Riverside. The income and assets of all persons aged
28 eighteen (18) and older who will reside in the home must be included

1 in the calculation to determine income eligibility.

2 b. Co-owners. Co-owners are only permitted if they will occupy the
3 home as their principal residence and qualify as first-time buyers. The
4 income of all co-owners will be included in determining if the
5 household qualifies as Low Income, as noted above. Co-signers are
6 not permitted.

7 c. First-time homebuyer. In order to qualify as a first-time homebuyer,
8 the homebuyer cannot have owned a home for the previous three years
9 from the date the homebuyer enters into a purchase agreement.
10 BORROWER shall cause the homebuyer to sign a sworn affidavit
11 attesting that they have not owned a home and tax returns from the
12 last three (3) years will be reviewed to ascertain that no mortgage
13 interest or real estate tax deductions have been claimed.

14 d. Principal Residence. The Assisted Unit shall be the principal
15 residence of the Qualified Homebuyer during the Affordability
16 Period.

17 e. Occupancy Standard. All homebuyers must meet the occupancy
18 standard as defined in the Housing Quality Act under 982.401 that
19 states, "The dwelling unit must have at least one bedroom or
20 living/sleeping room for each two persons." Children of opposite sex,
21 other than very young children, may not be required to occupy the
22 same bedroom or living/sleeping room.

23 f. Homebuyer Education. Each homebuyer must receive a certificate of
24 completion evidencing at least eight (8) hours of homebuyer
25 counseling from a HUD-approved housing counseling agency before
26 obtaining a mortgage loan.

27 g. Long Term Affordability. HOME Assisted Units must meet the
28 affordability requirements for twenty (20) years after recordation of

1 the Grant Deed from BORROWER to Qualified Homebuyer in the
2 Official Records. Affordability requirements apply regardless of the
3 term of any loan, mortgage or the transfer of ownership. Affordability
4 requirements are imposed by deed restrictions.

5 h. County Assistance. The following County of Riverside programs are
6 not eligible: First Time Home Buyer Program, Neighborhood
7 Stabilization Homeownership Program and Redevelopment
8 Homeownership Program.

9 24. FEDERAL REQUIREMENTS. BORROWER shall comply with the
10 provisions of the HOME Program and any amendments thereto and all applicable federal
11 regulations and guidelines now or hereafter enacted pursuant to the Act.

12 25. INDEPENDENT CONTRACTOR. BORROWER and its agents, servants
13 and employees shall act at all times in an independent capacity during the Term of this
14 Agreement, and shall not act as, shall not be, nor shall they in any manner be construed to be
15 agents, officers, or employees of COUNTY.

16 26. PERFORMANCE REQUIREMENTS. BORROWER shall complete all
17 the following activities within the time specified below or the COUNTY shall either reallocate
18 unencumbered funds pursuant to **Section 10**, take title to the Assisted Unit, or foreclose on the
19 County's Deed of Trust, as determined by the County in its sole and absolute discretion:

- 20 a. Construct the HOME Assisted Units as set forth in **Exhibit A**, within
21 twenty-four (24) months from the Effective Date; and
22 b. Sell the HOME Assisted Units within twenty-four (24) months from the
23 Effective Date to a Qualified Homebuyer.

24 In the event BORROWER fails to comply with Clause (a) or Clause (b) of this **Section**
25 **26**, the Parties acknowledge this shall constitute an Event of Default as set forth in **Section 29(d)**
26 and, upon COUNTY's request, BORROWER shall convey its fee interest in the HOME Assisted
27 Units to COUNTY, pursuant to a Grant Deed or Quit Claim Deed in a form approved by the
28 County.

1 27. NONDISCRIMINATION. BORROWER shall abide by 24 CFR 570.602
2 which requires that no person in the United States shall on the grounds of race, color, national
3 origin, religion, or sex be excluded from participation in, be denied the benefits of, or be
4 subjected to discrimination under any program or activity receiving Federal financial assistance
5 title I of the Housing and Community Development Act of 1974 as amended (42 U.S.C. 5301 et
6 seq.) (“Act”) including HOME. Under Section 109 of the Act directs that the prohibitions against
7 discrimination on the basis of age under the Age Discrimination Act and the prohibitions against
8 discrimination on the basis of disability under Section 504 of the Act shall apply to programs or
9 activities receiving Federal financial assistance under Title I programs. The policies and
10 procedures necessary to ensure enforcement of section 109 of the Act are codified in 24 CFR
11 Part 6. BORROWER shall comply with the provisions of the California Fair Employment and
12 Housing Act (Government Code Sections 12900 et seq.), the Federal Civil Rights Act of 1964
13 (P.L. 88-352), as amended, and all Administrative Rules and Regulations issued pursuant to said
14 Acts and Orders with respect to its use of the Property.

15 28. PROHIBITION AGAINST CONFLICTS OF INTEREST:

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

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

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

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

- 13 a. Monetary Default. (1) BORROWER's failure to pay when due any
14 sums payable under the Note or any advances made by the COUNTY
15 under this Agreement; (2) BORROWER's or any agent of
16 BORROWER's use of HOME funds for costs inconsistent with terms
17 and restrictions set forth in this Agreement; (3) BORROWER's
18 failure to obtain and maintain the insurance coverage required under
19 this Agreement; (4) BORROWER's or any agent of BORROWER's
20 failure to make any other payment of any assessment or tax due under
21 this Agreement.

- 22 b. Non-Monetary Default - Operation. (1) Discrimination by
23 BORROWER or BORROWER's agent on the basis of characteristics
24 prohibited by this Agreement or applicable law; (2) the imposition of
25 any encumbrances or liens on the Project without the COUNTY's
26 prior written approval that are prohibited under this Agreement or
27 that have the effect of reducing the priority or invalidating the
28 BORROWER Deed of Trust; (3) any material adverse change in the

1 financial condition of BORROWER or the Project or permanent
2 financing or funding for the Project that gives the COUNTY
3 reasonable cause to believe that the Project cannot be operated
4 according to the terms of this Agreement.

5 c. General Performance of Loan Obligations. Any substantial or
6 continuous or repeated breach by BORROWER or BORROWER's
7 agents of any material obligations of BORROWER imposed in the
8 HOME Agreement.

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

16 e. Failure to Transfer Title to Qualified Homebuyers. Any failure by
17 BORROWER to timely transfer title to a Qualified Homebuyer in
18 accordance with the requirements set forth in **Section 26**, subject to
19 the notice and cure periods set forth in **Section 30** below.

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

27 g. Damage to Project. In the event that the Project is materially
28 damaged or destroyed by fire or other casualty, and BORROWER

1 receives an award or insurance proceeds for the repair or
2 reconstruction of the Project, and BORROWER does not use such
3 award or proceeds to repair or reconstruct the Project.

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

15 30. NOTICE OF DEFAULT AND OPPORTUNITY TO CURE. Subject to the
16 Force Majeure Delays, as provided in **Section 54**, failure or delay by either party to perform any
17 term or provision of this Agreement constitutes a default under this Agreement. The party who
18 fails or delays must immediately commence to cure, correct or remedy such failure or delay and
19 shall complete such cure, correction or remedy with reasonable diligence.

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

28 If a monetary event of default occurs, prior to exercising any remedies hereunder,

1 the injured party shall give the party in default written notice of such default. The party in default
2 shall have a period of seven (7) days after such notice is given within which to cure the default
3 prior to exercise of remedies by the injured party.

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

8 Except for the performance obligations set forth in **Section 26**, for monetary and
9 non-monetary Events of Default, the COUNTY shall give written notice to BORROWER of any
10 Event of Default by specifying: (a) the nature of the Event of Default or the deficiency giving
11 rise to the default, (b) the action required to cure the deficiency, if an action to cure is possible,
12 and (c) a date by which such action to cure must be taken. Except for the performance obligations
13 set forth in **Section 26**, the COUNTY agrees that the BORROWER shall have the right to cure
14 defaults under this Agreement within the prescribed cure period.

15 31. COUNTY REMEDIES. Upon the happening of an Event of Default and a
16 failure by BORROWER to cure said default within the time specified in the notice of default (if
17 an action to cure is specified in said notice), the COUNTY's obligation to disburse HOME funds
18 shall terminate, and the COUNTY may also in addition to other rights and remedies permitted
19 by this Agreement or applicable law, proceed with any or all of the following remedies in any
20 order or combination the COUNTY may choose in its sole discretion:

- 21 a. Terminate this Agreement, in which event the entire amount as well
22 as any other monies advanced to BORROWER by the COUNTY
23 under this Agreement including administrative costs, shall
24 immediately become due and payable at the option of the COUNTY.
- 25 b. Bring an action in equitable relief (1) seeking the specific
26 performance by BORROWER of the terms and conditions of this
27 Agreement, and/or (2) enjoining, abating, or preventing any violation
28 of said terms and conditions, and/or (3) seeking declaratory relief.

- 1 c. Accelerate the HOME Loan, and demand immediate full payment of
2 the principal payment outstanding and all accrued interest under the
3 Note, as well as any other monies advanced to BORROWER by the
4 COUNTY under this Agreement.
- 5 d. Reallocate unencumbered funds pursuant to **Section 10**.
- 6 e. Pursue any other remedy allowed at law or in equity.

7 32. Intentionally left blank.

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

18 34. BORROWER'S CERTIFICATION. BORROWER certifies, to the best of
19 its knowledge and belief, that:

- 20 a. No federally appropriated funds have been paid or will be paid, by or
21 on behalf of the undersigned, to any person for influencing or
22 attempting to influence an officer or employee of any agency, a
23 member of Congress, an officer or employee of Congress, or an
24 employee of a member of Congress in connection with the awarding of
25 any federal contract, the making of any federal grant, the making of
26 any federal loan, the entering into of any cooperative agreement, and
27 the extension, continuation, review, amendment, or modification of
28 any federal contract, grant, loan, or cooperative agreement.

1 b. If any funds other than federally appropriated funds have been paid or
2 will be paid to any person for influencing or attempting to influence an
3 officer or employee of any agency, a member of Congress, an officer
4 or employee of Congress, or an employee of a member of Congress in
5 connection with this federal contract, grant, loan, or cooperative
6 agreement, the undersigned shall complete and submit Standard Form-
7 LLL, "Disclosure Form to Report Lobbying," in accordance with its
8 instructions.

9 c. The undersigned shall require that the language of this certification be
10 included in the award documents for all sub-awards at all tiers
11 (including subcontracts, sub-grants, and contracts under grants, loans,
12 and cooperative agreements) and that BORROWER shall certify and
13 disclose accordingly. This certification is a material representation of
14 fact upon which reliance was placed when this transaction was made
15 or entered into.

16 35. HOLD HARMLESS AND INDEMNIFICATION. BORROWER shall
17 indemnify and hold harmless the County of Riverside, its Agencies, Districts, Special Districts
18 and Departments, their respective directors, officers, Board of Supervisors, Board of
19 Commissioners, elected and appointed officials, employees, agents and representatives
20 (individually and collectively hereinafter referred to as Indemnitees) from any liability
21 whatsoever, based or asserted upon any services of BORROWER, its officers, employees,
22 subcontractors, agents or representatives arising out of or in any way relating to this Agreement,
23 including but not limited to property damage, bodily injury, or death or any other element of any
24 kind or nature whatsoever arising from the performance of BORROWER, its officers,
25 employees, subcontractors, agents or representatives (individually and collectively hereinafter
26 referred to as Indemnitors) from this Agreement. BORROWER shall defend, at its sole expense,
27 all costs and fees including, but not limited, to attorney fees, cost of investigation, defense and
28 settlements or awards, the Indemnitees in any claim or action based upon such alleged acts or

1 omissions.

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

8 BORROWER'S obligation hereunder shall be satisfied when BORROWER has
9 provided to COUNTY the appropriate form of dismissal relieving COUNTY from any liability
10 for the action or claim involved.

11 The specified insurance limits required in this Agreement shall in no way limit or
12 circumscribe BORROWER'S obligations to indemnify and hold harmless the Indemnitees
13 herein from third party claims.

14 In the event there is conflict between this clause and California Civil Code Section
15 2782, this clause shall be interpreted to comply with Civil Code 2782. Such interpretation shall
16 not relieve the BORROWER from indemnifying the Indemnitees to the fullest extent allowed by
17 law.

18 36. TERMINATION.

19 a. BORROWER. BORROWER may terminate this Agreement
20 consistent with the Act and the regulations implementing the Act.

21 b. COUNTY. In addition to any termination and/or suspension rights
22 the COUNTY has under this Agreement, COUNTY shall have the
23 right to suspend or terminate this Agreement upon written notice to
24 BORROWER of the action being taken and the reason for such
25 action; in the even any of the following occur:

26 (a) In the event BORROWER fails to perform the covenants
27 herein contained at such times and in such manner as
28 provided in this Agreement after the applicable notice and

1 cure provision hereof; or

2 (b) In the event there is a conflict with any federal, state or local
3 law, ordinance, regulation or rule rendering any of the
4 provisions of this Agreement invalid or untenable; or

5 (c) In the event the funding from HUD, as referred to in
6 **Section 1**, is terminated or otherwise becomes unavailable.

7 c. This Agreement may be terminated or funding suspended in whole
8 or in part in the event BORROWER fails to materially comply with
9 the terms and conditions of this Agreement after the expiration of
10 the applicable notice and cure provisions. Upon suspension of
11 funding, BORROWER agrees not to incur any costs related thereto,
12 or connected with, any area of conflict from which COUNTY has
13 determined that suspension of funds is necessary.

14 d. Upon expiration of this Agreement, BORROWER shall transfer to
15 the COUNTY any unexpended HOME funds in its possession at
16 the time of expiration of the Agreement as well as any accounts
17 receivable held by BORROWER which are attributable to the use
18 of HOME funds awarded pursuant to this Agreement. If COUNTY
19 so chooses it will also require BORROWER to transfer title of
20 HOME Assisted Units to COUNTY

21 37. AFFORDABILITY RESTRICTIONS. The COUNTY and BORROWER
22 hereby declare their express intent that the restrictions set forth in this Agreement for each
23 Assisted Unit of the Project shall run with the land as a lien for a period of twenty (20) years
24 from the date the Grant Deed conveying title from BORROWER to Qualified Homebuyer is
25 recorded in the Official Records, and shall bind all successors in title to the Assisted Unit until
26 the expiration of the Affordability Period. Each and every contract, deed or other instrument
27 hereafter executed covering and conveying the Assisted Unit or any portion thereof shall be held
28 conclusively to have been executed, delivered and accepted subject to such restrictions,

1 regardless whether such restrictions are set forth in such contract, deed or other instrument.

2 38. MECHANICS LIENS AND STOP NOTICES. If any claim of mechanics
3 lien is filed against the Project or a stop notice affecting the HOME Loan is served on the
4 COUNTY, BORROWER must, within thirty (30) days of such filing or service, either pay and
5 fully discharge the lien or stop notice, obtain a release of the lien or stop notice by delivering to
6 the COUNTY a surety bond in sufficient form and amount, or provide the COUNTY with other
7 assurance reasonably satisfactory to COUNTY that the lien or stop notice will be paid or
8 discharged.

9 39. ENTIRE AGREEMENT. It is expressly agreed that this Agreement
10 embodies the entire agreement of the parties in relation to the subject matter hereof, and that no
11 other agreement or understanding, verbal or otherwise, relative to this subject matter, exists
12 between the parties at the time of execution.

13 40. AUTHORITY TO EXECUTE. The persons executing this Agreement or
14 exhibits attached hereto on behalf of the parties to this Agreement hereby warrant and represent
15 that they have the authority to execute this Agreement and warrant and represent that they have
16 the authority to bind the respective parties to this Agreement to the performance of its obligations
17 hereunder.

18 41. WAIVER. Failure by a party to insist upon the strict performance of any
19 of the provisions of this Agreement by the other party, or the failure by a party to exercise its
20 rights upon the default of the other party, shall not constitute a waiver of such party's rights to
21 insist and demand strict compliance by the other party with the terms of this Agreement
22 thereafter.

23 42. INTERPRETATION AND GOVERNING LAW. This Agreement and any
24 dispute arising hereunder shall be governed by and interpreted in accordance with the laws of
25 the State of California. This Agreement shall be construed as a whole according to its fair
26 language and common meaning to achieve the objectives and purposes of the parties hereto, and
27 the rule of construction to the effect that ambiguities are to be resolved against the drafting party
28 shall not be employed in interpreting this Agreement, all parties having been represented by

1 counsel in the negotiation and preparation hereof.

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

7 44. SEVERABILITY. Each paragraph and provision of this Agreement is
8 severable from each other provision, and if any provision or part thereof is declared invalid, the
9 remaining provisions shall nevertheless remain in full force and effect.

10 45. MINISTERIAL ACTS. The COUNTY's Director of HWS or designee(s)
11 are authorized to take such ministerial actions as may be necessary or appropriate to implement
12 the terms, provisions, and conditions of this Agreement as it may be amended from time to time
13 by both parties.

14 46. MODIFICATION OF AGREEMENT. The COUNTY or BORROWER
15 may consider it in its best interest to change, modify or extend a term or condition of this
16 Agreement. Any such change, extension or modification, which is mutually agreed upon by the
17 COUNTY and BORROWER shall be incorporated in written amendments to this Agreement.
18 The Director of HWS or designee is authorized to execute, subject to County Counsel approval
19 as to form, the amendment to change, modify or extend a term or condition of this Agreement.
20 Such amendments shall not invalidate this Agreement, nor relieve or release the COUNTY or
21 BORROWER from any obligations under this Agreement, except for those parts thereby
22 amended. No amendment to this Agreement shall be effective and binding upon the parties,
23 unless it expressly makes reference to this Agreement, is in writing and is signed and
24 acknowledged by duly authorized representatives of all parties.

25 47. ASSIGNMENT. BORROWER will not make any sale, assignment,
26 conveyance, or lease of any trust or power, or transfer in any other form with respect to this
27 Agreement or the Project, other than the sale of HOME Assisted Units to Qualified Homebuyers
28 as set forth in this Agreement.

1 48. EXHIBITS AND ATTACHMENTS. Each of the attachments and exhibits
2 attached hereto is incorporated herein by this reference.

3 49. MEDIA RELEASES. BORROWER agrees to allow COUNTY to
4 coordinate all media releases regarding the Project, with prior approval of BORROWER. Any
5 publicity generated by BORROWER for the Project must make reference to the contribution of
6 COUNTY in making the Project possible. COUNTY's name shall be prominently displayed in
7 all pieces of publicity generated by BORROWER, including flyers, press releases, posters, signs,
8 brochures, and public service announcements. BORROWER agrees to cooperate with COUNTY
9 in any COUNTY-generated publicity or promotional activities with respect to the Project.

10 50. NOTICES. All notices, requests, demands and other communication
11 required or desired to be served by either party upon the other shall be addressed to the respective
12 parties as set forth below or the such other addresses as from time to time shall be designated by
13 the respective parties and shall be sufficient if sent by U.S. first class, certified mail, postage
14 prepaid, or express delivery service with a receipt showing the date of delivery.

15 COUNTY
16 Director of HWS
17 County of Riverside
18 3403 10th Street, Suite 300
19 Riverside, CA 92501

BORROWER
 Susan McDevitt
 Executive Director
 Mary Erickson
 Community Housing
 PO Box 775
 San Clemente, CA
 92674

20 51. COUNTERPARTS. This Agreement may be signed by the different parties
21 hereto in counterparts, each of which shall be an original but all of which together shall constitute
22 one and the same agreement.

23 52. TIME OF THE ESSENCE. Time is of the essence with respect to all
24 provisions of this Agreement that specify a time for performance.

25 53. EFFECTIVE DATE. The effective date of this Agreement is the date the
26 parties execute the Agreement. If the parties execute the Agreement on more than one date, then
27 the last date the Agreement is executed by a party shall be the effective date.

28 54. FORCE MAJEURE DELAYS. Delay due to Force Majeure that, in each

1 case, (i) materially adversely affects the performance by BORROWER of its obligations
2 hereunder, (ii) is not reasonably foreseeable and is beyond BORROWER's reasonable control,
3 (iii) despite the exercise of reasonable diligence, cannot be prevented, avoided or removed by
4 BORROWER and is not attributable to the negligence, willful misconduct or bad faith of
5 BORROWER, and (iv) is not the result of the failure of BORROWER to perform any of its
6 obligations under this Agreement. Notwithstanding the foregoing, a Force Majeure Delay shall
7 not be deemed to have occurred unless BORROWER has notified COUNTY in writing of such
8 occurrence of Force Majeure within fifteen (15) days after such occurrence and has provided
9 COUNTY with the details of such event and the length of the anticipated delay within an
10 additional fifteen (15) days thereafter. BORROWER shall diligently attempt to remove, resolve,
11 or otherwise eliminate such event, keep the COUNTY advised with respect thereto, and shall
12 commence performance of its obligations hereunder immediately upon such removal, resolution
13 or elimination. During the occurrence and continuance of a Force Majeure Delay, BORROWER
14 shall be excused from performance of its obligations under this Agreement to the extent the Force
15 Majeure prevents BORROWER from performing such obligations.

16 ///

17 ///

18 ///

19
20 (SIGNATURES ON THE NEXT PAGE)
21
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:

BORROWER:

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

MARY ERICKSON COMMUNITY HOUSING A
NON PROFIT CORPORATION, a California
nonprofit public benefit corporation

7
8
9 By: _____
Heidi Marshall, Director

By: _____
Susan McDevitt, Executive Director

10 Date: _____

Date: _____

11
12
13 **(COUNTY and BORROWER signatures must be notarized)**
14

15
16 APPROVED AS TO FORM:
17 MINH C. TRAN,
18 County Counsel


19 By:  _____
20 Amrit P. Dhillon, Deputy County Counsel

Exhibit A

BORROWER: Mary Erickson Community Housing

Address: PO Box 775, San Clemente, CA 92674

Project Title: Lantana Ct Affordable Housing Project

Locations:

1. 12989 Lantana Ct., Moreno Valley, CA 92553 APN 481-270-065
2. 12977 Lantana Ct., Moreno Valley, CA 92553 APN 481-270-066
3. 12965 Lantana Ct., Moreno Valley, CA 92553 APN 481-270-067
4. 12953 Lantana Ct, Moreno Valley, CA 92553 APN 481-270-068
5. 12952 Lantana Ct., Moreno Valley, CA 92553 APN 481-270-069
6. 12964 Lantana Ct., Moreno Valley, CA 92553 APN 481-270-070
7. 12976 Lantana Ct., Moreno Valley, CA 92553 APN 481-270-071

Project Description:

BORROWER will utilize up to \$700,000 in CHDO HOME funds for construction and sale of seven (7) single family units to low-income (“LI”) first-time homebuyers.

BORROWER shall utilize HOME funds to assist LI households whose incomes are at or below eighty percent (80%) of the Area Median Income (AMI), adjusted by family size at the time of occupancy for the County of Riverside, in the City of Moreno Valley, California.

Qualified homebuyers must not have owned a home within the past three (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 HOME funds for acquisition, construction, and disposal costs of properties for the Project. HOME Assisted Units shall be affordable for a period of at least 20 years from the transfer of title to qualified first-time homebuyers.

Project Sources and Uses of Funds:

Sources & Uses	Total	
Construction Sources:	= 7 Total	
For Houses	\$ -	
City HOME Funds	\$ 1,686,961	30%
MECH Lender Construction Loa	\$ 1,389,193	24%
MECH Private Loan*	\$ 150,000	3%
County HOME	\$ 700,000	12%
City LMIHAF Funds (new)	\$ 123,789	2%
Subtotal for Houses	\$ 4,049,943	71%
For Street: Measure A	\$ 850,000	15%
For Street City LMIHAF/OTHER	\$ 426,211	7%
Subtotal for Street	\$ 1,276,211	22%
City In-Kind Contributions	\$ 360,000	
TOTAL	\$ 5,686,154	94%

Construction Uses	
Houses Acquisition - Land	\$ 18,557
Pre Dev/Architecture	\$ 285,650
Soft,Carrying, Loan	\$ 226,551
Construction	\$ 3,476,684
PW Monitor/Const Mgmt	\$ 42,500
Subtotal for Houses	\$ 4,049,943
For Street	
Soft and Hard Construction	\$ 1,636,211
TOTAL	\$ 5,686,154
Per Unit	\$ 578,563
	\$ 305.37
	price/sf
	\$ 812,307.68
	\$ 233,744.43

Financing Notes:	Homes
Total Construction loan	
Sales Price per Home 3BD	\$ 435,000
Sales Price per Home 4BD	\$ 465,000

Other Notes:
 Assume GRID Alternatives no cost PV Solar
 Assume All Electric
 Assume CA Prevailing Wages
 Assume Zip code 92553 = 8.75% Sales Tax on Insta
 Notes:
 LTV Private Construction Lende 48%

Perm Sources:	Total	Homes Only	Type	% Total
For Houses	Units	Ave Per Unit		
New 1st MHA Mortgage Debt	\$ 1,074,597	\$ 153,514	1st 30 yr fixed	17.2%
Buyer Downpayment	\$ 94,050	\$ 13,436	Buyer Equity	1.51%
Down Pmt Assist Private Debt	\$ 924,693	\$ 132,099	3rd +5th Lien	15%
County HOME Dev Subsidy	\$ 409,539	\$ 58,506	Grant to Developer	7%
County HOME Debt to Buyer	\$ 290,461	\$ 41,494	4th Lien	5%
City HOME Debt to Homebuyer	\$ 627,572	\$ 89,653	2nd Lien	10%
City HOME Developer Subsidy	\$ 1,059,389	\$ 151,341	Grant to Developer	17%
City LMIHAF Buyer Debt+Dev Subsi	\$ 123,789	\$ 17,684	6th lien + Dev Grant	2%
Subtotal for Houses	\$ 4,604,090		Grant to Developer	74%
For Street: City Measure A	\$ 850,000		Grant to Developer	14%
LMIHAF/In-Kind City	\$ 786,211		Grant to Developer	13%
Subtotal for Street	\$ 1,636,211		Grant to Developer	26%
TOTAL	\$ 6,240,301	\$ 657,727		100%

Perm Uses:			
Houses: Acq + Construction^	\$ 4,049,943	\$ 578,563	65%
Commission & Sales Costs	\$ 173,720	\$ 24,817	3%
	\$ -	\$ -	0%
Service Delivery/Admin/Dev Fee	\$ 380,427	\$ 54,347	6%
Subtotal for Houses	\$ 4,604,090	\$ 657,727	74%
For Street: Hard/Soft Constrc Cost	\$ 1,488,375	\$ 212,625	24%
For Street: Developer Fee/	\$ 147,836		2%
Subtotal for Street	\$ 1,636,211		26%
TOTAL	\$ 6,240,301	\$ 657,727	100%

Ave Development Cost Per Unit \$ 891,472
 House cost only not including street \$ 4,604,090
 \$ 0 Variance Sources to Uses

Total HOME Funds Houses Only Const	Total Homes + Street	% Total Budget	Per house
City Mo Val HOME	\$ 1,686,961	30%	\$ 240,994
County HOME	\$ 700,000	12%	\$ 100,000
Total HOME	\$ 2,386,961	42%	\$ 340,994
Per Unit	\$ 340,994		
Total HOME Funds Perm Fin - Houses	\$ -		\$ -
City Mo Val HOME	\$ 1,686,961	27%	\$ 240,994
County HOME	\$ 700,000	11%	\$ 100,000
Total HOME	\$ 2,386,961	38%	\$ 340,994
Per Unit	\$ 340,994		
Program Income to City	\$ -		\$ -

IMPLEMENTATION SCHEDULE

Milestone	Completion Date
1. HOME Loan Agreement executed	(1 st month)
2. Acquisition of Land Completed	(3 rd month)
3. Homeowner Selection & HWS Approval	(16 th month)
4. Marketing & Community Outreach	(Ongoing)
5. Construction of Houses*	(17 th month)
6. Transfer of titles to Qualified Homebuyers*	(20 th month)
7. Submission of Closing Documents	(24 th month)

* Section 26 of the Loan Agreement for the use of HOME funds
– Performance Requirements

DOCUMENT SUBMISSION SCHEDULE

Documents	Due Date
1. HOME 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 (City Final Inspection (no COO for SFR))	End of Construction
6. Conditional/Unconditional Release for Final from GC, and if applicable, Sub-contractors	30 days past Close of Construction
7. Construction Completion Report	Close of Construction
8. Final Development Cost - Sources and Uses	90 days past Close of Construction
9. Qualified Homebuyer Selection Policy	Marketing Stage Month 1 from date of execution of loan
10. Flyers, Community Contacts, Outreach, Press Releases, Grand Opening info	Marketing Stage Months 1-18 from date of execution of loan
11. Updated Preliminary Title Report showing Transfer of title to Qualified Homebuyer	Close of Escrow

EXHIBIT "A"

LEGAL DESCRIPTION

LEGAL DESCRIPTION OF THE SITE

THAT PORTION OF PARCEL 3 OF PARCEL MAP NO. 28871 IN THE CITY OF MORENO VALLEY, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, RECORDED IN BOOK 194, PAGES 50 & 51 OF PARCEL MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

PARCEL 1:

BEGINNING AT THE SOUTHWEST CORNER OF SAID PARCEL 3; THENCE NORTH 00°27'09" EAST 14.00 FEET ALONG THE WEST LINE OF SAID PARCEL 3 TO A POINT IN A LINE PARALLEL WITH AND 14.00 FEET NORTHERLY OF THE SOUTH LINE OF SAID PARCEL 3 AND THE TRUE POINT OF BEGINNING; THENCE CONTINUING ALONG SAID WEST LINE NORTH 00°27'09" EAST 85.50 FEET; THENCE SOUTH 89°33'47" EAST 74.01 FEET PARALLEL WITH SAID SOUTH LINE; THENCE SOUTH 00°26'13" WEST 81.46 FEET; THENCE SOUTH 45°26'13" WEST 5.71 FEET TO A POINT ON SAID LINE PARALLEL WITH AND 14.00 FEET NORTH OF THE SOUTH LINE OF SAID LOT 3; THENCE NORTH 89°33'47" WEST 70.00 FEET ALONG SAID PARALLEL LINE TO THE TRUE POINT OF BEGINNING.
CONTAINING 6,321 SQUARE FEET, MORE OR LESS.
TOGETHER WITH AN EASEMENT FOR INGRESS, EGRESS AND PUBLIC UTILITIES AS DESCRIBED AND SHOWN AS LOT A HEREINAFTER.

PARCEL 2:

BEGINNING AT THE SOUTHWEST CORNER OF SAID PARCEL 3; THENCE NORTH 00°27'09" EAST 99.50 FEET ALONG THE WEST LINE OF SAID PARCEL 3 TO THE TRUE POINT OF BEGINNING; THENCE CONTINUING ALONG SAID WEST LINE NORTH 00°27'09" EAST 90.57 FEET; THENCE SOUTH 82°32'32" EAST 84.50 FEET; THENCE SOUTH 07°27'28" WEST 80.85 FEET TO A POINT ON A LINE PARALLEL WITH THE SOUTH LINE OF SAID LOT 3; THENCE NORTH 89°33'47" WEST 74.01 FEET ALONG SAID PARALLEL LINE TO THE TRUE POINT OF BEGINNING.
CONTAINING 6,768 SQUARE FEET, MORE OR LESS.
TOGETHER WITH AN EASEMENT FOR INGRESS, EGRESS AND PUBLIC UTILITIES AS DESCRIBED AND SHOWN AS LOT A HEREINAFTER.

PARCEL 3:

BEGINNING AT THE SOUTHWEST CORNER OF SAID PARCEL 3; THENCE NORTH 00°27'09" EAST 190.07 FEET ALONG THE WEST LINE OF SAID PARCEL 3 TO THE TRUE POINT OF BEGINNING; THENCE CONTINUING ALONG SAID WEST LINE NORTH 00°27'09" EAST 110.10 FEET TO THE NORTHWEST CORNER OF SAID PARCEL 3; THENCE SOUTH 49°02'53" EAST 128.14 FEET TO THE BEGINNING OF A CURVE CONCAVE SOUTHEASTERLY AND HAVING A RADIUS OF 45.00 FEET, A RADIAL LINE PASSING THROUGH SAID POINT BEARS NORTH 45°49'14" WEST; THENCE

SOUTHWESTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 36°43'18" AN ARC DISTANCE OF 28.84 FEET; THENCE SOUTH 07°27'28" WEST 11.66 FEET; THENCE NORTH 82°32'32" WEST 84.50 FEET TO THE TRUE POINT OF BEGINNING. CONTAINING 6,898 SQUARE FEET, MORE OR LESS. TOGETHER WITH AN EASEMENT FOR INGRESS, EGRESS AND PUBLIC UTILITIES AS DESCRIBED AND SHOWN AS LOT A HEREINAFTER.

PARCEL 4:

BEGINNING AT THE NORTHWEST CORNER OF SAID PARCEL 3; THENCE SOUTH 89°33'45" EAST 130.01 FEET ALONG THE NORTH LINE OF SAID PARCEL 3; THENCE SOUTH 00°26'13" WEST 69.36 FEET TO A POINT IN A CURVE CONCAVE SOUTHEASTERLY AND HAVING A RADIUS OF 45.00 FEET, A RADIAL LINE PASSING THROUGH SAID POINT BEARS NORTH 00°32'39" EAST; THENCE SOUTHWESTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 46°21'53" AN ARC DISTANCE OF 36.41 FEET; THENCE NORTH 49°02'53" WEST 128.14 FEET TO THE POINT OF BEGINNING. CONTAINING 6,455 SQUARE FEET, MORE OR LESS. TOGETHER WITH AN EASEMENT FOR INGRESS, EGRESS AND PUBLIC UTILITIES AS DESCRIBED AND SHOWN AS LOT A HEREINAFTER.

PARCEL 5:

BEGINNING AT THE NORTHWEST CORNER OF SAID PARCEL 3; THENCE SOUTH 89°33'45" EAST 130.01 FEET ALONG THE NORTH LINE OF SAID PARCEL 3 TO THE TRUE POINT OF BEGINNING; THENCE CONTINUING ALONG SAID NORTH LINE SOUTH 89°33'45" EAST 134.02 FEET TO THE NORTHEAST CORNER OF SAID PARCEL 3; THENCE SOUTH 51°38'52" WEST 131.46 FEET TO A POINT IN A CURVE CONCAVE SOUTHWESTERLY AND HAVING A RADIUS OF 45.00 FEET, A RADIAL LINE PASSING THROUGH SAID POINT BEARS NORTH 45°06'27" EAST; THENCE NORTHWESTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 44°33'48" AN ARC DISTANCE OF 35.00 FEET; THENCE NORTH 00°26'13" EAST 69.36 FEET TO THE TRUE POINT OF BEGINNING. CONTAINING 6,536 SQUARE FEET, MORE OR LESS. TOGETHER WITH AN EASEMENT FOR INGRESS, EGRESS AND PUBLIC UTILITIES AS DESCRIBED AND SHOWN AS LOT A HEREINAFTER.

PARCEL 6:

BEGINNING AT THE NORTHEAST CORNER OF SAID PARCEL 3; THENCE SOUTH 00°27'04" WEST 102.59 FEET ALONG THE EAST LINE OF SAID PARCEL 3; THENCE SOUTH 83°17'30" WEST 89.78 FEET TO THE BEGINNING OF A CURVE CONCAVE SOUTHWESTERLY AND HAVING A RADIUS OF 45.00 FEET, A RADIAL LINE PASSING THROUGH SAID POINT BEARS NORTH 89°40'15" EAST; THENCE NORTHWESTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 44°33'48" AN ARC DISTANCE OF 35.00 FEET; THENCE NORTH 51°38'52" EAST 131.46 FEET TO THE TRUE POINT OF BEGINNING. CONTAINING 6,651 SQUARE FEET, MORE OR LESS. TOGETHER WITH AN EASEMENT FOR INGRESS, EGRESS AND PUBLIC UTILITIES AS DESCRIBED AND SHOWN AS LOT A HEREINAFTER.

PARCEL 7:

BEGINNING AT THE NORTHEAST CORNER OF SAID PARCEL 3; THENCE SOUTH 00°27'04" WEST 102.59 FEET ALONG THE EAST LINE OF SAID PARCEL 3 TO THE TRUE POINT OF BEGINNING; THENCE CONTINUING ALONG SAID EAST LINE SOUTH 00°27'04" WEST 67.59 FEET TO THE NORTHEAST CORNER OF PARCEL 1 OF SAID PARCEL MAP; THENCE NORTH 89°33'47" WEST 140.00 FEET ALONG THE NORTH LINE OF PARCELS 1 AND 2 OF SAID PARCEL MAP TO THE NORTHWEST CORNER OF SAID PARCEL 2; THENCE NORTH 59°48'03" EAST 33.55 FEET TO THE BEGINNING OF A CURVE CONCAVE NORTHWESTERLY AND HAVING A RADIUS OF 45.00 FEET; THENCE NORTHEASTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 60°07'48" AN ARC DISTANCE OF 47.23 FEET; THENCE NORTH 83°17'30" EAST 89.78 FEET TO THE TRUE POINT OF BEGINNING. CONTAINING 6,396 SQUARE FEET, MORE OR LESS. TOGETHER WITH AN EASEMENT FOR INGRESS, EGRESS AND PUBLIC UTILITIES AS DESCRIBED AND SHOWN AS LOT A HEREINAFTER.

Assessor Parcel: APNs 481-270-065 thru -071 (formerly APN: 481-270-058)

EXHIBIT B

BORROWER Note

PROMISSORY NOTE SECURED BY DEED OF TRUST
BORROWER NOTE

\$700,000
Interest 0%

Date: _____
Moreno Valley, California

In installments as hereafter stated, for value received, MARY ERICKSON COMMUNITY HOUSING A NON PROFIT CORPORATION ("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 SEVEN HUNDRED THOUSAND DOLLARS (\$700,000) (the "HOME 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 HOME PROGRAM FUNDS executed by COUNTY and BORROWER, dated as of _____, 2025 and recorded in the Official Records of the County of Riverside ("Official Records") on or about the date hereof (the "HOME 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 HOME 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 _____, 2025 and recorded on or about the date hereof in the Official Records (the "BORROWER Deed of Trust" or "Deed of Trust"). The rights and obligations of the BORROWER and COUNTY under this Note shall be governed by the HOME Loan Agreement and the following terms:

- (1) That the HOME Loan evidenced by this Note and secured by the BORROWER Deed of Trust are being made pursuant to the are being made pursuant to the HOME Investment Partnerships Program and the regulations issued thereunder (Title II, the Cranston-Gonzales National Affordable Housing Act, Public Law No. 101-625, 104 Stat. 4079 (1990), (24 C.F.R. Part 92) (the "HOME Program"). 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 HOME Program regulations, the HOME 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 HOME 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 twenty-four (24) months from the Effective Date of the HOME Loan Agreement.
- (4) This Note shall be repaid according to the following:
 - a. The HOME Loan shall be: (1) due and payable in an Event of Default by BORROWER which has not been cured as provided for in the HOME Loan

Agreement, and (2) converted to a grant to BORROWER and Deed of Trust to PURCHASER upon sale and transfer of title to a Qualified Homebuyer.

- b. 1/7th (\$100,000) of the HOME Loan shall be converted to a partial grant to BORROWER and partial Deed of Trust upon the sale and transfer of title to any of the Assisted Units to a Qualified Homebuyer evidenced by recordation of a covenant ("PURCHASER Covenant") in the Official Records. At the time of sale of the Assisted Unit to a Qualified Homebuyer, COUNTY shall cause to be delivered to BORROWER a 1/7th partial reconveyance of the Deed of Trust, which termination does not affect the Affordability Period for the Assisted Unit.
- (5) The HOME Loan is evidenced by this Note which is secured by that certain BORROWER 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 **Section 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 **Section 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 HOME 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 HOME Loan Agreement and/or Deed of Trust or the indemnification regarding Hazardous Substances pursuant to the HOME 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 HOME Loan Agreement, after expiration of any applicable cure periods, (2) BORROWER's or any agent of BORROWER's use of HOME funds for costs other than costs or for uses inconsistent with terms and restrictions set forth in the HOME 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 HOME 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 HOME 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 HOME 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 HOME Loan Agreement, after expiration of any applicable cure periods, (4) breach of any term contained in the Deed of Trust, after expiration of any applicable cure periods, (5) any other default under the HOME Loan Agreement, after expiration of any applicable cure periods, and/or (6) 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 HOME 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.
 - v. Failure to Transfer Title to Qualified Homebuyers. Any failure by BORROWER to timely transfer title to a Qualified Homebuyer in accordance with the requirements set forth in Section 26 in the HOME Loan Agreement, subject to the notice and cure periods set forth in Section 30 below.
- (9) 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.

- (10) 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.
- (11) 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.

- (12) 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.
- (13) 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 HOME 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.
- (14) 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.
- (15) 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.
- (16) 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.
- (17) 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 HOME Loan Agreement or this Note. This provision shall not affect or diminish the COUNTY's assignment rights under this Note.
- (18) 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.

- (19) 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.
- (20) Formal notices, demands and communications
- 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 HWS.
 - c. The address of BORROWER for purposes of receiving notices pursuant to this Note is PO Box 775, San Clemente, CA 92674 Attention: Susan McDevitt, Executive Director.

(21) The captions and headings in this Note are for convenience only and are not to be used to interpret or define the provisions hereof.

(22) The undersigned, if comprising more than one person or entity, shall be jointly and severally liable hereunder.

(23) This Note shall be binding upon BORROWER and its heirs, successors and assigns, and shall benefit the COUNTY and its successors and assigns.

[SIGNATURES ON FOLLOWING PAGE]

BORROWER:

**MARY ERICKSON COMMUNITY HOUSING A
NON PROFIT CORPORATION, a nonprofit public
benefit corporation**

By: _____

Susan McDevitt, Executive Director

Date: _____

EXHIBIT C

BORROWER Deed of Trust

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

County of Riverside
Housing and Workforce Solutions
3403 10th Street, Suite 300
Riverside, CA 92501
ATTN: Mervyn Manalo

SPACE ABOVE THIS LINE FOR RECORDER'S USE

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

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 _____, 2025. The trustor is MARY ERICKSON COMMUNITY HOUSING A NON PROFIT CORPORATION, a California nonprofit public benefit corporation ("Trustor"), whose address is PO Box 775, San Clemente CA 92674. The trustee is Commonwealth Land Title - California, ("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 Moreno Valley, 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 "BORROWER Note") in the principal amount of \$700,000;
 - (b) that certain Loan Agreement, for the Use of HOME Program ("HOME") Funds dated _____, 2025 and recorded in the Official Records of the County of Riverside ("Official Records") concurrently herewith, between Trustor ("BORROWER" therein) and Beneficiary ("County" therein) (the "HOME Loan Agreement").
- 2) payment of indebtedness of the Trustor to the Beneficiary not to exceed **SEVEN HUNDRED THOUSAND DOLLARS** (\$700,000) (the "HOME Loan") according to the terms of the Note.

Said BORROWER Note, and HOME 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 BORROWER Note and HOME Loan Agreement as used herein shall mean, refer to and include the BORROWER Note and HOME 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 HOME 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 BORROWER Note at the time and in the manner provided therein and perform the obligations of the Trustor as set forth in the

HOME 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 HOME 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 HOME 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 BORROWER 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 BORROWER 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. **Priority Position.** This Deed of Trust shall be recorded in a third position during construction, as described in Section 5(g) of the HOME Loan Agreement. 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 PURCHASER Deed of Trust, the PURCHASER Deed of Trust shall take fourth 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 HOME 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 HOME 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 HOME. 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 BORROWER 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 HOME 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 BORROWER Note and of this Deed of Trust.
22. **Transfer of the Property or a Beneficial Interest in Trustor.** Except as otherwise allowed under the HOME 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 HOME) 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 BORROWER 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 BORROWER Note or a partial interest in the BORROWER 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 (60) 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 sale of each Unit to a Qualified Homebuyer secured by this Deed of Trust, the Beneficiary shall release a partial reconveyance, (1/7th (\$100,000), of the Deed of Trust. Upon the sale of the 7th and final unit the Beneficiary record a full reconveyance of this Deed of Trust and 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:

MARY ERICKSON COMMUNITY HOUSING A NON PROFIT CORPORATION,
a California nonprofit public benefit corporation

By: _____
Susan McDevitt, Executive Director

Date: _____

TRUSTOR SIGNATURE MUST BE NOTARIZED

EXHIBIT "A"

LEGAL DESCRIPTION

LEGAL DESCRIPTION OF THE SITE

THAT PORTION OF PARCEL 3 OF PARCEL MAP NO. 28871 IN THE CITY OF MORENO VALLEY, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, RECORDED IN BOOK 194, PAGES 50 & 51 OF PARCEL MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

PARCEL 1:

BEGINNING AT THE SOUTHWEST CORNER OF SAID PARCEL 3; THENCE NORTH 00°27'09" EAST 14.00 FEET ALONG THE WEST LINE OF SAID PARCEL 3 TO A POINT IN A LINE PARALLEL WITH AND 14.00 FEET NORTHERLY OF THE SOUTH LINE OF SAID PARCEL 3 AND THE TRUE POINT OF BEGINNING; THENCE CONTINUING ALONG SAID WEST LINE NORTH 00°27'09" EAST 85.50 FEET; THENCE SOUTH 89°33'47" EAST 74.01 FEET PARALLEL WITH SAID SOUTH LINE; THENCE SOUTH 00°26'13" WEST 81.46 FEET; THENCE SOUTH 45°26'13" WEST 5.71 FEET TO A POINT ON SAID LINE PARALLEL WITH AND 14.00 FEET NORTH OF THE SOUTH LINE OF SAID LOT 3; THENCE NORTH 89°33'47" WEST 70.00 FEET ALONG SAID PARALLEL LINE TO THE TRUE POINT OF BEGINNING.
CONTAINING 6,321 SQUARE FEET, MORE OR LESS.
TOGETHER WITH AN EASEMENT FOR INGRESS, EGRESS AND PUBLIC UTILITIES AS DESCRIBED AND SHOWN AS LOT A HEREINAFTER.

PARCEL 2:

BEGINNING AT THE SOUTHWEST CORNER OF SAID PARCEL 3; THENCE NORTH 00°27'09" EAST 99.50 FEET ALONG THE WEST LINE OF SAID PARCEL 3 TO THE TRUE POINT OF BEGINNING; THENCE CONTINUING ALONG SAID WEST LINE NORTH 00°27'09" EAST 90.57 FEET; THENCE SOUTH 82°32'32" EAST 84.50 FEET; THENCE SOUTH 07°27'28" WEST 80.85 FEET TO A POINT ON A LINE PARALLEL WITH THE SOUTH LINE OF SAID LOT 3; THENCE NORTH 89°33'47" WEST 74.01 FEET ALONG SAID PARALLEL LINE TO THE TRUE POINT OF BEGINNING.
CONTAINING 6,768 SQUARE FEET, MORE OR LESS.
TOGETHER WITH AN EASEMENT FOR INGRESS, EGRESS AND PUBLIC UTILITIES AS DESCRIBED AND SHOWN AS LOT A HEREINAFTER.

PARCEL 3:

BEGINNING AT THE SOUTHWEST CORNER OF SAID PARCEL 3; THENCE NORTH 00°27'09" EAST 190.07 FEET ALONG THE WEST LINE OF SAID PARCEL 3 TO THE TRUE POINT OF BEGINNING; THENCE CONTINUING ALONG SAID WEST LINE NORTH 00°27'09" EAST 110.10 FEET TO THE NORTHWEST CORNER OF SAID PARCEL 3; THENCE SOUTH 49°02'53" EAST 128.14 FEET TO THE BEGINNING OF A CURVE CONCAVE SOUTHEASTERLY AND HAVING A RADIUS OF 45.00 FEET, A RADIAL LINE PASSING THROUGH SAID POINT BEARS NORTH 45°49'14" WEST; THENCE SOUTHWESTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 36°43'18" AN ARC DISTANCE OF 28.84 FEET; THENCE SOUTH 07°27'28" WEST 11.66 FEET; THENCE

NORTH 82°32'32" WEST 84.50 FEET TO THE TRUE POINT OF BEGINNING.
CONTAINING 6,898 SQUARE FEET, MORE OR LESS.
TOGETHER WITH AN EASEMENT FOR INGRESS, EGRESS AND PUBLIC UTILITIES AS
DESCRIBED AND SHOWN AS LOT A HEREINAFTER.

PARCEL 4:

BEGINNING AT THE NORTHWEST CORNER OF SAID PARCEL 3; THENCE SOUTH 89°33'45"
EAST 130.01 FEET ALONG THE NORTH LINE OF SAID PARCEL 3; THENCE
SOUTH 00°26'13" WEST 69.36 FEET TO A POINT IN A CURVE CONCAVE SOUTHEASTERLY
AND HAVING A RADIUS OF 45.00 FEET, A RADIAL LINE PASSING THROUGH SAID POINT
BEARS NORTH 00°32'39" EAST; THENCE
SOUTHWESTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 46°21'53" AN
ARC DISTANCE OF 36.41 FEET; THENCE
NORTH 49°02'53" WEST 128.14 FEET TO THE POINT OF BEGINNING.
CONTAINING 6,455 SQUARE FEET, MORE OR LESS.
TOGETHER WITH AN EASEMENT FOR INGRESS, EGRESS AND PUBLIC UTILITIES AS
DESCRIBED AND SHOWN AS LOT A HEREINAFTER.

PARCEL 5:

BEGINNING AT THE NORTHWEST CORNER OF SAID PARCEL 3; THENCE SOUTH 89°33'45"
EAST 130.01 FEET ALONG THE NORTH LINE OF SAID PARCEL 3 TO THE TRUE POINT OF
BEGINNING; THENCE
CONTINUING ALONG SAID NORTH LINE SOUTH 89°33'45" EAST 134.02 FEET TO THE
NORTHEAST CORNER OF SAID PARCEL 3; THENCE
SOUTH 51°38'52" WEST 131.46 FEET TO A POINT IN A CURVE CONCAVE SOUTHWESTERLY
AND HAVING A RADIUS OF 45.00 FEET, A RADIAL LINE PASSING THROUGH SAID POINT
BEARS NORTH 45°06'27" EAST; THENCE
NORTHWESTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 44°33'48" AN
ARC DISTANCE OF 35.00 FEET; THENCE
NORTH 00°26'13" EAST 69.36 FEET TO THE TRUE POINT OF BEGINNING.
CONTAINING 6,536 SQUARE FEET, MORE OR LESS.
TOGETHER WITH AN EASEMENT FOR INGRESS, EGRESS AND PUBLIC UTILITIES AS
DESCRIBED AND SHOWN AS LOT A HEREINAFTER.

PARCEL 6:

BEGINNING AT THE NORTHEAST CORNER OF SAID PARCEL 3; THENCE SOUTH 00°27'04"
WEST 102.59 FEET ALONG THE EAST LINE OF SAID PARCEL 3; THENCE
SOUTH 83°17'30" WEST 89.78 FEET TO THE BEGINNING OF A CURVE CONCAVE
SOUTHWESTERLY AND HAVING A RADIUS OF 45.00 FEET, A RADIAL LINE PASSING
THROUGH SAID POINT BEARS NORTH 89°40'15" EAST; THENCE
NORTHWESTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 44°33'48" AN
ARC DISTANCE OF 35.00 FEET; THENCE
NORTH 51°38'52" EAST 131.46 FEET TO THE TRUE POINT OF BEGINNING.
CONTAINING 6,651 SQUARE FEET, MORE OR LESS.
TOGETHER WITH AN EASEMENT FOR INGRESS, EGRESS AND PUBLIC UTILITIES AS
DESCRIBED AND SHOWN AS LOT A HEREINAFTER.

PARCEL 7:

BEGINNING AT THE NORTHEAST CORNER OF SAID PARCEL 3; THENCE SOUTH $00^{\circ}27'04''$ WEST 102.59 FEET ALONG THE EAST LINE OF SAID PARCEL 3 TO THE TRUE POINT OF BEGINNING; THENCE CONTINUING ALONG SAID EAST LINE SOUTH $00^{\circ}27'04''$ WEST 67.59 FEET TO THE NORTHEAST CORNER OF PARCEL 1 OF SAID PARCEL MAP; THENCE NORTH $89^{\circ}33'47''$ WEST 140.00 FEET ALONG THE NORTH LINE OF PARCELS 1 AND 2 OF SAID PARCEL MAP TO THE NORTHWEST CORNER OF SAID PARCEL 2; THENCE NORTH $59^{\circ}48'03''$ EAST 33.55 FEET TO THE BEGINNING OF A CURVE CONCAVE NORTHWESTERLY AND HAVING A RADIUS OF 45.00 FEET; THENCE NORTHEASTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF $60^{\circ}07'48''$ AN ARC DISTANCE OF 47.23 FEET; THENCE NORTH $83^{\circ}17'30''$ EAST 89.78 FEET TO THE TRUE POINT OF BEGINNING. CONTAINING 6,396 SQUARE FEET, MORE OR LESS. TOGETHER WITH AN EASEMENT FOR INGRESS, EGRESS AND PUBLIC UTILITIES AS DESCRIBED AND SHOWN AS LOT A HEREINAFTER.

Assessor Parcel: APNs 481-270-065 thru -071 (formerly APN: 481-270-058)

REQUEST FOR PARTIAL 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, 1/7th of the estate now held by you under this Deed of Trust to the person or persons legally entitled thereto.

Dated: _____

File No. HM5-25-001
Lantana Ct Single Family Home Infill Project, Moreno Valley, CA

EXHIBIT D

PURCHASER COVENANT

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
10 Workforce Solutions
11 3403 10th Street, Suite 300
12 Riverside, CA 92501
13 Attn: Mervyn Manalo

SPACE ABOVE THIS LINE FOR RECORDER'S USE

14 **AGREEMENT CONTAINING COVENANTS**
15 **AFFECTING REAL PROPERTY**
16 **PURCHASER Covenant**
17 *Lantana Ct Affordable Housing Project*

18 THIS AGREEMENT CONTAINING COVENANTS AFFECTING REAL PROPERTY
19 ("PURCHASER Covenant Agreement") is made this _____ day of _____, 2025
20 by and between the COUNTY OF RIVERSIDE, a political subdivision of the State of California,
21 and <Insert Homeowner(s) name here> ("Homebuyer"), collectively referred to herein as the
22 "Parties".

23 **RECITALS**

24 WHEREAS, MECH is the owner of that certain real property located at <SELECT ONE
25 OF THE FOLLOWING: 12989 Lantana Court, Moreno Valley, CA 92553, also identified as
26 Assessor's Parcel Number 481-270-065, 12977 Lantana Court, Moreno Valley, CA 92553, also
27 identified as Assessor's Parcel Number 481-270-066, 12965 Lantana Court, Moreno Valley, CA
28 92553, also identified as Assessor's Parcel Number 481-270-067, 12953 Lantana Court, Moreno
Valley, CA 92553, also identified as Assessor's Parcel Number 481-270-068, 12952 Lantana
Court, Moreno Valley, CA 92553, also identified as Assessor's Parcel Number 481-270-069,
12964 Lantana Court, Moreno Valley, CA 92553, also identified as Assessor's Parcel Number
481-270-070, and 12976 Lantana Court, Moreno Valley, CA 92553, also identified as Assessor's

1 Parcel Number APN 481-270-071, as described in the Legal Description attached hereto as
2 **Exhibit “A”** and incorporated herein by this reference (“Property”);

3 WHEREAS, in connection with MECH’s Lantana Ct Affordable Housing Project and the
4 County of Riverside’s (“County”) administration of the County’s HOME Investment Partnerships
5 Act and HOME Investment Partnerships (“HOME”) program, which was enacted under Title II of
6 the Cranston-Gonzalez National Affordable Housing Act (the “Act”), as amended (commencing
7 at 42 U.S.C. 12701 et seq.), and the implementing regulations thereto (24 CFR Part 92)
8 (collectively, the “HOME Program”). County provided financial assistance to MECH in the
9 amount of SEVEN HUNDRED THOUSAND DOLLARS (\$700,000) loan (“County Loan”)
10 evidenced by that certain Promissory Note executed by Mary Erickson Community Housing in
11 favor of County dated _____, 2025 (“BORROWER Note”) to develop the
12 Property and reconvey said Property to a qualified Low-Income (defined below), subject to certain
13 affordability restrictions contained herein;

14 WHEREAS, the BORROWER Note is secured by that certain Deed of Trust executed by
15 Mary Erickson Community Housing for the benefit of County, dated _____,
16 2025 and recorded on _____, 2025 in the Official Records of Riverside
17 County Recorder’s Office (“Official Records”) as Document No.
18 _____ (“BORROWER Deed of Trust”). The BORROWER
19 Note and BORROWER Deed of Trust are referred to individually as a “County Loan Document”
20 and collectively as the “County Loan Documents”;

21 WHEREAS, pursuant to the BORROWER Note, the Property shall be owned and occupied
22 by a qualified Low-Income a (defined below) for a period of twenty (20) years from the date of
23 the recordation of this PURCHASER Covenant Agreement, without regard to repayment of the
24 County Loan or the transfer of ownership; and

25 WHEREAS, the Parties desire to memorialize Homebuyer’s obligation to maintain the
26 affordability of the Property pursuant to the BORROWER Note, the HOME Program and this
27 Homeowner Covenant Agreement, as more specifically set forth below.

28 NOW, THEREFORE, in consideration of the mutual covenants and agreements contained

1 in this PURCHASER Covenant Agreement, and for other good and valuable consideration, the
2 receipt and sufficiency of which are hereby acknowledged, Homebuyer, on behalf of itself and its
3 successors and assigns, and each successor in interest to the Property, or any portion thereof,
4 hereby declares, covenants, and agrees as follows:

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

7 2) AFFORDABILITY RESTRICTIONS. This PURCHASER Covenant Agreement shall
8 continue in full force and effect for a period of twenty (20) years from <date PURCHASER
9 Covenant Agreement is recorded in the Official Records of Riverside County> (“Term”).
10 Homebuyer for itself and on behalf of its successors and assigns, covenants, acknowledges and
11 agrees that for the duration of the Term, the Property shall be held, sold and conveyed, subject to
12 the following covenants, conditions, and restrictions:

13 a) The Property shall be occupied by qualified low-income (“LI”) homebuyers for the
14 duration of the Term. The term “Low-Income” household shall mean a household whose incomes
15 are at or below eighty percent (80%) of the AMI pursuant to HOME regulations, adjusted for
16 family size appropriate to the unit for the County of Riverside.

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

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

25 d) The Property shall be subject to the HOME Program regulations, this
26 PURCHASER Covenant Agreement and any other document executed in connection therewith.

27 3) USE RESTRICTIONS.

28 a) Homebuyer shall occupy the property as Homebuyer’s principal residence for the Term.

1 In addition, during the Term any Transfer (defined below) by Homebuyer, except for a Permitted
2 Transfer (defined below) shall be prohibited without the prior written approval of COUNTY in its
3 sole and absolute discretion. Any Transfer, including a Permitted Transfer, of the Property by
4 Homebuyer shall be subject to this PURCHASER Covenant Agreement.

5 b) The term "Transfer" used herein shall mean the sale, assignment, conveyance, lease or
6 transfer, voluntary or involuntary, of any interest in the Property. Without limiting the generality
7 of the foregoing, Transfer shall include (i) a transfer by devise, inheritance or intestacy to a party
8 who does not meet the definition of Low Income Household; (ii) a life estate; (iii) creation of a
9 joint tenancy interest; (iv) a gift of all or any portion of the Property; or (v) any voluntary
10 conveyance or sale of the Property; (vi) lease or renting of the Property. Transfer shall not include
11 a Permitted Transfer.

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

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

25 A violation of any of the affordability or use restrictions contained herein shall constitute a breach
26 of this PURCHASER Covenant Agreement. Homebuyer has executed, concurrently with this
27 PURCHASER Covenant Agreement, an Acknowledgement of Agreement Containing Covenants
28 Affecting Real Property, attached hereto as **Exhibit "B"** and incorporated herein by this reference.

1 4) SENIOR PRIORITY. Notwithstanding anything to the contrary contained in the HOME
2 Loan Agreement, including any of its attachments, this Covenant Agreement may be recorded in
3 a fourth priority lien position junior to the Moreno Valley Housing Authority Homebuyer
4 Covenants senior to the first lien priority by PURCHASER's first mortgage Deed of Trust, second
5 lien priority by City of Moreno Valley Housing Authority Homebuyer Deed of Trust, and third
6 lien priority by Neighborhood Housing Services of the Inland Empire, Inc. for CalHOME loan
7 Deed of Trust.

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

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

1 correct any violation, and hold Homebuyer, or such successors or assigns responsible for the cost
2 thereof, and such cost, until paid, shall constitute a lien on the Property.

3 7) NONDISCRIMINATION. PURCHASER Covenants by and for itself, its successors
4 and assigns, and all persons claiming under or through them, that this PURCHASER Covenant
5 Agreement is made and accepted upon and subject to the following conditions: There shall be no
6 discrimination against or segregation of any person or group of persons, on account of any basis
7 listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined
8 in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955,
9 and Section 12955.2 of the Government Code, in the sale, lease, sublease, transfer, use, occupancy,
10 tenure, or enjoyment of the Property, nor shall the transferee itself or any person claiming under
11 or through him or her, establish or permit any such practice or practices of discrimination or
12 segregation with reference to the selection, location, number, use, or occupancy, of tenants,
13 lessees, sublessees, subtenants, or vendees of the Property.

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

- 20 a) In deeds: "The grantee herein covenants by and for himself or herself, his or her heirs,
21 executors, administrators, and assigns, and all persons claiming under or through them,
22 that there shall be no discrimination against or segregation of, any person or group of
23 persons on account of any basis listed in subdivision (a) or (d) of Section 12955 of the
24 Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision
25 (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the
26 Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure, or
27 enjoyment of the premises herein conveyed, nor shall the grantee or any person
28 claiming under or through him or her, establish or permit any practice or practices of

1 discrimination or segregation with reference to the selection, location, number, use or
2 occupancy of tenants, lessees, subtenants, sublessees, or vendees in the premises herein
3 conveyed. The foregoing covenants shall run with the land.”

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

17 c) In contracts: There shall be no discrimination against or segregation of any person or
18 group of persons, on account of any basis listed in subdivision (a) or (d) of Section
19 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1,
20 subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section
21 12955.2 of the Government Code, in the sale, lease, sublease, transfer, use, occupancy,
22 tenure, or enjoyment of the land, nor shall the transferee itself or any person claiming
23 under or through him or her, establish or permit any such practice or practices of
24 discrimination or segregation with reference to the selection, location, number, use, or
25 occupancy, of tenants, lessees, sublessees, subtenants, or vendees of the land.”

26 8) NOTICES. All Notices provided for in this PURCHASER Covenant Agreement shall
27 be deemed received when personally delivered, or two (2) days following mailing by certified
28 mail, return receipt requested. All mailing shall be addressed to the respective Parties at their

1 addresses set forth below, or at such other address as each party may designate in writing and give
2 to the other party:

3 COUNTY OF RIVERSIDE
4 Director, Riverside County
5 Housing and Workforce Solutions
6 3403 10th Street, Ste. 300
7 Riverside, CA 92501
8 ATTN: Director

HOMEBUYER
<Insert Homebuyer Address Here>

9 9) REMEDIES. COUNTY shall have the right, in the event of any breach of any such
10 agreement or covenant contained herein, to exercise all the rights and remedies, and to maintain
11 any actions at law or suit in equity or other proper proceedings to enforce the curing of such
12 breach of agreement or covenant.

13 10) INSURANCE. Homebuyer shall maintain property insurance and flood insurance,
14 listing COUNTY as additional insured for the Term of this PURCHASER Covenant Agreement.
15 Homebuyer shall keep the improvements now existing or hereafter erected on the Property
16 insured against loss by fire, hazards included within the term "extended coverage," and such other
17 hazards, including floods or flooding. In addition to the insurance requirements set forth in this
18 paragraph above, this insurance shall be maintained in the amount of the replacement value of
19 the improvements located on the Property.

20 The insurance carrier providing the insurance shall be chosen by the Homebuyer. All
21 insurance policies and renewals thereof shall include a standard mortgage clause in favor of and
22 in a form acceptable to COUNTY. COUNTY shall have the right to hold the policies and
23 renewals thereof, subject to the terms of any mortgage, deed of trust or other security agreement
24 with a lien, which has priority over this PURCHASER Covenant Agreement. COUNTY may be
25 named as a loss payee as its interest may appear and may be named as an additional insured. If
26 COUNTY requires, Homebuyer shall promptly give to COUNTY and/or copies of all receipts of
27 paid premiums and renewal notices. In the event of a loss, Homebuyer shall give prompt notice
28 to the insurance carrier, any senior lender and the COUNTY. COUNTY may make proof of loss
if not made promptly by any senior lender or the Homebuyer.

1 Unless COUNTY, and Homebuyer otherwise agree in writing, insurance proceeds shall be
2 applied to restoration or repair of the Property damaged, if the restoration or repair is
3 economically feasible, or County Loan would be lessened, the insurance proceeds shall be
4 applied to the sums set forth in this PURCHASER Covenant Agreement, whether or not then
5 due, with any excess paid to the Homebuyer.

6 If the Property is abandoned by Homebuyer, or if the Homebuyer fails to respond to
7 COUNTY within 30 days from the date notice is mailed by COUNTY to Homebuyer that the
8 insurance carrier offers to settle a claim for insurance benefits, COUNTY is authorized to collect
9 and apply the insurance proceeds at COUNTY's option either to restoration or repair of the
10 Property or to the County Loan amount.

11 11) TERM. The non-discrimination covenants, conditions and restrictions contained in
12 Section 7 of this PURCHASER Covenant Agreement shall remain in effect in perpetuity. Every
13 other covenant, condition and restriction contained in this PURCHASER Covenant Agreement
14 shall continue in full force and effect for the Term, as defined in Section 2 of this PURCHASER
15 Covenant Agreement.

16 12) RIGHT TO MONITOR. COUNTY and its successors and assigns, shall have the
17 right, but not the obligation, to monitor and enforce the covenants contained herein.
18 PURCHASER covenants that it shall comply with any monitoring program set up by COUNTY
19 to enforce said covenants.

20 13) NOTICE AND CURE. Prior to exercising any remedies hereunder, MECH and
21 COUNTY shall give Homebuyer notice of such default. Any monetary default shall be cured
22 within seven (7) days of such written notice. Except as otherwise set forth herein, if a non-
23 monetary default is reasonably capable of being cured within thirty (30) days, Homebuyer shall
24 have such period to effect a cure prior to exercise of remedies by COUNTY. If the non-monetary
25 default is such that it is not reasonably capable of being cured within thirty (30) days, and
26 Homebuyer (a) initiates corrective action within said period, and (b) diligently, continually, and
27 in good faith works to effect a cure as soon as possible, then Homebuyer shall have such
28 additional time as is reasonably necessary to cure the default prior to exercise of any remedies

1 by the COUNTY; but in no event no later than sixty (60) days.

2 If a violation of any of the covenants or provisions of this PURCHASER Covenant
3 Agreement remains uncured after the respective time period set forth in this Section 13,
4 COUNTY and its successors and assigns, without regard to whether COUNTY or its successors
5 and assigns is an owner of any land or interest therein to which these covenants relate, may
6 institute and prosecute any proceedings at law or in equity to abate, prevent or enjoin any such
7 violation or attempted violation or to compel specific performance by Homebuyer of its
8 obligations hereunder. No delay in enforcing the provisions hereof as to any breach or violation
9 shall impair, damage or waive the right of any party entitled to enforce the provisions hereof or
10 to obtain relief against or recover for the continuation or repetition of such breach or violations
11 or any similar breach or violation hereof at any later time. Homebuyer hereby waives and
12 releases any statute of limitations defense in connection with any COUNTY action or proceeding
13 to protect, assert, or enforce any right or remedy contained herein.

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

22 15) COVENANTS RUNNING WITH THE LAND. All conditions, covenants and
23 restrictions contained in this PURCHASER Covenant Agreement shall be covenants running
24 with the land, and shall, in any event, and without regard to technical classification or
25 designation, legal or otherwise, be, to the fullest extent permitted by law and equity, binding for
26 the benefit and in favor of, and enforceable by County, its successors and assigns, against
27 Homebuyer, its successors and assigns, to or of Homebuyer's interest in the Property, or any
28 portion thereof or any interest therein, and any party in possession or occupancy of said Property

1 or portion thereof. County shall be deemed the beneficiary of the covenants, conditions and
2 restrictions of this PURCHASER Covenant Agreement both for and in its own right and for the
3 purposes of protecting the interests of the community. The covenants, conditions, and restrictions
4 shall run in favor of the County, without regard to whether the County has been, remains, or is
5 an owner of any land or interest therein in the Property. Except as provided in the preceding
6 sentence, the covenants, conditions and restrictions contained in this PURCHASER Covenant
7 Agreement shall not benefit nor be enforceable by any other owner of real property except the
8 County.

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

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

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

18
19
20 [Remainder of Page Intentionally Blank]

21 [Signatures on Following Page]
22
23
24
25
26
27
28

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

3
4 **COUNTY:**

HOMEBUYER:

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

<homebuyer name and vesting>

7 By: _____
8 Heidi Marshall,
9 Director of HWS


By: _____
<homebuyer name>

10 Date: _____

Date: _____

11
12
13
14 APPROVED AS TO FORM:
Minh C. Tran, County Counsel

By: _____
<homebuyer 2 name>

15
16 By:  _____
17 Amrit Dhillon,
18 Deputy County Counsel

Date: _____

19 (Signatures on this page must be notarized)
20
21
22
23
24
25
26
27
28

CALIFORNIA ALL-PURPOSE ACKNOWLEDGEMENT

CIVIL CODE § 1189

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

STATE OF CALIFORNIA }

COUNTY OF _____ }

On _____, before me, _____
Date Here Insert Name and Title of the Officer

personally appeared _____
Name(s) of Signer(s)

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

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

WITNESS my hand and official seal.

Place Notary Seal Above Signature _____
Signature of Notary Public

CALIFORNIA ALL-PURPOSE ACKNOWLEDGEMENT

CIVIL CODE § 1189

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

STATE OF CALIFORNIA }

COUNTY OF _____ }

On _____, before me, _____
Date Here Insert Name and Title of the Officer

personally appeared _____
Name(s) of Signer(s)

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

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

WITNESS my hand and official seal.

Place Notary Seal Above Signature _____
Signature of Notary Public

EXHIBIT "A"

LEGAL DESCRIPTION OF PROPERTY

Select one property

LEGAL DESCRIPTION OF THE SITE

THAT PORTION OF PARCEL 3 OF PARCEL MAP NO. 28871 IN THE CITY OF MORENO VALLEY, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, RECORDED IN BOOK 194, PAGES 50 & 51 OF PARCEL MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

PARCEL 1:

BEGINNING AT THE SOUTHWEST CORNER OF SAID PARCEL 3; THENCE NORTH 00°27'09" EAST 14.00 FEET ALONG THE WEST LINE OF SAID PARCEL 3 TO A POINT IN A LINE PARALLEL WITH AND 14.00 FEET NORTHERLY OF THE SOUTH LINE OF SAID PARCEL 3 AND THE TRUE POINT OF BEGINNING; THENCE CONTINUING ALONG SAID WEST LINE NORTH 00°27'09" EAST 85.50 FEET; THENCE SOUTH 89°33'47" EAST 74.01 FEET PARALLEL WITH SAID SOUTH LINE; THENCE SOUTH 00°26'13" WEST 81.46 FEET; THENCE SOUTH 45°26'13" WEST 5.71 FEET TO A POINT ON SAID LINE PARALLEL WITH AND 14.00 FEET NORTH OF THE SOUTH LINE OF SAID LOT 3; THENCE NORTH 89°33'47" WEST 70.00 FEET ALONG SAID PARALLEL LINE TO THE TRUE POINT OF BEGINNING.
CONTAINING 6,321 SQUARE FEET, MORE OR LESS.
TOGETHER WITH AN EASEMENT FOR INGRESS, EGRESS AND PUBLIC UTILITIES AS DESCRIBED AND SHOWN AS LOT A HEREINAFTER.

PARCEL 2:

BEGINNING AT THE SOUTHWEST CORNER OF SAID PARCEL 3; THENCE NORTH 00°27'09" EAST 99.50 FEET ALONG THE WEST LINE OF SAID PARCEL 3 TO THE TRUE POINT OF BEGINNING; THENCE CONTINUING ALONG SAID WEST LINE NORTH 00°27'09" EAST 90.57 FEET; THENCE SOUTH 82°32'32" EAST 84.50 FEET; THENCE SOUTH 07°27'28" WEST 80.85 FEET TO A POINT ON A LINE PARALLEL WITH THE SOUTH LINE OF SAID LOT 3; THENCE NORTH 89°33'47" WEST 74.01 FEET ALONG SAID PARALLEL LINE TO THE TRUE POINT OF BEGINNING.
CONTAINING 6,768 SQUARE FEET, MORE OR LESS.
TOGETHER WITH AN EASEMENT FOR INGRESS, EGRESS AND PUBLIC UTILITIES AS DESCRIBED AND SHOWN AS LOT A HEREINAFTER.

PARCEL 3:

BEGINNING AT THE SOUTHWEST CORNER OF SAID PARCEL 3; THENCE NORTH 00°27'09" EAST 190.07 FEET ALONG THE WEST LINE OF SAID PARCEL 3 TO THE TRUE POINT OF BEGINNING; THENCE CONTINUING ALONG SAID WEST LINE NORTH 00°27'09" EAST 110.10 FEET TO THE NORTHWEST CORNER OF SAID PARCEL 3; THENCE

SOUTH 49°02'53" EAST 128.14 FEET TO THE BEGINNING OF A CURVE CONCAVE SOUTHEASTERLY AND HAVING A RADIUS OF 45.00 FEET, A RADIAL LINE PASSING THROUGH SAID POINT BEARS NORTH 45°49'14" WEST; THENCE SOUTHWESTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 36°43'18" AN ARC DISTANCE OF 28.84 FEET; THENCE SOUTH 07°27'28" WEST 11.66 FEET; THENCE NORTH 82°32'32" WEST 84.50 FEET TO THE TRUE POINT OF BEGINNING. CONTAINING 6,898 SQUARE FEET, MORE OR LESS. TOGETHER WITH AN EASEMENT FOR INGRESS, EGRESS AND PUBLIC UTILITIES AS DESCRIBED AND SHOWN AS LOT A HEREINAFTER.

PARCEL 4:

BEGINNING AT THE NORTHWEST CORNER OF SAID PARCEL 3; THENCE SOUTH 89°33'45" EAST 130.01 FEET ALONG THE NORTH LINE OF SAID PARCEL 3; THENCE SOUTH 00°26'13" WEST 69.36 FEET TO A POINT IN A CURVE CONCAVE SOUTHEASTERLY AND HAVING A RADIUS OF 45.00 FEET, A RADIAL LINE PASSING THROUGH SAID POINT BEARS NORTH 00°32'39" EAST; THENCE SOUTHWESTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 46°21'53" AN ARC DISTANCE OF 36.41 FEET; THENCE NORTH 49°02'53" WEST 128.14 FEET TO THE POINT OF BEGINNING. CONTAINING 6,455 SQUARE FEET, MORE OR LESS. TOGETHER WITH AN EASEMENT FOR INGRESS, EGRESS AND PUBLIC UTILITIES AS DESCRIBED AND SHOWN AS LOT A HEREINAFTER.

PARCEL 5:

BEGINNING AT THE NORTHWEST CORNER OF SAID PARCEL 3; THENCE SOUTH 89°33'45" EAST 130.01 FEET ALONG THE NORTH LINE OF SAID PARCEL 3 TO THE TRUE POINT OF BEGINNING; THENCE CONTINUING ALONG SAID NORTH LINE SOUTH 89°33'45" EAST 134.02 FEET TO THE NORTHEAST CORNER OF SAID PARCEL 3; THENCE SOUTH 51°38'52" WEST 131.46 FEET TO A POINT IN A CURVE CONCAVE SOUTHWESTERLY AND HAVING A RADIUS OF 45.00 FEET, A RADIAL LINE PASSING THROUGH SAID POINT BEARS NORTH 45°06'27" EAST; THENCE NORTHWESTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 44°33'48" AN ARC DISTANCE OF 35.00 FEET; THENCE NORTH 00°26'13" EAST 69.36 FEET TO THE TRUE POINT OF BEGINNING. CONTAINING 6,536 SQUARE FEET, MORE OR LESS. TOGETHER WITH AN EASEMENT FOR INGRESS, EGRESS AND PUBLIC UTILITIES AS DESCRIBED AND SHOWN AS LOT A HEREINAFTER.

PARCEL 6:

BEGINNING AT THE NORTHEAST CORNER OF SAID PARCEL 3; THENCE SOUTH 00°27'04" WEST 102.59 FEET ALONG THE EAST LINE OF SAID PARCEL 3; THENCE SOUTH 83°17'30" WEST 89.78 FEET TO THE BEGINNING OF A CURVE CONCAVE SOUTHWESTERLY AND HAVING A RADIUS OF 45.00 FEET, A RADIAL LINE PASSING THROUGH SAID POINT BEARS NORTH 89°40'15" EAST; THENCE NORTHWESTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 44°33'48" AN ARC DISTANCE OF 35.00 FEET; THENCE NORTH 51°38'52" EAST 131.46 FEET TO THE TRUE POINT OF BEGINNING. CONTAINING 6,651 SQUARE FEET, MORE OR LESS.

TOGETHER WITH AN EASEMENT FOR INGRESS, EGRESS AND PUBLIC UTILITIES AS DESCRIBED AND SHOWN AS LOT A HEREINAFTER.

PARCEL 7:

BEGINNING AT THE NORTHEAST CORNER OF SAID PARCEL 3; THENCE SOUTH 00°27'04" WEST 102.59 FEET ALONG THE EAST LINE OF SAID PARCEL 3 TO THE TRUE POINT OF BEGINNING; THENCE CONTINUING ALONG SAID EAST LINE SOUTH 00°27'04" WEST 67.59 FEET TO THE NORTHEAST CORNER OF PARCEL 1 OF SAID PARCEL MAP; THENCE NORTH 89°33'47" WEST 140.00 FEET ALONG THE NORTH LINE OF PARCELS 1 AND 2 OF SAID PARCEL MAP TO THE NORTHWEST CORNER OF SAID PARCEL 2; THENCE NORTH 59°48'03" EAST 33.55 FEET TO THE BEGINNING OF A CURVE CONCAVE NORTHWESTERLY AND HAVING A RADIUS OF 45.00 FEET; THENCE NORTHEASTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 60°07'48" AN ARC DISTANCE OF 47.23 FEET; THENCE NORTH 83°17'30" EAST 89.78 FEET TO THE TRUE POINT OF BEGINNING. CONTAINING 6,396 SQUARE FEET, MORE OR LESS. TOGETHER WITH AN EASEMENT FOR INGRESS, EGRESS AND PUBLIC UTILITIES AS DESCRIBED AND SHOWN AS LOT A HEREINAFTER.

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. _____ ("PURCHASER Covenant Agreement").
3. We meet the current requirements established by the County of Riverside in order to be deemed a qualified Low Income Household as defined in the PURCHASER Covenant Agreement.
4. We agree to occupy the property as our principal residence and should we choose to sell the property within the Affordability Period, the sale will be restricted to certain other purchasers meeting income requirements as established by HUD and the County of Riverside. We agree not to rent or lease any part or whole of the subject property. We further agree to contact the County of Riverside in writing by certified mail and receive written permission prior to the sale, refinancing, or any transfer of the subject property during this Affordability Period.
5. We understand the County of Riverside funds invested in the development of this Property, and which are secured, will require no monthly payments during the contract term. In the event that the property is sold prior to the fulfillment of the contract term, all County of Riverside funds will be due and payable.
6. We agree to purchase Title insurance for the property, which will include the County of Riverside as "co-insured." We agree to maintain property insurance and flood insurance, if required, listing the County of Riverside as co-insured, for the term of the assistance.
7. We understand it is intended that the above referenced property will remain as an affordable home for a prescribed length of time, and, in the event that the property is sold during this time period or used for purposes other than your personal residence, the County of Riverside will have a right of first refusal to purchase said property at a price agreed to between the parties. This requirement will be in effect for 20 years from the date of close of escrow. If the County of Riverside chooses not to exercise this right, the County of Riverside assistance shall become due and payable from the net proceeds of the sale.
8. We understand that as the owner of the property we are entitled to receive a fair return of the equity proceeds, if any, upon the sale of the property. If we sell during the Affordability Period, the full amount of the Assistance shall be repaid to the County of Riverside out of the net proceeds of the sale. The net proceeds of the sale shall be determined as the sales price minus loan repayment and closing costs, and the actual value of any documented capital improvements.

9. We have read and fully understand the PURCHASER Covenant Agreement and have had the opportunity to ask COUNTY staff any questions we have about the document.
10. We understand that the PURCHASER 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: _____

EXHIBIT E
PURCHASER NOTE

**PROMISSORY NOTE SECURED BY DEED OF TRUST
PURCHASER NOTE**

\$<AMOUNT>

Interest 0%

Date: _____

<ADDRESS>, Moreno Valley, California

FOR VALUE RECEIVED, the undersigned, <COMPLETE CLIENT NAME AND FULL VESTING>, hereafter called "BORROWER," hereby jointly and severally promise to pay to COUNTY OF RIVERSIDE, a public body, hereafter called "Lender," or to Lender's order, the sum total of \$<AMOUNT>, secured by a Subordinate Deed of Trust, at such place as Lender may designate, in lawful money of the United States of America as hereafter set forth.

- 1) **DEFINITIONS.** The following definitions shall apply throughout this Note:
 - a) **Property.** The real property described in **Exhibit A** attached to this Note and made a part hereof.
 - b) **Sale or Transfer.** Any sale, transfer, lease, cash-out refinance or family trusts transfer of any part of the Property will permit Lender to exercise a due-on-sale clause
 - c) **Deferred Loan Amount.** Principal Sum of the Promissory Note.
 - d) **Promissory Note.** Herein referred to as "Note."
 - e) **Senior Lien Holder.** Actual holder of First Deed of Trust is herein referred to as the "Senior Lien Holder."

TERMS

- 2) **INTEREST.** This Note does not bear interest.
- 3) **TIME OF PAYMENT.** This Note shall be due and payable in full on the date of any Sale or Transfer that occurs after the date of execution of this Promissory Note and prior to twenty (20) years from the date of the original sale of this of this home. Any non-sale transfer will require that an appraiser who is a member of the American Institute of Real Estate Appraisers or any such equivalent designation establish the fair market value of the Property at the time of transfer.
- 4) **AMOUNT OF PAYMENT.** If and when this Note becomes due pursuant to **Section 3** above, Borrower shall pay to Lender the outstanding Deferred Loan Amount. Borrower shall be entitled to a fair return of investment prior to the repayment of the Deferred Loan Amount.
- 5) **PREPAYMENT.** Borrower shall have the right at any time to repay this Note. In the event of prepayment, the amount payable in full by Borrower shall be the entire Deferred Loan Amount and any other unsecured amounts owing.
- 6) **ASSUMABILITY.** Upon the sale of a Unit in accordance with the Agreement, the Lender shall forgive the Borrower's obligation to repay the principal amount of this Note, and shall reconvey Deed of Trust (defined below) and the Agreement from such Unit, provided that the subsequent purchaser of such Unit executes and delivers to Lender a promissory note in the

principal amount of this Note, a subordinate deed of trust securing such note, and a new Agreement.

- 7) **SECURITY.** A Subordinate Deed of Trust secures this Note.
- 8) **DEFAULT UNDER DEED OF TRUST.** Notwithstanding any other provisions of this Note, if an uncured default occurs in any of the covenants or agreements contained in the Deed of Trust securing this Note, this Note shall immediately become due and payable in full at the option of Lender. In the event Lender exercises such option, the amount due and payable shall be the Deferred Loan Amount. Failure by Lender to exercise its option to accelerate in the event of a default shall not constitute waiver of the right to exercise such option in the event of the same or any other default.
- 9) **JOINT AND SEVERAL.** The undersigned, if more than one, shall be jointly and severally liable hereunder.
- 10) **ATTORNEYS' FEES.** If any default is made hereunder, Borrower further promises to pay reasonable attorneys' fees and costs and expenses incurred by the Lender in connection with any such default or any other action or other proceeding brought to enforce any of the provisions of this Note. The Lender's right to such fees shall not be limited to or by its representation by staff counsel, and such representation shall be valued at customary and reasonable rates for private sector legal services.
- 11) **TIME.** Time is of the essence herein.
- 12) **AMENDMENTS.** This Note may not be modified or amended except by an instrument in writing expressing such intention executed by the parties sought to be bound thereby, which writing must be so firmly attached to this Promissory Note so as to become a permanent part thereof.
- 13) **SEVERABILITY.** The covenants of this Promissory Note are several. Invalidation of any covenant or any part thereof by law, judgment, or court order shall not affect any other covenant.
- 14) **PLACE OF REPAYMENT.** Borrower will make payment of all amounts due to Lender under this Note to Lender at 3403 10th Street, Suite 300, RIVERSIDE, CALIFORNIA 92504 or such other address as Lender may designate in writing to Borrower.
- 15) **BORROWER'S WAIVERS.** Borrower waives any rights to require the Lender to do certain things. Those things are: (A) to demand payment of amounts due (known as "presentment"); (B) to give notice that amounts due have not been paid (known as "notice of dishonor"); and (C) to obtain an official certification of nonpayment (known as a "protest").
- 16) **GIVING OF NOTICES.** Any notice that must be given to Borrower under this Note will be given by delivering it or by mailing it by certified mail addressed to Borrower at any Property Address above. Any notice that must be given to the Lender under this Note will be given by mailing it certified mail to the Lender at the address stated in **Section 13** above.

17) **LOAN AUTHORITY.** The loan evidenced by this Note is being made pursuant to the HOME Investment Partnership Program and the regulations issued thereunder. (Title II, the Cranston-Gonzales National Affordable Housing Act, Public Law No. 101-625, 104 Stat. 4079 (1990), 24 CFR Part 92.)

- a) **Use of HOME Funds** - To provide assistance to write down the cost of development of this property to ensure that affordable housing is created.
- b) **Affordability Period** - Time that the Lender is required to recapture the HOME funds based upon the amount of funds provided. The affordability period for this Note is twenty (20) years from the date of the original sale of this of this home. The final maturity date on which this note is forgiven, even if the home has not been sold, is twenty (20) years from this date.
- c) **Housing Quality Standards** - The housing unit that is purchased is inspected by the Lender and meets the physical standards that assure that the housing is free from all health and safety defects at the time of purchase.
- d) **Enforcement of this Agreement (Note)** - The means for the enforcement of the terms and conditions shall be the recordation of a Subordinate Deed of Trust, which will place a lien against the Property that has been assisted.
- e) **Duration of this Agreement (Note)** - This Note is in effect for **AT LEAST** the period of affordability as noted above. The final maturity date on which it is due (or forgiven if no event has occurred which triggers repayment of this Note), even if the home has not been sold is _____ *[fill in date which is 20 years from the initial sale of the home].*

18) **SUBORDINATION** The indebtedness evidences by this Note, and any other financial obligations which may be imposed by the Lender are subordinate to the indebtedness evidenced by a Promissory Note payable to any Senior Lender, which Note(s) is/are secured by the Senior Deeds of Trust on the Property.

BY SIGNING BELOW, THE BORROWER ACCEPT AND AGREE TO THE TERMS CONTAINED IN THIS PROMISSORY NOTE.

BORROWER (S)

By: _____
Signature Date

Printed Name: _____

By: _____
Signature Date

Printed Name: _____

(THIS DOCUMENT IS TO BE NOTARIZED)

EXHIBIT "A"

LEGAL DESCRIPTION OF PROPERTY

Select one property

LEGAL DESCRIPTION OF THE SITE

THAT PORTION OF PARCEL 3 OF PARCEL MAP NO. 28871 IN THE CITY OF MORENO VALLEY, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, RECORDED IN BOOK 194, PAGES 50 & 51 OF PARCEL MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

PARCEL 1:

BEGINNING AT THE SOUTHWEST CORNER OF SAID PARCEL 3; THENCE NORTH 00°27'09" EAST 14.00 FEET ALONG THE WEST LINE OF SAID PARCEL 3 TO A POINT IN A LINE PARALLEL WITH AND 14.00 FEET NORTHERLY OF THE SOUTH LINE OF SAID PARCEL 3 AND THE TRUE POINT OF BEGINNING; THENCE CONTINUING ALONG SAID WEST LINE NORTH 00°27'09" EAST 85.50 FEET; THENCE SOUTH 89°33'47" EAST 74.01 FEET PARALLEL WITH SAID SOUTH LINE; THENCE SOUTH 00°26'13" WEST 81.46 FEET; THENCE SOUTH 45°26'13" WEST 5.71 FEET TO A POINT ON SAID LINE PARALLEL WITH AND 14.00 FEET NORTH OF THE SOUTH LINE OF SAID LOT 3; THENCE NORTH 89°33'47" WEST 70.00 FEET ALONG SAID PARALLEL LINE TO THE TRUE POINT OF BEGINNING.
CONTAINING 6,321 SQUARE FEET, MORE OR LESS.
TOGETHER WITH AN EASEMENT FOR INGRESS, EGRESS AND PUBLIC UTILITIES AS DESCRIBED AND SHOWN AS LOT A HEREINAFTER.

PARCEL 2:

BEGINNING AT THE SOUTHWEST CORNER OF SAID PARCEL 3; THENCE NORTH 00°27'09" EAST 99.50 FEET ALONG THE WEST LINE OF SAID PARCEL 3 TO THE TRUE POINT OF BEGINNING; THENCE CONTINUING ALONG SAID WEST LINE NORTH 00°27'09" EAST 90.57 FEET; THENCE SOUTH 82°32'32" EAST 84.50 FEET; THENCE SOUTH 07°27'28" WEST 80.85 FEET TO A POINT ON A LINE PARALLEL WITH THE SOUTH LINE OF SAID LOT 3; THENCE NORTH 89°33'47" WEST 74.01 FEET ALONG SAID PARALLEL LINE TO THE TRUE POINT OF BEGINNING.
CONTAINING 6,768 SQUARE FEET, MORE OR LESS.
TOGETHER WITH AN EASEMENT FOR INGRESS, EGRESS AND PUBLIC UTILITIES AS DESCRIBED AND SHOWN AS LOT A HEREINAFTER.

PARCEL 3:

BEGINNING AT THE SOUTHWEST CORNER OF SAID PARCEL 3; THENCE NORTH 00°27'09" EAST 190.07 FEET ALONG THE WEST LINE OF SAID PARCEL 3 TO THE TRUE POINT OF BEGINNING; THENCE CONTINUING ALONG SAID WEST LINE NORTH 00°27'09" EAST 110.10 FEET TO THE NORTHWEST CORNER OF SAID PARCEL 3; THENCE

SOUTH 49°02'53" EAST 128.14 FEET TO THE BEGINNING OF A CURVE CONCAVE SOUTHEASTERLY AND HAVING A RADIUS OF 45.00 FEET, A RADIAL LINE PASSING THROUGH SAID POINT BEARS NORTH 45°49'14" WEST; THENCE SOUTHWESTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 36°43'18" AN ARC DISTANCE OF 28.84 FEET; THENCE SOUTH 07°27'28" WEST 11.66 FEET; THENCE NORTH 82°32'32" WEST 84.50 FEET TO THE TRUE POINT OF BEGINNING. CONTAINING 6,898 SQUARE FEET, MORE OR LESS. TOGETHER WITH AN EASEMENT FOR INGRESS, EGRESS AND PUBLIC UTILITIES AS DESCRIBED AND SHOWN AS LOT A HEREINAFTER.

PARCEL 4:

BEGINNING AT THE NORTHWEST CORNER OF SAID PARCEL 3; THENCE SOUTH 89°33'45" EAST 130.01 FEET ALONG THE NORTH LINE OF SAID PARCEL 3; THENCE SOUTH 00°26'13" WEST 69.36 FEET TO A POINT IN A CURVE CONCAVE SOUTHEASTERLY AND HAVING A RADIUS OF 45.00 FEET, A RADIAL LINE PASSING THROUGH SAID POINT BEARS NORTH 00°32'39" EAST; THENCE SOUTHWESTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 46°21'53" AN ARC DISTANCE OF 36.41 FEET; THENCE NORTH 49°02'53" WEST 128.14 FEET TO THE POINT OF BEGINNING. CONTAINING 6,455 SQUARE FEET, MORE OR LESS. TOGETHER WITH AN EASEMENT FOR INGRESS, EGRESS AND PUBLIC UTILITIES AS DESCRIBED AND SHOWN AS LOT A HEREINAFTER.

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BEGINNING AT THE NORTHWEST CORNER OF SAID PARCEL 3; THENCE SOUTH 89°33'45" EAST 130.01 FEET ALONG THE NORTH LINE OF SAID PARCEL 3 TO THE TRUE POINT OF BEGINNING; THENCE CONTINUING ALONG SAID NORTH LINE SOUTH 89°33'45" EAST 134.02 FEET TO THE NORTHEAST CORNER OF SAID PARCEL 3; THENCE SOUTH 51°38'52" WEST 131.46 FEET TO A POINT IN A CURVE CONCAVE SOUTHWESTERLY AND HAVING A RADIUS OF 45.00 FEET, A RADIAL LINE PASSING THROUGH SAID POINT BEARS NORTH 45°06'27" EAST; THENCE NORTHWESTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 44°33'48" AN ARC DISTANCE OF 35.00 FEET; THENCE NORTH 00°26'13" EAST 69.36 FEET TO THE TRUE POINT OF BEGINNING. CONTAINING 6,536 SQUARE FEET, MORE OR LESS. TOGETHER WITH AN EASEMENT FOR INGRESS, EGRESS AND PUBLIC UTILITIES AS DESCRIBED AND SHOWN AS LOT A HEREINAFTER.

PARCEL 6:

BEGINNING AT THE NORTHEAST CORNER OF SAID PARCEL 3; THENCE SOUTH 00°27'04" WEST 102.59 FEET ALONG THE EAST LINE OF SAID PARCEL 3; THENCE SOUTH 83°17'30" WEST 89.78 FEET TO THE BEGINNING OF A CURVE CONCAVE SOUTHWESTERLY AND HAVING A RADIUS OF 45.00 FEET, A RADIAL LINE PASSING THROUGH SAID POINT BEARS NORTH 89°40'15" EAST; THENCE NORTHWESTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 44°33'48" AN ARC DISTANCE OF 35.00 FEET; THENCE NORTH 51°38'52" EAST 131.46 FEET TO THE TRUE POINT OF BEGINNING. CONTAINING 6,651 SQUARE FEET, MORE OR LESS.

TOGETHER WITH AN EASEMENT FOR INGRESS, EGRESS AND PUBLIC UTILITIES AS DESCRIBED AND SHOWN AS LOT A HEREINAFTER.

PARCEL 7:

BEGINNING AT THE NORTHEAST CORNER OF SAID PARCEL 3; THENCE SOUTH $00^{\circ}27'04''$ WEST 102.59 FEET ALONG THE EAST LINE OF SAID PARCEL 3 TO THE TRUE POINT OF BEGINNING; THENCE CONTINUING ALONG SAID EAST LINE SOUTH $00^{\circ}27'04''$ WEST 67.59 FEET TO THE NORTHEAST CORNER OF PARCEL 1 OF SAID PARCEL MAP; THENCE NORTH $89^{\circ}33'47''$ WEST 140.00 FEET ALONG THE NORTH LINE OF PARCELS 1 AND 2 OF SAID PARCEL MAP TO THE NORTHWEST CORNER OF SAID PARCEL 2; THENCE NORTH $59^{\circ}48'03''$ EAST 33.55 FEET TO THE BEGINNING OF A CURVE CONCAVE NORTHWESTERLY AND HAVING A RADIUS OF 45.00 FEET; THENCE NORTHEASTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF $60^{\circ}07'48''$ AN ARC DISTANCE OF 47.23 FEET; THENCE NORTH $83^{\circ}17'30''$ EAST 89.78 FEET TO THE TRUE POINT OF BEGINNING. CONTAINING 6,396 SQUARE FEET, MORE OR LESS. TOGETHER WITH AN EASEMENT FOR INGRESS, EGRESS AND PUBLIC UTILITIES AS DESCRIBED AND SHOWN AS LOT A HEREINAFTER.

EXHIBIT F
PURCHASER DEED OF TRUST

WHEN RECORDED MAIL TO
County of Riverside
Housing and Workforce Solutions
3403 10th Street, Suite 300
RIVERSIDE, CA 92501
Loan Number: <XXXXXX>
EXEMPT RECORDING FEE CODE 6103

SUBORDINATE DEED OF TRUST
(“PURCHASER DEED OF TRUST”)

THIS SUBORDINATE DEED OF TRUST (“Security Instrument”) is made this ____ day of _____, _____ among the Trustor(s), <COMPLETE CLIENT NAME AND FULL VESTING>, (herein “Borrower”), RIVERSIDE COUNTY HOUSING AND WORKFORCE SOLUTIONS (herein “Trustee”), and the Beneficiary, who is the County of Riverside, a political subdivision of the State of California (herein “Lender”).

BORROWER, in consideration of the indebtedness herein recited and the trust herein created, irrevocably grants and conveys to Trustee, in trust, with the power of sale, the following described property located in the County of Riverside, State of California:

<INSERT LEGAL DESCRIPTION>

which has the address of **<SUBJECT PROPERTY ADDRESS>** (Herein “Property Address”).

TOGETHER with all the improvements now or hereafter erected on the property, and all easements, rights, appurtenances and rents (subject however to the rights and authorities given herein to Lender to collect and apply such rents), all of which shall be deemed to be and remain a part of the property covered by this Security Instrument; and all of the foregoing, together with said property (or the leasehold estate if this Security Instrument is on a leasehold) are hereinafter referred to as the “Property.”

TO SECURE to Lender the repayment of the indebtedness evidenced by Borrower’s Promissory Note dated _____, 2025 and extensions and renewals thereof (herein “Note”), in the principal sum of U.S. \$**<AMOUNT>** provided in the form of development assistance in accordance and herewith to protect the security of this Security Instrument; and the performance of the covenants and agreements of Borrower herein contained. The loan evidenced by the Promissory Note and secured by this Security Instrument is being made pursuant to the HOME Investment Partnership Program and the regulations issued there under.

In addition to the Loan, the Borrower obtained a Deed of Trust loan (The “First Deed of Trust Loan”) from **<Purchaser’s first mortgage>** **<ADDRESS>** (the “Senior Lien Holder”), which loan is secured by First Deed of Trust lien on the Property. The Borrower also obtained a second Deed of Trust loan (The “Second Deed of Trust Loan” from the City of Moreno Valley Housing Authority, a third Deed of Trust loan (The Third Deed of Trust Loan”) from Neighborhood Housing Services of the Inland Empire, Inc. for CalHOME loans.

Borrower covenants that Borrower is lawfully seized of the estate hereby conveyed and has the right to grant and convey the Property, and except for the First Deed of Trust and other encumbrances of record acceptable to the Senior Lien Holder, that the Property is unencumbered. Borrower warrants and will defend generally the title to the Property against all claims and demands, subject to encumbrances of record.

UNIFORM COVENANTS. Borrower and Lender covenant and agree as follows:

- 1) **Payment of Principal.** Borrower shall promptly pay when due the principal indebtedness evidenced by the Promissory Note.
- 2) **Funds for Taxes and Insurance.**
 - a) Subject to applicable law, Borrower shall pay to the Senior Lien Holder a sum (herein "Funds") equal to (a) yearly taxes and assessments (including condominium and planned unit development assessments, if any) which may attain priority over this Security Instrument, and ground rents on the Property, if any; (b) yearly leasehold payments or ground rents on the Property, if any; (c) yearly premium installments for hazard insurance; (d) yearly premium installments for mortgage insurance, if any, that are reasonably estimated initially and from time to time by the Senior Lien Holder on the basis of assessments and bills and reasonable estimates thereof. If there is no Senior Lien Holder, Borrower is to make all payments for taxes and insurance to the Lender. Borrower shall not be obligated to make such payments to the holder of a prior mortgage or Deed of Trust if such holder is an institutional Lender. Said payments shall be made on the first day of each month commencing on the date of first payment.
 - b) If Borrower pays Funds to Lender, the Funds shall be held in an institution the deposits or accounts of which are insured or guaranteed by a federal or state agency. Lender shall apply the Funds to pay said taxes, assessments, insurance premiums and ground rents. Lender may not charge for so holding and applying the Funds, analyzing said account or verifying and compiling said assessments and bills, unless Lender pays Borrower interest on the Funds and applicable law permits Lender to make such a charge. Borrower and Lender may agree in writing at the time of execution of this Security Instrument that interest to be paid, Lender shall not be paid to Borrower, and unless such agreement is made or applicable law requires such interest to be paid, Lender shall not be required to pay Borrower any interest or earnings on the Funds. Lender shall give to Borrower, without charge, an annual accounting of the Funds showing credits and debits to the Funds and the purpose for which each debit to the Funds was made. The Funds are pledged as additional security for the sums secured by this Security Instrument.
 - c) If the amount of the Funds held by Lender, together with the future monthly installments of Funds payable prior to the due dates of taxes, assessments, insurance premiums and ground rents exceed the amount required to pay said taxes, assessments, insurance premiums and ground rents as they fall due, such excess shall be, at Borrower's option, either promptly repaid to Borrower or credited to Borrower on monthly installments of Funds. If the amount of the Funds held by Lender shall not be sufficient to pay taxes, assessments, insurance premiums and ground rents as they fall due, Borrower shall pay to

Lender any amount necessary to make up the deficiency in one or more payments as Lender may require.

- d) Upon payment in full of all sums secured by this Security Instrument, Lender shall promptly refund to Borrower any Funds held by Lender. If the Property is sold or the Property is otherwise acquired by Lender, Lender shall apply, no later than immediately prior to the sale of the Property or its acquisition by Lender, any Funds held by Lender at the time of application as a credit against the sums secured by this Security Instrument.
- 3) **Prior Mortgages and Deeds of Trust; Charges; Liens.** Borrower shall perform all of Borrower's obligations under any mortgage, Deed of Trust or other security agreement with a lien which has priority over this Deed of Trust, including Borrower's covenants to make payments when due. Borrower shall pay or cause to be paid all taxes, assessments and other charges, fines and impositions attributable to the Property, which may attain a priority over this Security Instrument and leasehold payments or ground rents, if any.
- 4) **Subordination.**
- a) Lender and Borrower acknowledge and agree that this Security Instrument is subject and subordinate in all respects to the liens, terms, covenants and conditions of the First Deed of Trust and to all advances heretofore made pursuant to the First Deed of Trust including all sums advanced for the purpose of (a) protecting or further securing the lien of the First Deed of Trust, curing defaults by the Borrower under the First Deed of Trust or for any other purpose expressly permitted by the First Deed of Trust or (b) constructing, renovating, repairing, furnishing, fixtures or equipping the Property. The terms and provisions of the First Deed of Trust are paramount and controlling, and they supersede any other terms and provisions herein conflict therewith. In the event of a foreclosure of the First Deed of Trust, any other provisions in any other collateral agreement restricting the use of the Property to low or moderate income households or otherwise restricting the Borrower's ability to sell the Property shall have no further force or effect on subsequent owners or purchasers of the Property, any person, including his/her successors or assignees (other than the Borrower or a related entity of the Borrower), receiving title to the Property through a foreclosure or deed in lieu of foreclosure of the First Deed of Trust shall receive title to the Property free and clear from such restrictions. The restrictions will automatically terminate if title to the mortgaged property is transferred by foreclosure or deed-in-lieu of foreclosure, or if the mortgage is assigned to the Secretary of the United States Department of Housing and Urban Development (HUD).
 - b) Further, if the Senior Lien Holder acquires title to the Property pursuant to a deed in lieu of foreclosure, the lien of the Security Instrument shall automatically terminate upon the Senior Lien Holder's acquisition of title, provided that (1) the Lender has been given written notice of a default under the First Deed of Trust and (2) the Lender shall not have cured the default under the First Deed of Trust, or diligently pursued curing the default as determined by the Senior Lien Holder, within the cure period provided in such notice sent to the Lender.
- 5) **Hazard Insurance.**

- a) Borrower shall keep the improvements now existing or hereafter erected on the Property insured against loss by fire, hazards included within the term "extended coverage," and such other hazards, including floods or flooding. This insurance shall be maintained in the amounts and for the periods that the Senior Lien Holder and/or the Lender may require and in such amounts and for such periods as the Senior Lien Holder and the Lender may require.
 - b) The insurance carrier providing the insurance shall be chosen by Borrower. All insurance policies and renewals thereof shall include a standard mortgage clause in favor of and in a form acceptable to Lender. Lender shall have the right to hold the policies and renewals thereof, subject to the terms of any mortgage, deed of trust or other security agreement with a lien, which has priority over this Security Instrument. All original policies of insurance required pursuant to the First Deed of Trust shall be held by the Senior Lien Holder; provided, however, Lender may be named as a loss payee as its interest may appear and may be named as an additional insured. If Lender requires, Borrower shall promptly give to Lender copies of all receipts of paid premiums and renewal notices. In the event of loss, Borrower shall give prompt notice to the insurance carrier, the Senior Lien Holder and the Lender. Lender may make proof of loss if not made promptly by the Senior Lien Holder or the Borrower.
 - c) Unless Lender and Borrower otherwise agree in writing, insurance proceeds shall be applied to restoration or repair of the Property damaged, if the restoration or repair is economically feasible, or Lender's security would be lessened, the insurance proceeds shall be applied to the sums secured by this Security Instrument, whether or not then due, with any excess paid to Borrower.
 - d) If the Property is abandoned by Borrower, or if the Borrower fails to respond to Lender within 30 days from the date notice is mailed by Lender to Borrower that the insurance carrier offers to settle a claim for insurance benefits, Lender is authorized to collect and apply the insurance proceeds at Lender's option either to restoration or repair of the Property or to the sums secured by this Security Instrument.
 - e) Notwithstanding the above, the Lender's rights to collect and apply the insurance proceeds hereunder shall be subject and subordinate to the rights of the Senior Lien Holder to collect and apply such proceeds in accordance with the First Deed of Trust.
- 6) **Occupancy, Preservation and Maintenance and Protection of the Property.** Borrower shall occupy, establish, and use the Property as the Borrower's principal residence and shall keep the Property in good repair and shall not commit waste or permit impairment or deterioration of the Property and shall comply with the provisions of any lease if this Deed of Trust is on a leasehold.
- 7) **Protection of Lender's Security.**
- a) If Borrower fails to perform the covenants and agreements contained in this Security Instrument, or if any legal action or proceeding is commenced which materially affects Lender's interest in the Property, then Lender, at Lender's option, upon notice to Borrower, may make such appearances, disburse such sums, including reasonable

attorneys' fees, and take such action as is necessary to protect Lender's interest. Lender's actions may include paying any sums secured by a lien, which has priority over this Security Instrument.

- b) Any amounts disbursed by Lender pursuant to this paragraph 7, with interest thereon, at the Note rate, shall become additional indebtedness of Borrower secured by this Security Instrument. Unless Borrower and Lender agree to other terms of payment, such amounts shall be payable upon notice from Lender to Borrower requesting payment thereof. Nothing contained in this paragraph 7 shall require Lender to incur any expense or take any action hereunder.
 - c) Prior to taking any actions, Lender shall notify the Senior Lien Holder and shall provide the Senior Lien Holder with opportunity to cure a default hereunder advanced by the Senior Lien Holder and shall be secured by the First Deed of Trust. The Senior Lien Holder shall have the right to exercise all rights and remedies under the First Deed of Trust.
- 8) **Mortgage Insurance.** If Lender requires mortgage insurance as a condition of making the loan secured by this Security Instrument, Borrower shall pay the premiums required to maintain the mortgage insurance in effect.
- 9) **Inspection.** Lender or its agent may make or cause to be made reasonable entries upon and inspections of the Property, provided that Lender shall give Borrower notice prior to any such inspection specifying reasonable cause therefore related to Lender's interest in the Property.
- 10) **Condemnation.**
- a) The proceeds of any award or claim for damages, direct or consequential, in connection with any condemnation or other taking of the Property, or part thereof, or for conveyance in lieu of condemnation, are hereby assigned and shall be paid to Lender, subject to the terms of any mortgage, deed of trust or other security agreement with a lien which has priority over this Deed of Trust.
 - b) In the event of a total taking of this Property, the proceeds shall be applied to the sums secured by this Security Instrument, whether or not then due, with any excess paid to the Borrower.
- 11) **Borrower Not Released; Forbearance by Lender Not a Waiver.** Extension of the time for payment or modification of the sums secured by this Security Instrument granted by Lender to any successor in interest of Borrower shall not operate to release, in any manner, the liability of the original Borrower and Borrower's successors in interest. Lender shall not be required to commence proceedings against such successor or refuse to extend time for payment or otherwise modify the sums secured by this Security Instrument by reason of any demand made by the original Borrower and Borrower's successors in interest. Any forbearance by Lender in exercising any right or remedy hereunder, or otherwise afforded by applicable law, shall not be a waiver of or preclude the exercise of any such right or remedy.
- 12) **Successors and Assigns Bound; Joint and Several Liability; Co-signers.** The covenants and agreements herein contained shall bind, and the rights hereunder shall inure to, the

respective successors and assigns of Lender and Borrower. All covenants and agreements of Borrower shall be joint and several.

- 13) **Notices.** Except for any notice required under applicable law to be given in another manner, (a) any notice to Borrower provided for in this Security Instrument shall be given by delivering it or by mailing such notice by certified mail addressed to Borrower at the Property Address or at such other address as Borrower may designate by notice to Lender as provided herein, and (b) any notice to Lender shall be given by certified mail to Lender's address stated herein. Any notice provided for in this Security Instrument shall have been given to Borrower or Lender when given in the manner designated herein. Any notices required to be given to the Senior Lien Holder shall be given by first class mail to the following address:

<INSERT TBD by BORROWER>

or such other address the Senior Lien Holder designates by notice to the Borrower.

- 14) **Governing Law; Severability.** The state and local laws applicable to this Security Instrument shall be the laws of the jurisdiction in which the Property is located. The foregoing sentence shall not limit the applicability of federal law to this Security Instrument. In the event that any provision or clause of this Security Instrument or the Promissory Note conflicts with applicable law, such conflict shall not affect other provisions of this Security Instrument or the Promissory Note which can be given effect without the conflicting provision, and to this end the provisions of this Security Instrument and the Promissory Note are declared to be several. As used herein, "costs," "expenses" and "attorneys' fees" include all sums to the extent not prohibited by applicable law or limited herein.

- 15) **Borrower's Copy.** Borrower shall be furnished a conformed copy of the Promissory Note and Security Instrument at the time of execution or after recordation hereof.

16) **Transfer of the Property or a Beneficial Interest in Borrower.**

- a) Except for a conveyance to the Trustee under the First Deed of Trust, if all or any part of the Property or any interest in it is sold or transferred without Lender's prior written consent, Lender may, at its option, require immediate payment in full of all sums secured by this Security Instrument. The Lender shall not exercise this option if federal law as of the date of this Security Instrument prohibits the exercise.
- b) If the Lender exercises this option, Lender shall give Borrower and the Senior Lien Holder 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 the Borrower must pay all sums secured by this Security Instrument. If Borrower fails to pay these sums prior to the expiration of this period, Lender may invoke any remedies permitted by this Security Instrument without further notice or demand on Borrower.

17) **Borrower's Right to Reinstate.**

- a) If Borrower meets certain conditions, Borrower shall have the right to have enforcement of this Security Instrument discontinued at any time prior to the earlier of: (a) 5 days before

the sale of the Property pursuant to any power of sale contained in this Security Instrument; or (b) entry of a judgment enforcing this Security Instrument. Those conditions are that Borrower: (a) pays Lender all sums which then would be due under this Security Instrument and the Promissory 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 Security Instrument, including, but not limited to reasonable attorneys' fees; and (d) takes such action as Lender may reasonably require to assure that the lien of this Security Instrument, Lender's rights in the Property and Borrower's obligation to pay the sums secured by this Security Instrument shall continue unchanged. Upon reinstatement by Borrower, this Security Instrument 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 16.

- b) Notwithstanding, Lender's right to invoke any remedies hereunder, as provided in Section 7 above, Lender agrees that it will not commence foreclosure proceedings or accept a deed in lieu of foreclosure, or exercise any other rights or remedies hereunder until it has given the Senior Lien Holder at least 60 days prior written notice.
- c) The Borrower and the Lender agree that whenever the Promissory Note or this Security Instrument gives the Lender the right to approve or consent with respect to any matter affecting the Property or otherwise, and a right of approval or consent with regard to the same matter is also granted to the Senior Lien Holder pursuant to the First Deed of Trust, the Senior Lien Holder's approval or consent or failure to approve or consent, as the case may be, shall be binding on the Borrower and the Lender.

18) Sale of Note; Change of Loan Servicer. The Promissory Note or a partial interest in the Promissory Note (together with this Security Instrument) may be sold one or more times without prior notice to the Borrower. A sale may result in a change in the entity (known as the "Loan Servicer") that may collect monthly payments under the Promissory Note and Security Instrument. There also may be one or more changes of the Loan Servicer unrelated to a sale of the Promissory Note. If there is a change in the Loan Servicer, Borrower will be given written notice of the change in accordance with Section 13 above and applicable law. The notice will state the name and address of the new Loan Servicer and the address to which payments, if any, should be made. The notice will also contain any other information required by applicable law.

19) No Assignment. Until the loan secured by the First Deed of Trust has been satisfied in full, Lender and the Borrower agree that the Promissory Note and the Security Instrument will not be assigned without the Senior Lien Holder's prior written consent.

20) Hazardous Substances.

- a) Borrower shall not cause or permit the presence, use, disposal, storage, or release of any Hazardous Substances on or in the Property. Borrower shall not 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 and to maintenance of the Property.

- b) Borrower shall promptly give Lender 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 Borrower has actual knowledge. If Borrower learns, or is notified by any governmental or regulatory authority, that any removal or other remediation of any hazardous substance affecting the Property is necessary, Borrower shall promptly take all necessary remedial actions in accordance with Environmental Law. Prior to taking any such remedial action, however, Borrower shall notify the Senior Lien Holder that such remedial action is necessary and shall obtain the Senior Lien Holder's prior written consent for such remedial action.
- c) As used in this Section, "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.
- d) As used in this Section, "Environmental Law" means federal laws and the laws of the jurisdiction where the Property is located that relate to health, safety and environmental protection.

NON-UNIFORM COVENANTS. Borrower and Lender further covenant and agree as follows:

21) Acceleration; Remedies.

- a) Upon Borrower's breach of any covenant or agreement of Borrower in this Deed of Trust, including the covenants to pay when due any sums secured by this Security Instrument, Lender prior to acceleration shall give notice to Borrower as provided in Section 13 hereof specifying: (1) the breach; (2) the action required to cure such breach; (3) a date, not less than 30 days from the date of notice is mailed to Borrower (and with respect to the Senior Lien Holder, 60 days from the date the notice is given to the Senior Lien Holder), by which such breach must be cured; and (4) that failure to cure such breach on or before the date specified in the notice may result in acceleration of the sums secured by this Security Instrument and sale of the Property. The notice shall further inform Borrower of the right to reinstate after acceleration and the right to bring a court action to assert the nonexistence of a default or any other defense of Borrower to acceleration and sale. If the breach is not cured on or before the date specified in the notice, and the Senior Lien Holder has not exercised its right to cure the breach, then Lender, at Lender's option, may declare all of the sums secured by this Security Instrument to be immediately due and payable without further demand and may invoke the power of sale and acceleration of the sums secured by this Security Instrument and sale of the Property.
- b) Notwithstanding Lender's right to invoke any remedies hereunder, the Lender agrees that it will not commence foreclosure proceedings or accept a deed in lieu of foreclosure, or exercise any other rights or remedies hereunder until it has given the Senior Lien Holder at least 60 days prior written notice. Lender shall be entitled to collect all expenses incurred in pursuing the remedies, including, but not limited to, reasonable attorneys' fees and costs of title evidence.

- c) If Lender invokes the power of sale, Lender shall execute or cause Trustee to execute a written notice of the occurrence of an event of default and of Lender's election to cause the Property to be sold and shall cause such notice to be recorded in each county in which the Property or some part thereof is located. Lender or Trustee shall mail copies of such notice in the manner prescribed by applicable law. Trustee shall give public notice of sale to the persons and in the manner prescribed by applicable law. After the lapse of such time as may be required by applicable law, Trustee, without demand on Borrower, shall sell the Property at public auction to the highest bidder at the time and place and under the terms designated in the notice of sale in one or more parcels and in such order as Trustee may determine. Trustee may postpone sale of all or any parcel of the Property by public announcement at the time and place of any previously scheduled sale. Lender or Lender's designee may purchase the Property at any sale.
- d) Trustee shall deliver to the purchaser Trustee's deed conveying the Property so sold 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 reasonable costs and expenses of the sale, including, but not limited to, reasonable Trustee's and attorneys' fees and costs of title evidence; (b) to all sums secured by this Security Instrument; and (c) the excess, if any, to the person or persons legally entitled thereto.

22) Assignment of Rents; Appointment of Receiver; Lender in Possession.

- a) As additional security hereunder, Borrower hereby assigns to Lender the rents of the Property, provided that Borrower shall, prior to acceleration or abandonment of the Property, have the right to collect and retain such rents as they become due and payable.
- b) Upon acceleration hereof or abandonment of the Property, Lender, in person, by agent or by judicially-appointed receiver shall be entitled to enter upon, take possession of and manage the Property and to collect the rents of the Property, including those past due. All rents collected by Lender or the receiver shall be applied first to premiums on receiver's bonds and reasonable attorneys' fees, and then to the sums secured by this Security Instrument. Lender and the receiver shall be eligible to account only for those rents actually received.

23) Reconveyances. Upon payment of all sums secured by this Security Instrument, Lender shall request Trustee to reconvey the Property and shall surrender this Security Instrument and all notes evidencing indebtedness secured by this Security Instrument to the Trustee. Trustee shall reconvey the Property without warranty and without charge to the person or persons legally entitled thereto. Such person or persons shall pay all costs of recordation, if any.

24) Substitute Trustee. Lender, at Lender's option, may from time to time appoint a successor trustee to any Trustee appointed hereunder by an instrument executed and acknowledged by Lender and recorded in the office of the recorder of the county where the Property is located. The instrument shall contain the name of the original Lender, Trustee and Borrower, the book and page where this instrument is recorded and the name and address of the successor trustee. The successor trustee shall, without conveyance of the Property, succeed to all the title,

powers and duties conferred upon the Trustee herein and by applicable law. This procedure for substitution of Trustee shall govern to the exclusion of all other provisions for substitution.

25) **Modification of First Deed of Trust Loan Documents.** The Lender consents to any agreement or arrangement in which the Senior Lien Holder waives, postpones, extends, reduces or modifies any provisions of the First Deed of Trust documents, including provisions requiring the payment of money.

BY SIGNING BELOW, the Borrower accepts and agrees to the terms and covenants contained in this Security Instrument.

BORROWER(S)

By: _____
Signature Date

Printed Name: _____

By: _____
Signature Date

Printed Name: _____

(THIS DOCUMENT IS TO BE NOTARIZED)

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 G
RIVERSIDE COUNTY

SECTION 3

24 CFR PART 75

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.

SECTION 3 COMPLIANCE REPORT FORM
(Housing and Community Development Financial Assistance Programs)

REPORT DATE: _____

VENDOR NAME	PROJECT DESCRIPTION	HWS CONTRACT NUMBER
Point of Contact / Title	Telephone	E-mail
Work /Project Start Date	Work/Project End Date	Notes

This form should be completed by all vendors, contractors and service providers who have a contract with Riverside County's Housing and Workforce Solutions CHD CDBG and HOME unit that is subject to Section 3 requirements per 24 CFR Part 75 and/or HWS's Section 3 Policy and Compliance Plan (v3). **Complete this form in its entirety, and attach the following supporting documentation: Section 3 Worker and Targeted Section 3 Worker Certification forms, payroll information supporting labor hour benchmark data, certification that you followed order of hiring priority, evidence of qualitative efforts made to comply with Section 3 and other supporting documents as applicable.**

You may attach a letter to this report if needed to further state your efforts, achievements or obstacles encountered.

Submit this form at completion of your work or by January 5th of each contract year for multi-year contracts, unless agreed otherwise with the Section 3 Compliance Administrator. Questions and assistance with requirements and reporting can be sent to HWS-section3@RivCo.org.

GENERAL GUIDANCE AND DEFINITIONS

Section 3 of the Housing and Urban Development Act of 1968 (codified at 12 U.S.C. 1701u and implemented at 24 CFR Part 75, hereinafter, "Section 3"), as amended, requires that economic opportunities, most importantly employment, generated by certain U.S. Department of Housing and Urban Development ("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 3 Worker means;

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

- 1. The worker's income for the previous or annualized calendar year is below the income limit established by HUD. (Note: Income is considered for the worker only and not based on household)
- 2. The worker is employed by a Section 3 business concern.
- 3. The worker is a YouthBuild participant.

A Targeted Section 3 Worker for housing and community development financial assistance means a Section 3 Worker as defined in 24 CFR Part 75.21, as may be amended from time to time, and means a worker documented through self-certification or other means acceptable to HUD, 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.

**Section 3 Compliance Administrator will provide further guidance on the service area or the neighborhood of the project for the specific project.*

BENCHMARK GOALS

- 1. **25 percent** or more of the total number of labor hours worked by all workers on the project are **Section 3 Workers**; and
- 2. **5 percent** or more of the total number of labor hours worked by all workers on the project are **Targeted Section 3 Workers**.
- 3. **30 percent** of all New Hires are **Section 3 Workers**

HUD INCOME LIMITS

Low- and very low-income limits are defined in Section 3(b)(2) of the Housing Act of 1937 and are determined annually by HUD. These limits are typically established at 80 percent and 50 percent of the area median individual income. Most recent HUD income limits may be obtained from: <https://www.huduser.gov/portal/datasets/il/il2021/2021summary.odn>

Income Eligibility Guideline: Riverside County HUD Income Limits

Low (80%) Income Limit	<i>Note: a Section 3 worker can be either a very low or low-income individual.</i>
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HIRING PRIORITIES

Employment and training opportunities created by **housing and community development programs** shall be given to Section 3 Workers in the following order of priority:

- **P1:** Section 3 Workers residing within the service area or the neighborhood of the project; and
- **P2:** Participants in YouthBuild programs.

Part I: WORKFORCE COMPOSITION

Total Number of <u>All Workers</u> who worked on the Project	Total Number of <u>Section 3 Workers</u> who worked on the Project	Total Number of <u>Targeted Section 3 Workers</u> who worked on the Project

Part II: LABOR HOUR BENCHMARKS (25% and 5% goal)

Report labor hours worked on this project broken down by ALL Workers, Section 3 Workers and Targeted Section 3 Workers.

Labor Hours on the Project for <u>ALL Workers</u> (includes existing and new hires who worked on the project)	Labor Hours on the Project for <u>Section 3 Workers</u> (includes existing and new hires who worked on the project)	Labor Hours on the Project for <u>Targeted Section 3 Workers</u> (includes existing and new hires who worked on the project)

Attach documents supporting the data provided in this section and check the boxes below:

- LCP Tracker report certifying labor hours worked
- Other salary-based or time-and-attendance payroll records certifying labor hours

Part III: NEW HIRE BENCHMARKS (30% new hire goal)

Did you hire Section 3 Workers and/or Targeted Section 3 Workers in relation to this contract?

- YES NO

If **Yes**, please complete below tables, if **No**, move to Part III.

Total Number of All New Hires	Total Number of <u>Section 3 Worker New Hires</u>	Total Number of <u>Targeted Section 3 Worker New Hires</u>

Did you follow the order of hiring priority when hiring new workers?

- YES NO

Part V: QUALITATIVE EFFORTS (24 CFR Part 75.15)

Check the boxes that apply to demonstrate your good faith efforts to satisfy your section 3 obligations.

- Engaged in outreach efforts to generate job applicants who are Targeted Section 3 Workers, including notifying HWS's Section 3 team, posting job openings at the job site, HUD Opportunity Portal, social media pages, contacting Resident Advisory Councils, and other platforms; Contacted agencies administering Riverside County County YouthBuild Programs, and requesting their assistance in recruiting Riverside County YouthBuild Program participants for training opportunities and employment positions;
- Consulted with state and local agencies administering training programs, such as those funded through Workforce Investment Act, unemployment compensation programs, community organizations and other officials or organizations to assist with training and recruiting Section 3 Workers and Targeted Section 3 Workers;
- Held job fairs;
- Provided or connecting Section 3 Workers and Targeted Section 3 Workers with assistance in seeking employment, including: drafting resumes, preparing for interviews, and finding job opportunities connecting residents to job placement services;
- Provided or referring Section 3 Workers to services supporting work readiness and retention (e.g., work readiness activities, interview clothing, test fees, transportation, child care);
- Assisted Section 3 Workers to obtain financial literacy training and/or coaching;
- Engaged in outreach efforts to identify and secure bids from Section 3 Business Concerns.
- Provided technical assistance to help Section 3 Business Concerns understand and bid on contracts; Divided contracts into smaller jobs to facilitate participation by Section 3 Business Concerns;
- Provided bonding assistance, guaranties, or other efforts to support viable bids from Section 3 Business Concerns;
- Promoted use of Section 3 Business Registries designed to create opportunities for Section 3, disadvantaged and small businesses.

Part VI: NOTES AND COMMENTS (If needed, attach additional sheets)

By signing below, I hereby certify and declare under penalty of perjury under the laws of the United States and the State of California that the information provided on this form, as well as all documentation provided in support thereof, are true and correct, and that I am authorized on behalf of the Company to make this certification. Furthermore, I certify that I will maintain this documentation 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. I will make this records available to HWS and/or HUD upon request.

Signature

Name and Title

Date

ADDITIONAL GUIDANCE FOR CONTRACTORS AND VENDORS

RECORDKEEPING: 24 CFR Part 75.31

Contractors, subcontractors and other recipients or sub-recipients must maintain documentation to ensure that workers meet the definition of a Section 3 Worker or Targeted Section 3 Worker as follows:

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

1. A worker's self-certification that their income is below the income limit from the prior calendar year;
2. A worker's self-certification of participation in a means-tested program such as public housing or Section 8-assisted housing;
3. 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;
4. 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
5. An employer's certification that the worker is employed by a Section 3 business concern.

For a worker to qualify as a Targeted Section 3 worker under Housing and Community Development Programs, one of the following must be maintained:

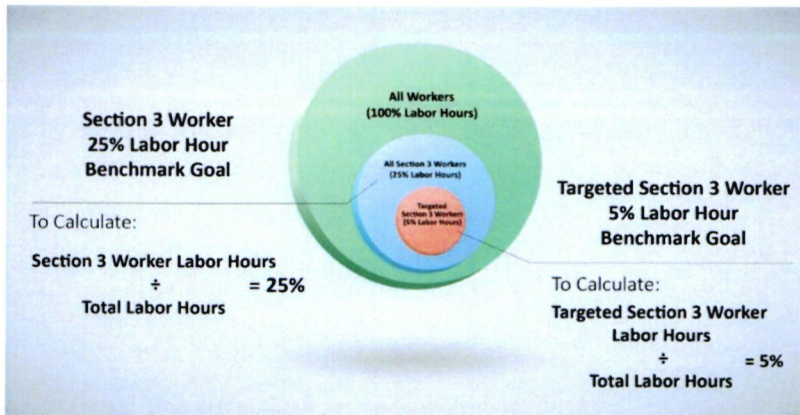
1. An employer's confirmation that a worker's residence is within one mile of the work site or, if fewer than 5,000 people live within one mile of a work site, within a circle centered on the work site that is sufficient to encompass a population of 5,000 people according to the most recent U.S. Census;
2. An employer's certification that the worker is employed by a Section 3 business concern; or
3. A worker's self-certification that the worker is a YouthBuild participant.

OTHER

- A contractor/vendor 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.
- Income limits are individual and not household.
- HWS's Section 3 Worker Certification Form can be used to establish eligibility as a Section 3 Worker and Targeted Section 3 Worker.

HWS maintains a Section 3 Resident Registry database and can assist contractors/vendors in outreach and recruitment efforts.

- We can identify and refer qualified Section 3 Workers and Targeted Section 3 Workers for your new hire needs. Submit a Job Order notifying us of your hiring needs.
- To calculate the labor hour benchmarks, see the graphics below:



- See HUD's Section 3 Regulation confided at 24 CFR Part 75, Labor Hour Benchmarks and FAQ at <https://rivcohws.org/community-and-housing-development/cdbg-program/section-3>. Questions about HWS's Section 3 program or completing this form can be directed to HWS's Section 3 Compliance Administrator at HWS-section3@RivCo.org

EXHIBIT H
Prohibition Against Conflicts of Interest

Prohibition Against Conflicts of Interest

§ 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 HOME 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 HOME 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 HOME 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 HOME 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 HOME 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 HOME assisted affordable housing unit in a project. This provision does not apply to an individual who receives HOME 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 HOME program and the effective and efficient administration of the owner's or developer's HOME assisted project. In determining whether to grant a requested exception, the COUNTY shall consider the following factors:
 - (i) Whether the person receiving the benefit is a member of a group or class of low-income persons intended to be the beneficiaries of the assisted housing, and the exception will permit such person to receive generally the same interests or benefits as are being made available or provided to the group or class;
 - (ii) Whether the person has withdrawn from his or her functions or responsibilities, or the decision making process with respect to the specific assisted housing in question;
 - (iii) Whether the tenant protection requirements of § 92.253 are being observed;
 - (iv) Whether the affirmative marketing requirements of § 92.351 are being observed and followed; and
 - (v) Any other factor relevant to the COUNTY's determination, including the timing of the requested exception.

Community Development Block Grant

Policy Manual, I.D. # A-11

TOPIC: CONFLICT OF INTEREST CODED
RIVERSIDE COUNTY
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) His/Her partners; or
 - iv) An organization which employs, or is about to employ any of the above has a financial or other interest in the firm's selection for award.
- 3) The grantee's or sub-grantee's officers, employees or agents will neither solicit nor accept gratuities, favors or anything of monetary value from contractors or parties to sub-agreements except as noted in Section 4.
- 4) A grantee's or sub-grantee's officers, employees or agents will be presumed to have a financial interest in a business if their financial interest exceeds the following:
 - i) Any business entity in which the official has a direct or indirect investment worth one thousand dollars (\$1,000) or more.
 - ii) Any real property in which the official has a direct or indirect interest worth one thousand dollars (\$1,000) or more.
 - iii) Any source of income, other than gifts and other than loans by a commercial lending institution in the regular course of business on terms available to the public without regard to official status, aggregating two hundred fifty dollars (\$250) or more in value provided to, received by or promised to the official within 12 months prior to the time when the decision is made.
 - iv) Any business entity in which the official is a director, officer, partner, trustee, employee, or holds any position of management.
 - v) Any donor of, or any intermediary or agent for a donor of, a gift or gifts aggregating two hundred fifty dollars (\$250) or more in value provided to, received by, or promised to the official within 12 months prior to the time when the decision is made.
- 5) For purposes of Section 4, indirect investment or interest means any investment or interest owned by the spouse or dependent child of an official, by an agent on behalf of an official, or by a business entity or trust in which the official, the official's agents, spouse, and dependent children own directly, indirectly, or beneficially a 10-percent interest or more.

EXHIBIT I
Contractor Debarment Certification

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 HOME Recipient, [Mary Erickson Community Housing](#) 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