

**HOME INVESTMENT PARTNERSHIP AND  
AFFORDABLE HOUSING AGREEMENT (LANTANA COURT)**

**by and between**

**MORENO VALLEY HOUSING AUTHORITY,  
a public body corporate and politic**

**and**

**MARY ERICKSON COMMUNITY HOUSING,  
a California nonprofit corporation**

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**HOME INVESTMENT PARTNERSHIP AND  
AFFORDABLE HOUSING AGREEMENT (Lantana Court)**

This **HOME INVESTMENT PARTNERSHIP AND AFFORDABLE HOUSING AGREEMENT (Lantana Court)** (“Agreement”), dated, for identification purposes only, as of June 17, 2025 (“Date of Agreement”) is entered into by and between the **MORENO VALLEY HOUSING AUTHORITY**, a public body, corporate and politic (“Authority”), and **MARY ERICKSON COMMUNITY HOUSING**, a California nonprofit corporation (“Developer” or “MECH”).

**RECITALS**

**A.** Authority is a California housing authority acting under the California Housing Authorities Law, Part 2 of Division 24, Section 34200, *et seq.*, of the Health and Safety Code (“HAL”). Further, Authority serves as the housing successor to the former Community Redevelopment Agency of the City of Moreno Valley (“Former Agency”) and administers the housing assets and funds of the Low and Moderate Housing Asset Fund (“LMIHAF”) pursuant to Health and Safety Code (“HSC”) Sections 34176 and 34176.1. Authority is also a participating housing authority in cooperation with and funding recipient of HUD and State HCD programs.

**B.** The City of Moreno Valley (“City”) is a California municipal corporation and a participating jurisdiction with the United States Department of Housing and Urban Project (“HUD”) and funding recipient from the State of California Department of Housing and Community Project (“State HCD”).

**C.** Developer is a California nonprofit corporation experienced in the ownership, operation, management and maintenance of affordable housing developments, including for-sale, ownership affordable housing projects in Southern California. Further, Developer is a Community Housing Development Organization (“CHDO”) as defined in the HOME Regulations (referenced in Recital C.), in particular Section 24 CFR 92.300. As a CHDO, Developer is a private nonprofit, community-based organization that has staff with the capacity to develop and operate affordable housing for the community it serves. Developer, itself and as a CHDO, is experienced in the acquisition, development, and operation of affordable housing.

**D.** Authority has been authorized to administer affordable housing activities within its jurisdiction. A major goal of the Authority and City is to provide in the community affordable, owner-occupied housing for qualified Low Income Homebuyers.

**E.** Together, the City and Authority may be referred to as “MoVal” herein.

**F.** The City is also a participating jurisdiction (“PJ”) with HUD that has received funds (“HOME Funds”) pursuant to Title II of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. §§ 12701-12839) and the implementing regulations therefor codified at 24 CFR Part 92, as amended by the 2013 HOME Final Rule and amendments and HUD Notices issued thereafter (together, “HOME Program” and “HOME Regulations”):  
[https://www.ecfr.gov/cgi-bin/text-idx?c=ecfr&tpl=/ecfrbrowse/Title24/24cfr92\\_main\\_02.tpl](https://www.ecfr.gov/cgi-bin/text-idx?c=ecfr&tpl=/ecfrbrowse/Title24/24cfr92_main_02.tpl) ;  
[https://www.hud.gov/program\\_offices/comm\\_planning/affordablehousing/programs/home/](https://www.hud.gov/program_offices/comm_planning/affordablehousing/programs/home/).

**G.** The HOME Program has, among its purposes, the strengthening of public-private partnerships to provide more affordable housing, and particularly to provide decent, safe, sanitary, and affordable housing, with primary attention for this Project to provide housing to income-qualified homeowners in accordance with the HOME Program and this Agreement. HOME Funds are used by the City, as a PJ, including transfer to Authority, to carry out multi-year housing strategies through acquisition, new construction, and rehabilitation of housing for target income persons and families.

**H.** State law statutory references in this Agreement are to the California Health and Safety Code ("HSC") unless otherwise stated.

**I.** Authority is the fee owner of certain real property, approximately 1.4-acres in size, (formerly Assessor Parcel No. 481-270-058, presently, APNs 481-270-065 thru -071 [seven parcels for seven Affordable Homes plus Lot A (new cul de sac street area)] as described in the Legal Description. The Site is located along Eucalyptus Avenue, Moreno Valley, California 92553 ("Site"), and more particularly described in the Site Map, Attachment No. 1 and Legal Description, Attachment No. 2, both attached and fully incorporated by this reference.

**A.** Under the CRL, the Former Agency was required to and did devote certain revenues described at HSC Section 33334.2 and 33334.3 ("Housing Funds") to activities for the acquisition of property, improvement to property, rehabilitation of properties and preservation of properties which are housing resources benefitting and restored to use by and available to households of limited income. As part of the Former Agency's activities using Housing Funds, it acquired the Site for affordable housing purposes.

**B.** The Site was transferred to the Authority by: (i) City Council action designating the Authority as the housing successor entity pursuant to HSC Section 34176, and (ii) action by each of the successor agency to the Former Agency ("Successor Agency"), and the Oversight Board to the Successor Agency as created pursuant to HSC Section 34179.6. The Site remains subject to requirements that it be used for affordable housing purposes for households of limited income pursuant to HSC Section 34176.1. As noted, the Authority serves as the housing successor to the Former Agency, which entity was dissolved pursuant HSC Division 24, Part 1.8, Section 34160, *et seq.*, and Part 1.85, Section 34170, *et seq.*, in particular as to Authority, as housing successor, HSC Sections 34176 and 34176.1 (together, "Dissolution Law" or "Housing Successor Law"), and as the Dissolution Law references and incorporates certain affordable housing laws set forth in HSC Section 33000, *et seq.* ("CRL") that survived the dissolution of all California redevelopment agencies and remain effective as to housing successors, including the Authority.

**C.** Both Housing Funds and HOME Program funds will be disbursed and/or expended in connection with Developer undertaking the Project as more particularly described herein.

**D.** Under this Agreement, Developer shall plan, construct, and offer for sale to Qualified Homebuyers at an Affordable Housing Cost a new affordable ownership housing development commonly referred to as "Lantana Court".

**E.** Lantana Court (herein together, "Project") shall include seven (7) detached, new single-story, single-family homes, including four (4) three-bedroom, two-bath homes, and three (3) four-bedroom, two-bath homes, with an average size of about 1,626 square feet (i.e., seven (7) "Affordable Homes"). The Affordable Homes will be "manufactured" homes, the construction type of which shall utilize and comply with the "MH Advantage" ("MHA") (FannieMae) and/or



“CHOICE Home” (FreddieMac) for HUD-authorized manufactured residential structures. Each and all Affordable Homes shall have an attached double-car garage, back yard, landscaped front yard utilizing water efficient landscaping. Each and all Affordable Homes shall meet the City’s “Village Special” design features; and, shall meet Department of Energy standards for a “Zero-Energy Ready Home” certified with installed PV Solar and Battery Storage. One of seven (1 of 7) Affordable Homes shall an ADA-accessible home meeting the Uniform Federal Accessibility Standards (“UFAS”) standards that establish the minimum elements required to comply with federal accessibility standards for handicapped individuals, including for design, construction, and alteration of structures to make sure that handicapped and disabled persons can easily access the home. There will be no homeowners’ association, but each and all of the seven Affordable Homes shall be subject to the senior Homebuyer Covenants, Homebuyer Loan Agreement.

**F.** The Affordable Homes on the Site shall be offered for sale, acquired by and for continuous owner-occupancy by qualified Low Income Homebuyers (as such income category is defined in HSC Section 50079.5, which also complies with 24 CFR Part 92 of the HOME Regulations) (together, “Affordable Homes” or each an “Affordable Home”) each and all at an Affordable Housing Cost as defined in HSC Section 50052.5 as more fully described herein.

**G.** Pursuant to the terms and conditions of this Agreement, the Authority will sell and convey the Site to Developer for the nominal sum of Eight Dollars (\$8.00) in consideration of and upon which Developer shall construct, complete, cause sales to qualified Low Income Homebuyers and administer an affordable ownership housing project. This Agreement, including without limitation the Homebuyer Loan Agreement, Homebuyer Covenants and shall constitute the written agreement required by 24 CFR Sections 92.504(c)(3) and 92.2, and complies with HSC Section 34176.1 for development of affordable housing. Disbursement of proceeds of the Authority Loan shall be subject to satisfaction of the Conditions Precedent set forth herein. The permitted income levels of the eligible Homebuyers of the Affordable Homes and the allowed Affordable Price to acquire each Affordable Home are set forth in detail in this Agreement, in order to ensure compliance with the requirements of the HOME Program, HAL, Dissolution Law, and other applicable federal and state laws and regulations, and in furtherance of the Housing Element of the City’s General Plan, and toward meeting the City’s Regional Housing Needs Assessment by State HCD and Allocation by Southern California Association of Governments (“SCAG”) (together, “RHNA”).

**H.** In addition to and as a part of the overall development, Developer will complete certain offsite improvements including a new public street that will provide access to and from the seven new Affordable Homes, as more fully described herein.

**I.** Each Affordable Home completed as part of the Project shall be dedicated and covenanted as an affordable ownership housing unit and will be restricted for use, ownership and occupancy as the principal residence for the Low Income Homebuyer household, and each successor Homebuyer during the forty-five year Affordability Period.

**J.** Authority Loan will be evidenced by the Authority Note and secured by the Authority Deed of Trust, subordinate to Developer’s Construction Loan for the Project, which Authority Deed of Trust shall be recorded against the Property in connection with the Closing of Financing and disposition of the Site by the Authority to Developer. The Authority Loan will be a deferred loan, forgivable in partial credits to and forgiveness of the Authority Note and partial reconveyances of the Authority Deed of Trust that equal one-seventh (1/7<sup>th</sup>) of the Authority Loan Amount concurrent with the sale of each Affordable Home to a Qualified Homebuyer. Upon the last/7<sup>th</sup> sale of the Affordable

Homes, Authority will cancel the Authority Note and cause to be recorded in the Official Records, County of Riverside, State of California (“Official Records”) a full reconveyance of the Authority Loan Deed of Trust.

**K.** The sources of funds for the grants and loans described herein to undertake the Project include HOME Program, LMIHAF, and Measure A funds.

**L.** Further, the Authority will provide the initial seven Low Income Homebuyers a second mortgage deferred and forgivable loan as described herein (each a “Homebuyer Loan”). The seven (7) Homebuyer Loans that will be (i) assumable by each subsequent qualified Low Income Homebuyer, (ii) conditioned on the Homebuyer Covenants recorded as and remaining senior, nonsubordinate encumbrances against the applicable Affordable Home, and (iii) subject to continuous compliance by each Homebuyer with the applicable Homebuyer Loan Agreement, Homebuyer Covenants, all in effect during the 45-year Affordability Period.

**M.** Based on a series of updated and then a final Project proforma prepared by Developer and presented to MoVal, its legal counsel, and economic consultant, and their financial analyses and subsidy layering review thereof, Authority determines that the Project is not financially feasible, in particular the Affordable Homes cannot be constructed, developed, marketed, and sold at an Affordable Housing Cost to qualified Low Income Homebuyers without the Authority providing certain financial subsidies and assistance to the Project that include grants and loans as described herein (“Authority Assistance”). Therefore, Authority desires to provide Developer the Authority Assistance and provide the Homebuyer Loans, all to promote the new construction and provision of high quality, ownership housing for owner-occupancy by Low Income Homebuyers. Further, pursuant to the HOME Regulations, HAL, Dissolution Law, the Authority Loan and grants herein are necessary to make the Project financially feasible based on the Authority’s analysis of Developer’s Project proforma and in compliance with legal requirements.

**N.** Of even date herewith, Authority and City have entered into that certain *Cooperation Agreement (Lantana Court)* (“Cooperation Agreement”) by which the City will transfer to the Authority the HOME Program funds necessary for the Authority to issue the Authority Loan and related disbursements to Developer to undertake and complete the Project.

**O.** The appraised fair market value of the Site is Seven Hundred Thousand Dollars (\$700,000); however, Authority has determined that to make the Project financially feasible, Authority agrees to sell the Site for a purchase price of Eight Dollars (\$8.00). To the extent the HOME Regulations or other applicable laws require an appraisal update, or a review appraisal, to be evaluated as part of the subsidy layering review and analysis, such shall occur and be a Condition Precedent to the sale and disposition of the Site by Authority to Developer for development of the Project. Authority will issue the Authority Loan to Developer that will be forgiven in part and repaid in part through the Authority issuing each Homebuyer Loan to each Homebuyer of an Affordable Home pursuant to a Homebuyer Loan Agreement and this Agreement.

**P.** The Affordable Homes will be sold exclusively to Homebuyers who qualify as Low Income Households and shall be covenanted for continuous owner-occupancy by the original owner and each successor-in-interest owner during both the 15-year HOME Compliance Period and the 45-year Affordability Period, and sold at an Affordable Price with each Homebuyer Loan issued by the Authority to each original Homebuyer as a “silent” or “soft” deferred, forgivable mortgage, securing the Homebuyer Loan and Homebuyer Covenants, thereby serving as a monetary and

performance deed of trust (“Authority Deed of Trust”). In addition to the Homebuyer Loan, each Homebuyer will (i) apply for and obtain Down Payment Assistance Loan(s) (or grants) funds through federal, state, and/or local homebuyer program(s), and (ii) apply for and obtain a purchase money mortgage from an institutional lender that shall be a 30-year fully amortized loan. This funding structure for each Homebuyer will assure that their acquisition costs, in particular monthly housing cost, complies with and does not exceed both the HOME maximum per unit subsidy based on number of bedrooms in the applicable Affordable Home and at an Affordable Housing Cost for a Low Income Household as set forth in HSC Section 50052.5 and the implementing regulations in California Code of Regulations, Section 6910, *et seq.* (“Cal Code Regs”).

**Q.** Developer shall require each Homebuyer of an Affordable Home to enter into a Homebuyer Loan Agreement with the Authority substantially in the form of Attachment No. 6 that among other provisions will evidence the soft second mortgage issued by Authority to each Low Income Homebuyer purchasing an Affordable Home in the Project. Each Homebuyer shall agree to and Authority shall cause recording in the Official Records against the Affordable Home the Homebuyer Covenants as the senior, nonsubordinate encumbrances. The Homebuyer Covenants establish the long-term covenants for ownership, owner-occupancy, management, maintenance, and resale restrictions as set forth in a series of instruments to be executed in connection with the sale and each resale of the Affordable Homes in effect during the 15-year HOME Compliance Period and continuing through the 45-year Affordability Period.

**R.** In this regard, with each sale of an Affordable Home by Developer, there will be two corresponding loans: (i) a first mortgage purchase money loan from an institutional lender (each a “Purchase Money Loan”) but that is expressly junior and subordinate to the Homebuyer Covenants, and (ii) the second mortgage loan payable to and administered by the Authority (each a “Homebuyer Loan”), as further described in the Homebuyer Loan Agreement.

**S.** In addition to the Authority Assistance to Developer for construction of the Project, Developer has obtained a commitment from the County of Riverside for a loan of HOME Program funds and from sources other than MoVal. In the event of non-MoVal sources of funding, Developer agrees to comply with the requirements pertaining to such funding sources so long as such funding is junior and subordinate to the Homebuyer Covenants and Homebuyer Loan; provided that Developer shall remain obligated to comply with all provisions hereof, with the result that the most restrictive provisions shall apply in each case.

**T.** Developer shall obtain a construction loan from an institutional lender that, subject to the normal and customary processes of such institutional lender, in place at Closing of Financing which, together with the Authority Assistance (and County Loan), are sufficient to undertake and complete the Project.

**U.** In connection with the City’s review and action on the land use entitlement for the Project, which “project” contemplated development of the Project and this Agreement, the City determined that the Project is categorically exempt from the provisions of the California Environmental Quality Act, Public Resources Code Section 21000, *et seq.* (“CEQA”), pursuant to the Guidelines for Implementation of the California Environmental Quality Act set forth at Title 14 California Code of Regulations Section 15000, *et seq.* (“CEQA Guidelines”) and caused the filing and posting of a Notice of Exemption with the County of Riverside on January 11, 2024 Document No. E-20240024 “NOE”). The NOE determined the Project is Article 19, Categorical Exemption Section 15332 (Infill Development) as it meets the zoning requirements of the Village Specific Plan 204, under five acres

in size, surrounded by existing urban uses, will be adequately served by all required utilities, and there are no significant impacts on the environment. Further, both the City and the County of Riverside evaluated the Project and HOME funding therefor pursuant to National Environmental Protection Act (“NEPA”) and implementing regulations thereto and determined the project meets the requirements for categorical exclusion from NEPA, and thereby each of the City and County adopted the Environmental Assessment Report and made a finding of No Significant Impact (“FONSI”) (i) by the City on February 15, 2024, and (ii) by the County on August 29, 2023 by action of the County Board of Supervisors. Further, the Project consists of Authority’s implementation of affordable housing covenants on the Affordable Homes in implementation of City’s adopted Housing Element, the City’s Consolidated Plan and Annual Action Plan required by HUD, and pursuant to the CEQA Guidelines and NEPA and implementing regulations thereto.

V. Developer and Authority will explore potential homebuyer grant and loan programs and obtain commitments for an additional subsidy to the Homebuyers in connection with their purchase of an Affordable Home. Examples of such potential programs include: (i) Federal Home Loan Bank member banks issue loans to homebuyers with funding sourced from FHLB’s Workforce Initiative Subsidy for Homeownership program (“WISH”), (ii) CalHome homeownership grants and loans, (iii) American Dream Downpayment Initiative (“ADDI”) loans for first-time homebuyers. For each source of down payment assistance, the applicable program regulations shall be applied, and if applicable, each secured by a deed of trust in junior lien priority to the Purchase Money Loan and Homebuyer Loan.

W. Authority’s conveyance of the Site to Developer and Developer’s construction and sale of the Affordable Homes on the Site, and the Authority Assistance, including the Authority Loan, and subsequent sale of each Affordable Home to Qualified Homebuyers pursuant to this Agreement are in the vital and best interest of MoVal and the health, safety and welfare of residents of the MoVal community.

**NOW, THEREFORE**, for and in consideration of the mutual promises, covenants, and conditions herein contained, the parties hereto agree as follows:

## 1. DEFINITIONS AND INTERPRETATION

1.1 **Defined Terms.** As used in this Agreement (and in all other Project Documents, unless otherwise defined), the following capitalized terms shall have the following meanings:

“**Affiliate**” shall mean any person or entity directly or indirectly, through one or more intermediaries, controlling, controlled by or under common control with Developer. The term “control” as used in the immediately preceding sentence, means, with respect to a person that is a corporation, the right to exercise, directly or indirectly, at least fifty percent (50%) of the voting rights attributable to the shares of the controlled corporation, and, with respect to a person that is not a corporation, the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of the controlled person.

“**Affordable Contract Price**” shall mean a contract purchase price for an Affordable Home, which shall be an amount that, based on the financing used to purchase the Affordable Home, results in a Monthly Housing Cost that does not exceed Affordable Housing Cost for Low Income Households as defined in HSC §50052.5 and implementing Cal Code Regs Section 6910, *et seq.* in particular Sections 6920 and 6924. The Affordable Contract Price equates to the sum of: (i) a reasonable down

payment of not less than two percent (2%) and not more than twenty percent (20%) sourced from the Homebuyer's own funds, plus (ii) the principal amount of any subordinate "soft" loans or grants obtained for the purchase of the Affordable Home that do not require periodic payments of principal or interest, including the Homebuyer Loan, plus (iii) the principal amount of the Purchase Money Loan with monthly payments, based on a 30-year amortized, level-payment, fixed-rate mortgage at a reasonable interest rate, that when combined with the other components of Monthly Housing Cost, do not exceed Affordable Housing Cost for Low Income Homebuyers. The Affordable Contract Price shall not exceed the then applicable annual HUD 95% Median Sales Price Limit.

"**Affordable Home**" means each of the seven (7) single-family detached houses to be constructed by Developer upon the Site, all as more particularly described herein and in the Scope of Development, Attachment No. 9.

"**Affordable Home Disposition Conditions Precedent**" is defined at Section 2.10.

"**Affordable Housing Cost**" shall mean for the Affordable Homes a Housing Cost that is calculated and in conformance with HSC Section 50052.5, 25 Cal Code Regs § 6910, *et seq.*, including without limitation Sections 6914, 6920, 6924, 6926, and 6928 for Low Income Households, except that the maximum cost amount shall be thirty percent (30%) of the Low Income Household's actual gross annual income that results in a Monthly Housing Cost for an applicable Affordable Home. Affordable Housing Cost for a Low Income Homebuyer shall not exceed the product of thirty percent (30%) times seventy percent (70%) of Area Median Income adjusted for household size appropriate for the applicable Affordable Home. If the Low Income Household has an income greater than seventy percent (70%) of Area Median Income, "Affordable Housing Cost" means a Monthly Housing Cost that does not exceed the greater of (A) thirty percent (30%) times seventy percent (70%) of Area Median Income adjusted for family size appropriate to the applicable Affordable Home, or (B) thirty percent (30%) times the Homebuyer's actual monthly gross income.

The phrase "adjusted for family size appropriate to the unit" is defined in HSC § 50052.5 and assumes a household size based on the number of bedrooms in the unit, which equals the number of bedrooms plus one for each Affordable Home. Thus, for the three-bedroom Affordable Homes the assumed household size for purposes of an Affordable Housing Cost that number is four (4) persons, and for four-bedroom Affordable Homes that number is five (5) persons.

For illustration and based on the 2025 income limits issued by State HCD (effective April 23, 2025), assuming the Low Income Household's income does not exceed 70% AMI, Affordable Housing Cost for Low Income Homebuyers of the Affordable Homes (HSC §50052.5(b)(3)):

- purchasing a three-bedroom Affordable Home monthly housing cost may not exceed **\$1,818.25**; and
- purchasing a four-bedroom Affordable Home monthly housing cost may not exceed **\$1,963.50**.

As noted in clause B in the second paragraph of the statutory definition, for a Low Income Homebuyer, the Authority allows the term Affordable Housing Cost to be an amount not to exceed *30 percent of the gross income of the actual household* with income within a range between the following (based on State HCD 2025 income limits and per HSC §50052.5(b)(3)):

- **1 person household** whose income is between **\$51,653 and \$62,650**
- **2 person households** whose income is between **\$59,001 and \$71,600**
- **3 person households** whose income is between **\$66,385 and \$80,550**
- **4 person households** whose income is between **\$73,769 and \$89,500**
- **5 person households** whose income is between **\$79,662 and \$96,700**
- **6 person households** whose income is between **\$85,555 and \$103,850**
- **7 person households** whose income is between **\$91,484 and \$111,000**
- **8 person households** whose income is between **\$97,377 and \$118,150**

The parties note and acknowledge that the above definition and calculation of Affordable Housing Cost for each Homebuyer's acquisition of an Affordable Home, also meets and complies with the HOME Regulations that require the Affordable Homes to be affordable to Lower Income Homebuyers. Thereby, compliance with the above definition of Affordable Housing Cost is concurrent compliance with the HOME Regulations because the State HCD, HSC, and Cal Code requirements provide deeper, more affordable housing costs and pricing for the Homebuyers.

**"Affordable Housing Resale Restriction"** means the restrictive covenants to be recorded with respect to each Affordable Home as set forth in each Homebuyer Loan Agreement. The Affordable Housing Resale Restriction is one of the series of instruments that comprise the Homebuyer Covenants.

**"Affordable Price"** shall mean as to each Affordable Home, an amount that, based on the financing used to purchase the Affordable Home, results in an annual Monthly Housing Cost that does not exceed Affordable Housing Cost; such Monthly Housing Cost also complies with HOME Regulations for a Low Income Homebuyer. The Affordable Price equates to the sum of (i) plus (ii) plus (iii) as described above in the definition of Affordable Contract Price.

**"Affordability Period"** means a period of forty-five (45) years as more particularly set forth in the Homebuyer Loan Agreement and Homebuyer Covenants. The HOME Compliance Period shall run concurrent with the first fifteen (15) years of the 45-year period, which complies with the HOME Program requirements.

**"Area Median Income"** and **"AMI"** shall mean the area median household income set forth for each county in California (and for this Agreement for Riverside County), which are based on median income limits promulgated annually by State HCD pursuant to HSC Section 50052.5.

**"Approved Construction Lender"** means one or more of Bank of America, City National Bank, Wells Fargo Bank, Citibank, U.S. Bank, Banner Bank, Century Housing, Clearinghouse CDFI, or another mutually acceptable reputable and established bank, savings and loan association, or other similar financial institution or a state agency or instrumentality, but not CalHFA, the Federal National Mortgage Association (Fannie Mae) or Freddie Mac, or a Governmental Entity.

**"Authority"** means the Moreno Valley Housing Authority, a public body, corporate and politic, as further described in the Recitals.

**“Authority Assistance”** means \$3,446,961, the total of grants, loans, in-kind professional services provided by Authority to Developer to acquire the Site, undertake construction of the Onsite Improvements and Offsite Improvements, sell the Affordable Homes to Qualified Homebuyers, all to complete the Project, including:

(A) HOME funds \$1,686,961;

(B) LMIHAF funds up to \$550,000 which includes the funding for Offsite Improvements as described in (C) below (i.e., from the \$550,000, approximately \$125,000 for Onsite Improvements and approximately \$425,000 for Offsite Improvements);

(C) \$1,200,000 of which up to \$850,000 will be sourced from “Measure A” funds and approximately up to \$425,000 will be sourced from LMIHAF or other MoVal funding source(s) to complete the Offsite Improvements, including the new street that MECH shall cause to be constructed in accordance with the Reimbursement Agreement and all applicable legal requirements and the City’s construction standards for public works improvements;

(D) Sale of the Site for \$8.00 thereby grant of the fair market value of the Site (\$700,000); and

(E) \$360,00 of in-kind professional services incurred by MoVal including: (a) Engineering plans for Offsite Improvements street construction, (b) engineering and surveying to prepare Legal Descriptions (metes and bounds for eight (8) parcels that include Parcels 1 to 7, inclusive, for Affordable Homes plus Lot A for new cul de sac street and associated assessor parcel numbers); (c) Water Quality Management Plan (“WQMP”).

**“Authority Closing”** and **“Closing of Financing”** means the close of escrow for the Authority Conveyance, recording Authority Regulatory Agreement, Memorandum of Agreement, issuance of the Authority Loan, closing of Developer’s Construction Loan.

**“Authority Conveyance”** means the conveyance by which Developer is to acquire title to the Site from Authority under this Agreement.

**“Authority Conveyance Conditions Precedent”** shall have the meaning set forth therefor in Section 2.1.4 hereof.

**“Authority Loan Deed of Trust”** means a deed of trust in the form of Attachment No. 5 hereto.

**“Authority Escrow”** is described in Section 2.2.

**“Authority Grant Deed”** shall mean the instruments by which the Authority shall convey title to the Site by the Grant Deed in connection with the Closing, substantially in the form of Attachment No. 13.

**“Authority Loan”** shall mean that certain loan issued by Authority to Developer with the original principal of the Authority Loan Amount of [Three Million Four Hundred Forty-Six Nine Hundred Sixty-One Dollars (\$3,446,961) that includes \$1,686,961 HOME Funds, up to \$850,000

Measure A funds, up to \$550,000 LMIHAF, and \$360,00 in kind professional services, in accordance with this Agreement, and evidenced by the Authority Loan Note, Attachment No. 5, and as secured by the Authority Loan Deed of Trust, Attachment No. 6.

**“Authority Loan Amount”** means Three Million Four Hundred Forty-Six Nine Hundred Sixty-One Dollars (\$3,446,961) that includes \$1,686,961 HOME Funds, up to \$850,000 Measure A funds, up to \$550,000 LMIHAF, and \$360,00 in kind professional services.

**“Authority Loan Deed of Trust”** or **“Authority Deed of Trust”** shall mean a deed of trust, security agreement and fixture filing that secures the Authority Loan, substantially in the form of Attachment to be dated as of the Closing Date, executed by Developer in favor of the Authority and recorded on the Closing Date.

**“Authority Loan Note”** or **“Authority Note”** shall mean the promissory note evidencing the Authority Loan substantially in the form of Attachment No. 4 to be dated as of the Closing and executed by Developer in favor of the Authority.

**“Authority Regulatory Agreement”** means Attachment No. 7.

**“Authority Title Policy (Homebuyer)”** means a lender’s policy of title insurance in favor of the Authority to be issued by the Title Company in connection with the Homebuyer Loan that insures the Homebuyer Deed of Trust as a second monetary lien against the applicable Affordable Home.

**“Authority Title Policy”** means a lender’s policy of title insurance issued by the Title Company in connection with the Authority Loan issued at the Closing of Financing, which: (i) is based upon the principal amount of the Authority Loan, and (ii) insures the Authority Deed of Trust as a monetary lien against the Site until the Authority Deed of Trust is fully reconveyed.

**“Back End Ratio”** means the ratio of (i) monthly payments as required on all obligations of a property owner or prospective property owner, including without limitation all housing debt, consumer debt, and any other debt, to (ii) the gross income of the property owner or prospective property owner. Where there is an obligation as to which monthly payments are not expressed as a liquidated amount (but excepting therefrom the Homebuyer Loan), payments are to be imputed based upon the full satisfaction of such obligations over five (5) years (assuming substantially level payments) or less or such other amortization period as may be approved on a case-by-case basis by the Authority.

**“Best Knowledge”** shall mean the actual knowledge or constructive knowledge of (i) Susan McDevitt, Executive Director of MECH, and all documents and materials in the possession of lead staff that negotiated this Agreement on behalf of Developer, and shall not impose a duty of investigation, except as to documents of record or actually provided to such party or its employees or agents, whether actually known or not.

**“Building Permit”** means the building permit(s) issued by City and required for the construction through completion of the Onsite Improvements that comprise the Project.

**“Cal Code”** or **“CCR”** shall mean the California Code of Regulations, which is the official compilation and publication of the regulations adopted, amended or repealed by state agencies pursuant to the Administrative Procedure Act, and which properly adopted regulations that have been filed with the California Secretary of State have the force of law. (See: <https://oal.ca.gov/publications/ccr/>.)



**“Calculation of Affordable Housing Cost”** means Attachment No. 11.

**“Certificate of Completion of Construction”** means Attachment No. 10.

**“City”** means the City of Moreno Valley, a California municipal corporation and general law city. The City is not a party to this Agreement and shall have no obligations hereunder; provided, however, City is an intended third party beneficiary of the covenants and restrictions, as well as the enforcement rights (without any obligation), set forth in this Agreement.

**“City Codes”** means the Municipal Code and the Uniform Codes.

**“City Manager”** means the city manager of City or his/her designee. The City Manager also serves as the Executive Director of the Authority.

**“Closing”** shall mean a point in time prior to the date set forth in the Schedule of Performance when all Conditions Precedent to the sale and disposition of the Site have been satisfied in accordance with this Agreement.

**“Closing Date”** shall mean the date of the concurrent recordation of the Authority Grant Deed, Authority Regulatory Agreement, and Authority Loan Deed of Trust at the Closing.

**“Closing Escrow Instructions”** shall mean escrow instructions prepared on behalf of the Authority relating to disposition of the Site.

**“Conditions to Sale to Homebuyer”** means those matters set forth in Section 6.3.

**“Construction Lender”** or **“Primary Construction Lender”** means the responsible institutional lender that provides to Developer the Construction Loan to undertake through completion the construction and development of the Project. The lender shall not include the financial entities or agencies commonly referred to as CalHFA, FannieMae or FreddieMac; provided however, the foregoing prohibition shall not be construed to prohibit a transfer or assignment of the Construction Loan on the secondary market so long as such transfer does not require a rider, amendment or other modification to this Agreement, Authority Regulatory Agreement, Authority Loan documents, Homebuyer Covenants, Homebuyer Loan documents or other Project Document to which the Authority is a party, signatory or intended beneficiary.

**“Construction Loan”** or **“Primary Construction Loan”** means the construction loan obtained by Developer from a state agency or instrumentality or a reputable and established bank, savings and loan association, or other similar financial institution (but excluding CalHFA, FannieMae or FreddieMac provided however, the foregoing prohibition shall not be construed to prohibit a transfer or assignment of the Primary Construction Loan on the secondary market so long as such transfer does not require a rider, amendment or other modification to this Agreement, other Project Documents, or other documents in this transaction to which Authority is a party, signatory or intended beneficiary) for financing the development of the Project pursuant to this Agreement. Developer’s proforma shows the Construction Loan is estimated to be in an original principal amount of \$1,500,000, which evidences an approximate loan to value of 48% (“LTV”).

**“Construction Security”** shall mean and include payment and performance bonds from responsible sureties admitted in the State of California in the amount of 100% of the construction costs both the Onsite Improvements and Offsite Improvements (as detailed in Developer's GC Contracts one

for both the Onsite Improvements and one for Offsite Improvements) and, with respect to the performance bond, naming each the Authority and City as dual co-obligees, along with reasonably satisfactory evidence demonstrating said Contractor's financial strength (such as the two most recent financial statements of Contractor) and reputation for quality and timely work and performance necessary to complete construction of the Project in accordance with Developer's construction contract. In the event payment and performance bonds are obtained and delivered, the payment bond shall remain in full force and effect until thirty-five (35) days after the date of recordation of the Notice of Completion and the performance bond will be released one year after said date.

**"Cooperation Agreement"** means the agreement between the City and Authority by which the City authorizes transfer of the HOME Program funds, and if applicable, other funds necessary to provide the Authority Assistance.

**"County"** means the County of Riverside, California.

**"Current Market Appraised Value"** means the value of a foreclosed home or residential property that is established through an appraisal made in conformity with the appraisal requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (URA) at 49 CFR 24.103 and completed within sixty (60) days prior to an offer made for the property by a grantee, subrecipient, developer, or individual homebuyer. If the appraisal is completed greater than sixty (60) but less than one hundred twenty (120) days prior to an offer, an updated valuation will be required, if the appraisal is completed greater than one hundred twenty (120) days prior to an offer it is considered expired and a new appraisal will be required. The sales price is determined as the lesser of: (a) Total Project Costs, or (b) the market appraised value.

**"Date of Agreement"** shall mean the date the approval of this Agreement by the governing board of the Moreno Valley Housing Authority, reserving all discretion to the governing board to review, consider and approve (or disapprove) this Agreement.

**"Default"** or **"Event of Default"** shall mean the failure of a party to perform any action or comply with any covenant required by this Agreement, including the attachments hereto, within the time periods provided herein following notice and opportunity to cure, as set forth herein or therein.

**"Designated Homebuyer Lien Priorities"** are set forth in Section 2.7.2.

**"Developer"** as defined in the first paragraph hereof, means Mary Erickson Community Housing, a California nonprofit corporation.

**"Developer Sale Certificate"** means a certificate in the form of Attachment No. 12.

**"Developer Owner's Policy"** means an owner's policy of title insurance for the Site as described in Sections 2.3.4 and 2.5.

**"Down Payment"** shall mean the cash payment of not less than two percent (2%) and not more than twenty percent (20%) sourced from either or both (i) the Homebuyer's own funds or assets or (ii) a one-time gift or gifts that do not exceed cumulatively \$19,000, which funds shall be expended by each Homebuyer as the down payment towards the purchase price of an Affordable Home.

**"Downpayment Assistance Loan"** means one or more sources of financial assistance from governmental source(s), including federal, state, regional or local program(s). Examples of such

potential programs include: (i) Federal Home Loan Bank member banks issue loans to homebuyers with funding sourced from FHLB's Workforce Initiative Subsidy for Homeownership program ("WISH"), (ii) CalHome homeownership grants and loans, (iii) American Dream Downpayment Initiative ("ADDI") loans for first-time homebuyers. For each source of a Downpayment Assistance Loan, the applicable program regulations shall be applied, and if applicable, each loan secured by a deed of trust in junior lien priority to the Purchase Money Loan and Homebuyer Loan.

**"Escrow Holder"** means [ ] Escrow or another escrow holder designated by City.

**"Event of Default"** has the meaning set forth in Section 7.1.

**"Executive Director"** or **"Director"** means the Executive Director of the Moreno Valley Housing Authority or his/her authorized designee. The Executive Director also serves as the City Manager of the City.

**"Fair Housing Laws"** means, together, the Fair Housing Act of 1968 as amended from time to time (42 U.S. Code Sections 3601-3619 and 3631), the Unruh Civil Rights Act (California Civil Code Section 51), California Government Code Section 12920, the prohibition against discrimination on the basis of marital status per *Smith v. Fair Employment & Housing Commission*, 12 Cal. 4th 1143 (1996), and the prohibition on discrimination based upon personal characteristic or trait, such as physical attributes or a households receipt of public assistance (per *Harris v. Capital Growth Investors XIV*, 52 Cal. 3d 1142 (1991)), the Americans with Disabilities Act, 42 U.S.C. Section 12101, et seq., Government Code Section 4450, et seq., Government Code Section 11135, et seq., California Fair Employment and Housing Act (FEHA), federal Affirmatively Furthering Fair Housing ("AFFH"), Government Code Sections 8899.50 implementing state AFFH ([https://www.hcd.ca.gov/community-development/affh/docs/AFFH\\_Document\\_Final\\_4-27-2021.pdf#page=23](https://www.hcd.ca.gov/community-development/affh/docs/AFFH_Document_Final_4-27-2021.pdf#page=23)), and all other applicable state and federal fair housing laws and regulations.

**"Federal Program Limitations"** means compliance with the HOME Program and HOME Regulations, as applicable to the Project, and also includes any and all other applicable federal regulations relating to fair housing, affirmatively furthering fair housing (AFFH), and nondiscrimination applicable to the Project and each and all Homebuyers. Developer covenants, acknowledges, and agrees it is subject to the HAL, Dissolution Law, HSC, and all Federal Program Limitations, including the HOME Program and HOME Regulations (whichever are most restrictive and to the extent applicable to the Project), in connection with its performance under this Agreement, and agrees it shall endeavor to cause the use and operation of the Project to conform to the Federal Program Limitations.

**"Financing Plan"** means the Developer's financing plan and project proforma for construction and development of the Project on the Site through the final sale of the 7<sup>th</sup> Affordable Home to the 7<sup>th</sup> Initial Homebuyer. Developer shall regularly (at least monthly) provide a written progress report to the Executive Director concerning the financing for and ongoing viability of the proposed development of the Onsite Improvements and sale of the Affordable Homes to Low Income Homebuyers at prices which do not exceed Affordable Housing Cost in conformity with this Agreement. Developer shall also meet monthly with the Executive Director or his designee at Moreno Valley City Hall or another location designated by the Executive Director to review progress; Developer shall also participate in such additional meetings, if any, as may be deemed appropriate by the Executive Director. The meetings and reports regarding implementation of the Financing Plan and development of the Project shall continue until the last to occur of: (i) the completion of the Onsite

Improvements; (ii) the sale of seven (7) Affordable Homes to Low Income Homebuyers at prices that do not exceed (A) Affordable Housing Cost or (B) 95% Median Sales Price for Riverside County for the applicable year in which the pricing occurs; and (iii) any liens imposed as to the Site, or any portion thereof, in connection with the development of the Onsite Improvements, shall have been removed, released and reconveyed.

**“FIRPTA”** means the Foreign Investment in Real Property Transfer Act.

**“Force Majeure”** or **“Force Majeure Event”** shall mean, subject to the party’s compliance with the notice requirements hereunder, performance by a Party shall not be deemed to be in default, and all performance and other dates specified in this Agreement shall be extended, where delays or defaults are due to causes beyond the control and without the fault of the party claiming an extension of time to perform, which may include, without limitation, the following: war, insurrection, strikes, lockouts, riots, floods, earthquakes, fires, assaults, acts of God, acts of the public enemy, epidemics, quarantine restrictions, freight embargoes, lack of transportation, governmental restrictions or priority, litigation, unusually severe weather, inability to secure necessary labor, materials or tools, acts or omissions of the other party, or acts or failures to act of any public or governmental entity (except that Authority’s acts or failure to act shall not excuse performance of Authority hereunder). Subject to the following paragraphs of this definition, in no event shall Developer’s difficulty or inability to obtain and secure a construction loan or other financing become an event of force majeure. An extension of the time for any such cause shall be for the period of the enforced delay and shall commence to run from the time of the commencement of the cause, if notice by the party claiming such extension is sent to the other party within forty-five (45) days after the party becomes aware of the commencement of the cause.

**“General Contractor”** means each of the general contractors hired by Developer to engage and supervise the subcontractors in the performance and completion of the construction of both the Onsite Improvements and Offsite Improvements. Each General Contractor shall be reasonably acceptable to and approved by the Executive Director in his/her reasonable discretion. The parties acknowledge that the General Contractors may not be performing all of the actual construction work for portions of the Onsite Improvements and Offsite Improvements, but instead may hire qualified Subcontractors (after competitive bidding) who shall be reasonably approved by the Executive Director.

**“Governmental Authority”** shall mean the United States of America, the State of California, the County of Riverside, the City, the Authority or any other political subdivision in which the Site is located, and any court or political subdivision, agency or instrumentality having jurisdiction over the Site.

**“Governmental Fees”** means fees charged by governmental agencies exercising regulatory authority over the Onsite Improvements.

**“Governmental Requirements”** shall mean all laws, ordinances, statutes, codes, rules, regulations, orders, and decrees of the United States, the State of California, the County, the City, or any other political subdivision in which the Site is located, and of any other political subdivision, agency, or instrumentality exercising jurisdiction over Developer or the Site, as may be amended from time to time.

**“HAL”** shall mean the California Housing Authorities Law, HSC Section 34200, *et seq.*

**“Hazardous Materials”** means any substance, material, or waste which is or becomes regulated by any local governmental authority, the State of California, or the United States Government, including, but not limited to, any material or substance which is (i) defined as a “hazardous waste,” “extremely hazardous waste,” or “restricted hazardous waste” under Section 25115, 25117 or 25122.7, or listed pursuant to HSC Section 25140, Division 20, Chapter 6.5 (Hazardous Waste Control Law)), (ii) defined as a “hazardous substance” under HSC Section 25316, Division 20, Chapter 6.8 (Carpenter-Presley-Tanner Hazardous Substance Account Act), (iii) defined as a “hazardous material,” “hazardous substance,” or “hazardous waste” under HSC Section 25501, Division 20, Chapter 6.95 (Hazardous Materials Release Response Plans and Inventory), (iv) defined as a “hazardous substance” under HSC Section 25281, Division 20, Chapter 6.7 (Underground Storage of Hazardous Substances), (v) petroleum, (vi) friable asbestos, (vii) polychlorinated byphenyls, (viii) listed under Article 9 or defined as “hazardous” or “extremely hazardous” pursuant to Article 11 of Title 22 of the California Administrative Code, Division 4, Chapter 20, (ix) designated as “hazardous substances” pursuant to Section 311 of the Clean Water Act (33 U.S.C. §1317), (x) defined as a “hazardous waste” pursuant to Section 1004 of the Resource Conservation and Recovery Act, 42 U.S.C. §6901 *et seq.* (42 U.S.C. §6903), (xi) Methyl Tertiary Butyl Ether or (xii) defined as “hazardous substances” pursuant to Section 101 of the Comprehensive Environmental Response, Compensation, and Liability Act, 42 U.S.C. §9601, *et seq.*

**“Homebuyer”** and **“Low Income Homebuyer”** means a household that has qualified as (i) a Low Income Household and acquires and owns an Affordable Home; (ii) has satisfactorily completed a Homebuyer Training Program and such completion is certified by each of Developer and by a HUD-certified homebuyer education counselor, which must be evidenced by the delivery of a Homebuyer Training Certificate; (iii) is acquiring an Affordable Home as their primary personal residence as an owner-occupant at a price that does not exceed Affordable Housing Cost and with a compliant Back End Ratio related to the household’s actual income; and (iv) has executed all those instruments to be executed by each original Homebuyer as required by this Agreement, including without limitation the Homebuyer Loan Agreement and the exhibits thereto.

**“Homebuyer Covenants”** means the series of instruments set forth and described in, and/or attached to, the Homebuyer Loan Agreement that set forth the conditions, covenants and restrictions affecting ownership, use, occupancy, maintenance, and each and every resale of the Affordable Home substantially in the form thereof. The Homebuyer Covenants are and shall remain the senior, nonsubordinate encumbrances against each Affordable Home.

**“Homebuyer Deed of Trust”** means a deed of trust substantially in the form of Exhibit C to the Homebuyer Loan Agreement to be executed by each Initial Homebuyer and recorded as a second monetary lien against the corresponding Affordable Home. The Homebuyer Deed of Trust is assignable and assumable by each successor, Qualified Homebuyer during the Affordability Period.

**“Homebuyer Escrow Holder”** means [ ] Escrow or another escrow holder designated by the Authority.

**“Homebuyer Loan”** means a loan to each Initial Homebuyer as more fully described in the Homebuyer Loan Agreement. Each Homebuyer Loan is assignable and assumable upon resale to the next Qualified Homebuyer, subject to the Homebuyer Covenants.

**“Homebuyer Loan Agreement”** means an agreement, inclusive of attachments thereto, in the form of Attachment No. 6 hereof.

**“Homebuyer Loan Policy”** is defined in Section 6.7.3.

**“Homebuyer Note”** means a promissory note substantially in the form of Exhibit B to the Homebuyer Loan Agreement to be executed by each Initial Homebuyer and delivered to the Authority in connection with each sale of an Affordable Home. Homebuyer Note is assignable and assumable by each successor, Qualified Homebuyer during the Affordability Period.

**“Homebuyer Price”** means that amount determined by Authority upon receipt of request therefor by Developer to represent the purchase price for an Affordable Home to be paid by the corresponding purchaser as Homebuyer. Upon conferring with Developer, the Homebuyer Price shall not, in any case, exceed Affordable Housing Cost for a Low Income Affordable Homebuyer as determined by City. During the HOME Compliance Period the Homebuyer Price shall not exceed the then applicable annual HUD 95% Median Sales Price Limit.

**“Homebuyer Purchase and Sale Agreement”** has the meaning set forth in Section 6.1.

**“Homebuyer Purchase Escrow”** has the meaning set forth in Section 6.4.

**“Homebuyer Title Insurance Policy”** is defined in Section 6.7.3.

**“Homebuyer Training Certificate”** means a certificate affirming the completion by the corresponding homebuyer of a Homebuyer Training Program. The Homebuyer Training Certificate must be valid at the time the prospective purchaser is determined to an Eligible Homebuyer. The form of Homebuyer Training Certificate is to be submitted by Developer to Executive Director and shall be subject to approval by the Executive Director at his/her discretion.

**“Homebuyer Training Program”** means classroom-based, homebuyer education program conducted by a HUD-certified homebuyer education counselor consisting of not less than eight (8) hours of classroom instruction.

**“HOME Compliance Period”** for each Affordable Home means the period of time commencing upon the date of the initial sale of each Affordable Home and ending on the fifteenth (15<sup>th</sup>) anniversary of the such applicable sale so that each home is subject to a 15-year period as required by the HOME Program requirements. While this period will expire upon each applicable 15<sup>th</sup> anniversary as to each Affordable Home, nonetheless the Affordability Period continues until the applicable 45<sup>th</sup> anniversary of the sale of each Affordable Home.

**“HOME Program”** is defined in Recital F.

**“HOME Recapture”** shall mean during the HOME Compliance Period an Event of Default by the Homebuyer of an Affordable Home, which is also a designated HOME Unit, and for which the Authority shall seek remedies to recapture and cause repayment of the Homebuyer Loan.

Pursuant to the HOME Regulations, in particular Section 92 CFR 254(a)(5)(ii), the recapture provisions hereunder ensure that the Authority (and thereby City as the participating jurisdiction) recoups all or a portion of the HOME assistance to the Homebuyer, if the Affordable Home does not continue to be the principal residence of the Homebuyer for the duration of the period of affordability. The City has structured its recapture provisions based on its program design and market conditions. Recapture provisions may permit the subsequent Homebuyer to assume the Homebuyer Loan (subject to the HOME requirements for the remainder of the period of affordability) if the subsequent

Homebuyer qualifies as a Low Income Household and *no* additional HOME Program assistance is provided.

**“HOME Resale”** shall mean during the HOME Compliance Period the “resale” option defined and described in the HOME Regulations and applicable to the Low Income Homebuyers during the HOME Compliance Period. In this regard, the HOME Resale option ensures that the price of the Affordable Home at original sale and upon each resale remains affordable to Low Income Homebuyers for the duration of the HOME Compliance Period; and as and if additional HOME funds were to be invested in an Affordable Home at resale, the affordability period begins anew pursuant to the HOME Regulation. This Resale Option is a separate and distinct obligation relating to sale of an Affordable Home by a Low Income Homebuyer during the HOME Compliance Period and does not modify, amend or lessen the extended affordability covenants set forth in the Homebuyer Loan Agreement and the 45-year covenant period set forth therein.

Pursuant to the HOME Regulations, in particular Section 92 CFR 254(a)(5)(i), the resale requirements hereunder ensure, if the Affordable Home does not continue to be the principal residence of the Homebuyer for the duration of the period of affordability that the Affordable Home is made available for subsequent purchase only to a Low Income Homebuyer and who shall own and occupy the Affordable Home as his/her/their principal residence. Further, the resale requirements hereunder ensure that the Affordable Price at resale provides the original HOME-assisted Homebuyer a fair return on investment (including the homeowner's investment and capital improvements, if any) and ensure that the Affordable Home shall remain affordable to Low Income buyers at resale. The City has defined “fair return on investment” and “affordability to a reasonable range of low-income homebuyers,” and specifically addresses how the housing will be made affordable to a Low Income Homebuyer in the event that the resale price necessary to provide fair return is not affordable to the subsequent Homebuyer.

The primary objective of the Homebuyer Covenants to implement and comply with the HOME Program is satisfaction of the HOME Resale requirements that will result in ongoing compliance from the initial sale, all resales during the HOME Compliance Period, and continuing through the 45-year Affordability Period. This Agreement calls for “resale” and not “recapture” under the HOME Program except in the event of default under the Homebuyer Covenants, Homebuyer Loan Agreement and implementing instrument in which case all legal remedies available at law and equity shall be available to Authority (and City), including recapture of the monies due under the Homebuyer Note as secured by the Homebuyer Deed of Trust plus an equity share as provided therein.

**“HOME Regulations”** means the implementing regulations of the HOME Program set forth at 24 CFR §92.1, *et seq.* as such regulations now exist and as they may hereafter be amended, to the extent applicable to the Project. Developer covenants hereunder to comply with the HAL, Dissolution Law, and all applicable HOME Regulations in the performance of this Agreement, whichever are more restrictive. In implementation of these requirements, this Agreement, the Project, and all eligible contributions and expenditures hereunder shall conform to the following: (i) the price of any Affordable Home shall not exceed the Maximum Allowable Price; and (ii) this Agreement, including without limitation the attachments hereto, serves as the written agreement that imposes and enumerates (by meeting or exceeding) all of the affordability requirements from 24 CFR §92.254; the property standards requirements of 24 CFR §92.251; and income determinations made in accordance with 24 CFR §92.203.

**“HOME Rules”** means each of: (i) the HOME Regulations and the implementing regulations of the HOME Program set forth at 24 CFR §92.1, *et seq.* as such regulations now exist (as amended by the 2013 HOME Final Rule) and as they may hereafter be amended, to the extent applicable to the Project; (ii) the Davis-Bacon Act (40 U.S.C. 3141, *et seq.*) to the extent applicable as a matter of law; (iv) the National Environmental Policy Act of 1969 (NEPA) and related federal environmental authorities and regulations at 24 C.F.R. Part 58; (v) the Flood Disaster Protection Act of 1973 (P.L. 93-2234) for compliance in regard to the sale, lease, or other transfer of land acquired, cleared or improved under the terms of this Agreement; (vi) the price of any Affordable Home shall not exceed the Maximum Allowable Price; (vii) the Clean Air Act, as amended (42 U.S.C. 1857, *et seq.*); (viii) the Water Pollution Control Act, as amended, 33 U.S.C. 1251, *et seq.*, as amended 1318 relating to the inspection, monitoring, entry, reports, and information, as well as other requirements specified in said Section 114 and Section 308, and all regulations and guidelines issued thereunder; (ix) the Environmental Protection Agency Regulations pursuant to 40 C.F.R., Part 50, as amended; (x) Labor Standards (29 CFR Parts 3.5 and 5a) pertaining to contracts and applicable requirements of the regulations of the Division of Labor; (xi) the Drug Free Workplace Act of 1988; (xii) Public Law 101-144, Section 519 (the 1990 HUD Appropriation Act); (xiii) the National Historic Preservation Act of 1966, as amended (16 U.S.C. 470); (xiv) federal regulations requiring that minority and women’s businesses be afforded opportunities to participate in the performance of this Agreement; (xv) as to conflicts of interest: (a) Developer agrees to abide by the provisions of 24 CFR 84.42 and 570.611, which include (but are not limited to) the following: (1) Developer shall maintain a written code or standards of conduct that shall govern the performance of its officers, employees or agents engaged in the award and administration of contracts supported by Federal funds; (2) no employee, officer or agent of Developer shall participate in the selection, or in the award, or administration of, a contract supported by Federal funds if a conflict of interest, real or apparent, would be involved; (3) no covered persons who exercise or have exercised any functions or responsibilities with respect to HOME-assisted activities, or who are in a position to participate in a decision-making process or gain inside information with regard to such activities, may obtain a financial interest in any contract, or have a financial interest in any contract, subcontract, or agreement with respect to the HOME-assisted activity, or with respect to the proceeds from the HOME-assisted activity, either for themselves or those with whom they have business or immediate family ties, during their tenure or for a period of one (1) year thereafter. For purposes of this paragraph, a “covered person” includes any person who is an employee, agent, consultant, officer, or elected or appointed official of City, Authority, Developer, or any designated public agency; (xvi) Developer shall comply with federal regulations concerning lobbying; (xvii) 42 U.S.C. Section 5309 (nondiscrimination); and (xviii) to the extent applicable, including a Section 3 Clause in each construction contract.

**“HOME Units”** shall mean the seven (7) Affordable Homes to be sold to Low Income Homebuyers, which Developer shall designate as HOME Units and which shall be monitored for compliance by Authority (and City) (i) during the 15-year HOME Compliance Period, and continuing (ii) for the 45-year Affordability Period, all subject to applicable HOME Regulations and Federal Program Limitations, the HAL, CRL, and Dissolution Law, whichever law or regulation is most restrictive. The HOME Units shall be restricted by income qualification of the Homebuyer at their initial purchase of the Affordable Home at an Affordable Housing Cost. Provided however, because the income and housing cost covenants required by the HAL, CRL, and Housing Successor Law are more restrictive than required by the HOME Program and thereby comply with the HOME Regulations. The HOME Units will be fixed HOME Units, such that all of the Affordable Homes are designated as HOME Units, which designation shall not change during the HOME Compliance Period. The designation of the HOME Units shall terminate at the end of the HOME Compliance Period. After



the HOME Compliance Period and during each of the remaining years of the Affordability Period, the former HOME Units shall continue to be restricted as set forth herein.

“**HUD**” means the United States Department of Housing and Urban Development.

“**Initial Homebuyer**” means the initial purchaser of each Affordable Home from Developer.

“**Legal Description of the Site**” means Attachment No. 2.

“**Lender’s Title Policy (Developer)**” is defined in Section 2.5.

“**LMIHAF**” shall mean that certain low and moderate income housing asset fund established and administered by the Authority, as housing successor, pursuant to HSC Sections 34176, 34176.1 and applicable provisions of HSC Section 33000, *et seq.*

“**Low Income**” or “**Lower Income**” means a household with annual gross income at or below eighty percent (80%) of the Area Median Income as designated by the Department of Housing and Community Development’s list of state low income limits adopted pursuant to Section 50093. A Low Income household’s income shall not exceed eighty percent (80%) of Area Median Income, adjusted for actual household size, as computed in accordance with HSC Section 50079 and the regulations promulgated in the Cal Code or incorporated therein, including, without limitation, all regulations promulgated pursuant to HSC Section 50093, or any successor statute. The upper income limit for Low Income households shall be the income limits for such households published annually for Riverside County by State HCD with adjustments for household size.

“**Low Income Homebuyer**” means a household earning not greater than eighty percent (80%) of AMI as set forth in Health and Safety Code Section 50079.5.

“**Map**” or “**Site Map**” means Attachment No. 1 hereof.

“**Marketing Plan for Affordable Homes**” or “**Marketing Plan**” shall mean the marketing plan for sale of the Affordable Homes to be prepared by Developer and submitted to Authority for its review and approval as a Condition Precedent to Closing. Developer agrees to provide each prospective Affordable Homebuyer true and complete copies of this Agreement, including all Attachments. In all events, employees and consultants of Developer, its general contractor, any subcontractor(s), and their families shall not be eligible to apply to purchase or otherwise purchase an Affordable Home.

(a) *Selection of Initial Homebuyers.* For the initial sale of the seven (7) Affordable Homes, Developer shall be responsible for the marketing, screening, housing counseling, and selection of Qualified Homebuyers in compliance with the HOME Program, in particular 92 CFR 351.

(i) Developer shall develop the Marketing Plan for initial sale of the Affordable Homes and the selection of qualified prospective buyers, which shall target marketing efforts primarily toward Low Income Households that meet the following criteria in the following waterfall and order of reasonable preferences, subject to applicable Fair Housing Law:

(A) as to up to two (2) Affordable Homes (but not exceeding two), reasonable preference shall be provided to applicant Low Income Household with one or more household member(s), if any, who qualify as a “military veteran”, which term is defined in 38 U.S.C (United States Code) as a person who served in the active military, naval, or air service, and who was discharged or released therefrom under conditions other than dishonorable;

(B) persons, if any, who have been directly displaced by governmental activities of the City or Authority;

(C) persons, if any, who have been directly displaced by governmental activities of the County of Riverside;

(D) persons, if any, who at the time of application reside in, or work in the City of Moreno Valley;

(E) persons, if any, who at the time of application reside in, or work in the County of Riverside; and

(F) persons, if any, who at the time of application are on a waiting list maintained by the City, Authority or County of Riverside for ownership affordable housing

**“Material Adverse Change”** means any event the occurrence of which is reasonably likely to have a material adverse effect on Developer’s ability to fulfill its obligations hereunder, including without limitation:

(a) a voluntary or involuntary bankruptcy of Developer (which is not dismissed within ninety (90) days of institution);

(b) a notice of default under California Civil Code Section 2920, *et seq*, in particular Section 2924, issued by a Primary Construction Lender (or its agent) to Developer under the Primary Construction Loan;

(c) a court order placing Developer under receivership;

(d) a sale of all or substantially all of the assets held by Developer, except as expressly permitted hereunder;

(e) any violation of Developer or other failure of Developer to comply at all times with any applicable law, statute, ordinance, code, rule, regulation, judgment, order, ruling, condition or other requirement of a statutory, regulatory, administrative, judicial or quasi-judicial nature or any other legal or governmental requirement of whatever kind or nature related, which violation is likely to have a material adverse effect on the ability of Developer to perform its duties and obligations under any Project Document; and/or

(f) Developer incurs one or more liabilities, contingent or otherwise, or pending or threatened litigation or any asserted or unasserted claim exists against Developer, which would have a material adverse effect on its ability to perform its duties and obligations hereunder.

**“Maximum Allowable Price”** means the maximum amount allowed to be charged for a newly constructed house based upon ninety-five percent (95%) of the median price for the area based upon

Federal Housing Administration (FHA) single-family mortgage program data for newly constructed housing as established by HUD from time to time. Developer acknowledges that it may not be feasible to realize the Maximum Allowable Price for one or more of the Affordable Homes. As of May 31, 2025, the HUD HOME Program 95% Median Sales Price for Riverside County is \$509,000; this not to exceed figure is published annually by HUD.

**“MECH Homebuyer Grant Deed”** means a grant deed substantially in the form of Exhibit “K” to the Homebuyer Loan Agreement.

**“MECH Homebuyer Purchase and Sale Agreement”** means an agreement in the form of Exhibit G to Homebuyer Loan Agreement, together with such amendments, if any, as may be approved by the Executive Director.

**“Memorandum of Agreement”** shall mean a memorandum of this Agreement to be entered into between the Authority and Developer substantially in the form of Attachment No. 15.

**“Municipal Code”** means the municipal code of City as amended from time to time.

**“Official Records”**, unless the context otherwise requires, means the official land records of the County Recorder of the County of Riverside, State of California.

**“Offsite Improvements”** mean the offsite public improvements that are required to be undertaken and completed by Developer and its selected lowest responsible bidder general contractor, which contractor selection shall be subject to review and approval by the City and Authority. This public improvement work consists of the new cul de sac public street for access to the Project from Eucalyptus Avenue, as well as appurtenant utilities and related improvement work. Subject to review of the bid(s) and determination of the lowest responsible bid obtained by Developer, the following contractor entities are pre-approved by Authority (and City): (i) All-American Asphalt, (ii) R.J Nobel, and (iii) Hardy & Harper Inc. The City shall review and approve all contracts, certificates of insurance, and related materials and information for Developer’s bid package and related to selection of the lowest responsible bidder for construction of the Offsite Improvements.

**“Onsite Improvements”** means all of the onsite improvements that comprise the construction of the seven (7) Affordable Homes, all appurtenances thereto, both interior, exterior, houses, garages, yards and related improvements as further detailed and described in the Scope of Development, Attachment No. 9 and as detailed in the plans and specifications approved by Authority (and City) in connection with preparing, processing and approving the Development Plans therefor.

**“Option Agreement”** is defined and referenced in the Homebuyer Covenants, by which Authority shall have an option to acquire the Affordable Home in connection with a resale and/or an Event of Default under the Homebuyer Loan Agreement or Homebuyer Covenants.

**“Parcel Map”** means the parcel map that subdivided the Site into eight (8) legal parcels, prior to the Date of Agreement that was caused to be prepared by the City and Developer and was recorded in the Official Records, County of Riverside. More particularly, the Parcel Map is described as “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 Riverside County Recorder.” There are eight parcels including Parcels 1 to 7 inclusive and Lot A, the new cul de sac street. Assessor parcel numbers (“APN”) have been assigned to the eight subdivided parcels including

APNs 481-270-065 thru -071 for the seven (7) Affordable Homes and Lot A (new street); the Site was formerly prior to subdivision denoted as APN 481-270-058.

**“Plans”** means those building plans approved by City regarding the development of the Onsite Improvements and all Offsite Improvements.

**“Pricing Protocol”** has the meaning established therefor in Section 6.1.4.

**“Purchase Money Deed of Trust”** means a deed of trust securing repayment of a Purchase Money Loan; each Purchase Money Deed of Trust may be senior to the Homebuyer Deed of Trust recorded as to that property, but in all events the Purchase Money Deed of Trust shall be and remain junior and subordinate to the Homebuyer Covenants during the 45-year Affordability Period.

**“Purchase Money Loan”** means a loan by an institutional lender to each Homebuyer upon the Homebuyer’s original acquisition of an Affordable Home. Each Purchase Money Loan shall be a fully amortized loan, with a 30-year term, fixed interest rate, and monthly payments that comply with Affordable Housing Cost. The lender’s commitment to issue, the original principal amount of, and terms and conditions of each Purchase Money Loan are subject to review and approval by the Executive Director. In all events the Purchase Money Loan and terms and conditions thereof shall be and remain junior and subordinate to the Homebuyer Covenants during each applicable Homebuyer’s ownership of the Affordable Home during the 45-year Affordability Period.

**“Purchase Money Note”** means a promissory note to secure the Purchase Money Loan.

**“Qualified Homebuyer”** means a household that is mutually reviewed and approved by each of Developer and Authority for purchase of an Affordable Home, applying criteria including: (i) the household is a Low Income Affordable Homebuyer as confirmed by the Executive Director upon receipt of evidence from Developer and a prospective homebuyer; (ii) the household has executed and deposited into escrow for delivery to Authority upon closing of the Homebuyer Loan Agreement, Homebuyer Note, Homebuyer Deed of Trust (with that deed of trust to be recorded as provided in the Homebuyer Loan Agreement), the Purchase Money Deed of Trust, and the Purchase Money Note; (iii) the household has not held an ownership interest in a residence for at least three (3) years preceding the purchase of the corresponding Affordable Home; (iv) the purchase price to the homebuyer, as confirmed by City, does not exceed Affording Housing Cost; (v) Developer has determined homebuyer income eligibility in accordance 24 CFR Part 5 and has documented to the Authority (and upon request therefor, HUD) the income of all persons acquiring an Affordable Home from Developer under this Agreement. Source documentation evidencing annual income shall include, but is not limited to verification of employment, wage statements, bank statements, unemployment compensation and other documents to confirm annual household income in accordance with the income guidelines established by HUD for the qualifying year. At the time of initial purchase and occupancy of the Affordable Home the size of the buyer’s household shall meet the following: (i) for the 3-bedroom homes, three persons, and (iii) for the 4-bedroom homes, four persons, and the maximum occupancy during ownership shall not exceed two persons per bedroom plus one, i.e., seven (7) persons for a three bedroom home, and nine (9) persons for a four-bedroom home.

**“Offsite Improvements”** mean the new street and related offsite public improvements for which Developer agrees hereunder to cause construction through completion pursuant to the Reimbursement Agreement for Offsite Improvements, Attachment No. 16.

**“Project Documents”** means, collectively, this Agreement, Authority Regulatory Agreement, Memorandum of Agreement, Authority Note, Authority Deed of Trust, Homebuyer Loan Agreement, Homebuyer Covenants, Homebuyer Note, Homebuyer Deed of Trust, Purchase Money Deed of Trust, Purchase Money Note.

**“Proposed Transferee’s Application”** means a form of application to be prepared by Developer and reviewed by Authority (and City) staff and counsel that will include all information necessary for the verification of eligibility of a household to purchase the corresponding Affordable Home.

**“Qualified Homebuyer Documents”** means, the Homebuyer Loan Agreement, Homebuyer Covenants, Homebuyer Note, Homebuyer Deed of Trust, Purchase Money Deed of Trust, Purchase Money Note.

**“Request for Notice of Default”** means Attachment No. 8 hereof.

**“Reimbursement Agreement”** or **“Reimbursement Agreement for Offsite Improvements”** means that certain *Reimbursement Agreement for Public Improvements (Lantana Court Affordable Housing Project*, substantially in the form of Attachment No. 16.

**“Right of First Refusal”** has the meaning set forth therefor in Section 6.8.1.

**“Rules and Regulations”** means each of: (i) Health and Safety Code Sections 50052.5; (ii) all applicable California statutes and the Municipal Code, and (iii) during the HOME Compliance Period, the HOME Rules and Federal Program Limitations.

**“Schedule of Performance”** means Attachment No. 3 hereof.

**“Scope of Development”** means Attachment No. 9 hereof.

**“Section 3”** means and refers to Section 3 of the Housing and Urban Project Act of 1968, 12 U.S.C. § 1701u, as amended. City has prepared a Section 3 “checklist” and other forms related to Section 3 compliance; and as provided to Developer, its General Contractor, Subcontractors, or other contractor(s) or subcontractor(s), as applicable, such forms shall be utilized in all contracts and subcontracts to which Section 3 applies.

**“Section 3 Clause”** means the language, set forth below, which is required to be included in each and every construction contract entered into by Developer, the General Contractor, each Subcontractor and/or any other contractor(s) or subcontractor(s), as applicable, for the development or rehabilitation of the Project. For purposes of this Section 3 Clause and compliance therewith, whenever the word “contractor” is used it shall mean and include, as applicable, Developer, General Contractor, any and all Subcontractors, and any other contractor(s) and subcontractor(s) performing work on the Project.

In this regard, Developer hereby acknowledges and agrees to take all responsibility for compliance with all Section 3 Clause federal requirements and further acknowledges and agrees that compliance with all Section 3 Clause requirements by Developer, the General Contractor, all Subcontractors, and/or other contractor(s), subcontractor(s), and other agents, is the primary obligation of Developer. Developer shall provide or cause to be provided to its General Contractor and each Subcontractor, and each of its other contractor(s), subcontractor(s) and agents, a checklist for

compliance with the Section 3 Clause federal requirements, to obtain from the General Contractor, each Subcontractor, and other contractor(s), subcontractor(s), and agents, all applicable items, documents, and other evidence of compliance with the items, actions, and other provisions within the checklist, and to submit all such completed Section 3 Clause documentation and proof of compliance to the Executive Director.

The particular text to be utilized in any and all contracts of the General Contractor or any Subcontractor doing work covered by Section 3 shall be in substantially the form of the following Section 3 Clause, as reasonably determined by the Authority, or as directed by HUD or its representative, and shall be executed by the applicable contractor under penalty of perjury:

“(i) The work to be performed under this contract is subject to the requirements of Section 3 of the Housing and Urban Project Act of 1968, as amended, 12 U.S.C. 1701u (“Section 3”). The purpose of Section 3 is to ensure that employment and other economic opportunities generated by HUD assistance or HUD assisted projects covered by Section 3, shall, to the greatest extent feasible, be directed to low and very low income persons (inclusive of Very Low and Low Income Persons, Very Low and Low Income Homebuyers, and Very Low and Low Income Tenants served by the Project), particularly persons who are recipients of HUD assistance for housing.

(ii) The parties to this contract agree to comply with HUD’s regulations in 24 C.F.R. Part 135, which implement Section 3. As evidenced by their execution of this contract, the parties to this contract certify that they are under no contractual or other impediment that would prevent them from complying with the Part 135 regulations.

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

(iv) The contractor agrees to include this Section 3 clause in every subcontract subject to compliance with regulations in 24 C.F.R. Part 135, and agrees to take appropriate action, as provided in an applicable provision of the subcontract or in this Section 3 clause, upon a finding that the subcontractor is in violation of the regulations in 24 C.F.R. Part 135. The contractor will not subcontract with any subcontractor where the contractor has notice or knowledge that the subcontractor has been found in violation of the regulations in 24 C.F.R. Part 135.

(v) The contractor will certify that any vacant employment positions, including training positions, that are filled (a) after the contractor is selected but before the contract is executed, and (b) with persons other than those to whom the regulations of 24 C.F.R. Part 135 require employment opportunities to be directed, were not filled to circumvent the contractor’s obligations under 24 C.F.R. Part 135.

(vi) Noncompliance with HUD's regulations in 24 C.F.R. Part 135 may result in sanctions, termination of this contract for default, and debarment or suspension from future HUD assisted contracts.

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

**"After the foregoing Section 3 Clause, Participant shall add the signature block of the General Contractor, Subcontractor, or other contractor(s) and subcontractor(s), as applicable, and shall add the following text immediately above the signature block: "The contractor/provider by this his signature affixed hereto declares under penalty of perjury that contractor has read the requirements of this Section 3 Clause and accepts all its requirements contained therein for all of his operations related to this contract."**

**"Site"** means that property so designated in the Legal Description of the Site and the Map.

**"Site Purchase Price"** is the sales price for conveyance of the Site is Eight Dollars (\$8.00). The difference between the fair market value based on an independent appraisal of the Site (\$700,00) and \$8.00 shall be deemed a grant of funds and part of the Authority Assistance hereunder.

**"Subcontractor"** and **"Subcontractors"** means, individually and collectively, one or more subcontractors hired by Developer's General Contractor for the Onsite Improvements to perform and complete, or to engage and supervise others to perform and complete, the construction of the Onsite Improvements. Each of the Subcontractors shall be selected after competitive bidding, and City shall have every reasonable right and opportunity to observe and review all material stages of such competitive bidding process, including a right to review the invitation to bidders, each bid package, each responsive bid form, each submitted bid package and the right to be present when each bid is opened by Developer and/or the General Contractor. Developer shall submit to City information regarding the entity serving as the Subcontractor for any portion of the construction of the Onsite Improvements, including compliance with plans approved by City and the obtaining by Developer of all required licenses, certifications, insurance, etc., as reasonably requested by the Executive Director.

**"Title Company"** means [First American] Title Company of California or another title insurer designated by City.

**"Total Project Costs"** means all Authority-approved, and HUD-approved, eligible costs including, but not limited to planning, architecture, civil engineering, permitting, inspections, surveys, administration, site acquisition, relocation, demolition, site remediation, site costs (except where noted), dwelling unit hard costs including construction and equipment, interest and financing/carrying charges, builder's overhead and profit, cost of initial sales of Affordable Homes, On-Site

Improvements, Offsite Improvements, inclusive of utilities, finish landscaping, a contingency allowance, insurance premiums, off-site facilities.

“**Uniform Codes**” means each of the following as in effect from time to time as approved by City: the Uniform Building Code, the Uniform Housing Code, the National Electrical Code, the Uniform Plumbing Code, the Uniform Mechanical Code, and the Uniform Code for the Abatement of Dangerous Buildings.

**1.2 Singular and Plural Terms.** Any defined term used in the plural in this Agreement or any Project Document shall refer to all members of the relevant class and any defined term used in the singular shall refer to any number of the members of the relevant class.

**1.3 References and Other Terms.** Any reference to this Agreement or any Project Document shall include such document both as originally executed and as it may from time to time be modified. References herein to Articles, Sections and Exhibits shall be construed as references to this Agreement unless a different document is named. References to subparagraphs shall be construed as references to the same Section in which the reference appears. The term “document” is used in its broadest sense and encompasses agreements, certificates, opinions, consents, instruments and other written material of every kind. The terms “including” and “include” mean “including (include) without limitation.”

**1.4 Exhibits Incorporated.** All attachments and exhibits to this Agreement, as now existing and as the same may from time to time be modified, are incorporated herein by this reference.

## **2. DISPOSITION OF THE SITE.**

**2.1 Sale of the Site.** All references in this Agreement to acreage are approximate; the price for the Site as payable by Developer will not change regardless of whether the actual acreage of the Site differs from the acreage figures set forth in this Agreement. Subject to conditions and limitations set forth in the foregoing part of this Section 2.1 and further subject to the prior satisfaction of the Authority Conveyance Conditions Precedent, the conveyance of the Site is to be accomplished as set forth in Sections 2.1 to 2.5 hereof. In consideration of Authority executing the Authority Grant Deed, Developer shall comply with and cause the use of the Site to conform to this Agreement and the Authority Regulatory Agreement.

**2.2 Access to Site Prior to the Closing.** Subject to the facts described in Section 2.2.1 below, prior to the Authority Conveyance, representatives of Developer shall have the right of access to all portions of the Site for the purpose of: (i) obtaining data and making surveys and tests necessary to carry out this Agreement, including without limitation further investigation of the environmental condition of the Site; and (ii) commencing preliminary work for the construction of the Onsite Improvements. Developer agrees to notify Authority in writing prior to undertaking any studies or work upon the Site prior to the Authority Conveyance. Authority may require Developer to execute and/or update a right of entry agreement satisfactory to Authority legal counsel prior to commencing such further studies or work. Any such preliminary work by Developer shall be undertaken only after securing any and all necessary permits from the appropriate governmental agencies. Developer shall indemnify, defend, and hold each of the Authority and the City harmless from any claims, losses, liabilities, and damages arising out of the activities of Developer as set forth herein. In addition, in the event that Developer causes any damage to any portion of the Site, Developer shall promptly restore



the Site as nearly as possible to the physical condition existing immediately prior to Developer's entry onto the Site.

**2.2.1 Site Preparation; Grading.** Prior to the Date of Agreement, Authority (and City) caused site preparation, including rough grading of the Site, inclusive of the subdivided eight (8) parcels that comprise the Site.

**2.2.2 Investigation of the Site.** No later than the forty-five days after the Date of Agreement, and prior to and as a condition to the conveyance of the Site by Authority to Developer, Developer shall complete its investigation of the Site and, if Developer, in its sole and absolute discretion, elects to proceed, Developer shall deliver written notice to Authority of its intention to proceed with the Onsite Improvements. Developer's investigation may include, in Developer's sole and absolute discretion: physical inspection of the Site, including, but not necessarily limited to, inspection and examination of soils, environmental factors, hazardous substances, archaeological information, geological, engineering and other tests, a review and investigation of zoning, permits and entitlements, review of all governmental matters affecting the Site, an appraisal of the Site, and such other matters pertaining to the Onsite Improvements as Developer deems appropriate. Developer shall have the right to, at any reasonable time and from time to time to inspect (or have its consultants inspect) the Site, and Developer shall not conduct any invasive soil, gas or groundwater sampling at the Site without first submitting a work plan to Authority which is acceptable to Authority in its reasonable discretion. No later than seven days after its receipt of any such proposed work plan from Developer, Authority shall notify Developer in writing whether it approves or reasonably disapproves of such work plan. All fees and other expenses incurred by Developer relating to the inspection of the Site shall be Developer's obligations. In the event Developer constructs the Onsite Improvements, all fees and expenses incurred by Developer relating to the inspection of the Site will be included in the total development cost. Developer agrees to repair any damage caused by Developer or Developer's consultants in making any inspection.

**2.3 Authority Loan; Authority Loan Note; Authority Loan Deed of Trust.** Authority hereby commits and agrees, subject to the terms and provisions of this Agreement, to make the Authority Loan to Developer, and Developer hereby agrees to borrow the Authority Loan from Authority, in an amount not to exceed Three Million Three Hundred Ninety-Six Nine Hundred Sixty-One Dollars (\$3,446,961) that includes \$1,686,961 HOME Funds, up to \$850,000 Measure A funds, up to \$550,000 LMIHAF, and \$360,00 in kind professional services all subject to the terms and conditions set forth in this Agreement, and subject further to the terms and conditions set forth within the Project Documents. The Authority Loan shall be evidenced by the Authority Loan Note and secured by the Authority Loan Deed of Trust and the Security Agreement, which shall be recorded against the Site in the Official Records in a second lien position junior and subordinate only to Primary Construction Loan.

**2.3.1 Terms of the Authority Loan.** The Authority Loan Note shall be for a term commencing upon the date of initial disbursement of funds thereunder and continuing until the last sale of the Affordable Homes by Developer to the Initial Homebuyers. The Authority Loan Note shall bear simple interest at the rate of one percent (1%) per annum from the date of disbursement of Authority Loan proceeds. The Authority Loan Note, principal and accrued interest, shall be forgiven upon the close of escrow for the last sale of the seven (7) Affordable Homes. The terms of the Authority Loan are more particularly described in the Authority Loan Note. In the Event of Default the Authority Loan Note shall be accelerated and due in full, including interest accruing at the Default Rate of 10%/annum.

(a) **Prohibited Use of HOME Program Proceeds.** The portion of the proceeds of the Authority Loan sourced from HOME Program funds shall be expended in compliance with the HOME Program and HOME Regulations and such proceeds shall not be used for Project reserve accounts, monitoring, or servicing and origination fees, or for expenditures incurred more than one calendar year after the issuance of the Release of Construction Covenants.

**2.3.2 Protocol for Disbursement of the Authority Loan Cash Subsidy Amount.**

The cash subsidy component of the Authority Loan Amount shall be subject to disbursement to or for the benefit of Developer as follows:

(a) Pursuant to the Cooperation Agreement City shall have transferred to the Authority to fund the cash subsidy portion of the Authority Loan Amount for disbursement: (i) to Developer the amount of (A) \$1,686,961 HOME Funds and approximately up to \$125,000 of LMIHAF disbursed in installments based upon the progress toward completion of the Onsite Improvements and (B) up to \$850,000 of Measure A funds and approximately up to \$425,000 of LMIHAF disbursed in installments based upon the progress toward completion of the Offsite Improvements pursuant to the Reimbursement Agreement, and, with amounts of (A) and (B) to be disbursed based upon the degree of completion up to costs incurred as determined in good faith by the Executive Director; such determinations are solely for the use of the Authority (and City) in implementing the objectives of this Agreement and are not to be relied upon by any third party. Prior to each disbursement of any portion of the Authority Loan Amount, Developer shall submit to City an "Application for Disbursement" (more commonly known as a "Draw Request") which shall include:

(i) A written, itemized statement, signed by a representative of Developer which sets forth: (A) a description of the work performed, material supplied and/or costs incurred or due for which disbursement is requested; and (B) the total amount incurred, expended and/or due for the requested disbursement. All moneys applied for and disbursed pursuant to this Section 2.3.2 shall be applied only for the Onsite Improvements and the statement(s) by the representative of Developer shall so affirm. Disbursements may be used only to defray the cost of work performed on the Onsite Improvements, and only where such work is performed by (and disbursements are made to) third parties not related or connected to Developer;

(ii) Copies of billing invoices, statements, receipts and other documents evidencing the total amount expended, incurred or due for any requested disbursement;

(iii) Mechanics lien waivers including: (1) a Conditional Waiver and Release Upon Progress Payment (California Civil Code Section 3262(d)(1)) for itself and each contractor covered by such Request Payment, (2) an Unconditional Waiver and Release Upon Progress Payment (California Civil Code Section 3262(d)(2)) for itself and each of its contractors covering the full amount of all previous payments made to Developer, and (3) an Unconditional Waiver and Release Upon Final Payment (California Civil Code Section 3262(d)(4)) for its contractors who have completed their work and for whom Developer has received full payment; and

(iv) A statement that the percentage and/or stage of construction corresponding to the Application for Disbursement has been substantially completed and substantially conforms to the Plans.

(b) Subject to satisfaction of the requirements of this Section 2.3.2, City will endeavor to make payments within ten (10) days after the submittals required pursuant to this

Section 2.3.2 are fully accomplished, review by the Executive Director has been completed, and the Executive Director has had a reasonable opportunity to review the stage of completion. After the Date of Agreement, further approval by the Authority shall not be required to authorize the disbursement of moneys pursuant to this Section 2.3.2

(c) Notwithstanding any provision of this Agreement to contrary effect, in the event an Event of Default has occurred, Authority shall, at its election, cease to make any disbursements to Developer. Authority may thereafter, at its discretion, determine whether an Event of Default may be or has been cured, in which event Authority may at its option recommence disbursements; provided that the foregoing shall be without prejudice as to the rights of Authority and authority to enforce this Agreement, terminate this Agreement, or pursue legal and/or equitable remedies.

(d) Prior to the disbursement of funds sourced from in whole or in part with HOME Program funds, all Governmental Requirements including all Environmental Laws applicable to the Project, including without limitation, the National Environmental Policy Act of 1969, Public Law 91-190 as amended, 42 U.S.C. Sections 4321–4347, and §§92.352, 92.355 of the HOME Regulations, shall have been satisfied if and to the extent such satisfaction is required prior to disbursement of HOME moneys. Authority shall have conducted its environmental review in accordance with 24 CFR Part 58 before any HOME funds are released to Developer.

**2.3.3 Authority Conveyance Conditions Precedent.** Authority shall not convey title to the Site to Developer, unless and until each and every one of the following conditions precedent (“Authority Conveyance Conditions Precedent” are satisfied by Developer, or otherwise extended for time of performance or waived by Authority in Executive Director’s sole discretion. The Authority Conveyance Conditions Precedent are solely for the benefit of Authority) as determined in good faith by the Executive Director (each of which condition[s], if it requires action by Developer, shall also be a covenant of Developer):

(a) **Final Financing Plan.** Developer shall have submitted and shall have obtained approval of the Executive Director of a Final Financing Plan.

(b) **Homebuyer Financing Plan.** Developer shall have submitted and shall have obtained approval of the Executive Director of an updated financing plan, including sources and uses, for the sales to the Initial Homebuyers, identification of institutional lender(s) for Purchase Money Loans with term and conditions therefor, evidence each such lender acknowledges and agrees the Homebuyer Covenants will be and remain senior, nonsubordinate encumbrances to Purchase Money Loan deeds of trust, amount of Authority’s Homebuyer Loan, Down Payment Assistance Loans, and if applicable down payment grants with sources, terms and conditions of same, so long as junior and subordinate in encumbrance and lien priority to Homebuyer Covenants, Authority Regulatory Agreement, Purchase Money Mortgage, and Homebuyer Loan.

(c) **Project Documents.** Not later than two (2) days prior to recordation of the Authority Grant Deed, Developer shall have delivered to the Escrow Holder, in recordable form, the following documents: the Authority Grant Deed, the Authority Regulatory Agreement, the Authority Deed of Trust, and the Memorandum of Agreement, all duly executed and notarized by Developer.

(d) Permits. Developer shall have satisfied all conditions to obtaining all Building Permits to be obtained excepting for the payment of building permit fees for all of the Site (the payment of which shall be made by Developer after Closing in conformity with City practices customarily applied to development within the corporate limits of City). Developer acknowledges and agrees that the plans prepared for the Onsite Improvements shall be subject to City's normal planning review process.

(e) Land Use Approvals. Developer shall have obtained each of the land use approvals for the Onsite Improvements which is set forth in Sections 4.2 hereof and the City shall be ready to issue building permits for the construction of the Onsite Improvements upon the payment of the applicable fees by Developer.

(f) Title Insurance. Authority shall have received a pro forma lender's policy of title insurance with all requested endorsements, together with the commitment of the Title Company that it is prepared to issue the lender's policy of title insurance referenced in Section 2.5 hereof.

(g) Insurance. Authority shall have received evidence, satisfactory to Executive Director, that all of the insurance policies, endorsements, and certificates required by Section 4.5, below, are in full force and effect.

(h) Corporate Resolution. Developer shall deliver or shall have delivered to Authority a certified copy of a resolution of Developer's board of directors authorizing (or ratifying) the execution of the Project Documents ("Developer's Resolution").

(i) Development Plans. Authority shall have approved the Development Plans for the Project prepared and submitted by Developer as being in substantial conformity with the Scope of Development, this Agreement, and the City Codes.

(j) Reimbursement Agreement for Offsite Improvements; Plans and Specifications; Construction Contract for Construction of Offsite Improvements. Developer shall have prepared and submitted, and Authority shall have approved the Plans and Specifications for the Offsite Improvements. Further, Developer shall have presented to Authority and Authority shall have approved the form of the contract to be entered into between Developer and the selected contractor for construction of the Offsite Improvements.

(i) Construction Contract for Offsite Improvements. Authority shall be received for review and approval, the form of the Construction Contract for Developer to undertake through completion the Offsite Improvements.

(k) Representations and Warranties. The representations and warranties of Developer contained in this Agreement shall be correct as of the Close of Escrow as to each of the Site as though made on and as of that date, and Executive Director shall have received a certificate to that effect signed by an officer of Developer.

(l) No Default under Agreement. No Event of Default by Developer shall have occurred under this Agreement, no event shall have occurred which, with the giving of notice or the passage of time or both, would constitute an Event of Default by Developer under this

Agreement, and Executive Director shall have received a certificate to that effect addressed to each of Authority and City signed by an officer of Developer.

All conditions set forth in this Section 2.3.3, or to Authority's obligations hereunder, are for Authority (and City) benefit only and Executive Director may extend time for performance, or waive, all or any part of such rights by written notice to Developer and Escrow Holder.

**2.3.4 Developer's Conditions of Authority Developer Closing.** Developer's obligation to proceed with the acceptance of conveyance of the Site is subject to the fulfillment or waiver by Developer of each and all of the conditions precedent (a) through (d), inclusive, described below ("Developer Conditions Precedent"), which are solely for the benefit of Developer, and which shall be fulfilled or waived by the time periods provided for herein:

(a) Review and Approval of Title. Developer shall have reviewed and approved the condition of title of the Site, as provided herein.

(b) Title Policy. The Title Company shall, upon payment of Title Company's regularly scheduled premium, have agreed to Developer Owner's Policy for the Site upon close of escrow, in accordance with Section 2.5 hereof.

(c) Review and Approval of Property Condition. Developer shall have approved the condition of the Site pursuant to Section 2.2 hereof.

(d) Construction Contract for Offsite Improvements. The Construction Contract to undertake the Offsite Improvements shall be duly executed by the parties thereto.

(e) Authority Conveyance Developer Certificate. Developer shall have delivered an Authority Conveyance Developer Certificate to the Executive Director.

**2.4 Escrow.** The parties shall open an escrow ("Authority Escrow") with the Escrow Holder within forty-five (45) days after the Date of Agreement for the sale and disposition of the Site, issuance of the Authority Loan and Closing of Financing. Authority and Developer agree to execute such supplemental escrow instructions as may be reasonably required to implement this Section 2.4. Developer shall arrange for and cause the Title Company to issue the Authority Loan Policy to reflect (i) the Authority Loan Amount under the Authority Loan Note as secured by the Authority Deed of Trust, (ii) reflect the condition of title with such exceptions, if any, as may be approved by the Executive Director acting in his/her sole and absolute discretion. Developer shall be responsible to pay any premium, fees, costs and expenses for the Authority Loan Policy. Developer shall additionally pay, at its cost, any amounts necessary to effect recording, escrow charges, and any costs necessary to cause the condition of title for the Authority Loan Policy to conform to those conditions set forth in the Authority Loan Policy.

**2.5 Title Insurance.** Concurrent with the recordation of the Authority Grant Deed, the Title Company shall be prepared to issue, and shall issue:

(a) to Developer a standard owner's ALTA owner's policy of title insurance ("Developer Owner's Policy") insuring that the title to the Site is vested in Developer in the condition required by this Agreement. The Title Company shall provide Authority a copy of the Owner's Title Policy; and

(b) to Authority a, ALTA loan policy of title insurance with endorsements as requested by Authority ensuring the beneficial interest of the Authority under the Authority Deed of Trust (“Authority Loan Policy”).

All premiums, costs for endorsements, and related costs for Developer Owner’s Policy and the Authority Loan Policy shall be borne by Developer.

**2.6 Repayment.** Following the recording of the Authority Deed of Trust and execution by Developer and delivery to the Authority the Authority Loan Note, the entire balance due under the Authority Loan Note shall be paid to Authority, or otherwise satisfied as provided below, upon the first to occur of (each an “Event of Default”): (a) Developer’s transfer, sale, or other conveyance of the Site or portion thereof contrary to this Agreement; (b) Developer’s uncured breach of the Authority Loan Note, Authority Deed of Trust, or other terms and conditions of this Agreement; (c) failure to complete construction of the Project within twenty-four (24) months after the Date of Agreement.

**2.6.1 Authorized Sales of Affordable Homes.** Notwithstanding Section 2.6(a) above, the sale of each and all of the seven subdivided parcels that comprise the Site once developed with the Affordable Homes and thereafter conveyance to the Initial Homebuyers in conformity with Section 6., *et seq.* hereof is an authorized transfer affecting the Site.

**2.6.2 Partial Reconveyances and Partial Terminations.** Provided there are no uncured defaults, in connection with each sale of an Affordable Home, Authority will provide to Escrow Holder (a) a partial reconveyance of the Authority Loan Deed of Trust, and (b) a partial termination of the Authority Regulatory Agreement, each of (a) and (b) encumber the subject Affordable Home being sold to an Initial Homebuyer accomplished in strict conformity with Section 6.1, *et seq.* hereof.

**2.6.3 Authority Loan Note Forgiveness.** Upon close of escrow and sale of the 7<sup>th</sup> Affordable Home to a Qualified Homebuyer as the 7<sup>th</sup> Initial Homebuyer pursuant to all requirements herein, in particular pursuant to Section 6. *et seq.*, and the Homebuyer Loan Agreement and Homebuyer Covenants, Authority agrees to cancel and forgive the Authority Loan Note and cause reconveyance of the Authority Loan Deed of Trust.

**2.7 No Assumption of Authority Note.** Authority Loan Note shall not be assignable or assumable by successors and assigns of Developer without the prior written consent of the Authority, which consent may be withheld in Authority’s sole and complete discretion.

**2.8 Recordation.** At the Closing of Financing, the Escrow Holder shall be prepared to record certain of the Project Documents in the following order: (a) Memorandum of Agreement, (b) Authority Regulatory Agreement, (c) deed of trust securing the Primary Construction Loan, (d) Authority Loan Deed of Trust, (e) Request for Notice, and (f) other documents, if any, required to be recorded against the Site pursuant to the terms of this Agreement and the Project Documents.

**2.9 Lobbying.** Developer hereby certifies that: (a) no Federal appropriated funds have been paid or will be paid, by or on behalf of it, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal

contract, grant, loan, or cooperative agreement; (b) if any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement, it will complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions; and (c) it will require that the language of this certification be included in the award documents for all subawards at all tiers (including subcontracts, subgrants, and contracts under grants, loans, and cooperative agreements) and (d) Developer shall certify and disclose accordingly that certain Lobbying Certification: (i) this certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into, (ii) submission of this certification is a prerequisite for making or entering into this transaction imposed by Section 1352, Title 31, U.S.C (iii) any person who fails to file the required certification shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure; and (iv) in the event that legal matters arise pertaining to this Agreement, legal venue for a federal action shall be in the District Court of the Central District of California, or for a state action in the Superior Court for the County of Riverside.

**2.10 Uses.** Developer covenants and agrees to devote, use, operate, and maintain the Site in accordance with the Authority Grant Deed, Authority Regulatory Agreement, and this Agreement. All uses conducted on the Site, including, without limitation, all activities undertaken by Developer pursuant to this Agreement, shall conform to Governmental Requirements including all applicable provisions of the Moreno Valley Municipal Code, and the recorded documents pertaining to and running with the Site.

### **3. DEVELOPER ACTIVITIES FOLLOWING CONVEYANCE OF THE SITE TO DEVELOPER**

**3.1 Property Taxes and Assessments.** Ad valorem taxes and assessments levied, assessed or imposed on the Site for the period after the Authority Conveyance shall be borne by Developer.

**3.2 Developer's Obligations after the Authority Conveyance.** After the sale and disposition of the Site, Developer shall, at its sole cost and expense, promptly take: (a) all actions required by any federal, state or local governmental entity or political subdivision or any Governmental Requirements with respect to the Site pursuant to this Agreement; (b) all actions necessary to prepare the soil on the Site for the development required hereunder; and (c) all actions necessary to make full use of the Site for the development of affordable housing pursuant to this Agreement for the purposes described in this Agreement, which actions, requirements or necessity arise from the presence upon, about or beneath the Site of any Hazardous Materials regardless of when such Hazardous Materials were introduced to the Site and regardless of who is responsible for introducing such Hazardous Materials to the Site. Developer shall take all actions necessary to promptly restore the Site to an environmentally sound condition for uses contemplated by this Agreement, notwithstanding any lesser standard of remediation allowable under applicable Governmental Requirements. The obligations under this Section 3.2 shall survive the issuance of the Certificate of Completion of Construction.

**3.2.1 Duty to Prevent Hazardous Material Contamination.** After the Authority Conveyance, Developer shall take all reasonably necessary precautions to prevent the release of any Hazardous Materials into the environment. Such precautions shall include compliance with all Governmental Requirements with respect to Hazardous Materials. In addition, Developer shall install

and utilize such equipment and implement and adhere to such procedures as are consistent with Governmental Requirements as respects the disclosure, storage, use, removal and disposal of Hazardous Materials.

**3.2.2 “As Is” Conveyance.** Developer expressly understands and agrees that Developer shall purchase the Site from Authority in an “AS IS” condition as of Closing. As of the Closing, Authority (and City) specifically disclaim the making of any representations or warranties, expressly, impliedly, directly and/or indirectly, regarding the Site or matters affecting the Site, including without limitation, the presence of Hazardous Materials on the Site, or the condition of the soil, its geology, the presence of known or unknown seismic faults, or the suitability of the Site for the development purposes intended hereunder.

#### **4. SCOPE OF DEVELOPMENT; INSURANCE AND INDEMNITY, FINANCING**

**4.1 Scope of Development.** Developer shall develop the Onsite Improvements in accordance with the Scope of Development, and the approved Development Plans for the Onsite Improvements. The Onsite Improvements shall generally consist of the seven (7) single-family houses (each an Affordable Home) constructed on the seven (7) separate subdivided parcels designated in the recorded Parcel Map, as more particularly set forth in the Scope of Development. In the event of any inconsistency between the Scope of Development and the plans for the Onsite Improvements that have been approved by Authority and/or City, the approved Development Plans shall control. Subject to the Homebuyer Covenants, this Agreement shall not prevent an owner of Affordable Home from making improvements to an Affordable Home at a time after the Affordable Home has been conveyed to such owner; neither the Authority (nor the City) shall have any responsibilities expressly, impliedly, directly and/or indirectly regarding any such future improvements.

**4.1.1 Construction of Offsite Improvements.** In addition to the construction and development of the Project on the Site, Developer agrees to cause the completion of the Offsite Improvements pursuant to the terms and conditions of that certain *Reimbursement Agreement for Public Improvements (Lantana Court Affordable Housing Project)* (“Reimbursement Agreement”). The Offsite Improvements shall be constructed in accordance with the Reimbursement Agreement and the contract between MECH and the selected lowest responsible bidder for construction of such Offsite Improvements. Under the Reimbursement Agreement, Authority will pay and reimburse Developer up to a maximum not to exceed amount of One Million Two Hundred Thousand Dollars (\$1,200,000).

#### **4.2 Design Review.**

**4.2.1 Developer Submissions.** Before commencement of construction of the Onsite Improvements or other works of improvement upon the Site, Developer shall submit to Authority any plans and drawings (collectively, the “Design Project Drawings”) that may be required by Authority (or City) with respect to any permits and entitlements which are required to be obtained to develop the Onsite Improvements. Developer shall also be responsible to comply with any conditions of approval. Developer, on or prior to the date set forth in the Schedule of Performance, shall submit to Authority (and City) such plans for the Onsite Improvements as required by Authority (and City) in order for Developer to obtain building permits for the Onsite Improvements. Within thirty (30) days after the Authority (and City) disapproval or conditional approval of such plans, Developer shall revise the portions of such plans identified by Authority (and City) as requiring revisions and resubmit the revised plans to Authority (and City).



**4.2.2 MoVal Review and Approval.** MoVal shall have all rights to review and approve or disapprove all Design Project Drawings and other required submittals in accordance with the Municipal Code, and nothing set forth in this Agreement shall be construed to constitute MoVal's approval of any or all of the Design Project Drawings or to limit or affect Authority (and/or City's) review and right to approve, approve subject to conditions, or disapprove Design Project Drawings, plans, drawings, applications, or submittals.

**4.2.3 Revisions.** Any and all change orders or revisions required by MoVal and their inspectors that are required under the Municipal Code and all other applicable Uniform Codes (e.g. Building, Housing, Plumbing, Fire, Electrical, etc.) and under other applicable laws and regulations shall be included by Developer in its Design Project Drawings and other required submittals and shall be completed during the construction of the Onsite Improvements.

**4.2.4 Defects in Plans.** The Authority (and City) shall not be responsible either to Developer or to third parties in any way for any defects in the Design Project Drawings, nor for any structural or other defects in any work done according to the approved Design Project Drawings, nor for any delays reasonably caused by the review and approval processes established by this Section 4.2.4.

**4.2.5 Land Use Approvals.** Before commencement of construction of the Onsite Improvements or other works of improvement upon the Site, Developer shall, at its own expense, secure or cause to be secured any and all land use and other entitlements, permits, and approvals which may be required for the Onsite Improvements by any governmental agency affected by or having jurisdiction over such construction or work. Except as otherwise expressly set forth in the Reimbursement Agreement, Developer shall, without limitation, apply for and secure, and pay all costs, charges and fees associated therewith, all permits and fees required by City, County, and other governmental agencies with jurisdiction over the Onsite Improvements.

**4.3 Time of Performance; Progress Reports.** Developer shall undertake the approved Development Plan, commence and complete all construction of the Onsite Improvements, and satisfy all other obligations and conditions of this Agreement within the times established therefor in this Agreement. Construction of the Onsite Improvements and Offsite Improvements shall be commenced within thirty (30) days after the earlier to occur of: (i) the recording of the Authority Grant Deed, or (ii) the initial disbursement of any funds to or on behalf of Developer pursuant to this Agreement under the Authority Loan. Following the Date of Agreement, once construction is commenced, it shall continuously and diligently be pursued to completion and without cessation for more than fifteen (15) days subject to the force majeure provisions herein. During the course of construction and prior to issuance of the Certificate of Completion of Construction, Developer shall provide timely reports of the progress of construction when requested by the Executive Director. Developer shall complete construction of all of the Onsite Improvements on the Site by the time established therefor in the Schedule of Performance.

**4.4 Construction Contract.** All costs of planning, designing, developing, obtaining permits for (including permit fees), and constructing the Onsite Improvements shall be borne solely by Developer; the Authority investment of HOME Funds and LMIHAF funds cumulatively and in total for the Onsite Improvement shall not exceed \$1,810,750. As to the Offsite Improvements, Authority will fund up to but not exceeding \$1,200,000 of the costs to complete such Offsite Improvements and all costs, if any, exceeding \$1,200,000 shall be borne by Developer.

**4.4.1 Construction Contracts.** Drafts of all contracts to be executed between Developer and each Contractor for the Construction of all work Onsite Improvements and Offsite Improvements shall be certified by Developer to be true and correct copies thereof. Each such contract shall include reference to this Agreement and such Contractor's specific obligation to carry out the construction and completion of the Construction (or part thereof) in conformity with the HOME Regulations, HAL, Dissolution Law, CRL, and other applicable federal, state, and local laws and regulations. Such Construction Contract(s) shall include: (i) a full recitation of the Section 3 Clause with an express acknowledgement and agreement by each Contractor to fully comply with the Section 3 Clause, (ii) specifications in the form provided by the Authority relating to compliance with Section 3, a requirement to include such specifications in every subcontract entered into between the Contractor and each subcontractor, and an express reference to the Section 3 Plan, (iii) an express acknowledgement and agreement by each Contractor that as a condition precedent to the final payment under its contract, Contractor and each subcontractor performing work at the Project shall provide written evidence and a certification to Authority, showing that Contractor and each subcontractor has complied with the Section 3 Clause in completing the Construction, and (iv) express reference to all other applicable federal regulations and laws to which such Contractor must comply in undertaking the work of the Construction for Developer; provided, it is understood by the parties that it is and shall remain Developer's primary obligation to obtain and submit all required Section 3 Clause documentation. In furtherance of evidencing Section 3 Clause compliance during the Construction, Developer expressly acknowledges and agrees under this Agreement that it shall cause each Contractor to provide evidence, in a form reasonably satisfactory to Executive Director and/or HUD, that the Section 3 Clause checklist(s) and other forms related thereto (as such forms may be provided by Authority to Developer) have been fully completed and all back up information has been submitted to the Executive Director. The form of each Construction Contract shall be reasonably satisfactory to Executive Director and shall be approved within the applicable time periods set forth in the Schedule of Performance.

**4.5 Insurance Requirements.** Until the Certificate of Completion of Construction has been issued upon completion of all of the Onsite Improvements and all seven (7) Affordable Homes have been sold to Qualified Homebuyers as the Initial Homebuyers, Developer shall maintain at Developer's sole expense, with insurers reasonably approved by City, the following policies of insurance in form and substance reasonably satisfactory to the Executive Director and City risk management staff:

(i) workers' compensation insurance and any other insurance required by law in connection with the Onsite Improvements;

(ii) upon commencement of the earlier to occur of clearing, demolition, or construction of the Onsite Improvements by Developer and at all times prior to completion of the Onsite Improvements, builder's risk-all risk insurance covering 100% of the replacement cost of all Improvements (including offsite materials) during the course of construction in the event of fire, lightning, windstorm, vandalism, earthquake, malicious mischief and all other risks normally covered by "all risk" coverage policies in the area where the Site is located (including loss by flood if the Site is in an area designated as subject to the danger of flood);

(iii) following completion of the Onsite Improvements, fire and hazard "all risk" insurance covering 100% of the replacement cost of the Onsite Improvements in the event of fire, lightning, windstorm, vandalism, earthquake (if available at commercially reasonable rates), malicious mischief and all other risks normally covered by "all risk" coverage policies in the

area where the Site is located (including loss by flood if the Site is in an area designated as subject to the danger of flood);

(iv) public liability insurance in amounts reasonably required by the Executive Director from time to time, and in no event less than \$2,000,000 for “single occurrence;” and

(v) property damage insurance in amounts reasonably required by the Executive Director from time to time, and in no event less than \$2,000,000.

All such insurance shall provide that it may not be canceled or materially modified without thirty (30) days prior written notice to the Authority and to the City. The policies required under subparagraphs (b) and (c) shall include a “lender’s loss payable endorsement” (Form 438BFU) in form and substance satisfactory to Authority, showing Authority and City as encumbrancers. Each of Authority and City shall be an additional insured in the policies required under subparagraphs (d) and (e). No such insurance shall include deductible amounts to which Authority and City have not previously consented in writing. Certificates of insurance for the above policies (and/or original policies, if required by MoVal) shall be delivered to Authority and City from time to time within ten (10) days after demand therefor. All policies insuring against damage to the Onsite Improvements shall contain an agreed value clause sufficient to eliminate any risk of co-insurance. No less than thirty (30) days prior to the expiration of each policy, Developer shall deliver to Authority (and City) evidence of renewal or replacement of such policy reasonably satisfactory to the Executive Director. The insurance requirements as set forth in this Section 4.5 may be modified from time to time upon mutual written agreement of the Executive Director and legal counsel (for City and the Authority) and Developer. It is contemplated that the construction lender may direct the use of insurance proceeds related to damage that occurs during construction so long as Developer demonstrates that one of the following is assured: (i) retention by Authority of all net proceeds of sale from all the Affordable Homes; or (ii) completion of the Onsite Improvements and completion of the Affordable Homes to Low Income Homebuyers at a price that constitutes Affordable Housing Cost.

Coverage provided hereunder by Developer shall be primary insurance and not be contributing with any insurance maintained by Authority or City, and the policy shall contain such an endorsement. The insurance policy or the endorsement shall contain a waiver of subrogation for the benefit each of Authority and City. None of the above-described policies shall require Developer to meet a deductible or self-insured retention amount of more than Five Thousand Dollars (\$5,000.00) unless approved in writing by the Executive Director. All policies shall be written by good and solvent insurers qualified to do business in California and shall have a policyholder’s rating of A or better in the most recent edition of “Best’s Key Rating Guide -- Site and Casualty.” The required certificate shall be furnished by Developer at the time set forth herein.

**4.5.2 Waiver of Subrogation.** Developer hereby waives all rights to recover against each of Authority and City (or MoVal officer, employee, agent or representative) for any loss incurred by Developer from any cause insured against or required by any Project Document to be insured against; provided, however, that this waiver of subrogation shall not be effective with respect to any insurance policy if the coverage thereunder would be materially reduced or impaired as a result. Developer shall use its best efforts to obtain only policies which permit the foregoing waiver of subrogation.

**4.6 Obligation to Repair and Restore Damage Due to Casualty.** If during the period of construction or prior to conveyance of an Affordable Home to an Initial Homebuyer, the Onsite Improvements shall be totally or partially destroyed or rendered wholly or partly uninhabitable by fire or other casualty required to be insured against by Developer, Developer shall promptly proceed to obtain insurance proceeds and take all steps necessary to begin reconstruction and, immediately upon receipt of insurance proceeds, to promptly and diligently commence the repair or replacement of the Onsite Improvements to substantially the same condition as the Onsite Improvements are required to be constructed pursuant to this Agreement, whether or not the insurance proceeds are sufficient to cover the actual cost of repair, replacement, or restoration, and Developer shall complete the same as soon as possible thereafter so that the each and all of the seven (7) Affordable Homes can be sold and occupied as affordable ownership housing in accordance with this Agreement. In no event shall the repair, replacement, or restoration period exceed twelve (12) months from the date Developer obtains insurance proceeds unless the Executive Director, in his or her sole and absolute discretion, approves a longer period of time. Authority shall cooperate with Developer, at no expense to Authority (or City), in obtaining any governmental permits required for the repair, replacement, or restoration. If, however, the then-existing laws of any other governmental agencies with jurisdiction over the Site do not permit the repair, replacement, or restoration, Developer may elect not to repair, replace, or restore the Onsite Improvements by giving notice to Authority (in which event Developer will be entitled to all insurance proceeds but Developer shall be required to remove all debris from the applicable portion of the Site) or Developer may reconstruct such other improvements on the Site as are consistent with applicable land use regulations and approved in the sole discretion of Authority, City, and the other governmental entity or agencies with jurisdiction, and Authority (and/or City) may pursue remedies of its choosing under this Agreement, including without limitation termination.

**4.7 Indemnity.** Developer shall defend (by counsel satisfactory to Authority and City), indemnify and save and hold harmless each of Authority and City and their respective officers, contractors, agents and employees (collectively, the "Indemnitees") from and against all claims, damages, demands, actions, losses, liabilities, costs and expenses (including, without limitation, attorneys' fees and court costs) arising from or relating to: (i) this Agreement; (ii) the making of the Authority Loan; (iii) the Site and the conveyance thereof; (iv) a claim, demand or cause of action that any person has or asserts against Developer; (v) any act or omission of Developer, any contractor, subcontractor or material supplier, engineer, architect or other person with respect to the Site or construction of the Onsite Improvements; or (vi) the ownership, occupancy or use of the Site; provided that, as long as Developer has completed the Onsite Improvements and conveyed the Site in strict conformity with this Agreement (including without limitation provisions concerning affordable housing cost and income limitations of Initial Homebuyers), liability with respect to this item (vii) shall be limited to the period during which Developer owns the Site (or applicable portion thereof). Notwithstanding the foregoing portion of this Section 4.7, Developer shall not be obligated to indemnify Authority (or City) with respect to the consequences of any act of sole gross negligence or willful misconduct of Authority or City. Developer's obligations under this Section 4.7 shall survive the satisfaction of the Authority Loan Note, the release and reconveyance of the Authority Deed of Trust and the Authority Deed of Trust, issuance of the series of seven (7) partial Certificates of Completion of Construction (except that the issuance of each such Certificate shall constitute conclusive evidence that construction of the applicable Affordable Home has been completed), and termination of this Agreement. Authority (and City) will not unreasonably withhold approval of counsel proposed by an insurer under a policy provided under this Agreement.

In the event of a default or breach under this Agreement that is caused or contributed to by Developer, Developer shall reimburse Authority (and City) immediately upon written demand for all

costs reasonably incurred by Authority (and/or City) (including the reasonable fees and expenses of attorneys, accountants, appraisers and other consultants, whether the same are independent contractors or employees of Authority and/or City) in connection with the enforcement of the Project Documents and all related matters including the following: (a) Authority's (or City's) commencement of, appearance in, or defense of any action or proceeding purporting to affect the rights or obligations of the parties to any Project Document, and (b) all claims, demands, causes of action, liabilities, losses, commissions and other costs against which Authority (or City) is indemnified under the Project Documents. Such reimbursement obligations shall bear interest from the date occurring ten (10) days after Authority (or City) gives written demand to Developer at the same rate as is provided in this Agreement for the Authority Loan Note, and shall be deemed to be secured by the Authority Loan Deed of Trust. Such reimbursement obligations shall survive the satisfaction of the Authority Loan Note, the Authority Deed of Trust, the release and reconveyance of the Authority Deed of Trust, the issuance of the final Certificate of Completion of Construction, and termination of this Agreement.

Developer shall indemnify each of the Authority and City from any real estate commissions or brokerage fees which may arise from this Agreement or the Site, including without limitation the acquisition of the Site by Developer, or the sale or marketing of Affordable Homes and Affordable Homes. Developer represents that it has not engaged any broker, agent, or finder in connection with this transaction, and Developer agrees to hold each of the Authority and City harmless from any claim by any broker, agent or finder in connection with this Agreement, the activities by Developer, or the Site. The parties acknowledge that Developer may utilize brokers in connection with the sale of the Affordable Homes and, with the prior written approval of the Executive Director upon consultation with Developer, as to one or more of the Affordable Homes.

**4.8 Rights of Access.** Prior to the issuance of the seventh (7<sup>th</sup>) final Certificate of Completion of Construction for the Affordable Homes, for purposes of assuring compliance with this Agreement, representatives of Authority (and City) shall have the right of access to the Site, without charges or fees, at normal construction hours during the period of construction for the purposes of this Agreement, including but not limited to, the inspection of the work being performed in constructing the Onsite Improvements so long as MoVal representatives comply with all safety rules. MoVal representatives shall, except in emergency situations, notify Developer prior to exercising its rights pursuant to this Section 4.8. The rights of Authority (and City) under this Section 4.8 are in addition to and do not limit City's police power or exercise thereof.

**4.9 Compliance with Laws.** Developer shall carry out the design, construction and operation of the Onsite Improvements in conformity with all applicable Rules and Regulations and all applicable laws, including all applicable state labor standards and federal prevailing wage laws (including without limitation provisions for payment of prevailing wages in connection with all construction of the Onsite Improvements to the extent applicable), City zoning and development standards, building, plumbing, mechanical and electrical codes, and all other provisions of the City Code, and the Fair Housing Act, 42 U.S.C. Section 3601 *et seq.* (and 24 C.F.R. Part 100), federal Affirmatively Furthering Fair Housing (AFFH) rules and regulations, State of California AFFA statutes and policies, the Americans With Disabilities Act, 42 U.S.C. Section 12101, *et seq.*, Government Code Section 4450, *et seq.*, Government Code Section 11135, *et seq.*, the Unruh Civil Rights Act, Civil Code Section 51, *et seq.*, and the California Building Standards Code, Health and Safety Code Section 18900, *et seq.* Developer, including but not limited to its contractors and subcontractors, shall comply with applicable provisions of the California Labor Code Section 1720, *et seq.*, and its implementing regulations, regarding the payment of prevailing wages ("State Prevailing Wage Law") and, if applicable, federal prevailing wage law ("Federal Prevailing Wage Law" and,

together with State Prevailing Wage Law, “Prevailing Wage Laws”) with regard to the construction of the Onsite Improvements, but only if and to the extent such sections are applicable to the development of the Onsite Improvements. In addition, Developer shall be responsible for compliance with Section 3 and shall include a Section 3 clause in its construction contracts for both the Onsite Improvements and Offsite Improvements. Developer shall be solely responsible for determining and effectuating compliance with the Prevailing Wage Laws, and Authority (or City) makes no representation or warranty, expressly or impliedly, as to the applicability or non-applicability of the Prevailing Wage Laws to the Onsite Improvements, or any part thereof. Developer hereby releases from liability, and agrees to indemnify, defend, assume all responsibility for and hold each and all Indemnitees harmless from any and all claims, demands, actions, suits, proceedings, fines, penalties, damages, expenses resulting from, arising out of, or based upon Developer’s acts or omissions pertaining to the compliance with the Prevailing Wage Laws and Section 3 as the same relate to the Project, Onsite Improvements, and Offsite Improvements. Developer covenants hereunder to comply with the HAL, CRL, Dissolution Law, and all applicable HOME Regulations in the performance of this Agreement, whichever are more restrictive. In implementation of these requirements, this Agreement, the Project, and all eligible contributions and expenditures hereunder shall conform to the following: (1) the housing developed hereunder does and shall qualify as affordable housing under 24 CFR §92.254 because each Affordable Home shall be sold at a price that complies with the HOME Rules and Dissolution Law; and (2) this Agreement serves as the written agreement that imposes and enumerates (by meeting or exceeding) all of the affordability requirements from 24 CFR §92.254; the property standards requirements of 24 CFR §92.251; and income determinations made in accordance with 24 CFR §92.203.

Without limitation as to Section 4.7 of this Agreement, Developer shall indemnify, protect, defend and hold harmless each of the Authority, City and their respective officers, employees, contractors and agents, with counsel reasonably acceptable to the City Attorney, from and against any and all loss, liability, damage, claim, cost, expense and/or “increased costs” (including reasonable attorneys’ fees, court and litigation costs, and fees of expert witnesses) which, in connection with the development, construction, and/or operation of the Onsite Improvements, including, without limitation, any and all public works (as defined by applicable law), results or arises in any way from any of the following: (1) the noncompliance by Developer of any applicable local, state and/or federal law, including, without limitation, any applicable federal and/or state labor laws (including, without limitation, if applicable, the requirement to pay state prevailing wages and/or federal prevailing wages); (2) the implementation of Section 1781 of the Labor Code, as the same may be amended from time to time, or any other similar law; and/or (3) failure by Developer to provide any required disclosure or identification as required by Labor Code Section 1781, as the same may be amended from time to time, or any other similar law. It is agreed by the parties that, in connection with the development of the Onsite Improvements, including, without limitation, any and all public works (as defined by applicable law), Developer shall bear all risks of payment or non-payment of prevailing wages under California law and/or the implementation of Labor Code Section 1781, as the same may be amended from time to time, and/or any other similar law. “Increased costs,” as used in this Section 4.9, shall have the meaning ascribed to it in Labor Code Section 1781, as the same may be amended from time to time. The foregoing indemnity shall survive termination of this Agreement and shall continue after completion of the construction and development of the Onsite Improvements by Developer.

Developer shall also comply with the provisions referenced in Sections 4.15 through 4.18 hereof, include all portions thereof.

**4.10 Nondiscrimination in Employment.** Developer certifies and agrees that all persons employed or applying for employment by it, its affiliates, subsidiaries, or holding companies are and will be treated equally by it without regard to, or because of race, color, religion, ancestry, national origin, sex, sexual orientation, age, pregnancy, childbirth or related medical condition, medical condition (cancer related) or physical or mental disability.

**4.11 Property Taxes and Assessments.** Ad valorem taxes and assessments, if any, on the Site, levied, assessed or imposed for any period prior to the Authority Conveyance shall be borne by the Authority (or the City on behalf of the Authority); ad valorem taxes and assessments levied, assessed or imposed on the Site for the period after the Conveyance of an Affordable Home shall not be the responsibility of Authority (or City).

Developer shall pay prior to delinquency all ad valorem real estate taxes and assessments on the Site. Developer shall remove or have removed any levy or attachment made on any of the Site or any part thereof which is owned or leased by Developer, or assure the satisfaction thereof within a reasonable time, but in no event to exceed sixty (60) days. Developer shall additionally defend, indemnify, and hold harmless the Indemnitees from and against any taxes, assessments, mechanic's liens, claims of materialmen and suppliers, or other claims by private parties in connection with (a) activities undertaken by Developer or (b) the Site.

**4.12 Liens and Stop Notices.** Developer shall not allow to be placed on the Site or any part thereof any lien or stop notice. If a claim of a lien or stop notice is given or recorded affecting the Onsite Improvements Developer shall within thirty (30) days of such recording or service or within five (5) days of Authority's demand whichever last occurs:

- (i) pay and discharge the same; or
- (ii) affect the release thereof by recording and delivering to Authority a surety bond in sufficient form and amount, or otherwise; or
- (iii) provide Authority (and City) with indemnification from the Title Company against such lien or other assurance which Authority deems, in its sole discretion, to be satisfactory for the payment of such lien or bonded stop notice and for the full and continuous protection of Authority (and City) from the effect of such lien or bonded stop notice.

**4.13 Certificate of Completion of Construction.** For each sale of an Affordable Home to a Qualified Homebuyer as an Initial Homebuyer, upon receipt of written request therefor from Developer, Authority shall furnish Developer with a partial Certificate of Completion of Construction as to that applicable Affordable Home. Promptly upon and after the seventh (7<sup>th</sup>) and last sale of the Affordable Homes and upon receipt of written request therefor from Developer, Authority shall furnish Developer with a final Certificate of Completion of Construction. Each partial Certificate of Completion of Construction shall be a conclusive determination of satisfactory completion of construction of that applicable Affordable Home and shall so state. If Authority refuses or fails to furnish a partial Certificate of Completion of Construction as to an Affordable Home after written request from Developer, Authority shall, within thirty (30) days of written request therefor, provide Developer with a written statement of the reasons Authority refused or failed to furnish the partial Certificate of Completion of Construction. The statement shall also contain Authority's opinion of the actions Developer must take to obtain the partial Certificate of Completion of Construction for the

applicable Affordable Home. Each partial Certificate of Completion of Construction is not a notice of completion as referred to in Section 3093 of the California Civil Code.

**4.14 Further Assurances.** Developer shall execute and acknowledge (or cause to be executed and acknowledged) and deliver to Authority all documents, and take all actions, reasonably required by Authority from time to time to confirm the rights created or now or hereafter intended to be created under the Project Documents, to protect and further the validity, priority and enforceability of the Project Documents, each Homebuyer Loan Agreement (including the attachments thereto), or otherwise to carry out the purposes of the Project Documents.

**4.15 HOME Program.** Because the funding for development of the Onsite Improvements will be derived in part from moneys under the HOME Program, Developer shall carry out the Construction of the Affordable Homes and the operation of the Project in compliance with the HOME Regulations.

**4.15.1 Federal Funding of Authority Loan.** Due to the source of funding, in part, for the Authority Loan from HOME Program funds, which is a federal revenue source, Developer shall comply with all applicable Federal Program Limitations, including without limitation, the following federal provisions.

**4.15.2 Property Standards.** Developer agrees to ensure that Construction of the Project will comply with all applicable requirements of the HOME Regulations, including 24 CFR §92.251, including the following requirements:

(i) **State and Local Requirements.** The Project and all Affordable Homes shall meet all applicable State and local codes, ordinances, and zoning requirements, including all applicable requirements set forth in the City Codes and all applicable State and local residential and building codes. The Project and all Affordable Homes at the Site must meet all such applicable requirements upon Project completion.

(ii) **HUD Requirements.** The Project and all Affordable Homes shall also meet the requirements described in paragraphs (i) through (iv) of this Section 4.15.2(b):

(A) **Accessibility.** As to one of seven (1 of 7) Affordable Homes, that home shall meet applicable ADA and UFAS requirements. Overall, the Project shall meet the accessibility requirements of 24 CFR part 8, which implements Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794), and Titles II and III of the Americans with Disabilities Act (42 U.S.C. 12131-12189) implemented at 28 CFR parts 35 and 36, as applicable.

(B) **Disaster Mitigation.** Where relevant, the Project must be constructed to mitigate the impact of potential disasters (e.g., earthquakes, hurricanes, flooding, and wildfires), in accordance with State and local codes, ordinances, or other State and local requirements, or such other requirements as HUD may establish.

(C) **Written Cost Estimates, Construction Contracts and Construction Documents.** The Construction Contract(s) and Development Plans must describe the construction work to be undertaken in adequate detail so that the Authority (and City) can conduct inspections in accordance with the HOME Regulations. Developer shall also provide written cost estimates for construction for Authority's review; Authority shall determine whether such cost



estimates are reasonable.

(b) Construction Progress Inspections. Developer shall permit and facilitate progress and final inspections of construction by Authority (and City) to ensure that work, both Onsite Improvements and Offsite Improvements, is done in accordance with the applicable codes, the Construction Contract(s), and Development Plans.

(c) Ongoing Property Condition Standards. Authority has established property standards as required by the HOME Program (“HOME Property Standards”), which standards include all inspectable items and inspectable areas specified by HUD based on the HUD physical inspection procedures (Uniform Physical Condition Standards (UPCS)) prescribed by HUD pursuant to 24 CFR 5.705. Developer shall ensure that the Project, including all Affordable Homes and all appurtenances shall comply with the Authority’s Property Standards throughout the Affordability Period. In accordance with the Authority’s Property Standards, Developer (during the period Developer owns the Site and, thereafter, each Homebuyer as to each Affordable Home shall maintain their properties (land and improvements): (i) as decent, safe, and sanitary housing in good repair, (ii) free of all health and safety defects and life-threatening deficiencies, and (iii) in compliance with the lead-based paint requirements in 24 CFR Part 35.

(i) Inspections; Corrective and Remedial Actions. In accordance with the HOME Regulations, Authority shall undertake ongoing inspections of the Project in accordance with §92.504(d). Authority has developed written inspection procedures and procedures for ensuring that timely corrective and remedial actions are taken by Developer to address identified deficiencies.

**4.15.3 Labor Standards.** Requirements for and compliance with applicable federal and state Prevailing Wage Laws is set forth, the Construction Contracts for the Onsite Improvements and Offsite Improvements work shall contain a provision requiring that not less than the wages prevailing in the locality, as predetermined by the Secretary of the United States Department of Labor pursuant to the Davis-Bacon Act (40 U.S.C. §276a–276a-5), will be paid to all laborers and mechanics employed in the Construction work, and such contract(s) shall also be subject to the overtime provisions, *as applicable*, of the Contract Work Hours and Safety Standards Act (40 U.S.C. §3701, et seq.). Participating contractors, subcontractors, and other participants must comply with regulations issued under these Acts and with other federal laws and regulations pertaining to labor standards and HUD Handbook 1344.1 (Federal Labor Standards Compliance in Housing and Community Project Programs), as applicable. Developer shall supply to Authority certification, in form and substance satisfactory to HUD and Executive Director, as to compliance with the provisions of this Section 4.15.2 before receiving any disbursement of federal funds for the Construction work. Developer shall require the General Contractor and Subcontractors to implement and enforce all *applicable* prevailing wage and labor laws, including California Labor Code Section 1720, Davis-Bacon, and other applicable labor laws and regulations including, e.g., the requirement that all workers sign in and sign out of the job site.

**4.15.4 Handicapped Accessibility.** Developer shall comply with (a) Section 504 of the Rehabilitation Act of 1973, and implementing regulations at 24 CFR 8C governing accessibility of projects assisted with federal funds; and (b) the Americans with Disabilities Act of 1990, and implementing regulations at 28 CFR 35–36 in order to provide handicapped accessibility to the extent readily achievable; and (c) the Uniform Federal Accessibility Standards (UFAS) pursuant to the Architectural Barriers Act of 1968, 42 U.S.C. 4151-4157, as amended.

**4.15.5 Use of Debarred, Suspended, or Ineligible Participants.** Developer shall comply (and cause the General Contractor to comply) with the provisions of 24 CFR 24 relating to the employment, engagement of services, awarding of contracts, or funding of any contractor or subcontractor during any period of debarment, suspension, or placement in ineligibility status. The Contractor, each subcontractor, and any other contractors or subcontractors or agents of Developer (subject to compliance with 24 CFR part 135) shall have provided to Authority the certification in appendix B of 24 CFR Part 24 that neither it nor its principals is presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation from this Project, and Authority shall be responsible for determining whether each contractor has been debarred.

**4.15.6 Maintenance of Drug-Free Workplace.** Developer shall certify that Developer will provide a drug-free workplace in accordance with 2 CFR 2429.

**4.15.7 Lead-Based Paint.** Authority, as a recipient of federal funds, has modified and conformed all of its federally funded housing programs to the Lead-Based Paint Poisoning Prevention Act, Title X of the 1992 Housing and Community Project Act, 42 U.S.C. §4800, et seq., specifically §§4821 4846, and the implementing regulations thereto. In this regard, Developer shall comply with all applicable federal requirements relating to lead-based paint.

**4.15.8 Affirmative Marketing.** Developer shall adopt and implement affirmative marketing procedures and requirements at the Site in accordance with Section 92.351 of the HOME Regulations.

**4.15.9 Nondiscrimination, Equal Opportunity and Fair Housing.** Developer shall carry out the Project and perform its obligations under this Agreement in compliance with all of the federal laws and regulations regarding nondiscrimination equal opportunity and fair housing described in 24 CFR 92.350 and 24 CFR 5.105.

**4.15.10 Energy Conservation Standards.** As applicable to the Project, Developer shall cause the Site to meet the cost-effective energy conservation and effectiveness standards in 24 CFR 965 and 24 CFR 990.185.

**4.15.11 AFFH.** Developer shall comply with all HUD regulations and notices affecting and implementing AFFH.

**4.15.12 Requests for Disbursements of Funds.** Developer may not request disbursements of funds hereunder until the funds are needed for payment of eligible costs of the Project. The amount of each request shall be limited to the amount needed for the acquisition of the Site and the Construction as set forth in the Final Budget.

**4.15.13 Eligible Costs.** Developer shall only use HOME Program funds to pay costs defined as “eligible costs” under Federal Program Limitations.

**4.15.14 Records and Reports.** Developer shall maintain and from time to time submit to Authority such records, reports and information as Executive Director may reasonably require in order to permit Authority to meet the recordkeeping and reporting requirements required of them pursuant to 24 CFR 92.508. Without limiting the following, Developer shall maintain records and submit annual reports as required by this Agreement and Attachment No. 19.

**4.15.15 Conflict of Interest.** Developer shall comply with and be bound by the conflict of interest provisions set forth at 24 CFR 570.611.

**4.15.16 Conflicts between and among Federal Program Limitations and State of California Laws.** If and to the extent applicable for any source of federal revenue expended to implement the Project and in the event of any conflict or inconsistency between applicable Federal Program Limitations and/or the HAL, Dissolution Law, CRL or other State of California laws and regulations, then the more stringent requirement(s) shall control.

**4.15.17 Layering Review.** Developer acknowledges that a layering review will be performed in accordance with Federal Program Limitations. For each and any required layering review, Developer agrees to notify Authority in the event that it applies for or proposes to use governmental funds, other than as listed in the previous sentence, for the Site or the Onsite Improvements thereto.

**4.16 Compliance with Laws.** Developer shall comply with all applicable federal, state and local statutes, ordinances, regulations and laws, (including the Governmental Requirements) with respect to Developer's ownership and the Construction and the operation and management of the Site by Developer (all of which comprises the Project hereunder). Developer shall carry out the design, construction and completion of Improvements, and operation and management of the Project, in conformity with all applicable laws, including all applicable federal, state, and local labor standards, City zoning and development standards, building, plumbing, mechanical and electrical codes, and all other provisions of the City Codes, Government Code Section 4450, *et seq.*, Government Code Section 11135, *et seq.*, Government Code Section 8899.50, *et seq.*, and the Unruh Act, Civil Code Section 51, *et seq.*

**4.17 Federal and State Prevailing Wage Laws.** Developer shall carry out the Construction through completion of the Project and the overall development of the Site in conformity with all *applicable* federal, state and local labor laws and regulations as set forth above, including without limitation, the applicable, if any, requirements to pay prevailing wages under federal law (the Davis Bacon Act, 40 U.S.C. Section 3141, *et seq.*). The parties acknowledge that due to less than eleven HOME units, Davis-Bacon will not apply to the Project; however, the parties agree affirmatively that the requirements of California law (Labor Code Section 1720, *et seq.*) shall apply to all Onsite Improvements and Offsite Improvements work of construction because this Agreement, the Project, and construction work do not meet any exemptions or exceptions set forth in California Labor Code Section 1720, *et seq.*

Notwithstanding the foregoing, Developer expressly acknowledges and agrees that Developer shall be solely responsible, expressly or impliedly, for determining and effectuating compliance with all applicable federal, state and local public works requirements, prevailing wage laws, labor laws and standards, and Authority makes no representations, either legally or financially, as to the applicability or non-applicability of any federal, state or local laws to the Project or any part thereof, both for Onsite Improvements and Offsite Improvements construction work.

Developer knowingly and voluntarily agrees that Developer shall have the obligation to provide any and all disclosures or identifications as required by Labor Code Section 1781 and/or by Davis Bacon, as the same may be amended from time to time, or any other similar law or regulation. Developer shall indemnify, protect, pay for, defend (with legal counsel acceptable to Authority) and hold harmless the Indemnitees, with counsel reasonably acceptable to Authority, and their elected and

appointed public officials, employees and agents, from and against any and all loss, liability, damage, claim, cost, expense and/or “increased costs” (including reasonable attorneys’ fees, court and litigation costs, and fees of expert witnesses) which, in connection with the development, Construction (as defined by applicable law) and/or operation of the Project, including, without limitation, any and all public works (as defined by applicable law), results or arises in any way from any of the following: (i) the noncompliance by Developer of any applicable local, state and/or federal law or regulation, including, without limitation, any applicable federal and/or state labor laws or regulations (including, without limitation, if applicable, the requirement to pay state and/or federal prevailing wages); (ii) the implementation of Section 1781 of the Labor Code and/or Davis Bacon, as the same may be amended from time to time, or any other similar law or regulation; and/or (iii) failure by Developer to provide any required disclosure or identification as required by Labor Code Section 1781 and/or by Davis Bacon, as the same may be amended from time to time, or any other similar law or regulation. It is agreed by the parties that, in connection with the development and construction (as defined by applicable law or regulation) of the Project, including, without limitation, any and all public works (as defined by applicable law or regulation), Developer shall bear all risks of payment or non-payment of prevailing wages under applicable federal, state and local law or regulation and/or the implementation of Labor Code Section 1781 and/or Davis Bacon, as the same may be amended from time to time, and/or any other similar law or regulation. “Increased costs,” as used in this Section 4.17, shall have the meaning ascribed to it in Labor Code Section 1781, as the same may be amended from time to time. The foregoing indemnity shall survive termination of this Agreement and shall continue after completion of the Construction and development of the Project by Developer. At the request of Developer, Authority shall cooperate with and assist Developer in its defense of any such claim, action, suit, proceeding, loss, cost, damage, liability, deficiency, fine, penalty, punitive damage, or expense; provided that Authority shall not be obligated to incur any expense in connection with such cooperation or assistance.

#### **4.18 Labor Compliance; Consultant; Construction Security.**

(i) Labor Compliance Consultant. Developer shall hire, or shall require its General Contractor(s) to hire, a “Labor Compliance Consultant” that has been reasonably approved by the Executive Director, to oversee compliance by the General Contractor(s) and Subcontractor(s) with all applicable labor laws and prevailing wage laws. Developer will cause the approved Labor Compliance Consultant to submit all labor-related reports including certified payroll records for review by the Authority (or a consultant hired by Authority in the Authority’s sole discretion) not less frequently than once per month. In the event the Authority is required to conduct an audit of Developer’s, General Contractor’s or Subcontractor’s labor compliance activities and/or records to evaluate noncompliance with labor laws evidenced in Developer’s submittals pursuant to this Section 4.18, Developer shall pay the Authority’s third party costs incurred in accordance with such labor compliance audit. In the event Authority becomes aware of any noncompliance with Section 3, Labor Code Section 1720, *et seq.*, (Davis-Bacon, if applicable) or other applicable labor or prevailing wage requirements, Authority (and City) shall have the right to require Developer to set aside into a third party escrow account moneys in an amount reasonably determined by Authority to be sufficient to remedy such noncompliance.

(ii) Construction Security; Completion and Labor Compliance Guaranty. At the Closing, Developer shall deliver to Authority the required Construction Security of payment and performance bonds to ensure completion of both the Onsite Improvements and Offsite Improvements in a form and content acceptable to Authority and legal counsel, with the Authority and City expressly named as dual obligees thereunder.

**4.19 Section 3 Compliance.** Based on the HOME Program funds committed to the Project, Developer agrees to comply with and to cause the Contractor, each subcontractor, and any other contractors and/or subcontractors or agents of Developer to comply with the requirements of Section 3 of the Housing and Urban Project Act of 1968, as amended, 12 U.S.C. §1701u, and the implementing regulations, in connection with the construction of the Project to the extent applicable. Developer shall submit to Authority each Construction Contract (for Onsite Improvements and Offsite Improvements) with appropriate provisions providing for the construction of the Project in conformance with the terms of this Agreement, including the Section 3 Clause. The General Contractor(s) and all Subcontractor(s) shall register with the City's Workforce Center.

Developer hereby acknowledges and agrees to take all responsibility for compliance with all Section 3 Clause federal requirements as to Developer, general contractor, subcontractors, or other contractor(s), subcontractor(s), and other agents. Developer shall provide or cause to be provided to the Contractor and each subcontractor, and each of its other contractor(s), subcontractor(s) and agents the checklist for compliance with the Section 3 Clause federal requirements provided by Authority, to obtain from the Contractor, each subcontractor, and other contractor(s), subcontractor(s), and agents all applicable items, documents, and other evidence of compliance with the items, actions, and other provisions within the checklist, and to submit all such completed Section 3 Clause documentation and proof of compliance to the Executive Director. To the extent applicable, Developer shall comply and/or cause compliance with all Section 3 Clause requirements for the Project. For example, when and if Developer or its contractor(s) hire(s) full time employees, rather than volunteer labor or materials, Section 3 is applicable and all disclosure and reporting requirements apply.

## **5. DEVELOPER'S GENERAL REPRESENTATIONS AND WARRANTIES.**

As a material inducement to each of Authority to enter into this Agreement, Developer represents and warrants to City that:

**5.1 Formation, Qualification and Compliance.** Developer (a) is a California nonprofit corporation validly existing and in good standing under the laws of the State of California; (b) has all requisite authority to conduct its business and own, purchase, improve and sell its properties. Developer is in compliance in all material respects with all laws applicable to its business and has obtained all approvals, licenses, exemptions and other authorizations from, and has accomplished all filings, registrations and qualifications with any governmental City that are necessary for the transaction of its business; (c) Developer has and will in the future duly authorize, execute and deliver this Agreement and any and all other agreements and documents required to be executed and delivered by Developer in order to carry out, give effect to, and consummate the transactions contemplated by this Agreement; (d) Developer does not have any material contingent obligations or any material contractual agreements which could materially adversely affect the ability of Developer to carry out its obligations hereunder; (e) There are no material pending or, so far as is known to Developer, threatened, legal proceedings to which Developer is or may be made a party or to which any of its property is or may become subject, which have not been fully disclosed by Developer to City in this Agreement which could materially adversely affect the ability of Developer to carry out its obligations hereunder; and (f) There is no action or proceeding pending or, to Developer's best knowledge, threatened, looking toward the dissolution or liquidation of Developer and there is no action or proceeding pending or, to Developer's best knowledge, threatened by or against Developer which could affect the validity and enforceability of the terms of this Agreement, or materially and adversely affect the ability of Developer to carry out its obligations hereunder.

Each of the foregoing items (a) to (f), inclusive, shall be deemed to be an ongoing representation and warranty. Developer shall advise City in writing if there is any change pertaining to any matters set forth or referenced in the foregoing items (a) to (f), inclusive.

**5.2 Execution and Performance of Project Documents.** Developer has all requisite authority to execute and perform its obligations under the Project Documents. The execution and delivery by Developer of, and the performance by Developer of its obligations under, each Project Document has been authorized by all necessary action and do not and will not violate any provision of, or require any consent or approval not heretofore obtained under, any articles of incorporation, by-laws or other governing document applicable to Developer.

**5.3 Covenant Not to Transfer Except in Conformity.** Developer shall not sell, lease, or otherwise transfer or convey all or any part of the Site, or any interest therein, unless Developer has first obtained the prior written consent of the Executive Director, which consent shall be given as to transfers to homebuyers proposed to be made in conformity with this Agreement (but, as to other transfers, may be withheld in the Executive Director's sole and absolute discretion). Any sale, lease, transfer or conveyance without such consent shall, at Authority's option, be void. In connection with the foregoing consent requirement, Developer acknowledges that Authority relied upon Developer's particular expertise in entering into this Agreement and continues to rely on such expertise to ensure the satisfactory completion of all of the Onsite Improvements, and the marketing and sale of the Affordable Homes to Low Income Homebuyers each at a price which does not exceed Affordable Housing Cost to afford the community a substantial long-term, quality affordable housing resource.

**5.4 Nondiscrimination.** Developer by and for itself and any successors in interest covenants that there shall be no discrimination against or segregation of any person or group of persons on account of race, color, creed, religion, sex, marital status, physical or mental disability or medical condition, national origin or ancestry in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Site, nor shall Developer itself or any person claiming under or through it establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees of the Site. The foregoing covenants shall run with the land.

All such deeds, leases or contracts shall contain or be subject to substantially the following nondiscrimination or nonsegregation clauses:

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

(b) In leases: “The lessee herein covenants by and for himself or herself, his or her heirs, executors, administrators, and assigns, and all persons claiming under or through him or her, and this lease is made and accepted upon and subject to the following conditions:

“That there shall be no discrimination against or segregation of any person or group of persons, on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the leasing, subleasing, transferring, use, occupancy, tenure, or enjoyment of the premises herein leased nor shall the lessee himself or herself, or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use, or occupancy, of tenants, lessees, sublessees, subtenants, or vendees in the premises herein leased.”

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

Developer further covenants, by and for itself, its successors and assigns, and all persons claiming under or through them, not to inquire about the sexual orientation or gender identity of an applicant for, or occupant of, any Affordable Home, for the purpose of determining eligibility for occupancy of such housing units or otherwise making such units available. This prohibition on inquiries regarding sexual orientation or gender identity does not prohibit any individual from voluntarily self-identifying sexual orientation or gender identity. Further, determinations of eligibility for occupancy of the Affordable Homes shall be made in accordance with the eligibility requirements provided for such program by HUD, and such units shall be made available without regard to actual or perceived sexual orientation, gender identity, or marital status.

The covenants established in this Section 5.4 shall, without regard to technical classification and designation, be binding for the benefit and in favor of Authority and City and their successors and assigns, and shall remain in effect in perpetuity.

## **6. SALE OF THE AFFORDABLE HOMES; AFFORDABLE HOUSING PROGRAM PARTICIPANT DOCUMENTS**

### **6.1 Sale at Affordable Housing Cost to Low Income Qualified Homebuyers; Homebuyer Documents.**

**6.1.1 Affordable Housing.** Developer covenants to develop or to cause the development and use of the Site and seven (7) Affordable Homes constructed and completed thereon for owner-occupancy by Qualified Homebuyers in conformity with this Agreement. Developer covenants and agrees that each of the Affordable Homes shall be sold to an Initial Homebuyer and

shall be restricted with the income and affordability requirements as set forth herein. Developer covenants and agrees that the above-referenced ownership, owner-occupancy, affordability and resale requirements governing the Affordable Homes shall bind and be enforceable against each of the Affordable Homes and the respective applicable Homebuyer throughout the Affordability Period.

**6.1.2 Sale of the Affordable Homes.** As set forth in the foregoing portion of Section 6.1, Developer agrees to sell each of the Affordable Homes to qualified Initial Homebuyers at a price which, in each and every case, does not exceed Affordable Housing Cost and which, further, does not exceed the Maximum Allowable Cost. During the Affordability Period each subsequent resale of an Affordable Home by the then-owner thereof shall be only to a Qualified Homebuyer at a price which does not exceed Affordable Housing Cost and Maximum Allowable Cost. All sales and resales of the Affordable Homes shall be in compliance with this Section 6.1 and each purchaser and successor purchaser shall be reviewed by Authority and must execute the Homebuyer Loan Agreement, Homebuyer Covenants, Homebuyer Loan Note, Homebuyer Loan Deed of Trust, and the same shall be assigned to and assumed by each successor-in-interest Qualified Homebuyer during the Affordability Period. Developer covenants and agrees that no sales of the Affordable Homes shall be made to any of its employees or to persons or families related, within the fourth degree of consanguinity, to any shareholder, partner or member of Developer entity or anyone related by blood or marriage to any such shareholder, partner or member. Further, no resale of an Affordable Home shall occur to a relative of the Homebuyer, as seller, to a prospective purchaser, as buyer, which relative is related by blood or marriage, within the fourth degree of consanguinity, to the Homebuyer, as seller, of an Affordable Home; provided however, in the event of the death of a spouse of a vested Homebuyer couple, as owner, the surviving spouse may continue to own and occupy the home, including vesting ownership as a widow or widower, and such event is not considered a resale of the Affordable Home.

(a) Upon completion of the Project required to be constructed under this Agreement, and provided that the Conditions to Sale to Qualified Homebuyers have been satisfied, Developer shall convey by grant deed an Affordable Home to each Initial Homebuyer; provided that such sale shall have been accomplished in strict conformity with all requirements of this Agreement and the applicable Homebuyer Loan Agreement and related attachments, including without limitation that all of the conditions to Developer's Sale to Qualified Homebuyer, as set forth in Section 6.4, have been satisfied, and further provided that: (i) the Qualified Homebuyer executes and deposits with the Homebuyer Escrow Holder the Homebuyer Purchase and Sale Agreement, (ii) the Homebuyer Loan Agreement and all applicable attachments, are executed, recorded, and delivered to Authority; (iii) the Qualified Homebuyer duly executes and causes to be delivered to Authority the Homebuyer Note and the Homebuyer Deed of Trust, and (iv) the Qualified Homebuyer executes, and causes to be recorded and delivered to Authority each of the instruments that comprise the Homebuyer Covenants, Homebuyer Note, Homebuyer Deed of Trust, Purchase Money Loan documents, then Authority will, as to the corresponding Affordable Home (but not as to the remainder of the Site), issue a partial release the corresponding Affordable Home from the Authority Deed of Trust and a partial termination of the Authority Regulatory Agreement.

(b) In connection with each sale of an Affordable Home to a Qualified Homebuyer, Authority shall prepare and Developer shall approve escrow instructions requiring the following order of recordation: (i) a partial release and reconveyance of the Authority Deed of Trust (as to the corresponding Affordable Home); (ii) partial termination of Authority Regulatory Agreement; (iii) grant deed conveying title as to the corresponding Affordable Home from Developer to such Initial Homebuyer, which shall be subject to restrictions then of record; then (iv) Homebuyer Covenants; then (v) Purchase Money Deed of Trust (which affirmatively states that it



is subject and subordinate to the Homebuyer Covenants), (vi) Homebuyer Deed of Trust; then (vii) then, if applicable, (viii) deed(s) of trust securing other Down Payment Assistance Loan(s) or other subordinate financing expressly approved by the Executive Director.

(i) Each Initial Homebuyer, and all subsequent successor Qualified Homebuyers, shall fully cooperate in providing to the staff members or consultant designated by the Executive Director applications and information from the prospective homebuyer household in sufficient detail, legibility, and completeness for Authority to review and confirm that the incomes of the prospective homebuyer household, loan amounts, and prices conform to this Agreement (as to Initial Homebuyers), the Homebuyer Covenants and Homebuyer Loan Agreement (as to all Homebuyers). Each original sale, and each resale and transfer of an Affordable Home shall be transacted through the Escrow Holder and in conformity herewith and therewith.

**6.1.3 Homebuyer Price; Amount of Homebuyer Loan.** Developer agrees that the price that to be charged to acquire an Affordable Home in connection with the original sale and each resale of an Affordable Home will not be greater than the *lesser* of (a) during the HOME Compliance Period, a price at or below the HUD HOME Program Single-Family Homeownership Value Limits for One-Unit 95% Medial Sales Price Limit for Riverside County in effect at the time of the applicable pending sale (or resale) of an Affordable Home, or (b) Affordable Housing Cost of such unit as applicable to Low Income Homebuyers as determined under HSC Sections 50052.5. And, after the HOME Compliance Period each resale shall be to a Low Income Homebuyer at Affordable Housing Cost pursuant to HSC Sections 50052.5. It is contemplated by Authority and Developer that the Qualified Homebuyer's purchase price will be remitted from the following funds: (i) down payment by the Qualified Homebuyer's own funds, (ii) proceeds of a Purchase Money Loan that shall be a fully amortized 30-year fixed rate mortgage with monthly payments that comply with HSC Section 50052.5, and (iii) principal amount of the Homebuyer Loan Note. The principal amount of the Purchase Money Loan shall be the difference between the Homebuyer Price and the Homebuyer Note, less Down Payment Assistance Loan(s) or grants, if any, for the sale of the Affordable Home to the Initial Homebuyer and to each successor-in-interest Homebuyer upon resale of the Affordable Home.

**6.1.4 Pricing Protocol.** The purchase price that may be charged each Qualified Homebuyer under this Agreement and each applicable Homebuyer Loan Agreement is constricted by the applicable laws, regulations, and requirements applicable to the multiple funding sources that comprise the Authority Assistance, including Former Agency funds expended to acquire and assemble the Site, and HOME Program funds, and LMIHAF funds that are the cash subsidy component thereof. While the Site Purchase Price evidences a land write-down and grant of value, the pricing protocol for each and all initial sales and resales of the Affordable Homes shall not exceed the lesser of Affordable Housing Cost or the Maximum Allowable Price. Not less than forty-five (45) days prior to any closing (a) for each sale by Developer to an Initial Homebuyer, and (b) for each resale by selling owner/Homebuyer, shall deliver to Authority a complete application for each prospective homebuyer, including evidence as to household size and income, with tax returns and bank statements, as well as current employment and assets as to all adult members of the household. For each Initial Homebuyer, Authority will, after conferring with Developer, determine the amount of the Homebuyer Loan, Purchase Money Loan, Down Payment Assistance Loan(s) and/or grants, if any. The foregoing shall constitute the "Pricing Protocol." Developer shall cooperate fully with City regarding the implementation of this Section 6.1.4.

**6.2 Process to Complete First Transfer by Sale of Affordable Home by Developer to an Initial Homebuyer.** Upon the first sale of each Affordable Home by Developer, the following procedures shall apply:

(a) Qualifications of Proposed Transferee. No sale of an Affordable Home shall occur unless and until Developer first determines that the proposed transferee: (i) intends to occupy the corresponding Affordable Home as the proposed transferee's principal residence; and (ii) is a Low Income Homebuyer. For resales, the selling owner/Homebuyer and their proposed transferee prospective buyer shall submit a Proposed Transferee's Application to Authority (and City) certifying its intent with regard to the occupancy of the corresponding Affordable Home and as to the truth and accuracy of all information supplied as to the gross income (calculated as set forth in 25 Cal. Code of Regs., Section 6914) of the proposed transferee.

(b) Sales Price. Each Affordable Home shall be sold at an Affordable Housing Cost. In determining Affordable Housing Cost, the family size of the proposed Transferee shall be deemed and assumed pursuant to HSC Section 50052.5 (4 persons for a 3-bedroom unit and 5 persons for a 4-bedroom unit.) In addition, Authority's calculation of the Affordable Housing Cost in connection with each respective Affordable Home shall be based upon the following assumptions: (i) the provisions of both Homebuyer Loan and Purchase Money Loan; and (ii) reasonable amounts for utilities, property taxes and assessments, fire and casualty insurance covering replacement value of property improvements, and homeowner association fees (if any).

(c) Certificates from Parties. With respect to each sale of each Affordable Home to the Initial Homebuyer, Developer shall submit to Authority, not later than fourteen (14) business days prior to close of escrow on the sale of the corresponding Affordable Home, a certificate that (i) Developer has made the affirmative determinations required by Section 6.1.4 above and (ii) the sales price conforms to Section 6.1.4 above. The certificate shall be substantially in the form of Developer Sale Certificate. Developer shall concurrently submit to Authority the Proposed Transferee's Application and all attachments thereto, the sales contract, and all other documents or material with regard to information required by Sections 6.1.4 whether or not relied on by Developer. Further, Developer and proposed transferee each shall certify in writing, in a form acceptable to Authority, that the sale shall be closed in accordance with this Agreement (including without limitation the Rules and Regulations and the other Governmental Requirements), and only with, the terms of the sales contract and other documents submitted to and approved by Authority and that all consideration delivered by the proposed transferee to Developer has been fully disclosed to City. The written certificate shall also include a provision that, in the event a transfer is made in violation of the terms of this Agreement or false or misleading statements or material omissions, are made in any documents or certificate submitted to Authority (on behalf of each of Authority and City) for its approval of the transfer, Authority as well as the City shall have the right to file an action at law or in equity to seek termination and/or rescission of the sales contract and/or declare the sale void, notwithstanding the fact that the transfer may have closed and become final as between Developer and its transferee. In the event Developer fails to comply with Sections 6.1 above, any costs, liabilities or obligations incurred by Developer and its transferee for the return of any monies paid or received or for any costs and legal expenses, shall be borne jointly and severally by Developer (or selling owner/Homebuyer) and its transferee and such parties shall hold each of the Authority and City harmless and reimburse their expenses, legal fees and costs for any action Authority and/or City take in enforcing the terms of this Section 6.2.

(d) Delivery of Documents. In addition to the documents required to be provided by Section 6.1 and 6.2 above, upon the close of the proposed transfer, Developer and transferee, as applicable, shall provide Authority (on behalf of each of Authority and City) and Developer with a copy of the final sales contract, settlement statement, escrow instructions, a fully executed set of Qualified Homebuyer Documents and any other documents which Authority (and City) may reasonably request.

**6.3 Affordable Home Disposition Conditions Precedent; Conditions to Developer's Sale to Initial Homebuyers.** The sale of each Affordable Home by Developer to an Initial Homebuyer ("Conditions to Sale to Initial Homebuyers") shall be subject to the satisfaction or waiver by the Executive Director (which waiver will be effective only if it is an express waiver made in writing by the Executive Director), of the following conditions precedent:

(i) Improvements Completed. The improvements for the corresponding Affordable Home shall have been completed as determined in good faith by the Executive Director, following issuance of a certificate of occupancy by City as to the Affordable Home located thereon.

(ii) Purchase and Sale Agreement. Developer and the corresponding Initial Homebuyer shall have entered into a MECH Homebuyer Purchase and Sale Agreement which strictly conforms to the requirements and provisions of this Agreement.

(iii) Escrow Instructions. The Executive Director shall have approved the instructions for such escrow.

(iv) Lien Priorities, Title Insurance and Documents among Interested Parties. The Initial Homebuyer shall have agreed to assume the obligations of buyer and borrower under the Homebuyer Loan Agreement and all attachments, and shall obtain a new Purchase Money Loan and shall have additionally agreed to conform to all requirements under the MECH Grant Deed, Homebuyer Covenants. The Homebuyer Covenants shall be and remain the senior, nonsubordinate encumbrances, then follows the (i) Purchase Money Loan Deed of Trust, (ii) Homebuyer Deed of Trust, (iii) other subordinate liens, if any, approved by Authority.

(v) Insurance. Authority shall have received sufficient evidence of the issuance of a homeowner's insurance policy with a guaranteed replacement provision for the corresponding Affordable Home, and a lender's loss payable endorsement in favor of Authority.

(vi) Affordability and Income Requirements. The Executive Director shall be satisfied that the Initial Homebuyer qualifies as a Low Income Household, and that the purchase price of the corresponding Affordable Home is at a price that does not exceed an Affordable Housing Cost. Each Initial Homebuyer and Developer shall cooperate in furnishing the Executive Director with complete information and legible, verifiable supporting documentation in the form sought by Authority for the purposes of verifying income eligibility and affordability.

(vii) Other Matters. Authority shall have received such other documents and information as the Executive Director may reasonably request.

(viii) Representations and Warranties. The representations and warranties of Developer contained in this Agreement shall be correct as of the close of the Homebuyer Escrow as

though made on and as of that date, and Executive Director shall have received a certificate to that effect signed by an officer of Developer.

(ix) Authority Conveyance Conditions Precedent. All Authority Conveyance Conditions Precedent shall remain satisfied.

(x) Certificate. Developer shall have delivered to Executive Director a Developer Sale Certificate as to the Affordable Home proposed to be sold by Developer.

(xi) No Default. No Event of Default by Developer shall have occurred, and no event shall have occurred which, with the giving of notice or the passage of time or both, would constitute an Event of Default by Developer, and Executive Director shall have received a certificate to that effect, in form and substance reasonably satisfactory to the Executive Director, signed by an officer of Developer.

All conditions set forth in this 6.3 are for Authority's (and City's) benefit only and Executive Director may waive all or any part of such rights by written notice to Developer and Escrow Holder.

**6.4 Homebuyer Escrows.** Upon Developer having received Authority approval of an Initial Homebuyer, Developer shall open an escrow as to the corresponding Affordable Home (each a "Homebuyer Escrow") with the Escrow Holder. Authority and Developer agree to execute such escrow instructions as may be reasonably required to implement this Section 6.4 with respect to each such escrow. The process set forth in this Section 6. *et seq.* will be repeated as to each Initial Homebuyer that acquires an Affordable Home.

**6.4.1 Costs of Escrow.** Developer shall pay, or shall arrange for Developer and the Homebuyer (as buyer) to pay, their respective portions of the premium for the title policies as set forth herein, Developer shall pay for the documentary transfer taxes, if any, and Developer shall pay, or shall arrange for Developer and the Initial Homebuyer to each pay one-half of all other usual fees, charges, and costs which arise from the corresponding Homebuyer Escrow. No costs shall be borne by the Authority (or the City).

**6.4.2 Escrow Instructions.** This Section 6.4.2, including all subparts hereof, constitutes the escrow instructions of Developer, Authority, and, once executed, the Initial Homebuyer and the Escrow Holder to whom these instructions are delivered is hereby empowered to act under this Section 6.4. Insurance policies for fire or casualty are not to be transferred. All funds received in the Escrow shall be deposited with other escrow funds in a general escrow account(s) and may be transferred to any other such escrow trust account in any State or National Bank doing business in the State of California. All disbursements shall be made by check from such account.

Developer, Initial Homebuyer, Authority or the lender issuing the Purchase Money Loan may submit supplemental escrow instructions; provided that if there is any inconsistency between this Agreement and the supplemental escrow instructions, then the provisions of this Agreement shall control. The conveyance shall take place when the Conditions to Sale to Initial Homebuyers have been satisfied as to each corresponding Initial Homebuyer, as confirmed by Authority. Escrow Holder is instructed to release escrow closing statements to the Developer, Initial Homebuyer, and Authority.

Closing shall be subject to Executive Director confirming to the Escrow Holder that the Affordable Home Disposition Conditions Precedent have been satisfied.

**6.4.3 Authority of Escrow Holder.** Escrow Holder is authorized to, and shall:

(a) Pay and charge Developer and, if applicable, the Initial Homebuyer (but not the Authority or City) for their respective shares of the premium of the Owner's Title Policy, Homebuyer Loan Policy, Purchase Money Loan Policy, and any amount necessary to place title in the condition necessary to satisfy the condition of title as described herein.

(i) Pay and charge Developer and the corresponding Initial Homebuyer (but not the Authority or City) for their respective shares of any escrow fees, charges, and costs payable under this Agreement.

(ii) Pay and charge Developer and the corresponding Initial Homebuyer (but not the Authority or City) for their respective requested title policies, premiums, endorsements for Title Company to issue: an owner title policy to Homebuyer, a loan policy to Authority for the Homebuyer Loan, and loan policy to the institutional lender issuing the Purchase Money Loan.

(b) Disburse funds, deliver and record the following as prepared or approved by Authority in relation to each sale of an Affordable Home to an Initial Homebuyer: (i) MECH Homebuyer Grant Deed, (ii) partial reconveyance of one-seventh (1/7<sup>th</sup>) of the Authority Deed of Trust, (iii) partial termination of the Authority Regulatory Agreement as to the applicable Affordable Home parcel, (iv) Homebuyer Covenants, (v) Purchase Money Loan documents, (vi) Homebuyer Loan, including Homebuyer Note and Homebuyer Deed of Trust, (vii) deed(s) of trust for Downpayment Assistance Loan(s), if any, and (viii) deliver to Authority the Homebuyer Note, and return the Homebuyer Deed of Trust, when the Authority Conveyance Conditions Precedent have been fulfilled or waived by Authority. If there are downpayment subordinate deeds of trust in connection with the provision of subordinate loans by third parties that are approved by the Executive Director, such as from providers of Down Payment Assistance Loan(s) or grants, or similar assistance, Authority will submit supplemental escrow instructions to address deeds of trust and other documentation associated with such other subordinate loans.

(c) Do such other actions as necessary to fulfill its obligations under this Agreement.

(d) Within the discretion of Escrow Holder, direct Authority and Developer to execute and deliver any instrument, affidavit, and statement, and to perform any act reasonably necessary to comply with the provisions of FIRPTA and any similar state act and regulation promulgated thereunder. Authority agrees to execute a Certificate of Non-Foreign Status by individual transferor and/or a Certification of Compliance with Real Estate Reporting Requirement of the 1986 Tax Reform Act as may be required by Escrow Holder, on the form to be supplied by Escrow Holder.

(e) Prepare and file with all appropriate governmental or taxing authorities a uniform settlement statement, closing statement, tax withholding forms including an IRS 1099-S form, and be responsible for withholding taxes, if any such forms are provided for or required by law.

(f) The Authority Regulatory Agreement and Authority Deed of Trust that secured the Authority Note shall be reconveyed as to Lot A, the new cul de sac street concurrent with the dedication and notice of completion of the Offsite Improvements.

**6.5 Review of Title.** Developer shall cause the Title Company to deliver to the prospective purchaser a standard preliminary title report (“Report”) with respect to the title to the corresponding Affordable Home (as mutually designated by Developer and Authority), together with legible copies of the documents underlying the exceptions (“Exceptions”) set forth in the Report, with at least fifteen (15) days to review. The prospective Homebuyer shall have the right to reasonably approve or disapprove the Exceptions; provided, however, that the prospective Homebuyer must approve the following Exceptions (together, “Homebuyer Condition of Title.”):

- (i) The Redevelopment Plan;
- (ii) The lien of any non-delinquent property taxes and assessments (to be prorated at close of Escrow);
- (iii) The provisions of the MECH Grant Deed, Homebuyer Covenants, Purchase Money Deed of Trust, and Homebuyer Deed of Trust.
- (iv) Any incidental easements or other matters affecting title which do not materially impact the purchaser’s use of the corresponding Affordable Home as a single family owner-occupied primary residence.

**6.6 Title Insurance for Conveyance to Initial Homebuyers.** Title insurance shall be provided in conformity with this Agreement. The cost for all title policies, including those provided for the benefit of Authority as beneficiary, shall be borne by Developer.

**6.7 Homebuyer Closings.** The conveyance of the Affordable Home by Developer and delivery of documents related thereto and the close for each escrow (each a “Homebuyer Closing”) shall occur within ninety (90) days of the parties’ satisfaction of all of Conditions to Sale to Qualified Homebuyer. The term Homebuyer Closing shall mean the time and day a deed conveying title to a Homebuyer is filed for record among Official Records. The “Homebuyer Closing Date” shall mean the day on which the corresponding Homebuyer Closing occurs.

**6.7.1 Termination of Escrow.** If escrow for disposition of each sale of an Affordable Home is not in condition to close by the time established therefor in supplemental escrow instructions (and, if no such time is specified, then on the sixtieth (60<sup>th</sup>) day following opening of escrow), then the Initial Homebuyer, Developer and Authority may, in writing, demand the return of money or property and terminate the escrow. If such party makes a written demand for return of documents or properties, escrow shall not terminate until five (5) days after Escrow Holder shall have delivered copies of such demand to all other parties. If any objections are raised within said five (5) day period, Escrow Holder is authorized to hold all papers and documents until instructed by a court of competent jurisdiction or by mutual written instructions of the parties to such escrow (namely, Authority, Developer and the corresponding Initial Homebuyer).

**6.7.2 Closing Procedure.** Escrow Holder shall close escrow for the transfer of the corresponding Affordable Home from Developer to the Initial Homebuyer as follows:

- (a) Record first (i) the grant deed conveying title subject to resale restrictions, then (ii) Homebuyer Covenants, then (iii) Homebuyer Purchase Money Loan deed of trust, and (iii) Homebuyer Deed of Trust. The foregoing encumbrance priorities in the foregoing order of recordation shall constitute the “Designated Homebuyer Lien Priorities.” If additional deeds of trust

are recorded, the original(s) shall be delivered to the beneficiary thereunder (with a copy to each of Developer, Initial Homebuyer, and Authority). Authority will execute and deliver to escrow a request for partial release and reconveyance of the Authority Loan Deed of Trust and partial termination of the Authority Regulatory Agreement as to the corresponding Affordable Home in connection with each sale of an Affordable Home accomplished in conformity with this Agreement. Any recording fees or charges associated with the recording of such releases shall be borne by Developer.

(i) Instruct the Title Company to deliver (A) an owner's policy of Title Insurance to the Homebuyer, with a copy to each of Authority and Developer, and (B) a loan policy of title insurance for the Homebuyer Loan to Authority, both as further described in Section 6.7.3 below);

(ii) File any informational reports required by Internal Revenue Code Section 6045(e), as amended, and any other applicable requirements;

(iii) Deliver the FIRPTA Certificate, if any, to Developer (with a copy to Authority);

(iv) Disburse the purchase price as directed by Authority and Developer; and

(v) Forward to each of Developer, Initial Homebuyer, and Authority a separate accounting of all funds received and disbursed for all parties and copies of all executed and recorded or filed documents deposited into the Transfer Escrow, with such recording and filing date and information endorsed thereon.

### **6.7.3 Title Insurance, Disposition to Initial Homebuyers; Home Warranty.**

(a) Concurrently with recordation of the conveyance of an Affordable Home to the corresponding Initial Homebuyer, there shall be issued to Initial Homebuyer a CLTA owner's policy of title insurance ("Homebuyer Title Insurance Policy"), together with such endorsements as are reasonably requested by such purchaser, issued by the Title Company insuring that the title to the corresponding Affordable Home is vested in the Initial Homebuyer in the condition described herein. The Title Company shall provide each of Developer and Authority with a copy of the Homebuyer Title Insurance Policy. The Homebuyer Title Insurance Policy shall be based upon the lesser of (i) the amount of the Homebuyer Price, or (ii) the largest amount for which the Title Company will provide such title insurance. Developer shall pay that portion of the premium for the Owner's Title Policy equal to the cost of a CLTA standard coverage title policy in the amount based upon the Homebuyer Price. Any additional costs, including the cost of an ALTA policy or any endorsements requested by the corresponding Initial Homebuyer, shall be borne by such Initial Homebuyer upon to the sum of Five Hundred Dollars (\$500.00), with any costs in excess of such amount to be borne by Developer.

(b) The Title Company shall additionally provide to Authority an ALTA lender's policy of title insurance for the Homebuyer Deed of Trust ("Homebuyer Loan Policy"), based upon the original face amount of the corresponding Homebuyer Note, as set forth in the Homebuyer Loan Agreement authorized by Authority to be used for the corresponding Initial Homebuyer, as purchaser, in conformity with the Designated Homebuyer Lien Priorities, and subject only to encumbrances, if any, approved in writing by the Executive Director. The Title Company shall provide

to lender of the Purchase Money Loan (lender or purchaser's cost) a lender's policy of title insurance for the Purchase Money Deed of Trust ("Purchase Money Loan Policy"), based upon the corresponding Purchase Money Note.

(c) In addition, Developer shall arrange for provision of a home warranty plan to remain in effect for not less than one (1) year ("Home Warranty Plan") as to each Affordable Home, to be delivered at closing the corresponding Homebuyer. The Home Warranty Plan as to each Affordable Home shall be obtained at Developer's cost.

**6.8 Process to Obtain Approval of Transfer of each Affordable Home after the Original Sale of an Affordable Home.** The process for obtaining Authority approval of the transfer of each Affordable Home during the Affordability Period and following the first transfer of such Affordable Home by the selling Homebuyer is set forth in the Homebuyer Covenants of record against each and all Affordable Homes and the Homebuyer Loan Agreement that will be assumed by the prospective Homebuyer in connection with each resale of the Affordable Home.

**6.8.1 Right of First Refusal.** Prior to any sale or resale of an Affordable Home, whether by Developer or a subsequent owner, such owner (whether Developer or subsequent owner) shall first offer the Affordable Home for sale to the Authority under the following protocol. Developer and subsequent owners shall not have authority to convey title without first complying with this Section 6.8.1, including all subparts hereof, as well as the Homebuyer Covenants. This Section 6.8.1 shall remain in effect from the period commencing as of the date of sale of each Affordable Home to each Initial Homebuyer and continuing until the last day of the 45-year Affordability Period for each Affordable Home.

(a) Notification as to Initial Offer. In the event the Homebuyer, as current owner and potential seller of an Affordable Home, receives an offer for the purchase of their Affordable Home on the terms as proposed (together, the "Designated Price and Terms") by the offeror ("Offeror"), before conveying the corresponding Affordable Home to the Offeror, the current Homebuyer, as owner and seller of the Affordable Home, shall provide written notice to Authority thereof ("Initial Notice") that an offer has been received, including the Designated Price and Terms.

(b) Response to Notification as to Initial Offer. Authority shall have forty-five (45) days from the receipt of the Initial Notice to indicate to the selling Homebuyer that: (i) Authority is prepared to purchase the Affordable Home under the Designated Price and Terms ("Election Notice"), or (ii) Authority does not desire to purchase the Affordable Home ("Decline Notice"). If Authority delivers an Election Notice, it shall cause the Designated Price and Terms to be complied with by the later to occur of sixty (60) days from the date of the Election Notice or the date for performance by buyer under the Designated Price and Terms. In addition, if Authority informs the Homebuyer, as owner of the Affordable Home, that the proposed sale does not conform to the requirements of this Agreement, including without limitation the Homebuyer Covenants, the Affordable Home may not be sold by the Homebuyer, as seller, under the Designated Price and Terms or otherwise to any third party or other private person or entity.

(c) Closing Protocol. The closing shall be accomplished substantially in the manner described in the Designated Price and Terms or as otherwise determined by the Executive Director; provided that it is contemplated that the allocation of closing costs would be accomplished substantially in the manner described in this Agreement with respect to the original sale (as between buyer and seller).



**6.9 Effect of Violation of the Terms and Provisions of this Agreement after Completion of Construction.** The covenants established in this Agreement and the deeds shall, without regard to technical classification and designation, be binding for the benefit and in favor of Authority, its successors and assigns, as to those covenants which are for its benefit. The covenants contained in this Agreement shall remain in effect for the periods of time specified therein. The covenants against discrimination shall remain in effect in perpetuity.

Authority is deemed the beneficiary of the terms and provisions of this Agreement and of the covenants running with the land, for and in its own rights and for the purposes of protecting the interests of the community and other parties, public or private, in whose favor and for whose benefit this Agreement and the covenants running with the land have been provided. The Agreement and the covenants shall run in favor of Authority, without regard to whether Authority has been, remains or is an owner of any land or interest in the Site. Authority shall have the right, if the Agreement or covenants are breached, to exercise all rights and remedies, and to maintain any actions or suits at law or in equity or other proper proceedings to enforce the curing of such breaches to which it or any other beneficiaries of this Agreement and covenants may be entitled.

After issuance of a Certificate of Completion of Construction for all of the Onsite Improvements required by this Agreement to be developed on the corresponding parcel of the Affordable Home, all of the terms, covenants, agreements and conditions set forth in this Agreement relating to the construction and development thereon shall cease and terminate as to such Affordable Home. All of the other applicable terms, covenants, and conditions set forth in this Agreement relating to use, operation, ownership, and maintenance of the Site shall survive and shall remain in full force and effect.

## **7. DEFAULTS AND REMEDIES**

**7.1 Events of Default.** The occurrence of any of the following, whatever the reason therefor, shall constitute an Event of Default by Developer:

(a) Developer fails to make payment under the Authority Loan Note, if any, when due, and such failure is not cured within five (5) days after Developer's receipt of written notice that such payment was not received when due; or

(b) At any time prior to the closing of the seventh (7<sup>th</sup>) and last sale of the Affordable Homes, Developer has provided Authority with written notice that Developer does not intend to proceed with this transaction and desires to terminate this Agreement; or

(c) Developer elects to terminate on the basis that the development of the Onsite Improvements in accordance with this Agreement has become impracticable under the terms and conditions of this Agreement; or

(d) Developer elects to terminate on the basis that the development of the Offsite Improvements in accordance with this Agreement has become impracticable under the terms and conditions of this Agreement; or

(e) In the event of any default of Authority prior to the conveyance of the Site which has not been cured; or

(f) Developer fails to perform any obligation under any Project Document, and such failure is not cured within fourteen (14) days after Developer's receipt of written notice from Authority that such obligation was not performed; provided that, if cure cannot reasonably be effected within such 14-day day period, such failure shall not be an Event of Default so long as Developer (in any event, within ten (10) days after receipt of such notice) commences to cure, and thereafter diligently (in any event within sixty (60) days after receipt of such notice) prosecutes such cure to completion; or

(g) Any representation or warranty in any Project Document proves to have been incorrect in any material respect when made; or

(h) Affirmative construction work on the Onsite Improvements or the Offsite Improvements ceases for thirty (30) consecutive days for any reason (other than governmental orders, decrees or regulations, acts of God, strikes or other causes beyond Developer's control, provided that the same do not, in the aggregate and in the Executive Director's reasonable judgment, threaten to delay the completion of the Onsite Improvements beyond the required completion date set forth in this Agreement); or

(i) Developer is enjoined or otherwise prohibited by any governmental entity from constructing and/or occupying the Onsite Improvements and such injunction or prohibition continues unstayed for thirty (30) days or more for any reason; or

(j) Developer transfers or conveys the Site (or attempts to transfer or convey the Site) in any manner that is not in conformity with this Agreement; or

(k) Developer provides any certification to Executive Director (or City Manager), including without limitation a Developer Sale Certificate that contains any information that is false, misleading, or contains material omission(s) of fact; or

(l) Developer is dissolved, liquidated or terminated, or all or substantially all of the assets of Developer are sold or otherwise transferred without the Executive Director's prior written consent; or

(m) Developer is the subject of an order for relief by a bankruptcy court, or is unable or admits its inability to pay its debts as they mature, or makes an assignment for the benefit of creditors; or Developer applies for or consents to the appointment of any receiver, trustee, custodian, conservator, liquidator, rehabilitate or similar officer for it or any part of its property; or any receiver, trustee, custodian, conservator, liquidator, rehabilitator or similar officer is appointed without the application or consent of Developer and the appointment continues undischarged or unstayed for ninety (90) days; or Developer institutes or consents to any bankruptcy, insolvency, reorganization, arrangement, readjustment of debt, dissolution, custodianship, conservatorship, liquidation, rehabilitation or similar proceeding relating to it or any part of its property; or any similar proceeding is instituted without the consent of Developer and continues undismissed or unstayed for ninety (90) days; or any judgment, writ, warrant of attachment or execution, or similar process is issued or levied against any property of Developer is not released, vacated or fully bonded within ninety (90) days after its issue or levy;

then, at the option of Authority, thirty (30) days after written notice thereof is delivered to Developer, this Agreement shall be terminated, and thereafter neither party shall have any further rights against

the other under this Agreement, excepting that if the Conveyance of the Site has already occurred, Developer shall immediately quitclaim to Authority all right, title and interest of Developer in the Site (including without limitation fee title and any beneficial interests under deeds of trust, promissory notes, and agreements in respect to the Site). The setting forth of events as grounds for termination shall not limit the ability of Authority (and/or City) to seek remedies in the event this Agreement has not been terminated. The termination of this Agreement shall not limit the rights of the Authority (or City) to enforce the Authority Note, Authority Deed of Trust, Authority Regulatory Agreement, or, as and if applicable any Homebuyer Loan Agreement (including instruments executed in connection thereunder).

**7.2 Additional Remedies upon Event of Default by Developer.** Upon the occurrence of any Event of Default, Authority (and/or City) may, at its respective option and in its sole and absolute discretion, do any or all of the following:

(a) By written notice to Developer, declare the principal of all amounts owing under the Project Documents, together with all accrued interest and other amounts owing in connection therewith, to be immediately due and payable, regardless of any other specified due date;

(b) In its own right or by a court-appointed receiver, take possession of the Site, enter into contracts for and otherwise proceed with the completion of the Onsite Improvements on the Site (or portions thereof) by expenditure of its own funds;

(c) Exercise any of its rights under the Project Documents and any rights provided by law, including the right to foreclose on any security and exercise any other rights with respect to any security, all in such order and manner as Authority elects in its sole and absolute discretion; and/or

(d) Seek and obtain an order for specific performance.

**7.2.2 No Abrogation of Authority and City of Moreno Valley's Governmental Powers.** While the Authority Loan Deed of Trust and then the Purchase Money Deed of Trust each may be a senior *monetary* lien against the Site, then the applicable Affordable Home, for the Construction Loan issued by the Primary Construction Lender, and then for each Purchase Money Loan the lender shall agree and the loan documents shall expressly acknowledge and affirmatively state that nothing in such loan documents are intended, nor will it be construed, to in any way limit the exercise by Authority and the City of Moreno Valley of their governmental powers (including police, regulatory and taxing powers and the power granted to governmental agencies under California Health and Safety Code Section 17980, *et seq.*) with respect to Homebuyer, as owner of the subject Affordable Home.

**7.3 Cumulative Remedies; No Waiver.** Authority's respective rights and remedies under the Project Documents are cumulative and in addition to all rights and remedies provided by law from time to time. The exercise by Authority (or City) of any right or remedy shall not constitute a cure or waiver of any default, nor invalidate any notice of default or any act done pursuant to any such notice, nor prejudice Authority (or City) in the exercise of any other right or remedy. No waiver of any default shall be implied from any omission by Authority to take action on account of such default if such default persists or is repeated. No waiver of any default shall affect any default other than the default expressly waived, and any such waiver shall be operative only for the time and to the extent stated. No waiver of any provision of any Project Document shall be construed as a waiver of any subsequent breach of the same provision. Authority's consent to or approval of any act by Developer requiring

further consent or approval shall not be deemed to waive or render unnecessary Authority's consent to or approval of any subsequent act. Authority's acceptance of the late performance of any obligation shall not constitute a waiver by Authority of the right to require prompt performance of all further obligations; Authority's acceptance of any performance following the sending or filing of any notice of default shall not constitute a waiver of Authority's right to proceed with the exercise of its remedies for any unfulfilled obligations; and Authority's acceptance of any partial performance shall not constitute a waiver by Authority of any rights relating to the unfulfilled portion of the applicable obligation.

**7.4 Event of Default by Authority.** The occurrence of any of the following, whatever the reason therefor, shall constitute an Event of Default by Authority:

Authority fails to perform any obligation under any Project Document, and such failure is not cured within fourteen (14) days after Authority's written notice from Developer that such obligation was not performed; provided that, if cure cannot reasonably be effected within such 14-day day period, such failure shall not be an Event of Default so long as Authority (in any event, within ten (10) days after receipt of such notice) commences to cure, and thereafter diligently (in any event within sixty (60) days after receipt of such notice) prosecutes such

**7.4.1 Remedies upon Event of Default by Authority.** Upon the occurrence of any Event of Default, Developer may, at its option do any or all of the following:

- (a) Exercise any of its rights under the Project Documents and any rights provided by law; and/or
- (b) Seek and obtain an order for specific performance.

## **8. MISCELLANEOUS.**

### **8.1 Transfers of Interest in Site or Agreement.**

**8.1.1 Prohibition.** The qualifications and identity of Developer are of particular concern to Authority (and City). It is because of those qualifications and identity that Authority has entered into this Agreement with Developer. Accordingly, for the period commencing upon the Date of Agreement and until the seventh (7<sup>th</sup>) sale of the Affordable Homes, (a) no voluntary or involuntary successor-in-interest of Developer shall acquire any rights or powers under this Agreement, (b) neither Developer nor any successor or assign thereof shall make any total or partial sale, transfer, conveyance, assignment, refinancing or lease of the whole or any part of the Site or the Onsite Improvements thereon (collectively referred to herein as a "Transfer"), without the prior written approval of Authority, except to the extent otherwise expressly set forth in Section 8.1.2 hereof. Authority agrees that it shall not unreasonably withhold approval of any transfer to a Low Income Affordable Homebuyer at an Affordable Housing Cost upon submittal of documentation acceptable to Authority that such transfer satisfies all requirements of this Agreement.

**8.1.2 Permitted Transfers.** Notwithstanding any other provision of this Agreement to the contrary, Authority approval of a Transfer shall not be required in connection with the conveyance or dedication of any portion of the Site to City or the granting of easements or permits to facilitate construction of the Onsite Improvements.

**8.1.3 Successors and Assigns.** All of the terms, covenants and conditions of this Agreement shall be binding upon Developer and its permitted successors and assigns. Whenever the term “Developer” is used in this Agreement, such term shall include any other permitted successors and assigns as herein provided.

**8.1.4 Assignment by Authority.** Authority may assign or transfer any of its interests hereunder to City at any time without the consent of Developer.

**8.2 Enforced Delay; Extension of Times of Performance.** In addition to specific provisions of this Agreement, performance by a party hereunder shall not be deemed to be in default, and all performance and other dates specified in this Agreement shall be extended, where delays or defaults are due to: war; insurrection; riots; floods; earthquakes; fires; casualties; acts of God; acts of the public enemy; epidemics; litigation; unusually severe weather; acts or omissions of the other party; acts or failures to act of a public agency or governmental entity; or any other causes beyond the reasonable control or without the fault of the party claiming an extension of time to perform. Notwithstanding anything to the contrary in this Agreement, an extension of time for any such cause shall be for the period of the enforced delay and shall commence to run from the time of the commencement of the cause, if notice by the party claiming such extension is sent to the other parties within thirty (30) days of the commencement of the cause. Any requests for extension shall be in writing. Times of performance under this Agreement may also be extended in writing by the mutual agreement of Authority and Developer.

Notwithstanding the foregoing portion of this Section 8.2, Developer is not entitled pursuant to this Section 8.2 to an extension of time to perform because of past, present, or future difficulty in obtaining suitable temporary, construction, or permanent financing for the acquisition, development or operation of the Site, in determining qualified purchasers who are Initial Homebuyers, or in accomplishing sale of all seven (7) Affordable Homes by the time established therefor on the Schedule of Performance.

Provided that Developer is exercising diligent efforts toward obtaining financing and further provided that Developer demonstrates to the reasonable satisfaction of the Executive Director that Developer is making progress toward obtaining financing and that Developer is likely to obtain financing commitments for construction and that it is likely that Developer will develop and sell seven (7) Affordable Homes to Low Income Homebuyers at prices to the homebuyers which are consistent with Affordable Housing Cost as provided under this Agreement, the Authority will reasonably consider extensions of up to four (4) months in the aggregate (in addition to such other extensions as may be otherwise allowed under this Agreement) upon receipt of request therefor by Developer, so long as such extension(s) meet HOME Program and HOME Regulations for timely completion of construction.

**8.3 Nonliability of Officials and Employees of City.** No member, official or employee of Authority or City shall be personally liable to Developer, or any successor in interest, in the event of any default or breach by Authority (or City) or for any amount which may become due to Developer or its successors, or on any obligations under the terms of this Agreement.

**8.4 Obligations Unconditional and Independent.** Notwithstanding the existence at any time of any obligation or liability of Authority to Developer, or any other claim by Developer against Authority (or City), in connection with the Site or otherwise, Developer hereby waives any right it might otherwise have (a) to offset any such obligation, liability or claim against Developer's

obligations under this Agreement (including without limitation the attachments hereto), or (b) to claim that the existence of any such outstanding obligation, liability or claim excuses the nonperformance by Developer of any of its obligations under the Project Documents.

**8.5     Notices.** All notices, demands, approvals and other communications provided for in the Project Documents shall be in writing and be delivered to the appropriate party at its address as follows:

If to Developer:	Mary Erickson Community Housing 24681 La Plaza #240 Dana Point, California 92629 Attention: Executive Director
If to Authority:	Moreno Valley Housing Authority 14177 Frederick Street Moreno Valley, CA 92552 Attention: Executive Director
With copy to:	City of Moreno Valley 14177 Frederick Street Moreno Valley, CA 92552 Attention: City Clerk and City Attorney

Addresses for notice may be changed from time to time by written notice to all other parties. All communications shall be effective when actually received; provided, however, that nonreceipt of any communication as the result of a change of address of which the sending party was not notified or as the result of a refusal to accept delivery shall be deemed receipt of such communication.

**8.6     Survival of Representations and Warranties.** All representations and warranties in the Project Documents shall survive the conveyance of the Site and have been or will be relied on by Authority notwithstanding any investigation made by Authority.

**8.7     No Third Parties Benefited.** This Agreement is made for the purpose of setting forth rights and obligations of Developer and Authority; provided however, the City is an intended third party beneficiary, with rights but no obligations hereunder. In this regard, no other person or entity shall have any rights hereunder or by reason hereof, nor are there any other third party beneficiaries of this Agreement.

**8.8     Use of Consultants by Authority.** Authority (and/or City) may engage consultants to assist Authority in connection with matters to be undertaken or reviewed under this Agreement, such as in connection with the calculation of allowable housing costs or Back End Ratios. Developer shall cooperate fully with any such consultants.

**8.9     Binding Effect; Assignment of Obligations.** This Agreement shall bind, and shall inure to the benefit of, Developer and Authority and their respective successors and assigns. Developer shall not assign any of its rights or obligations under any Project Document without the prior written consent of the Executive Director, which consent may be withheld in the Executive Director's sole and absolute discretion. Any such assignment without such consent shall, at Authority's option, be void. In connection with the foregoing consent requirement, Developer acknowledges that Authority relied

upon Developer's particular expertise in entering this Agreement and continues to rely on such expertise to ensure the satisfactory completion of the Onsite Improvements and the qualification of eligible buyers and each Affordable Home in conformity with this Agreement.

**8.10 Counterparts.** Provided that the written approval of the Executive Director is first obtained, any Project Document, other than the Authority Loan Note and the Authority Loan Deed of Trust, may be executed in counterparts, all of which, taken together, shall be deemed to be one and the same document.

**8.11 Superiority of Agreement.** Developer agrees and acknowledges that any agreements between Developer and a purchaser of an Affordable Home, or third parties, shall be subject and subordinate in all cases to this Agreement (including, without limitation, the Attachments hereto) and that in the event of conflict, this Agreement (including, without limitation, the Attachments hereto) shall control.

**8.12 Prior Agreements; Amendments; Consents.** This Agreement (together with the other Project Documents) contains the entire agreement between Authority and Developer with respect to the Site and Improvements to be constructed thereon, and all prior negotiations, understandings and agreements with respect to such matters are superseded by this Agreement and such other Project Documents. No modification of any Project Document (including waivers of rights and conditions) shall be effective unless in writing and signed by the party against whom enforcement of such modification is sought, and then only in the specific instance and for the specific purpose given. This Agreement is executed in three (3) duplicate originals, each of which is deemed to be an original. This Agreement includes pages 1 through 66 and Attachments 1 through 16 (which attachments are incorporated herein by reference), plus the Reimbursement Agreement referenced herein relating to the Offsite Improvements, constitute the entire understanding and agreement of the parties.

This Agreement integrates all of the terms and conditions mentioned herein or incidental hereto, and supersedes all negotiations or previous agreements between the parties or their predecessors in interest with respect to all or any part of the subject matter hereof.

All waivers of the provisions of this Agreement must be in writing by the appropriate authorities of the Authority and Developer, and all amendments hereto must be in writing by the appropriate authorities of the Authority and Developer; provided that after conveyance of the Site to Developer, only the consent of Authority shall be required.

Where action is to be taken by Authority under this Agreement, such action may be taken by the Executive Director unless otherwise expressly provided hereunder or required by law or by context. Where action stated to be taken by City under this Agreement, such action may be taken by the City Manager unless otherwise expressly provided hereunder or required by law or by context.

**8.13 Governing Law.** All of the Project Documents shall be governed by, and construed and enforced in accordance with, the laws of the State of California. Developer irrevocably and unconditionally submits to the jurisdiction of the Superior Court of the State of California for the County of Riverside or the United States District Court of the Central District of California, as Authority may deem appropriate, in connection with any legal action or proceeding arising out of or relating to this Agreement or the other Project Documents. Assuming proper service of process, Developer also waives any objection regarding personal or *in rem* jurisdiction or venue.

**8.14 Severability of Provisions.** No provision of any Project Document that is held to be unenforceable or invalid shall affect the remaining provisions, and to this end all provisions of the Project Documents are hereby declared to be severable.

**8.15 Headings.** Article and section headings are included in the Project Documents for convenience of reference only and shall not be used in construing the Project Documents.

**8.16 Conflicts.** In the event of any conflict between the provisions of this Agreement and those of any other Project Document, this Agreement shall prevail; provided however that, with respect to any matter addressed in both such documents, the fact that one document provides for greater, lesser or different rights or obligations than the other shall not be deemed a conflict unless the applicable provisions are inconsistent and could not be simultaneously enforced or performed.

**8.17 Time of the Essence.** Time is of the essence of all of the Project Documents.

**8.18 Conflict of Interest.** No member, official or employee of Authority (or City) shall have any direct or indirect financial interest in this Agreement, nor participate in any decision relating to the Agreement which is prohibited by law.

**8.19 Warranty against Payment of Consideration.** Developer warrants that it has not paid or given, and will not pay or give, any third person any money or other consideration for obtaining this Agreement.

**8.20 Real Estate Commissions.** Authority and Developer represent to the other party that it has not engaged the services of any finder or broker and that it is not liable for any real estate commissions, broker's fees, or finder's fees which may accrue by means of the acquisition of all or part of the Site, and agrees to hold harmless the other party from such commissions or fees as are alleged to be due from the party making such representations.

**IN WITNESS WHEREOF,** the parties hereto have caused this Agreement to be executed on the dates hereinafter respectively set forth.



**DEVELOPER:**

**MARY ERICKSON COMMUNITY HOUSING,**  
a California nonprofit corporation

By: \_\_\_\_\_  
Susan McDevitt  
Its: Executive Director

[Signatures continue on next page]

DRAFT

[Signatures continue from prior page]

**AUTHORITY:**

**MORENO VALLEY HOUSING AUTHORITY,**  
a public body, corporate and politic

By: \_\_\_\_\_  
Ulises Cabrera, Mayor  
or Authorized Designee

**ATTEST:**

\_\_\_\_\_  
M. Patricia Rodriguez, Authority Secretary  
or Authorized Designee

**APPROVED AS TO FORM:**

**STRADLING YOCCA CARLSON & RAUTH LLP**

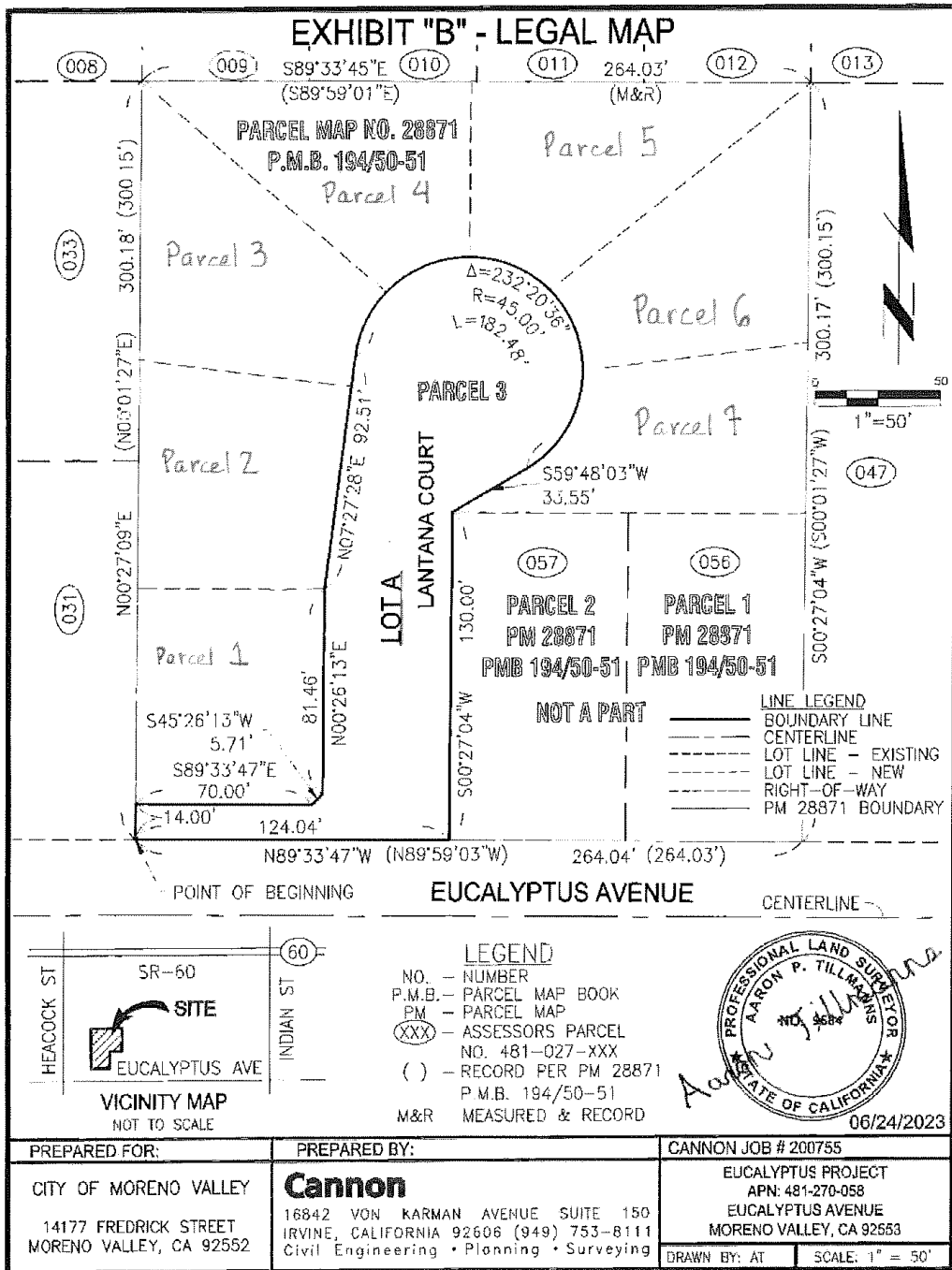
\_\_\_\_\_  
Celeste Stahl Brady, Special Counsel

**ATTACHMENT NO. 1**

**SITE MAP**

[See attached page]

DRAFT



## ATTACHMENT NO. 2

### 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.

**LOT A:**

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 ON A LINE PARALLEL WITH AND 14.00 FEET NORTHERLY OF THE SOUTH LINE OF SAID PARCEL 3; THENCE

ALONG SAID PARALLEL LINE SOUTH 89°33'47" EAST 70.00 FEET; THENCE

NORTH 45°26'13" EAST 5.71 FEET; THENCE

NORTH 00°26'13" EAST 81.46 FEET; THENCE

NORTH 07°27'28" EAST 92.51 FEET TO THE BEGINNING OF A CURVE CONCAVE SOUTHWESTERLY AND HAVING A RADIUS OF 45.00 FEET; THENCE

NORTHEASTERLY, EASTERLY AND SOUTHEASTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 232°20'36" AN ARC DISTANCE OF 182.48 FEET; THENCE

SOUTH 59°48'03" WEST 33.55 FEET TO THE NORTHWEST CORNER OF PARCEL 2 OF SAID PARCEL MAP; THENCE

SOUTH 00°27'04" WEST 130.00 FEET ALONG THE WEST LINE OF SAID PARCEL 2 TO THE SOUTHWEST CORNER OF SAID PARCEL 2; THENCE

NORTH 89°33'47" WEST 124.04 FEET ALONG THE SOUTH LINE OF SAID PARCEL 3 TO THE POINT OF BEGINNING.

CONTAINING 15,032 SQUARE FEET, MORE OR LESS.

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



## ATTACHMENT NO. 3

### SCHEDULE OF PERFORMANCE

For the purposes of this Schedule of Performance, the “Date of Agreement” is June 17, 2025. The Executive Director may extend by not more than [ninety (90) days] the time under this Schedule of Performance by which any obligation of Developer shall be performed.

1. Developer Opens Escrow for the Authority Conveyance. Developer shall cause the opening of Escrow for the Authority Conveyance and concurrent Closing of Financing of Developer construction loan for the Project. Within five (5) [\_\_\_\_\_] (\_\_) days after the Date of Agreement
2. Satisfaction of Authority Conveyance Conditions Precedent. Developer shall satisfy the Authority Conveyance Conditions Precedent. Not later than [\_\_\_\_\_] (\_\_) days after the Date of Agreement.
3. Closing. The Site is conveyed to the Developer, and the Authority Note is executed and delivered to the Authority, and the Homebuyer Covenants and the Authority Deed of Trust are recorded and delivered to the Authority. Within thirty (30) days after the satisfaction of the Authority Conveyance Conditions Precedent and not later than the [\_\_\_\_\_] day after the Date of Agreement.
4. Commencement of Construction. The Director shall commence construction of the Onsite Improvements and Offsite Improvements in one phase (seven (7) Affordable Homes and related Improvements. Within [\_\_\_\_\_] (\_\_) days after the Date of Agreement.
5. Completion of Construction. Developer shall complete construction of the Improvements. Within one hundred [\_\_\_\_\_] (\_\_) days after the earlier of (i) the commencement of construction or (ii) the time established in this Schedule of Performance for the commencement of construction of the Onsite Improvements and Offsite Improvements.
6. Review of Eligibility of Homebuyers. The Executive Director reviews eligibility. Within [\_\_\_\_\_] (\_\_) days after receipt of a complete package sufficient for Authority to review prospective buyers’ qualifications to acquire an Affordable Home at an Affordable Housing Cost. Authority determinations of eligibility are valid for six (6) months from the date made by Authority.

7. Conveyances to Initial Homebuyers. The conveyances to the Initial Homebuyers are accomplished in conformity with this Agreement.

Within [\_\_\_\_\_] ( )] days after the Date of Agreement.

DRAFT

ATTACHMENT NO. 4

AUTHORITY LOAN NOTE

PROMISSORY NOTE SECURED BY DEED OF TRUST

[\$3,446,961.00] Moreno Valley, California \_\_\_\_\_, 202\_

FOR VALUE RECEIVED, **MARY ERICKSON COMMUNITY HOUSING**, a California nonprofit public benefit corporation (“Developer” or “Maker”), promises to pay to the **MORENO VALLEY HOUSING AUTHORITY**, a public body corporate and politic (“Authority” or “Holder”), at its offices at 14177 Frederick Street, Moreno Valley, California 92552, or at such other place as City may from time to time designate in writing, (a) the principal sum of Three Million Four Hundred Forty-Six Thousand Nine Hundred Sixty-One Dollars (\$3,446,961) that includes \$1,686,961 HOME Funds, up to \$850,000 Measure A funds, up to \$550,000 LMIHAF, and \$360,000 in kind professional services; and (b) all costs and expenses payable hereunder.

R E C I T A L S

**A.** This Promissory Note Secured (“Note”) is made pursuant to that certain *HOME Investment Partnership and Affordable Housing Agreement* by and between the Developer and the Authority dated as of June 17, 2025 (“Agreement”).

**B.** Capitalized terms not described herein shall have the meanings ascribed to them in the Agreement.

NOW, THEREFORE, Developer agrees as follows:

**1. Agreement.** The principal sums hereunder have been and are being loaned by Authority to Developer in accordance with and pursuant to the Agreement, which is a public record on file in the office of the Authority Secretary/City Clerk. The terms of the Agreement are incorporated herein and made a part hereof to the same extent and with the same force and effect as if fully set forth herein. A default under any of the provisions of the Agreement shall be a default hereunder, and a default hereunder shall be a default under the Agreement. This Note shall be a nonrecourse note. Maker and Holder agree and acknowledge that in the event Developer fully performs under the Agreement, the result would be that payment will not be required under this Note, the overriding purpose of this Note being to provide assurance for the performance by the Developer under the Agreement. This Note shall be nonrecourse.

**2. Interest.** Interest shall accrue on the unpaid principal amount of this Note at the rate of one percent (1%) simple interest per annum, subject to the Alternate Rate described in Section 9. herein, in lawful money of the United States of America.

**3. Payment.** The entire balance due under this Note shall be paid to the Authority, or otherwise satisfied as provided below, upon the uncured Event of Default of Developer under the Agreement, Authority Regulatory Agreement, this Note, or the Authority Deed of Trust. Concurrent with the conveyance of each Affordable Home to each Initial Homebuyer in conformity with the Agreement and the corresponding Homebuyer Loan Agreement, the Authority shall release the

Developer from that certain prorata portion (one-seventh (1/7<sup>th</sup>)) of the Developer's liability under this Note and the Authority Deed of Trust and the amount of the this Note shall be deemed to be reduced by one-seventh (1/7<sup>th</sup>) for each Affordable Home sold to an Initial Homebuyer in conformity with the Agreement until no balance remains under the Authority Note. The release of Developer as to one Affordable Home shall not effect a release as to any other Affordable Homes or any other portion of the Site; each release shall be handled on a per-Affordable Home basis.

4. **Form of Payments.** All amounts due hereunder are payable in immediately available funds and lawful monies of the United States of America.

5. **Application of Payments.** All payments shall be applied first to costs and fees owing hereunder, second to the payment of accrued interest and third to the payment of principal.

6. **Prepayment.** At any time, Developer may prepay in whole or in part the outstanding principal balance under this Note, together with all accrued and unpaid fees, costs and expenses payable hereunder, without penalty.

7. **Security.** This Note is secured by the Authority Deed of Trust, which is both monetary and performance security of Developer's obligations under the Agreement. The terms of the Authority Deed of Trust are incorporated herein and made a part hereof to the same extent and with the same force and effect as if fully set forth herein. To the extent any unpaid balance hereunder is so secured by the Authority Deed of Trust, a default under any of the provisions of the Authority Deed of Trust shall be a default hereunder, and a default hereunder shall be a default under the Authority Deed of Trust.

8. **Acceleration and Other Remedies.** Upon: (a) the occurrence of an Event of Default or (b) Developer selling, contracting to sell, giving an option to purchase, conveying, leasing, encumbering, or alienating the Site, or any interest in the Site, or suffering its title, or any interest in the Site to be divested, whether voluntarily or involuntarily, other than sales to the Initial Homebuyers of the Affordable Homes in conformity with the Agreement, without the prior written consent of the Authority, Authority may, at Authority's option, declare the outstanding principal amount of this Note, together with the then accrued and unpaid interest thereon and other charges hereunder, and all other sums secured by the Authority Deed of Trust, to be due and payable immediately, and upon such declaration, such principal and interest and other sums shall immediately become and be due and payable without demand or notice, all as further set forth in the Authority Deed of Trust. All costs of collection, including, but not limited to, reasonable attorneys' fees and all expenses incurred in connection with protection of, or realization on, the security for this Note, may be added to the principal hereunder, and shall accrue interest as provided herein. Authority shall at all times have the right to proceed against any portion of the security for this Note in such order and in such manner as such Authority may consider appropriate, without waiving any rights with respect to any of the security. Any delay or omission on the part of the Authority in exercising any right hereunder, under the Agreement or under the Authority Deed of Trust shall not operate as a waiver of such right, or of any other right. No single or partial exercise of any right or remedy hereunder or under the Agreement or any other document or agreement shall preclude other or further exercises thereof, or the exercise of any other right or remedy. The acceptance of payment of any sum payable hereunder, or part thereof, after the due date of such payment shall not be a waiver of City's right to either require prompt payment when due of all other sums payable hereunder or to declare an Event of Default for failure to make prompt or complete payment.

9. **Alternate Rate.** Upon the occurrence of any Event of Default, or upon the maturity hereof (by acceleration or otherwise), the entire unpaid principal sum, at the option of Authority, shall bear interest, from the date of occurrence of such Event of Default or maturity and after judgment and until collection, at the “Alternate Rate”, such rate being the highest interest rate then permitted by law by a city within the State of California. Interest calculated at the Alternate Rate, when and if applicable, shall be due and payable immediately without notice or demand. Developer agrees that in the event of any Event of Default, Authority will incur additional expense in servicing the loan evidenced by this Note and will suffer damage and loss resulting from such Event of Default. Developer agrees that in such event Authority shall be entitled to damages for the detriment caused thereby, which damages are extremely difficult and impractical to ascertain. Therefore, Developer agrees that the Alternate Rate (as applied to the unpaid principal balance, accrued interest, fees, costs and expenses incurred) is a reasonable estimate of such damages to Authority, and Developer agrees to pay such sum on demand.

10. **Waivers.** Developer and all endorsers, guarantors and sureties hereof jointly and severally waive presentment, protest, notice of protest, notice of dishonor, diligence in collection, and the benefit of any exemption under any homestead exemption laws, if applicable.

11. **Consents.** Developer and all endorsers, guarantors and sureties consent to: (a) any renewal, extension or modification (whether one or more) of the terms of the Agreement or the terms or time of payment under this Note, (b) the release or surrender or exchange or substitution of all or any part of the security, whether real or personal, or direct or indirect, for the payment hereof, (c) the granting of any other indulgences to Developer, and (d) the taking or releasing of other or additional parties primarily or contingently liable hereunder. Any such renewal, extension, modification, release, surrender, exchange or substitution may be made without notice to Developer or to any endorser, guarantor or surety hereof, and without affecting the liability of said parties hereunder.

12. **Successors and Assigns.** Whenever “Authority” is referred to in this Note, such reference shall be deemed to include the Moreno Valley Housing Authority and its successors and assigns, including, without limitation, any subsequent assignee or holder of this Note. All covenants, provisions and agreements by or on behalf of Developer, and on behalf of any makers, endorsers, guarantors and sureties hereof which are contained herein shall inure to the benefit of the Authority and Authority’s successors and assigns.

13. **Usury.** It is the intention of Developer and Authority to conform strictly to the Interest Law, as defined below, applicable to this loan transaction. Accordingly, it is agreed that notwithstanding any provision to the contrary in this Note, or in any of the documents securing payment hereof or otherwise relating hereto, the aggregate of all interest and any other charges or consideration constituting interest under the applicable Interest Law that is taken, reserved, contracted for, charged or received under this Note, or under any of the other aforesaid agreements or otherwise in connection with this loan transaction, shall under no circumstances exceed the maximum amount of interest allowed by the Interest Law applicable to this loan transaction. If any excess of interest in such respect is provided for in this Note, or in any of the documents securing payment hereof or otherwise relating hereto, then, in such event:

(a) the provisions of this paragraph shall govern and control;

(b) neither Developer nor Developer's heirs, legal representatives, successors or assigns shall be obligated to pay the amount of such interest to the extent that it is in excess of the maximum amount of interest allowed by the Interest Law applicable to this loan transaction;

(c) any excess shall be deemed canceled automatically and, if theretofore paid, shall be credited on this Note by Authority or, if this Note shall have been paid in full, refunded to Developer; and

(d) the effective rate of interest shall be automatically subject to reduction to the Maximum Legal Rate of Interest (as defined below), allowed under such Interest Law, as now or hereafter construed by courts of appropriate jurisdiction. To the extent permitted by the Interest Law applicable to this loan transaction, all sums paid or agreed to be paid to Authority for the use, forbearance or detention of the indebtedness evidenced hereby shall be amortized, prorated, allocated and spread throughout the full term of this Note. For purposes of this Note, "Interest Law" shall mean any present or future law of the State of California, the United States of America, or any other jurisdiction which has application to the interest and other charges under this Note. The "Maximum Legal Rate of Interest" shall mean the maximum rate of interest that Authority may from time to time charge Developer, and under which Developer would have no claim or defense of usury under the Interest Law.

**14. Costs of Enforcement.** Developer agrees to pay upon demand all reasonable costs and expenses, including attorneys' fees and disbursements (including appeals), incurred by the Authority (inclusive of the City) to implement and/or enforce the terms and conditions of this Note. In addition to the foregoing award of attorneys' fees, Authority shall be entitled to its attorneys' fees and costs incurred in any post-judgment proceedings to enforce any judgment in connection with this Note. This provision is separate and several and shall survive the merger of this provision into any judgment.

**15. Miscellaneous.** Time is of the essence hereof. If this Note is now, or hereafter shall be, signed by more than one party or person, it shall be the joint and several obligation of such parties or persons (including, without limitation, all makers, endorsers, guarantors and sureties), and shall be binding upon such parties and upon their respective successors and assigns. This Note shall be governed by and construed under the laws of the State of California. Developer irrevocably and unconditionally submits to the jurisdiction of the Superior Court of the State of California for the County of Riverside or the United States District Court of the Central District of California, as Authority hereof may deem appropriate, in connection with any legal action or proceeding arising out of or relating to this Note. Developer also waives any objection regarding personal or in rem jurisdiction or venue.

(signatures on following page)

**“DEVELOPER”**

**MARY ERICKSON COMMUNITY HOUSING,**  
a California nonprofit public benefit corporation

By: \_\_\_\_\_  
Susan McDevitt, Executive Director

DRAFT

ATTACHMENT NO. 5

AUTHORITY LOAN DEED OF TRUST

Recording Requested By and  
When Recorded Mail To:

Moreno Valley Housing Authority  
14177 Frederick Street  
Moreno Valley, California 92552  
Attn: Executive Director

APN: 481-270-065 thru -071 and Lot A

SPACE ABOVE THIS LINE FOR RECORDER'S USE  
(This document is exempt from the payment of a recording fee  
pursuant to Government Code Section 27383.)

AUTHORITY LOAN DEED OF TRUST WITH ASSIGNMENT OF RENTS  
(SHORT FORM)

This **AUTHORITY LOAN DEED OF TRUST WITH ASSIGNMENT OF RENTS** ("Deed of Trust") is made as of [\_\_\_\_\_, 2025] between **MARY ERICKSON COMMUNITY HOUSING**, a California nonprofit public benefit corporation ("Trustor"), whose address is 24681 La Plaza, #240, Dana Point, California 92629, [\_\_\_\_\_] **TITLE COMPANY OF CALIFORNIA** ("Trustee"), and the **MORENO VALLEY HOUSING AUTHORITY**, a public body corporate and politic ("Beneficiary").

**A.** This Deed of Trust is made pursuant to that certain *HOME Investment Partnership and Affordable Housing Agreement* by and between the Developer and the Authority dated as of June 17, 2025 ("Agreement").

**B.** This Deed of Trust secures such Agreement and that certain *Authority Loan Note, Promissory Note Secured by Deed of Trust* dated of even date with this Deed of Trust.

**C.** All capitalized terms not defined herein shall have the meanings established therefore under the Agreement unless the context requires otherwise. The Property is defined in the Agreement as the "Site". Copies of the *Agreement*, *Authority Loan Note*, and *Authority Regulatory Agreement* are on file with the Beneficiary as public records.

**WITNESSETH:** That Trustor grants to Trustee in trust, with power of sale, that certain real property in the City of Moreno Valley, County of Riverside, State of California, ("Property") described as:

**SEE EXHIBIT A ATTACHED HERETO AND MADE A PART HEREOF**

together with the rents, issues and profits thereof, subject, however, to the right, power and authority hereinafter given to and conferred upon Beneficiary to collect and apply such rents, issues and profits for the purpose of securing: (1) payment under the Authority Loan Note, made by Trustor in favor of



Beneficiary in the principal sum of Three Million Three Hundred Ninety-Six Nine Hundred Sixty-One U.S. Dollars (\$3,446,961), and extensions or renewals thereof with the balance of the indebtedness, due and payable on occurrence of an event of acceleration as defined in the Note, and (2) performance of the terms, conditions and performance obligations of under the Agreement by Trustor, which are incorporated by reference or contained herein or therein, *Agreement*; (3) payment of additional sums and interest thereon which may hereafter be loaned to Trustor, or his successors or assigns, when evidenced by a promissory note or notes reciting that they are secured by this Deed of Trust, (4) performance under the Agreement and the Authority Regulatory Agreement recorded of even date herewith, and (5) performance under Exhibit B that is attached hereto and incorporated herein by reference.

To protect the security of this Deed of Trust, and with respect to the real property above described, Trustor expressly makes each and all of the agreements, and adopts and agrees to perform and be bound by each and all of the terms and provisions set forth above as well as set forth in subdivision A, and it is mutually agreed that each and all of the terms and provisions set forth in subdivision B of the fictitious deed of trust recorded in Riverside County on August 18, 1964, commencing at Book 3778, Page 347 of Official Records of the County Recorder for the County of Riverside shall inure to and bind the parties hereto, with respect to the property above described. Said agreements, terms and provisions contained in said subdivisions A and B thereof (identical in all counties, and printed on pages 3 and 4 hereof) are by the within reference thereto, incorporated herein and made a part of this Deed of Trust for all purposes as fully as set forth at length herein, and Beneficiary may charge for a statement regarding the obligation secured hereby, provided the charge therefor does not exceed the maximum allowed by law.

The undersigned Trustor, requests that a copy of any notice of default and any notice of sale hereunder be mailed to him at his address hereinbefore set forth.

**IN WITNESS WHEREOF**, Trustor has duly executed this Deed of Trust as of the date first above written.

**“Trustor”**

**MARY ERICKSON COMMUNITY HOUSING,**  
a California nonprofit public benefit corporation

By: \_\_\_\_\_  
Susan McDevitt, Executive Director

## **EXHIBIT A**

### **LEGAL DESCRIPTION**

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.

**LOT A:**

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 ON

A LINE PARALLEL WITH AND 14.00 FEET NORTHERLY OF THE SOUTH LINE OF SAID PARCEL 3; THENCE

ALONG SAID PARALLEL LINE SOUTH 89°33'47" EAST 70.00 FEET; THENCE

NORTH 45°26'13" EAST 5.71 FEET; THENCE

NORTH 00°26'13" EAST 81.46 FEET; THENCE

NORTH 07°27'28" EAST 92.51 FEET TO THE BEGINNING OF A CURVE CONCAVE SOUTHWESTERLY AND HAVING A RADIUS OF 45.00 FEET; THENCE

NORTHEASTERLY, EASTERLY AND SOUTHEASTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 232°20'36" AN ARC DISTANCE OF 182.48 FEET; THENCE

SOUTH 59°48'03" WEST 33.55 FEET TO THE NORTHWEST CORNER OF PARCEL 2 OF SAID PARCEL MAP; THENCE

SOUTH 00°27'04" WEST 130.00 FEET ALONG THE WEST LINE OF SAID PARCEL 2 TO THE SOUTHWEST CORNER OF SAID PARCEL 2; THENCE

NORTH 89°33'47" WEST 124.04 FEET ALONG THE SOUTH LINE OF SAID PARCEL 3 TO THE POINT OF BEGINNING.

CONTAINING 15,032 SQUARE FEET, MORE OR LESS.

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

## EXHIBIT B

### RIDER TO DEED OF TRUST

Exhibit B to *Authority Loan Deed of Trust with Assignment of Rents* dated as of [\_\_\_\_\_, 2025] (“Deed of Trust”), executed by **MARY ERICKSON COMMUNITY HOUSING**, a California nonprofit public benefit corporation, as “Trustor”, to [\_\_\_\_\_] Title Company, a California corporation, as “Trustee”, for the benefit of the **MORENO VALLEY HOUSING AUTHORITY**, a public body corporate and politic, as “Beneficiary”.

1. DEFAULT. A default or breach under any of the following shall, at Beneficiary’s option, constitute a default under this Deed of Trust:

- (a) A breach of the Agreement; or
- (b) A breach of the Authority Regulatory Agreement; or
- (c) A default under any other deed of trust encumbering the Property.

2. DUE ON SALE OR ENCUMBRANCE. In the event of any Transfer (as defined below) of the Property, or any portion thereof or interest therein, Beneficiary shall have the absolute right at its option, without prior demand or notice, to declare all sums secured hereby immediately due and payable. As used herein, the term “Transfer” means and includes the direct or indirect sale, transfer, conveyance, mortgage, further encumbrance, assignment, or other alienation of the Property, or any portion thereof or interest therein, whether voluntary, involuntary, by operation of law or otherwise, the execution of any installment land sale contract, sales agreement or similar instrument affecting all or a portion of the Property, granting of an option to purchase any portion of or interest in the Property or any interest therein, or the lease of all or substantially all of the Property or of all or substantially all of the improvements situated on the Property.

## CERTIFICATE OF ACCEPTANCE

This is to certify that the fee interest in real property conveyed under the foregoing *Authority Loan Deed of Trust with Assignment of Rents* including *Rider* by MARY ERICKSON COMMUNITY HOUSING, a California nonprofit public benefit corporation, to the MORENO VALLEY HOUSING AUTHORITY, a public body corporate and politic (“Authority” or “Beneficiary”) as to the following property: The land referred to herein is situated in the State of California, County of Riverside, described as follows:

Real property in the City of Moreno Valley, County of Riverside, State of California, as described in the foregoing *Authority Loan Deed of Trust with Rider* is hereby accepted by the Executive Director on behalf of the Authority pursuant to authority conferred by action of the Authority board by its Resolution No. 25-HA-XX, and the Beneficiary consents to recordation thereof by its duly authorized officer.

### MORENO VALLEY HOUSING AUTHORITY

Dated: \_\_\_\_\_, 2025

By: \_\_\_\_\_  
Brian Mohan, Executive Director

### ATTEST:

\_\_\_\_\_  
M. Patricia Rodriguez, Authority Secretary

## ATTACHMENT NO. 6

### FORM OF AUTHORITY HOMEBUYER LOAN AGREEMENT [subject to update in connection with initial sales of Affordable Homes]

This **AUTHORITY HOMEBUYER LOAN AGREEMENT** (“Agreement” or “Homebuyer Loan Agreement”) is made this [\_\_\_\_\_] day of [\_\_\_\_], 202\_\_ (“Effective Date”) by and between [full legal name(s) of Homebuyer], [*insert vesting, e.g., husband and wife as joint tenants*] (together, “Homebuyer”) and the **MORENO VALLEY HOUSING AUTHORITY**, a public body corporate and politic (“Authority”). Each of the Authority and Homebuyer is a “Party” and together, the “Parties”.

#### RECITALS

**A.** Authority is a California housing authority acting under the California Housing Authorities Law, Part 2 of Division 24, Section 34200, *et seq.*, of the Health and Safety Code (“HAL”). Further, Authority serves as the housing successor to the former Community Redevelopment Agency of the City of Moreno Valley (“Former Agency”) and administers the housing assets and funds of the Low and Moderate Housing Asset Fund (“LMIHAF”) pursuant to Health and Safety Code (“HSC”) Sections 34176 and 34176.1. Authority is also a participating housing authority in cooperation with and funding recipient of HUD and State HCD programs.

**B.** Homebuyer is a Low Income household (as defined in Section 4) and currently earns not more than eighty percent (80%) of the Annual Median Income (“AMI”) for Riverside County, as defined by California Health and Safety Code (“HSC”) Section 50052.5 and the California Code of Regulations (“CCR”).

**C.** Authority desires to assist persons of Low Income to purchase and reside in single-family residential property as part of its efforts to increase, improve, and preserve Low Income housing available at an Affordable Housing Cost within the corporate limits of the City of Moreno Valley (“City”).

**D.** On June 17, 2025 the Authority approved that certain *HOME Investment Partnership and Affordable Housing Agreement* (“Affordable Housing Agreement” or “AHA”) with Mary Erickson Community Housing, a California nonprofit corporation (as “Developer” therein, and may be referred to herein as “Seller” or “MECH”).

**E.** Certain capitalized terms used in this Agreement are as defined in the AHA unless otherwise defined herein.

**F.** Pursuant to the AHA, Seller purchased certain real property (“Site”) from the Authority and, as Developer, was required to design, construct and complete a new residential development comprised of seven (7) detached manufactured single-family homes thereon that together are referred to as the “Affordable Homes” in the AHA.

**G.** Under the AHA, Developer is required to sell the seven (7) Affordable Homes to qualified Low Income Homebuyers that are subject to the Homebuyer Covenants for the 45-year Affordability Period.



**H.** Developer caused to be prepared a parcel map that was approved by the City Council of the City of Moreno Valley (“City Council”), by which the Site is subdivided into seven (7) legal parcels, with one Affordable Home constructed by Seller on each of the seven lots that comprise the Site.

**I.** Prior to the Effective Date, Homebuyer submitted an application to Seller and qualified as a Low Income Household and Initial Homebuyer of the subject Affordable Home at an Affordable Housing Cost. Homebuyer represents and warrants such application was truthful, complete, and contains no material omission or misstatement of facts.

**J.** Based on that application and the supporting, verifiable documents submitted by Homebuyer to Seller and as reviewed by Authority, Homebuyer (i) has qualified as a Low Income Household; (ii) has completed a Homebuyer Training Program; (iii) intends to and shall own and occupy the subject Affordable Home as their primary personal residence as an owner-occupant; (iv) acquires the subject Affordable Home at an Affordable Housing Cost with a compliant Back End Ratio related to the actual household income of Homebuyer; (v) enters into this Agreement and related instruments to establish the terms, conditions, affordability restrictions, resale, use, ownership, maintenance covenants that touch and concern the Property and that shall remain in full force and effect for both (A) the 15-year HOME Compliance Period, and (B) continuing through the expiration of the 45-year Affordability Period, for Homebuyer and each successor-in-interest.

**K.** Homebuyer and Seller have entered into that certain *Purchase and Sale Agreement* dated as of [\_\_\_\_\_, 202\_] for Homebuyer to acquire from Seller one of the seven (1 of 7) Affordable Homes. The Affordable Home that is the subject of this Agreement is located at the common address of [\_\_\_\_\_, Moreno Valley, California, as Assessor Parcel Number [APN] [\_\_\_\_\_, and is legally described in the Legal Description, Exhibit A, attached hereto and fully incorporated by this reference (“Affordable Home” or “Property”).

**L.** Homebuyer requires financial assistance to purchase the Affordable Home and would not be able to complete their acquisition without such assistance from both the Authority and the lender issuing to Homebuyer a Purchase Money Loan.

**M.** Seller and Homebuyer have entered into an agreement in the form of Exhibit G hereto (“MECH Homebuyer Purchase and Sale Agreement”) under which Seller will sell the Property to the Homebuyer. Seller has delivered to the Authority prior to the Effective Date, the MECH Homebuyer Purchase and Sale Agreement, fully executed by both parties thereto.

**N.** Authority wishes to lend, and Homebuyer wishes to borrow, funds to assist Homebuyer to purchase the Property upon the terms and conditions set forth herein.

**O.** During the 45-year Affordability Period, the Affordable Home shall only be transferred to a buyer that qualifies as Low Income Homebuyer and acquires the Affordable Home at an Affordable Housing Cost (“Eligible Persons and Families”), which transferee(s) shall assume in writing this Agreement and each and all of the instruments that evidence and secure the Homebuyer Loan and Homebuyer Covenants, substantially in the form of this Agreement inclusive of the attachments hereto, and for each resale and transfer during the Affordability Period as acceptable to and approved by the Authority.

NOW, THEREFORE, for good and valuable consideration the parties agree as follows:

**Defined Terms.** As used in this Homebuyer Loan Agreement and the Homebuyer Covenants the following capitalized terms shall have the following meanings; if not otherwise defined herein, capitalized terms used in the AHA shall apply.

**“Affordable Contract Price”** shall mean a contract purchase price an Affordable Home, which shall be an amount that, based on the financing used to purchase the Affordable Home, results in a Monthly Housing Cost that does not exceed Affordable Housing Cost for Low Income Households as defined in HSC §50052.5 and implementing Cal Code Regs Section 6910, *et seq.* in particular Sections 6920 and 6924. The Affordable Contract Price equates to the sum of: (i) a reasonable down payment of not less than two percent (2%) and not more than twenty percent (20%) sourced from the Homebuyer’s own funds, plus (ii) the principal amount of any subordinate “soft” loans or grants obtained for the purchase of the Affordable Home that do not require periodic payments of principal or interest, including the Homebuyer Loan, plus (iii) the principal amount of the Purchase Money Loan with monthly payments, based on a 30-year amortized, level-payment, fixed-rate mortgage at a reasonable interest rate, that when combined with the other components of Monthly Housing Cost, do not exceed Affordable Housing Cost for Low Income Homebuyers. The Affordable Contract Price shall not exceed the then applicable annual HUD 95% Median Sales Price Limit.

**“Affordable Home”** means each of the seven (7) single-family detached, manufactured houses constructed by MECH upon the Site pursuant to the AHA. The Homebuyer hereunder is acquiring one of the seven Affordable Homes.

**“Affordable Housing Cost”** shall mean for the Affordable Homes a Housing Cost that is calculated and in conformance with HSC Section 50052.5, 25 Cal Code Regs § 6910, *et seq.*, including without limitation Sections 6914, 6920, 6924, 6926, and 6928 for Low Income Households, except that the maximum cost amount shall be thirty percent (30%) of the Low Income Household’s actual gross annual income that results in a Monthly Housing Cost for an applicable Affordable Unit. Affordable Housing Cost for a Low Income Homebuyer shall not exceed the product of thirty percent (30%) times seventy percent (70%) of Area Median Income adjusted for household size appropriate for the applicable Affordable Home. If the Low Income Household has an income greater than seventy percent (70%) of Area Median Income, “Affordable Housing Cost” means a Monthly Housing Cost that does not exceed the greater of (A) thirty percent (30%) times seventy percent (70%) of Area Median Income adjusted for family size appropriate to the applicable Affordable Home, or (B) thirty percent (30%) times the Homebuyer’s actual monthly gross income.

The phrase “adjusted for family size appropriate to the unit” is defined in HSC § 50052.5 and assumes a household size based on the number of bedrooms in the unit, which equals the number of bedrooms plus one for each Affordable Home. Thus, for the three-bedroom Affordable Homes the assumed household size for purposes of an Affordable Housing Cost that number is four (4) persons, and for four-bedroom Affordable Homes that number is five (5) persons.

**“Affordable Price”** shall mean as to each Affordable Home, an amount that, based on the financing used to purchase the Affordable Home, results in an annual Monthly Housing Cost that does not exceed Affordable Housing Cost; such Monthly Housing Cost also complies with HOME Regulations and HSC Section 50052.5 for a Low Income Homebuyer. The Affordable Price

equates to the sum of (i) plus (ii) plus (iii) as described above in the definition of Affordable Contract Price.

**“Affordability Period”** means a period of forty-five (45) years as more particularly set forth in the Homebuyer Loan Agreement and Homebuyer Covenants. The HOME Compliance Period shall run concurrent with the first fifteen (15) years of the 45-year period, which complies with the HOME Program requirements.

**“Area Median Income”** and **“AMI”** shall mean the area median household income set forth for each county in California (and for this Agreement for Riverside County), which are based on median income limits promulgated annually by State HCD pursuant to HSC Section 50052.5.

**“Authority”** means the Moreno Valley Housing Authority, a public body, corporate and politic, as further described in the Recitals.

**“Back End Ratio”** means the ratio of (i) monthly payments as required on all obligations of a property owner or prospective property owner, including without limitation all housing debt, consumer debt, and any other debt, to (ii) the gross income of the property owner or prospective property owner. Where there is an obligation as to which monthly payments are not expressed as a liquidated amount (but excepting therefrom the Homebuyer Loan), payments are to be imputed based upon the full satisfaction of such obligations over five (5) years (assuming substantially level payments) or less or such other amortization period as may be approved on a case-by-case basis by the Authority.

**“Cal Code”** or **“CCR”** shall mean the California Code of Regulations, which is the official compilation and publication of the regulations adopted, amended or repealed by state agencies pursuant to the Administrative Procedure Act, and which properly adopted regulations that have been filed with the California Secretary of State have the force of law. (See: <https://oal.ca.gov/publications/ccr/>.)

**“City”** means the City of Moreno Valley, a California municipal corporation and general law city. The City is not a party to this Agreement and shall have no obligations hereunder; provided, however, City is an intended third party beneficiary of the covenants and restrictions, as well as the enforcement rights (without any obligation), set forth in this Agreement.

**“City Codes”** means the Municipal Code and the Uniform Codes.

**“City Manager”** means the city manager of City or his/her designee. The City Manager also serves as the Executive Director of the Authority.

**“County”** means the County of Riverside, California.

**“Default”** or **“Event of Default”** shall mean the failure of a party to perform any action or comply with any covenant required by this Agreement, including the attachments hereto, within the time periods provided herein following notice and opportunity to cure, as set forth herein or therein.

**“Developer”** or **“MECH”** means Mary Erickson Community Housing, a California nonprofit corporation.

**“Down Payment”** shall mean the cash payment of not less than two percent (2%) and not more than twenty percent (20%) sourced from either or both (i) the Homebuyer’s own funds or assets or (ii) a one-time gift or gifts that do not exceed cumulatively \$19,000 [as of 2025], which funds shall be expended by each Homebuyer as the down payment towards the purchase price of an Affordable Home.

**“Executive Director”** or **“Director”** means the Executive Director of the Moreno Valley Housing Authority or his/her authorized designee. The Executive Director also serves as the City Manager of the City.

**“HAL”** shall mean the California Housing Authorities Law, HSC Section 34200, *et seq.*

**“Homebuyer”** and **“Low Income Homebuyer”** means a household that has qualified as (i) a Low Income Household and acquires and owns an Affordable Home; (ii) has satisfactorily completed a Homebuyer Training Program and such completion is certified by each of Developer and by a HUD-certified homebuyer education counselor, which must be evidenced by the delivery of a Homebuyer Training Certificate; (iii) is acquiring an Affordable Home as their primary personal residence as an owner-occupant at a price that does not exceed Affordable Housing Cost and with a compliant Back End Ratio related to the household’s actual income; and (iv) has executed all those instruments to be executed by each original Homebuyer as required by this Agreement, including without limitation the Homebuyer Loan Agreement and the exhibits thereto.

**“Homebuyer Covenants”** means the series of instruments set forth and described in, and/or attached to, the Homebuyer Loan Agreement that set forth the conditions, covenants and restrictions affecting ownership, use, occupancy, maintenance, and each and every resale of the Affordable Home substantially in the form thereof. The Homebuyer Covenants are and shall remain the senior, nonsubordinate encumbrances against each Affordable Home.

**“Homebuyer Deed of Trust”** means a deed of trust substantially in the form of Exhibit C to the Homebuyer Loan Agreement to be executed by each Initial Homebuyer and recorded as a second monetary lien against the corresponding Affordable Home. The Homebuyer Deed of Trust is assignable and assumable by each successor, Qualified Homebuyer during the Affordability Period.

**“Homebuyer Escrow Holder”** means [ ] Escrow or another escrow holder designated by the Authority.

**“Homebuyer Loan”** means a loan to each Initial Homebuyer as more fully described in the Homebuyer Loan Agreement. Each Homebuyer Loan is assignable and assumable upon resale to the next Qualified Homebuyer, subject to the Homebuyer Covenants.

**“Homebuyer Loan Agreement”** means this Agreement, inclusive of attachments hereto.

**“Homebuyer Note”** means a promissory note substantially in the form of Exhibit B to this Homebuyer Loan Agreement to be executed by the Initial Homebuyer and delivered to the Authority in connection with each sale of an Affordable Home. Homebuyer Note is assignable and assumable by each successor, Qualified Homebuyer during the Affordability Period.

**“Homebuyer Price”** means that amount determined by Authority upon receipt of request therefor by Developer to represent the purchase price for an Affordable Home to be paid by the corresponding purchaser as Homebuyer. Upon conferring with Developer, the Homebuyer Price shall not, in any case, exceed Affordable Housing Cost for a Low Income Affordable Homebuyer as determined by Authority. During the HOME Compliance Period the Homebuyer Price shall not exceed the then applicable annual HUD 95% Median Sales Price Limit.

**“Homebuyer Training Certificate”** means a certificate affirming the completion by the Homebuyer of a Homebuyer Training Program. The Homebuyer Training Certificate must be valid at the time the prospective purchaser is determined to an “Eligible” Homebuyer.

**“Homebuyer Training Program”** means classroom-based, homebuyer education program conducted by a HUD-certified homebuyer education counselor consisting of not less than eight (8) hours of classroom instruction.

**“HOME Compliance Period”** for the Affordable Home means the period of time commencing upon the date of the initial sale of each Affordable Home and ending on the fifteenth (15<sup>th</sup>) anniversary of the such applicable sale so that each home is subject to a 15-year period as required by the HOME Program requirements. While this period will expire upon each applicable 15<sup>th</sup> anniversary as to each Affordable Home, nonetheless the Affordability Period continues until the applicable 45<sup>th</sup> anniversary of the sale of each Affordable Home.

**“HOME Recapture”** shall mean during the HOME Compliance Period an Event of Default by the Homebuyer of an Affordable Home, which is also a designated HOME Unit, and for which the Authority shall seek remedies to recapture and cause repayment of the Homebuyer Loan.

Pursuant to the HOME Regulations, in particular Section 92 CFR 254(a)(5)(ii), the recapture provisions hereunder ensure that the Authority (and thereby City as the participating jurisdiction) recoups all or a portion of the HOME assistance to the Homebuyer, if the Affordable Home does not continue to be the principal residence of the Homebuyer for the duration of the period of affordability. The Authority has structured its recapture provisions based on its program design and market conditions. Recapture provisions may permit the subsequent Homebuyer to assume the Homebuyer Loan (subject to the HOME requirements for the remainder of the period of affordability) if the subsequent Homebuyer qualifies as a Low Income Household and *no* additional HOME Program assistance is provided.

**“HOME Resale”** shall mean during the HOME Compliance Period the “resale” option defined and described in the HOME Regulations and applicable to the Low Income Homebuyers during the HOME Compliance Period. In this regard, the HOME Resale option ensures that the price of the Affordable Home at original sale and upon each resale remains affordable to Low Income Homebuyers for the duration of the HOME Compliance Period; and as and if additional HOME funds were to be invested in an Affordable Home at resale, the affordability period begins anew pursuant to the HOME Regulation. This Resale Option is a separate and distinct obligation relating to sale of an Affordable Home by a Low Income Homebuyer during the HOME Compliance Period and does not modify, amend or lessen the extended affordability covenants set forth in the Homebuyer Loan Agreement and the 45-year covenant period set forth therein.

Pursuant to the HOME Regulations, in particular Section 92 CFR 254(a)(5)(i), the resale requirements hereunder ensure, if the Affordable Home does not continue to be the principal residence of the Homebuyer for the duration of the period of affordability that the Affordable Home is made available for subsequent purchase only to a Low Income Homebuyer and who shall own and occupy the Affordable Home as his/her/their principal residence. Further, the resale requirements hereunder ensure that the Affordable Price at resale provides the original HOME-assisted Homebuyer a fair return on investment (including the homeowner's investment and capital improvements, if any) and ensure that the Affordable Home shall remain affordable to Low Income buyers at resale. The City has defined "fair return on investment" and "affordability to a reasonable range of low-income homebuyers," and specifically addresses how the housing will be made affordable to a Low Income Homebuyer in the event that the resale price necessary to provide fair return is not affordable to the subsequent Homebuyer.

The primary objective of the Homebuyer Covenants to implement and comply with the HOME Program is satisfaction of the HOME Resale requirements that will result in ongoing compliance from the initial sale, all resales during the HOME Compliance Period, and continuing through the 45-year Affordability Period.

**"HOME Units"** shall mean each of the seven (7) Affordable Homes sold to Low Income Homebuyers, which shall be monitored for compliance both (i) during the 15-year HOME Compliance Period, and (ii) continuing for the 45-year Affordability Period, all subject to applicable HOME Regulations and Federal Program Limitations, the HAL, CRL, and Dissolution Law, whichever law or regulation is most restrictive. The HOME Units shall be restricted by income qualification of the Homebuyer at their initial purchase of the Affordable Home at an Affordable Housing Cost. Provided however, because the income and housing cost covenants required by the HAL, CRL, and Housing Successor Law are more restrictive than required by the HOME Program and thereby comply with the HOME Regulations. The HOME Units will be fixed HOME Units, such that all of the Affordable Homes are designated as HOME Units, which designation shall not change during the HOME Compliance Period. The designation of the HOME Units shall terminate at the end of the HOME Compliance Period. After the HOME Compliance Period and during each of the remaining years of the Affordability Period, the former HOME Units shall continue to be restricted as set forth herein.

**"HOME Regulations"** means the implementing regulations of the HOME Program set forth at 24 CFR §92.1, *et seq.* as such regulations now exist and as they may hereafter be amended, to the extent applicable to the Project. Developer covenants hereunder to comply with the HAL, Dissolution Law, and all applicable HOME Regulations in the performance of this Agreement, whichever are more restrictive. In implementation of these requirements, this Agreement, the Project, and all eligible contributions and expenditures hereunder shall conform to the following: (i) the price of any Affordable Home shall not exceed the Maximum Allowable Price; and (ii) this Agreement, including without limitation the attachments hereto, serves as the written agreement that imposes and enumerates (by meeting or exceeding) all of the affordability requirements from 24 CFR §92.254; the property standards requirements of 24 CFR §92.251; and income determinations made in accordance with 24 CFR §92.203.

**"HOME Rules"** means each of: (i) the HOME Regulations and the implementing regulations of the HOME Program set forth at 24 CFR §92.1, *et seq.* as such regulations now exist (as amended by the 2013 HOME Final Rule) and as they may hereafter be amended, to the extent

applicable to the Project; (ii) the Davis-Bacon Act (40 U.S.C. 3141, *et seq.*) to the extent applicable as a matter of law; (iv) the National Environmental Policy Act of 1969 (NEPA) and related federal environmental authorities and regulations at 24 C.F.R. Part 58; (v) the Flood Disaster Protection Act of 1973 (P.L. 93-2234) for compliance in regard to the sale, lease, or other transfer of land acquired, cleared or improved under the terms of this Agreement; (vi) the price of any Affordable Home shall not exceed the Maximum Allowable Price; (vii) the Clean Air Act, as amended (42 U.S.C. 1857, *et seq.*); (viii) the Water Pollution Control Act, as amended, 33 U.S.C. 1251, *et seq.*, as amended 1318 relating to the inspection, monitoring, entry, reports, and information, as well as other requirements specified in said Section 114 and Section 308, and all regulations and guidelines issued thereunder; (ix) the Environmental Protection Agency Regulations pursuant to 40 C.F.R., Part 50, as amended; (x) Labor Standards (29 CFR Parts 3.5 and 5a) pertaining to contracts and applicable requirements of the regulations of the Division of Labor; (xi) the Drug Free Workplace Act of 1988; (xii) Public Law 101-144, Section 519 (the 1990 HUD Appropriation Act); (xiii) the National Historic Preservation Act of 1966, as amended (16 U.S.C. 470); (xiv) federal regulations requiring that minority and women's businesses be afforded opportunities to participate in the performance of this Agreement; (xv) as to conflicts of interest: (a) Developer agrees to abide by the provisions of 24 CFR 84.42 and 570.611, which include (but are not limited to) the following: (1) Developer shall maintain a written code or standards of conduct that shall govern the performance of its officers, employees or agents engaged in the award and administration of contracts supported by Federal funds; (2) no employee, officer or agent of Developer shall participate in the selection, or in the award, or administration of, a contract supported by Federal funds if a conflict of interest, real or apparent, would be involved; (3) no covered persons who exercise or have exercised any functions or responsibilities with respect to HOME-assisted activities, or who are in a position to participate in a decision-making process or gain inside information with regard to such activities, may obtain a financial interest in any contract, or have a financial interest in any contract, subcontract, or agreement with respect to the HOME-assisted activity, or with respect to the proceeds from the HOME-assisted activity, either for themselves or those with whom they have business or immediate family ties, during their tenure or for a period of one (1) year thereafter. For purposes of this paragraph, a "covered person" includes any person who is an employee, agent, consultant, officer, or elected or appointed official of City, Authority, Developer, or any designated public agency; (xvi) Developer shall comply with federal regulations concerning lobbying; (xvii) 42 U.S.C. Section 5309 (nondiscrimination); and (xviii) to the extent applicable, including a Section 3 Clause in each construction contract.

**"Housing Trust Fund Contribution"** means and applies in connection with the closing of each and all escrows in connection with each resale and subsequent resale of the Property by the existing and selling Homebuyer, which Homebuyer shall pay in an amount equal to three percent (3%) of AMI appropriate for the presumed family size as an administrative and monitoring contribution. The Housing Trust Fund Contribution shall be payment by Homebuyer to Authority for the ongoing administration of the Affordable Home during each selling Homebuyer's term of ownership and shall be a part of the Note Amount under the Homebuyer Note and due and payable by selling Homebuyer at the time of each resale to a successor Homebuyer.

An example of calculation of a Housing Trust Fund Contribution is as follows and using 2025 AMI figures from the California Department of Housing and Community Development for a three-bedroom unit with presumed household size of four persons that is a Low Income Household, using 3% AMI, equals the following: 80% AMI (\$89,500 for corresponding Low Income Household for Riverside County using 2025 AMI figures from the California Department of Housing and Community Development for a one bedroom household) x 3% = \$2,685.

**“HUD”** means the United States Department of Housing and Urban Development.

**“Initial Homebuyer”** means the initial purchaser of each Affordable Home from Developer.

**“LMIHAF”** shall mean that certain low and moderate income housing asset fund established and administered by the Authority, as housing successor, pursuant to HSC Sections 34176, 34176.1 and applicable provisions of HSC Section 33000, *et seq.*

**“Low Income”** or **“Lower Income”** means a household with annual gross income at or below eighty percent (80%) of the Area Median Income as designated by the Department of Housing and Community Development’s list of state low income limits adopted pursuant to Section 50093. A Low Income household’s income shall not exceed eighty percent (80%) of Area Median Income, adjusted for actual household size, as computed in accordance with HSC Section 50079 and the regulations promulgated in the Cal Code or incorporated therein, including, without limitation, all regulations promulgated pursuant to HSC Section 50093, or any successor statute. The upper income limit for Low Income households shall be the income limits for such households published annually for Riverside County by State HCD with adjustments for household size.

**“Low Income Homebuyer”** means a household earning not greater than eighty percent (80%) of AMI as set forth in Health and Safety Code Section 50079.5.

**“Maximum Allowable Price”** means the maximum amount allowed to be charged for a newly constructed house based upon ninety-five percent (95%) of the median price for the area based upon Federal Housing Administration (FHA) single-family mortgage program data for newly constructed housing as established by HUD from time to time. Developer acknowledges that it may not be feasible to realize the Maximum Allowable Price for one or more of the Affordable Homes. As of May 31, 2025 the HUD HOME Program 95% Median Sales Price for Riverside County is \$509,000.

**“MECH Homebuyer Purchase and Sale Agreement”** means an agreement between MECH as seller and Homebuyer as buyer, in a form approved by the Executive Director.

**“Municipal Code”** means the municipal code of City as amended from time to time.

**“Official Records”**, unless the context otherwise requires, means the official land records of the County Recorder of the County of Riverside, State of California.

**“Purchase Money Deed of Trust”** means a deed of trust securing repayment of a Purchase Money Loan; each Purchase Money Deed of Trust may be senior to the Homebuyer Deed of Trust recorded as to that property, but in all events the Purchase Money Deed of Trust shall be and remain junior and subordinate to the Homebuyer Covenants during the 45-year Affordability Period.

**“Purchase Money Loan”** means a loan by an institutional lender to each Homebuyer upon the Homebuyer’s original acquisition of an Affordable Home. Each Purchase Money Loan shall be a fully amortized loan, with a 30-year term, fixed interest rate, and monthly payments that comply with Affordable Housing Cost. The lender’s commitment to issue, the original principal amount of, and



terms and conditions of each Purchase Money Loan are subject to review and approval by the Executive Director. In all events the Purchase Money Loan and terms and conditions thereof shall be and remain junior and subordinate to the Homebuyer Covenants during each applicable Homebuyer's ownership of the Affordable Home during the 45-year Affordability Period.

**“Purchase Money Note”** means a promissory note to secure the Purchase Money Loan.

**“Qualified Homebuyer”** means a household that is mutually reviewed and approved by each of Developer and Authority for purchase the Initial Homebuyer purchase of an Affordable Home and by Authority for each and all resales that occur during the Affordability Period, applying criteria including: (i) the household is a Low Income Affordable Homebuyer as confirmed by the Executive Director upon receipt of evidence from Developer and a prospective homebuyer; (ii) the household has executed and deposited into escrow for delivery to Authority upon closing of the Homebuyer Loan Agreement, Homebuyer Note, Homebuyer Deed of Trust (with that deed of trust to be recorded as provided in the Homebuyer Loan Agreement), the Purchase Money Deed of Trust, and the Purchase Money Note; (iii) the household has not held an ownership interest in a residence for at least three (3) years preceding the purchase of the corresponding Affordable Home; (iv) the purchase price to the homebuyer, as confirmed by City, does not exceed Affording Housing Cost; (v) Developer for the Initial Homebuyer purchase and Authority for each and all resales that occur during the Affordability Period has/have determined homebuyer income eligibility in accordance 24 CFR Part 5 and has documented to the Authority (and upon request therefor, HUD) the income of all persons acquiring an Affordable Home from Developer under this Agreement. Source documentation evidencing annual income shall include, but is not limited to verification of employment, wage statements, bank statements, unemployment compensation and other documents to confirm annual household income in accordance with the income guidelines established by HUD for the qualifying year. At the time of initial purchase and occupancy of the Affordable Home the size of the buyer's household shall meet the following: (i) for the 3-bedroom homes, three persons, and (iii) for the 4-bedroom homes, four persons, and the maximum occupancy during ownership shall not exceed two persons per bedroom plus one, i.e., seven (7) persons for a three bedroom home, and nine (9) persons for a four-bedroom home.

**“Qualified Homebuyer Documents”** means, the Homebuyer Loan Agreement, Homebuyer Covenants, Homebuyer Note, Homebuyer Deed of Trust, Purchase Money Deed of Trust, Purchase Money Note, .

**“Rules and Regulations”** means each of: (i) Health and Safety Code Sections 50052.5; (ii) all applicable California statutes and the Municipal Code, and (iii) during the HOME Compliance Period,

**“Uniform Codes”** means each of the following as in effect from time to time as approved by City: the Uniform Building Code, the Uniform Housing Code, the National Electrical Code, the Uniform Plumbing Code, the Uniform Mechanical Code, and the Uniform Code for the Abatement of Dangerous Buildings.

**Section 1. Authority Homebuyer Loan.** In connection with Homebuyer's purchase of the Affordable Home from Seller in conformity with the AHA, Authority shall be deemed to have loaned to Homebuyer the amount of [\_\_\_\_\_] Dollars as the original principal amount of the Homebuyer Note, which loan is referred to herein as the “Homebuyer Loan” and hereby issued by

the Authority to Homebuyer. The Homebuyer Note amount has been established pursuant to the requirements of the AHA and is certain amount of the full Authority Loan issued by Authority to Seller under the AHA. Thereby, no money will be disbursed by Authority to Homebuyer at Closing in connection with the Authority Homebuyer Loan. The closing of the Authority Homebuyer Loan shall be concurrent with the conveyance of the Affordable Home to the Homebuyer by Developer under the MECH Homebuyer Purchase and Sale Agreement. After the recording of the grant deed from Seller conveying title to the Property to the Homebuyer ("Seller Deed", which shall be substantially in the form of Exhibit K hereto), the Homebuyer shall make payments to Developer as required under the Authority Homebuyer Loan.

Prior to the conveyance of the Property to Homebuyer by Seller, Homebuyer shall execute and deliver to the Authority a promissory note in favor of the Authority, as holder, in the form of the "Homebuyer Note" attached hereto as Exhibit B and incorporated herein. Homebuyer shall also execute and deliver to the Authority a deed of trust, duly recorded, encumbering the Property which shall secure the Homebuyer Note ("Homebuyer Deed of Trust"), in the form of Exhibit C attached hereto and incorporated herein. The terms and conditions of the Authority Homebuyer Note are set forth in subsections (a), (b) and (c) of this Section 1.

**1.1 Purchase Money Loan.** Concurrently with the execution and delivery of the Authority Homebuyer Note, Homebuyer shall obtain a Purchase Money Loan that shall be a fully amortized, fixed rate, 30-year loan with monthly payments that do not exceed Affordable Housing Cost under HSC 50052.5.

**1.2 Homebuyer Covenants.** In addition, Homebuyer shall execute and deliver to the Authority, duly recorded, the "Homebuyer Covenants" in favor of the Authority (and City as an intended third party beneficiary) in the form of Exhibit D to this Agreement), duly recorded as, and shall remain, the senior, nonsubordinate encumbrance against the Affordable Home for the Affordability Period. By this Agreement and under the Homebuyer Covenants, Homebuyer agrees that the Affordable Home is subject to and Homebuyer agrees to comply with the provisions of each of (i) the Authority Grant Deed (as recorded as Instrument No. [202 - \_\_\_\_\_] among the Official Records), and (ii) Homebuyer Covenants among the Official Records of the County Recorder of the County of Riverside, which Homebuyer Covenants are and shall remain senior and nonsubordinate for the Affordability Period. Homebuyer agrees and acknowledges that Homebuyer has been provided with and has reviewed a copy of each of the Seller Grant Deed, Homebuyer Covenants, Authority Documents, and each and every document referenced therein.

**1.3 Authority Homebuyer Note.** As more particularly provided in the Authority Homebuyer Note, the essential terms and conditions of the Authority Homebuyer Note are as follows:

(a) **Authority Homebuyer Note Provisions.** The Authority Homebuyer Note shall be for the original principal amount of [\$ \_\_\_\_\_] Dollars, which is a part of the original Authority Loan Note issued by the Authority to Developer (Seller) ("Homebuyer Note Amount"). Payment and performance thereof shall be secured by the Authority Homebuyer Deed of Trust. The Authority Homebuyer Note shall contain the following provisions:

(i) **Interest Rate.** The Authority Homebuyer Note Amount shall accrue no (0%) interest unless and until, if at all, an Event of Default and acceleration occurs as described in

the Authority Homebuyer Note, at which time the Default Interest Rate shall be applied to the full Authority Homebuyer Note Amount.

(A) Default Interest Rate; Alternate Rate. In the Event of Default and acceleration of the Authority Homebuyer Note all outstanding amounts shall accrue interest at a default interest rate of ten percent (10%) per annum (based on a 360-day calendar Year and charged on the basis of the actual number of days elapsed) payable in lawful money of the United States of America. In this regard and upon the occurrence of an Event of Default and by acceleration or otherwise, the entire unpaid principal sum, at the option of Authority, shall bear interest, from the date of occurrence of such Event of Default or maturity and after judgment and until collection, at the "Alternate Rate" (or "Default Interest Rate"), such rate being the highest interest rate then permitted by California law. Interest calculated at the Alternate Rate, when and if applicable, shall be due and payable immediately without notice or demand. Homebuyer agrees that in the event of any Event of Default, the Authority will incur additional expense in servicing the loan evidenced by the Authority Homebuyer Note and will suffer damage and loss resulting from such Event of Default. Developer agrees that in such event Authority shall be entitled to damages for the detriment caused thereby, which damages are extremely difficult and impractical to ascertain. Therefore, Homebuyer agrees that the Alternate Rate (as applied to the unpaid principal balance, accrued interest, fees, costs and expenses incurred) is a reasonable estimate of such damages to the Authority and agrees such sum is due in the Event of Default and on demand.

(ii) Time of Payment. There are no regular, scheduled payments required; provided however, full payment and accrued interest at the Default Interest Rate shall be due upon occurrence of an Event of Default as more particularly set forth in the Authority Homebuyer Note.

(iii) Housing Trust Fund Contribution. Upon the closing of each resale escrow and in connection with each subsequent resale of the Affordable Home the existing Homebuyer shall pay the Housing Trust Fund Contribution, which is due and payable by selling Homebuyer at the time of each resale to a successor Homebuyer.

(iv) Acceleration. The whole of the Authority Homebuyer Note Amount and all other payments due hereunder shall become due and immediately payable to Authority by Homebuyer upon the occurrence of any one of the following events of acceleration:

(A) Homebuyer sells or transfers the Affordable Home (or any part thereof or interest therein) by any means, including, without limitation, the lease, exchange or other disposition thereof or any interest therein, whether voluntary or involuntary, *excepting* the following transfers described in (1) to (3) as follows:

(1) a sale of the Property to a qualified Low Income Household at an Affordable Housing Cost with Authority's prior written approval accomplished in strict conformity with this Agreement and Authority (acting in its sole discretion) expressly consents to the assumption of the Authority Homebuyer Loan, or

(2) the transfer of the Property solely as a result of the marriage, divorce, incompetency or death of one or more individuals constituting vested Homebuyer, so long as the transferee(s) give written notice supported by reasonable, verifiable evidence of such

event to Authority within thirty (30) days of its occurrence and the transferee(s) assume Homebuyer's obligations under this Agreement, by execution of an assignment and assumption agreement to be provided by Authority, or

(3) a sale or transfer which under federal law would not, by itself, permit Authority to exercise a due on sale or due on encumbrance clause;

(B) Homebuyer is in violation of this Agreement, Homebuyer Covenants, or the Authority Homebuyer Note; or

(C) Homebuyer fails to occupy the Affordable Home as Homebuyer's principal residence or is in default of any other obligation under this Agreement or the Homebuyer Covenants.

At the request of Homebuyer, and for a specific occasion and based on extreme hardship, Authority may, in its sole and absolute discretion, in writing waive the requirements of this subsection and defer repayment and/or extend the term of the Homebuyer Note Amount. Any waiver or deferment shall be on a case-by-case basis, based on verifiable facts of hardship, and no future rights for waiver or deferment shall arise or be implied (the terms "hardship" and "extreme hardship" are further described in the Homebuyer Covenants.)

(v) Equity Sharing. In the event that the Authority Homebuyer Loan becomes due and payable prior to the forty-fifth (45th) anniversary of the date of this Agreement, in addition to that Homebuyer Loan Note original principal amount, accrued interest, if any, Homebuyer shall be obligated to pay to Authority concurrently with such sale, transfer or refinancing, an amount equal to the "Equity Share Amount", if any based on the priority of payment and formula described below. The Equity Share Amount shall be determined and paid in the following order of priority of payment:

First, the balance of the Authority Homebuyer Note Amount shall be paid to the Authority.

Second, the amount necessary to pay the Purchase Money Loan and Purchase Money Note balance.

Third, all normal and reasonable closing costs and prorations typical in Riverside County shall be paid to the parties entitled thereto.

Fourth, either the cost of the qualified capital improvements made to the Affordable Home by Homebuyer or the fair market value of such improvements (as determined at the time of such sale to a third party and considering depreciation), whichever is less, shall be paid to Homebuyer.

Fifth, the balance of the sales proceeds shall be multiplied by a fraction, the numerator of which is three hundred sixty (360) minus the number of full months between the date of this Agreement and the date the Property is sold or otherwise conveyed, and the denominator of which is three hundred sixty (360). The resulting amount shall be paid to Authority. If cash sale proceeds are insufficient to pay all such sums, Homebuyer shall nevertheless pay all such sums in

cash from other funds obtained by Homebuyer, unless other arrangements for payment are made with the written consent of Authority.

Sixth, the balance of sales proceeds after the payment required above shall be paid to Homebuyer.

(A) Equity Share upon Sale or Transfer. While the Homebuyer Covenants prohibit resale(s) to person(s) who do not meet the definition of Qualified Homebuyer, nonetheless if any such non-authorized transfer were to occur, Homebuyer, as seller, shall be obligated to pay the Homebuyer Note Amount plus the Equity Share Amount to Authority upon sale or transfer of the Affordable Home to a person or persons ("Buyer") whose income exceeds qualification as a Low Income Household for Riverside County. If the Buyer does not submit an income verification statement to Authority, the Buyer shall be deemed to exceed such median income limit.

(B) Equity Share upon Refinancing or Failure to Occupy. The Equity Share Amount shall be payable to Authority upon a refinancing, failure to occupy the Property or material breach of any other provision of this Agreement which causes the Authority Homebuyer Loan to become due and payable. The Sales Price for purposes of determining the Equity Share Amount shall be determined by an appraisal of the Property. Authority shall appoint a certified, independent appraiser to conduct an appraisal of the Property, at Authority's expense, and shall promptly deliver a copy of such appraisal to Homebuyer. If Homebuyer fails to object to such appraisal in a written notice to Authority within fifteen (15) days of the delivery of the appraisal, such appraised value shall be deemed the sales price of the Property. If Homebuyer objects to such appraisal, Homebuyer shall within fifteen (15) days of sending its written notice of objection appoint a certified, independent appraiser to conduct an independent appraisal of the Property, at Homebuyer's expense, and shall promptly deliver a copy of such appraisal to Authority. If the Homebuyer fails to appoint such appraiser within the required time period, the Authority's appraisal shall be deemed the sales price of the Property. If the higher of the two appraisals is not greater than ten percent (10%) higher than the lower appraisal, the average of the two appraisals shall be deemed the sales price of the Property. If the higher of the two appraisals is greater than ten percent (10%) higher than the lower appraisal, the two appraisers shall jointly select a third appraiser who shall conduct an independent appraisal of the Property, with the expense of such appraisal borne equally by Authority and Homebuyer, and such third appraiser's appraisal shall be deemed the sales price of the Property.

(C) Expiration of Equity Share Obligation; Maturity Date of Homebuyer Note. In the event the Homebuyer does not sell or transfer the Property, remains the owner-occupant of the Property, and/or is not in material breach of any other provision of this Agreement before the forty-fifth (45<sup>th</sup>) anniversary of the date of recording the Homebuyer Covenants, the Homebuyer shall have no obligation to pay the Equity Share Amount to Authority upon any later sale, transfer or refinancing. Further, upon the 45<sup>th</sup> anniversary of the date of the Homebuyer Note, the Homebuyer Note shall be deemed forgiven and marked cancelled.

(vi) Security. Payment under the Homebuyer Note, shall be secured by the Homebuyer Deed of Trust including the Rider thereto encumbering the Affordable Home as the second monetary lien, junior only to the Purchase Money Deed of Trust, but in all events the Homebuyer Covenants shall be and remain the senior, nonsubordinate encumbrance against the

Property. The Authority Homebuyer Deed of Trust shall be executed by Homebuyer, as trustor, in favor of Authority, as beneficiary.

(vii) Monetary Lien Priority. Subject to and in all events the Homebuyer Covenants shall be and remain the senior, nonsubordinate encumbrance against the Property, however the monetary lien priority shall be as follows: (A) first monetary lien is the Purchase Money Deed of Trust, (B) second monetary lien is the Homebuyer Note, and (C) third and following shall be other deed(s) of trust for subordinate loan(s) authorized by Authority, such as downpayment assistance loan(s).

(viii) Prepayment. Homebuyer may prepay amounts under the Authority Homebuyer Note; provided however, the restrictions of the Homebuyer Covenants, Authority Homebuyer Deed of Trust, shall continue in full force and effect, notwithstanding any such prepayment or other payments without regard to amount.

(ix) Assumption under Authority Homebuyer Note. The Authority Homebuyer Note may be assumed only by a Low Income Qualified Homebuyer as purchaser of the Affordable Home who has obtained the prior written approval of the Authority.

(x) Homebuyer Waivers. As to the Authority Homebuyer Note, Homebuyer waives any rights to require Authority to: (A) demand payment of amounts due (known as “presentment”), (B) give notice that amounts due have not been paid (known as “notice of dishonor”) and (C) obtain an official certification of nonpayment (known as “protest”).

**1.4** Repayment under the Authority Homebuyer Note. If there is an Event of Default and acceleration pursuant to Section 1. above, all amounts payable under the Authority Homebuyer Note shall, without regard to the schedule for payments, be calculated and Homebuyer shall pay all amounts due under the Authority Homebuyer Note.

(a) Authority Homebuyer Note Amount Due In Full. The whole of the Authority Homebuyer Note Amount, plus the Equity Sharing amount, shall be due in full when an event of acceleration occurs. After paying all costs and fees relating to the transaction, if any (such as escrow fees, transfer taxes, recording fees, brokerage commissions and similar costs), the proceeds of any such transaction (or, in the case of any event of acceleration other than a sale, an amount representing the appraised value of the Property as determined by an appraiser retained for such purpose by the Authority) shall be distributed or applied in the following order of priority:

(i) Payment of the Purchase Money Note evidencing the Purchase Money Loan;

(ii) Repayment to Authority of the principal amount due under the Authority Homebuyer Note;

(iii) Payment to Authority of any other amounts due under the Authority Homebuyer Note; and

(iv) Payment to Authority of any other amounts due under the Homebuyer Loan Agreement.

**1.5 Right of First Refusal.** The Affordable Home shall be held subject to a right of first refusal in favor of the Authority as set forth with more particularity in the AHA at Section 6.1.6.1 thereof (“Right of First Refusal”); the Affordable Home may not be sold without first complying with the Right of First Refusal. The provisions of Section 6.8.1 and its subparts are as follows:

“6.8.1 **Right of First Refusal.** Prior to any sale or resale of an Affordable Home, whether by Developer or a subsequent owner, such owner (whether Developer or subsequent owner) shall first offer the Affordable Home for sale to the Authority under the following protocol. Developer and subsequent owners shall not have authority to convey title without first complying with this Section 6.8.1, including all subparts hereof, as well as the Homebuyer Covenants. This Section 6.8.1 shall remain in effect from the period commencing as of the date of sale of each Affordable Home to each Initial Homebuyer and continuing until the last day of the 45-year Affordability Period for each Affordable Home.

(a) *Notification as to Initial Offer.* In the event the Homebuyer, as current owner and potential seller of an Affordable Home, receives an offer for the purchase of their Affordable Home on the terms as proposed (together, the “Designated Price and Terms”) by the offeror (“Offeror”), before conveying the corresponding Affordable Home to the Offeror, the current Homebuyer, as owner and seller of the Affordable Home, shall provide written notice to Authority thereof (“Initial Notice”) that an offer has been received, including the Designated Price and Terms.

(b) *Response to Notification as to Initial Offer.* Authority shall have forty-five (45) days from the receipt of the Initial Notice to indicate to the selling Homebuyer that: (i) Authority is prepared to purchase the Affordable Home under the Designated Price and Terms (“Election Notice”), or (ii) Authority does not desire to purchase the Affordable Home (“Decline Notice”). If Authority delivers an Election Notice, it shall cause the Designated Price and Terms to be complied with by the later to occur of sixty (60) days from the date of the Election Notice or the date for performance by buyer under the Designated Price and Terms. In addition, if Authority informs the Homebuyer, as owner of the Affordable Home, that the proposed sale does not conform to the requirements of this Agreement, including without limitation the Homebuyer Covenants the Affordable Home may not be sold by the Homebuyer, as seller, under the Designated Price and Terms or otherwise to any third party or other private person or entity.

(c) *Closing Protocol.* The closing shall be accomplished substantially in the manner described in the Designated Price and Terms or as otherwise determined by the Executive Director; provided that it is contemplated that the allocation of closing costs would be accomplished substantially in the manner described in this Agreement with respect to the original sale (as between buyer and seller).

**Section 2. Maintenance of Property; Insurance.** Homebuyer shall maintain the improvements and landscaping on the Property in the manner prescribed by the Homebuyer Covenants. Homebuyer shall maintain, during the term of the Authority Homebuyer Loan, an all-risk property insurance policy insuring the Property in an amount equal to the full replacement value of the structures on the Property. The policy shall name Authority and City as loss payees and shall contain a statement of obligation on behalf of the carrier to notify Authority (and City) of any material change, cancellation or termination of coverage at least thirty (30) days in advance of the effective date of such material

change, cancellation or termination. Homebuyer shall transmit a copy of the certificate of insurance and loss payee endorsement to Authority within thirty (30) days of the effective date of this Agreement, and upon request by Authority, Homebuyer shall transmit to Authority (and City) further copies of the certificate of insurance and a loss payee endorsement. The copy of the certificate of insurance and loss payee endorsement shall be transmitted to Authority (and City) at the address set forth in Section 24 hereof. Any certificate of insurance must be in a form, content, and with companies reasonably acceptable to Authority.

**Section 3.** Authorized Resale to Qualified Homebuyer; Authority Homebuyer Loan Assumed by Approved Successor Qualified Homebuyer; Acceleration and Note Due on Event of Default. Homebuyer agrees to notify Authority not less than forty-five (45) days prior to (a) the proposed sale or transfer of any interest the Affordable Home, or (b) any attempt to refinance, or refinancing of, the lien of the Purchase Money Deed of Trust, or any other authorized subordinate lien thereon. The Homebuyer Loan and interest accruing at the Alternate Rate shall be due and payable upon (i) unauthorized sale or transfer, (ii) unauthorized refinancing of Purchase Money Loan or other approved lien against the Property, (iii) Homebuyer is no longer an occupant of the Affordable Home pursuant to Section 5. of this Agreement or (iv) material default of any other obligation pursuant to this Agreement. If Authority is asked to forbear from enforcing the due-on-sale clause or to allow the assumption of the Homebuyer Loan evidenced by the Authority Homebuyer Note, the party or parties so requesting shall prepare and submit to the Authority a complete package containing all information necessary to demonstrate and verify the income of the proposed transferee, the proposed Affordable Housing Cost (including the Homebuyer Price and monthly payments on the Purchase Money Loan), and all other information reasonably requested by the Executive Director or which would have been required had such proposed transferee attempted to qualify as an Initial Homebuyer under the terms of the Agreement.

**Section 4.** Permitted Resale(s) Only to Low Income Household that is a Qualified Homebuyer. During the 45-year Affordability Period, commencing upon the date of the sale of the Affordable Home to an Initial Homebuyer and terminating on the forty-fifth (45<sup>th</sup>) anniversary thereof (“Affordability Period Termination Date”), the Authority Homebuyer Note Amount will not become due and payable if, in strict conformity with all requirements of this Agreement, Homebuyer sells or otherwise conveys the Property to a Low Income Qualified Homebuyer at an Affordable Housing Cost with the prior written approval of Authority, the purchaser is a Qualified Homebuyer and assumes the Authority Homebuyer Note, Authority Homebuyer Deed of Trust, this Agreement, and Homebuyer Covenants, by an assignment and assumption agreement that is acceptable to the Authority, as Beneficiary. In connection with each resale of an Affordable Home during the Affordability Period, the purchaser shall be a Low Income Household, purchasing at an Affordable Housing Cost and with a “Back End Ratio” (as defined below) that does not exceed forty three percent (43%) of household income, and which assumes, executes and delivers to Authority the required assignment and assumption agreements and instruments in conformity with this Agreement.

“Low Income,” “Lower Income,” “Low Income Homebuyers” means a household with annual gross income at or below 80 percent of the Area Median Income as designated by the Department of Housing and Community Development’s list of state low income limits adopted pursuant to Section 50093, in particular subsection (b)(3). A Low Income household’s income shall not exceed eighty percent (80%) of Area Median Income, adjusted for actual household size, as computed in accordance with HSC Section 50079 and the regulations promulgated in the Cal Code or incorporated therein, including, without limitation, all regulations promulgated pursuant to HSC



Section 50093, or any successor statute. The upper income limit for Low Income households shall be the income limits for such households published annually for Riverside County by State HCD with adjustments for household size.

The Initial Homebuyer has, and each successor Homebuyer shall (i) qualify as a Low Income Household; (ii) satisfactorily complete a Homebuyer Training Program and such completion is certified by each of Developer and by a HUD-certified homebuyer education counselor, which must be evidenced by the delivery of a Homebuyer Training Certificate; (iii) acquire the Affordable Home as their primary personal residence as an owner-occupant at a price that does not exceed Affordable Housing Cost and with a compliant Back End Ratio based on the household's actual income; and (iv) execute all instruments to be executed as required by this Homebuyer Loan Agreement and the exhibits thereto

"Affordable Housing Cost" means a Housing Cost that is calculated and in conformance with HSC Section 50052.5, 25 Cal Code Regs § 6910, *et seq.*, including without limitation Sections 6914, 6920, 6924, 6926, and 6928 for Low Income Households, except that the maximum cost amount shall be thirty percent (30%) of the Low Income Household's actual gross annual income that results in a Monthly Housing Cost for an applicable Affordable Unit. Affordable Housing Cost for a Low Income Homebuyer shall not exceed the product of thirty percent (30%) times seventy percent (70%) of Area Median Income adjusted for household size appropriate for the applicable Affordable Home. If the Low Income Household has an income greater than seventy percent (70%) of Area Median Income, "Affordable Housing Cost" means a Monthly Housing Cost which does not exceed the greater of (A) thirty percent (30%) times seventy percent (70%) of Area Median Income adjusted for family size appropriate to the applicable Affordable Home, or (B) thirty percent (30%) times the Homebuyer's actual monthly gross income. The phrase "adjusted for family size appropriate to the unit" is defined in HSC § 50052.5 and assumes a household size based on the number of bedrooms in the unit, which equals the number of bedrooms plus one for each Affordable Home. Thus, for the three-bedroom Affordable Homes the assumed household size for purposes of an Affordable Housing Cost that number is four (4) persons, and for four-bedroom Affordable Homes that number is five (5) persons.

"Qualified Homebuyer", for purposes of each and all resales of the Property during the Affordability Period, means a household that (i) is a Low Income Household, (ii) has satisfactorily completed a Homebuyer Training Program and such completion is certified by each of Developer and by a HUD-certified homebuyer education counselor, which must be evidenced by the delivery of a Homebuyer Training Certificate; (iii) is acquiring an Affordable Home as his/her/their owner-occupied personal residence of such household at a price which does not exceed Affordable Housing Cost and with a compliant Back End Ratio based on the household's income; and (iv) has executed such assignment and assumption and related instruments as are approved by Authority, and (v) acknowledgment that the Property is subject to the "Homebuyer Covenants" (as defined below). For purposes of this paragraph, "Back End Ratio" means the ratio of (A) monthly payments as required on all obligations of a property owner or prospective property owner, including without limitation all housing debt, consumer debt, and any other debt, to (B) the gross income of the property owner or prospective property owner; for this purpose, gross income of a household shall be determined in accordance the most restrictive of 25 Cal Code § 6000, *et seq.*, or 24 CFR Part 5. Where there is an obligation as to which monthly payments are not expressed as a liquidated amount (but excepting therefrom the "Homebuyer Loan", as defined in the Homebuyer Loan Agreement, should such loan remain outstanding), payments are to be imputed

based upon the full satisfaction of such obligations over five (5) years (assuming substantially level payments) or less or such other amortization period as may be approved on a case-by-case basis by Authority.

**4.1** Assignment and Assumption Agreement upon Authorized Resale. Subject to the prior written approval of the Authority having first been obtained, if the Property is sold during the Affordability Period by Homebuyer to a Qualified Homebuyer and Low Income Household, and the Sales Price does not exceed an “Affordable Housing Cost” to such successor Homebuyer, then so long as the Homebuyer, as Trustor, is not in default then this Agreement, Homebuyer Covenants, Homebuyer Note and Homebuyer Deed of Trust may be assumed by the Qualified Homebuyer by an assignment and assumption agreement that is acceptable to Authority as Beneficiary and Authority legal counsel. Upon the effective date of such assignment and assumption with the prior written approval of the Authority, the assigning Trustor shall no longer be liable for any further obligations under the Agreement or the Authority Homebuyer Note that may accrue *after* the date of such assignment and assumption, unless the facts and circumstances require the selling Homebuyer and acquiring successor Homebuyer to allocate liability or issues flagged in connection with such sale and assignment. In order to verify the prospective new homebuyer’s status as a Low Income Household, Trustor shall submit to the Authority the identity of the proposed buyer and adequate information evidencing the income and household size of the proposed buyer. Said income information shall be submitted together with the notice of proposed sale pursuant to Section 2 of the Agreement not less than forty-five (45) days prior to opening of escrow for the proposed sale and shall include original or true copies of pay stubs, income tax records or other financial documents in order that the Authority may determine and verify the household income of the proposed buyer to determine whether the buyer is a Low Income Household and whether the Property is being transferred to such buyer at Affordable Housing Cost. If the Authority is unable to verify the prospective buyer’s income as provided herein prior to the proposed sale, then the buyer’s income shall be deemed to exceed the maximum allowable income limit for Eligible Persons and Families.

(a) The income of co-signers (individuals who sign only the Authority Homebuyer Note) and co-mortgagors (individuals who sign both the Authority Homebuyer Note and the grant deed) will be included for determining whether Homebuyer is a Low Income Household, if such co-signers and co-mortgagors are part of Homebuyer’s household and are residing and shall reside in the Affordable Home.

(b) Homebuyer expressly acknowledges that any sale can only be made to an income-eligible buyer and at a price which does not exceed 95% of the median price of houses within the area, as determined by HUD and implemented by the Authority.

**Section 5.** Minimum and Maximum Occupancy Standards. The Affordable Home shall be used as the primary personal residence of Homebuyer and Homebuyer’s immediate family and for no other purpose. Homebuyer shall not enter into an agreement for the rental or lease of all or any part of the Property. The maximum number of occupants who may reside at the Property at any time during the Affordability Period, which in no event shall exceed two (2) persons plus one per bedroom. For example, a house with three bedrooms would be limited to occupancy by seven (7) persons; a house with four bedrooms would be limited to occupancy by nine (9) persons, etc. At the time of the initial purchase by each Homebuyer, the minimum number of occupants who reside at the Property upon the household’s initial occupancy shall be not less than three persons for a three-bedroom house and not less than four persons for a four-bedroom house. The HQS occupancy

standard is set forth in and established by HUD and as of the date of the original sale to the Initial Homebuyers, the HQS occupancy standard is two (2) persons per bedroom plus one (i.e., the maximum occupancy described above.) Homebuyer shall, upon demand by Authority, submit to Authority an affidavit of continuous ownership, owner-occupancy, and compliance with the Homebuyer Covenants. Authority (or City) may request that Homebuyer execute such an affidavit not less than annually during the period of their ownership.

**Section 6.** Income Information. Homebuyer has submitted an eligibility verification form to the Authority prior to execution of this Agreement. Homebuyer represents and warrants to the Authority that all information Homebuyer has provided and will provide in the future is and will be true, correct and complete. Homebuyer acknowledges that the Authority is relying upon Homebuyer's representations that Homebuyer's income does not exceed eighty percent (80%) of the Area Median Income and would not have entered into this Agreement if Homebuyer's income exceeded eighty percent (80%) of the area median income.

**Section 7.** Loan Servicing. The Authority may, but is not required to, contract with a private lender to originate and service the Authority Homebuyer Loan; further, the lender for the Purchase Money Loan may contract to service the Purchase Money Loan.

**Section 8.** Married Sole and Separate Property. An individual taking title in this manner is subject to special requirements because of California Community Property Laws and the Internal Revenue Code. If Homebuyer is legally separated, or has filed for divorce and a legal property disposition agreement exists between Homebuyer and Homebuyer's spouse, a quitclaim deed from Homebuyer's spouse and a copy of the property disposition agreement may be required by Authority. In the absence of an existing legal property disposition agreement between Homebuyer and Homebuyer's spouse, as a condition of approval of Authority Homebuyer Loan, a quitclaim deed, a special agreement and a release of interest signed by both Homebuyer and Homebuyer's spouse, after consultation with an attorney, may be required by Authority. Additionally, if Homebuyer's spouse is to reside in the household (and all/any other adult members of the household), their combined income must be included in the income test for eligibility to acquire the Affordable Home pursuant to this Agreement.

**Section 9.** Homebuyer Covenants. Homebuyer acknowledges that the Property is subject to recorded *Homebuyer Covenants -- Authority Declaration of Conditions, Covenants and Restrictions with Affordable Housing Resale Restrictions* ("Homebuyer Covenants") in the form of Exhibit D hereto, which shall be or have been recorded among the official land records of the County Recorder of Riverside County ("Official Records") on \_\_\_\_\_ 202\_ as Document No. [recording information re Homebuyer Covenants]. The Homebuyer Covenants restrict use of the Property to owner-occupancy by households of Low Income, and restrict the price, and other terms, and conditions at which the Property may be sold or resold, during the 45-year Affordability Period. Each Affordable Home at the date of acquisition by the Initial Homebuyer and thereafter by each successor Qualified Homebuyer shall be an eligible Low Income Household and pay an Affordable Housing Cost, as those terms are defined in California Health & Safety Code Sections 50052.5 in particular Section 50052.5(b)(3). Homebuyer shall not discriminate against any person or group of persons on the basis of race, color, religion, sex, marital status, national origin or ancestry; additional provisions are contained in the Homebuyer Covenants, a copy of which has been provided to and has been reviewed by Homebuyer.

**Section 10. Indemnification.** Homebuyer shall defend, indemnify and hold harmless the Authority and the City and their respective officers, agents, employees, representatives and volunteers from and against any loss, liability, claim or judgment relating in any manner to the Affordable Home or this Agreement. The Homebuyer shall remain fully obligated for the payment of property taxes and assessments related to the Affordable Home. There shall be neither reduction in taxes for Homebuyer, nor any transfer of responsibility to the Authority (or City) to make such payments, by virtue of the moneys loaned as evidenced by the Authority Homebuyer Note.

**Section 11. No Third Party Beneficiaries of this Agreement Except for City.** The City of Moreno Valley shall be deemed to be a third party beneficiary of this Agreement. Except for the City, there shall be no third party beneficiaries as to this Agreement.

**Section 12. Defaults.** Failure or delay by either party to perform any term or provision of this Agreement which is not cured within thirty (30) days after receipt of notice from the other party constitutes a default under this Agreement; provided, however, if such default is of the nature requiring more than thirty (30) days to cure, the defaulting party shall avoid default hereunder by commencing to cure within such thirty (30) day period and thereafter diligently and continuously pursuing such cure to completion. The party who so fails or delays must immediately commence to cure, correct, or remedy such failure or delay, and shall complete such cure, correction or remedy with diligence.

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

**Section 13. Remedies.** Authority shall be entitled to all legal and equitable remedies available under the law upon the default of the terms of this Agreement by Homebuyer. Such remedies may include, without limitation, (a) specific performance of the terms of the Agreement, (b) disgorgement of any amount of consideration received for the Affordable Home that exceeds an Affordable Housing Cost, (c) an order to pay attorneys' fees, as set forth herein, (d) foreclosure of the Homebuyer Deed of Trust.

**13.1 No Abrogation of Authority and City of Moreno Valley's Governmental Powers.** While the Purchase Money Deed of Trust may be the senior monetary lien against the Affordable Home, for each Purchase Money Loan the loan documents shall expressly acknowledge and affirmatively state that nothing in such Purchase Money Loan documents are intended, nor will it be construed, to in any way limit the exercise by Authority and the City of Moreno Valley of their governmental powers (including police, regulatory and taxing powers and the power granted to governmental agencies under California Health and Safety Code Section 17980, *et seq.*) with respect to Homebuyer, as owner of the subject Affordable Home.

**Section 14. Non-Waiver.** Failure to exercise any right Authority (and City) may have or be entitled to, in the event of default hereunder, shall not constitute a waiver of such right or any other right in the event of a subsequent default.

**Section 15. Documents.** Homebuyer is aware that the Authority has prepared certain documents to implement the AHA and this Agreement to establish the senior, nonsubordinate Homebuyer Covenants and to evidence and secure the Authority Homebuyer Loan. Developer, as seller, to each Initial Homebuyer has reviewed and approved such instruments prior to executing the Affordable Housing Agreement. And, Homebuyer as purchaser, has reviewed and agrees to execute the following documents prior to receiving the Authority Homebuyer Loan:

- (a) Homebuyer Covenants (Exhibit D);
- (b) Authority Homebuyer Note (Exhibit B);
- (c) Authority Homebuyer Deed of Trust (Exhibit C);
- (d) An instrument substantially in the form of Exhibit E hereto (“Notice of Affordability Restrictions”);
- (e) Disclosure Statement (Exhibit F);
- (f) Seller/MECH grant deed (Exhibit J); and
- (g) Purchase Money Loan documents.

**15.2 Recording in Official Records.** Homebuyer agrees and acknowledges that each of the Authority Homebuyer Deed of Trust, as well as the Purchase Money Deed of Trust shall be recorded in the Official Records and, along with the senior, nonsubordinate Homebuyer Covenants, and Notice of Affordability Restrictions shall appear of record with respect to and as encumbrances to the Affordable Home.

**Section 16. Further Assurances.** Homebuyer shall execute any further documents consistent with the terms of this Agreement, including documents in recordable form, as the Authority shall from time to time find necessary or appropriate to effectuate its purposes in entering into this Agreement.

**Section 17. Governing Law.** Homebuyer hereby agrees to comply with all ordinances, rules, and regulations of City and the Housing Authority. Nothing in this Agreement is intended to be, nor shall it be deemed to be, a waiver of any City ordinance, rule, or regulation. This Agreement shall be governed by the laws of the State of California. Any legal action brought under this Agreement must be instituted in the Superior Court of the County of Riverside, State of California, or in the Federal District Court in the Central District of California.

**Section 18. Amendment of Agreement.** No modification, rescission, waiver, release or amendment of any provision of this Agreement shall be made except by a written agreement executed by the Homebuyer and Authority.

**Section 19. Authority May Assign.** Authority may, at its option, assign its right to receive repayment of the loan proceeds without obtaining the consent of the Homebuyer.

**Section 20. Homebuyer Assignment Prohibited.** In no event shall Homebuyer assign or transfer any portion of this Agreement without the prior express written consent of the Authority, which consent may be given or withheld in the Authority’s sole discretion. No assumption of the loan made

by Authority as evidenced by the Authority Homebuyer Note shall be permitted at any time. This section shall not prohibit the Authority's right to assign all or any portion of its rights to the loan proceeds hereunder.

**Section 21.** Relationship of Homebuyer and Authority. The relationship of Homebuyer and Authority pursuant to this Agreement is that of debtor and creditor and shall not be, or be construed to be a joint venture, equity venture, partnership, or other relationship.

**Section 22.** Monitoring. To the extent permitted by law, Authority (and City) and their designated employees and agents shall have the right to enter the Property (and all Affordable Homes) at all reasonable times without a warrant for the purpose of monitoring Homebuyer's compliance with this Agreement. Any such entry shall be made only after reasonable notice to Homebuyer, which shall mean at least forty-eight (48) hours in all non-emergency situations. Upon receipt of such notice, Homebuyer agrees to consent to entry by Authority and to cooperate in making the Affordable Home available for inspection by Authority. Homebuyer acknowledges and agrees that if for any reason Homebuyer fails to consent to such entry or inspection, Authority (and/or City) may obtain an administrative inspection warrant or take such other legal actions as may be necessary to gain access to and inspect the Property. Authority shall indemnify and hold harmless Homebuyer from any costs, claims, damages or liabilities pertaining to any such entry.

**Section 23.** Notices. Any notices, requests or approvals given under this Agreement from one party to another may be personally delivered or deposited with the United States Postal Service for mailing, postage prepaid, registered or certified mail, return receipt requested to the following address:

To Homebuyer: [name of homebuyer]  
[ ] Lantana Court [insert address among Parcels 1-7]  
Moreno Valley, California 92552

To Authority: Moreno Valley Housing Authority  
14177 Frederick Street  
Moreno Valley, California 92552  
Attention: Executive Director

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

**Section 24.** Attorneys' Fees and Costs. Should either of the parties to this Agreement incur attorneys' fees in seeking the enforcement of this Agreement, whether or not a final court judgment is entered, the prevailing party shall be entitled to reimbursement of its reasonable attorneys' fees and litigation costs, including without limitation expert witness fees, by the other party.

**Section 25.** Entire Agreement. This Agreement constitutes the entire understanding and agreement of the parties. This Agreement integrates all of the terms and conditions mentioned herein or incidental thereto, and supersedes all prior negotiations, discussions and previous agreements between the Authority and the Homebuyer concerning all or any part of the subject matter of this Agreement.

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

**“HOMEBUYER”**

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

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

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

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

Dated: \_\_\_\_\_, 202\_

DRAFT



**AUTHORITY:**

**MORENO VALLEY HOUSING AUTHORITY,**  
a public body, corporate and politic

By: \_\_\_\_\_  
Brian Mohan, Executive Director  
or Authorized Designee

**ATTEST:**

\_\_\_\_\_  
M. Patricia Rodriguez, Authority Secretary  
or Authorized Designee

**APPROVED AS TO FORM:**

**STRADLING YOCCA CARLSON & RAUTH LLP**

\_\_\_\_\_  
Celeste Stahl Brady, Special Counsel

**EXHIBIT A**

**LEGAL DESCRIPTION OF PROPERTY / AFFORDABLE HOME**

[to be inserted in connection with initial sale of Affordable Home]

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**EXHIBIT B**

**AUTHORITY HOMEBUYER NOTE**

**PROMISSORY NOTE SECURED BY DEED OF TRUST**  
**[subject to update in connection with initial sales of Affordable Homes]**

\$(to come)]

Moreno Valley, California

\_\_\_\_\_, 202\_ (“Note Date”)

Property Address: [\_\_\_\_\_] Lantana Court  
Moreno Valley, California \_\_\_\_\_

Maturity Date: \_\_\_\_\_ 1, 207[ ] (“Maturity Date”)

**FOR VALUE RECEIVED**, the undersigned [\_\_\_\_\_] (“Maker”) promises to pay to the **MORENO VALLEY HOUSING AUTHORITY**, a public body corporate and politic (“Holder”) at 14177 Frederick Street, Moreno Valley, California 92552, or at such other address as Holder may direct from time to time in writing, the sum of: (i) \$(to come) (“Note Amount”), plus other sum(s), if due, as described herein. All sums hereunder shall be payable in lawful money of the United States of America.

**1. Homebuyer Loan Agreement.** This Authority Homebuyer Note (“Note”) is made and delivered pursuant to and in implementation of that certain *Homebuyer Loan Agreement* entered by and between the Holder and the Maker dated as of \_\_\_\_\_, 202\_ (“Agreement”), a copy of which is on file as a public record with the Holder. The Agreement is incorporated herein by this reference. The Agreement provides for the sale of the “Affordable Home” (also referred to as the “Property”) to Maker as an Initial Homebuyer. The Maker acknowledges that but for the execution of this Note the Holder would not enter into the Agreement or make the Homebuyer Loan contemplated therein. Unless definitions of terms have been expressly set out at length herein, each term shall have the same definition as set forth in the Agreement.

**2. Interest Rate.** The Note Amount shall bear interest at the rate of zero percent (0%) per annum; provided that this Note is subject to acceleration in connection with an Event of Default and upon such shall accrue the Alternate Rate.

(a) Alternate Rate. Upon the occurrence of an Event of Default, or upon the maturity hereof (by acceleration or otherwise), the entire unpaid principal sum, at the option of Authority, shall bear interest, from the date of occurrence of such Event of Default or after judgment and until collection, at the “Alternate Rate”, such rate being the highest interest rate then permitted by law by a city within the State of California. Interest calculated at the Alternate Rate, when and if applicable, shall be due and payable immediately without notice or demand. Maker agrees that in the event of any Event of Default, Holder will incur additional expense in servicing the loan evidenced by this Note and will suffer damage and loss resulting from such Event of Default. Maker agrees that

Attachment No. 6

Exhibit B -- Authority Homebuyer Note

Page 1 of 7

in such event Holder shall be entitled to damages for the detriment caused thereby, which damages are extremely difficult and impractical to ascertain. Therefore, Maker agrees that the Alternate Rate (as applied to the unpaid principal balance, accrued interest, fees, costs and expenses incurred) is a reasonable estimate of such damages to Holder, and Maker agrees to pay such sum on demand.

**3. Time of Payment; Forgiveness upon Expiration of Affordability Period.** In the event that Maker is in compliance with all of the requirements of the Agreement and the Note Amount has not earlier become due and payable, as provided in Section 4 hereof, the Note Amount shall be forgiven on the 45<sup>th</sup> anniversary of this Note ("Maturity Date").

**4. Acceleration.** The whole of the Note Amount and all other payments due hereunder and under the Homebuyer Loan Agreement shall, at the election of Holder, be accelerated, become due, and be immediately payable to the Holder by the Maker upon the occurrence of any of the following events: (a) the unauthorized sale or transfer of the Property, including, without limitation, the lease, exchange or other disposition of the Property or any interest therein, whether voluntary or involuntary, except (i) a sale of the Property to a Low Income Household at an Affordable Housing Cost with Holder's prior written approval accomplished in conformity with the Agreement, or (ii) the transfer of the Property solely as a result of the marriage, divorce, incompetency or death of one or more individuals constituting the Maker, so long as the transferee(s) give written notice supported by reasonable evidence of such event to Holder within thirty (30) days of its occurrence and the transferee(s) assume the Maker's obligations under the Agreement and this Note, by execution of an assignment and assumption agreement to be provided by the Holder, or (iii) a sale or transfer which under applicable law would not, by itself, permit the Holder to exercise a due on sale or due on encumbrance clause, or (b) such time if or when Maker is no longer an occupant of the Property or is in default of any other obligation under the Homebuyer Covenants, Homebuyer Loan Agreement and implementing documents thereto.

**4.1 Equity Sharing.** In the event that the Authority Homebuyer Loan becomes due and payable prior to the forty-fifth (45<sup>th</sup>) anniversary of the date of this Agreement, Homebuyer shall pay to Authority both the Note Amount plus and concurrently with an unauthorized sale, transfer or refinancing, an amount equal to the "Equity Share Amount", if any based on the priority of payment and formula described below. The Equity Share Amount shall be determined and paid in the following order of priority of payment:

First, the amount necessary to pay the outstanding balance of the Purchase Money Note shall be paid to the lender thereof.

Second, the Note Amount hereunder pursuant to the terms of the Homebuyer Loan Agreement shall be paid to the Authority.

Third, all normal and reasonable closing costs and prorations typical in Riverside County shall be paid to the parties entitled thereto.

Fourth, either the cost of the qualified capital improvements made to the Property by Homebuyer or the fair market value of such improvements (as determined at the time of such sale to a third party and considering depreciation), whichever is less, shall be paid to Homebuyer.

Fifth, the balance of the sales proceeds shall be multiplied by a fraction, the numerator of which is three hundred sixty (360) minus the number of full months between the date of this Agreement and the date the Property is sold or otherwise conveyed, and the denominator of which is three hundred sixty (360). If cash sale proceeds are insufficient to pay all such sums, Homebuyer shall nevertheless pay all such sums in cash from other funds obtained by Homebuyer, unless other arrangements for payment are made with the written consent of Authority.

Sixth, the balance of sales proceeds after the payment required above shall be paid to Homebuyer.

(a) The Equity Share Amount shall be payable to Authority upon a refinancing, failure to occupy the Property or material breach of any other provision of this Agreement which causes the Authority Homebuyer Loan to become due and payable. The Sales Price for purposes of determining the Equity Share Amount shall be determined by an appraisal of the Property. Authority shall appoint a certified, independent appraiser to conduct an appraisal of the Property, at Authority's expense, and shall promptly deliver a copy of such appraisal to Homebuyer. If Homebuyer fails to object to such appraisal in a written notice to Authority within fifteen (15) days of the delivery of the appraisal, such appraised value shall be deemed the sales price of the Property. If Homebuyer objects to such appraisal, Homebuyer shall within fifteen (15) days of sending its written notice of objection appoint a certified, independent appraiser to conduct an independent appraisal of the Property, at Homebuyer's expense, and shall promptly deliver a copy of such appraisal to Authority. If the Homebuyer fails to appoint such appraiser within the required time period, the Authority's appraisal shall be deemed the sales price of the Property. If the higher of the two appraisals is not greater than ten percent (10%) higher than the lower appraisal, the average of the two appraisals shall be deemed the sales price of the Property. If the higher of the two appraisals is greater than ten percent (10%) higher than the lower appraisal, the two appraisers shall jointly select a third appraiser who shall conduct an independent appraisal of the Property, with the expense of such appraisal borne equally by Authority and Homebuyer, and such third appraiser's appraisal shall be deemed the sales price of the Property.

4.2 Expiration of Equity Share Obligation; Maturity Date of Homebuyer Note. In the event the Homebuyer does not sell or transfer the Property, remains the owner-occupant of the Property, and/or is not in material breach of any other provision of this Agreement before the forty-fifth (45<sup>th</sup>) anniversary of the date of recording the Homebuyer Covenants, the Homebuyer shall have no obligation to pay the Equity Share Amount to Authority upon any later sale, transfer or refinancing. Further, upon the 45<sup>th</sup> anniversary of the date of the Homebuyer Note, the Homebuyer Note shall be deemed forgiven and marked cancelled.

5. Security. Payment under this Homebuyer Note, shall be secured by the Homebuyer Deed of Trust including the Rider thereto encumbering the Affordable Home as the second monetary lien, junior only to the Purchase Money Deed of Trust, but in all events the Homebuyer Covenants shall be and remain the senior, nonsubordinate encumbrance against the Property. The Authority Homebuyer Deed of Trust shall be executed by Homebuyer, as trustor, in favor of Authority, as beneficiary.

5.1. Monetary Lien Priority. Subject to and in all events the Homebuyer Covenants shall be and remain the senior, nonsubordinate encumbrance against the Property,

however the monetary lien priority shall be as follows: (A) first monetary lien is the Purchase Money Deed of Trust, (B) second monetary lien is the Homebuyer Note, and (C) third and following shall be other deed(s) of trust for subordinate loan(s) authorized by Authority, such as downpayment assistance loan(s).

**5.2 Prepayment.** Homebuyer may prepay amounts under the Authority Homebuyer Note; provided however, the restrictions of the Homebuyer Covenants, Authority Homebuyer Deed of Trust, shall continue in full force and effect, notwithstanding any such prepayment or other payments without regard to amount.

**5.3 Assumption under Authority Homebuyer Note.** The Authority Homebuyer Note may be assumed only by a Low Income Qualified Homebuyer as purchaser of the Affordable Home who has obtained the prior written approval of the Authority.

**5.4 Homebuyer Waivers.** As to the Authority Homebuyer Note, Homebuyer waives any rights to require Authority to: (A) demand payment of amounts due (known as “presentment”), (B) give notice that amounts due have not been paid (known as “notice of dishonor”) and (C) obtain an official certification of nonpayment (known as “protest”).

**6. Sale to Lower Income Affordable Household at Affordable Housing Cost.** For a period commencing upon the date of this Note and continuing until the later to occur of: (i) the Maturity Date of this Note, or (ii) the confirmation in writing by the Authority, signed by the Executive Director, that the Authority Homebuyer Loan has been satisfied in full and no moneys remain payable to the Authority (or other holder) thereunder (the later of such times as so determined by the Authority constituting the “Extended Expiration Date”), the Note Amount will not become due and payable if Maker sells or otherwise conveys the Property to a Low Income Household at an Affordable Housing Cost as a Qualified Homebuyer with Holder’s prior written approval, and the purchaser assumes this Note, the Authority Homebuyer Deed of Trust, the Homebuyer Loan Agreement, and Homebuyer Covenants by an assignment and assumption agreement which is reasonably acceptable to the Holder.

#### **6.1 Certain Defined Terms.**

“Low Income,” “Lower Income,” “Low Income Homebuyers” means a household with annual gross income at or below 80 percent of the Area Median Income as designated by the Department of Housing and Community Development’s list of state low income limits adopted pursuant to Section 50093. A Low Income household’s income shall not exceed eighty percent (80%) of Area Median Income, adjusted for actual household size, as computed in accordance with HSC Section 50079 and the regulations promulgated in the Cal Code or incorporated therein, including, without limitation, all regulations promulgated pursuant to HSC Section 50093, or any successor statute. The upper income limit for Low Income households shall be the income limits for such households published annually for Riverside County by State HCD with adjustments for household size.

“Affordable Housing Cost” shall mean for the Affordable Homes a Housing Cost that is calculated and in conformance with HSC Section 50052.5, 25 Cal Code Regs § 6910, et seq., including without limitation Sections 6914, 6920, 6924, 6926, and 6928 for Low Income

Households, except that the maximum cost amount shall be thirty percent (30%) of the Low Income Household's actual gross annual income that results in a Monthly Housing Cost for an applicable Affordable Unit. Affordable Housing Cost for a Low Income Homebuyer shall not exceed the product of thirty percent (30%) times seventy percent (70%) of Area Median Income adjusted for household size appropriate for the applicable Affordable Home. If the Low Income Household has an income greater than seventy percent (70%) of Area Median Income, "Affordable Housing Cost" means a Monthly Housing Cost which does not exceed the greater of (A) thirty percent (30%) times seventy percent (70%) of Area Median Income adjusted for family size appropriate to the applicable Affordable Home, or (B) thirty percent (30%) times the Homebuyer's actual monthly gross income. The phrase "adjusted for family size appropriate to the unit" is defined in HSC § 50052.5 and assumes a household size based on the number of bedrooms in the unit, which equals the number of bedrooms plus one for each Affordable Home. Thus, for the three-bedroom Affordable Homes the assumed household size for purposes of an Affordable Housing Cost that number is four (4) persons, and for four-bedroom Affordable Homes that number is five (5) persons.

Notwithstanding the provisions of this Section 6, if the Property is sold during the Affordability Period by the Maker to a Low Income Homebuyer, and the Sales Price does not exceed an "Affordable Housing Cost", then so long as the Maker is not in default of the Agreement, this Note may be assumed by a buyer determined by Authority to be qualified (as a Low Income Household paying a price which does not exceed Affordable Housing Costs and to otherwise meet the definition of Qualified Homebuyer as set forth in the Agreement) by an assignment and assumption agreement which is reasonably acceptable to the Holder. Upon the effective date of such assignment and assumption, the assigning Maker shall no longer be liable for any further obligations under the Agreement or this Note which accrue after the date of such assignment and assumption. In order to verify the prospective buyer's status as a Low Income Household, Maker shall submit or cause the proposed buyer to submit to the Holder the identity of the proposed Homebuyer and adequate information evidencing the income and household size of the proposed buyer. Said income information shall be submitted together with the notice of proposed sale pursuant to the Agreement not less than thirty (30) days prior to the opening of escrow for the proposed resale and shall include original or true copies of pay stubs, income tax records or other financial documents in order that the Holder may determine and verify the household income of the proposed Buyer to determine whether the buyer is a Low Income Household and whether the Property is being transferred to such buyer as the next Homebuyer at Affordable Housing Cost. If the Holder is unable to verify the buyer's income as provided herein prior to the proposed sale, then the buyer's income shall be deemed to exceed the maximum allowable income limit for qualifying buyers.

**7. Non-Recourse.** This Note is non-recourse to the Homebuyer personally, but the Note is and shall remain secured by the Authority Homebuyer Deed of Trust, the senior monetary lien against the Property, subordinate only to the Authority Homebuyer Covenants.

**8. Holder May Assign.** Holder may, at its option, assign its rights under this Note without necessity of obtaining the consent of the Maker.

**9. Maker Assignment Prohibited.** In no event shall Maker assign or transfer any portion of this Note, the Note Amount and/or the Agreement without the prior express written consent of the Holder, as provided in Section 7 hereof.

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

**11. Housing Trust Fund Contribution.** Upon the closing of each and all escrows in connection with each subsequent resale of the Property the existing Homebuyer shall pay an amount equal to three percent (3%) of AMI appropriate for the presumed family size as an administrative and monitoring contribution ("Housing Trust Fund Contribution"). The Housing Trust Fund Contribution shall be payment to Holder for the ongoing administration of the Affordable Home during the selling Homebuyer's term of ownership and shall be a part of the Note Amount hereunder, but due and payable by selling Homebuyer at the time of each resale to a successor Homebuyer.

(a) An example of calculation of a Housing Trust Fund Contribution is as follows and using 2025 AMI figures from the California Department of Housing and Community Development for a three-bedroom unit with presumed household size of four persons that is a Low Income Household, using 3% AMI, equals the following: 80% AMI (\$89,500 for corresponding Low Income Household for Riverside County using 2025 AMI figures from the California Department of Housing and Community Development for a one bedroom household) x 3% = \$2,685.

**12. Attorneys' Fees and Costs.** In the event that any action is instituted to enforce payment under this Note, the parties agree the non-prevailing party shall be responsible for and shall pay to the prevailing party all court costs and all attorneys' fees incurred in enforcing this Note.

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

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

**15. Notice.** Any notice that must be given to Maker under this Note shall be given by personal delivery or by mailing it by certified mail addressed to Maker at the Property address above or such other address as Maker shall direct from time to time in writing. Failure or delay in giving any notice required hereunder shall not constitute a waiver of any default or late payment, nor shall it change the time for any default or payment. Any notice to Holder shall be given by certified mail at the address stated above.

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

**IN WITNESS WHEREOF,** Maker has executed this Homebuyer Note as of the date first set forth below.

**MAKER:**

Attachment No. 6  
Exhibit B -- Authority Homebuyer Note  
Page 6 of 7



[to come]

By: \_\_\_\_\_  
( )

By: \_\_\_\_\_  
( )

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**EXHIBIT C**

**AUTHORITY HOMEBUYER DEED OF TRUST**  
**[subject to update in connection with initial sales of Affordable Homes]**

WHEN RECORDED MAIL TO:  
Moreno Valley Housing Authority  
14177 Frederick Street  
Moreno Valley, California 92552  
Attention: Executive Director

SPACE ABOVE THIS LINE FOR RECORDER'S USE  
This document is exempt from the payment of a recording fee pursuant  
to Government Code Section 27383.

**HOMEBUYER DEED OF TRUST WITH ASSIGNMENT OF RENTS**  
**(SHORT FORM)**

This **HOMEBUYER DEED OF TRUST WITH ASSIGNMENT OF RENTS** ("Deed of Trust") is made as of \_\_\_\_\_, 202\_ between [name of Homebuyer] ("Homebuyer" or "Trustor") whose address is [address of homebuyer], Moreno Valley, California 92552, [\_\_\_\_\_] TITLE COMPANY OF CALIFORNIA, a California corporation, herein called TRUSTEE, and the MORENO VALLEY HOUSING AUTHORITY, a public body corporate and politic, herein called BENEFICIARY,

WITNESSETH: That Trustor grants to Trustee in trust, with power of sale, that property in the City of Moreno Valley, County of Riverside, State of California, described as:

SEE EXHIBIT A ATTACHED HERETO AND MADE A PART HEREOF.

together with the rents, issues and profits thereof, subject, however, to the right, power and authority hereinafter given to and conferred upon Beneficiary to collect and apply such rents, issues and profits for the purpose of securing: (1) payment of the sum of [to come] \$ \_\_\_\_\_, according to the terms of a promissory note of even date herewith designated as the "Homebuyer Note" made by Trustor, payable to order of Beneficiary, and extensions or renewals thereof pursuant to an unrecorded Homebuyer Loan Agreement between Trustor and Beneficiary as of \_\_\_\_\_, 202\_ ("Agreement"; a copy of the Agreement is on file with Beneficiary as a public record and is deemed incorporated herein by reference). All capitalized terms not defined herein shall have the meanings established therefor under the Agreement unless the context requires otherwise, (2) the performance of each agreement of Trustor incorporated by reference or contained herein, the default under any of which shall constitute a default hereunder, (3) payment of additional sums and interest thereon which may hereafter be loaned to Trustor, or his successors or assigns, when evidenced by a promissory note or notes reciting that they are secured by this Deed of Trust, (4) compliance under each of (i) that certain *Homebuyer Covenants -- Authority Declaration of Conditions, Covenants and*

*Restrictions* recorded on \_\_\_\_\_, 202\_ as Document No. [recording information re Homebuyer Covenants] among the official land records of the County of Riverside (“Authority Homebuyer Covenants”), and (5) performance under Exhibit B which is attached hereto and incorporated herein by reference.

To protect the security of this Deed of Trust, and with respect to the Property above described, Trustor expressly makes each and all of the agreements, and adopts and agrees to perform and be bound by each and all of the terms and provisions set forth in subdivision A, and it is mutually agreed that each and all of the terms and provisions set forth in subdivision B of the fictitious deed of trust recorded in Riverside County on August 18, 1964, commencing at Book 3778, Page 347 of Official Records of the County Recorder for the County of Riverside shall inure to and bind the parties hereto, with respect to the property above described. Said agreements, terms and provisions contained in said subdivisions A and B thereof (identical in all counties, and printed on pages 3 and 4 hereof) are by the within reference thereto, incorporated herein and made a part of this Deed of Trust for all purposes as fully as set forth at length herein, and Beneficiary may charge for a statement regarding the obligation secured hereby, provided the charge therefor does not exceed the maximum allowed by law.

The undersigned Trustor, requests that a copy of any notice of default and any notice of sale hereunder be mailed to him at his address hereinbefore set forth.

SEE RIDER TO THIS DEED OF TRUST ATTACHED HERETO  
AS EXHIBIT B AND MADE A PART HEREOF.

\_\_\_\_\_  
[name and vesting of Homebuyer]

\_\_\_\_\_  
[name and vesting of Homebuyer]

**EXHIBIT A**  
**LEGAL DESCRIPTION**

[to be inserted in connection with initial sale of Affordable Home]

DRAFT

## **EXHIBIT B**

### **RIDER TO DEED OF TRUST**

**[subject to update in connection with initial sales of Affordable Homes]**

Exhibit B to Deed of Trust with Assignment of Rents dated as of \_\_\_\_\_, 202\_, executed by [name of homebuyer], a \_\_\_\_\_, as "Trustor", to [ ] Title Company of California, a California corporation, as Trustee, for the benefit of Moreno Valley Housing Authority, a public body corporate and politic, as "Beneficiary" ("Deed of Trust"). Reference is also made to that certain Homebuyer Covenants as defined in the Homebuyer Loan Agreement, which Homebuyer Covenants are incorporated by reference. To the extent of a conflict between this Rider and the Homebuyer Covenants the Homebuyer Covenants shall prevail.

1. **DEFAULT.** A default or breach by Trustor under any of the following shall, at Beneficiary's option, constitute a default under this Deed of Trust:

(a) A default by Trustor under that certain Homebuyer Loan Agreement, executed by Trustor as Homebuyer and Authority as Beneficiary;

(b) A default by Trustor under the Authority Homebuyer Covenants;

(c) A default by Trustor under the Authority Homebuyer Note;

(d) A default by Trustor under the Purchase Money Loan or any other deed of trust encumbering the Property.

2. **DUE ON SALE OR ENCUMBRANCE.** In the event of any nonauthorized Transfer (as defined below) of the Property, or any portion thereof or interest therein, Beneficiary shall have the absolute right at its option, without prior demand or notice, to declare all sums secured hereby immediately due and payable. As used herein, the term "Transfer" means and includes the direct or indirect sale, transfer, conveyance, mortgage, further encumbrance, assignment, or other alienation of the Property, or any portion thereof or interest therein, whether voluntary, involuntary, by operation of law or otherwise, the execution of any installment land sale contract, sales agreement or similar instrument affecting all or a portion of the Property, granting of an option to purchase any portion of or interest in the Property or any interest therein, or the lease of all or substantially all of the Property or of all or substantially all of the improvements situated on the Property; provided that a sale of the Property to a Low Income Household at an Affordable Housing Cost with City's prior written approval accomplished in strict conformity with Section 4 of the Homebuyer Loan Agreement shall not be deemed to constitute grounds for acceleration under this Deed of Trust. Failure of Beneficiary to exercise the option to declare all sums secured hereby immediately due and payable upon a Transfer will not constitute waiver of the right to exercise this option in the event of any subsequent Transfer.

4. **PRIORITY OF DEED OF TRUST.** This Deed of Trust shall be subject and junior to the senior, nonsubordinate Authority Homebuyer Covenants but shall be senior to all other monetary deed(s) of trust and encumbrances.

5. HOMEBUYER'S REPRESENTATIONS AND WARRANTIES AS TO THE SALE OF THE PROPERTY TO HOMEBUYER. Homebuyer represents and warrants to Authority that the financial and other information that Homebuyer has provided to Authority with respect to Homebuyer's income and the purchase price of the Property was true and correct at the time such information was provided, and remains true and correct as of the Date of this Rider.

6. PERMITTED SALES OF THE PROPERTY. Authority hereby permits sales of the Property to proposed transferees who are qualify as a Low Income Household and Qualified Homebuyer and are approved in accordance herewith, provided the Affordable Contract Price does not exceed an Affordable Housing Cost to such proposed transferee ("Permitted Transfers"). In the event that Homebuyer desires to Transfer the Property during the Affordability Period, prior to the Transfer the Homebuyer, as proposed seller, shall notify Authority by delivering a Notice of Intent to Transfer to Authority, which shall indicate the identity of the proposed transferee who desires to purchase the Property, whether the purchaser is a Low Income Household and whether the proposed selling price is at an Affordable Housing Cost. In addition to Homebuyer's and the proposed transferee's delivery of the Notice of Intent to Transfer, the following procedure shall apply:

(a) Notice to Authority. Homebuyer shall send the Notice of Intent to Transfer to Authority at the address set forth herein.

(b) Qualification of Proposed Transferee. The proposed transferee shall provide Authority with sufficient information in the form provided by Authority including without limitation, a certification as to the income and family size of the proposed transferee, for Authority to determine if the proposed transferee is a Low Income Household and the purchase price is at an Affordable Housing Cost.

(c) Certificates from Parties. The selling Homebuyer and proposed transferee each shall certify in writing, in a form acceptable to Authority, that the Transfer shall be closed in accordance with, and only with, the terms of the sales contract and other documents submitted to and approved by Authority and that all consideration delivered by the proposed transferee to owner has been fully disclosed to Authority. The written certificate shall also include a provision that in the event a Transfer is made in violation of the terms of this Rider and the Homebuyer Covenants or false or misleading statements are made in any documents or certificate submitted to Authority for its approval of the Transfer, Authority shall have the right to file an action at law or in equity to make the parties terminate and/or rescind the sales contract and/or declare the sale void notwithstanding the fact that the Transfer may have closed and become final as between Homebuyer and transferee.

(d) Written Consent of Authority Required before Transfer. During the Affordability Period, the Property, and any interest therein, shall not be conveyed by any Transfer except with the express written consent of Authority, which consent shall be given only if the Transfer is in accordance with the provisions of this Rider, Homebuyer Covenants, and Homebuyer Loan Agreement. This provision shall not prohibit the encumbering of title for the sole purpose of securing financing of the purchase price of the Property as a new Purchase Money Mortgage.

7. NOTICE OF PROHIBITED TRANSFER. Within thirty (30) days after receiving notification of a proposed Transfer in accordance with Section 6(a), Authority shall determine and give notice to Homebuyer as to whether the proposed Transfer is a Permitted Transfer or Prohibited

Attachment No. 6

Exhibit B -- Authority Homebuyer Deed of Trust

Do not Record

Page 2 of 3

Transfer. In the event that the proposed Transfer is a Prohibited Transfer, such notice to Homebuyer shall specify the nature of the Prohibited Transfer. If the violation is not corrected to the satisfaction of Authority within ten (10) days after the date of the notice, or within such further time as Authority determines is necessary to correct the violation, Authority may declare a Default under this Restriction. Upon the declaration of a Default, Authority may apply to a court of competent jurisdiction for specific performance of this Homebuyer Deed of Trust and Rider, Homebuyer Covenants, and Homebuyer Loan Agreement, for an injunction prohibiting a proposed sale or Transfer in violation hereof, for a declaration that the Prohibited Transfer is void, or for any such other relief as may be appropriate.

8. DELIVERY OF DOCUMENTS. Upon the close of the proposed Transfer, Homebuyer and transferee, as applicable, shall provide the Authority with a copy of the final sales contract, settlement statement, escrow instructions, all certificates required by this Section 4 and any other documents Authority may request.

9. HOUSING TRUST FUND CONTRIBUTION. In connection with the closing of each resale of the Property the selling Homebuyer shall pay an amount equal to three percent (3%) of AMI appropriate for the presumed family size as an administrative and monitoring contribution ("Housing Trust Fund Contribution"); provided, however, that the Housing Trust Fund Contribution shall not be due if no Contingent Equity Participation Amount is due under Section 3 hereof. The Housing Trust Fund Contribution shall be payment to Authority for the ongoing administration of the Program and shall be a part of the Note Amount due from Homebuyer.

## **DO NOT RECORD**

The following is a copy of Subdivisions A and B of the fictitious Deed of Trust recorded in each county in California as stated in the foregoing Deed of Trust and incorporated by reference in said Deed of Trust as being a part thereof as if set forth at length therein.

A. To protect the security of this Deed of Trust, Trustor agrees:

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

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

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

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

Should Trustor fail to make any payment or to do any act as herein provided, then Beneficiary or Trustee, but without obligation so to do and without notice to or demand upon Trustor and without releasing Trustor from any obligation thereof, 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 reasonable fees.



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

B. It is mutually agreed:

(1) That any award of damages in connection with any condemnation for public use of or injury to said property or any part thereof is hereby assigned and shall be paid to Beneficiary who may apply or release such monies received by him in the same manner and with the same effect as above provided for disposition of proceeds of fire or other insurance.

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

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

(4) That upon written request of Beneficiary stating that all sums secured hereby have been paid, and upon surrender of this Deed and said note to Trustee for cancellation and retention or other disposition as Trustee in its sole discretion may choose and upon payment of its fees, Trustee shall reconvey, without warranty, the property then held hereunder. The recitals in such reconveyance or any matters or facts shall be conclusive proof of the truthfulness thereof. The Grantee in such reconveyance may be described as "the person or persons legally entitled thereto."

(5) That as additional security, Trustor hereby gives to and confers upon Beneficiary the right, power and authority, during the continuance of these Trusts, to collect the rents, issues and profits of said property, reserving unto Trustor the right, prior to any default by Trustor in payment of any indebtedness secured hereby or in performance of any agreement hereunder, to collect and retain such rents, issues and profits as they become due and payable. Upon any such default, Beneficiary may at any time without notice, either in person, by agent, or by a receiver to be appointed by a court, and without regard to the adequacy of any security for the indebtedness hereby secured, enter upon and take possession of said property or any part thereof, in his own name sue for or otherwise collect such rents, issues, and profits, including those past due and unpaid, and apply the same, less costs and expenses of operation and collection, including reasonable attorney's attorneys' fees, upon any indebtedness secured hereby, and in such order as Beneficiary may determine. The entering upon and taking possession of said property, the collection of such rents, issues and profits and the application thereof as aforesaid, shall not cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice.

(6) That upon default Trustor in payment of any indebtedness secured hereby or in performance of any agreement hereunder, Beneficiary may declare all sums secured hereby immediately due and payable by delivery to Trustee of written declaration of default and demand for sale and of written notice of default and of election to cause to be sold said property, which notice Trustee shall cause to be filed for record. Beneficiary also shall deposit with Trustee this Deed, said note and all documents evidencing expenditures secured hereby.

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

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

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

(8) That this Deed applies to, inures to the benefit of, and binds all parties hereto, their heirs, legatees, devisees, administrators, executors, successors and assigns. The term Beneficiary shall mean the owner and holder, including pledgees, of the note secured hereby, whether or not named as Beneficiary herein. In this Deed, whenever the context so requires, the masculine gender includes the feminine and/or neuter, and the singular number includes the plural.

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

**EXHIBIT D**

**AUTHORITY HOMEBUYER COVENANTS**  
**[subject to update in connection with initial sales of Affordable Homes]**

Authority Homebuyer Covenants as recorded \_\_\_\_\_, 202\_  
as Document No. [recording information re Authority Homebuyer Covenants]

DRAFT

EXHIBIT D TO ATTACHMENT NO. 6  
HOMEBUYER COVENANTS

## EXHIBIT D

RECORDING REQUESTED BY  
AND WHEN RECORDED MAIL TO:

Moreno Valley Housing Authority  
14177 Frederick Street  
Moreno Valley, CA 92552  
Attention: Executive Director

Exempt From Recording Fee Pursuant to  
Government Code Sections 6103 and 27383

### HOMEBUYER COVENANTS (Low Income Affordable Housing Covenant)

These **HOMEBUYER COVENANTS (Low Income Affordable Housing Covenant)** ("Homebuyer Covenant") is made as of \_\_\_\_\_, 202\_ ("Effective Date" is date of recording in the Official Records), by and between [insert full legal names and vesting of the Homebuyer] ("Homebuyer ") in favor of the **MORENO VALLEY HOUSING AUTHORITY**, a public body corporate and politic ("Authority"). Homebuyer and Authority are hereafter periodically referred to collectively as the "parties" and individually as a "party."

#### RECITALS

A. Homebuyer has purchased a [single family home /townhome /condominium] located at \_\_\_\_\_, Escondido, California, as such real property is more particularly described in Exhibit "1" attached hereto and incorporated herein by this reference ("**Affordable Home**"). The Affordable Home is part of a seven (7) unit residential community known as "Lantana Court" ("**Project**").

B. Pursuant to that certain "*Homebuyer Loan Agreement*" between the Authority and \_\_\_\_\_ ("**Owner**" or "**Homebuyer**") entered into concurrently with this Homebuyer Covenant, the Owner is required to transfer certain of the homes in the Project to families which qualify as "**Low Income Households**" and "**Qualified Homebuyer**", at an "**Affordable Housing Cost**". The Homebuyer Loan Agreement is a public record and is available for inspection and copying at the office of the Authority Secretary/City Clerk located at 14177 Frederick Street, Moreno Valley, California 92552. Capitalized terms used herein are as defined in the Homebuyer Loan Agreement or otherwise defined herein.

C. The Affordable Home has been designated by the Owner as one of the seven (7) Affordable Homes in the Lantana Court Project that is to be sold and resold to a Low Income Qualified Homebuyer at an Affordable Housing Cost during the 45-year Affordability Period.

D. Homebuyer has represented to Authority that Homebuyer and the members of Homebuyer's household intend to reside in the Affordable Home as the Homebuyer's principal residence at all times during the Homebuyer's ownership of the Affordable Home, that Homebuyer shall not rent, or lease, or allow occupancy (excepting occasional guests), of all or any part the Affordable Home to any person other than members of the Owner's household, which at the time of acquisition such household qualified as a Low Income Household.

Homebuyer Covenants

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E. Homebuyer has acknowledged and understands that the Affordable Home must remain subject to each and all affordability restrictions in this Homebuyer Covenant for the duration of the Affordability Period set forth herein. In addition, Homebuyer recognizes the special nature of the terms and conditions affecting the purchase of the Affordable Home and freely and voluntarily accepts the terms and conditions, including, without limitation, restrictions that may affect the marketability and resale price of the Affordable Home.

F. Pursuant to the Homebuyer Loan Agreement, Authority shall have the ability to enforce the affordability restrictions set forth herein because Owner's ability to develop the Project was conditioned thereon.

G. It is the intent of the parties that Homebuyer's fee interest in the Affordable Home shall be subject to this Homebuyer Covenant and that the terms hereof shall be binding on Homebuyer and Homebuyer's successors in interest to the Affordable Home during the Affordability Period.

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

**NOW, THEREFORE**, based upon the foregoing Recitals, which are incorporated to this Homebuyer Covenant by this reference, for good and valuable consideration, the parties agree as follows:

### **1. DEFINITIONS AND EXHIBITS.**

1.1 **Definitions.** In addition to the terms that may be defined elsewhere in this Homebuyer Covenant, the following terms when used in this Homebuyer Covenant shall be defined as follows:

1.1.1 ***"Adjusted for family size appropriate to the unit"*** means a household of one person in the case of a studio unit, a household of four persons in the case of a three-bedroom Affordable Home and five persons in the case of a four-bedroom Affordable Home in the Lantana Court Project.

1.1.2 ***"Affordability Period"*** means that period of time commencing upon the date of recording of the Homebuyer Covenants in the Official Records, County of Riverside, State of California ("Effective Date") and ending and expiring on the forty-fifth (45<sup>th</sup>) anniversary of such date.

1.1.3 ***"Affordable Housing Cost"*** means for a Low Income Household that purchase price which would result in an annual Monthly Housing Cost (as defined below) authorized pursuant to Health and Safety Code Section 50052.5 (copy of which is attached as Exhibit B hereto), which shall not exceed the product of thirty percent (30%) times seventy percent (70%) of the Median Income adjusted for family size appropriate to the unit or, at Authority's election, thirty percent (30%) of the gross income of the Household if the gross income of the Household exceeds seventy percent (70%) of Median Income adjusted for family size appropriate to the unit. Affordable Housing Cost for the Affordable Home that is the subject of this Homebuyer Covenant shall be calculated as of the date of the initial sale and upon each resale of the Affordable Home. Exhibit C to this Homebuyer Covenant includes an example of the calculation of Affordable Housing Cost.

1.1.4 ***“Affordable Housing Deed of Trust” or “Homebuyer Deed of Trust”*** means that certain Homebuyer Deed of Trust recorded in the Official Records pursuant to the Homebuyer Loan Agreement, executed by Homebuyer which encumbers the Affordable Home and secures the obligations of Homebuyer and his or her successors and assigns as provided herein, in the Homebuyer Loan Agreement and Reimbursement Agreement.

1.1.5 ***“Affordable Housing Option Agreement” and “Option Agreement”*** means an agreement substantially in the form attached hereto Exhibit D that provides an option to purchase in favor of the Authority as provided herein, which option shall be exercisable in the event that the Homebuyer is in breach of the Homebuyer’s obligations in this Homebuyer Covenant.

1.1.6 ***“Affordable Home”*** means the real property described in Recital A and legally described in the attached Legal Description, Exhibit A, incorporated hereto.

1.1.7 ***“Authority”*** means the Moreno Valley Housing Authority, a public body corporate and politic, including successors and assigns, if any.

1.1.8 ***“Authority Attorney”*** means the City Attorney and General Counsel (or special counsel) to the Moreno Valley Housing Authority.

1.1.9 ***“Authority Executive Director”*** means the Executive Director of Moreno Valley Housing Authority or his/her authorized designee.

1.1.10 ***“County”*** means the County of Riverside, California.

1.1.11 ***“Covenant” or “Homebuyer Covenant”*** means this declaration of Homebuyer Covenants.

1.1.12 ***“Default”*** means the failure of a party to perform any action or covenant required by this Homebuyer Covenant within the time periods provided herein following notice and opportunity to cure.

1.1.13 ***“Homebuyer Loan Agreement”*** means the agreement referenced in Recital B of this Homebuyer Covenant.

1.1.14 ***“Effective Date”*** means the date the Authority Council of Authority approved the Homebuyer Loan Agreement and caused recording of this Homebuyer Covenant in the Official Records as the senior, nonsubordinate encumbrance against the Affordable Home.

1.1.15 ***“First Lien” or “Purchase Money Mortgage”*** means the lien of a an institutional first lien, purchase money Lender that secures the obligations of the Homebuyer to repay amounts owed to such Lender.

1.1.16 ***“Homebuyer ”*** means the person or persons set forth in the first paragraph of this Homebuyer Covenant, and his, her or their permitted successors and assigns. In this regard, upon each authorized resale of the Affordable Home, the term Homebuyer means the Qualified Homebuyer, as buyer, that acquired the Affordable Home, from the seller Homebuyer.

1.1.17 ***“Home Office”*** means a separate area or room in the Affordable Home used for business purposes and claimed as a business expense pursuant to federal and state income tax laws. Any room used for business purposes shall not reduce the number of bedrooms that are required to be within the Affordable Home pursuant to the Homebuyer Loan Agreement.

1.1.18 ***“Household”*** means all persons lawfully residing in the Affordable Home as his, her, their permanent residence during the Owner’s ownership of the Affordable Home.

1.1.19 ***“Housing Regulations”*** means the regulations published from time to time by the California Department of Housing and Community Development pursuant to Health and Safety Code Section 50093, as they exist as of the Effective Date.

1.1.20 ***“Income Verification Materials”*** means those materials specified in Sections 4.2.1 and 4.2.2 of this Homebuyer Covenant used to verify the income of a proposed purchaser of the Affordable Home.

1.1.21 ***“Lender”*** means a lender making a Purchase Money Loan to the Homebuyer for the purchase of the Affordable Home, whether upon the initial sale and each resale of the Affordable Home during the Affordability Period.

1.1.22 ***“Low Income Household”*** means a Household whose income does not exceed the qualifying limits for lower income households pursuant to Health and Safety Code Section 50079.5 as such statute exists on the Effective Date of the Homebuyer Loan Agreement, which is those households earning eighty percent (80%) or less of Median Income, adjusted for family size. The income level of a Household shall be determined in accordance with the Housing Regulations.

1.1.23 ***“Median Income” or “AMI”*** means the Riverside County, California area median income, as established by the United States Department of Housing and Urban Development, and as published periodically by the State of California Department of Housing and Community Development. Upon request by Homebuyer, Authority shall provide to Homebuyer the amount of the Median Income as posted annually by the State of California Department of Housing and Community Development.

1.1.24 ***“Monthly Housing Cost”*** shall include all of the following associated with the Affordable Home, estimated or known as of the date of the proposed sale of the Affordable Home: (i) principal and interest payments on a mortgage loan not exceeding the prevailing conventional home mortgage lending rates applied by any reputable institutional home mortgage lender, or the lending rates of any government-subsidized or special mortgage program for which a Qualified Homebuyer qualifies and has obtained a first trust deed loan for the acquisition of the Affordable Home; (ii) property taxes and assessments, including Community Facilities District (CFD) fees, if applicable; (iii) the cost of fire and casualty insurance covering replacement value of property improvements; (iv) Affordable Home maintenance and repair costs; (v) a reasonable utility allowance. Monthly Housing Cost of a purchaser shall be the monthly average of estimated costs for the next twelve (12) months as determined by the Authority; and (vii) purchase price down payment, subject to verification by the Executive Director.

1.1.25 ***“Notice of Intent to Transfer”*** means the Notice of Intent to Transfer substantially in the form attached hereto as Exhibit E.

1.1.26 “**Owner**” and “**Homebuyer**” means each lawfully vested fee owner of the Affordable Home during the Affordability Period.

1.1.27 “**Permitted Transfer**” means any Transfer which is permitted pursuant to Section 4 hereof.

1.1.28 “**Permitted Transferee**” means a Transferee from the Homebuyer who acquires ownership of the Affordable Home as a Qualified Homebuyer in full compliance with Section 4 hereof.

1.1.29 “**Permitted Transferee Assignment and Assumption Agreement**” means the assignment and assumption agreement to be executed by Owner, as assignor and seller, to a Permitted Transferee, as buyer, assignee, and successor-in-interest Qualified Homebuyer, by which this Homebuyer Covenant, Reimbursement Agreement, Affordable Housing Option Agreement, Homebuyer Note, and Homebuyer Deed of Trust are assigned and assumed for benefit of Authority, substantially in the form prepared by Authority at the time of each pending resale of the Affordable Home.

1.1.30 “**Prohibited Transfer**” means any Transfer which is not permitted pursuant to Section 4 hereof.

1.1.31 “**Project**” or “**Lantana Court**” means that certain seven-unit single-family affordable housing development more particularly described in the Recitals of this Homebuyer Covenant and as described in the Homebuyer Loan Agreement.

1.1.32 “**Qualified Homebuyer**” means a Low Income Household who complies with all income verification requirements in the Homebuyer Loan Agreement and this Homebuyer Covenant, and earns eighty percent (80%) or less of the Median Income, adjusted for family size, to be determined in accordance with the Housing Regulations.

1.1.33 “**Reimbursement Agreement**” means the Reimbursement Agreement to be executed by the Homebuyer in favor of the Authority, substantially in the form attached hereto as Exhibit F.

1.1.34 “**Request for Notice**” means the Request for Notice under Civil Code Section 2924 b attached hereto as Exhibit G.

1.1.35 “**Transfer**” shall mean any sale, assignment, conveyance, lease, or transfer, voluntary or involuntary, of any interest in the Affordable Home. Without limiting the generality of the foregoing, Transfer shall include (i) a transfer by devise, inheritance or intestacy; (ii) the creation of a life estate; (iii) the creation of a joint tenancy interest; (iv) a gift of all or any portion of the Affordable Home; or (v) any voluntary conveyance of the Affordable Home.

1.1.36 “**Transferee**” shall mean any natural person or persons who obtains lawful ownership rights in the Affordable Home pursuant to a Transfer.

1.2 **Exhibits.** The following documents are attached to, and by this reference made a part of, this Homebuyer Covenant: [check and reorder]



Exhibit A – Legal Description of Affordable Home  
Exhibit B – Notice of Intent to Transfer  
Exhibit C – Request for Notice  
Exhibit D – Reimbursement Agreement  
Exhibit E – Affordable Housing Option and Resale Agreement  
Exhibit F – Affordable Housing Deed of Trust  
Exhibit G – Permitted Transferee Assignment and Assumption Agreement  
Exhibit H – Example of Calculation of Affordable Housing Cost

**2. COVENANT REGARDING USE AND SALE OF AFFORDABLE HOME.**

For the Affordability Period, the Affordable Home shall be owned and occupied as the principal residence of a Low Income Household. Homebuyer covenants and agrees that, during the Affordability Period, each subsequent Transfer of the Affordable Home by the then-Homebuyer shall be to a Low Income Household as a Qualified Homebuyer at a purchase price that does not exceed the Affordable Housing Cost. Homebuyer further covenants and agrees that, during the Affordability Period, Homebuyer shall abide by and be bound by all the obligations of Homebuyer set forth in this Homebuyer Covenant.

**HOMEBUYER, AND EACH SUCCESSOR, HEIR OR ASSIGN OF HOMEBUYER, UNDERSTANDS THAT THE DETERMINATION OF THE AFFORDABLE HOUSING COST CAN BE MADE ONLY AT THE TIME OF A PROPOSED SALE, RESALE, OR OTHER TRANSFER OF THE AFFORDABLE HOME, TAKING INTO CONSIDERATION PREVAILING INTEREST RATES, THE OFFERED TERMS OF SALE OR RESALE, AS APPLICABLE, THE ECONOMIC CIRCUMSTANCES OF THE PROPOSED PURCHASER AND OTHER FACTORS THAT CANNOT BE ACCURATELY PREDICTED, AND THAT THE TRANSFER PRICE PERMITTED HEREUNDER MAY BE LESS THAN THE FAIR MARKET VALUE OF THE SAME OR OTHER SIMILAR REAL PROPERTY WHICH IS NOT ENCUMBERED BY THIS HOMEBUYER COVENANT. HOMEBUYER, AND EACH SUCCESSOR, HEIR OR ASSIGN OF HOMEBUYER, FURTHER ACKNOWLEDGES THAT AT ALL TIMES IN SETTING THE TRANSFER PRICE, THE PRIMARY OBJECTIVE OF THE AUTHORITY AND THIS HOMEBUYER COVENANT IS TO PROVIDE OWNERSHIP HOUSING TO LOW INCOME HOUSEHOLDS AT AN AFFORDABLE HOUSING COST.**

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Homebuyer's Initials

**3. HOMEBUYER'S REPRESENTATIONS AND WARRANTIES AS TO THE SALE OF THE HOME TO HOMEBUYER.** Homebuyer represents and warrants to the Authority and Owner that the financial and other information which Homebuyer has provided to the Authority with respect to Homebuyer's income, assets, and the purchase price of the Affordable Home were true, truthful, correct with no material omission, at the time such information was provided, and remains true and correct as of the date of this Homebuyer Covenant.

#### 4. TRANSFERS OF THE HOME.

4.1 **Permitted and Prohibited Transfers.** The following Transfers, made in compliance with the terms and conditions of this Homebuyer Covenant, shall constitute “Permitted Transfers”: (i) a Transfer to a surviving joint tenant or other permitted co-Homebuyer of the Affordable Home by devise, descent, or operation of law on the death of a Homebuyer ; (ii) a Transfer to a spouse as a result of marriage such that the spouses become co-owners, and thereby Homebuyer, of the Affordable Home; (iii) a Transfer by decree of dissolution, legal separation agreement, or from an incidental property settlement by which the spouse becomes a Homebuyer of the Affordable Home, provided that in each case the transferee spouse occupies or will occupy the Affordable Home and the Household still qualifies as a Low Income Household; (iv) a Transfer to an inter vivos trust in which Homebuyer is and remains the beneficiary and occupant of the Affordable Home; (v) a Transfer to the Lender holding the Purchase Money First Lien on the Affordable Home to secure the financing of the purchase of the Affordable Home that complies with the terms and conditions of this Homebuyer Covenant and the Homebuyer Loan Agreement; and (vi) a Transfer to a Low Income Household at Affordable Housing Cost. A Transfer that is not a Permitted Transfer specified above is a “Prohibited Transfer.” The occurrence of a Prohibited Transfer is a Default under this Homebuyer Covenant and under the Homebuyer Loan Agreement.

4.2 **Procedure to Verify a Proposed Transfer.** During the Affordability Period, Homebuyer shall not permit a Transfer of the Affordable Home, or any interest therein, except with the express written consent of the Authority, which consent shall be given only if the Transfer is a Permitted Transfer and in strict compliance with the provisions of this Section 4.

4.2.1 **Proposed Sale of Affordable Home.** During the Affordability Period, in the event that Homebuyer decides to sell or otherwise receive consideration for a Transfer of the Affordable Home, the Transfer shall be serviced through an escrow pursuant to a purchase and sale agreement. Homebuyer, as seller and transferor, shall deliver to Authority a copy of the preliminary title report for the proposed Transfer of the Affordable Home. Homebuyer shall also comply with all of the following set forth in Subsection (a)-(h) below in connection with said sale or other Transfer for consideration; provided, however, income verification shall not be required for inter-spousal transfers:

(a) **Notice to Authority.** The Homebuyer, as proposed seller, shall deliver to Authority no later than forty-five (45) days prior to the close of escrow the Notice of Intent to Transfer. The Notice of Intent to Transfer shall identify the proposed Transferee as a Qualified Homebuyer, shall certify that, to the best knowledge of the selling Homebuyer, the buyer as proposed Transferee lawfully qualifies as a Low Income Household (if, in fact, the Income Verification Materials support the conclusion that the proposed Transferee is a Low Income Household), and shall certify that the sale price, including monthly out-of-pocket housing cost, is no more than the Affordable Housing Cost. Homebuyer shall include copies of the purchase and sale agreement between Homebuyer, as seller, and the proposed Transferee, as buyer, of the Affordable Home, the form of grant deed or other document that is proposed to be used to effectuate the Transfer, copies of the Income Verification Materials and all other material documents related to the proposed Transfer.

(b) **Sale of Affordable Homes.** The sale price of the Affordable Home shall not exceed the Affordable Housing Cost. So that Authority may verify the amount is not more than the Affordable Housing Cost, Homebuyer shall provide written notice to Moreno Valley Housing Authority the sale price of each Affordable Home prior to offering for sale the Affordable

Home. Authority verification shall be provided within twenty (20) business days of Authority's receipt of Homebuyer's written notice of the proposed sale price. Owner shall sell the Affordable Home only to the proposed Transferee who qualifies as a Qualified Homebuyer. Homebuyer shall not convey title to the Affordable Home to a household that does not qualify as a Low Income Household and Homebuyer shall not convey fee title to the Affordable Home to a Low Income Household at a price that exceeds the Affordable Housing Cost.

(c) **Income Verification.** The proposed Transferee shall provide and certify, for the purpose of Authority approval, the following information: the Social Security Number of the proposed Transferee; copies of the federal and state income tax returns if filed by the proposed Transferee for the prior three (3) calendar years; copies of the most recent three (3) months of bank statements of proposed Transferee for each and all accounts held by members of the household; copies of the three (3) most current wage earning statements of the adult members of the proposed Transferee household; a certification as to the income and family size of the proposed Transferee; the purchase price the proposed Transferee intends to pay for the Affordable Home; and any other information that Authority may reasonably require to verify the income and assets of the proposed Transferee household, as proposed buyer. The proposed Transferee shall also provide, for the purpose of Authority approval, the following: (A) an agreement by the proposed Transferee to assume the obligations of an owner of the Affordable Home as set forth in this Homebuyer Covenant and the Homebuyer Loan Agreement, including Homebuyer Note and Homebuyer Deed of Trust, in such form as the Authority may request, and (B) a written statement signed by the proposed Transferee (in a form reasonably acceptable to Authority Attorney) that authorizes Authority to inspect, use, and rely on the information provided by the proposed Transferee, and waiving and releasing any right or claim that said proposed Transferee might otherwise have in the absence of such written authorization to maintain the privacy or confidentiality of such information. The information, statements, agreements, and other documents that a proposed Transferee is required to provide pursuant to this subsection (c) are collectively the "Income Verification Materials." Homebuyer shall have the obligation to collect and compile all Income Verification Materials from the proposed Transferee of the Affordable Home.

(d) **Authority Verification.** Homebuyer shall not sell or otherwise convey fee title to the Affordable Home to the proposed Transferee until such time as Authority has determined (i) the proposed Transferee intends to occupy the Affordable Home as a principal residence; (ii) the proposed Transferee is a Low Income Household; (iii) the purchase price of the Affordable Home does not exceed the Affordable Housing Cost; (iv) the proposed Transferee and Authority have executed in a recordable form (where appropriate) any instruments, including without limitation assignment and assumption agreement, necessary to effectuate the agreement by the proposed Transferee to be bound by the obligations set forth in this Homebuyer Covenant, Homebuyer Loan Agreement, Homebuyer Note, Homebuyer Deed of Trust, Affordable Housing Option Agreement, and the Reimbursement Agreement; and (v) the proposed conveyance will not otherwise violate the terms and conditions of this Homebuyer Covenant. Homebuyer shall cooperate with and reasonably assist Authority with its determination of the matters set forth in clauses (i)-(v) above. Homebuyer shall have the obligation to deliver to Authority all Income Verification Materials for the proposed Transferee of the Affordable Home no later than thirty (30) days prior to the close of escrow. Authority shall respond to a request from Homebuyer for verification of the matters in clauses (i)-(v) above by written notice, which shall be delivered to Homebuyer within thirty (30) calendar days of Authority's receipt of all Income Verification Materials for the proposed Transferee of the Affordable Home. If Authority is unable to verify the prospective Transferee's income as provided herein, then the prospective Transferee's income shall be deemed to exceed the maximum allowable income limit

for a Low Income Household. In the event that Authority determines a proposed conveyance would violate this Homebuyer Covenant, Authority shall specify the reason for said violation. If the proposed violation is not corrected to the satisfaction of Authority within thirty (30) days after the date of the notice specifying the violation, or within such further time as the Authority determines in its sole and absolute discretion is necessary to correct the proposed violation, Homebuyer shall not convey title to the proposed Transferee. The Authority may apply to a court of competent jurisdiction for injunctive relief or specific performance of this Agreement, for a declaration that the proposed conveyance is void, or for any such other relief as may be appropriate.

(e) **Agreement to Assume the Obligations of this Homebuyer Covenant.** The grant deed or other document effectuating the conveyance of the Affordable Home shall include for the duration of the Affordability Period the following: (A) references to this Homebuyer Covenant and the obligation of the Qualified Homebuyer to be bound by all the obligations set forth in this Homebuyer Covenant, (B) references to the Homebuyer Note, Homebuyer Deed of Trust, Affordable Housing Option Agreement, and Reimbursement Agreement, and (C) a covenant that will require the Qualified Homebuyer, and any successor or assign, to include in any document transferring any interest in the Affordable Home a reference to the Affordable Housing Covenant, the Affordable Housing Deed of Trust, the Affordable Housing Option Agreement, the Reimbursement Agreement, and the obligation of the Transferee to be bound by the obligations set forth in the Affordable Housing Covenant, the Affordable Housing Deed of Trust, the Affordable Housing Option Agreement and the Reimbursement Agreement.

(f) **The Authority's Title Policy.** The Authority shall receive a title policy, in an amount to be determined by Authority, insuring the Affordable Housing Deed of Trust as a monetary lien of second priority, subordinate in priority among monetary liens only to the monetary lien of any First Lien recorded at the time of sale, which First Lien shall secure an amount not in excess of the then Affordable Housing Cost of the Affordable Home. Notwithstanding the foregoing provisions of this Subsection, in the event of a transfer to a spouse in a dissolution proceeding, the Authority shall not require a new title policy, nor shall the Authority require reimbursement for its costs.

(g) **Certificates from Parties.** The Homebuyer and proposed Transferee each shall certify in writing, in a form acceptable to the Authority, that the Transfer shall be closed in accordance with, and only with, the terms of the purchase and sale agreement and other documents submitted to and approved by the Authority, and that all consideration delivered by the proposed Transferee to Homebuyer has been fully disclosed to the Authority. The written certificate shall also include a provision that in the event a Transfer is made in violation of the terms of this Homebuyer Covenant or false or misleading statements are made in any documents or certificate submitted to the Authority for its approval of the Transfer, the Authority shall have, in addition to any other rights and remedies available, the right to order that the Transfer shall not occur, and the right to file an action at law or in equity to make the parties terminate and/or rescind the sales contract and/or declare the sale void notwithstanding the fact that the Transfer may have closed and become final as between Homebuyer and the Transferee.

(h) Upon the close of the escrow for the proposed Transfer, the Transferor and the Transferee, as applicable, shall provide the Authority with a copy of the final purchase and sale agreement, settlement statement, escrow instructions, all certificates required by this Section 4, and any other documents which the Authority may reasonably request.

**4.2.2 Proposed Transfer Other Than By Sale.** During the Affordability Period, in the event that a Transfer of the Affordable Home or any interest therein will be accomplished by means other than by sale or receipt by Homebuyer of consideration, Homebuyer (or Homebuyer's lawfully designated representative in the event of the death of Homebuyer ) shall comply with all of the following set forth in Subsections (a)-(d) below in connection with said Transfer so that Authority can determine whether said Transfer is a Permitted Transfer:

(a) **Notice to Authority.** Homebuyer shall deliver to Authority no later than thirty (30) days prior to the date of Transfer (such as the close of an escrow or closing of an estate) the Notice of Intent to Transfer. The Notice of Intent to Transfer shall identify the proposed Transferee, shall specify the reason(s) for the proposed Transfer, and shall certify that, to the best of Homebuyer's knowledge, the proposed Transfer is a Permitted Transfer authorized in clauses (i) – (iv) of Section 4.1 of this Homebuyer Covenant (if, in fact, evidence supports the conclusion that the proposed Transfer is a Permitted Transfer). Homebuyer (or Homebuyer's lawfully designated representative in the event of the death of Homebuyer ) shall include copies of all documents that support a conclusion that the proposed Transfer is a Permitted Transfer.

(b) **Income Verification.** Homebuyer (or Homebuyer's lawfully designated representative in the event of the death of Homebuyer ) shall deliver or cause to be delivered to Authority no later than thirty (30) days prior to the date of Transfer the following information: the Social Security Number(s) (if available) of the proposed Transferee if the proposed Transferee is a natural person or persons; copies of the federal and state income tax returns if filed by the proposed Transferee for the prior two (2) calendar years if the proposed Transferee is a natural person or persons; copies (if available) of the two most current wage earning statements of proposed Transferee if a natural person or persons; a certification as to the income and family size of the proposed Transferee if a proposed Transferee(s) is/are natural persons; and any other information that city may reasonably require to verify the income of the proposed Transferee. Homebuyer shall also deliver, for the purpose of Authority approval, the following: (A) an agreement by the proposed Transferee to assume the obligations of an owner of the Affordable Home as set forth in this Homebuyer Covenant in such form as the Authority may request, and (B) a written statement signed by the proposed Transferee (in a form reasonably acceptable to the Authority Attorney) that authorize Authority to inspect, use, and rely on the information provided by the proposed Transferee, and waiving and releasing any right or claim that such proposed Transferee might otherwise have in the absence of such written authorization to maintain the privacy or confidentiality of such information. The information, statements, agreements, and other documents that a proposed Transferee is required to provide pursuant to this subsection (b) are collectively the "Income Verification Materials." Homebuyer shall have the obligation to collect and compile all Income Verification Materials from the proposed Transferee of the Affordable Home.

(c) **Authority Verification.** Homebuyer shall not convey fee title to the Affordable Home to the proposed Transferee until such time as Authority has determined (i) the proposed Transferee intends to occupy the Affordable Home as a principal residence; (ii) the proposed Transfer is a Permitted Transfer; (iii) the proposed Transferee and Authority have executed in a recordable form (where appropriate) any instruments necessary to effectuate the agreement by the proposed Transferee to be bound by the obligations set forth in this Homebuyer Covenant, the Affordable Housing Deed of Trust, the Affordable Housing Option Agreement, and the Reimbursement Agreement; and (iv) the proposed conveyance will not otherwise violate the terms and conditions of this Homebuyer Covenant. Homebuyer shall cooperate with and reasonably assist Authority with its determination of the matters set forth in clauses (i)-(iv) above. Homebuyer shall

have the obligation to deliver to Authority all Income Verification Materials for the proposed Transferee of the Affordable Home no later than thirty (30) days prior to the close of escrow. Authority shall respond to a request from Homebuyer for verification of the matters in clauses (i)-(iv) above by written notice, which shall be delivered to Homebuyer within thirty (30) calendar days of Authority's receipt of all Income Verification Materials for the proposed Transferee of the Affordable Home. If Authority is unable to verify the prospective Transferee's income as provided herein, then the prospective Transferee's income shall be deemed to exceed the maximum allowable income limit for a Low Income Household. In the event that Authority determines a proposed conveyance would violate this Homebuyer Covenant, Authority shall specify the reason for said violation. If the proposed violation is not corrected to the satisfaction of Authority within thirty (30) days after the date of the notice specifying the violation, or within such further time as the Authority determines in its sole and absolute discretion is necessary to correct the proposed violation, Homebuyer shall not convey title to the proposed Transferee. The Authority may apply to a court of competent jurisdiction for injunctive relief or specific performance of this Agreement, for a declaration that the proposed conveyance is void, or for any such other relief as may be appropriate.

(d) **Agreement to Assume the Obligations of this Homebuyer Covenant.** The grant deed or other document effectuating the conveyance of the Affordable Home shall include for the duration of the Affordability Period the following: (A) references to the Homebuyer Covenant, and the obligation of the Qualified Homebuyer to be bound by all the obligations set forth in the Affordable Housing Covenant, (B) references to the Affordable Housing Deed of Trust, the Affordable Housing Option Agreement, and the Reimbursement Agreement (all as defined in the Affordable Housing Covenant), and (C) a covenant that will require the Qualified Homebuyer, as buyer, and any successor or assign, to include in any document transferring any interest in the Affordable Home a reference to these Homebuyer Covenants, Homebuyer Loan Agreement, Homebuyer Note, Homebuyer Deed of Trust, Affordable Housing Option Agreement, Reimbursement Agreement, and the obligation of the Transferee to be bound by the obligations set forth herein and therein.

(e) **Transfer By Gift, Devise, Inheritance Or Intestacy.** In the event of a Transfer by gift, devise, inheritance, or intestacy, which would result in the Transfer of the Affordable Home to a person or persons who are not eligible to occupy the Affordable Home in accordance with the terms of this Homebuyer Covenant, the Transferee shall have one hundred eighty (180) days (or such longer period expressly approved by Executive Director in his/her sole discretion or as may be required by any applicable law), within which to transfer the Affordable Home to a Permitted Transferee for no more than the Affordable Housing Cost in accordance with the provisions of this Section 4. In the event the Transferee fails to transfer the Affordable Home to a Permitted Transferee within one hundred eight (180) days (or such authorized longer period) of acquiring title to the Affordable Home, the Transferee shall be deemed to be in Default under the terms of this Homebuyer Covenant and the Homebuyer Loan Agreement, and Authority may, in addition to any other rights and remedies it may have pursuant to this Homebuyer Covenant or at law and in equity, exercise its option to purchase the Affordable Home pursuant to the terms of the Option Agreement, or avail any remedy at law or equity.

4.3 **Financings on Transfer.** This Section 4 shall not prohibit the encumbering of title for the sole purpose of securing financing of the purchase price of the Affordable Home upon a Transfer thereof; however, any such financing shall be for the Homebuyer and (i) must be a Purchase Money Loan as the first lien mortgage, (ii) must not be in excess of the Affordable Housing Cost of

the Affordable Home as of date of approval for the financing, (iii) must be in compliance with this Homebuyer Covenant, Homebuyer Loan Agreement, Homebuyer Note, Homebuyer Deed of Trust, and (iv) shall be subordinate to this Homebuyer Covenant, which shall be and remain the senior, nonsubordinate encumbrance of record against the Affordable Home.

#### **4.4 Execution and Recording of Documents.**

(a) Upon Authority's determination that the proposed Transfer is a Permitted Transfer in accordance with Section 4 of this Homebuyer Covenant, Authority shall acknowledge and deliver to the Permitted Transferee the Permitted Transferee Assignment and Assumption Agreement in recordable form. The Permitted Transferee and Homebuyer shall thereafter execute the Permitted Transferee Assignment and Assumption Agreement. At the time of Transfer, such as the close of escrow or closing of an estate, the Permitted Transferee shall record or cause to be recorded in the Official Records for Riverside County the Permitted Transferee Assignment and Assumption Agreement. The Permitted Transferee, upon completion of the Transfer, shall deliver to Authority a conformed copy of the recorded Permitted Transferee Assignment and Assumption Agreement, and shall deliver to Authority the fully executed original(s).

(b) Notwithstanding the provisions in Section 4.4(a) above, in the event that Authority determines, in its reasonable discretion, that any of the Exhibits to this Homebuyer Covenant must be executed by a Permitted Transferee (and Authority, if appropriate) in order to preserve the affordability covenants and rights of the Authority and obligations of the owner of the Affordable Home, then the Permitted Transferee (and Authority, if appropriate) shall execute originals of any said Exhibit or Exhibits to this Homebuyer Covenant (and/or the Homebuyer Loan Agreement) in lieu of an assignment and assumption of said Exhibit pursuant to Section 4.4(a) above. By way of explanation of the foregoing, Authority may require in its reasonable discretion that a Permitted Transferee shall execute a new Affordable Housing Option Agreement, Reimbursement Agreement, and Homebuyer Deed of Trust (or modification of such deed of trust), in lieu of having the Permitted Transferee assume said Exhibits that were executed by Homebuyer. In the event that Authority requires the Permitted Transferee to execute any Exhibit or Exhibits pursuant to this subsection (b), Permitted Transferee (and Authority, if appropriate) shall execute the same prior to the time of Transfer, such as the close of escrow or closing of an estate, and the Permitted Transferee shall record or cause to be recorded any of said Exhibits that are in recordable form. The Permitted Transferee, upon completion of the Transfer, shall deliver to Authority the originally executed copies, and conformed copies of any said Exhibits recorded.

**4.5 Qualified Homebuyer Marketing and Orientation.** Authority may provide or cause to be provided to the Permitted Transferee an in-person, informational session ("Affordable Housing Counseling") that shall explain, in plain and simple language, the resale restrictions and other provisions of the Homebuyer Covenant that affect the marketability of the Affordable Home. Authority shall have the right to charge Homebuyer or Permitted Transferee of the Affordable Home, or both, a reasonable fee for costs incurred in connection with the informational session. Authority may record or cause to be recorded each informational session by videotape or other means, which recording shall clearly show the attendance of the Permitted Transferee. Upon completion of the informational session, Authority shall cause the Permitted Transferee to execute an agreement, in a form approved by the Authority Attorney, acknowledging the Permitted Transferee's attendance of the informational session and providing for the Permitted Transferee's waiver and release of Homebuyer and Authority from any claim or cause of action related to the restrictions on the marketability of the

Affordable Home, provided that the Permitted Transferee represents that he or she understands the restrictions on marketability.

**4.6 Equity Share; Damages for Prohibited Transfer.** In the event that the Prohibited Transfer involves a sale or resale of the Affordable Home for an amount greater than the Affordable Housing Cost and Authority seeks monetary damages for the Prohibited Transfer, the Authority shall have the right to demand of Homebuyer, to the maximum extent permitted by law, to pay to Authority the amount by which the purchase price exceeds the Affordable Housing Cost, taking into account that Homebuyer may retain the value of any permanent capital improvements to the Affordable Home (such as remodeling, alterations and fixtures as evidenced by copies of paid receipts, photographs of completed work, with City building permits through final inspection, if required) paid by Homebuyer, down payment made by Homebuyer, and, if applicable, Homebuyer's proportionate share of appreciation (if any). For purposes of this Section 4.6, the "Authority's initial subsidy" shall be an amount equal to the fair market value of the Affordable Home at the time of the last Permitted Transfer (not taking into account of the restrictions set forth in this Homebuyer Covenant) minus the actual sale price of the Affordable Home at the time of the last Permitted Transfer, plus any amount of down payment or mortgage assistance that Authority may have provided to Homebuyer for the purchase of the Affordable Home. Upon a Prohibited Transfer involving a sale or resale of the Affordable Home, Authority shall recover its proportionate share of appreciation, which shall be the amount equal to the ratio of the "Authority's initial subsidy" to the sale or resale price of the Affordable Home at the time of the Prohibited Transfer. Nothing herein shall be deemed to limit Authority's remedy for such a Prohibited Transfer to seeking monetary damages, and Authority shall be entitled to pursue any other equitable remedy permitted by law, including specific performance or injunctive relief or the exercise of the option pursuant to the Affordable Housing Option Agreement.

**HOME BUYER AGREES THAT THE AMOUNT SET FORTH IN THIS SECTION 4.6 (THE "EQUITY SHARING AMOUNT") CONSTITUTES A REASONABLE AND FAIR APPLICATION OF THE EQUITY SHARING PROTECTIONS THAT HAVE BEEN ESTABLISHED BY THE STATE DENSITY BONUS LAW (GOVERNMENT CODE SECTION 65915(c)), AS THOSE PROTECTIONS ARE ADAPTED TO THE AFFORDABLE HOME HERE RESERVED FOR A LOW INCOME HOUSEHOLD. HOME BUYER FURTHER AGREES THAT THE EQUITY SHARING AMOUNT IS A REASONABLE APPROXIMATION OF THE ACTUAL DAMAGES THAT CITY WOULD SUFFER DUE TO THE DEFAULTS BY HOME BUYER SET FORTH IN THIS SECTION 4.6, CONSIDERING ALL OF THE CIRCUMSTANCES EXISTING ON THE DATE OF THIS COVENANT, INCLUDING THE RELATIONSHIP OF THE EQUITY SHARING AMOUNT TO THE RANGE OF HARM TO CITY, AND THE ACCOMPLISHMENT OF CITY'S PURPOSE OF ASSISTING IN THE PROVISION OF AFFORDABLE HOUSING TO LOW INCOME HOUSEHOLDS THAT REASONABLY COULD BE ANTICIPATED. THE EQUITY SHARING AMOUNT SET FORTH IN THIS SECTION 4.6 SHALL BE THE SOLE DAMAGES REMEDIES FOR THE DEFAULTS SET FORTH IN THIS SECTION 4.6, BUT NOTHING IN THIS SECTION 4.6 SHALL BE INTERPRETED TO LIMIT CITY'S REMEDY FOR SUCH DEFAULT TO THE EQUITY SHARING AMOUNT. IN PLACING ITS INITIALS HEREIN BELOW, HOME BUYER SPECIFICALLY CONFIRMS THE ACCURACY OF THE STATEMENTS MADE ABOVE AND THE FACT THAT HOME BUYER HAS BEEN REPRESENTED BY COUNSEL OR HAS HAD THE OPPORTUNITY TO BE REPRESENTED BY COUNSEL TO EXPLAIN THE CONSEQUENCES OF THE EQUITY**



**SHARING PROVISION AT OR PRIOR TO THE TIME HOMEBUYER EXECUTED THIS COVENANT.**

**HOMEBUYER'S INITIALS:**

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4.7 **Successive Affordable Transfers.** The provisions in this Section 4 shall apply to every successive Permitted Transfer during the Affordability Period. Upon completion of a Permitted Transfer, the Permitted Transferee shall constitute the "Homebuyer" under this Homebuyer Covenant and shall be subject to and required to comply with all of the terms and conditions of this Homebuyer Covenant.

**5. ENCUMBRANCES.**

5.1 **Subordination.** This Covenant shall have priority over all monetary liens and encumbrances for the Affordability Period. However, the Affordable Housing Deed of Trust, the Affordable Housing Option Agreement, and the Reimbursement Agreement may be subordinated to any First Lien on the Affordable Home that secures the payment of a principal amount that is not in excess, as of the date of approval for said financing, of the Affordable Housing Cost of the Affordable Home. The Authority shall execute a written instrument for the subordination of its rights under the Affordable Housing Deed of Trust, the Affordable Housing Option Agreement and the Reimbursement Agreement in the form approved by the Authority Attorney as may reasonably be requested by the Lender. The Authority's agreement to so subordinate its rights is subject to agreement in writing by the Lender providing the Authority the following rights:

(a) Upon the occurrence of a Default under any of the First Lien documents, the holder of the First Lien shall promptly notify the Authority of the occurrence of such Default, which notification shall be provided to the Authority contemporaneously with the delivery to Homebuyer of any notice of Default under any of the First Lien documents; and

(b) The Authority shall have the right, during the cure periods which apply to the Homebuyer pursuant to the First Lien documents and any cure period which may apply to the Authority under applicable law, to cure the Homebuyer's Default relative to the First Lien; and

(c) After a Default on any of the First Lien documents but prior to a foreclosure sale or deed in lieu assignment of the Affordable Home, the Authority shall have the right to take title to the Affordable Home and cure the Default relative to the First Lien documents, without the holder of the First Lien exercising any right it might otherwise have to accelerate the obligations secured by the First Lien by reason of such title transfer, so long as the Authority promptly cures any such Default upon taking title to the Affordable Home; and

5.2 **Request for Notice of Default.** The Authority may cause a Request for Notice to be recorded on the Affordable Home subsequent to the recordation of the First Lien deed of trust or mortgage requesting a statutory notice of Default as set forth in California Civil Code Section 2924 b.

5.3 **Further Encumbrances Prohibited.** Homebuyer shall not record or cause or permit the recordation of any deed of trust, mortgage, lien or other instrument creating a security

interest in or to the Affordable Home (a “**Further Encumbrance**”) other than this Homebuyer Covenant, the First Lien, the Affordable Housing Deed of Trust, and the Affordable Housing Option Agreement (and any assignment and assumption of the foregoing approved by the Authority pursuant to this Homebuyer Covenant).

6. **REIMBURSEMENT AGREEMENT.** Homebuyer covenants and agrees to pay timely any and all amounts due and payable on the obligations secured by the First Lien. Authority shall have the right to make payments to cure a Default or delinquency of any obligation secured by the First Lien pursuant to the Reimbursement Agreement, which provides that the Homebuyer reimburse the Authority for any payments made by Authority to cure such Default or delinquency, together with any costs incurred by Authority in making such payments, including costs of staff time and interest on the sums advanced by Authority at the current rate received by Authority on the investment of Authority’s general fund or at the maximum allowable interest rate pursuant to law, whichever is less. Homebuyer shall secure its obligations under the Reimbursement Agreement by the Affordable Housing Deed of Trust. In addition to any other right Authority may have under this Homebuyer Covenant, at law or in equity, Authority shall have the right pursuant to the terms and conditions of the Affordable Housing Deed of Trust to collect payment made pursuant to the Reimbursement Agreement on behalf of Homebuyer for Homebuyer’s Default.

7. **OPTION TO ACQUIRE HOME UPON DEFAULT OF OBLIGATIONS UNDER THIS COVENANT.** Authority shall have an option to purchase the Affordable Home pursuant to the Option Agreement in the event that the Homebuyer is in Default of any of his or her or their obligations under this Homebuyer Covenant.

8. **USES.** Homebuyer covenants and agrees to devote, use, and maintain the Affordable Home in accordance with this Homebuyer Covenant. All uses conducted on the Affordable Home, including, without limitation, all activities undertaken by the Homebuyer pursuant to this Homebuyer Covenant, shall conform to all applicable provisions of federal, state, and local laws, including the Escondido Municipal Code, and the recorded documents pertaining to and running with the Affordable Home.

9. **MAINTENANCE OF HOME.** Homebuyer shall maintain the Affordable Home in a manner consistent with community standards which will uphold the value of the Affordable Home, in accordance with the Escondido Municipal Code. Homebuyer also shall comply with all applicable federal, state and local laws.

10. **OCCUPANCY STANDARDS.** The Affordable Home shall be used as the principal residence of Homebuyer and Homebuyer’s family and for no other purpose. Homebuyer may have a Home Office so long as the Affordable Home is Homebuyer’s and Homebuyer’s family’s principle residence. Homebuyer shall not enter into an agreement for the rental, lease, or sublease of the Affordable Home, and Homebuyer shall not otherwise rent, lease, or sublease the Affordable Home. The maximum number of persons permitted to occupy the Affordable Home shall not exceed the occupancy permitted pursuant to the general requirements of the United States Department of Housing and Urban Development in effect on the Effective Date of the Homebuyer Loan Agreement, which is two persons per bedroom, plus one person (e.g., for a two bedroom unit the maximum number of persons residing in the unit can be five). The minimum occupancy standard permitted for a two-bedroom unit is one person per bedroom. Homebuyer shall, commencing upon the first anniversary of the date of this Homebuyer Covenant first set forth above and on each succeeding anniversary

thereafter, submit to the Authority an affidavit of occupancy in a form provided by the Authority. The Authority may grant a temporary waiver of the above requirements for good cause, in the Authority's sole and absolute discretion.

## **11. EFFECT OF VIOLATION OF THE TERMS AND PROVISIONS OF THIS COVENANT.**

**11.1 Covenants Run with the Land.** This Covenant is designed to create equitable servitudes and covenants running with the Affordable Home, in accordance with the provisions of Civil Code Section 1468 and Moreno Valley Municipal Code. The covenants, conditions, restrictions, reservations, equitable servitudes, liens and charges set forth herein shall run with the Affordable Home and shall be binding upon all persons having any right, title or interest in the leasehold interest in the Affordable Home, or any part thereof, their heirs, successive owners and assigns; shall inure to the benefit of the Authority and its successors and assigns, shall be binding upon Homebuyer, and its successors and assigns; and may be enforced by Authority and its successors and assigns. Homebuyer hereby declares its understanding and intent that the burden of the covenants set forth herein touch and concern the land and that the Homebuyer's interest in the Affordable Home is rendered less valuable thereby. Homebuyer hereby further declares its understanding and intent that the benefit of such covenants touch and concern the land by enhancing and increasing the enjoyment and use of the Affordable Home by Homebuyer, and by furthering public purposes for Authority.

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

**11.2 Notice of Default.** Failure or delay by Homebuyer to perform any term or provision of this Homebuyer Covenant which is not cured within thirty (30) days after receipt of notice from the Authority constitutes a Default under this Homebuyer Covenant; provided, however, if such Default is of the nature requiring more than thirty (30) days to cure, Homebuyer may avoid Default hereunder by immediately commencing to cure within such thirty (30) day period, and thereafter diligently pursuing such cure to completion within sixty (60) days after the expiration of the initial thirty (30) day period, for a total of ninety (90) days. Failure or delay in giving notice by the Authority shall not constitute a waiver of any Default, nor shall it change the time of Default.

**11.3 Authority's Remedies.** Upon the declaration of a Default, the Authority may (i) apply to a court of competent jurisdiction for specific performance, for an injunction prohibiting any act or omission in violation of this Homebuyer Covenant, or for any such other relief as may be appropriate, (ii) exercise the Authority's rights under this Homebuyer Covenant and the Affordable

Housing Deed of Trust, including, without limitation, foreclosure of the Affordable Home, (iii) exercise the Authority's rights under the Affordable Housing Option Agreement, and (iv) pursue such other rights and remedies permitted under this Homebuyer Covenant and by applicable law.

11.4 **Prohibited Transfers Void.** Any attempt by the Homebuyer to make a Prohibited Transfer of title to or any interest in the Affordable Home in violation of this Homebuyer Covenant shall be void and subject to rescission, specific performance, or any other right or remedy available at law or in equity.

12. **INDEMNIFICATION.** Homebuyer shall defend (with counsel of Authority's choosing), indemnify and hold harmless the Authority and its officers, officials, agents, employees, representatives, and volunteers from and against any loss, liability, claim, or judgment relating in any manner to the Homebuyer's use of the Affordable Home or Homebuyer's violation of this Homebuyer Covenant. The Homebuyer shall remain fully obligated for the payment of taxes, liens and assessments related to the Affordable Home. There shall be no reduction in taxes for Homebuyer, nor any transfer of responsibility to the Authority to make such payments, by virtue of this Homebuyer Covenant.

13. **INSURANCE.** Homebuyer shall maintain or cause the homeowners association for the Project to maintain, during the term of this Homebuyer Covenant, an all-risk property insurance policy insuring the Affordable Home in an amount equal to the full replacement value of the structures and improvements for the Affordable Home. The policy shall contain a statement of obligation on behalf of the carrier to notify the Authority of any material change, cancellation or termination of coverage at least thirty (30) days in advance of the effective date of such material change, cancellation or termination. Homebuyer shall transmit a copy of the certificate of insurance to the Authority within thirty (30) days of acquiring title to the Affordable Home, and Homebuyer shall annually transmit to the Authority a copy of the certificate of insurance, signed by an authorized agent of the insurance carrier setting forth the general provisions of coverage. Any certificate of insurance must be in a form, content and with companies approved by the Authority.

14. **TIME OF THE ESSENCE.** Time is of the essence with respect to all provisions of this Homebuyer Covenant in which a definite time for performance is specified; provided, however, that the foregoing shall not be construed to limit or deprive a party of the benefits of any grace or cure period provided for in this Homebuyer Covenant.

15. **NO WAIVER.** No waiver of any provision or consent to any action under this Homebuyer Covenant shall constitute a waiver of any other provision or consent to any other action, whether or not similar. No waiver or consent shall constitute a continuing waiver or consent or commit a party to provide a waiver in the future except to the extent specifically set forth in writing. Any waiver given by a party shall be null and void if the party requesting such waiver has not provided a full and complete disclosure of all material facts relevant to the waiver requested.

16. **FURTHER ASSURANCES.** Homebuyer shall execute any further documents consistent with the terms of this Homebuyer Covenant, including documents in recordable form, as the Authority shall from time to time find necessary or appropriate to effectuate its purposes in entering into this Homebuyer Covenant.

17. **GOVERNING LAW.** Homebuyer hereby agrees to comply with all ordinances, rules and regulations of the Authority. Nothing in this Homebuyer Covenant is intended to be, nor shall it

be deemed to be, a waiver of any Authority ordinance, rule or regulation. This Covenant shall be governed by the laws of the State of California without regard to conflict of law principles. Any legal action brought under this Homebuyer Covenant must be instituted in the Superior Court of the County of Riverside, State of California, or in the Federal District Court in the Central District of California.

18. **AMENDMENT OF COVENANT.** No modification, rescission, waiver, release or amendment of any provision of this Homebuyer Covenant shall be made except by a written agreement executed by Homebuyer and the Authority.

19. **CITY MAY ASSIGN.** The Authority may, at its option, assign its rights hereunder without obtaining the consent of the Homebuyer .

20. **HOMEBUYER ASSIGNMENT PROHIBITED.** In no event shall Homebuyer assign or transfer all or any portion of the Affordable Home or any portion of this Homebuyer Covenant without the prior express written consent of the Authority, which consent shall be given by the Authority only in the event that the Authority determines the Transfer fully complies with Section 4. This section shall not affect or diminish the Authority's right to assign all or any portion of its rights hereunder.

21. **NOTICES.** As used in this Agreement, "notice" includes, but is not limited to, the communication of notice, request, demand, approval, statement, report, acceptance, consent, waiver, appointment or other communication required or permitted hereunder. All notices shall be in writing and shall be considered given either: (i) when delivered in person to the recipient named below; or (ii) on the date of delivery shown on the return receipt, after deposit in the United States mail in a sealed envelope as either registered or certified mail with return receipt requested, and postage and postal charges prepaid, and addressed to the recipient named below; or (iii) two (2) days after deposit in the United States mail in a sealed envelope, first class mail and postage prepaid, and addressed to the recipient named below; or (iv) one (1) day after deposit with a known and reliable next-day document delivery service (such as FedEx), charges prepaid and delivery scheduled next-day to the recipient named below, provided that the sending party receives a confirmation of delivery from the delivery service provider; or (v) the first business day following the date of transmittal of any facsimile, provided confirmation of successful transmittal is retained by the sending Party. Unless otherwise provided in writing, all notices hereunder shall be addressed as follows:

**To Homebuyer :**

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**To Authority:**

Moreno Valley Housing Authority  
201 North Broadway  
Escondido, CA 92025-2798  
Attention: Director of Community Development & Housing Manager  
Email:

**With copy to:**

Business Name  
Business Address, Suite #  
Authority, State Zip code  
Attn: Owner Name  
Email:

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

22. **ATTORNEYS' FEES AND COSTS.** If any party to this Homebuyer Covenant institutes any action, suit, counterclaim, appeal or arbitration for any relief against another party, declaratory or otherwise (collectively an "**Action**"), to enforce the terms hereof or to declare rights hereunder or with respect to any inaccuracies or material omissions in connection with any of the covenants, representations or warranties on the part of the other party to this Agreement, then the prevailing party in such Action, whether by arbitration or final judgment, shall be entitled to have and recover of and from the other party all costs and expenses of the Action, including reasonable attorneys' fees (provided, however, that the attorneys' fees awarded pursuant to this Section shall not exceed the hourly rate paid by Authority for legal services multiplied by the reasonable number of hours spent by the prevailing Party in the conduct of the litigation) and costs incurred in bringing and prosecuting such Action and/or enforcing any judgment, order, ruling or award (collectively, a "**Decision**") granted therein, all of which shall be deemed to have accrued on the commencement of such Action and shall be paid whether or not such Action is prosecuted to a Decision. Any Decision entered in such Action shall contain a specific provision providing for the recovery of attorneys' fees and costs incurred in enforcing such Decision. A court or arbitrator shall fix the amount of reasonable attorneys' fees and costs upon the request of either party, in accordance with the terms of this Section. Any judgment or order entered in any final judgment shall contain a specific provision providing for the recovery of all costs and expenses of suit, including reasonable attorneys' fees and expert fees and costs (collectively "**Costs**") incurred in enforcing, perfecting and executing such judgment. For the purposes of this Section, Costs shall include, without limitation, in addition to Costs incurred in prosecution or defense of the underlying action, reasonable attorneys' fees, costs, expenses and expert fees and costs incurred in the following: (a) post judgment motions and collection actions; (b) contempt proceedings; (c) garnishment, levy, debtor and third party examinations; (d) discovery; (e) bankruptcy litigation; and (f) appeals of any order or judgment. For the purposes of this Agreement the term "prevailing party" shall have the meaning set forth in the California Code of Civil Procedure Section 1032(a)(4).

23. **ENTIRE AGREEMENT.** This Covenant, its Exhibits, and the Homebuyer Loan Agreement constitute the entire understanding and agreement of the parties. This Covenant integrates all of the terms and conditions mentioned herein or incidental thereto, and supersedes all prior negotiations, discussions and previous agreements between the Authority and the Homebuyer concerning all or any part of the subject matter of this Homebuyer Covenant.

24. **SEVERABILITY.** So long as the material bargain of the parties may be preserved, any provision of this Homebuyer Covenant that is deemed to be illegal, invalid or unenforceable by an arbitrator or court of competent jurisdiction shall be ineffective to the extent of the invalidity or unenforceability of such provision and shall be deemed stricken from this Homebuyer Covenant. Any stricken provision shall not affect the legality, enforceability or validity of the remainder of this

Homebuyer Covenant. If any provision or part thereof of this Homebuyer Covenant is stricken in accordance with the provisions of this Section, then the stricken provision shall be replaced, to the extent possible, with a legal, enforceable and valid provision that is as similar in tenor and intent to the stricken provision as is legally possible. Any such invalidity or unenforceability of any provision in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

25. **CITY MANAGER AUTHORIZATION.** The Executive Director or authorized designee is authorized to execute on behalf of Authority this Homebuyer Covenant, and shall have the authority to execute on behalf of Authority any further documents necessary or appropriate to effectuate the Authority's purposes in entering into this Homebuyer Covenant.

26. **COUNTERPARTS.** This Covenant may be executed in two or more separate counterparts, each of which, when so executed, shall be deemed to be an original. Such counterparts shall, together, constitute and shall be one and the same instrument. This Covenant shall not be effective until the execution and delivery by the parties of at least one set of counterparts. The parties hereunder authorize each other to detach and combine original signature pages and consolidate them into a single identical original. Any one of such completely executed counterparts shall be sufficient proof of this Homebuyer Covenant.

27. **COMPUTATION OF DAYS.** Unless otherwise specified in this Agreement or any Exhibit attached hereto, use of the term "days" shall mean calendar days. For purposes of this Agreement and all Exhibits attached hereto, "business days" shall mean every day of the week that Authority Hall of the Authority is open for business to the general public.

28. **EXHIBITS.** Each of the Exhibits referenced in this Homebuyer Covenant and attached hereto is incorporated into this Homebuyer Covenant by this reference as though fully set forth in this Section.

[Signatures on next page]

**IN WITNESS WHEREOF**, the parties have executed this Homebuyer Covenant as of the date set forth above.

“HOMEBUYER”

\_\_\_\_\_

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

\_\_\_\_\_

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

“CITY”

MORENO VALLEY HOUSING  
AUTHORITY,  
a public body corporate and politic

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

Its:\_\_\_\_\_

APPROVED AS TO FORM:  
OFFICE OF THE AUTHORITY ATTORNEY  
MICHAEL R. MCGUINNESS, AUTHORITY ATTORNEY

By:\_\_\_\_\_  
Dare DeLano, Assistant Authority Attorney



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

)

)

ss.

COUNTY OF RIVERSIDE

)

On \_\_\_\_\_ before me, \_\_\_\_\_, Notary Public,

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

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

WITNESS my hand and official seal

\_\_\_\_\_  
SIGNATURE OF NOTARY PUBLIC

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

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COUNTY OF RIVERSIDE

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On \_\_\_\_\_ before me, \_\_\_\_\_, Notary Public,

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

WITNESS my hand and official seal

\_\_\_\_\_  
SIGNATURE OF NOTARY PUBLIC

**ATTACHMENT “1” TO AFFORDABLE HOUSING COVENANT**

**LEGAL DESCRIPTION OF AFFORDABLE HOME**

**[Attached]**

[REPLACE THIS PAGE WITH LEGAL DESCRIPTION OF LOW INCOME AFFORDABLE  
HOME, ONCE KNOWN AND TO BE SOLD]

**ATTACHMENT “2” TO AFFORDABLE HOUSING COVENANT**

**NOTICE OF INTENT TO TRANSFER  
(360 FUSION APARTMENTS)**

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

From: \_\_\_\_\_ (“Homebuyer ”)

To:    Moreno Valley Housing Authority  
      201 North Broadway  
      Escondido, CA 92025-2798  
      Attn: Director of Community Development

Re:    \_\_\_\_\_(Homebuyer’s street address)  
      Escondido, California (“Affordable Home”)

***Circle appropriate words:*** Homebuyer desires to [sell, convey, transfer by inheritance or devise, lease, gift, otherwise transfer] the Affordable Home.

Proposed Transferee: \_\_\_\_\_

Ages of Proposed Transferee: \_\_\_\_\_

Gross Income of Proposed Transferee: \_\_\_\_\_

Household Size of Proposed Transferee: \_\_\_\_\_

Proposed Transfer Price: \_\_\_\_\_

If Proposed Transfer is not by sale, specify reason(s) for Proposed Transfer (e.g., Transfer as a Result of Marriage): \_\_\_\_\_

If the Authority has a program to help locate a Low Income purchaser, does the Homebuyer want the Authority to help look for a Low Income purchaser to buy the Unit?

Yes: \_\_\_\_\_ No: \_\_\_\_\_

Date \_\_\_\_\_

\_\_\_\_\_  
Signature of Homebuyer

(\_\_\_\_\_) \_\_\_\_\_  
daytime telephone number of Homebuyer

**ATTACHMENT "3" TO AFFORDABLE HOUSING COVENANT**

RECORDING REQUESTED BY  
AND WHEN RECORDED MAIL TO:

Moreno Valley Housing Authority  
201 North Broadway  
Escondido, CA 92025-2798  
Attention: Director of Community Development

SPACE ABOVE THIS LINE FOR RECORDER'S USE ONLY

Exempt from recording fees pursuant to  
Government Code §27383

**Request for Notice Under Civil Code Section 2924b**

In accordance with Section 2924b of the California Civil Code, request is hereby made that a copy of any Notice of Default and a copy of any Notice of Sale under the Deed of Trust recorded as instrument No. \_\_\_\_\_ on \_\_\_\_\_, 200\_, in Book \_\_\_, Page \_\_\_, Official Records of Riverside County, California, and describing land therein as

See Sub-Exhibit "A" attached hereto

executed by \_\_\_\_\_, as Trustor, in  
which \_\_\_\_\_ is named as  
Beneficiary, and \_\_\_\_\_, as Trustee, be

mailed to MORENO VALLEY HOUSING AUTHORITY, at 14177 Frederick Street, Moreno Valley, California 92552, Attention: Director of Community Development

NOTICE: A COPY OF ANY NOTICE OF DEFAULT AND OF ANY NOTICE OF SALE WILL BE SENT ONLY TO THE ADDRESS CONTAINED THIS RECORDED REQUEST. IF YOUR ADDRESS CHANGES, A NEW REQUEST MUST BE RECORDED.

**MORENO VALLEY HOUSING AUTHORITY**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Its: Executive Director

Exhibit "3" To Affordable Housing Covenant  
Request For Notice Under Civil Code Section 2924b  
Page 1 of 1

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.

)

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4905-7533-9338v1/200382-0007

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

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ss.

COUNTY OF RIVERSIDE

)

On \_\_\_\_\_ before me, \_\_\_\_\_, Notary Public,

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

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

WITNESS my hand and official seal

\_\_\_\_\_  
SIGNATURE OF NOTARY PUBLIC



**SUB-ATTACHMENT “A” TO ATTACHMENT “3”**

**LEGAL DESCRIPTION**

**(Attached)**

Sub-Exhibit “A” To Exhibit “3”  
Legal Description

[REPLACE THIS PAGE WITH LEGAL DESCRIPTION OF LOW INCOME AFFORDABLE  
HOME, ONCE KNOWN AND TO BE SOLD]

## ATTACHMENT "4" TO AFFORDABLE HOUSING COVENANT

### REIMBURSEMENT AGREEMENT

THIS REIMBURSEMENT AGREEMENT, dated as of \_\_\_\_\_, \_\_\_\_\_, ("Reimbursement Agreement"), is hereby entered into by and between the **MORENO VALLEY HOUSING AUTHORITY**, a public body corporate and politic ("Authority"), and \_\_\_\_\_ ("Homebuyer "). Homebuyer and Authority are hereafter periodically referred to collectively as the "parties" and individually as a "party."

#### *RECITALS*

A. The Homebuyer is purchasing a [single family home/townhome/condominium] located at \_\_\_\_\_, Escondido, California ("Affordable Home"). The Affordable Home is more particularly described in Exhibit "1" (incorporated herein by this reference) to that certain Homebuyer Covenant(defined below).

B. On or about even date as this Reimbursement Agreement, Authority and Homebuyer have executed and recorded that certain Affordable Housing Covenant, recorded as Instrument No. \_\_\_\_\_ in the Official Records of Riverside County, California ("Covenant"), which requires for a \_\_\_\_\_ ( ) year period commencing \_\_\_\_\_ **[DATE TO BE DETERMINED IN ACCORDANCE WITH THE DENSITY BONUS AGREEMENT'S PROVISIONS ON THE "TOTAL AFFORDABILITY PERIOD"]** that the Affordable Home be sold only to Low Income Households at an Affordable Housing Cost, which may result in purchase prices which are substantially less than the current fair market value of a similarly unrestricted unit. Unless expressly defined in this Reimbursement Agreement, all capitalized terms herein shall have the same meanings set forth in this Homebuyer Covenant.

C. The Homebuyer is obtaining a purchase money loan ("Loan") from a private lender ("Lender") for a portion of the costs of acquisition of the Affordable Home, which loan shall be secured by a First Lien (as defined in this Homebuyer Covenant) against the Affordable Home. A description of the Loan is set forth in Sub-Exhibit "A" hereto, which is incorporated herein.

D. The Homebuyer may Transfer his, her or their interests in the Affordable Home to a Permitted Transferee who may in turn obtain a First Lien purchase money loan from an institutional lender for a portion of the Affordable Housing Cost for the acquisition of the Affordable Home. This subsequent lender and loan are also hereinafter referred to as the "Lender" and the "Loan".

E. Pursuant to this Homebuyer Covenant, the Authority has the right to acquire the Affordable Home in the event, among other things, that it becomes subject to a foreclosure proceeding, and the Authority has the right to make payments to cure a Default or delinquency on the Loan.

F. The right to make payments to cure a Default or delinquency on the Loan will be of benefit to the Authority by allowing the Authority to prevent the foreclosure of the Affordable Home.

Exhibit "4" To Affordable Housing Covenant  
Reimbursement Agreement

Page 1 of 6

G. The Authority's right to make payments to cure a Default or delinquency on the Loan will also be of benefit to the Homebuyer , by allowing the Homebuyer to retain ownership of the Affordable Home and to avoid foreclosure.

H. The Authority desires to obtain the authority to make payments to cure a Default or delinquency on the Loan, on the condition that the Homebuyer agrees to reimburse the Authority for any payments made to cure a Default or delinquency on the Loan and any costs incurred in making such payments, including but not limited to the cost of staff time and interest on the sums advanced by Authority at the current rate received by Authority on the investment of Authority's general fund or at the maximum allowable interest rate pursuant to law, whichever is less. The Homebuyer understands and acknowledges that the Authority would not make payments to cure a Loan Default or delinquency but for the Homebuyer's agreement to make such reimbursements to the Authority, as provided herein.

### ***AGREEMENT***

**NOW, THEREFORE**, based upon the foregoing Recitals, which are incorporated to the Reimbursement Agreement by this reference, and in consideration of the mutual covenants herein contained, it is agreed by and between the parties hereto as follows:

1. **Cure of Loan Default.** The Authority hereby has the right, but not the obligation, to make payments to the Lender to fully or partially cure any Default or delinquency in payments of the Loan.

2. **Reimbursement Obligation of Homebuyer .** Homebuyer shall reimburse the Authority for any and all payments made by the Authority to fully or partially cure any Default or delinquency in payments of the Loan and for any costs incurred by the Authority in making such payments, including but not limited to the cost of staff time and interest on the sums advanced by Authority at the current rate received by Authority on the investment of Authority's general fund or at the maximum allowable interest rate pursuant to law, whichever is less. Such payments shall be delivered to Authority within thirty (30) days after written demand is made therefor from the Authority to the Homebuyer . The Authority may make such written demand to the Homebuyer at any time after making such payments. If such written demand is made by personal delivery to the Homebuyer or to the Affordable Home, such demand shall be deemed given immediately upon such delivery. If such written demand is made by reliable overnight delivery service (such as FedEx), such demand shall be deemed given one business day after deposit of the written demand with the overnight delivery service. If such written demand is made by registered, certified, or first class (postage prepaid) U.S. Mail, such demand shall be deemed given three (3) business days after deposit of the written demand with the U.S. Postal Service. Failure of Homebuyer to timely pay Authority shall be a Default under this Reimbursement Agreement and Covenant.

3. **Security for Reimbursement.** The obligation of the Homebuyer to make the reimbursement payments to the Authority required under Section 2 shall be secured by the Affordable Housing Deed of Trust, which shall encumber the Homebuyer's fee title to the Affordable Home. Such deed of trust shall be executed by the Homebuyer and shall be recorded in the Official Records of Riverside County, California, at the time Homebuyer acquires title to the Affordable Home. The Homebuyer consents to recordation of such deed of trust in the official records of Riverside County, California. The Affordable Housing Deed of Trust shall secure the performance and payment of

Exhibit "4" To Affordable Housing Covenant  
Reimbursement Agreement

Page 2 of 6

amounts due from the Homebuyer and/or his, her or their successors and assigns as provided in this Reimbursement Agreement.

4. **Notice of Default and Delinquency.** Homebuyer shall deliver to the Authority a copy of any notice of Default or delinquency in repayment of the Loan which Homebuyer receives from or on behalf of the Lender. Such notices shall be delivered to the Authority within five (5) days of Homebuyer's receipt of such notice from the Lender.

5. **Waivers.**

(a) The Homebuyer expressly agrees that any payment due hereunder may be extended from time to time at the Authority's sole and absolute discretion, and that the Authority may accept security in consideration for any such extension or release any security for this Reimbursement Agreement at its sole discretion, all without in any way affecting the liability of the Homebuyer .

(b) No extension of time for payment of the amounts due pursuant to this Reimbursement Agreement made by agreement by the Authority with any person now or hereafter liable for the payment of this Reimbursement Agreement shall operate to release, discharge, modify, change or affect the original liability of the Homebuyer under this Reimbursement Agreement, either in whole or in part.

(c) The obligations of the Homebuyer under this Reimbursement Agreement shall be absolute and the Homebuyer waives any and all rights to offset, deduct or withhold any payments or charges due under this Reimbursement Agreement for any reasons whatsoever.

(d) The Homebuyer waives presentment, demand, notice of protest and nonpayment, notice of Default or delinquency, notice of acceleration, notice of costs, expenses or leases or interest thereon, notice of dishonor, diligence in collection or in proceeding against any of the rights of interests in or to properties securing this Reimbursement Agreement, and the benefit of any exemption under any homestead exemption laws, if applicable.

(e) No previous waiver and no failure or delay by the Authority in acting with respect to the terms of this Reimbursement Agreement shall constitute a waiver of any breach, Default, or failure or condition under this Reimbursement Agreement. A waiver of any term of this Reimbursement Agreement must be made in writing and shall be limited to the express written terms of such waiver.

6. **Attorneys' Fees and Costs.** If any amounts due under this Reimbursement Agreement are not paid when due, the Homebuyer shall pay, in addition, all costs and expenses of collection and reasonable attorneys' fees paid or incurred in connection with the collection or enforcement of this Reimbursement Agreement, whether or not suit is filed. The Homebuyer further agrees that the provisions of Section 22 of this Homebuyer Covenant regarding attorneys' fees and costs shall be equally applicable to this Reimbursement Agreement.

7. **Miscellaneous.**

(a) **Term of Agreement.** This Reimbursement Agreement shall take effect upon the date set forth in the first paragraph hereof and shall terminate concurrently with the termination of this Homebuyer Covenant.

(b) **Successor is Deemed Included in All References to Predecessor.** Whenever in this Reimbursement Agreement either the Homebuyer or the Authority is named or referred to, such reference shall be deemed to include the permitted successors or assigns thereof as prescribed in this Homebuyer Covenant, and all the covenants and agreements in this Reimbursement Agreement contained by or on behalf of the Homebuyer or the Authority shall bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not.

(c) **Amendment.** No modification, rescission, waiver, release or amendment of any provision of this Reimbursement Agreement shall be made except by a written agreement executed by Homebuyer and the Authority.

(d) **Notices.** All notices, certificates or other communications hereunder shall be sufficiently given and shall be deemed to have been received in the manner and to the addresses set forth in Section 21 of this Homebuyer Covenant.

(e) **Further Assurances and Corrective Instruments.** Homebuyer shall execute any further documents consistent with the terms of this Reimbursement Agreement, including documents in recordable form, as the Authority shall from time to time find necessary or appropriate to effectuate its purposes in entering into this Reimbursement Agreement.

(f) **Execution in Counterparts.** This Reimbursement Agreement may be executed in two or more separate counterparts, each of which, when so executed, shall be deemed to be an original. Such counterparts shall, together, constitute and shall be one and the same instrument. This Reimbursement Agreement shall not be effective until the execution and delivery by the parties of at least one set of counterparts. The parties hereunder authorize each other to detach and combine original signature pages and consolidate them into a single identical original. Any one of such completely executed counterparts shall be sufficient proof of this Reimbursement Agreement.

(g) **Applicable Law.** This Reimbursement Agreement shall be governed by and construed in accordance with the laws of the State of California without regard to conflict of law principles.

(h) **Captions.** The captions or headings in this Reimbursement Agreement are for convenience only and in no way define, limit or describe the scope or intent of any provisions of this Reimbursement Agreement.

(i) **Definition of Terms.** Terms not otherwise defined in this Reimbursement Agreement are defined and shall have the same meaning set forth in this Homebuyer Covenant.

(j) **Executive Director Authorization.** The Executive Director or authorized designee is authorized to execute on behalf of Authority this Reimbursement Agreement, and shall

have the authority to execute on behalf of Authority any further documents necessary or appropriate to effectuate the Authority's purposes in entering into this Reimbursement Agreement.

(k) **Time of the Essence.** Time is of the essence with respect to all provisions of this Reimbursement Agreement in which a definite time for performance is specified.

(l) **Computation of Days.** Unless otherwise specified in this Agreement or any Exhibit attached hereto, use of the term "days" shall mean calendar days. For purposes of this Agreement and all Exhibits attached hereto, "business days" shall mean every day of the week that Authority Hall of the Authority is open for business to the general public.

(m) **Severability.** So long as the material bargain of the parties may be preserved, any provision of this Reimbursement Agreement that is deemed to be illegal, invalid or unenforceable by an arbitrator or court of competent jurisdiction shall be ineffective to the extent of the invalidity or unenforceability of such provision and shall be deemed stricken from this Reimbursement Agreement. Any stricken provision shall not affect the legality, enforceability or validity of the remainder of this Reimbursement Agreement. If any provision or part thereof of this Reimbursement Agreement is stricken in accordance with the provisions of this Section, then the stricken provision shall be replaced, to the extent possible, with a legal, enforceable and valid provision that is as similar in tenor and intent to the stricken provision as is legally possible. Any such invalidity or unenforceability of any provision in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

[signatures on next page]

**IN WITNESS WHEREOF**, the Homebuyer and the Authority have duly executed this Reimbursement Agreement, all as of the date first above written.

“HOMEBUYER”

\_\_\_\_\_

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

\_\_\_\_\_

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

“CITY”

MORENO VALLEY HOUSING  
AUTHORITY,  
a public body corporate and politic

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

Its: \_\_\_\_\_

APPROVED AS TO FORM:  
OFFICE OF THE AUTHORITY ATTORNEY  
MICHAEL R. MCGUINNESS, AUTHORITY ATTORNEY

By: \_\_\_\_\_  
Dare DeLano, Assistant Authority Attorney



**Sub-Exhibit “A” TO ATTACHMENT “4”**

Name of Homebuyer : \_\_\_\_\_

Address of Unit: \_\_\_\_\_

Name of Lender: \_\_\_\_\_

Amount of Loan: \_\_\_\_\_

## ATTACHMENT "5" TO AFFORDABLE HOUSING COVENANT

RECORDING REQUESTED BY  
AND WHEN RECORDED MAIL TO:

Moreno Valley Housing Authority  
201 North Broadway  
Escondido, CA 92025-2798  
Attention: Director of Community Development

Document is exempt from the payment of a recording fee  
pursuant to Government Code Sections 6103 and 27383.

### AFFORDABLE HOUSING RESALE AND OPTION AGREEMENT

**THIS AFFORDABLE HOUSING RESALE AND OPTION AGREEMENT ("Option Agreement")** is entered into as of \_\_\_\_\_, \_\_\_\_\_, by and between the MORENO VALLEY HOUSING AUTHORITY, a public body corporate and politic ("Authority"), and \_\_\_\_\_ ("Homebuyer"). Homebuyer and Authority are hereafter periodically referred to collectively as the "parties" and individually as a "party."

#### *RECITALS*

A. Homebuyer has purchased a [single family home/townhome/condominium] located at \_\_\_\_\_, Escondido, California, as such real property is more particularly described in Sub-Exhibit "A" attached hereto and incorporated herein ("Affordable Home").

B. Of or about even date as this Option Agreement, Authority and Homebuyer have executed and recorded that certain Affordable Housing Covenant, recorded as Instrument No. \_\_\_\_\_ in the Official Records of Riverside County, California ("Covenant"). Under the terms of this Homebuyer Covenant, the parties have agreed that for the forty-five (45)-year Affordability Period \_\_\_\_\_, **[DATE TO BE INSERTED, SAME DATE AS RECORDING OF THIS INSTRUMENT]** the Affordable Home shall be sold only to Low Income Households at an Affordable Housing Cost and that the Affordable Home may be sold or otherwise transferred only as provided in Section 4 of this Homebuyer Covenant.

C. Pursuant to this Homebuyer Covenant, the Homebuyer has agreed to grant to the Authority an option to purchase the Affordable Home in the event Homebuyer is in Default of any of his, her or their obligations set forth in this Homebuyer Covenant.

D. Homebuyer agrees to grant to Authority an option to purchase the Affordable Home on the terms and conditions set forth herein below. For purposes of this Option Agreement, "Affordable Home" shall also be deemed to include any and all improvements located on the real property.

E. Pursuant to the Homebuyer Loan Agreement, this Homebuyer Covenant and California Government Code Section 65915(c)(2), at the expiration of the Affordability Period and upon resale, the Authority is entitled to recover any initial subsidy, as defined in state law, and its proportionate share of appreciation.

### ***AGREEMENT***

**NOW, THEREFORE**, based on the foregoing Recitals, which are incorporated to the Option Agreement by this reference, in consideration of the mutual covenants and conditions contained herein, the parties hereto agree as follows:

**1. Grant of Option.**

(a) Homebuyer grants to Authority an option (“Option”) to purchase the Affordable Home on the terms and conditions set forth in this Option Agreement. The Option may be exercised only upon the occurrence of an event of Default under this Homebuyer Covenant.

(b) The purchase price payable by the Authority to the Homebuyer for the Affordable Home shall be the Affordable Housing Cost of the Affordable Home for Very Low Income Households (all as defined in this Homebuyer Covenant), as of the date of the close of escrow for the Authority’s acquisition of the Affordable Home (“Option Price”).

(c) The Option created hereby shall be irrevocable by Homebuyer and shall be binding upon the successors and assigns of Homebuyer. The Authority shall have the right of specific performance to enforce the terms of this Option Agreement.

**2. Term and Consideration for Option.** The term of the Option (“Option Term”) shall commence on the date of this Option Agreement, and shall expire upon the expiration of the Affordability Period as defined in this Homebuyer Covenant.

**3. Exercise of Option.** The Option may be exercised by Authority’s delivery to Homebuyer of written notice of such exercise (“Exercise Notice”). In the event that the Authority exercises the Option, but, prior to the sale of the Affordable Home to the Authority, the Homebuyer cures the event that gave rise to the right of the Authority to exercise the Option, the Authority’s exercise of the Option shall be deemed revoked. The revocation of the exercise of the Option shall not terminate this Option Agreement or preclude the Authority from subsequently exercising the Option upon a later occurrence of an event giving rise to the right of the Authority to exercise the Option.

**4. Escrow and Completion of Sale.** Within thirty (30) days after Authority has exercised the Option, or as soon thereafter as reasonably practicable, an escrow shall be opened with an escrow company mutually acceptable to Authority and Homebuyer, which acceptance may not be unreasonably withheld, for the conveyance of the Affordable Home to the Authority. The Authority shall deposit in escrow not later than one (1) business day prior to the anticipated close of escrow date (“Close of Escrow”) cash or cashier’s check in an amount equal to the Option Price. The Authority’s obligation to close escrow shall be subject to the Authority’s approval of a then current preliminary title report and, at Authority’s option, environmental and other site testing. Any exceptions shown on such preliminary title report created on or after the Homebuyer’s acquisition of the Affordable Home shall be removed by Homebuyer at its sole expense prior to the close of escrow pursuant to this

Section 4 unless such exception(s) is (are) accepted by Authority in its sole and absolute discretion; provided, however, that Authority shall accept the following exceptions to title: (i) current taxes not yet delinquent, (ii) liens and encumbrances in favor of the Authority, and (iii) matters shown as printed exceptions in the standard form CLTA Homebuyer's policy of title insurance. After exercising the Option, the Authority shall have right to enter upon the Affordable Home to conduct any tests, inspections, investigations, or studies of the condition of the Affordable Home. Homebuyer shall permit the Authority access to the Affordable Home for such purposes. Close of Escrow shall take place promptly after acceptance by Authority of the condition of title and the physical and environmental condition of the Affordable Home. Until the Close of Escrow, the terms of this Homebuyer Covenant and the documents executed and recorded pursuant thereto shall remain in full force and effect.

5. **Failure to Exercise Option.** If the Option is not exercised in the manner provided in Section 3 above before the expiration of the Option Term, the Option shall terminate. Upon receipt of the written request of Homebuyer, Authority shall cause a quitclaim deed terminating or releasing any and all rights Authority may have to acquire the Affordable Home ("Quitclaim Deed") to be recorded in the Official Records of Riverside County, California.

6. **Sale to Market Homebuyer.** If the Authority does not exercise the Option and the Owner proceeds to Transfer the Affordable Home to a Market Homebuyer at an unrestricted price (supported by an MAI or other qualified appraisal), then Owner shall pay to the Authority an amount equal to the Authority's initial subsidy as defined by California Government Code Section 65915(c)(2) which states the initial subsidy "shall be equal to the fair market value of the home at the time of initial sale minus the initial sale price to the moderate-income household, plus the amount of any downpayment assistance or mortgage assistance. If upon resale the market value is lower than the initial market value, then the value at the time of the resale shall be used as the initial market value."

7. **Assignment and Nomination.** The Authority may, in its sole and absolute discretion, assign its rights hereunder without obtaining the consent of the Homebuyer, and the Authority may nominate another person or entity to acquire the Affordable Home, and the identity of such nominee shall not be subject to the approval of the Homebuyer. In no event shall Homebuyer, without the prior express written consent of the Authority, which consent shall be given by the Authority only in the event that the Authority determines the Transfer fully complies with Section 4 of this Homebuyer Covenant, assign or transfer its obligations under this Option Agreement to any person or entity.

8. **Title.** Following the date of execution of this Option Agreement, except as permitted by this Homebuyer Covenant, Homebuyer agrees not to cause, and shall use all reasonable efforts not to permit, any lien, easement, encumbrance or other exception to title to be recorded against the Affordable Home without Authority's prior written approval, such approval not to be unreasonably withheld.

9. **Representations and Warranties of Homebuyer.** Homebuyer hereby represents, warrants and covenants to Authority as follows, which representations and warranties shall survive the exercise of the Option and the Close of Escrow:

(a) That this Option Agreement and the other documents to be executed by Homebuyer hereunder, upon execution and delivery thereof by Homebuyer, will have been duly entered into by Homebuyer, and will constitute legal, valid and binding obligations of Homebuyer;

(b) Neither this Option Agreement, nor anything provided to be done under this Option Agreement, violates or shall violate any contract, document, understanding, agreement or instrument to which Homebuyer is a party or by which it is bound; and

(c) Homebuyer shall pay, prior to delinquency, any and all real property taxes and assessments which affect the Affordable Home.

Homebuyer agrees to indemnify, protect, defend (with counsel of Authority's choosing), and hold Authority and the Affordable Home harmless from and against any damage, claim, liability, or expense of any kind whatsoever (including, without limitation, reasonable attorneys' fees and fees of expert witnesses) arising from or in connection with any breach of the foregoing representations, warranties and covenants. Such representations and warranties of Homebuyer shall be true and correct on and as of the date of this Option Agreement, and on and as of the date of the Close of Escrow.

**10. Representations and Warranties of Authority.** Authority hereby represents and warrants and covenants to Homebuyer as follows, which representations and warranties shall survive the Close of Escrow:

(a) That this Option Agreement and the other documents to be executed by Authority hereunder, upon execution and delivery thereof by Authority, will have been duly entered into by Authority, and will constitute legal, valid and binding obligations of Authority, and

(b) Neither this Option Agreement, nor anything provided to be done under this Option Agreement, violates or shall violate any contract, document, understanding, agreement or instrument to which Authority is a party or by which it is bound.

**11. General Provisions.**

**11.1 Paragraph Readings.** The paragraph headings used in this Option Agreement are for purposes of convenience only. They shall not be construed to limit or extend the meaning of any part of this Option Agreement.

**11.2 Notices.** As used in this Agreement, "notice" includes, but is not limited to, the communication of notice, request, demand, approval, statement, report, acceptance, consent, waiver, appointment or other communication required or permitted hereunder. All notices shall be in writing and shall be considered given either: (i) when delivered in person to the recipient named below; or (ii) on the date of delivery shown on the return receipt, after deposit in the United States mail in a sealed envelope as either registered or certified mail with return receipt requested, and postage and postal charges prepaid, and addressed to the recipient named below; or (iii) two (2) days after deposit in the United States mail in a sealed envelope, first class mail and postage prepaid, and addressed to the recipient named below; or (iv) one (1) day after deposit with a known and reliable next-day document delivery service (such as FedEx), charges prepaid and delivery scheduled next-day to the recipient named below, provided that the sending party receives a confirmation of delivery from the delivery service provider; or (v) the first business day following the date of transmittal of any facsimile, provided confirmation of successful transmittal is retained by the sending Party. Unless otherwise provided in writing, all notices hereunder shall be addressed as follows:

**To Homebuyer :**

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**To Authority:**

Moreno Valley Housing Authority  
201 North Broadway  
Escondido, CA 92025-2798  
Attention: Director of Community Development & Housing Manager  
Email:

**With copy to:**

Business Name  
Business Address, Suite #  
Authority, State & Zip Code  
Attn: Owner Name  
Email:

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

11.3 **Binding Effect.** Subject to the provisions of Section 6, the terms, covenants and conditions of this Option Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors, assigns and transferees.

11.4 **Entire Agreement.** This Option Agreement together with this Homebuyer Covenant and Homebuyer Loan Agreement set forth the entire agreement between the parties hereto respecting the Option, and supersedes all prior negotiations and agreements, written or oral, concerning or relating to the subject matter of this Option Agreement.

11.5 **California Law.** This Option Agreement shall be governed by the laws of the State of California without regard to conflict of law principles.

11.6 **Time of the Essence.** Time is of the essence with respect to all provisions of this Option Agreement in which a definite time for performance is specified; provided, however, that the foregoing shall not be construed to limit or deprive a party of the benefits of any grace or cure period provided for in this Option Agreement.

11.7 **Counterparts.** This Option Agreement may be executed in two or more separate counterparts, each of which, when so executed, shall be deemed to be an original. Such counterparts shall, together, constitute and shall be one and the same instrument. This Option Agreement shall not be effective until the execution and delivery by the parties of at least one set of counterparts. The parties hereunder authorize each other to detach and combine original signature

pages and consolidate them into a single identical original. Any one of such completely executed counterparts shall be sufficient proof of this Option Agreement.

**11.8 Attorneys' Fees.** If any party to this Option Agreement institutes any action, suit, counterclaim, appeal or arbitration for any relief against another party, declaratory or otherwise (collectively an "Action"), to enforce the terms hereof or to declare rights hereunder or with respect to any inaccuracies or material omissions in connection with any of the covenants, representations or warranties on the part of the other party to this Option Agreement, then the prevailing party in such Action, whether by arbitration or final judgment, shall be entitled to have and recover of and from the other party all costs and expenses of the Action, including, without limitation, reasonable attorneys' fees (provided, however, that the attorneys' fees awarded pursuant to this Section shall not exceed the hourly rate paid by Authority for legal services multiplied by the reasonable number of hours spent by the prevailing Party in the conduct of the litigation) and costs incurred in bringing and prosecuting such Action and/or enforcing any judgment, order, ruling or award (collectively, a "Decision") granted therein, all of which shall be deemed to have accrued on the commencement of such Action and shall be paid whether or not such Action is prosecuted to a Decision. Any Decision entered in such Action shall contain a specific provision providing for the recovery of attorneys' fees and costs incurred in enforcing such Decision. A court or arbitrator shall fix the amount of reasonable attorneys' fees and costs upon the request of either party, in accordance with the terms of this Section. Any judgment or order entered in any final judgment shall contain a specific provision providing for the recovery of all costs and expenses of suit, including, without limitation, reasonable attorneys' fees and expert fees and costs (collectively "Costs") incurred in enforcing, perfecting and executing such judgment. For the purposes of this Section, Costs shall include, without limitation, in addition to Costs incurred in prosecution or defense of the underlying action, reasonable attorneys' fees, costs, expenses and expert fees and costs incurred in the following: (a) post judgment motions and collection actions; (b) contempt proceedings; (c) garnishment, levy, debtor and third party examinations; (d) discovery; (e) bankruptcy litigation; and (f) appeals of any order or judgment. For the purposes of this Option Agreement the term "prevailing party" shall have the meaning set forth in the California Code of Civil Procedure Section 1032(a)(4).

**11.9 Computation of Time.** Unless otherwise specified in this Agreement or any Exhibit attached hereto, use of the term "days" shall mean calendar days. For purposes of this Agreement and all Exhibits attached hereto, "business days" shall mean every day of the week that Authority Hall of the Authority is open for business to the general public.

**11.10 Definition of Terms.** Terms not otherwise defined in this Option Agreement are defined and have the same meaning set forth in this Homebuyer Covenant.

**11.11 Further Assurances.** Each of the parties hereto shall execute and deliver at their own cost and expense, any and all additional papers, documents, or instruments, and shall do any and all acts and things reasonably necessary or appropriate in connection with the performance of their respective obligations hereunder in order to carry out the intent and purposes of this Agreement.

**11.12 Executive Director Authorization.** The Executive Director or authorized designee is authorized to execute on behalf of Authority this Option Agreement, and shall have the authority to execute on behalf of Authority any further documents necessary or appropriate to effectuate the Authority's purposes in entering into this Option Agreement.

11.13 **Severability.** So long as the material bargain of the parties may be preserved, any provision of this Option Agreement that is deemed to be illegal, invalid or unenforceable by an arbitrator or court of competent jurisdiction shall be ineffective to the extent of the invalidity or unenforceability of such provision and shall be deemed stricken from this Option Agreement. Any stricken provision shall not affect the legality, enforceability or validity of the remainder of this Option Agreement. If any provision or part thereof of this Option Agreement is stricken in accordance with the provisions of this Section, then the stricken provision shall be replaced, to the extent possible, with a legal, enforceable and valid provision that is as similar in tenor and intent to the stricken provision as is legally possible. Any such invalidity or unenforceability of any provision in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

**IN WITNESS WHEREOF**, this Option Agreement is executed by the parties hereto as of the date first above written.

“HOMEBUYER”

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

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

“CITY”

MORENO VALLEY HOUSING  
AUTHORITY,  
a public body corporate and politic

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

Its: \_\_\_\_\_

APPROVED AS TO FORM:  
OFFICE OF THE AUTHORITY ATTORNEY  
MICHAEL R. MCGUINNESS, AUTHORITY ATTORNEY

By: \_\_\_\_\_  
Dare DeLano, Assistant Authority Attorney



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

)

)

ss.

COUNTY OF RIVERSIDE

)

On \_\_\_\_\_ before me, \_\_\_\_\_, Notary Public,

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

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

WITNESS my hand and official seal

\_\_\_\_\_  
SIGNATURE OF NOTARY PUBLIC

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

)

)

ss.

COUNTY OF RIVERSIDE

)

On \_\_\_\_\_ before me, \_\_\_\_\_, Notary Public,

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

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

WITNESS my hand and official seal

\_\_\_\_\_  
SIGNATURE OF NOTARY PUBLIC

**SUB-ATTACHMENT “A” TO ATTACHMENT “5”**

**LEGAL DESCRIPTION**

**[Same as Exhibit 1 to this Homebuyer Covenant]**

**ATTACHMENT “6” TO AFFORDABLE HOUSING COVENANT**  
**AFFORDABLE HOUSING DEED OF TRUST**

Exhibit “6” To Affordable Housing Covenant  
Affordable Housing Deed of Trust

RECORDING REQUESTED BY  
AND WHEN RECORDED MAIL TO:

Moreno Valley Housing Authority  
Community Development Department  
201 North Broadway  
Escondido, CA 92025-2798  
Attn: Director of Community Development

(Space Above For Recorder's Use)

This Deed of Trust is recorded at the request and for the benefit of the Moreno Valley Housing Authority and is exempt from the payment of a recording fee pursuant to Government Code Sections 6103 and 27383.

### **DEED OF TRUST WITH ASSIGNMENT OF RENTS**

This DEED OF TRUST WITH ASSIGNMENT OF RENTS ("Deed of Trust") is made this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_, among [INSERT HOMEBUYER] ("Trustor"), whose address is \_\_\_\_\_, [FIRST AMERICAN TITLE INSURANCE COMPANY], a California corporation ("Trustee"), and the MORENO VALLEY HOUSING AUTHORITY, a public body corporate and politic ("Beneficiary").

1. **Grant In Trust.** For the purposes and upon the terms and conditions in this Deed of Trust, Trustor grants, transfers, and assigns to Trustee, in trust, with power of sale and right of entry and possession, the following property and any interest therein (collectively, the "Trust Estate"): (a) Trustor's ownership interest in and to that certain real property and all improvements and structures now or hereafter located on or part thereof, located in the Moreno Valley Housing Authority, County of Riverside, State of California, described as set forth in Sub-Exhibit "A" attached hereto and incorporated herein by reference ("Affordable Home"), (b) all existing and future leases, subleases, subtenancies, licenses, agreements and concessions relating to the use, occupancy or enjoyment of all or any part of the Affordable Home, together with any and all guaranties and other agreements relating to or made in connection with any of the foregoing (individually, a "Lease", and collectively, the "Leases"); and (c) all rents, issues, income, revenues, royalties, profits, proceeds and earnings now or hereafter payable with respect to or otherwise derived from the ownership, use, management, operation, leasing or occupancy of the Affordable Home, including, without limitation, cash or security deposited under any of the leases to secure the performance by the lessees of their obligations thereunder (collectively, the "Rents").

2. **Obligations Secured.** Trustor makes this grant and assignment for the purpose of securing the following: (a) performance of and payment by Trustor under the Reimbursement Agreement of even date of this Deed of Trust between Trustor and Beneficiary ("Reimbursement Agreement"), as such agreements may be amended from time to time, and each agreement of Trustor incorporated by reference or contained herein; and (b) payment of additional sums and interest thereon which may hereafter be loaned to Trustor, or its successors or assigns, when evidenced by a promissory note or notes reciting that they are secured by this Deed of Trust. This Deed of Trust and the Reimbursement Agreement are collectively referred to herein as the "Security Documents." Any

capitalized terms contained in this Deed of Trust which are not defined herein shall have the meaning given in that certain Affordable Housing Covenant, executed and recorded on or about even date as this Deed of Trust and recorded as Instrument No. \_\_\_\_\_ (“Covenant”), unless expressly provided to the contrary.

3. **Acceleration of Payment Upon Sale, Encumbrance, Refinance, or Default.** To the extent permitted by applicable law, if Trustor shall: (a) directly or indirectly, voluntarily or involuntarily, sell, assign, transfer, dispose of, alienate, encumber, lease, or agree to sell, assign, transfer, dispose of, alienate, encumber, or lease all or any portion of the Trust Estate (excluding the First Lien by the purchase money Lender, a Permitted Transfer in accordance with this Homebuyer Covenant, and any other assignment, transfer, or encumbrance approved in writing by Authority); (b) unless otherwise approved in writing by Authority, refinance any lien or encumbrance which has priority over the Deed of Trust (excluding only the First Lien by the purchase money Lender); or (c) Default on any of its obligations set forth in the Security Documents and fail to cure the default within the applicable cure period, then Beneficiary, at its option, may (i) declare all obligations and the entire indebtedness evidenced hereby to be immediately due and payable and collectible then or thereafter as Beneficiary may elect, and/or (ii) collect and apply all Leases and Rents to the entire indebtedness evidenced hereby.

4. **Default.** Trustor shall be deemed in Default of this Deed of Trust in the event Trustor is in Default of any obligation in the Security Documents and such Default is not cured within the applicable cure period set forth therein.

5. **Incorporation of Fictitious Deed of Trust.** To protect the security of this Deed of Trust, and with respect to the Affordable Home above described, Trustor expressly makes each and all of the agreements, and adopts and agrees to perform and be bound by each and all of the terms and provisions set forth in subdivision A, and it is mutually agreed that each and all of the terms and provisions set forth in subdivision B, of the fictitious deed of trust recorded in the Riverside County Recorder’s Office, in the book and at the page of Official Records in the office of the county recorder of the county where said property is located, noted below opposite the name of such county, namely:

COUNTY	BOOK	PAGE	COUNTY	BOOK	PAGE	COUNTY	BOOK	PAGE	COUNTY	BOOK	PAGE
Alameda	1288	556	Kings	858	713	Placer	1028	379	Sierra	38	187
Alpine	3	130-31	Lake	437	110	Plumas	166	1307	Siskiyou	506	762
Amador	133	438	Lassen	192	367	Riverside	3778	347	Solano	1287	621
Butte	1330	513	Los Angeles	T-3878	874	Sacramento	5039	124	Sonoma	2067	427
Calaveras	185	338	Madera	911	136	San Benito	300	405	Stanislaus	1970	56
Colusa	323	391	Marin	1849	122	San Bernardino	6213	768	Sutter	655	585
Contra Costa	4684	1	Mariposa	90	453	San Francisco	A-804	596	Tehama	457	183
Del Norte	101	549	Mendocino	667	99	San Joaquin	2855	283	Trinity	108	595
El Dorado	704	635	Merced	1660	753	San Luis Obispo	1311	137	Tulare	2530	108
Fresno	5052	623	Modoc	191	93	San Mateo	4778	175	Tuolumne	177	160
Glenn	469	76	Mono	69	302	Santa Barbara	2065	881	Ventura	2607	237
Humboldt	801	83	Monterey	357	239	Santa Clara	6626	664	Yolo	769	16
Imperial	1189	701	Napa	704	742	Santa Cruz	1638	607	Yuba	398	693
Inyo	165	672	Nevada	363	94	Shasta	800	633			
Kern	3756	690	Orange	7182	18	San Diego	SERIES 5 Book 1964, Page 149774				

shall inure to and bind the parties hereto, with respect to the Affordable Home.

WITNESSETH: Trustor has caused this Deed of Trust to be executed as of the date set forth above.

“TRUSTOR”

[INSERT HOMEBUYER]

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

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

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

)

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ss.

COUNTY OF RIVERSIDE

)

On \_\_\_\_\_ before me, \_\_\_\_\_, Notary Public,

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

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

WITNESS my hand and official seal

\_\_\_\_\_  
SIGNATURE OF NOTARY PUBLIC



## DO NOT RECORD

The following is a copy of Subdivisions A and B of the fictitious Deed of Trust recorded in each county in California as stated in the foregoing Deed of Trust and incorporated by reference in said Deed of Trust as being a part thereof as if set forth at length therein.

A. To protect the security of this Deed of Trust, Trustor agrees:

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

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

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

4) To pay: at least ten (10) days before delinquency all taxes and assessments affecting said property, including assessments on appurtenant water stock; when due, all encumbrances, charges and liens, with interest, on said property or any part thereof, which appear to be prior or superior hereto; all costs, fees and expenses of this Trust.

Should Trustor fail to make any payment or to do any act as herein provided, then Beneficiary of Trustee, but without obligation so to do and without 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 reasonable fees.

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

B. It is mutually agreed:

1) That any award in connection with any condemnation for public use of or injury to said property or any part thereof is hereby assigned and shall be paid to Beneficiary who may apply or release such moneys received by him in the same manner and with the same effect as above provided for disposition of proceeds of fire or other insurance.

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

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

4) That upon written request of Beneficiary stating that all sums secured hereby have been paid, and upon surrender of this Deed and said note to Trustee for cancellation and retention or other disposition as Trustee in its sole discretion may choose and upon payment of its fees, Trustee shall reconvey, without warranty, the property then held hereunder. The recitals in such reconveyance of any matters or facts shall be conclusive proof of the truthfulness thereof. The Grantee in such reconveyance may be described as "the person or persons legally entitled thereto."

5) That as additional security, Trustor hereby gives to and confers upon Beneficiary the right, power and authority, during the continuance of these Trusts, to collect the rents, issues and profits of said property, reserving unto Trustor the right, prior to any default by Trustor in payment of any indebtedness secured hereby or in the performance of any agreement hereunder, to collect and retain such rents, issues and profits as they become due and payable. Upon any such default, Beneficiary may at any time without notice, either in person, by agent, or be a receiver to be appointed by a court, and without regard to the adequacy of any security for the indebtedness hereby secured, enter upon and take possession of said property or any part thereof, in his own name sue for or otherwise collect such rents, issues, and profits, including those past due and unpaid, and apply the same, less costs and expenses of operation and collection, including reasonable attorney's fees, upon any indebtedness secured hereby, and in such order as Beneficiary may determine. The entering upon and taking possession of said property, the collecting of such rents, issues and profits and the application thereof as aforesaid, shall not cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice.

6) That upon default by Trustor in payment of any indebtedness secured hereby or in the performance of any agreement hereunder, Beneficiary may declare all sums secured hereby immediately due and payable by delivery to Trustee of written declaration of default and demand for sale and of written notice of default and of election to cause to be sold said property, which notice Trustee shall cause to be filed for record. Beneficiary also shall deposit with Trustee this Deed, said note and all documents evidencing expenditures secured hereby.

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

recitals in such deed of any matters or facts shall be conclusive proof of the truthfulness thereof. Any person, including Trustor, Trustee, or Beneficiary as hereinafter defined, may purchase at such sale.

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

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

8) That this Deed applies to, inures to the benefit of, and binds all parties hereto, their heirs, legatees, devisees, administrators, executors, successors and assigns. The term Beneficiary shall mean the owner and holder, including pledgees, of the note secured hereby, whether or not named as Beneficiary herein. In this Deed, whenever the context so requires, the masculine gender includes the feminine and/or neuter, and the singular number includes the plural.

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

**REQUEST FOR FULL RECONVEYANCE**  
**To be used only when note has been paid**

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

Trustee: \_\_\_\_\_

The undersigned is the legal owner and holder of all indebtedness secured by this Deed of Trust. All sums secured by said Deed of Trust have been paid, and you are requested, on payment to you of any sums owing to you under the terms of said Deed of Trust, to cancel all evidences of indebtedness, secured by said Deed of Trust, delivered to you herewith and to reconvey, without warranty, to the parties designated by the terms of said Deed of Trust, the estate now held by you under the same.

Mail Reconveyance to:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

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

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

**Do not lose or destroy this Deed of Trust OR the Note which it secures. Both must be  
delivered to the Trustee for cancellation before reconveyance will be made.**

**SUB-ATTACHMENT “A” TO DEED OF TRUST**  
**LEGAL DESCRIPTION OF AFFORDABLE HOME**

**[Same as Exhibit 1 to this Homebuyer Covenant]**

**ATTACHMENT “7” TO AFFORDABLE HOUSING COVENANT  
PERMITTED TRANSFeree ASSIGNMENT AND ASSUMPTION AGREEMENT**

Exhibit “7” To Affordable Housing Covenant  
Permitted Transferee Assignment And Assumption Agreement

RECORDED AT THE REQUEST OF  
AND WHEN RECORDED RETURN TO:

Moreno Valley Housing Authority  
201 North Broadway  
Escondido, CA 92025-2798  
Attn: Director of Community Development

(Space Above For Recorder's Use)

This Assignment and Assumption Agreement is recorded at the request and for the benefit of the Moreno Valley Housing Authority and is exempt from the payment of a recording fee pursuant to Government Code Sections 6103 and 27383.

**ASSIGNMENT AND ASSUMPTION AGREEMENT**  
**AFFECTING REAL PROPERTY**

This ASSIGNMENT AND ASSUMPTION AGREEMENT AFFECTING REAL PROPERTY ("Agreement") is hereby entered into as of \_\_\_\_\_, \_\_\_\_\_, by and between \_\_\_\_\_ **[INSERT HOMEBUYER]** ("Homebuyer ") and \_\_\_\_\_ **[INSERT PERMITTED TRANSFeree]** ("Permitted Transferee"). Homebuyer and Permitted Transferee are hereinafter periodically referred to collectively as the "parties" and individually as a "party."

**RECITALS**

A. Homebuyer has purchased a [single family home/ townhouse/ condominium] located at \_\_\_\_\_, Escondido, California, as such real property is more particularly described in Sub-Exhibit "A" attached hereto and incorporated herein ("Affordable Home").

B. The Affordable Home is subject to that certain Homebuyer Covenant dated \_\_\_\_\_ and recorded on \_\_\_\_\_ as Instrument No. \_\_\_\_\_ in the Official Records for Riverside County, California ("Covenant"). Under the terms of this Homebuyer Covenant, the original homeowner and Moreno Valley Housing Authority, a public body corporate and politic ("Authority") agreed, that for a \_\_\_\_\_ (\_\_\_\_) year period commencing \_\_\_\_\_, **[DATE TO BE DETERMINED ACCORDING TO PROVISIONS IN THE DENSITY BONUS HOUSING AGREEMENT REGARDING THE TOTAL AFFORDABILITY PERIOD]** the Affordable Home shall be sold only to Low Income Households at an Affordable Housing Cost and that the Affordable Home may be sold or otherwise transferred only as provided in Section 4 of this Homebuyer Covenant. Capitalized terms not otherwise defined in this Agreement are defined and have the same meaning as set forth in this Homebuyer Covenant.

C. Pursuant to this Homebuyer Covenant, in the event that Homebuyer received Authority approval for a Transfer of the Affordable Home pursuant to this Homebuyer Covenant, Homebuyer and the Authority-approved transferee must execute this Agreement, whereby the Authority-approved transferee would assume **[INCLUDE ALL THAT APPLY (SEE Section 4.4 of this Homebuyer**

Exhibit "7" to Affordable Housing Covenant  
Permitted Transferee Assignment And Assumption Agreement

Covenant)]: **this Homebuyer Covenant, the Affordable Housing Deed of Trust, the Affordable Housing Option Agreement, and the Reimbursement Agreement** (all as defined and attached to this Homebuyer Covenant) (collectively, the “Assigned/Assumed Documents”), and assume all of Homebuyer’s obligations in those agreements.

D. Authority has approved Permitted Transferee as complying with the terms and conditions of this Homebuyer Covenant, thereby allowing the transfer of the Affordable Home from Homebuyer to Permitted Transferee.

### **AGREEMENT**

**NOW, THEREFORE**, based upon the foregoing Recitals, which are incorporated into this Agreement by this reference, and for good and valuable consideration, the parties agree as follows:

1. Assignment of Documents. Homebuyer hereby expressly transfers and assigns to Permitted Transferee all of Homebuyer’s right, title, and interest in the Affordable Home subject to the Assigned/Assumed Documents, as may be amended from time to time.

2. Assumption of Documents. Permitted Transferee hereby expressly assumes all of Homebuyer’s right, title, and interest in the Affordable Home subject to the Assigned/Assumed Documents, and Permitted Transferee expressly assumes the Assigned/Assumed Documents, as may be amended from time to time, and agrees to keep, perform, and fulfill all of the terms, conditions, covenants, and obligations required to be kept, performed, and fulfilled by the “Homebuyer ” that are set forth therein.

3. Recording of Agreement. Pursuant to the requirements of this Homebuyer Covenant, this Agreement shall be recorded in the Official Records for Riverside County, California.

4. Subsequent Actions. Homebuyer and Permitted Transferee shall cooperate and shall execute any further documents consistent with the terms of this Homebuyer Covenant, including documents in recordable form, as the Authority shall from time to time find necessary or appropriate to effectuate Authority’s purpose in entering into this Homebuyer Covenant.

5. Third Party Beneficiary. Authority (and any of Authority’s successors or assigns) is an express third party beneficiary of this Agreement and shall have the right, but not the obligation, to enforce its terms. Neither party may rescind or amend this Agreement without the express written consent of Authority (or its successor or assign).

6. Notices. Upon the assumption by Permitted Transferee of the Assigned/Assumed Documents, all notices, certificates and other communications between Authority and Permitted Transferee required pursuant to the Assigned/Assumed Documents shall be accomplished pursuant to Section 21 of this Homebuyer Covenant. All notices, certificates and other communications to be sent by Authority to Permitted Transferee as the assuming “Homebuyer ” shall be to the following address:

Exhibit “7” to Affordable Housing Covenant  
Permitted Transferee Assignment And Assumption Agreement

To PERMITTED  
TRANSFeree:

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7. Execution in Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed to be an original, and such counterparts shall constitute one and the same instrument.

[Signatures on next page]

IN WITNESS WHEREOF, this Agreement is entered into this Assignment as of the date first set forth above.

“HOMEBUYER”

\_\_\_\_\_

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

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

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

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

“PERMITTED TRANSFEREE”

\_\_\_\_\_

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

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

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

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



ACKNOWLEDGED AND AGREED:

The undersigned hereby acknowledges and agrees to the terms of the assignment and assumption of the parties hereto as set forth herein.

“CITY”

MORENO VALLEY HOUSING  
AUTHORITY,  
a public body corporate and politic

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

Its:\_\_\_\_\_

APPROVED AS TO FORM:  
OFFICE OF THE AUTHORITY ATTORNEY  
MICHAEL R. MCGUINNESS, AUTHORITY ATTORNEY

By:\_\_\_\_\_  
Dare DeLano, Assistant Authority Attorney

SUB-ATTACHMENT “A” TO ASSIGNMENT AND ASSUMPTION  
AGREEMENT AFFECTING REAL PROPERTY

LEGAL DESCRIPTION OF AFFORDABLE HOME

[Same as Exhibit 1 to this Homebuyer Covenant]

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

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ss.

COUNTY OF RIVERSIDE

)

On \_\_\_\_\_ before me, \_\_\_\_\_, Notary Public,

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

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

WITNESS my hand and official seal

\_\_\_\_\_  
SIGNATURE OF NOTARY PUBLIC

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.

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

WITNESS my hand and official seal

\_\_\_\_\_  
SIGNATURE OF NOTARY PUBLIC

## ATTACHMENT “8” TO AFFORDABLE HOUSING COVENANT

### NEED TO UPDATE

#### EXAMPLE OF CALCULATION OF AFFORDABLE HOUSING COST

##### Calculation of Affordable Housing Cost

The following information provides examples of how affordable housing costs for ownership housing pursuant to the provisions of State of California Density Bonus law, Government Code Chapter 65915, in effect upon approval of the Homebuyer Loan Agreement (“Homebuyer Loan Agreement”). The process in determining costs is a two-step process based on published median income levels in effect at the time of sale of the affordable housing units.

The first step in determining unit costs for a density bonus affordable housing program is determining whether the household which will be purchasing the housing unit meets the income standards applicable to Riverside County, based on the size of the household for that specific year as published by the State of California Department of Housing and Community Development. Table 1 lists the current median income by household size and is based on currently effective median income of Riverside County, as set forth in 25 California Code of Regulations, Section 6932 for 2015. These median income numbers are revised annually by the State.

**Table 1**

##### 2015 Riverside County Median Income

<b>Household Size</b>	<b>1 person Household</b>	<b>2 person Household</b>	<b>3 person Household</b>	<b>4 person Household</b>	<b>5 person Household</b>
<b>Median Income</b>	\$61,050	\$69,750	\$78,500	\$87,200	\$94,200

Based on 2015 figures (which will be revised annually), the maximum income for households of 1, 2, 3, 4, and 5 persons for the Low Income units is as follows:

<b>Household Size</b>	<b>Low Income Affordable Homes Maximum Annual Income 2015</b>
1 Person	\$53,950
2 Person	61,650
3 Person	69,350
4 Person	77,050
5 Person	83,250

The second step in determining compliance with affordable housing requirements is determining the monthly housing cost payable by a buyer of the affordable housing unit and then determining what factors as listed below equal the maximum monthly cost.

Exhibit “8” to Affordable Housing Covenant  
Example of Calculation of Affordable Housing Cost

## OWNERSHIP CALCULATION EXAMPLE<sup>1</sup>

For purposes of determining the Affordable Housing Cost for a For Sale Affordable Home, Homebuyer shall comply with Health and Safety Code Section 50052.5(b)(2) and Sections 6920 and 6924 of Title 25 of the California Code of Regulations (as enacted as of the Effective Date of the Homebuyer Loan Agreement). In explanation thereof, Homebuyer shall use monthly housing costs for the particular For Sale Affordable Home to determine the housing costs for the upcoming twelve month period. Homebuyer shall use the following items associated with the For Sale Affordable Home when determining housing costs:

- Principal and interest payments on the mortgage loan.
- Property taxes and assessments (including Communities Facility District (CFD) fees, if applicable)
- Fire and casualty insurance to the extent not covered by the homeowner's association.
- Property maintenance and repair to the extent not covered by the homeowner's association.
- A reasonable allowance for utilities (including garbage collection, sewer, water, electricity, gas and other fuels, but not telephone or cable service). Such an allowance shall take into consideration the cost of an adequate level of service.
- Homebuyer association fees.
- Space rent, if the housing unit is on rented or leased land.
- Estimates of purchase price down payment (subject to verification by the Executive Director).

When calculating property maintenance and repair costs, Homebuyer shall use best efforts to consider annual maintenance and repair costs specific to the interior of the Affordable Home, based on the twelve months prior to calculation of the Affordable Housing Cost. An example would be annual repair costs for plumbing and electrical service fixtures specific to the Affordable Home, as reasonably and in good faith determined by Homebuyer and approved by Authority.

Homebuyer shall follow the computation formula in Section 6924 of Title 25 of the California Code of Regulations (as enacted as of the Effective Date of the Homebuyer Loan Agreement) to determine the maximum monthly housing payment allowable pursuant to Health and Safety Code Section 50052.5(b)(2) for very low-income households. In explanation of the foregoing, Table 2 below shows the maximum very low-income monthly housing payment, being the product of 30 percent times 50 percent of the area median income adjusted for household size appropriate to the unit<sup>2</sup>.

**Table 2**  
**2015 Low Income Buyers Monthly Housing Payment**

Purchasing a 0 bedroom house, payment may not exceed	\$1,068
Purchasing a 1 bedroom house, payment may not exceed	1,221

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<sup>1</sup> The information and example in this Exhibit are based upon Health and Safety Code Section 50052.5 (and implementing regulations in the California Code of Regulations) as the same exists or is hereafter amended.

<sup>2</sup> Adjusted for family size appropriate to the unit" shall mean for a household of one person in the case of a four persons in the case of a three-bedroom unit and five persons in the case of a four-bedroom unit.

Purchasing a 2 bedroom house, payment may not exceed 1,374  
Purchasing a 3 bedroom house , payment may not exceed 1,526

Table 3 provides examples of how the monthly housing cost calculation would establish a maximum sales price in 2015 for very low households using assumptions for interest rates, loan terms, HOA dues, CFD fees, utilities, maintenance and taxes. A down payment is then added to establish the sales price.

**Table 3**

0	\$1,068	\$557	\$90	\$0	\$72	\$50	\$300	\$92,864	\$4,888	\$97,752
1	1,221	671	108	-	92	50	300	111,865	5,888	117,752
2	1,374	791	127	-	105	50	300	131,996	6,947	138,944
3	1,526	887	143	-	146	50	300	147,980	7,788	155,768
4	1,649	976	157	-	165	50	300	162,849	8,571	171,420
5	1,770	1,067	172	-	181	50	300	178,025	9,370	187,394
<b>Assumptions:</b> <b>Interest Rate</b> 6.00% <b>Term – Years</b> 30 <b>HOA</b> 300 <b>Utilities</b> Use Authority Schedule Gas/Electric Combination <b>Insurance <sup>(1)</sup></b> Included in HOA <b>Maintenance</b> 50 <b>Taxes</b> 1.10% <b>Downpayment</b> 5%										

**EXHIBIT B**  
**To Homebuyer Covenants**

**HSC Sections 50052.5, 50053, 50079.5, and 50093 (Low Income)**

**50052.5.**

(a) For any owner-occupied housing that receives assistance prior to January 1, 1991, and a condition of that assistance is compliance with this section, “affordable housing cost” with respect to lower income households may not exceed 25 percent of gross income.

(b) For any owner-occupied housing that receives assistance on or after January 1, 1991, and a condition of that assistance is compliance with this section, “affordable housing cost” may not exceed the following:

(1) For extremely low income households the product of 30 percent times 30 percent of the area median income adjusted for family size appropriate for the unit.

(2) For very low income households the product of 30 percent times 50 percent of the area median income adjusted for family size appropriate for the unit.

(3) For lower income households whose gross incomes exceed the maximum income for very low income households and do not exceed 70 percent of the area median income adjusted for family size, the product of 30 percent times 70 percent of the area median income adjusted for family size appropriate for the unit. In addition, for any lower income household that has a gross income that equals or exceeds 70 percent of the area median income adjusted for family size, it shall be optional for any state or local funding agency to require that affordable housing cost not exceed 30 percent of the gross income of the household.

(4) For moderate-income households, affordable housing cost shall not be less than 28 percent of the gross income of the household, nor exceed the product of 35 percent times 110 percent of area median income adjusted for family size appropriate for the unit. In addition, for any moderate-income household that has a gross income that exceeds 110 percent of the area median income adjusted for family size, it shall be optional for any state or local funding agency to require that affordable housing cost not exceed 35 percent of the gross income of the household.

(c) The department shall, by regulation, adopt criteria defining, and providing for determination of, gross income, adjustments for family size appropriate to the unit, and housing cost for purposes of determining affordable housing cost under this section. These regulations may provide alternative criteria, where necessary to be consistent with pertinent federal statutes and regulations governing federally assisted housing. The agency may, by regulation, adopt alternative criteria, and pursuant to subdivision (f) of Section 50462, alternative percentages of income may be adopted for agency-assisted housing development.

(d) With respect to moderate- and lower income households who are tenants of rental housing developments and members or shareholders of cooperative housing developments, or limited equity



cooperatives “affordable housing cost” has the same meaning as affordable rent, as defined in Section 50053.

(e) Regulations of the department shall also include a method for determining the maximum construction cost, mortgage loan, or sales price that will make housing available to an income group at affordable housing cost.

(f) For purposes of this section, “area median income” shall mean area median income as published by the department pursuant to Section 50093.

(g) For purposes of this section, “moderate income household” shall have the same meaning as “persons and families of moderate income” as defined in Section 50093.

(h) For purposes of this section, and provided there are no pertinent federal statutes applicable to a project or program, “adjusted for family size appropriate to the unit” shall mean for a household of one person in the case of a studio unit, two persons in the case of a one-bedroom unit, three persons in the case of a two-bedroom unit, four persons in the case of a three-bedroom unit, and five persons in the case of a four-bedroom unit.

### **50053.**

(a) For any rental housing development that receives assistance prior to January 1, 1991, and a condition of that assistance is compliance with this section, “affordable rent” with respect to lower income households shall not exceed the percentage of the gross income of the occupant person or household established by regulation of the department that shall not be less than 15 percent of gross income nor exceed 25 percent of gross income.

(b) (1) Except as provided in paragraph (2), for any rental housing development that receives assistance on or after January 1, 1991, and a condition of that assistance is compliance with this section, “affordable rent,” including a reasonable utility allowance, shall not exceed:

(A) (i) For acutely low income households, as defined in Section 50063.5, the product of 30 percent times 15 percent of the area median income adjusted for family size appropriate for the unit.

(ii) This subparagraph shall apply to a lease entered into on or after January 1, 2022.

(B) For extremely low income households, the product of 30 percent times 30 percent of the area median income adjusted for family size appropriate for the unit.

(C) For very low income households, the product of 30 percent times 50 percent of the area median income adjusted for family size appropriate for the unit.

(D) For lower income households whose gross incomes exceed the maximum income for very low income households, the product of 30 percent times 60 percent of the area

Exhibit B

To Homebuyer Covenants

Health and Safety Code Sections 50052.5, 50053, 50079.5, and 50093

Page 2 of 5

median income adjusted for family size appropriate for the unit. In addition, for those lower income households with gross incomes that exceed 60 percent of the area median income adjusted for family size, it shall be optional for any state or local funding agency to require that affordable rent be established at a level not to exceed 30 percent of gross income of the household.

(E) For moderate-income households, the product of 30 percent times 110 percent of the area median income adjusted for family size appropriate for the unit. In addition, for those moderate-income households whose gross incomes exceed 110 percent of the area median income adjusted for family size, it shall be optional for any state or local funding agency to require that affordable rent be established at a level not to exceed 30 percent of gross income of the household.

(2) Notwithstanding paragraph (1), for a rental housing development described in paragraph (1) that dedicates 80 percent of units, exclusive of a manager's unit or units, to lower income households, "affordable rent," including a reasonable utility allowance, shall not exceed the rent prescribed by deed restrictions or regulatory agreements pursuant to the terms of the public financing or public financial assistance for the rental housing development, if the rental housing development receives an award on or after January 1, 2025, of any of the following:

(A) Federal or state low-income housing tax credits.

(B) Tax-exempt private activity bonds or general obligation bonds.

(C) Local, state, or federal loans or grants.

(c) The department's regulation shall permit alternative percentages of income for agency-assisted rental and cooperative housing developments pursuant to regulations adopted under subdivision (f) of Section 50462. The department shall, by regulation, adopt criteria defining and providing for determination of gross income, adjustments for family size appropriate to the unit, and rent for purposes of this section. These regulations may provide alternative criteria, where necessary, to be consistent with pertinent federal statutes and regulations governing federally assisted rental and cooperative housing. The agency may, by regulation, adopt alternative criteria, and pursuant to subdivision (f) of Section 50462, alternative percentages of income may be adopted for agency-assisted housing developments.

(d) For purposes of this section, "area median income" and "moderate-income household" shall have the same meaning as provided in Section 50093.

(e) For purposes of this section, and provided there are no pertinent federal or state statutes or regulations applicable to a project or program that are in conflict with this definition, "adjusted for family size appropriate to the unit" shall mean for a household of one person in the case of a studio unit, two persons in the case of a one-bedroom unit, three persons in the case of a two-bedroom unit, four persons in the case of a three-bedroom unit, and five persons in the case of a four-bedroom unit. If there is a conflict, the applicable state or federal statutes or regulations for the project of program shall apply.

**50079.5.** (a) “Lower income households” means persons and families whose income does not exceed the qualifying limits for lower income families as established and amended from time to time pursuant to Section 8 of the United States Housing Act of 1937. The limits shall be published by the department in the California Code of Regulations as soon as possible after adoption by the Secretary of Housing and Urban Development. In the event the federal standards are discontinued, the department shall, by regulation, establish income limits for lower income households for all geographic areas of the state at 80 percent of area median income, adjusted for family size and revised annually.

(b) “Lower income households” includes very low income households, as defined in Section 50105, and extremely low income households, as defined in Section 50106. The addition of this subdivision does not constitute a change in, but is declaratory of, existing law.

(c) As used in this section, “area median income” means the median family income of a geographic area of the state.

**50093.** “Persons and families of low or moderate income” means persons and families whose income does not exceed 120 percent of area median income, adjusted for family size by the department in accordance with adjustment factors adopted and amended from time to time by the United States Department of Housing and Urban Development pursuant to Section 8 of the United States Housing Act of 1937. However, the agency and the department jointly, or either acting with the concurrence of the Secretary of Business, Consumer Services and Housing, may permit the agency to use higher income limitations in designated geographic areas of the state, upon a determination that 120 percent of the median income in the particular geographic area is too low to qualify a substantial number of persons and families of low or moderate income who can afford rental or home purchase of housing financed pursuant to Part 3 (commencing with Section 50900) without subsidy.

“Persons and families of low or moderate income” includes very low income households, as defined in Section 50105, extremely low income households, as defined in Section 50106, and lower income households as defined in Section 50079.5, and includes persons and families of extremely low income, persons and families of very low income, persons and families of low income, persons and families of moderate income, and middle-income families. As used in this division:

(a) “Persons and families of low income” or “persons of low income” means persons or families who are eligible for financial assistance specifically provided by a governmental agency for the benefit of occupants of housing financed pursuant to this division.

(b) “Persons and families of moderate income” or “middle-income families” means persons and families of low or moderate income whose income exceeds the income limit for lower income households.

(c) “Persons and families of median income” means persons and families whose income does not exceed the area median income, as adjusted by the department for family size in accordance with adjustment factors adopted and amended from time to time by the United States Department of Housing and Urban Development pursuant to Section 8 of the United States Housing Act of 1937.

As used in this section, “area median income” means the median family income of a geographic area of the state, as annually estimated by the United States Department of Housing and Urban Development pursuant to Section 8 of the United States Housing Act of 1937. In the event these federal determinations of area median income are discontinued, the department shall establish and publish as regulations income limits for persons and families of median income for all geographic areas of the state at 100 percent of area median income, and for persons and families of low or moderate income for all geographic areas of the state at 120 percent of area median income. These income limits shall be adjusted for family size and shall be revised annually.

For purposes of this section, the department shall file, with the Office of Administrative Law, any changes in area median income and income limits determined by the United States Department of Housing and Urban Development, together with any consequent changes in other derivative income limits determined by the department pursuant to this section. These filings shall not be subject to Article 5 (commencing with Section 11346) or Article 6 (commencing with Section 11349) of Chapter 3.5 of Part 1 of Division 3 of Title 2 of the Government Code, but shall be effective upon filing with the Office of Administrative Law and shall be published as soon as possible in the California Regulatory Code Supplement and the California Code of Regulations.

The department shall establish and publish a general definition of income, including inclusions, exclusions, and allowances, for qualifying persons under the income limits of this section and Sections 50079.5, 50105, and 50106 to be used where no other federal or state definitions of income apply. This definition need not be established by regulation.

Nothing in this division shall prevent the agency or the department from adopting separate family size adjustment factors or programmatic definitions of income to qualify households, persons, and families for programs of the agency or department, as the case may be.

**EXHIBIT “E”  
TO DENSITY BONUS HOUSING AGREEMENT**

**Income Computation and Certification Form**

**[Attached]**

Exhibit E  
To Density Bonus Housing Agreement  
Income Computation and Certification Form

## TENANT INCOME CERTIFICATION INSTRUCTIONS

Income is calculated prior to initial occupancy and at least annually thereafter for all persons who are a party to the lease or who live in an Affordable Home. The Owner shall submit to the Authority a completed Tenant Income Certification for each Tenant occupying an Affordable Home during any portion of the reporting period. Tenant Income Certifications shall be submitted together with the project's Annual Affordable Housing Rental Report.

The Owner shall obtain income verification from each Tenant of an Affordable Home and shall certify that to the best of his/her knowledge, the tenant is eligible and meets the requirements established for the particular Affordable Home. The Owner shall verify tenant income in one of the following methods:

1. Obtain two (2) paycheck stubs from the tenant's two (2) most recent pay periods,
2. Obtain a written verification of income and employment from the tenant's current employer,
3. Obtain an income verification form from the Social Security Administration and/or California Department of Social Services if the tenant receives assistance from either agency,
4. If the tenant is unemployed and did not file a tax return for the previous calendar year, obtain other verification of income as is reasonable satisfactory.

Tenant Income is calculated as *gross income* (before taxes and payroll deductions) for *all household members*.

If, after renting an Affordable Home to an eligible household, the Tenant's income increases above the income level permitted for that unit as demonstrated at the time of recertification, the household will be given 180 days to move from the Affordable Home. Alternatively, the Owner may designate an alternative comparable vacant unit as an Affordable Home that will be rented subject to affordability restrictions.

Owner shall submit to the Authority an updated Affordable Housing Rental Report and Tenant Income Certifications on or before the end of the first calendar quarter of the year following the year covered by the reports. Owner shall retain such records for a period of five years after the date the respective records were created.

**TENANT INCOME CERTIFICATION**
☐ Initial Certification
☐ 1<sup>st</sup> Recertification
☐ Other \_\_\_\_\_

Effective Date: \_\_\_\_\_  
Move-in Date: \_\_\_\_\_  
(MM/DD/YYYY)
**PART I - DEVELOPMENT DATA**
Property Name: \_\_\_\_\_ County: \_\_\_\_\_ BIN #: \_\_\_\_\_  
Address: \_\_\_\_\_ Unit Number: \_\_\_\_\_ # Bedrooms: \_\_\_\_\_
**PART II. HOUSEHOLD COMPOSITION**

HH Mbr #	Last Name	First Name & Middle Initial	Relationship to Head of Household	Date of Birth (MM/DD/YYYY)	F/T Student (Y or N)	Social Security or Alien Reg. No.
1			HEAD			
2						
3						
4						
5						
6						
7						

**PART III. GROSS ANNUAL INCOME (USE ANNUAL AMOUNTS)**

HH Mbr #	(A) Employment or Wages	(B) Soc. Security/Pensions	(C) Public Assistance	(D) Other Income
<b>TOTALS</b>	\$	\$	\$	\$

Add totals from (A) through (D), above

TOTAL INCOME (E):

\$

**PART IV. INCOME FROM ASSETS**

Hshld Mbr #	(F) Type of Asset	(G) C/I	(H) Cash Value of Asset	(I) Annual Income from Asset

TOTALS: \$

\$

Enter Column (H) Total

Passbook Rate

If over \$5000

\$ \_\_\_\_\_ X 2.00%

= (J) Imputed Income

\$

Enter the greater of the total of column I, or J: imputed income

**TOTAL INCOME FROM ASSETS (K)**

\$

(L) Total Annual Household Income from all Sources [Add (E) + (K)]

\$

**HOUSEHOLD CERTIFICATION & SIGNATURES**

The information on this form will be used to determine maximum income eligibility. I/we have provided for each person(s) set forth in Part II acceptable verification of current anticipated annual income. I/we agree to notify the landlord immediately upon any member of the household moving out of the unit or any new member moving in. I/we agree to notify the landlord immediately upon any member becoming a full time student.

Under penalties of perjury, I/we certify that the information presented in this Certification is true and accurate to the best of my/our knowledge and belief. The undersigned further understands that providing false representations herein constitutes an act of fraud. False, misleading or incomplete information may result in the termination of the lease agreement.

_____ Signature	_____ (Date)	_____ Signature	_____ (Date)
_____ Signature	_____ (Date)	_____ Signature	_____ (Date)

**PART V. DETERMINATION OF INCOME ELIGIBILITY****RECERTIFICATION ONLY:**

TOTAL ANNUAL HOUSEHOLD INCOME  
FROM ALL SOURCES:  
From item (L) on page 1

\$

Current Income Limit x 140%:

\$

Household Income exceeds 140% at  
recertification:

☐ Yes ☐ No

Current Income Limit per Family Size: \$

Household Income at Move-in: \$

Household Size at Move-in: \_\_\_\_\_

**PART VI. RENT**

Tenant Paid Rent \$

Rent Assistance: \$

Utility Allowance \$

Other non-optional charges: \$

GROSS RENT FOR HOME:  
(Tenant paid rent plus Utility Allowance &  
other non-optional charges)

\$

Unit Meets Rent Restriction at:

☐ 60% ☐ 50% ☐ 40% ☐ 30% ☐ \_\_\_\_\_%

Maximum Rent Limit for this unit: \$

**PART VII. STUDENT STATUS**

ARE ALL OCCUPANTS FULL TIME STUDENTS?

☐ yes☐ no

If yes, Enter student explanation\*  
(also attach documentation)

Enter  
1-5

\*Student Explanation:

- 1 AFDC / TANF Assistance
- 2 Job Training Program
- 3 Single Parent/Dependent Child
- 4 Married/Joint Return
- 5 Former Foster Care

**PART VIII. PROGRAM TYPE**

Mark the program(s) listed below (a. through e.) for which this household's unit will be counted toward the property's occupancy requirements.  
Under each program marked, indicate the household's income status as established by this certification/recertification.

a. Tax Credit ☐

See Part V above.

b. HOME ☐

Income Status

- ☐ ≤ 50% AMGI  
☐ ≤ 60% AMGI  
☐ ≤ 80% AMGI  
☐ OI\*\*

c. Tax Exempt ☐

Income Status

- ☐ 50% AMGI  
☐ 60% AMGI  
☐ 80% AMGI  
☐ OI\*\*

d. AHDP ☐

Income Status

- ☐ 50% AMGI  
☐ 80% AMGI  
☐ OI\*\*

e. \_\_\_\_\_ ☐  
(Name of Program)

Income Status

- ☐ \_\_\_\_\_  
☐ \_\_\_\_\_  
☐ OI\*\*

\*\* Upon recertification, household was determined over-income (OI) according to eligibility requirements of the program(s) marked above.

**SIGNATURE OF OWNER/REPRESENTATIVE**

Based on the representations herein and upon the proofs and documentation required to be submitted, the individual(s) named in Part II of this Tenant Income Certification is/are eligible under the provisions of Section 42 of the Internal Revenue Code, as amended, and the Land Use Restriction Agreement (if applicable), to live in a unit in this Project.

SIGNATURE OF OWNER/REPRESENTATIVE \_\_\_\_\_

DATE \_\_\_\_\_



# INSTRUCTIONS FOR COMPLETING TENANT INCOME CERTIFICATION

*This form is to be completed by the owner or an authorized representative.*

## Part I - Development Data

Check the appropriate box for Initial Certification (move-in), Recertification (annual recertification), or Other. If Other, designate the purpose of the recertification (i.e., a unit transfer, a change in household composition, or other state-required recertification).

Move-in Date	Enter the date the tenant has or will take occupancy of the unit.
Effective Date	Enter the effective date of the certification. For move-in, this should be the move-in date. For annual recertification, this effective date should be no later than one year from the effective date of the previous (re)certification.
Property Name	Enter the name of the development.
County	Enter the county (or equivalent) in which the building is located.
BIN #	Enter the Building Identification Number (BIN) assigned to the building (from IRS Form 8609).
Address	Enter the address of the building.
Unit Number	Enter the unit number.
# Bedrooms	Enter the number of bedrooms in the unit.

## Part II - Household Composition

List all occupants of the unit. State each household member's relationship to the head of household by using one of the following coded definitions:

H	-	Head of Household	S	-	Spouse
A	-	Adult co-tenant	O	-	Other family member
C	-	Child	F	-	Foster child(ren)/adult(s)
L	-	Live-in caretaker	N	-	None of the above

Enter the date of birth, student status, and social security number or alien registration number for each occupant.

*If there are more than 7 occupants, use an additional sheet of paper to list the remaining household members and attach it to the certification.*

## Part III - Annual Income

**See HUD Handbook 4350.3 for complete instructions on verifying and calculating income, including acceptable forms of verification.**

From the third party verification forms obtained from each income source, enter the gross amount anticipated to be received for the twelve months from the effective date of the (re)certification. Complete a separate line for each income-earning member. List **each** respective household member number from Part II. Include anticipated income only if documentation exists verifying pending employment. If any adult states zero-income, please note "zero" in the columns of Part III.

Column (A)	Enter the annual amount of wages, salaries, tips, commissions, bonuses, and other income from employment; distributed profits and/or net income from a business.
Column (B)	Enter the annual amount of Social Security, Supplemental Security Income, pensions, military retirement, etc.
Column (C)	Enter the annual amount of income received from public assistance (i.e., TANF, general assistance, disability, etc.).

Column (D) Enter the annual amount of alimony, child support, unemployment benefits, or any other income regularly received by the household.

Row (E) Add the totals from columns (A) through (D), above. Enter this amount.

#### Part IV - Income from Assets

**See HUD Handbook 4350.3 for complete instructions on verifying and calculating income from assets, including acceptable forms of verification.**

From the third party verification forms obtained from each asset source, list the gross amount anticipated to be received during the twelve months from the effective date of the certification. List the respective household member number from Part II and complete a separate line for each member.

Column (F) List the type of asset (i.e., checking account, savings account, etc.)

Column (G) Enter C (for current, if the family currently owns or holds the asset), or I (for imputed, if the family has disposed of the asset for less than fair market value within two years of the effective date of (re)certification).

Column (H) Enter the cash value of the respective asset.

Column (I) Enter the anticipated annual income from the asset (i.e., savings account balance multiplied by the annual interest rate).

TOTALS Add the total of Column (H) and Column (I), respectively.

If the total in Column (H) is greater than \$5,000, you must do an imputed calculation of asset income. Enter the Total Cash Value, multiply by 2% and enter the amount in (J), Imputed Income.

Row (K) Enter the greater of the total in Column (I) or (J)

Row (L) Total Annual Household Income From all Sources Add (E) and (K) and enter the total

#### HOUSEHOLD CERTIFICATION AND SIGNATURES

After all verifications of income and/or assets have been received and calculated, each household member age 18 or older must sign and date the Tenant Income Certification. For move-in, it is recommended that the Tenant Income Certification be signed no earlier than 5 days prior to the effective date of the certification.

#### Part V – Determination of Income Eligibility

Total Annual Household Income from all Sources Enter the number from item (L).

Current Income Limit per Family Size Enter the Current Move-in Income Limit for the household size.

Household income at move-in Household size at move-in For recertifications, only. Enter the household income from the move-in certification. On the adjacent line, enter the number of household members from the move-in certification.

Household Meets Income Restriction Check the appropriate box for the income restriction that the household meets according to what is required by the set-aside(s) for the project.

Current Income Limit x 140% For recertifications only. Multiply the Current Maximum Move-in Income Limit by 140% and enter the total. **140% is based on the Federal Set-Aside of 20/50 or 40/60, as elected by the owner for the property, not deeper targeting elections of 30%, 40%, 45%, 50%, etc.** Below, indicate whether the household income exceeds that total. If the Gross Annual Income at recertification is greater than 140% of the current income limit, then the available unit rule must be followed.

## Part VI - Rent

Tenant Paid Rent	Enter the amount the tenant pays toward rent (not including rent assistance payments such as Section 8).
Rent Assistance	Enter the amount of rent assistance, if any.
Utility Allowance	Enter the utility allowance. If the owner pays all utilities, enter zero.
Other non-optional charges	Enter the amount of <u>non-optional</u> charges, such as mandatory garage rent, storage lockers, charges for services provided by the development, etc.
Gross Rent for Unit	Enter the total of Tenant Paid Rent plus Utility Allowance and other non-optional charges.
Maximum Rent Limit for this unit	Enter the maximum allowable gross rent for the unit.
Unit Meets Rent Restriction at	Check the appropriate rent restriction that the unit meets according to what is required by the set-aside(s) for the project.

## Part VII - Student Status

If all household members are full time\* students, check “yes”. If at least one household member is not a full time student, check “no”.

If “yes” is checked, the appropriate exemption must be listed in the box to the right. If none of the exemptions apply, the household is ineligible to rent the unit.

*\*Full time is determined by the school the student attends.*

## Part VIII – Program Type

Mark the program(s) for which this household’s unit will be counted toward the property’s occupancy requirements. Under each program marked, indicate the household’s income status as established by this certification/recertification. If the property does not participate in the HOME, Tax-Exempt Bond, Affordable Housing Disposition, or other housing program, leave those sections blank.

Tax Credit	See Part V above.
HOME	If the property participates in the HOME program and the unit this household will occupy will count towards the HOME program set-asides, mark the appropriate box indicating the household’s designation.
Tax Exempt	If the property participates in the Tax Exempt Bond program, mark the appropriate box indicating the household’s designation.
AHDP	If the property participates in the Affordable Housing Disposition Program (AHDP), and this household’s unit will count towards the set-aside requirements, mark the appropriate box indicating the household’s designation.
Other	If the property participates in any other affordable housing program, complete the information as appropriate.

## SIGNATURE OF OWNER/REPRESENTATIVE

It is the responsibility of the owner or the owner’s representative to sign and date this document immediately following execution by the resident(s).

The responsibility of documenting and determining eligibility (including completing and signing the Tenant Income Certification form) and ensuring such documentation is kept in the tenant file is extremely important and should be conducted by someone well trained in tax credit compliance.

*These instructions should not be considered a complete guide on tax credit compliance. The responsibility for compliance with federal program regulations lies with the owner of the building(s) for which the credit is allowable.*

**EXHIBIT “G”**  
**TO DENSITY BONUS HOUSING AGREEMENT**

**Unit Release**

**[Attached]**

Exhibit G  
to Density Bonus Housing Agreement  
Unit Release

RECORDED AT THE REQUEST OF AND  
WHEN RECORDED RETURN TO:

Moreno Valley Housing Authority  
Community Development Department  
201 North Broadway  
Escondido, CA 92025-2798  
Attn: Director of Community Development

(SPACE ABOVE THIS LINE FOR RECORDER'S USE)

This Unit Release from Regulatory Agreement and Homebuyer Loan Agreement is recorded at the request and for the benefit of the Moreno Valley Housing Authority and is exempt from the payment of a recording fee pursuant to Government Code Sections 6103 27383.

**HOME RELEASE FROM REGULATORY AGREEMENT  
AND DENSITY BONUS AGREEMENT**

This HOME RELEASE FROM REGULATORY AGREEMENT AND DENSITY BONUS AGREEMENT ("Unit Release") is being entered into by and between the MORENO VALLEY HOUSING AUTHORITY, a public body corporate and politic ("Authority"), and BUSINESS OWNER NAME, a \_\_\_\_\_ company ("Owner"). Authority and Owner are hereinafter sometimes referred to collectively as the "Parties" and individually as a "Party."

**RECITALS:**

A. Owner is the owner in fee of that certain residential unit(s) number(s) \_\_\_\_\_, located at Address in the Moreno Valley Housing Authority, and said residential unit(s) are more particularly described in the legal description attached hereto as Exhibit 1 ("Released Unit(s)") and incorporated by this reference.

B. On or about \_\_\_\_\_, 20\_\_, Owner and Authority entered into that certain Homebuyer Loan Agreement ("Homebuyer Loan Agreement") relating to the Property. The Homebuyer Loan Agreement is a public record and is available for inspection and copying in the office of the Authority Secretary/City Clerk located at 14177 Frederick Street, Moreno Valley, California 92552. Any capitalized terms not defined herein shall have the meanings ascribed to such terms in the Homebuyer Loan Agreement.

C. The Owner has developed on the Property an up to \_\_\_\_\_ ( ) unit residential community ("Project"). Pursuant to a Authority condition of approval for the Project and the Homebuyer Loan Agreement, Owner was required to develop \_\_\_\_\_ ( ) of said units ("Affordable Homes") to be rented at Affordable Rent or sold at Affordable Housing Cost to Very Low Income Households, Low Income Households, and Moderate Income Households. The remaining units in the Project may be sold without restriction as to sale price and the buyers are not subject to any eligibility criteria under the Homebuyer Loan Agreement or its attachments ("Market Rate Affordable Homes").

Exhibit G  
to Density Bonus Housing Agreement  
Unit Release  
Page 1 of 4

D. Pursuant to the Homebuyer Loan Agreement, as to each Affordable Home, upon the transfer of the Affordable Home to a Qualified Homebuyer in accordance with all requirements of the Homebuyer Loan Agreement, including the recording of the Homebuyer Covenant against the Affordable Home, Owner and Authority may execute and record or cause to be executed and recorded for the benefit of the Released Unit(s) this Unit Release, whereupon the Released Unit(s) would be released from the terms and conditions of the Homebuyer Loan Agreement.

E. Pursuant to the Homebuyer Loan Agreement, as to the Market Rate Affordable Homes, so long as Owner is in compliance with the Homebuyer Loan Agreement and has designated no less than \_\_\_\_ (#) Affordable Homes as Affordable Homes pursuant to Section 8.3 of this Agreement, then Owner shall have the right at the time it offers the Market Rate Affordable Homes for sale to request that Authority execute a Unit Release for any and all Market Rate Affordable Homes that have been offered for sale. Owner's request for a Unit Release shall be in writing and shall specify the Affordable Homes that have been designated Market Rate Affordable Homes and Affordable Homes. Upon Authority's receipt of a request by Owner to execute a Unit Release for any Market Unit that has been offered for sale, Authority shall have the right to verify that the sale of Market Rate Affordable Homes will not result in less than \_\_\_\_ (#) of the Affordable Homes being designated as Affordable Homes. If Authority determines the proposed sale of the Market Rate Affordable Homes will not result in less than \_\_\_\_ (#) of the Affordable Homes being designated as Affordable Homes, then Authority shall deliver to Owner an executed and notarized Unit Release for the Market Rate Affordable Homes that have been offered for sale and Owner shall be required to use commercially reasonable diligence to sell the Market Rate Affordable Homes.

### C O V E N A N T S:

Based upon the foregoing Recitals, which are incorporated herein by this reference, and for good and valuable consideration, the receipt and sufficiency of which is acknowledged by both parties, Owner and Authority agree as follows:

1. From and after the date that this Unit Release is recorded, the Released Unit(s) shall not be bound or burdened by any of the provisions set forth or referred to in the Homebuyer Loan Agreement.

2. Authority shall cooperate in executing any further or additional documents, in recordable form if necessary, as may be reasonably requested by any existing or prospective owner or holder of a mortgage or deed of trust of, in, or to any of the Released Unit(s) to confirm said Unit Release. The form of any such additional documents shall be prepared by such existing or prospective owner or holder at no cost to Authority, and shall be in a form approved by the Authority Attorney.

3. Nothing in this Unit Release terminates or releases, or shall be deemed or construed to terminate or release, the Homebuyer Covenant recorded against each For Sale Affordable Home owned in fee by a Qualified Homebuyer or said Qualified Homebuyer's successor in interest or assignee.

4. This Unit Release shall not constitute evidence of compliance with or satisfaction of any obligation of Owner to any holder of a mortgage, or any insurer of a mortgage, securing money loaned to finance the construction or operation of work on the Released Unit(s), or any part thereof.

Exhibit G  
to Density Bonus Housing Agreement  
Unit Release  
Page 2 of 4

5. No later than ten (10) days after receipt by Owner of a conformed copy of the executed Unit Release from the Riverside County Recorder's Office, Owner shall deliver a copy of said conformed copy to Authority at the address identified in the Regulatory Agreement for delivery of notices.

IN WITNESS WHEREOF, Authority has executed this Unit Release from as of this \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_.

MORENO VALLEY HOUSING AUTHORITY,  
a public body corporate and politic

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

Its:\_\_\_\_\_

APPROVED AS TO FORM:  
OFFICE OF THE AUTHORITY ATTORNEY  
MICHAEL R. MCGUINNESS, AUTHORITY ATTORNEY

By:\_\_\_\_\_  
Dare DeLano, Assistant Authority Attorney

On behalf of \_\_\_\_\_ **[OR PERMITTED SUCCESSOR OR ASSIGNEE]** I hereby  
consent to the recordation of this Unit Release for the benefit of the Released Unit(s) described herein.

Dated: \_\_\_\_\_

“OWNER”

\_\_\_\_\_

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



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

)

)

ss.

COUNTY OF RIVERSIDE

)

On \_\_\_\_\_ before me, \_\_\_\_\_, Notary Public,

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

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

WITNESS my hand and official seal

\_\_\_\_\_  
SIGNATURE OF NOTARY PUBLIC

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

)

)

ss.

COUNTY OF RIVERSIDE

)

On \_\_\_\_\_ before me, \_\_\_\_\_, Notary Public,

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

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

WITNESS my hand and official seal

\_\_\_\_\_  
SIGNATURE OF NOTARY PUBLIC

**ATTACHMENT 1  
TO HOME RELEASE**

**LEGAL DESCRIPTION OF RELEASED HOME(S)**

[Attached]

Exhibit 1  
To Unit Release  
Legal Description of Released Unit(s)

[REPLACE THIS PAGE WITH LEGAL DESCRIPTION OF RELEASED HOME(S), ONCE  
KNOWN]

Exhibit 1  
To Unit Release  
Legal Description of Released Unit(s)  
Page 1 of 1

**EXHIBIT “H”**  
**TO DENSITY BONUS HOUSING AGREEMENT**  
**Termination and Release**  
**[Attached]**

Exhibit “H”  
To Density Bonus Housing Agreement  
Termination and Release

RECORDED AT THE REQUEST OF AND  
WHEN RECORDED RETURN TO:

Moreno Valley Housing Authority  
Community Development Department  
201 North Broadway  
Escondido, CA 92025-2798  
Attn.: Director of Community Development

(SPACE ABOVE THIS LINE FOR RECORDER'S USE)

This Termination and Release is recorded at the request and for the benefit of the Moreno Valley Housing Authority and is exempt from the payment of a recording fee pursuant to Government Code Sections 6103 and 27383.

### **TERMINATION AND RELEASE**

This TERMINATION AND RELEASE ("**Termination and Release**") is being entered into by and between the MORENO VALLEY HOUSING AUTHORITY, a public body corporate and politic ("**Authority**"), and \_\_\_\_\_, a \_\_\_\_\_ company ("**Owner**"). Authority and Owner are hereinafter sometimes referred to collectively as the "**Parties**" and individually as a "**Party**."

### **RECITALS:**

A. Owner is the owner in fee of that certain real property located at \_\_\_\_\_, consisting of approximately \_\_\_\_ net acres of land, and more particularly described in the legal description attached hereto as Exhibit 1 and incorporated herein by this reference ("**Property**").

B. On or about \_\_, Owner and Authority entered into that certain Homebuyer Loan Agreement ("**Homebuyer Loan Agreement**") relating to the Property. The Homebuyer Loan Agreement is a public record and is available for inspection and copying in the office of the Authority Secretary/City Clerk located at 14177 Frederick Street, Moreno Valley, California 92552. Any capitalized terms not defined herein shall have the meanings ascribed to such terms in the Homebuyer Loan Agreement.

C. The Owner has developed on the Property an up to \_\_\_\_\_ ( ) unit residential community ("**Project**"). Pursuant to a Authority condition of approval for the Project and the Homebuyer Loan Agreement, Owner was required to develop \_\_\_\_\_ ( ) of said units ("**Affordable Homes**") to be rented at Affordable Rent or sold at Affordable Housing Cost to Very Low Income Households, Low Income Households, and Moderate Income Households.

D. The Homebuyer Loan Agreement was recorded on \_\_\_\_\_, 20\_\_, as Instrument No. \_\_\_\_\_ of the Official Records for Riverside County, California, to provide constructive notice thereof to any successors or assigns of Owner's fee interest of the Property, and to memorialize and impose the restrictive covenants, including the affordability covenants that no less than \_\_\_\_\_ ( ) Affordable Homes were to be rented at Affordable Rent to Very Low Income Households, Low

Exhibit "H"

To Density Bonus Housing Agreement  
Termination and Release

Page 1 of 4

Income Households, and Moderate Income Households during the Project Rental Period, or sold to Very Low Income Households, Low Income Households, and Moderate Income Households at Affordable Housing Cost as set forth in the Homebuyer Loan Agreement.

E. Pursuant to the Homebuyer Loan Agreement, upon the earlier of: (i) the completion of the recording of Affordable Housing Covenants against each For Sale Affordable Home, and no sooner than the recording of the last Homebuyer Covenant against the last For Sale Affordable Home purchased by a Qualified Homebuyer, or (ii) the expiration of the Total Affordability Term with respect to each Affordable Home, Owner and Authority are required to execute and record or cause to be executed and recorded for the benefit of the Property this Termination and Release, whereupon the Property and Project would be released from the terms and conditions of the Homebuyer Loan Agreement, and Owner would be released from all obligations thereunder except as to the Survival Obligations as defined below.

### COVENANTS:

Based upon the foregoing Recitals, which are incorporated herein by this reference, and for good and valuable consideration, the receipt and sufficiency of which is acknowledged by both parties, Owner and Authority agree as follows:

1. From and after the date that this Termination and Release is recorded, neither the Property nor the Project shall be bound or burdened by any of the provisions set forth or referred to in the Homebuyer Loan Agreement; provided, however, Owner shall continue to be bound by the obligations in the Homebuyer Loan Agreement referenced in Section 6 of the Homebuyer Loan Agreement as surviving the termination (“**Survival Obligations**”).

2. Authority shall cooperate in executing any further or additional documents, in recordable form as necessary, as may be reasonably requested by any existing or prospective owner or holder of a mortgage or deed of trust of, in, or to any of the Property and/or Project to confirm said Termination and Release. The form of any such additional documents shall be prepared by such existing or prospective owner or holder at no cost to Authority, and shall be in a form approved by the Authority Attorney.

3. Authority does hereby certify that Owner is released from any further obligations set forth in the Homebuyer Loan Agreement except for the Survival Obligations.

4. Nothing in this Termination and Release terminates or releases, or shall be deemed or construed to terminate or release, the Homebuyer Covenant recorded against each For Sale Affordable Home owned in fee by a Qualified Homebuyer or said Qualified Homebuyer’s successor in interest or assignee or any documents executed in connection with the Affordable Housing Covenants including the documents attached as exhibits thereto.

5. This Termination and Release shall not constitute evidence of compliance with or satisfaction of any obligation of Owner to any holder of a mortgage, or any insurer of a mortgage, securing money loaned to finance the construction or operation of work on the Property, or any part thereof.

[signatures on next page]

Exhibit "H"  
To Density Bonus Housing Agreement  
Termination and Release  
Page 3 of 4



IN WITNESS WHEREOF, Authority has executed this Termination and Release as of this  
\_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_.

MORENO VALLEY HOUSING AUTHORITY,  
a public body corporate and politic

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

ATTEST:

\_\_\_\_\_  
Authority Clerk

On behalf of \_\_\_\_\_, a \_\_\_\_\_ company, **[OR SUCCESSOR  
OR ASSIGNEE]** I hereby consent to the recordation of this Termination and Release for the benefit  
of the Property described herein.

Dated: \_\_\_\_\_

“OWNER”

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

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

)

)

ss.

COUNTY OF RIVERSIDE

)

On \_\_\_\_\_ before me, \_\_\_\_\_, Notary Public,

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

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

WITNESS my hand and official seal

\_\_\_\_\_  
SIGNATURE OF NOTARY PUBLIC

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

)

)

ss.

COUNTY OF RIVERSIDE

)

On \_\_\_\_\_ before me, \_\_\_\_\_, Notary Public,

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

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

WITNESS my hand and official seal

\_\_\_\_\_  
SIGNATURE OF NOTARY PUBLIC

**ATTACHMENT 1**  
**TO TERMINATION AND RELEASE OF**  
**LEGAL DESCRIPTION OF PROPERTY**

Exhibit 1  
To Termination and Release of  
Legal Description of Property  
Page 1 of 1

**EXHIBIT E**

**NOTICE OF AFFORDABILITY RESTRICTIONS**  
**[subject to update in connection with initial sales of Affordable Homes]**

RECORDING REQUESTED BY  
AND WHEN RECORDED RETURN  
TO:

Moreno Valley Housing Authority  
14177 Frederick Street  
Moreno Valley, California 92552  
Attention: Executive Director

[Space above for recorder.]

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

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

This **NOTICE OF AFFORDABILITY RESTRICTIONS ON TRANSFER OF PROPERTY** (or “Notice of Affordability Restrictions”) is dated as of \_\_\_\_\_, 202\_ (for identification purposes) and recorded to provide notice substantially as described by Section 33334.3(f)(3)(B) of the California Health and Safety Code as amended by AB 987, Chapter 690, Statutes of 2007 (herein, “Chapter 690”), and affects that certain property described in Exhibit A hereto (“Affordable Home”). The **MORENO VALLEY HOUSING AUTHORITY**, a public body, corporate and politic (“Authority”) and **MARY ERICKSON COMMUNITY HOUSING**, a California nonprofit corporation (“Developer”) previously entered into an unrecorded *HOME Investment Partnership and Affordable Housing Agreement* dated as of [\_\_\_\_\_, 2025] as approved by Authority Resolution No. HA 2025-\_\_\_\_ [and City Council Resolution No. 2025-\_\_\_\_] (“AHA”). The AHA provided, in part, for the Developer to acquire certain land designated therein as the “Site” for development of seven (7) detached, single-family homes on each of seven parcels created by Parcel Map No. \_\_\_\_\_ (each an “Affordable Home”), and to sell to “Low Income

Households” (as defined below) at a cost which does not exceed “Affordable Housing Cost” (as defined below) each of seven parcels corresponding to the seven (7) Affordable Homes (each an “Affordable Home”). \_\_\_\_\_, a [capacity] (“Homebuyer”), have entered into an unrecorded purchase and sale agreement with Developer dated as of \_\_\_\_\_, 202\_ (“Purchase and Sale Agreement”) under which Developer agreed to sell and Homebuyer agreed to purchase the Affordable Home (as defined herein) subject to covenants which restrict use of the Affordable Home as a resource for affordable housing, as more particularly set forth herein. In addition, Homebuyer entered into an unrecorded agreement entitled “Homebuyer Loan Agreement” with Authority, dated as of \_\_\_\_\_, 202\_ (“Homebuyer Loan Agreement”) by which Authority issued a Homebuyer Loan to the Initial Homebuyer and Homebuyer agreed the Affordable Home shall be subject to covenants to the Homebuyer Covenants that restrict use, ownership, resale, maintenance and other conditions affecting the Affordable Home as a resource for affordable housing in the community.

1. Each of the AHA and the Homebuyer Loan Agreement provides for affordability restrictions and restrictions on the transfer of the Property as more particularly set forth in the AHA, Homebuyer Loan Agreement, and Homebuyer Covenants. Copies of the AHA, Homebuyer Loan Agreement and Homebuyer Covenants are on file with the Authority as a public record and each is deemed incorporated herein. Reference is made to the AHA, Homebuyer Loan Agreement, and Homebuyer Covenants with regard to the complete text of the provisions of such agreement which provides for affordability restrictions and restrictions on the transfer of the Affordable Home.

2. Each of the AHA and Homebuyer Loan Agreement restricts ownership and occupancy of the Affordable Home to a household of limited income, paying an Affordable Housing Cost; such restrictions are set forth at greater length in the Homebuyer Covenants recorded against the Property, entitled *Homebuyer Covenants – Authority Declaration of Conditions, Covenants and Restrictions with Resale Restrictions* recorded among the official records of the County Recorder of the County of Riverside (“Official Records”) as Document No. [recording information re Homebuyer Covenants] (“Homebuyer Covenants”), the Homebuyer Deed of Trust substantially in the form prescribed by the Homebuyer Loan Agreement therefor (“Homebuyer Deed of Trust”), and Purchase Money Deed of Trust.

2.1 Article IV, Section 4.1 of the Homebuyer Covenants provides in part that the Affordable Home:

“... shall only be owned and occupied by Homebuyer or by households which, as of the time of purchase of the Site, have an income which does not exceed Eighty Percent (80%) of the Riverside County monthly median income (which households shall, for purposes of this Declaration, constitute “Eligible Persons or Families”). It is further agreed and acknowledged that each and every occupant of each of the...[Property] shall execute agreements, promissory notes and deeds of trust encumbering the subject property for the benefit of Authority in form acceptable to the Authority.

(b) The Affordable Home may be sold at an Affordable Housing Cost (as defined below) to Qualified Homebuyer(s) that qualify as Low Income Household.” Affordable Housing Cost is defined and described in more detail in the Authority Homebuyer Loan Agreement and Homebuyer Covenants.

(c) The covenant contained in this Section 2 shall run with the land for the 45-year Affordability Period.

3. During the Affordability Period, the Affordable Home, and any interest therein, shall not be conveyed except with the express prior written consent of Grantor, which consent shall be given only if the conveyance is in conformity with the requirements of the AHA, Homebuyer Covenants, and Authority Homebuyer Loan Agreement.

4. The restrictions contained in the Homebuyer Covenants expire forty-five (45) years following the date such covenants were recorded against the Property.

5. The commonly known address for the Affordable Home is: [\_\_\_\_] Lantana Court, Moreno Valley, California 92552.

6. The assessor’s parcel number for the Property is: [APN 481-270-[065 thru -071]; such number is subject to change.

7. The legal description for the Property is attached hereto as Exhibit A and is incorporated herein by reference.

8. This Notice of Affordability Restrictions is intended merely to provide notice in the manner generally described under Chapter 690. The AHA, Homebuyer Covenants, Authority Homebuyer Deed of Trust, all remain in full force and effect and are not amended or altered in any manner whatsoever by this Notice of Affordability Restrictions.

9. Capitalized terms shall have the meanings established under the AHA (including all Attachments thereto) and if not provided in the AHA, then under the Authority Homebuyer Loan Agreement excepting only to the extent as otherwise expressly provided under this Notice of Affordability Restrictions.

10. Persons having questions regarding this Notice of Affordability Restrictions, the AHA, Authority Homebuyer Loan Agreement and any of the attachments thereto (including without limitation the Homebuyer Covenants and Authority Homebuyer Deed of Trust should contact the Authority (or City) at their offices (14177 Frederick Street, Moreno Valley, California 92552, or such other address as may be designated by Authority from time to time).

***[Signatures appear on following page.]***



**AUTHORITY:**

**MORENO VALLEY HOUSING  
AUTHORITY**, a public body, corporate  
and politic

By: \_\_\_\_\_  
Brian Mohan  
Authority Executive Director

**HOMEBUYER:**

[to come]

By: \_\_\_\_\_  
[to come]

By: \_\_\_\_\_  
[to come]

**EXHIBIT A**  
**LEGAL DESCRIPTION**

The land referred to herein is situated in the State of California, County of Riverside, City of Moreno Valley, and described as follows:

[to come]

APN: [to come]

DRAFT

## EXHIBIT F

### DISCLOSURE STATEMENT

[subject to update in connection with initial sales of Affordable Homes]

I/we [name of homebuyer] ("Homebuyer") understand, acknowledge and agree that my/our acquisition of that certain real property described in Addendum "A" attached hereto and improvements thereon (collectively, the "Property") is conditional on a number of factors, including, but not limited to:

- I/we are buying a single-family detached home within the City of Moreno Valley in accordance with the requirements of that certain *HOME Investment Partnership and Affordable Housing Agreement* ("AHA") dated June 17, 2025 entered into between the Moreno Valley Housing Authority ("Authority") and Mary Erickson Community Housing, a California nonprofit corporation ("MECH"), an agreement entitled "Homebuyer Loan Agreement" between I/we and Authority dated as of \_\_\_\_\_, 202\_, which is on file with Authority ("Homebuyer Loan Agreement"), and a purchase and sale agreement between MECH and I/we ("MECH Agreement") dated as of [\_\_\_\_\_, 202\_] (together "Homebuyer Agreement"); all capitalized terms in this Disclosure Statement that are not otherwise defined herein have the meanings set forth in the Homebuyer Agreement.
- I/we must qualify as a Low Income Household pursuant to Health & Safety Code Section 50053(b)(3), as determined by Authority.
- Authority has provided assistance to make the Affordable Home/Property available to a Low Income Household at Affordable Housing Cost and is relying upon information I/we have made available to the Authority.

I/We further understand and agree that:

- I/we will be responsible for payment under each of (i) the "Homebuyer Note" (in favor of Authority, as beneficiary, in the original principal amount of [\$ to come]: of Authority Loan Note and with an original term of 45 years); and (ii) my/our Purchase Money Loan (in favor of [lender] in the original principal amount of [\$ to come] that is a fully amortized fixed rate mortgage with a term of 30 years. I/we shall be responsible to make regular amortized monthly payments under the Purchase Money Note. I/we shall also be responsible for payment of closing costs of [\_\_\_\_\_] Dollars (\$\_\_\_\_\_) in connection with my/our acquisition of the Affordable Home/Property.
- I understand that use of the Affordable Home/Property will be limited to use as my/our personal residence for forty-five (45) years ("Affordability Period"); I further understand that the ability to resell or refinance the Property is severely restricted, and that Authority approval will be required to assure compliance with recorded Homebuyer Covenants during the Affordability Period; **this restricts the persons to**

Attachment No. 6

Exhibit F--Disclosure Statement

Page 1 of 3

**whom we may sell the Property, may result in a sales price which is substantially less than the fair market value of the Property and may preclude refinancing or the sale of the Property in various cases.**

- For and during the forty-five (45) year Affordability Period, the Property may only be transferred to qualified Low Income Households at an Affordable Housing Cost and the Property must be and remain continuously owner-occupied. In acquisition by the purchaser must be accomplished at a price that does not exceed a back end ratio of 43%, as more particularly set forth in a loan agreement between Authority and me/us. Any sale must be approved by Authority and will be accomplished at a price which does not exceed 95% of the median price for houses within the area.
- During the term of our ownership of the Property, I/we intend to continuously occupy the Property and I/we shall not rent or lease the Property, nor shall I/we use the Property as a vacation or other short-term rental such as through AirBnB or VRBO.
- Authority shall not be held responsible for any costs associated with my/our purchase of the Affordable Home/Property, including but not limited to any loan fees or charges, any charges for appraisals, or any escrow costs or other costs relating to the transfer of the Property.
- Authority makes no representation concerning the Affordable Home/Property (including without limitation the improvements thereto) or as to the suitability of the Affordable Home/Property to Homebuyer. If the Homebuyer can afford to purchase a property which is not subject to price limitations, occupancy limitations or affordability limitations, purchase of the Property is probably not suitable for purchase by Homebuyer.
- Authority cannot ensure that information provided by or on my/our behalf will be kept confidential.
- I/We have been advised by Authority to consult with legal counsel in connection with the AHA, Homebuyer Covenants, Authority Homebuyer Loan Agreement, and my/our Purchase Money Loan.
- My/our Purchase Money Loan is subject to review by Authority, nonetheless Authority shall not be charged with the knowledge of the contents of the documents of my/our primary lender.
- Authority makes no representation, expressly or impliedly, about the property tax assessment or amount of property taxes due and payable in connection with my/our ownership of the Affordable Home/Property.
- Authority financial assistance I receive in connection with the purchase of the Affordable Home/Property may be considered to be income for purposes of federal or state income taxes and Authority shall not be held responsible for the payment of any taxes which I may incur by virtue of the receipt of such financial assistance.

**HOMEBUYER**

Dated: \_\_\_\_\_, 202\_

By: \_\_\_\_\_  
[name of homebuyer]

By: \_\_\_\_\_  
[name of homebuyer]

DRAFT

**EXHIBIT G**

**TRUTH-IN-LENDING**

**REGULATION Z DISCLOSURE STATEMENT**

**HOMEBUYER LOAN**

**[subject to update in connection with initial sales of Affordable Homes]**

(Note: it is contemplated that Borrower will also receive Purchase Money Loan from an institutional lender; the terms of such purchase money mortgage are not described herein.)

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

<i><b>Annual Percentage Rate</b></i>	<i><b>Finance Charge</b></i>	<i><b>Amount Financed</b></i>	<i><b>Total of Payments</b></i>
The cost of your loan as a yearly rate (interest).	The dollar amount the loan will cost you (total accrued interest).	The amount of the Authority Homebuyer Loan provided by the Authority to you or on your behalf.	The amount you have paid after you have made all payments, if any due under the Authority Homebuyer Note: \$0.
0% simple interest	\$0	\$ [to come: \$ _____]	\$ [to come: \$ _____]

**Creditor:** MORENO VALLEY HOUSING AUTHORITY  
14177 Frederick Street  
Moreno Valley, California 92552

**Borrower:** [name of homebuyer]  
[address of homebuyer]  
Moreno Valley, California 92552

**Itemization of Amount Financed:** You have the right to receive at this time an itemization of the Amount Financed.

\_\_\_\_\_ I want an itemization.

\_\_\_\_\_ I do not want an itemization.

**Your Payment Schedule Will Be:**

<i><b>Number of Payments</b></i>	<i><b>Amount of Payments</b></i>	<i><b>When Payments Are Due</b></i>
There are no regularly scheduled payments; payment is only due in the event of an	The entire amount will be accelerated and become due upon an Event of Default.	There are no regularly scheduled payments; payment is only due in the event of an

Event of Default.		Event of Default.
-------------------	--	-------------------

**Property:** You must obtain property insurance and name both the Moreno Valley Housing Authority and the City of Moreno Valley as loss payees.

**Security:** You are giving a security interest in the Affordable Home you are purchasing which is located at \_\_\_\_\_.

**Filing Fees:** \$ \_\_\_\_\_ Non-Filing Insurance: \$ \_\_\_\_\_

**Late Charge:** N/A

**Prepayment:** If you pay off early, you

\_\_\_\_\_ may \_\_\_\_\_ may not have to pay principal, accrued simple interest and contingent deferred interest.  
 \_\_\_\_\_ may \_\_\_\_\_ may not have to pay a penalty.  
 \_\_\_\_\_ may \_\_\_\_\_ may not be entitled to a refund of part of the finance charge.

**Interest Rate:** The Authority Homebuyer Loan has a base interest rate that is

  X   fixed at zero percent (0%) per year.

\_\_\_\_\_ variable. Disclosures about the variable-rate feature have been provided to you earlier.

The complete terms of the Authority Homebuyer Loan are fully set forth in the Authority Homebuyer Loan Agreement, Homebuyer Note, Homebuyer Deed of Trust, and Homebuyer Covenants. ***READ ALL OF THESE DOCUMENTS CAREFULLY. ALL OF THESE DOCUMENTS AFFECT YOUR LEGAL RIGHTS.***

**Assumption:** Someone buying your house

\_\_\_\_\_ may, subject to conditions, be allowed to assume the remainder of the mortgage on the original terms.

\_\_\_\_\_ cannot assume the remainder of the mortgage on the original terms.

**Demand Feature:** This obligation

\_\_\_\_\_ [is payable on demand] or [has a demand feature]

\_\_\_\_\_ [is not payable on demand] or [has no demand feature]

See your loan documents for any additional information about the terms of the Authority Homebuyer Loan (under the Homebuyer Note), nonpayment, default and penalties and any required repayment in full before the scheduled date.

**ITEMIZATION OF THE AMOUNT FINANCED OF \$ \_\_\_\_\_**

\$ \_\_\_\_\_ Amount given to you directly

\$ \_\_\_\_\_ Amount paid on your account

**Amount paid to others on your behalf:**

\$ \_\_\_\_\_ to [credit bureau] [appraiser] [title insurance company] [escrow]

\$ \_\_\_\_\_ to (name of another creditor)

\$ \_\_\_\_\_ to (other)

\$ \_\_\_\_\_ prepaid finance charge

DRAFT



## **Exhibit H**

### **NOTICE OF RIGHT TO CANCEL**

**[subject to update in connection with initial sales of Affordable Homes]**

#### **Your Right to Cancel**

You are entering into a transaction that will result in a lien on your home. You have a legal right under federal law to cancel this transaction, without cost, within three business days from whichever of the following events occurs last:

- (1) the date of the transaction, which is \_\_\_\_\_; or
- (2) the date you received your Truth in Lending disclosures; or
- (3) the date you received this notice of your right to cancel.

If you cancel the transaction, the lien is also canceled. Within 20 calendar days after we receive your notice, we must take the steps necessary to reflect the fact that the lien on your home has been canceled, and we must return to you any money or property you have given to us or to anyone else in connection with this transaction.

You may keep any money or property we have given you until we have done the things mentioned above, but you must then offer to return the money or property. If it is impractical or unfair for you to return the property, you must offer its reasonable value. You may offer to return the property at any location in the City of Moreno Valley convenient to you. Money must be returned to the address below. If we do not take possession of the money or property within 20 calendar days of your offer, you may keep it without further obligation.

#### **How to Cancel**

If you decide to cancel this transaction, you may do so by notifying us in writing, at

MORENO VALLEY HOUSING AUTHORITY  
14177 Frederick Street  
Moreno Valley, California 92552  
ATTN: Executive Director

You may use any written statement that is signed and dated by you and states your intention to cancel, or you may use this notice by dating and signing below. Keep one copy of this notice because it contains important information about your rights.

If you cancel by mail or telegram, you must send the notice no later than midnight of the third business day following the latest of the three events listed above. If you send or deliver your written notice to cancel some other way, it must be delivered to the above address no later than that time.

## ACKNOWLEDGMENT OF RECEIPT

I have received two (2) copies of this Notice of Right to Cancel.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

### I WISH TO CANCEL

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

### I HAVE NOT CANCELED

I confirm that at least four days ago (excluding Sundays and federal holidays) I received two (2) copies of this notice, and I have not canceled the transaction for which this notice is given.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

## EXHIBIT I

### HOMEBUYER COMPLIANCE CERTIFICATE [subject to update in connection with initial sales of Affordable Homes]

#### ANNUAL CERTIFICATION OF CONTINUED OCCUPANCY AND PROGRAM COMPLIANCE

Property Address:  
Moreno Valley, California ("Property")

Compliance Year:

The undersigned is/are Homebuyer of that certain real property referred to as the "Affordable Home" and that is subject to that certain Authority Homebuyer Loan Agreement, related implementing instruments thereto and those certain Homebuyer Covenants of record (together, "Homebuyer Agreements") against the real property located at [\_\_\_\_], Moreno Valley, California. Pursuant to the Homebuyer Agreements, I/we acquired the Property with the assistance of a homebuyer mortgage loan from Authority ("Authority Homebuyer Loan") I/we acknowledge and agree that pursuant to the Homebuyer Agreements, I/we am/are required to occupy the Property continuously as my/our principal residence and to comply with such requirements, as provided in the Homebuyer Agreements.

I/we hereby certify, under penalty of perjury, that I/we have continuously occupied the Property as my/our principal residence during the last one-year period and that I/we presently occupy the Property as my/our principal residence. Further, I/we hereby certify, under penalty of perjury, that I/we have complied with the Homebuyer Agreements during the last one-year period.

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

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

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

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

PLEASE RETURN FULLY EXECUTED DOCUMENT WITH A CURRENT UTILITY BILL TO:

Moreno Valley Housing Authority  
c/o City Hall  
14177 Frederick Street  
P.O. Box 88005  
Moreno Valley, California 92552-0805  
Attn: Executive Director

**EXHIBIT J**

**SELLER DEED**

**[subject to update in connection with initial sales of Affordable Homes]**

Recording Requested by:

When Recorded Return to and  
Mail Tax Statements to:

APN:

Address:

(Space above for Recorder's Use.)

**GRANT DEED**

For a valuable consideration, receipt of which is hereby acknowledged,

**MARY ERICKSON COMMUNITY HOUSING**, a California nonprofit corporation ("Grantor"), hereby grants to [to come][capacity], herein called ("Grantee"), the real property hereinafter referred to as the "Property," described in Exhibit A attached hereto and incorporated herein, subject to the existing easements, restrictions and covenants or record described there.

1. The Property is conveyed in accordance with and subject to certain *HOME Investment and Affordable Housing Agreement* entered into between the Moreno Valley Housing Authority ("Authority") and Grantor dated as of [\_\_\_\_\_, 2025] ("AHA"), a copy of which is on file with the Authority at City Hall, 14177 Frederick Street, Moreno Valley, CA 92552 as a public record and which is incorporated herein by reference. The Property is also conveyed in accordance with an Authority Homebuyer Loan Agreement between the Authority and the Grantee dated as of \_\_\_\_\_, 202\_ ("HLA"), a copy of which is on file with the Authority Secretary (City Clerk). All capitalized terms not defined herein shall have the meanings capitalized therefor in the AHA and, if not defined therein, as defined in the HLA.

2. The Grantee hereby covenants and agrees, for itself and its successors and assigns, that during construction and thereafter, the Grantee shall not use the Property for other than the uses allowed pursuant to the AHA and the HLA.

3. The Property is conveyed to grantee at a purchase price, herein called "Purchase Price", determined in accordance with the uses permitted. Therefore, Grantee hereby covenants and agrees for itself, its successors, its assigns, and every successor in interest to the Property that the Grantee, such successors and such assigns, shall maintain and use the Property in accordance with that certain Declaration of Conditions, Covenants and Restrictions recorded as document number [recording information re Homebuyer Covenants] ("Homebuyer Covenants") among the official land records of the County Recorder of the County of Riverside ("Official Records") that certain

Exhibit J to Attachment No. 6

MECH Seller Deed

Page 1 of 3

document entitled Declaration of Conditions, Covenants and Restrictions executed by Grantee and Authority ("Authority Homebuyer Covenants") recorded of even date herewith.

THIS PROPERTY IS SUBJECT TO DECLARATIONS OF CONDITIONS, COVENANTS AND RESTRICTIONS FOR AFFORDABLE HOUSING WHICH PROHIBIT THE RENTAL OF THE PROPERTY AND WHICH RESTRICT THE OCCUPANCY AND TRANSFER OF THE PROPERTY.

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

5. No violation or breach of the covenants, conditions, restrictions, provisions or limitations contained in this Grant Deed shall defeat or render invalid or in any way impair the lien or charge of any mortgage or deed of trust or security interest permitted by the AHA or HLA; provided, however, that any subsequent owner of the Property shall be bound by such remaining covenants, conditions, restrictions, limitations and provisions, whether such owner's title was acquired by foreclosure, deed in lieu of foreclosure, trustee's sale or otherwise.

6. All covenants contained in this Grant Deed shall be covenants running with the land. Grantee's obligation to maintain and use the improvements constructed as provided in paragraph 3 shall continue in effect for a period ending on [insert date which is the 45<sup>th</sup> anniversary of the conveyance of the applicable Affordable Home by Developer to Homebuyer]. Every covenant contained in this Grant Deed against discrimination contained in paragraph 4 of this Grant Deed shall remain in perpetuity. The covenants shall be enforceable by each of the Authority (and City as an intended third party beneficiary.)

7. All covenants without regard to technical classification or designation shall be binding for the benefit of the Authority (and City), and such covenants shall run in favor of the Authority (and City) for the entire period during which such covenants shall be in force and effect, without regard to whether the Authority (or City) is or remains an owner of any land or interest therein to which such covenants relate. The Authority (and City), in the event of any breach of any such covenants, shall have the right to exercise all the rights and remedies and to maintain any actions at law or suits in equity or other proper proceedings to enforce the curing of such breach.

IN WITNESS WHEREOF, the Grantor and Grantee have caused this instrument to be executed on their behalf by their respective officers hereunto duly authorized, this \_\_\_\_ day of \_\_\_\_\_, 202\_.

The Grantee agrees to be bound by the covenants set forth above.

**“GRANTOR”**

**MARY ERICKSON COMMUNITY**, a California  
nonprofit corporation

By: \_\_\_\_\_  
Susan McDevitt  
Its: Executive Director

**“GRANTEE”**

\_\_\_\_\_  
[Name of Grantee(s) Homebuyer]

[to come]

**EXHIBIT A**  
**LEGAL DESCRIPTION**

[to come]

APN:

DRAFT

**Recording Requested By and  
When Recorded Mail To:**

Moreno Valley Housing Authority  
14177 Frederick Street  
Moreno Valley, California 92552  
Attn: Executive Director

APN: [ ]

SPACE ABOVE THIS LINE FOR RECORDER'S USE  
(This document is exempt from the payment of a recording fee  
pursuant to Government Code Section 27383.)

**ASSIGNMENT, ASSUMPTION, RELEASE, AND CONSENT AGREEMENT**

This **ASSIGNMENT, ASSUMPTION, RELEASE, AND CONSENT AGREEMENT** (“**Agreement**”) is dated as of [ ] by and among (i) **MORENO VALLEY HOUSING AUTHORITY**, a public body corporate and politic (“**Authority**”), (ii) [ ] (together, “**Seller**”), and (iii) [ ] (“**Buyer**”).

**RECITALS**

**A.** Seller is the owner in fee of that certain real property, a single-family Affordable Home, located at [ ] Lantana Court, City of Moreno Valley, County of Riverside, State of California described in Exhibit “A” attached hereto and made a part hereof (“**Property**” or “**Affordable Home**”).

**B.** On [ ], Seller acquired the Property after making application to Authority to qualify, and qualified, as a Low Income Qualified Homebuyer to acquire the Affordable Home at an Affordable Housing Cost with assumption of the Homebuyer Loan issued by the Authority to Seller as evidenced in a series of homebuyer loan instruments and subject to affordable housing Homebuyer Covenants in favor of Authority (together, “Moreno Valley Documents”), including certain instruments recorded in the Official Records, County of Riverside, State of California (“Official Records”), including the following:

(i) *Affordable Homebuyer Loan Agreement* entered into between Authority and Seller and dated as of [ ] (“Homebuyer Loan Agreement”) by which Authority provided to Seller a certain Homebuyer Loan as set forth therein;

(ii) *Promissory Note Secured by Deed of Trust (Affordable Homebuyer Loan Agreement)* dated as of [ ] in an original principal amount of [\$ ] in favor of Authority that evidences the Homebuyer Loan (“Homebuyer Note”);

(iii) *Deed of Trust with Assignment of Rents (Short Form) (Affordable Homebuyer Loan Agreement) together with Rider to Deed of Trust with [ ] Title Company*, as



trustee, covering the subject Property, dated as of [ ] and recorded in the Official Records on [ ] as Instrument No. [ ] that secures the Homebuyer Note, including the monetary and performance obligations referenced therein ("Authority Deed of Trust");

(iv) *Homebuyer Covenants* dated as of [ ] and recorded on [ ] in the Official Records as Instrument No. [ ];

(v) *Notice of Affordability Restrictions* dated as of [ ] and recorded on [ ] in the Official Records as Instrument No. [ ].

(vi) *Affordable Housing Option Agreement* dated as of [ ] and recorded on [ ] in the Official Records as Instrument No. [ ].

(vii) *Reimbursement Agreement* dated as of [ ] and recorded on [ ] in the Official Records as Instrument No. [ ].

(viii) *Request for Notice under Civil Code Section 2924b* that was recorded in the Official Records as Instrument No. [ ] ("Authority Request for Notice").

C. Copies of the Authority Documents are on file at City of Moreno Valley City Hall at the address noted on page 1.

D. A copy of the Homebuyer Loan Agreement is attached hereto as Exhibit B; a copy of the Homebuyer Note is attached hereto as Exhibit C.

E. Pursuant to the Authority Loan Documents, on [ ] Seller submitted to Authority a Notice of Intent to Sell the Property and intends to assign to Buyer each and all of the Authority Documents pursuant to this Agreement.

F. In connection with the resale by Seller to Buyer as described herein and as a material basis by which the Authority is consenting to the resale and entering into this Agreement, Seller represents and warrants to and for the benefit of Authority the following: (i) since acquisition Seller has not rented out any part of the Property; (ii) since acquisition Seller has continuously owned, occupied the Property as their principal personal residence; (iii) Seller has not made improvements to the Property except those completed in compliance with the City of Moreno Valley Municipal Code, Uniform Building Codes, and other applicable local, state and federal laws, including, if applicable, obtaining building permits through final inspection by the City; (iv) Seller has not placed other loans or monetary liens on the Property except as authorized under the Authority Documents; and (v) Seller has not made any material misrepresentation of fact, material omission of fact or false statement or used a false record in connection with their notice to Authority to sell the Property.

G. In connection therewith, Buyer submitted an application to Authority to qualify to buy the Property from Seller as a Low Income Homebuyer and to accept assignment of and assume each and all of the Authority Documents pursuant to this Agreement.

**H.** In connection with Buyer's acquisition of the Property from Seller and as a material basis by which the Authority is consenting to the resale and entering into this Agreement, Buyer represents, warrants to and for the benefit of Authority and acknowledges and agrees that during the term of Buyer's ownership of the Property the following Buyer shall comply with the Authority Documents, including without limitation the following: (i) Buyer shall not rent out any part of the Property; (ii) Buyer shall continuously own, occupy the Property as his/her/their principal personal residence; (iii) Buyer shall not make improvements to the Property except those completed in compliance with the City of Moreno Valley Municipal Code, Uniform Building Codes, including, if applicable, obtaining building permits through final inspection by the City; (iv) Buyer shall not place other loans or monetary liens on the Property except the new Purchase Money Loan and as otherwise authorized under the Authority Documents; and (v) Buyer has not made any material misrepresentation of fact, material omission of fact or false statement or used a false record in connection with his request for approval by Authority to buy the Property and enter into this Agreement.

**I.** In connection with Buyer's purchase of the Property, Buyer has executed, or is about to execute, a deed of trust securing a promissory note for a new Purchase Money Loan in the principal amount of [ ] and dated of even date herewith in favor of [ ] ("Primary Lender") whose address is [ ] relating to Loan No. [ ] that is pending in escrow with [ ] **Escrow, Escrow No.** [ ] ("Escrow"), and the title company for said Escrow is [ ] **Title Company, Inc., Order No.** [ ] ("Title Company"), which new loan payable with interest is issued upon the terms and conditions described therein ("Purchase Money Deed of Trust"), which the Purchase Money Lender Deed of Trust is to be recorded concurrently and of even date with this Agreement as a part of the pending Escrow for the new loan (together herein, "New Purchase Money Loan").

**J.** Buyer represents and warrants to the Authority that the New Purchase Money Loan is a fixed rate of interest of [ ] % for a fully amortized mortgage with a thirty (30)-year term in an original principal amount of \$[ ] with Buyer as the sole borrower.

**K.** Buyer has informed Authority that Purchase Money Lender is willing to make said New Loan to Buyer provided the Purchase Money Deed of Trust securing such New Loan is a lien or charge upon the Property subordinate and junior to the lien, encumbrance, or charge of the: (i) Homebuyer Covenants, (ii) Notice of Affordability Restrictions (together, "Non-Subordinate Liens"), subject to the terms and conditions in that certain and separate subordination agreement of even date herewith entered into among Purchase Money Lender, Buyer, and Authority ("Subordination Agreement") and recorded in the Official Records concurrently with the recordation of the Resale Grant Deed (defined below) and this Agreement.

**NOW THEREFORE,** Authority, Seller, and Buyer agree as follows:

**Section 1. Recitals.** The foregoing recitals are true and correct and are a substantive part of this Agreement.

**Section 2. Effective Date.** The "Effective Date" of this Agreement is the date on which all of the conditions set forth in Section 7 herein have been satisfied in the manner described below and the

closing of the Escrow occurs by the recordation in the Official Records of a grant deed by Seller to Buyer conveying all interests in the Property ("Resale Grant Deed").

**Section 3. Assignment by Seller.** As of the Effective Date, Seller assigns to Buyer all of their rights and obligations under the Authority Documents.

**Section 4. Acceptance of Assignment, Assumption and Affirmation by Buyer.** As of the Effective Date, Buyer (i) assumes, affirms, and agrees to pay and to perform all of the obligations of Seller under the Authority Documents, whether accruing prior to, on, or after the Effective Date, and further agrees to be bound by all of the terms, provisions and conditions contained in the Authority Documents as though Buyer had originally made, executed and delivered same to Authority; and (ii) reaffirms and restates all of the representations, warranties, covenants and indemnities of Seller contained in the Authority Documents with the same force and effect as if each were separately stated herein and made as of the date hereof.

**Section 5. Consent by Authority.** As of the Effective Date, Authority consents to the transfer and resale of the Property by Seller to Buyer subject to the Authority Documents. Such consent by Authority shall not constitute consent to any further or subsequent sale, conveyance or transfer by Buyer of the Property, or any part thereof, or any interest therein.

**Section 6. Release of Seller.** As of the Effective Date, Authority releases Seller from any and all liabilities and obligations under the Authority Documents, and agrees that it will not institute any action, suit, claim or demand in law or equity against Seller for or on account of Seller's personal liability and obligation to repay the indebtedness evidenced by the Homebuyer Note.

**Section 7. Conditions Precedent.** Before this Agreement becomes effective and any party becomes obligated under it, all of the following conditions shall have been satisfied, at no cost to Authority, and in a manner acceptable to Authority in the exercise of Authority's sole judgment:

**7.1 Execution of this Agreement.** Buyer, Seller, and Authority shall have executed, with signatures notarized, and delivered to Escrow this Agreement.

**7.2 Execution of Subordination Agreement.** Purchase Money Lender, Buyer, and Authority shall have executed, with signatures notarized, and delivered to Escrow the Subordination Agreement.

**7.3 Resale Deed of Conveyance.** Seller and Buyer shall have caused the Resale Grant Deed effectuating the sale and transfer of the Property from Seller to Buyer to have been duly executed, notarized and recorded in the Official Records of the County of Riverside.

(a) **Order of Recording.** This Agreement shall record in order immediately after the Resale Grant Deed and prior to the deed of trust securing the New Loan from the Purchase Money Lender.

(b) **Subordination Agreement.** Authority, Buyer, and Primary Lender will to enter into a "Subordination Agreement" in order for the Primary Lender to make a "New Loan" to Owner that will be secured by the "Primary Lender Deed of Trust", with the New Loan as a lien or

charge upon the Property junior and subordinate in prior and superior to the liens and/or charges of the Authority Documents . The Subordination Agreement will be prepared by Authority counsel and shall be in form and substance approved by such Authority counsel.

**7.4** *Title Endorsement or Title Policy in Favor of Authority.* As required by Authority, Seller and Buyer shall have caused the Title Company to insure the priority, validity and enforceability of those certain Authority Documents that are existing liens and encumbrances of record against the Property to issue in Authority's favor a modified CLTA 110.7 endorsement (or an equivalent endorsement(s)), or a new title policy, insuring that the resale and transfer by the Resale Deed do not and will not affect the priority, validity or enforceability of such liens and encumbrances in favor of the Authority and Buyer's obligations to Authority thereunder.

**Section 8.** *Legal Effect.* Except as modified by this Agreement, the Authority Documents are unchanged and, as so modified, the Authority Documents shall remain in full force and effect and are hereby ratified and reaffirmed by Buyer.

**Section 9.** *Successors and Assigns.* This Agreement shall be binding upon and inure to the benefit of the Authority, Seller, and Buyer as well as their respective heirs, executors, administrators, successors and assigns.

**Section 10.** *Governing Jurisdiction.* This Agreement shall be governed by and construed in accordance with the internal laws of the State of California.

**Section 11.** *Counterparts.* This Agreement may be executed in two (2) or more counterparts, each of which shall be deemed an original but all of which together shall constitute but one and the same document.

**Section 12.** *Attorneys' Fees.* If any lawsuit, arbitration or other proceeding is brought to interpret or enforce the terms of this Agreement, the prevailing party shall be entitled to recover the reasonable fees and costs of its attorneys in such proceeding.

**Section 13.** *Entire Agreement.* This Agreement contains the entire agreement among Authority, Seller, and Buyer with respect to the subject matter hereof and supersedes all prior agreements, understandings, offers and negotiations, oral or written, with respect thereto.

[Signatures begin on next pages]

**IN WITNESS WHEREOF**, Authority, Seller, Buyer have executed this Agreement as of the date first hereinabove written.

**Authority:**

**MORENO VALLEY HOUSING AUTHORITY,**  
a public body, corporate and politic

\_\_\_\_\_  
Brian Mohan, Executive Director/City Manager  
or Authorized Designee

**ATTEST:**

\_\_\_\_\_  
M. Patricia Rodriguez, Authority Secretary/City Clerk  
or Authorized Designee

Date: [\_\_\_\_\_]

**SELLER:**

[\_\_\_\_\_]

\_\_\_\_\_  
[\_\_\_\_\_]

\_\_\_\_\_  
DATE: [\_\_\_\_\_]

**BUYER:**

[\_\_\_\_\_]

\_\_\_\_\_  
[\_\_\_\_\_]

\_\_\_\_\_  
DATE: [\_\_\_\_\_]

ATTACHMENT NO. 7

**Recording Requested By and  
When Recorded Mail To:**

Moreno Valley Housing Authority  
14177 Frederick Street  
Moreno Valley, California 92552  
Attn: Executive Director

SPACE ABOVE THIS LINE FOR RECORDER'S USE  
(This document is exempt from the payment of a recording fee  
pursuant to Government Code Section 27383.)

**AUTHORITY REGULATORY AGREEMENT  
(Lantana Court)**

This **AUTHORITY REGULATORY AGREEMENT (Lantana Court)** also referred to as “CC&Rs” or “Declaration” or “Regulatory Agreement” are made by the signatories hereto.

**RECITALS**

**WHEREAS**, each of the **MORENO VALLEY HOUSING AUTHORITY**, a public body, corporate and politic (“Authority”), and **MARY ERICKSON COMMUNITY HOUSING** a California nonprofit public benefit corporation (“Developer”) is a party to this Declaration. Authority and Developer, together, may be referred to as the “Declarants”.

**WHEREAS**, Authority and Developer have entered into that certain *HOME Investment Partnership and Affordable Housing Agreement* dated as of June 17, 2025 (“AHA”) for the improvement and development of certain real property described in Exhibit “A” (to which this Authority Regulatory Agreement is attached) as the “Site,” a legal description of which is attached hereto as Exhibit “A”), which AHA provides for the recordation of this Regulatory Agreement. The AHA is incorporated herein by this reference and any capitalized term not defined herein shall have the meaning established therefor in the AHA. City is an intended third party beneficiary of the AHA and thereby this Regulatory Agreement.

**WHEREAS**, this Regulatory Agreement establishes a plan for Developer’s acquisition, construction, improvement, overall development, and maintenance of the Site during Developer’s ownership, construction, development, and throughout the Affordability Period as described in the AHA.

**WHEREAS**, the AHA sets forth certain restrictive covenants applicable to the Site, particularly the use of the Site for the construction, development and sale of seven (7) Affordable Homes for disposition to qualified Low Income Households and an Affordable Housing Cost as those terms are defined therein.

**WHEREAS**, Authority and Developer intend that this Regulatory Agreement shall govern the use of the Site in conjunction and along with the AHA and to ensure that Authority achieves credit for production of affordable housing units pursuant to the CRL, HAL, Dissolution Law, and the City's Housing Element of the General Plan and its regional housing needs allocation ("RHNA").

**NOW, THEREFORE**, Authority and Developer declares that the Site shall be held, transferred, encumbered, used, sold, conveyed, and occupied subject to this Declaration expressly and exclusively for the use and benefit of said Site as an affordable housing ownership development for the Affordability Period. Each and all of the restrictions, limitations, conditions, covenants, liens, reservations and charges herein contained shall run with the land and be recorded on the property title and shall be binding on Declarants, their grantees, successors, heirs, executors, administrators, devisees or assigns, and all subsequent owners of all or any part of the Site.

## **ARTICLE I**

### **DEFINITIONS**

The definitions set forth in the AHA shall be applicable to this Declaration and may be supplemented by an amendment or supplemental Declaration (unless the context implicitly or explicitly shall prohibit), recorded against the Site pursuant to the provision of this Declaration. As noted, capitalized terms not otherwise defined herein shall have the respective meanings set forth therefor in the AHA.

## **ARTICLE II**

### **LAND USE RESTRICTIONS; IMPROVEMENTS**

**Section 1.** Uses. The Site shall be operated as an "Affordable Housing Project" and devoted only to the uses specified in the AHA for the periods of time specified herein. All uses conducted on the Site, including, without limitation, all activities undertaken by Developer pursuant to the AHA, shall conform to all applicable provisions of federal, state, and local laws and regulations.

**Section 2.** The Site shall be used, maintained and operated in accordance with the AHA and this Regulatory Agreement for Affordability Period. None of the Affordable Homes shall at any time be utilized on a transient basis nor shall any portion of the Site ever be used as a hotel, motel, dormitory, fraternity or sorority house, rooming house, hospital, nursing home, sanitarium, rest home or trailer court or park. No part of the Site, from the date Developer acquires the Site, has been or will at any time be owned or used as a cooperative housing corporation or a community apartment project or a stock cooperative.

## **ARTICLE II**

### **FOR-SALE OWNERSHIP AFFORDABLE HOUSING**

**Section 1.** *Number of Units.* Throughout the Affordability Period, the seven (7) Affordable Homes developed on the Site shall be initially sold by Developer to qualified Initial Homebuyers, which homes shall be and remain owner-occupied, and shall be resold, owned and

occupied by qualified successor Homebuyers as set forth in the applicable Authority Homebuyer Loan Agreement and the Homebuyer Covenants affecting each of the seven (7) Affordable Homes.

**Section 2.** *Duration of Affordability Period.* The Affordable Homes shall be available for sale to and occupied by qualified Low Income Households at an Affordable Housing Cost throughout the 45-year Affordability Period.

**DEVELOPER UNDERSTANDS AND KNOWINGLY AGREES THAT THE MAXIMUM SALES PRICE FOR EACH AFFORDABLE HOME ESTABLISHED BY THE AHA AND THIS REGULATORY AGREEMENT IS SUBSTANTIALLY BELOW THE FAIR MARKET VALUE OF THE AFFORDABLE HOME.**

**Section 3.** Developer Verification, Program Compliance, Annual Reports.

(a) *Income and Household Verification and Certification.* Developer will obtain and maintain on file an Income and Household Verification from each Homebuyer, dated immediately prior to the initial sale and then during owner-occupancy of the Homebuyer and his/her/their household members of each Affordable Home.

(i) On June 15, 2026 and annually thereafter until all Affordable Homes are sold pursuant to the requirements of the AHA, Developer shall file with Authority or its designee a Certificate, containing all information described under Health and Safety Code Section 33418, in a form prescribed by Authority. Each Certificate shall cover the immediately preceding fiscal year.

(ii) Developer shall maintain on file all annual Homebuyer Compliance Certificates and records for the Project and Affordable Homes. Developer shall maintain complete and accurate records pertaining to the Low Income Affordable Homes and shall permit any duly authorized representative of Authority (and City) to inspect the books and records of Developer pertaining to the Project.

**Section 4.** Reporting Amounts. Authority is required by Section 33418 of the California Health and Safety Code to require Developer to monitor the Affordable Homes and cause itself and each Homebuyer to submit the annual reports required the AHA and this Declaration. Authority relies upon the information contained in such reports to satisfy its own reporting requirements pursuant to HSC Sections 33080 and 33080.1.

### ARTICLE III

#### NONDISCRIMINATION

**Section 1.** Developer shall refrain from restricting the rental, sale or lease of the Site, or any portion thereof, on the basis of race, color, creed, religion, sex, marital status, national origin or ancestry of any person. All such deeds, leases or contracts shall contain or be subject to substantially the following nondiscrimination or nonsegregation clauses:

(a) In deeds: “The grantee herein covenants by and for himself or herself, his or her heirs, executors, administrators, and assigns, and all persons claiming under or through them, that there shall be no discrimination against or segregation of, any person or group of persons on account



of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the premises herein conveyed, nor shall the grantee or any person claiming under or through him or her, establish or permit any practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees, or vendees in the premises herein conveyed. The foregoing covenants shall run with the land.”

(b) In leases: “The lessee herein covenants by and for himself or herself, his or her heirs, executors, administrators, and assigns, and all persons claiming under or through him or her, and this lease is made and accepted upon and subject to the following conditions:

That there shall be no discrimination against or segregation of any person or group of persons, on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the leasing, subleasing, transferring, use, occupancy, tenure, or enjoyment of the premises herein leased nor shall the lessee himself or herself, or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use, or occupancy, of tenants, lessees, sublessees, subtenants, or vendees in the premises herein leased.”

(c) In contracts: “There shall be no discrimination against or segregation of any person or group of persons, on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the leasing, subleasing, transferring, use, occupancy, tenure, or enjoyment of the premises subject to this agreement nor shall the lessee himself or herself, or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use, or occupancy, of tenants, lessees, sublessees, subtenants, or vendees in the premises.”

The covenants established in this Declaration and the deeds of conveyance for the Site shall, without regard to technical classification and designation, be binding for the benefit and in favor of Authority, its successors and assigns, City and any successor in interest to the Site, together with any property acquired by Developer pursuant to the AHA, or any part thereof. The covenants against discrimination as set forth in this Section 4 of Article II shall remain in effect in perpetuity.

## **ARTICLE IV**

### **KEEPING OF ANIMALS**

**Section 1.** No animals of any kind shall be raised, bred or kept on the Site, except that domesticated dogs, cats or other household pets may be kept by the Homebuyer household members and subject to compliance with all laws. However, no animal shall be kept, bred or maintained for any commercial purpose or for fighting purposes.

## **ARTICLE V**

### **PARKING OF VEHICLES**

Developer shall not permit the parking, storing or keeping of any vehicle except wholly within the parking areas designated for the Affordable Homes. Developer shall not permit the parking, storing or keeping of any large commercial type vehicle (dump truck, cement mixer truck, oil or gas truck, etc.), or any recreational vehicle over twenty (20) feet in length (camper unit, motor home, trailer, mobile home or other similar vehicle), boats over twenty (20) feet in length, or any vehicle other than a private passenger vehicle, upon any portion of the Affordable Home designated for parking a motor vehicle. For purposes of this Section 6, a pickup truck with a pickup bed mounted camper shall be considered a private passenger vehicle; provided however, that no such vehicle shall be used for residential purposes while parked at the Affordable Home.

Developer shall not permit major repairs or major restorations of any motor vehicle, boat, trailer, aircraft or other vehicle to be conducted upon any portion of the Affordable Home, including the garage, driveway, side yard, back yard, except for emergency repairs thereto and then only to the extent necessary to enable movement of the motor vehicle to a proper repair facility. No inoperable vehicle of any type shall be stored or kept in any area of the Affordable Home. Developer (and/or Authority or City) shall give the vehicle owner not less than four (4) days, nor more than seven (7) days' notice and an opportunity to remove any vehicle parked, stored or kept in violation of the provisions of this Declaration. Notice shall consist minimally of a reasonably diligent attempt to personally notify the vehicle owner or alternatively leaving written notice on the subject vehicle. After due notice and opportunity have been given to the vehicle owner, Developer shall have the right to remove, at the vehicle owner's expense, any vehicle parked, stored or kept in violation of the provisions of this Declaration.

## **ARTICLE VI**

### **MAXIMUM OCCUPANCY OF AFFORDABLE HOME**

No persons shall be permitted to occupy any Affordable Home within the Project in excess of applicable limit of maximum occupancy set by the AHA and Homebuyer Covenants.

## **ARTICLE VII**

### **STRUCTURAL CHANGE**

Nothing shall be done on the Site in, on or to any building which would structurally change the exterior or the interior bearing walls of any such building or structure, except as otherwise provided herein. Nothing herein shall affect the rights of each Homebuyer to repair, alter or construct improvements to their Affordable Home unless such repair, alteration or improvement would impair the structural integrity and/or exterior appearance of said home. Nothing herein shall be deemed to prohibit work ordered to be performed by City building official.

## **ARTICLE VIII COMPLIANCE WITH LAWS**

Developer shall comply with all applicable laws in connection with the construction, development, and use of the Site, including without limitation applicable provisions of the HAL, the CRL, Dissolution Law, HOME Program, the Fair Housing Act (42 U.S.C. § 3601, *et seq.*, and 24 C.F.R. § 100.300, *et seq.*) and affirmatively furthering fair housing (“AFFH”). Developer is a sophisticated party, with substantial experience in the acquisition, development, financing, obtaining financing for, marketing, and operation of affordable housing projects, and with the negotiation, review, and preparation of agreements and other documents in connection with such activities. Developer is familiar with and has reviewed all laws and regulations pertaining to the acquisition and development and overall administration of the Project and has obtained advice from any advisers of its own choosing in connection with this Declaration.

## **ARTICLE IX ENFORCEMENT**

**Section 1.**     Remedies. Breach of the covenants contained in the Declaration may be enjoined, abated or remedied by appropriate legal proceeding by Authority (or City).

(a)     This Declaration does not in any way infringe on the right or duties of City to enforce any of the provisions of the federal, state, local, or other laws and regulations including, but not limited to, the abatement of dangerous buildings.

**Section 2.**     Nuisance. The result of every act or omission whereby any of the covenants contained in this Declaration are violated in whole or in part is hereby declared to be and constitutes a nuisance, and every remedy allowable at law or equity, against a nuisance, either public or private, shall be applicable against every such result and may be exercised by any owner or its successors in interest, without derogation of Authority’s (or City’s) rights under law.

**Section 3.**     Right of Entry. In addition to the above general rights of enforcement, Authority (and City) shall have the right through its agents and employees, to enter upon any part of the Project and each of the Affordable Homes for the purpose of enforcing the California Vehicle Code, and the ordinances and other regulations of City, and for maintenance and/or repair of any or all publicly owned utilities. In addition, Authority (and City) each have the right of entry at reasonable hours and upon and after reasonable attempts to contact Developer and any applicable Homebuyer, on any lot to effect emergency repairs or maintenance which the Homebuyer has failed to perform. Subsequent to sixty (60) days written notice to Developer and the applicable Homebuyer(s) specifically outlining the noncompliance, Authority (and City) shall have the right of entry onto the applicable Affordable Home(s) Site at reasonable hours to enforce compliance with this Declaration which there has been failure to perform.

**Section 4.**     Costs of Repair. The costs borne by Authority (and/or City) of any such repairs or maintenance emergency and/or non-emergency, shall become a charge for which Homebuyer (and/or Developer) shall be responsible.

**Section 5.** Cumulative Remedies. The remedies herein provided for breach of the covenants contained in this Declaration shall be deemed cumulative, and none of such remedies shall be deemed exclusive.

**Section 6.** Failure to Enforce. The failure to enforce any of the covenants contained in this Declaration shall not constitute a waiver of the right to enforce the same thereafter.

**Section 7.** Enforcement and Nonliability. Authority (and/or City) may from time to time make such efforts, if any, as it shall deem appropriate enforce and/or assist in enforcing this Declaration. However, neither Authority nor City will be subject to any liability for failure to affirmatively enforce any provision of this Declaration.

## ARTICLE X

### GENERAL PROVISIONS

**Section 1.** Covenant Against Partition. By acceptance of its interest in the Site, Developer shall be deemed to covenant for itself and for its heirs, representatives, successors and assigns, that it will not institute legal proceedings or otherwise seek to effect partition of its right and interest in the interest being conveyed to Developer, or the burdens running with the land as a result of this Regulatory Agreement.

**Section 2.** Severability. Invalidation of any one of these covenants or restrictions by judgment or court order shall in no way affect any other provisions which shall remain in all force and effect.

**Section 3.** Term. This Declaration shall run with and bind the interest of Developer in the Site, and shall inure to the owner(s) of any property subject to this Declaration, his or her legal representatives, heirs, successors and assigns, and as provided herein, be enforceable by Authority (and City), for a term equal to the Affordability Period as defined in the AHA, provided; however, that the covenants regarding nondiscrimination set forth in Article II of this Declaration shall remain in effect for perpetuity.

**Section 4.** Construction. The provisions of this Declaration shall be liberally construed to effectuate its purpose of creating a uniform plan for the development and operation of for-sale ownership of the Affordable Homes available at an Affordable Housing Cost to Low Income Households as Homebuyers for owner-occupancy.

(a) Developer shall be obligated by this Declaration to comply with the provisions hereof, as well as the AHA (including with limitation the attachments thereto). In the event of conflict, Developer shall comply with the most stringent requirements, in each case.

**Section 5.** Amendments. This Declaration may be amended only by the written agreement of Developer and Authority.

**Section 6.** Notices. Any notice permitted or required to be delivered as provided herein to Developer shall be in writing and may be delivered either personally or by certified mail. Notice to Authority shall be made by certified mail to the Authority Executive Director or his or her

designee at 14177 Frederick Street, Moreno Valley, California 92552 (with a copy to City Attorney) and shall be effective upon receipt. Notice to Developer shall be made by certified mail to Mary Erickson Community Housing, a California nonprofit public benefit corporation, 24681 La Plaza, Suite 240, Dana Point, California 92629, and shall be effective upon receipt. Such address may be changed from time to time by notice in writing.

DRAFT

**MORENO VALLEY HOUSING AUTHORITY,**  
a public body, corporate and politic

By: \_\_\_\_\_  
Brian Mohan, Executive Director

**ATTEST:**

By: \_\_\_\_\_  
M. Patricia Rodriguez  
Authority Secretary

**MARY ERICKSON COMMUNITY HOUSING,** a  
California nonprofit public benefit corporation

By: \_\_\_\_\_  
Name: Susan McDevitt  
Title: Executive Director

## **EXHIBIT A**

### **LEGAL DESCRIPTION**

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.

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**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:**

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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  
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**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.

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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"  
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CONTAINING 15,032 SQUARE FEET, MORE OR LESS.

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

**ATTACHMENT NO. 8**

**REQUEST FOR NOTICE OF DEFAULT**

RECORDING REQUESTED BY  
AND WHEN RECORDED MAIL TO:

Moreno Valley Housing Authority  
14177 Frederick Street  
Moreno Valley, California 92552  
Attention: Executive Director

SPACE ABOVE THIS LINE FOR RECORDER'S USE ONLY

Exempt from recording fees pursuant to Government  
Code § 27383.

**Request for Notice Under Section 2924b Civil Code**

In accordance with Section 2924b, Civil Code, request is hereby made that a copy of any Notice of Default and a copy of any Notice of Sale under the Deed of Trust recorded as Instrument No. \_\_\_\_\_ on \_\_\_\_\_, 202\_\_, in Book \_\_\_\_\_, Page \_\_\_\_\_, Official Records of Riverside County, California, and describing land therein as

See Exhibit A attached hereto

executed by \_\_\_\_\_, as Trustor, in which \_\_\_\_\_ is named as Beneficiary, and \_\_\_\_\_ as Trustee, be mailed to MORENO VALLEY HOUSING AUTHORITY, 14177 Frederick Street, Moreno Valley, California 92552, Attention: Executive Director.

NOTICE: A COPY OF ANY NOTICE OF DEFAULT AND OF ANY NOTICE OF SALE WILL BE SENT ONLY TO THE ADDRESS CONTAINED THIS RECORDED REQUEST. IF YOUR ADDRESS CHANGES, A REQUEST MUST BE RECORDED.

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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

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CONTAINING 15,032 SQUARE FEET, MORE OR LESS.

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

## **ATTACHMENT NO. 9**

### **SCOPE OF DEVELOPMENT**

**[DRAFT FROM ANOTHER PROJECT WITH SOME EDITS  
TO BE FULLY REDRAFTED BY MOVAL AND MECH, MECH ARCHITECT AND  
GENERAL CONTRACTOR]**

#### **I. GENERAL DESCRIPTION**

The Site is specifically delineated on the Map and the Legal Description of the Site.

#### **II. DEVELOPMENT**

The Developer shall construct or cause to be constructed not fewer than seven (7) detached, single-family houses on the Site ("Affordable Homes"), comprised of four 3-bedrooms with 2 bathrooms and three 4-bedrooms with 2 bathrooms, together with all on-site and off-site features that comprise the Onsite Improvements and Offsite Improvements described in this Scope of Development, including without limitation landscaping. All such improvements collectively constitute the "Improvements". The Improvements are to be accomplished in one phase consisting of the development of seven (7) Affordable Homes and any off sites or conditions of City approvals for the Site.

The quality of construction shall be of a high level. The Improvements shall conform to the approved plans on file with the City as of the Date of Agreement as supplemented by the Design Development Drawings ("Approved Plans"), including all conditions and mitigation measures. No Affordable Home shall have air conditioning as of the time it is sold to a Homebuyer. This Agreement shall not prevent an owner of Affordable Home from making improvements to an Affordable Home at a time after the Affordable Home has been conveyed to such owner; the City shall have no responsibilities regarding any such future improvements.

The Developer shall commence and complete the Improvements by the respective times established therefor in the Schedule of Performance.

#### **III. DEVELOPMENT STANDARDS**

The Improvements shall conform to all applicable state laws and regulations and to local zoning, applicable provisions of the Municipal Code of the City of Moreno Valley ("Municipal Code") and the following development standards:

##### **A. General Requirements:**

1. **Vehicular Access.** The placement of vehicular driveways shall be coordinated with the needs of proper street traffic flow as approved by the City. In the interest of minimizing traffic congestion, the City will control the number and location of curb breaks for access to the Site for off-street parking and truck loading. All access driveways shall require written approval of the City staff.



2. Building Signs. Signs shall be limited in size, subdued and otherwise designed to contribute positively to the environment. Signs identifying the building use will be permitted, but their height, size, location, color, lighting and design will be subject to City staff approval, and signs must conform to the Municipal Code.

3. Screening. All outdoor storage of materials or equipment shall be enclosed or screened to the extent and in the manner required by the City staff.

4. Landscaping. The Developer shall provide and maintain landscaping within the public rights-of-way and within setback area along all street frontages and conforming to the plans as hereafter approved by the City.

Landscaping shall consist of trees, shrubs and installation of an automatic irrigation system adequate to maintain such plant material. The type and size of trees to be planted, together with a landscaping plan, shall be subject to the Authority staff approval prior to planting.

5. Utilities. All utilities on the Site provided to service the units rehabilitated or reconstructed by the Developer shall be underground at Developer's expense.

6. Building Design. Buildings shall be constructed such that the Improvements shall be of high architectural quality, and shall be effectively and aesthetically designed and in conformance with City approvals.

**B. Design Features:**

The following design features are considered essential components to the Improvements:

Handicapped Units – Handicapped Units, if any, are to be fully handicapped accessible in compliance with State Housing Code - Title 24 requirements.

Security - The details of security will be reviewed upon submission of the detailed plans.

Overall Design Quality, Materials, Colors, Design Features - Quality of design is important, materials and colors are to be approved by City.

Garages – Garage facilities (and not merely carports) shall be made available for each dwelling unit on Site.

**C. City Processing:**

Upon conclusion of the City's design and review processes as set forth in the *HOME Investment Partnership and Affordable Housing Agreement* ("AHA"), construction of the Improvements in conformity with such approvals shall be deemed to conform to this Article III of this Scope of Development.

#### **IV. DEMOLITION AND SOILS**

The Developer assumes all responsibility for surface and subsurface conditions at the Site, and the suitability of the Site for the Improvements. The Developer has undertaken all investigation of the Site as it shall deem necessary and has not received or relied upon any representations of the City, the City, or their respective officers, agents and employees.

[UPDATE AND INSERT MORE DETAILS, AND/OR ATTACH A SET OF APPROVED PLANS AND SPECS SO AS TO AVOID ANY VALUE ENGINEERING IN QUALITY OF CONSTRUCTION AND MATERIALS]

ATTACHMENT NO. 10

CERTIFICATE OF COMPLETION OF CONSTRUCTION

RECORDING REQUESTED BY  
AND WHEN RECORDED MAIL TO:

Mary Erickson Community Housing  
24681 La Plaza #240  
Dana Point, California 92629  
Attention: Executive Director

SPACE ABOVE THIS LINE FOR RECORDER'S USE  
This document is exempt from the payment of a recording fee  
pursuant to Government Code Section 27383.

CERTIFICATE OF COMPLETION OF CONSTRUCTION

This **CERTIFICATE OF COMPLETION OF CONSTRUCTION** ("Certificate") is made by the **MORENO VALLEY HOUSING AUTHORITY**, a public body, corporate and politic ("Authority"), in favor of **MARY ERICKSON COMMUNITY HOUSING**, a California nonprofit public benefit corporation ("Developer"), as of the date set forth below.

R E C I T A L S

**A.** Authority and Developer have entered into that certain *HOME Investment Partnership and Affordable Housing Agreement* ("Agreement") dated as of June 17, 2025 as approved by Housing Authority Resolution No. 2025-HA-\_\_\_\_, concerning the disposition and development of certain real property situated in the City of Moreno Valley, California, as more fully described in Exhibit A attached hereto and made a part hereof ("Property").

**B.** As referenced in the Agreement, Authority is required to furnish the Developer or its successors with a Certificate of Completion of Construction upon completion of construction of the Project and Onsite Improvements and Offsite Improvements as defined in the Agreement, which Certificate is required to be in such form as to permit it to be recorded in the Official Records, County of Riverside, State of California. This Certificate is conclusive determination of satisfactory completion of the construction and development required by the Agreement.

**C.** Authority has conclusively determined that the construction of the Onsite Improvements and Offsite Improvements has been satisfactorily completed.

NOW, THEREFORE, Authority hereby certifies as follows:

**1.** Authority does hereby certify that the construction of the Onsite Improvements and Offsite Improvements have been fully and satisfactorily completed in full conformance with the Agreement.

2. This Certificate shall not constitute evidence of compliance with or satisfaction of any obligation of Developer to any holder of a mortgage, or any insurer of a mortgage, securing money loaned to finance construction work on the Site, or any part thereof.

3. This Certificate shall not constitute evidence of Developer's compliance with those covenants in the Agreement that survive the issuance of this Certificate or Developer's compliance to construct Onsite Improvements and Offsite Improvements other than those situated on the Site.

4. This Certificate is not a Notice of Completion as referred to in California Civil Code Section 3093.

5. Nothing contained in this instrument shall modify in any other way any other provisions of the Agreement or documents recorded in connection therewith concerning the use of the Site.

IN WITNESS WHEREOF, Authority has executed this Certificate of Completion this \_\_\_\_\_ day of \_\_\_\_\_, 202\_.

**MORENO VALLEY HOUSING AUTHORITY**, a  
public body corporate and politic

By: \_\_\_\_\_  
Brian Mohan  
Its: Executive Director

## **EXHIBIT A**

### **LEGAL DESCRIPTION**

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.

**LOT A:**

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 ON

A LINE PARALLEL WITH AND 14.00 FEET NORTHERLY OF THE SOUTH LINE OF SAID PARCEL 3; THENCE

ALONG SAID PARALLEL LINE SOUTH 89°33'47" EAST 70.00 FEET; THENCE

NORTH 45°26'13" EAST 5.71 FEET; THENCE

NORTH 00°26'13" EAST 81.46 FEET; THENCE

NORTH 07°27'28" EAST 92.51 FEET TO THE BEGINNING OF A CURVE CONCAVE SOUTHWESTERLY AND HAVING A RADIUS OF 45.00 FEET; THENCE

NORTHEASTERLY, EASTERLY AND SOUTHEASTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 232°20'36" AN ARC DISTANCE OF 182.48 FEET; THENCE

SOUTH 59°48'03" WEST 33.55 FEET TO THE NORTHWEST CORNER OF PARCEL 2 OF SAID PARCEL MAP; THENCE

SOUTH 00°27'04" WEST 130.00 FEET ALONG THE WEST LINE OF SAID PARCEL 2 TO THE SOUTHWEST CORNER OF SAID PARCEL 2; THENCE

NORTH 89°33'47" WEST 124.04 FEET ALONG THE SOUTH LINE OF SAID PARCEL 3 TO THE POINT OF BEGINNING.

CONTAINING 15,032 SQUARE FEET, MORE OR LESS.

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



## ATTACHMENT NO. 11

### CALCULATION OF AFFORDABLE HOUSING COST

#### I. Income Eligibility<sup>1</sup>

The first step in determining eligibility for an ownership affordable housing program is determining whether the family that will be purchasing the Affordable Home meets the income standards applicable to Riverside and San Bernardino Counties, based upon the size of the family as published annually by the State of California, Department of Housing and Community Development.

#### II. Determining Affordable Housing Cost

For **ownership housing**, the second step in determining compliance with affordable housing requirements is determining whether the total housing costs payable by the buyer are within allowable amounts.

As an example calculation only and for the three- and four-bedroom Affordable Homes for this Project, based on 2025 State HCD Income Limits for a Low Income Household:

For **Lower Income** Buyers:<sup>2</sup>

- purchasing a **3 bedroom** house, monthly housing payments may not exceed **\$1,818.25**
- purchasing a **4 bedroom** house, monthly housing payments may not exceed **\$1,963.50**

In addition, for any Lower Income Household buyers whose income falls within the following guidelines, it is **optional** for the agency to require that **affordable housing cost not exceed 30 percent of the gross income of the household**<sup>3</sup>, which for the three- and four-bedroom Affordable Homes for this Project:

- **3 person households** whose income is between **\$66,385 and \$80,550**
- **4 person households** whose income is between **\$73,769 and \$89,500**
- **5 person households** whose income is between **\$79,662 and \$96,700**
- **6 person households** whose income is between **\$85,555 and \$103,850**
- **7 person households** whose income is between **\$91,484 and \$111,000**
- **8 person households** whose income is between **\$97,377 and \$118,150**

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<sup>1</sup> Based on currently effective median income of both Riverside and San Bernardino Counties, as released by the State of California, Department of Housing and Community Development (“HCD”) by memorandum dated and effective as of April 23, 2025 and posted on the HCD website. These figures of median income and by income category are revised annually by HCD.

<sup>2</sup> Affordable Housing Cost for Lower Income Households is the product of 30 percent times 70 percent of the area median income adjusted for family size appropriate for the unit. Health and Safety Code Section 50052.5(b)(3).

<sup>3</sup> Health and Safety Code Section 50052.5(b)(3)

“Affordable Housing Cost” for the purposes of the Agreement is that purchase price which would result in a monthly housing cost which does not exceed the product of thirty percent (30%) times seventy percent (70%) of Riverside County median income adjusted for family size appropriate for the Affordable Home or, if actual household income is greater than 70% but less than 80%, then thirty percent (30%) times the actual household income, but not to exceed eighty percent (80%) of Area Median Income without adjustment for family size appropriate for the unit.

For a three-bedroom Affordable Home, the maximum allowable monthly housing costs for Low Income Household purchasers may not exceed 1/12 of 30% x 70% of Riverside County Median Income for a family of 4 (which median income constitutes \$103,900 in 2025), or \$1,818.25/month; provided that, the determination of the Authority and City shall control.

Monthly Housing Costs include:

- a. Mortgage Principal and Interest
- b. Private Mortgage Insurance
- c. Property Taxes
- d. Fire/Casualty Insurance
- e. Property Maintenance
- f. Utilities Allowance
- g. Homeowner’s Association Fees (if any)

## ATTACHMENT NO. 12

### DEVELOPER SALE CERTIFICATE

(Developer Letterhead)

Moreno Valley Housing Authority  
14177 Frederick Street  
Moreno Valley, California 92552  
Attn: Executive Director

This constitutes a Developer Sale Certificate under that certain *HOME Investment and Affordable Housing Agreement* (“AHA”), dated as of June 17, 2025 between the Moreno Valley Housing Authority (“Housing Authority”) and Mary Erickson Community Housing, a California nonprofit public benefit corporation (“Developer”). All capitalized terms not defined herein shall have the respective meanings established therefor in the AHA. Developer acknowledges that each of Authority (and City of Moreno Valley) will rely upon this Developer Sale Certificate.

Developer is proposing to sell that property located at [ ] Lantana Court), Moreno Valley, California [Parcel No. 1 to 7, as applicable], to \_\_\_\_\_ (“Homebuyer”) for a sale price of \_\_\_\_\_ Dollars (\$ \_\_\_\_\_) consisting of: \_\_\_\_\_ [list components of purchase price, including down payment and promissory note payable by Homebuyer to Developer]. With respect to this proposed sale (“Proposed Sale”), Developer represents, warrants and certifies to each of City and Housing Authority as follows:

1. The Homebuyer is an Eligible Homebuyer;
2. The Homebuyer has satisfactorily completed a Homeowner Training Program and has obtained a Homebuyer Training Certificate submitted herewith as Exhibit A. The Homebuyer Training Certificate remains in effect as of the date of this Developer Sale Certificate;
3. The Homebuyer has executed or is prepared to execute all instruments required to be executed by Homebuyer under the AHA, and a purchase and sale agreement with Developer;
4. The purchase price complies with the AHA and does not exceed Current Market Appraised Value;
5. The Affordable Home and the lot upon which it is situated (“Lot”, and, together with the Affordable Home, the “Property”) has been completed in compliance with the Plans and the AHA;
6. Developer has met with Homebuyer and Developer has discussed with Homebuyer the provisions of the Homebuyer Covenants and the Authority Homebuyer Covenants.
7. Developer has not received and shall not receive any remuneration from the Homebuyer excepting as has been disclosed in writing by Developer to City.

8. Developer has not committed any Default under the AHA, nor is Developer aware of any facts or circumstances the continuation of which would constitute an event of Default under the AHA.
9. Developer is not aware of any mechanics' liens, liens of materialmen, claims, lawsuits or losses concerning the Property.

**MARY ERICKSON COMMUNITY HOUSING**  
a California nonprofit public benefit corporation

By: \_\_\_\_\_  
Susan McDevitt  
Its: Executive Director  
Dated: \_\_\_\_\_

**EXHIBIT A**  
**HOMEBUYER TRAINING CERTIFICATE**

[to be attached]

DRAFT

Exhibit A to Attachment No. 12  
Homebuyer Training Certificate

**ATTACHMENT NO. 13**

**AUTHORITY DEED**

Recording Requested By:  
When Recorded Return To and  
Mail Tax Statements To:

APN:

(Space above for Recorder's Use.)

**DOCUMENTARY TRANSFER TAX**

\$1.00\* computed on the consideration or value of property conveyed; OR \_\_\_\_\_ computed on the consideration or value less liens or encumbrances remaining at time of sale.

The undersigned Grantor

Signature of Declarant or Agent determining tax - Firm Name

\*The value of the property in this conveyance, exclusive of liens and encumbrances is One Dollar (\$1.00) or less, and there is no additional consideration received by the Grantor(s), R & T 11911

**GRANT DEED**

For a valuable consideration receipt of which is hereby acknowledged,

The **MORENO VALLEY HOUSING AUTHORITY**, a public body, corporate and politic herein called "Grantor" (or "Authority"), as housing successor to the former Community Redevelopment Agency of the City of Moreno Valley pursuant to Health & Safety Code Section 34176, hereby grants to **MARY ERICKSON COMMUNITY HOUSING**, a California nonprofit public benefit corporation, herein called "Grantee" or "Developer," the real property hereinafter referred to as "Property", described in Exhibit A attached hereto and incorporated herein, subject to the existing easements, restrictions and covenants or record described there.

1. Said Property is conveyed in accordance with and subject to that certain unrecorded *HOME Investment Partnership and Affordable Housing Agreement* entered into among Grantor and Grantee dated as of June 17, 2025 ("AHA"), a copy of which is on file with the Grantor at its offices as a public record. Capitalized terms used herein and not otherwise defined shall have the same meaning as set forth in the AHA.

2. The Grantee hereby covenants and agrees, for itself and its successors and assigns, that the Grantee shall restrict the Property and the improvements thereon in accordance with this

Grant Deed to preserve its value for the benefit of Grantee, its successors and the surrounding neighborhood.

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

Developer shall refrain from restricting the rental, sale or lease of the Site on the basis of race, color, religion, sex, marital status, ancestry or national origin of any person. All such deeds, leases or contracts shall contain or be subject to substantially the following nondiscrimination or nonsegregation clauses:

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

**In leases:** “The lessee herein covenants by and for himself or herself, his or her heirs, executors, administrators, and assigns, and all persons claiming under or through him or her, and this lease is made and accepted upon and subject to the following conditions:

“That there shall be no discrimination against or segregation of any person or group of persons, on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the leasing, subleasing, transferring, use, occupancy, tenure, or enjoyment of the premises herein leased nor shall the lessee himself or herself, or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use, or occupancy, of tenants, lessees, sublessees, subtenants, or vendees in the premises herein leased.”

**In contracts:** “There shall be no discrimination against or segregation of, any person or group of persons on account of any basis listed in subdivision (a) or (d) of Section 12955 of the

Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the premises which are the subject of this Agreement, nor shall the grantee or any person claiming under or through him or her, establish or permit any practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees, or vendees in the premises herein conveyed. The foregoing covenants shall run with the land.”

The covenants established in this Section 3 shall, without regard to technical classification and designation, be binding for the benefit and in favor of Authority and its successors and assigns, and shall remain in effect in perpetuity.



**IN WITNESS WHEREOF**, the Grantor and Grantee have caused this instrument to be executed on their behalf by their respective officers hereunto duly authorized, this \_\_ day of \_\_\_\_\_, 2025.

GRANTOR:

**MORENO VALLEY HOUSING AUTHORITY**,  
a public body, corporate and politic

By: \_\_\_\_\_  
Brian Mohan  
Its: Executive Director

The Grantee agrees to be bound by the covenants set forth above.

GRANTEE:

**MARY ERICKSON COMMUNITY HOUSING**,  
a California nonprofit public benefit corporation

By: \_\_\_\_\_  
Susan McDevitt  
Its: Executive Director

## **EXHIBIT A TO GRANT DEED**

### **LEGAL DESCRIPTION OF SITE (PROPERTY)**

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.

**LOT A:**

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 ON A LINE PARALLEL WITH AND 14.00 FEET NORTHERLY OF THE SOUTH LINE OF SAID PARCEL 3; THENCE

ALONG SAID PARALLEL LINE SOUTH 89°33'47" EAST 70.00 FEET; THENCE

NORTH 45°26'13" EAST 5.71 FEET; THENCE

NORTH 00°26'13" EAST 81.46 FEET; THENCE

NORTH 07°27'28" EAST 92.51 FEET TO THE BEGINNING OF A CURVE CONCAVE SOUTHWESTERLY AND HAVING A RADIUS OF 45.00 FEET; THENCE

NORTHEASTERLY, EASTERLY AND SOUTHEASTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 232°20'36" AN ARC DISTANCE OF 182.48 FEET; THENCE

SOUTH 59°48'03" WEST 33.55 FEET TO THE NORTHWEST CORNER OF PARCEL 2 OF SAID PARCEL MAP; THENCE

SOUTH 00°27'04" WEST 130.00 FEET ALONG THE WEST LINE OF SAID PARCEL 2 TO THE SOUTHWEST CORNER OF SAID PARCEL 2; THENCE

NORTH 89°33'47" WEST 124.04 FEET ALONG THE SOUTH LINE OF SAID PARCEL 3 TO THE POINT OF BEGINNING.

CONTAINING 15,032 SQUARE FEET, MORE OR LESS.

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

**ATTACHMENT NO. 14**

**[INTENTIONALLY OMITTED]**

DRAFT

Attachment No. 14  
Intentionally Omitted

ATTACHMENT NO. 15

MEMORANDUM OF AGREEMENT

**Recording Requested By and  
When Recorded Mail To:**

Moreno Valley Housing Authority  
14177 Frederick Street  
Moreno Valley, California 92552  
Attn: Executive Director

SPACE ABOVE THIS LINE FOR RECORDER'S USE  
(This document is exempt from the payment of a recording fee  
pursuant to Government Code Section 27383.)

MEMORANDUM OF AGREEMENT

This **MEMORANDUM OF AGREEMENT** ("Memorandum"), dated as of \_\_\_\_\_, 2025, is entered into by and between the **MORENO VALLEY HOUSING AUTHORITY**, a public body corporate and politic ("Authority"), and **MARY ERICKSON COMMUNITY HOUSING**, a California nonprofit public benefit corporation ("Developer").

**1. HOME Investment Partnership and Affordable Housing Agreement.** Authority and Developer have executed an unrecorded *HOME Investment Partnership and Affordable Housing Agreement* ("Agreement") dated as of June 17, 2025, covering that certain real property located in the City of Moreno Valley, County of Riverside, State of California, more fully described in Exhibit A attached hereto and incorporated herein by this reference. The Agreement is on file as a public record with the Authority at its offices at 14177 Frederick Street, Moreno Valley, California 92552. All of the terms, conditions, provisions and covenants of the Agreement are incorporated in this Memorandum by reference as though written out at length herein, and the Agreement and this Memorandum shall be deemed to constitute a single instrument or document.

**2. Purpose of Memorandum.** This Memorandum is prepared for recordation purposes only, and in no way modifies the terms, conditions, provisions and covenants of the Agreement. In the event of any inconsistency between the terms, conditions, provisions and covenants of this Memorandum and the Agreement, the terms, conditions, provisions and covenants of the Agreement shall prevail.

**[Signature Blocks begin on next page]**

**DEVELOPER:**

**MARY ERICKSON COMMUNITY HOUSING,**  
a California nonprofit public benefit corporation

By: \_\_\_\_\_  
Susan McDevitt, Executive Director

**AUTHORITY:**

**MORENO VALLEY HOUSING AUTHORITY,** a  
public body, corporate and politic

By: \_\_\_\_\_  
Brian Mohan, Executive Director  
or Authorized Designee

**ATTEST:**

\_\_\_\_\_  
M. Patricia Rodriguez, Authority Secretary



**EXHIBIT "A"**

**LEGAL DESCRIPTION**

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.

**LOT A:**

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 ON A LINE PARALLEL WITH AND 14.00 FEET NORTHERLY OF THE SOUTH LINE OF SAID PARCEL 3; THENCE

ALONG SAID PARALLEL LINE SOUTH 89°33'47" EAST 70.00 FEET; THENCE

NORTH 45°26'13" EAST 5.71 FEET; THENCE

NORTH 00°26'13" EAST 81.46 FEET; THENCE

NORTH 07°27'28" EAST 92.51 FEET TO THE BEGINNING OF A CURVE CONCAVE SOUTHWESTERLY AND HAVING A RADIUS OF 45.00 FEET; THENCE

NORTHEASTERLY, EASTERLY AND SOUTHEASTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 232°20'36" AN ARC DISTANCE OF 182.48 FEET; THENCE

SOUTH 59°48'03" WEST 33.55 FEET TO THE NORTHWEST CORNER OF PARCEL 2 OF SAID PARCEL MAP; THENCE

SOUTH 00°27'04" WEST 130.00 FEET ALONG THE WEST LINE OF SAID PARCEL 2 TO THE SOUTHWEST CORNER OF SAID PARCEL 2; THENCE

NORTH 89°33'47" WEST 124.04 FEET ALONG THE SOUTH LINE OF SAID PARCEL 3 TO THE POINT OF BEGINNING.

CONTAINING 15,032 SQUARE FEET, MORE OR LESS.

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

**ATTACHMENT NO. 16**

**REIMBURSEMENT AGREEMENT FOR OFFSITE PUBLIC IMPROVEMENTS  
(Lantana Court Affordable Housing Project)**

DRAFT

## ATTACHMENT NO. 16

### REIMBURSEMENT AGREEMENT FOR OFFSITE PUBLIC IMPROVEMENTS (Lantana Court Affordable Housing Project)

This **REIMBURSEMENT AGREEMENT FOR PUBLIC IMPROVEMENTS (Lantana Court Affordable Housing Project)** ("Reimbursement Agreement") is made as of June 17, 2025, by and between the **MORENO VALLEY HOUSING AUTHORITY**, a public body corporate and politic ("Authority"), the **CITY OF MORENO VALLEY**, a California municipal corporation ("City"), and **MARY ERICKSON COMMUNITY HOUSING**, a California nonprofit public benefit corporation ("Developer"). The Authority and City may together be referred to as "MoVal".

#### RECITALS

The following recitals are a substantive part of this Reimbursement Agreement:

**A.** Concurrent with the date of this Reimbursement Agreement Authority and Developer are entering into that certain *HOME Investment Partnership and Affordable Housing Agreement (Lantana Court)* dated June 17, 2025 ("Agreement"). Capitalized terms used in this Reimbursement Agreement are as defined in the Agreement or as specifically defined herein.

**B.** The Agreement relates to the development of a seven-unit ownership affordable housing project on a 1.4-acre Site. Under the AHA, Developer agrees to cause the construction and completion of certain Offsite Improvements that include a new street and related public works improvements necessary for the Project.

**C.** The HOME Program, HAL, and Dissolution Law authorize Authority to pay all or a part of the cost for and value of certain offsite public improvements necessary for the Project.

**D.** Pursuant to the Agreement certain Offsite Improvements are required to be constructed by Developer for payment and reimbursement of incurred costs by Authority up to a maximum not to exceed amount of One Million Two Hundred Thousand Dollars (\$1,200,000.00) from the following sources (a) approximately but not to exceed \$850,000 of Measure A funds allocated to the City by the County of Riverside, which funds are intended for construction of local streets and roads among other transportation improvements, and (b) the balance of approximately up to \$425,000 from LMIHAF, but in no event to cumulatively to exceed \$1,200,000 from all MoVal funding sources, on a reimbursement basis to complete the Offsite Improvements that include the new cul de sac street for ingress and egress to the Project of seven (7) Affordable Homes.

**E.** Authority has determined that it would be expeditious for Developer and its selected public works contractor to actually construct and complete the Offsite Improvements, subject to reimbursement by Authority to Developer of certain costs incurred pursuant to this Reimbursement Agreement and the Agreement in the maximum amount of \$1,200,000.00 from MoVal funding sources. The Offsite Improvements that Authority desires Developer to construct are set forth in Exhibit A that is attached hereto and incorporated herein by this reference.

**F.** Developer desires by this Reimbursement Agreement to cause the construction and completion of the Offsite Improvements, subject to Authority's reimbursement to Developer of the

costs therefor pursuant to this Reimbursement Agreement in the maximum amount of One Million Two Hundred Thousand Dollars (\$1,200,000.00).

**G.** To the extent there is an inconsistency or conflict between the provisions of this Reimbursement Agreement and the provisions of the Agreement, the provisions of the Agreement shall prevail and control.

**NOW, THEREFORE,** Authority, City, and Developer agree as follows:

**Section 1. Construction of Offsite Improvements.** Developer shall cause undertake a good faith bidding process to solicit bids from qualified general contractors, from which the lowest responsible bidder shall be selected by Developer (“Contractor”), subject to MoVal concurrent review and approval of the bid package and bid selection process. The identity of the Developer’s contractor responsible for the construction of the Offsite Improvements is subject to the bidding procedures of Section 6 hereinafter and the approval of the Authority Executive Director and City Engineer, which approval shall not unreasonably be withheld. Developer and Contractor shall enter into a Construction Contract for construction through completion of the Offsite Improvements in connection with the construction and completion of the Improvements. MoVal shall review the form of the Construction Contract prior to execution by Developer and its selected lowest responsible bidding contractor. The Construction Contract shall include a disbursement schedule approved by MoVal. Developer fully assumes all obligations, requirements and conditions under the Agreement with respect to the completion of the Offsite Improvements and Developer agrees to construct and/or cause the construction and completion of the Offsite Improvements in accordance with the Plans and Specifications (as defined in Section 5 below) and applicable City standards, regulations, and state, and federal laws.

(a) Prior to entering into this Reimbursement Agreement and as set forth in the Agreement, Authority contracted for and already has paid for professional services for preparation of engineering plans for the new street component of the Offsite Improvements, which Developer and Contractor may utilize in connection with construction of the Offsite Improvements.

**Section 2. Reimbursement.** Developer shall cause the construction through completion of and shall pay for the costs of any and all additional engineering and design work, and the costs for administrative management, construction and completion of the Offsite Improvements, including without limitation bond costs and Permit Fees, as more particularly provided below. Authority shall pay for and/or reimburse Developer for up to \$1,200,000.00 in costs incurred on a disbursement schedule set forth in the Construction Contract; provided however, to the extent any claimed reimburseable cost is otherwise requested by Developer or is otherwise reimbursed pursuant to the Agreement, then such costs shall not be eligible for reimbursement hereunder, in order to prevent any double reimbursement for costs associated with the engineering, design, construction, and completion of the Offsite Improvements. As and when the stages of work of improvement for the Offsite Improvements are completed and inspected, then Authority will issue payment or reimbursement directly to the Contractor, provided that such cumulative amount of payments or reimbursements shall not exceed \$1,200,000, subject to the provision prohibiting double reimbursement as described above in this Section 2.

**Section 3. Cost of Other Improvements.** Developer shall bear all costs of any and all the onsite Project Improvements, and any and all costs related to the Offsite Improvements in excess of the maximum reimbursement amount of \$1,200,000.00. Nothing contained herein shall limit or impair

the Authority's or Developer's obligations under the Agreement with respect to undertaking and completing all Improvements other than the Offsite Improvements payable hereunder.

**Section 4. Engineering and Construction Management Costs.** Subject to reimbursement by Authority pursuant hereto, Developer shall engage and pay for the civil engineering firm that has already worked on design plans for the Offsite Improvements, to continue with and complete all of the construction drawings and detailed Plans and Specifications for the Offsite Improvements as may be required in order to adequately bid and undertake through completion of such items of work.

**Section 5. Plans and Specifications for Offsite Improvements.** Developer shall prepare, or cause to be prepared, and submit to Executive Director and City Engineer plans and specifications, construction drawings, and related documents for the Offsite Improvements ("Plans and Specifications") for review and written approval of same. The Plans and Specifications shall be submitted in three (3) stages: preliminary schematic, 50% complete, and final working drawings. Preliminary schematic drawings shall include plans, elevations and sections of the Offsite Improvements as they are to be constructed and a description of the structural, mechanical and electrical systems, if any, pertaining to the Offsite Improvements. Final working drawings for the Plans and Specifications are hereby defined as those in sufficient detail to obtain building permits and in conformity with all applicable City standards for public works projects as determined by the City Engineer. Approval of progressively more detailed drawings and specifications will be granted by Executive Director and City Engineer, or their designee(s), if they are not in conflict with drawings or specifications theretofore approved. Any items so submitted and approved in writing by Executive Director and City Engineer shall not be subject to subsequent disapproval. Authority shall not be responsible either to Developer, Contractor, and any and all third parties in any way for any defects in the construction drawings and related documents, nor for any structural or other defects in any work done according to the approved construction drawings and related documents.

**Section 6. Bidding and Award.** Developer shall solicit not fewer than three (3) bids from qualified licensed contractors for each portion of the Offsite Improvements. Developer shall use reasonable efforts to solicit and obtain bids from local businesses by making available all plans for the Offsite Improvements to local contractors by submission to local trade publications, and shall include the following contractor entities (a) All-American Asphalt, (b) R.J Nobel, and (c) Hardy & Harper Inc. Developer shall enter into the Construction Contract(s) with the lowest responsible bidder(s) as the "Contractor(s)" for the performance of the work set forth in the selected bid(s). Developer shall submit to Executive Director and City Engineer a summary of all bid solicitations, bids, and Construction Contracts and subcontracts within fifteen (15) after each construction contract is executed. To the extent feasible and in compliance with Section 3 federal requirements (as defined in the Agreement), contracts for work to be performed in connection with the construction of the Offsite Improvements shall be awarded to business concerns which are located in, or owned in substantial part by persons residing within, the City.

**Section 7. Stop Notices.** Developer shall include in each Construction Contract a provision authorizing Developer to withhold payments otherwise due to such Contractor for work on the Offsite Improvements in the event that stop notices are filed with Authority or City. In the event that a stop notice, which is valid on its face, is timely filed with Authority or City, Authority will promptly notify Developer. In the event that any apparently valid stop notices are on file with Authority or City when Developer renders its final accounting to Authority in accordance with Section 15 herein, Authority shall withhold from the amount owed to Developer under this Reimbursement Agreement a sum equal to 125% of the amount claimed in each stop notice until Developer provides the Authority Executive



Director and City Engineer proof of payment and unconditional release, conditional release and payment, expiration by operation of law, or disposition pursuant to court order of such stop notice.

**Section 8. Bonds.** Developer shall obtain and maintain, or require each Contractor or subcontractor constructing the Offsite Improvements to obtain and maintain, faithful performance and labor and material bonds in a form approved by the City Engineer and City legal counsel, each with a responsible corporate surety business within the State of California and subject to the qualification requirements for surety bonds for other City public works contracts, in amounts equal to 100% of the estimated cost to construct the Contractor's or subcontractor's portion of the Offsite Improvements for the faithful performance bond and 100% of the estimated cost to construct the Contractor's or subcontractor's portion of the Offsite Improvements for the labor and material bond. The faithful performance bond shall be released ninety (90) days after Developer or Contractor records a notice of completion. All surety bonds shall be issued by a surety company admitted in California and such company(ies) shall have an "A-V" or better rating. The labor and material bond shall be released ninety (90) days after the Developer or Contractor records in the Official Records, County of Riverside, a notice of completion pursuant to Civil Code Section 3093.

**Section 9. Public Works Requirements.**

(a) **Prevailing Wages and Maximum Hours.** With respect to each Contractor (and subcontractor(s)) constructing the Offsite Improvements, Developer is required and shall be responsible to fully inform all Contractor(s) of their obligation to comply with and maintain adequate records evidencing Contractor's compliance with all prevailing wage requirements pursuant to Health and Safety Code Sections 33423 through 33426, and Labor Code Section 1720, *et seq.* and 1770, *et seq.*, the keeping of all records required pursuant to Labor Code Section 1776 and the maximum hours requirements of Labor Code Sections 1810 through 1815, and all other applicable federal, state and local laws related to prevailing wages (together, "Prevailing Wage Laws"). To the extent it is alleged or determined that any Contractor has failed to comply with such Prevailing Wage Laws, it shall be the obligation and responsibility of the Developer to cause such compliance and production of records evidencing satisfactory compliance with such prevailing wage obligations.

(i) Developer shall be solely responsible for determining and effectuating compliance with the Prevailing Wage Laws, and Authority (and City) make no representation as to the applicability or non-applicability of the Prevailing Wage Laws to the Offsite Improvements, or any part thereof. Developer hereby releases from liability, and agrees to indemnify, defend, assume all responsibility for and hold each and all MoVal Indemnitees harmless from any and all claims, demands, actions, suits, proceedings, fines, penalties, damages, expenses resulting from, arising out of, or based upon Developer's or its Contractor(s)' acts or omissions pertaining to the compliance with the Prevailing Wage Laws for the Offsite Improvements. Developer covenants hereunder to comply with the HAL, CRL, Dissolution Law, and all applicable HOME Regulations in the performance of this Agreement, whichever are more restrictive.

(A) Without limitation as to Section 9., Developer shall indemnify, protect, defend and hold harmless each of the Authority, City and their respective officers, employees, contractors and agents, with counsel reasonably acceptable to the City Attorney, from and against any and all loss, liability, damage, claim, cost, expense and/or "increased costs" (including reasonable attorneys' fees, court and litigation costs, and fees of expert witnesses) which, in connection with the development, construction, and/or operation of the Offsite Improvements, that result or arise in any way from any of the following: (1) the noncompliance by Developer of any applicable local, state

and/or federal law, including, without limitation, any applicable Prevailing Wage Laws; (2) the implementation of Section 1781 of the Labor Code, as the same may be amended from time to time, or any other similar law; and/or (3) failure by Developer to provide any required disclosure or identification as required by Labor Code Section 1781, as the same may be amended from time to time, or any other similar law. It is agreed by the parties that, in connection with the development of the Offsite Improvements, Developer shall bear all risks of payment or non-payment of prevailing wages under California law and/or the implementation of Labor Code Section 1781, as the same may be amended from time to time, and/or any other similar law. "Increased costs," as used in this Section 9., shall have the meaning ascribed to it in Labor Code Section 1781, as the same may be amended from time to time. The foregoing indemnity shall survive termination of this Reimbursement Agreement and shall continue after completion of the construction and development of the Offsite Improvements by Developer and its Contractor(s).

(b) **Compliance with Laws.** Developer shall carry out and cause the design, construction and operation of the Offsite Improvements in conformity with all applicable federal, state and local laws, including City development standards, building, plumbing, mechanical and electrical codes, and all other provisions of the City Municipal Code.

**Section 10. Insurance.** Developer shall not permit Contractor(s) to commence work until Contractor(s) has/have obtained the insurance required and described in Section 4.5 of the Agreement and such insurance, including certificates of insurance and endorsements, has been submitted to approved by the City's risk manager and legal counsel as to form and amount.

**Section 11. Hold Harmless.** Developer agrees to protect, defend, indemnify and hold harmless the City and Authority and their elective and appointive boards, officers, agents and employees from any and all claims, liabilities, expenses or damages of any nature, including attorney fees, for injury to or death of any person, and for injury to any property, including consequential damages of any nature resulting therefrom, arising out of or in any way connected to the construction of the Offsite Improvements by or on behalf of Developer, including damages resulting, or allegedly resulting from violation of any statute, regulation or other legal requirement concerning a safe place for employment of workers, except to the extent of damages resulting from the negligence of City or Authority. Nothing contained in this Section 11., however, shall be deemed to be a warranty against construction defects, the only such warranty being contained below.

(a) Developer shall comply with and shall require Contractor(s) to comply with all of the provisions of the Workers' Compensation Insurance and Safety in Employment Laws of the State of California, including the applicable provisions of Divisions 4 and 5 of the California Labor Code and all similar state, federal or local laws applicable; and shall indemnify and hold harmless Authority and City from and against all claims, liabilities, expenses, damages, suits, actions, proceedings and judgments of every nature and description, including reasonable attorney's fees, presented, brought or recovered against City or Authority or their officers, employees, and agents, for or on account of any liability under any of said laws which may be incurred by reason of any work performed under this Reimbursement Agreement by Developer or on behalf of Developer.

(i) Authority does not, and shall not, waive any rights against Developer which it may have by reason of the aforesaid hold harmless agreements because of the acceptance by Authority or the deposit with Authority by Developer of any insurance policies or certificates of insurance purporting to indemnify for the aforesaid losses. The aforesaid hold harmless agreements shall apply to all liabilities, claims, expenses, and damages of every kind including but not limited to attorney fees,

suffered or alleged to have been suffered, by reason of the aforesaid operations of Developer or any contractor or others performing on behalf of Developer, regardless of whether or not such insurance policies are applicable.

**Section 12. Contract(s) Warranty.** Developer shall include in its agreement(s) with Contractor(s) the following provision:

Contractor(s) WARRANTS to Developer and to the Moreno Valley Housing Authority and City of Moreno Valley that all materials used in the work and all labor performed shall be in conformity with the Plans and Specifications. Contractor(s) shall, at their own expense, make any and all repairs and replacements that shall become necessary as the result of any failure of the work to conform to the aforementioned Plans and Specifications; provided, however, that Contractor shall be obligated under this provision only to the extent of those failures or defects of which it is given notice within a period of [twelve (12) months] from the date that the Notice of Completion is recorded.

**Section 13. Administration of Contract and Schedule of Performance.** Developer shall be due no fee to administer, manage, and/or supervise the performance of the Construction Contract(s) from design through completion of construction of the Offsite Improvements. Developer shall use reasonable and best efforts to undertake and complete the Offsite Improvements in conformity with the performance schedule set forth in such Construction Contract(s) but not later than and prior to the first sale of an Affordable Unit at the Project. Any material changes in the scope of the work to be performed by Contractor(s) or other change orders under the Construction Contract(s) relating to the Offsite Improvements shall be reviewed and approved by Authority Executive Director and City Engineer in writing prior to Contractor's commencement of such work.

**Section 14. Inspection.** Construction inspection of the Offsite Improvements shall be performed by City Public Works Inspectors. City's usual plan check and inspection fees as applicable for the Offsite Improvements shall be reimbursable by Authority in accordance herewith.

**Section 15. Final Accounting.** Following completion of construction of the Offsite Improvements and following full payment of all third party invoices for materials, supplies and contractors for the completion of the Offsite Improvements, Developer shall submit to Authority Executive Director a final accounting to determine the total out-of-pocket cost of design, engineering, constructing and related work thereto to complete the Offsite Improvements. Developer shall also submit to Authority Executive Director all supporting information reasonably necessary to document Developer's expenditures on the Offsite Improvements, including specific details on the costs and work attributable to the Offsite Improvements, including invoices, third-party invoices, billings, and receipts for construction surveying, soil testing, blueprinting, actual construction costs and similar expenses. The final reimbursement payment by Authority of up to \$1,200,000.00 will be made in accordance with this Reimbursement Agreement and only after Developer has submitted all documentation reasonably necessary to substantiate the cost of constructing and completing the Offsite Improvements in accordance with the approved Plans and Specifications and subject to the provisions of Section 2. herein relating to prohibition of double reimbursement for any costs relating to the Offsite Improvements. Final inspection and sign-off by the City's Public Works Inspectors shall be sufficient evidence of the completion of the Offsite Improvements.

**Section 16. Default.** Failure or delay by either party hereto to perform any term or provision of this Reimbursement Agreement shall constitute a default under this Reimbursement Agreement. The party who so fails or delays must immediately commence to cure, correct, or remedy such failure or delay, and shall complete such cure, correction or remedy with diligence. In the event of a default, the injured party shall give written notice of default to the party in default, specifying the default complained of by the injured party. Except as required to protect against further damages, the injured party may not institute proceedings against the party in default until thirty (30) days after giving such notice, provided however, that no proceedings shall be instituted if the defaulting party shall commence and proceed to cure such default in a diligent manner and the nature of the default is such that it cannot be cured within thirty (30) days. Failure or delay in giving such notice shall not constitute a waiver of any default, nor shall it change the time of default.

**Section 17. Notices.** Any notice, request, demand, consent, approval or other communication required to be given shall be addressed as set forth in the Agreement.

**Section 18. Non-Discrimination.** Developer agrees to comply with the non-discrimination requirements of the Agreement in the performance of its obligations hereunder.

**Section 19. Governing Law.** This Reimbursement Agreement shall be governed by the laws of the State of California. Any legal action brought under this Reimbursement Agreement must be instituted in the Superior Court of the County of Riverside, State of California, in an appropriate municipal court in that county, or in the Federal District Court in the Central District of California.

**Section 20. Amendment of Agreement.** No modification, rescission, waiver, release or amendment of any provisions of this Reimbursement Agreement shall be made except by a written agreement executed by Developer and Authority.

**Section 21. Independent Contractor.** Developer and its Contractor(s) shall be acting as independent contractors under this Reimbursement Agreement, and not as an agent, partner or employee of the Authority or City.

**Section 22. Developer Assignment Prohibited.** In no event shall Developer assign or transfer any part of this Reimbursement Agreement without the prior express written consent of Authority, which consent may be given or withheld in Authority's sole discretion.

**Section 23. Entire Agreement.** This Reimbursement Agreement together with all attachments hereto, and the Agreement and all attachments thereto, constitute the entire understanding and agreement of the parties with respect to the subject matter of this transaction. This Reimbursement Agreement integrates all of the terms and conditions mentioned herein or incidental thereto, and supersedes all prior negotiations, discussions and previous agreements between Authority and Developer concerning all or any part of the subject matter of this Reimbursement Agreement; provided, however, that this Reimbursement Agreement shall not supersede all or any portion of the Agreement.

**Section 24. Attorneys' Fees and Costs.** In the event that any action is instituted under this Reimbursement Agreement, the parties hereto agree that the non-prevailing party shall be responsible for and shall pay all costs and attorneys' fees incurred by the prevailing party in enforcing this Reimbursement Agreement.

**Section 25. Contingent Upon Closing.** The effectiveness of this Reimbursement Agreement is contingent upon the Developer's commencement of construction of the Project Improvements under the Agreement.

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**IN WITNESS WHEREOF**, the parties hereto have executed this Reimbursement Agreement as of the date set forth above.

**MARY ERICKSON COMMUNITY HOUSING A  
NONPROFIT CORPORATION**, a California  
corporation

By: \_\_\_\_\_  
Susan McDevitt  
Its: Executive Director

**AUTHORITY:**

**MORENO VALLEY HOUSING AUTHORITY**,  
a public body, corporate and politic

By: \_\_\_\_\_  
Brian Mohan, Executive Director

**CITY**

**CITY OF MORENO VALLEY**, a California  
municipal corporation

By: \_\_\_\_\_  
Brian Mohan, City Manager

**ATTEST:**

\_\_\_\_\_  
M. Patricia Rodriguez  
Authority Secretary and City Clerk

**APPROVED AS TO FORM:**

**STRADLING YOCCA CARLSON & RAUTH LLP**

\_\_\_\_\_  
Special Counsel

**EXHIBIT A**  
**OFFSITE IMPROVEMENTS**  
**DESCRIPTION**

(TO BE ATTACHED)

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