

DISPOSITION AND DEVELOPMENT AGREEMENT

(3753 MYERS STREET)

THIS DISPOSITION AND DEVELOPMENT AGREEMENT (3753 MYERS STREET) (the “Agreement”) dated for identification purposes only as of _____, 2015, is made and entered into by and between the **HOUSING AUTHORITY OF THE CITY OF RIVERSIDE**, a public body, corporate and politic (the “Authority”), and **HABITAT FOR HUMANITY RIVERSIDE, INC.**, a California nonprofit public benefit corporation (the “Developer”), with reference to the following:

RECITALS

The following Recitals are a substantive part of this Agreement. Capitalized terms used in these Recitals and not otherwise defined shall have the meaning set forth in Section 1.1.

A. The Authority is a body, corporate and politic established by action of the City Council of the City of Riverside pursuant to Resolution No. 21275 for the purpose of providing affordable housing opportunities through a variety of programs within the City of Riverside and exercising governmental functions and powers pursuant to the California Housing Authorities Law (Health & Safety Code § 34200, et seq., the “Housing Authority Law”).

B. The City of Riverside (the “City”) has adopted a Housing Element to its General Plan pursuant to Government Code Section 65580 et seq., which sets forth the City’s policies, goals and objectives to provide housing to all economic segments of the community, including the preservation and development of housing affordable to very low income and low income households.

C. By action of the City Council pursuant to Chapter 2 of the California Community Redevelopment Law (Health & Safety Code § 33000 *et seq.*, the “Community Redevelopment Law”), the City established the Redevelopment Agency of the City of Riverside (the “Agency”), whose purpose included increasing, improving and preserving the community’s supply of housing affordable to and occupied by very low and low income households.

D. As of, on, and after February 1, 2012, the Agency became a dissolved redevelopment agency pursuant Assembly Bill X1 26 that added Parts 1.8 and 1.85 to Division 24 of the Health and Safety Code (the “Dissolution Act”).

E. By the adoption of its Resolution No. 22322 on January 10, 2012, the City Council re-affirmed its authorization to have the City serve as the “Successor Authority” to the dissolved Agency under the Dissolution Act. As of, on, and after February 1, 2012, the City began to perform and will continue to perform its functions as the Successor Authority to the dissolved Agency under the Dissolution Act.

F. By adoption of its Resolution No. 22323 on January 10, 2012, the City Council elected not to have the City retain the responsibility for performing housing functions previously performed by the Agency following dissolution of the Agency and, instead, allowed the Housing

Authority to make the election authorized under the Dissolution Act to retain the housing assets and functions previously performed by the Agency.

G. By the adoption of its Resolution No. 7 on January 10, 2012, the governing board of the Authority elected to have the Authority assume the housing assets and housing functions previously held and performed by the dissolved Agency pursuant to the Dissolution Act, effective upon dissolution of the Agency. Accordingly, as of, on, and after February 1, 2012, the Housing Authority began to perform and will continue to perform its functions as the “successor housing agency” of the former Agency pursuant to the Dissolution Act.

H. The Authority is the owner of certain real property located at 3753 Myers Street within the City of Riverside, California and further identified as Assessor Parcel Nos. (APN) 234-101-051 consisting of 0.80 acres (the “Site”) as depicted on the Site Plan (Attachment No. 1) and described in the Site Legal Description (Attachment No. 2).

I. The Developer is a California nonprofit public benefit corporation whose purpose is to acquire property and manage residential properties, and who is an experienced affordable housing developer certified by the City as a Community Housing Development Organization.

J. Developer desires to obtain a fee interest in the Site and improve the Site by constructing townhouse styled homes on the Site.

K. The twelve newly constructed Affordable Units to be constructed on the Site shall be held for sale to Low Income Households who are also First Time Homebuyers at a Gross Affordable Sales Price. The Affordable Units will be restricted to sales to Low Income Households for a forty-five (45) year restriction period.

L. The provision for assistance to the Developer and the development of the Project pursuant to the terms and conditions of this Agreement are in the vital and best interest of the Authority and the health, safety and welfare of the City’s residents, and in accord with the public purposes and provisions of applicable federal, state and local laws, including (without limitation) the Authority’s housing obligations.

NOW, THEREFORE, the Authority and the Developer hereby agree as follows:

1. DEFINITIONS

1.1. Defined Terms

As used in this Agreement, the following capitalized terms shall have the following meanings:

“Affordable Housing Cost” means the cost to a Qualified Buyer to purchase an Affordable Unit which would result in an Affordable Monthly Housing Expenses for Low Income Households of the product of thirty percent (30%) times seventy percent (70%) of AMI adjusted for family size appropriate to the unit. The term “adjusted for family size appropriate to the unit” shall have the meaning set forth in Health and Safety Code Section 50052.5(h) or its successor statute(s). Notwithstanding the foregoing, “Affordable Housing Cost” shall have the meaning set forth in and be interpreted in accordance with Section 50052.5 of the California Health and Safety Code or its successor statute(s).

“Affordable Monthly Housing Expenses” means a monthly housing expenses that includes all of the following associated with the Affordable Unit, estimated or known as of the date of the proposed purchase of the Affordable Unit: (i) principal and interest payments on a mortgage loan(s) including any rehabilitation loans and any loan insurance fees associated therewith (a first lien mortgage loan is required hereunder to bear a fixed rate of interest and require level payments throughout its term); (ii) property taxes and assessments; (iii) fire and casualty insurance covering replacement value of property improvements; (iv) any homeowner association fees; (v) a reasonable utility allowance; and (vi) property maintenance and repairs.

“Affordable Units” mean the twelve (12) townhouse styled residential units in the Project which shall be available to, occupied by or held for sale exclusively to Qualified Buyers at an Gross Affordable Sales Price.

“Affordability Period” means the period commencing upon the recordation of the Release of Construction Covenants and terminating on the forty-fifth (45th) anniversary thereof.

“Agreement” means this Disposition and Development Agreement, including all of the Attachments hereto, by and among the Parties.

“AMI” or ***“Area-wide Median Income”*** means the median family income (adjusted for family size) for Riverside County promulgated and published annually by the California Department of Housing and Community Development (“HCD”) pursuant to Title 25, § 6932 of the California Code of Regulations. If HCD ceases annually to publish median incomes, the Parties will agree upon an adequate substitute manner for determining Area-wide Median Income.

“Authority” means the Housing Authority of the City of Riverside, a public body, corporate and politic.

“Authority Declaration” means the Declaration of Covenants, Conditions and Restrictions substantially in the form of Attachment No. 7 to be recorded against the Site at Closing.

“Authority’s Conditions Precedent to Closing” is defined in Section 4.3.7.

“CalVet Loan Program” means the loan program administered by CalVet in which construction funding is made through an escrow under the control of the Qualified Buyer and Developer and periodic deposit of funds into the escrow are made by CalVet as construction milestones are met, which deposits are then available for payment of construction cost incurred by Developer. Upon issued of the certificate of occupancy for the Affordable Unit, the escrow is closed and the construction component of the financing is converted with a conventional CalVet home loan originated for the Qualified Buyer.

“CalVet” means the California Department of Veterans Affairs.

“City” means the City of Riverside, a California municipal corporation.

“City HOME Loan” is defined in Section 3.3.2.

“City HOME Loan Agreement” is defined in Section 3.3.2.

“City HOME Loan Documents” are defined in Section 3.3.2.

“Closing” means the date upon which the Grant Deed is recorded in the Official Records, all of the conditions precedent set forth in Section 4.3 are satisfied and all additional documents received by Escrow to be recorded in connection therewith are recorded in the Official Records.

“Conveyance” is defined in Section 4.1.

“Developer” means Habitat for Humanity Riverside, Inc., a California nonprofit public benefit corporation, and any permitted successors and assigns pursuant to section 2.2 of this Agreement.

“Developer Approval Period” shall be the 12 month period following the Effective Date.

“Effective Date” means the date upon which this Agreement was approved by the Authority.

“Environmental Laws” means any and all present and future federal, state and local laws (whether under common law, statute, ordinance, rule, regulation or otherwise), court or administrative orders or decrees, requirements of permits issued with respect thereto, and other requirements of governmental authorities relating to the environment or to any Hazardous Substance or Hazardous Substance Activity (including, without limitation, the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (42 U.S.C. § 9601, *et seq.*), as heretofore or hereafter amended from time to time (“CERCLA”), and the applicable provisions of the California Health and Safety Code and the California Water Code, and any and all successor statutes and regulations, orders, decrees, guidelines, or pronouncements promulgated thereunder).

“Escrow” or **“Escrows”** mean the escrow or escrows for the Conveyance of the Site to the Developer as provided in Section 4.3.

“Escrow Agent” is First American Title Company, 3400 Central Avenue, Suite 100, Riverside, CA 92506, (951)787-1757, or other qualified escrow agent approved in writing by the Parties.

“Event of Default” means the failure of a party to perform any action or covenant required by this Agreement within the time periods provided herein following notice and opportunity to cure, as set forth in Section 8.1.

“Evidence of Financing” is defined in Section 3.1

“Executive Director” means the Executive Director of the Authority or his/her designated representative.

“First Time Homebuyer” is defined in Section 6.5.

“Governmental Regulations” means any local, state, and federal laws, ordinances, rules, requirements, resolutions, policy statements and regulations (including, without limitation, those relating to land use, subdivision, zoning, environmental, labor relations, prevailing wage, notification of sale to employees, Hazardous Substance, occupational health and safety, water, earthquake hazard reduction and building and fire codes) bearing on the

demolition, alteration, replacement, repair, refurbishing, improvement, construction, maintenance, management, use, or operation of the Project.

“Grant Deed” means the grant deed in substantially the form of Attachment No. 6.

“Gross Affordable Sales Price” means the purchase price of an Affordable Unit in an amount equal to the total of (i) any silent second mortgage assistance, plus (ii) the amount of a first mortgage which results in an Affordable Housing Cost to the Qualified Buyer, plus (iii) the amount of the down payment to be placed on the purchase of the Affordable Unit by the Qualified Buyer. The Gross Affordable Sales Price shall not exceed the Unit Fair Market Value.

“Hazardous Substance” means (i) any chemical, compound, material, mixture or substance that is now or hereafter defined or listed in the United States Department of Transportation Hazardous Materials Table (49 CFR 172.101), as amended from time to time, or now or hereafter otherwise classified or regulated pursuant to any Environmental Laws as a “hazardous substance”, “hazardous material”, “hazardous waste”, “extremely hazardous waste”, “infectious waste”, “toxic substance”, “toxic pollutant” or any other formulation intended to define, list, or classify substances by reason of deleterious properties such as ignitability, corrosivity, reactivity, carcinogenicity, toxicity, reproductive toxicity, or “EP toxicity”, (ii) any asbestos or asbestos containing material, (iii) any polychlorinated biphenyls (PCB’s), (iv) any ureaformaldehyde, and (v) any petroleum, natural gas, natural gas liquid, liquefied natural gas, synthetic gas usable for fuel (or mixtures of natural gas and such synthetic gas), ash produced by a resource recovery facility utilizing a municipal solid waste stream, and drilling fluids, produced waters, and other wastes associated with the exploration, development or production of crude oil, natural gas, or geothermal resources. Notwithstanding the foregoing, “Hazardous Substances” shall not include any chemical, compound, material, mixture or substance used in the normal course of operating an apartment complex, so long as such chemical, compound, material, mixture or substance is used in accordance with Environmental Laws.

“Hazardous Substance Activity” means any actual, proposed or threatened storage, holding, existence or suspected existence, release or suspected release, emission, discharge, generation, processing, abatement, removal, disposition, treatment, handling or transportation of any Hazardous Substance from, under, into, on, above, around or across the Site or surrounding property or any other use of or operation on the Site or the surrounding property that creates a risk of Hazardous Substance contamination of the Site.

“HOA” is defined in Section 6.6.1.

“Household” means one or more persons occupying an Affordable Unit.

“Improvements” shall mean and include any construction, demolition, remediation and grading done on the Site, as well as all buildings, structures, fixtures, foundations, excavation, parking, landscaping, underground installations, and other work, construction and improvement of whatsoever character undertaken or constructed on, around, under or over the Site by Developer.

“Low Income Household” means a Household whose aggregate gross income is less than eighty percent (80%) of AMI and qualifies as a “lower income household” pursuant to

Health and Safety Code Section 50079.5 or any successor statute. "Gross income" shall be determined in accordance with Section 6914 of Title 25 of the California Code of Regulations.

"Notice" means a notice in the form prescribed by Section 9.1.

"Outside Closing Date" means July 28,, 2017. The Outside Closing Date may be extended to a later date upon the written approval of the Executive Director.

"Parties" means the Authority and Developer.

"Project" means predevelopment activities related to the Site, the acquisition of the Site by Developer, the construction of twelve Affordable Units, the sale thereof to Qualified Buyers at an Gross Affordable Sales Price and any other activities undertaken in connection therewith.

"Project Budget" is attached hereto as Attachment 5.

"Purchase Price" means One Dollar (\$1.00).

"Qualified Buyer" means a Household (a) whose income does not exceed the income set forth herein for a Low Income Household; (b) whose members meet the requirements for a First Time Homebuyer; and (c) whose members meet the other requirements set forth herein for buyers of an Affordable Unit, including, without limitation, the requirement that the buyer(s) agree to restrict the sale of the Affordable Unit to Qualified Buyers at an Gross Affordable Sales Price for the Affordability Period.

"Release of Construction Covenants" means the document which evidences the Developer's satisfactory completion of the Project, as set forth in Section 5.17, in substantially the form of Attachment No. 11.

"Schedule of Performance" means that certain Schedule of Performance attached hereto as Attachment No. 4, setting out the dates and/or time periods by which certain obligations set forth in this Agreement must be accomplished. The Schedule of Performance is subject to revision from time to time as mutually agreed upon in writing between the Developer and the Authority. The Authority authorizes the Executive Director to make such revisions to the Schedule of Performance as he/she deems reasonably necessary to effectuate the purposes of this Agreement.

"Site" means that certain real property referenced in Recital J above as delineated on the Site Plan (Attachment No. 1) and more particularly described in the Site Legal Description (Attachment No. 2).

"Site Legal Description" means the description of the Site which is attached hereto as Attachment No. 2.

"Site Plan" means the map of the Site and the proposed Project is attached hereto as Attachment No. 1.

"Title Company" is First American Title Company, 3400 Central Avenue, Suite 100, Riverside, CA 92506, (951)787-1757, or other qualified title company approved in writing by the Parties.

“Unit Fair Market Value” means the estimated fair market value of an Affordable Unit (if valued without the affordability restrictions) based on similarly situated units not subject to affordability restrictions as reasonably determined by Developer and approved by the Authority.

1.2. Singular and Plural Terms

Any defined term used in the plural herein 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. Accounting Principles

Any accounting term used and not specifically defined herein shall be construed in conformity with, and all financial data required to be submitted herein shall be prepared in conformity with, generally accepted accounting principles applied on a consistent basis or in accordance with such other principles or methods as are reasonably acceptable to the Executive Director.

1.4. References and Other Terms

Any reference to any document shall include such document both as originally executed and as it may from time to time be modified. References herein to Sections and Attachments 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.”

1.5. Attachments Incorporated

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

2. REPRESENTATIONS AND TRANSFERS

2.1. Representations by the Developer

The Developer hereby represents and warrants to the Authority as follows:

2.1.1. Organization

Developer is a duly organized, validly existing limited partnership in good standing under the laws of the State of California and has the power and authority to own and lease property and carry on its business as now being conducted. The Developer satisfies all of the qualifications of a Community Housing Development Organization (“CHDO”). The copies of the documents evidencing the organization of Developer delivered to the Authority are true and correct copies of the originals as of the Effective Date.

2.1.2. Authority

The Developer has the legal power, right and authority to execute, deliver and enter into this Agreement and any and all other agreements and documents required to be executed and delivered by the Developer in order to carry out, give effect to, and consummate the transactions contemplated by this Agreement, and to perform and observe the terms and provisions of all of the above. The parties who have executed this Agreement and all other documents or instruments executed and delivered, or to be executed and delivered, pursuant to this Agreement are authorized to execute and deliver the same on behalf of the Developer and all actions required under Developer's organizational documents and applicable governing law for the authorization, execution, delivery and performance of this Agreement and all other documents or instruments executed and delivered, or to be executed and delivered pursuant hereto, have been duly taken.

2.1.3. Valid Binding Agreements

This Agreement and all other documents or instruments which have been executed and delivered pursuant to or in connection with this Agreement constitute or, if not yet executed or delivered, will constitute when so executed and delivered, legal, valid and binding obligations of Developer enforceable against it in accordance with their respective terms.

2.1.4. Contingent Obligations

The Developer does not have any material contingent obligations or any material contractual agreements (other than in connection with the development of the Project) which could materially adversely affect the ability of the Developer to carry out its obligations hereunder.

2.1.5. Litigation

To the Developer's best knowledge, no action, suit or proceedings are pending or threatened before any governmental department, commission, board, bureau, agency or instrumentality to which the Developer is or may be made a party or to which any of its property is or may become subject, which has not been disclosed to the Authority which could materially adversely affect the ability of the Developer to carry out its obligations hereunder.

2.1.6. No Conflict

Developer's execution and delivery of this Agreement and any other documents or instruments executed and delivered, or to be executed or delivered, pursuant to this Agreement, and the performance of any provision, condition, covenant or other term hereof or thereof, do not or will not conflict with or result in a breach of any statute, rule or regulation, or any judgment, decree or order of any court, board, commission or agency whatsoever binding on Developer, or any provision of the organizational documents of Developer, or will conflict with or constitute a breach of or a default under any agreement to which Developer is a party, or will result in the creation or imposition of any lien upon any assets or property of Developer, other than liens established pursuant hereto.

2.1.7. No Developer Bankruptcy

No attachments, execution proceedings, assignments for the benefit of creditors, insolvency, bankruptcy, reorganization, receivership or other proceedings are pending or, to the best of Developer's knowledge, threatened against the Developer or any parties affiliated with Developer, nor are any of such proceedings contemplated by Developer or any parties affiliated with Developer.

Each of the foregoing representations shall be deemed to be an ongoing representation and warranty. The Developer shall advise the Authority in writing if there is any change pertaining to any matters set forth or referenced in the foregoing representations.

2.2. Limitation Upon Change in Ownership, Management and Control of Developer

2.2.1. Prohibition

The identity and qualifications of Developer's general partner as an experienced and successful developer and operator/manager of affordable housing are of particular concern to the Authority. It is because of this identity and these qualifications that Authority has entered into this Agreement with the Developer. Prior to the expiration of the Affordability Period, no voluntary or involuntary successor in interest of Developer shall acquire any rights or powers under this Agreement by assignment or otherwise, nor shall Developer make any total or partial sale, transfer, conveyance, encumbrance to secure financing (including, without limitation, the grant of a deed of trust to secure funds necessary for construction and permanent financing of the Project), distribution, assignment or lease of the whole or any part of the Site or any material change in the management or control of Developer without the prior written approval of Authority, except as expressly set forth herein. Any purported transfer, voluntary or by operation of law, in violation of this Section 2.2 shall constitute a default hereunder and shall be void and Authority shall have the cumulative options to terminate this Agreement and to seek all remedies available at law or equity.

2.2.2. Permitted Transfers by Developer

Notwithstanding any other provision of this Agreement to the contrary, Authority approval of an assignment of this Agreement or conveyance of the Site or any part thereof shall not be required in connection with any of the following:

i. the conveyance or dedication of any portion of the Site to the City or other appropriate governmental agencies, or the granting of easements or permits to public utilities to facilitate the development of the Project;

ii. The sale to a Qualified Buyer of any Affordable Unit in accordance with the terms of this Agreement.

2.2.3. Authority Consideration of Requested Transfer

Except for a transfer permitted pursuant to Section 2.2.2, Developer shall provide Authority with thirty (30) calendar days' prior written notice of its intent to assign or transfer and shall request any approval sought for such assignment or transfer described in Section 2.2.1 above. Such notice shall be accompanied by evidence regarding the proposed assignee's or purchaser's development, operation and management qualifications and experience

and its financial commitments and resources sufficient to enable the Authority to evaluate the proposed assignee or purchaser is qualified and capable to perform the Developer's obligations pursuant to this Agreement.

Within thirty (30) calendar days, or, if board or council approval is required, forty-five (45) calendar days, after the receipt of Developer's written request for Authority approval of an assignment or transfer pursuant to this Section 2.2.3, Authority shall respond in writing either approving the proposed assignee or transferee or requesting further information required by Authority in order to determine whether or not to grant the requested approval. Upon receipt of such a request for further information, Developer shall promptly furnish to Authority such requested information.

An assignment or transfer approved by the Authority pursuant to this Section 2.2.3 shall not be effective unless and until the proposed assignee or transferee executes and delivers to the Authority an agreement in form reasonably satisfactory to Authority's legal counsel assuming the obligations of Developer under the Authority Conveyance Documents. Thereafter, the assignor shall remain responsible to Authority for performance of the obligations assumed by the assignee unless the Authority releases the assignor in writing.

2.2.4. Successors and Assigns

All of the terms, covenants and conditions of this Agreement shall be binding upon Developer and the permitted successors and assigns of Developer.

3. FINANCING OF THE PROJECT

3.1. Sources of Financing

As set forth in the Project Budget, the parties anticipate that Project costs shall be financed with a combination of funds from the proceeds of the CalVet Loan Program, corporate sponsorship and grants, the City HOME Loan, Housing Authority write down of land value, and such other financing sources as secured pursuant to Section 3.3.

As a condition precedent to Authority's obligation to transfer the Site at the Closing, Developer shall submit to the Executive Director evidence that Developer has obtained, or will obtain prior to the Closing, sufficient commitments for financing the completion of the Project such that the Executive Director is reasonably satisfied based upon the review and findings of the Authority's financial consultant that the Project can be constructed and the Affordable Units sold accordance with this Agreement. Such evidence (collectively, the "Evidence of Financing") shall include, at a minimum:

i. Final construction loan or other construction financing documents in an amount sufficient to construct the Project in accordance herewith along with evidence reasonably satisfactory to the President that the lender intends to execute the same and provide an initial funding on the Closing. Any such agreement shall provide for notice of default to the Authority, and a right to cure.

ii. Evidence of such other loans, donations, equity or grants as may be required to pay (i) the amount of the construction costs for the Improvements, plus (ii) an amount equal to all consultant and loan fees, "points," commissions, bond issuance costs, charges,

furnishings, fixtures, taxes, interest, start-up costs, Developer's overhead and administration, and other costs and expenses of developing, completing and selling the Affordable Units.

iii. A copy of the most recently prepared Annual Financial Statement for Developer.

iv. Evidence of such other financing or grants constituting the down payment assistance for the sale of the Affordable Units, and such evidence as may be required to satisfy the President that Developer has obtained sufficient financing to sell the Project to Qualified Buyers such that the Project is financially feasible, and able to meet its financial obligations as required hereby and by any other agreements binding upon the Project, and in accordance with the Project Budget.

A final Project Budget and Evidence of Financing shall satisfy the Executive Director that (a) Developer has obtained sufficient financing to construct and operate the Project during the Affordability Period, (b) that the interest rate to be charged on any financing is commercially reasonable, and (c) that the Project is financially feasible and able to meet its financial obligations as required hereby and by any other agreements binding upon the Project, and in accordance with the Project Budget.

3.2. Construction Bond

Prior to Closing, Developer shall furnish Authority with a payment bond in an amount not less than one hundred percent (100%) of the costs for the applicable Improvements and a completion bond guaranteeing contractor's completion of those Improvements free from liens of material men, contractors, subcontractors, mechanics, laborers, and other similar liens. Said bonds shall be issued by a responsible surety company, licensed to do business in California, and with a financial strength and credit rating reasonably acceptable to Authority and shall remain in effect until the entire costs for such Improvements shall have been paid in full. Any such bonds shall be in a form reasonably satisfactory to Authority legal counsel and the City Risk Manager. In lieu of the payment and performance bonds, Developer may provide (i) a guaranty, in such form as reasonably required by Authority, to be executed for the lien free completion of the Project in accordance with this Agreement; or (ii) a letter of credit issued to Authority in the amount of not less than one hundred percent (100%) of the costs for the applicable Improvements, in a form and from a financial institution approved by Authority, which approval shall not be unreasonably withheld.

3.3. Sources of Financing

3.3.1. CalVet Loan Program

Developer has received confirmation that CalVet has set aside funding for the Project through the CalVet Loan Program. The terms and provisions of the CalVet Loan Program shall be similar to ordinary and customary provisions of lenders on loans similar to that provided by the CalVet Loan Program. The CalVet Loan Program shall provide for normal and customary disbursement controls, the payment of normal and customary fees and expenses for a loan of similar size and purpose, and for the payment of other expenses contained in the Project Budget. Documentation for the CalVet Loan Program shall be subject to the review and approval of the Authority, which shall not be unreasonably withheld.

3.3.2. City HOME Loan

City is in the process of appropriating a loan to Developer, from available funds pursuant to the federal HOME Investment Partnerships Act and HOME Investment Partnerships Program, 42 U.S.C. Section 12701, et seq., and the implementing regulations thereto set forth in 24 CFR Section 92.1, et seq. (collectively, the "HOME Program") by way of a HOME Partnership Investment Loan Agreement (the "City HOME Loan Agreement") in an amount not to exceed \$150,000 (the "City HOME Loan").

The City HOME Loan shall be evidenced by the City Promissory Note, which shall be secured by the recordation of the City Deed of Trust against the Site, and subject to the covenants set forth in the City HOME Declaration Agreement (collectively and together with the City HOME Loan Agreement, the "City HOME Loan Documents").

3.3.3. Developer Financing/Corporate Sponsors

Developer may provide financing to the Project and/or may secure assistance from corporate sponsors. In the event that developer financing is utilized, interest and fees shall not exceed reasonable and customary interest and fees for similar commercial loans.

3.3.4. Rights of Termination in the Event of Insufficiency of Funds

If at any time prior to the Closing and recordation of the Grant Deed, the Parties estimate that the aggregate amount of the sources of funds set forth in Section 3, *et seq.*, is less than the Project Costs necessary to complete the Project, the Parties shall meet to identify potential supplemental funding sources and shall diligently pursue such additional funds.

So long as the Developer demonstrates to the satisfaction of the Executive Director that the Developer is diligently pursuing additional funds to complete the Project, times for performance as set forth in the Schedule of Performance shall automatically extend up to twelve (12) months (the "Extension Period"). During the Extension Period, the Developer shall continue to maintain the Site in accordance with the requirements of this Agreement.

In the event the Parties are unsuccessful in securing additional funds necessary for the Project, the Parties shall meet and confer in good faith to modify the Project to allow partial completion with available funding sources. If the Parties reasonably determine that modification and partial completion of the Project renders the Project financially infeasible, Developer may request that Authority provide additional funding for completion of the Project.

Authority shall have 45 days to consider and act upon such additional funding request. In the event that the Authority declines to provide a firm commitment by way of formal resolution to commit the necessary additional funds, Developer may terminate this Agreement.

In the event that Developer desires to terminate the Agreement, Developer shall promptly notify the Authority in writing of its intent. Notwithstanding the foregoing, Developer's indemnification obligations under this Agreement shall remain in force following such termination with respect to any events occurring or claims accruing prior to the date of termination.

After the Closing, Developer shall be solely responsible for all remaining Project Costs and shall be obligated to complete the Project substantially in accordance with this Agreement.

3.4. Obligation to Update Project Budget

Developer shall update the Project Budget in the event of a proposed material change to the Project Budget. In the event of a proposed material change to the Project Budget, Developer shall notify Authority in writing of the nature of the proposed change, including a detailed description of the effect of such change, and submit a revised, pro forma Project Budget reflecting such change to Authority. Authority shall have the right to approve such change prior to Developer taking any action in furtherance of such change.

4. **DISPOSITION OF SITE**

4.1. Conveyance of Site to Developer

Subject to all of the terms and conditions set forth in this Agreement, Authority agrees to convey to Developer, and Developer agrees to acquire from Authority, all of Authority's right, title, and interest in and to the Site, together with all rights, privileges, tenements, hereditaments, rights-of-way, easements, and appurtenances thereto, if any, (the "Conveyance").

Authority has determined that, based on the conditions imposed on the Developer with respect to the construction of the Improvements, and the operation of the Project, and the maintenance of the Site, the reuse value of the Site equals the Purchase Price; accordingly, the consideration for the Conveyance shall be Developer's payment of the Purchase Price, plus Developer's agreement to perform the construction of the Improvements, sell the Affordable Units and be bound by the covenants and restrictions set forth herein.

The Authority shall convey all of Authority's interest in and to the Site to Developer by the Grant Deed.

4.2. Condition of the Site

4.2.1. Disclosure

Prior to the Effective Date, Authority has delivered to Developer copies of any environmental reports in the possession of the Authority. Other than as may be disclosed by such environmental reports, Authority hereby represents and warrants to Developer that Authority has not received any additional written notice or communication from any government agency having jurisdiction over the Site, notifying Authority or any third party of, and Authority has no additional actual knowledge of, the presence of surface or subsurface zone Hazardous Materials in, on, or under the Site, or any portion thereof.

4.2.2. Developer's Investigation of the Site

Prior to the expiration of the Developer Approval Period, Developer shall have the right to access the Site during regular business hours and upon reasonable Notice to the Authority for the purpose of obtaining data and conducting surveys and tests, including but not limited to environmental, soils, and engineering assessments. Any surveys, tests, or other assessments concerning the Site by Developer shall be done at its sole expense and only after the Developer party has secured any necessary permits from the appropriate governmental agencies

and shall be pursuant to a right of entry in form approved by the Authority. Developer hereby indemnifies and holds the Authority harmless from any injury or damages arising out of any activity of Developer, its agents, employees and contractors, performed and conducted on the Site pursuant to this Section 4.2.2.

4.2.3. Acceptance of Condition of Site

Unless this Agreement is earlier terminated in accordance with Section 8.6 et seq., Developer will be deemed to have approved the physical and environmental condition of the Site upon the expiration of the Developer Approval Period.

4.2.4. No Further Warranties As To Site; Release of City and Authority

Except for the representations and warranties herein, upon the Closing, the physical and environmental condition, possession or title (as the case may be) of the Site is and shall be delivered from Authority to Developer in an “as-is” condition, with no warranty expressed or implied by the Authority, including without limitation, the presence of Hazardous Materials 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.

Except for obligations of Authority set forth in this Agreement, upon the Closing, Developer hereby waives, releases and discharges forever City and Authority, and their employees, officers, agents, and representatives, from all present and future claims, demands, suits, legal and administrative proceedings and from all liability for damages, losses, costs, liabilities, fees and expenses, present and future, arising out of or in any way connected with City’s, Authority’s, or Developer’s use, maintenance, ownership, or operation of the Site, except those arising out of the sole negligence or misconduct of City and/or Authority, or their employees, officers, agents, or representatives.

Developer acknowledges that it is aware of and familiar with the provisions of Section 1542 of the California Civil Code which provides as follows:

“A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor.”

As such relates to Section 4.2, and excepting those obligations of the Authority set forth in this Agreement, Developer hereby waives and relinquishes all rights and benefits which it may have under Section 1542 of the California Civil Code.

4.3. Escrow

Within the time specified in the Schedule of Performance, the Parties shall open escrow (the “Escrow”) for the Conveyance with Escrow Company.

4.3.1. Escrow Instructions

This Agreement constitutes the joint escrow instructions of Developer and the Authority for the Conveyance, and the Escrow Agent to whom these instructions are delivered is hereby empowered to act under this Agreement. Any amendment of these escrow instructions shall be in writing and signed by Developer and Authority. At the time of any

amendment, the Escrow Agent shall agree to carry out its duties as Escrow Agent under such amendment. All communications from the Escrow Agent to Developer or Authority shall be directed to the addresses and in the manner established in Section 9.1 for Notice between Developer and Authority. Insurance policies for fire or casualty are not to be transferred, and Authority will cancel its own policies, if applicable, after the Closing.

4.3.2. General Provisions Applicable to Escrow Agent

The following general provisions shall be applicable to the Escrow Agent.

a. All disbursements shall be made by check or wire transfer of the Escrow Agent. All funds received in the Escrow shall be deposited in a separate interest-earning escrow account with any bank doing business in the State of California and approved by Developer.

b. The Parties to the Escrow jointly and severally agree to pay all costs, damages, judgments and expenses, including reasonable attorneys' fees, suffered or incurred by the Escrow Agent in connection with, or arising out of the Escrow, including, but without limiting the generality of the foregoing, a suit in interpleader brought by the Escrow Agent. In the event that the Escrow Agent files a suit in interpleader, the Escrow Agent shall be fully released and discharged from all obligations imposed upon the Escrow Agent in the Escrow.

c. All prorations and/or adjustments called for in the Escrow shall be made on the basis of a thirty (30) day month unless the Escrow Agent is otherwise instructed in writing.

4.3.3. Authority of Escrow Agent

The Escrow Agent is authorized to, and shall:

a. pay and charge Developer for any Escrow Costs payable under Section 4.3.4;

b. pay and charge Authority any amount necessary to place title in the condition necessary to satisfy Section 4.3.5;

c. pay and charge Developer for the premium of the City Title Policy and the Developer Title Policy as set forth in Section 4.3.6 and, if applicable, pay and charge Developer for any upgrade of the Developer Title Policy or Additional Endorsements to the Developer Title Policy which are requested by Developer pursuant to Section 4.3.6;

d. disburse funds and record and deliver to Developer the Grant Deed when both Developer's Conditions Precedent to Closing and the Authority's Conditions Precedent to the Closing are satisfied or waived in writing by the Party for whom the condition was established;

e. insert appropriate amounts and the date of the Closing in documents deposited by the Parties in the Escrow;

f. do such other actions as necessary to fulfill the Escrow Agent's obligations under this Agreement, including, if applicable, obtaining the Developer Title Policy

and the City Title Report recording any instrument delivered through Escrow if necessary and proper in the issuance of such title policies;

g. within the discretion of the Escrow Agent, direct Developer and Authority to execute and deliver any instrument, affidavit or statement, and to perform any act reasonably necessary to comply with the provisions of FIRPTA and any similar state act or regulation promulgated thereunder. Authority agree to execute a Certificate of Non-Foreign Status by individual transferor, a Certificate of Compliance with Real Estate Reporting Requirement of the 1986 Tax Reform Act and/or a California Franchise Tax Board Form 590 or similar form to assure Developer that there exist no withholding requirements imposed by application of law as may be required by the Escrow Agent, on forms supplied by the Escrow Agent;

h. 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 and/or withholding are provided for or required by law; and

i. prepare and deliver to Developer and Authority for their review and approval prior to the Closing a settlement statement.

4.3.4. Escrow Costs

Developer shall pay the costs of documentary stamps on the Grant Deeds, the costs of recording charges, all other customary and usual Escrow fees, charges and costs which arise from the Escrow.

4.3.5. Review of Title

Within the time specified in the Schedule of Performance, the Parties shall cause the Title Company to deliver to Developer a standard preliminary title report with respect to the Site, together with legible copies of the documents underlying the exceptions (the "Exceptions") set forth in the preliminary title report (collectively, the "Preliminary Title Report").

Developer shall have thirty (30) days from Developer's receipt of the Preliminary Title Report to give Notice to Authority and the Escrow Agent of Developer's approval or disapproval of the Preliminary Title Report, including without limitation any Exceptions. If Developer notifies Authority of Developer's disapproval of any items, Authority shall have the right, but not the obligation, to remove any disapproved items after receiving Notice of Developer's disapproval or provide assurances reasonably satisfactory to Developer that such items will be removed or remedied on or before the expiration of the Developer Approval Period. Authority shall exercise such right by Notice to Developer within ten (10) days of receipt of Notice from Developer of Developer's disapproval. If Authority cannot or does not elect to remove any disapproved items, Developer may, at its election, deliver Notice to the Authority that Developer intends to proceed with the Conveyance subject to the disapproved items by way of the Notice to Proceed or (ii) give Authority Notice that Developer does not elect to accept the Conveyance and elects to terminate the Escrow and this Agreement, whereupon any sums deposited by Developer into Escrow and all interest earned thereon shall be returned to Developer. The Exceptions to title approved by Developer as provided herein shall hereinafter

be referred to as the “Permitted Exceptions” and/or the “Condition of Title.” Developer shall have the right to approve or disapprove in the manner provided in this Section any Exception reported by the Title Company or otherwise discovered after Developer has approved the Condition of Title (which are not created by Developer). Notwithstanding anything herein to the contrary, Authority shall remove prior to Closing all monetary liens other than non-delinquent taxes and assessments.

4.3.6. Title Insurance

a. Developer Title Insurance. Concurrently with the recordation of the Grant Deed, the Title Company shall issue and deliver to Developer, at Developer’s cost, an CLTA owner’s policy of title insurance, together with the Approved Endorsements (the “Developer Title Policy”), insuring that fee simple title to the Site is vested in Developer in the Condition of Title. The Title Company shall provide Authority with a copy of the Developer Title Policy. The Developer Title Policy shall be in an amount reasonably determined by Developer and shall be issued at the exact date and time of Closing; provided, however, that the Title Company shall, if requested by Developer, provide ALTA extended coverage policy as needed and any endorsements reasonably requested by Developer (collectively, the “Additional Endorsements”). The additional cost of such ALTA extended coverage and the Additional Endorsements shall be borne by Developer. Authority shall, at no cost or expense to Authority, cooperate with and assist Developer in obtaining such ALTA extended coverage and any Additional Endorsements, including required indemnities that are customary and reasonable, or special coverage reasonably requested by Developer.

b. City Title Insurance. Concurrently with the recordation of the City Deed of Trust as a lien against the Site, the Title Company shall issue and deliver to City, respectively, at Developer’s cost, an ALTA standard form lender’s policy of title insurance, together with the Approved Endorsements (the “City Title Policy”), insuring that (i) fee simple title to the Site is vested in Developer in the Condition of Title, and (ii) the Authority Declaration and the recordable City HOME Loan Documents are liens against the fee estates held by Developer. The Title Company shall provide Developer with a copy of the City Title Policy. The City Title Policy shall be in the amount of the City HOME Loan and shall be issued at the exact date and time of Closing; provided, however, that the Title Company shall, if requested by Authority, provide any extended coverage and any endorsements reasonably requested by Authority (collectively, the “Additional Endorsements”).

4.3.7. Authority’s Conditions Precedent to Closing

Authority’s obligation to close Escrow is conditioned upon the satisfaction or written waiver by Authority of each and every one of the conditions precedent a. through n., inclusive, described below (the “Authority’s Conditions Precedent to Closing”), which are solely for the benefit of Authority, and which shall be satisfied or waived by the time periods provided for herein:

a. Authority Declaration. Developer shall have executed and delivered into Escrow the Authority Declaration and such other documents as may be reasonably requested by Authority in connection therewith and all of which shall be in a form acceptable to Authority.

b. City HOME Loan Documents. Developer shall have executed and delivered into Escrow the City HOME Loan Documents and such other documents as may be reasonably requested by City in connection therewith and all of which shall be in a form acceptable to City.

c. Notice to Proceed. Developer shall have timely issued the Notice to Proceed.

d. Physical and Environmental Condition of Site. Prior to the expiration of the Developer's Approval Period, Developer shall not have elected to cancel Escrow and terminate this Agreement due to the physical or environmental condition of the Site.

e. Escrow Costs. Developer shall have deposited into Escrow the Developer's share of Escrow Costs along with any other required costs of Closing.

f. City Title Policy. The Title Company shall, upon payment of the Title Company's regularly scheduled premium, be irrevocably committed to issue the City Title Policy upon the Closing, in accordance with Section 4.3.6.

g. Financing. The Executive Director has approved Evidence of Financing in accordance with Section 3.1.

h. Project Budget. Developer has submitted and the Executive Director has approved a Project Budget dated as of Closing.

i. Schedule of Performance. Developer has submitted and Authority has approved a Schedule of Performance dated as of Closing.

j. Performance Bond. Developer shall have delivered the performance bond or other suitable security as provided in Section 3.2.

k. Insurance. Developer, at its cost, shall procure or have procured and be maintaining in full force and effect insurance consistent with the requirements of Section 7.2 and in the amounts specified therein. Developer shall have submitted to Authority an insurance certificate or other acceptable written evidence demonstrating compliance with the foregoing requirement.

l. Project Entitlements. Developer shall have obtained all entitlements necessary to commence construction of the Project in the manner contemplated by this Agreement (which shall be final and not subject to further appeal).

m. No Litigation. No litigation shall be pending or threatened by any third parties which seek to enjoin the transactions contemplated herein.

n. No Default. Developer is not in default of any of its material obligations under the terms of this Agreement and all representations and warranties of Developer contained herein shall be true and correct in all material respects.

4.3.8. Developer's Conditions to Closing

Developer's obligation to close Escrow is conditioned upon the satisfaction or written waiver by Developer of each and every one of the conditions precedent a.

through j., inclusive, described below (the “Developer’s Conditions Precedent to Closing”), which are solely for the benefit of Developer, and which shall be satisfied or waived by the time periods provided for herein:

- a. Execution of Documents. Authority shall have executed and deposited into Escrow all documents to which it is a party.
- b. Review and Approval of Title. Developer shall have reviewed and approved the condition of title, as provided in Section 4.3.5.
- c. Owner’s Title Policy. The Title Company shall, upon payment of the Title Company’s regularly scheduled premium, be irrevocably committed to issue the Developer Title Policy upon the Closing, in accordance with Section 4.3.6.
- d. Financing. Developer has obtained all of the financing described in Section 3.8 and the Executive Director has approved Evidence of Financing in accordance with Section 3.1.
- e. Project Budget. The Executive Director has approved a Project Budget timely submitted by Developer and dated as of Closing.
- f. Schedule of Performance. The Executive Director has approved a Schedule of Performance timely submitted by the Developer and dated as of Closing.
- g. Approval of Environmental Condition of the Site. Developer shall have approved the condition of the Site in accordance to the provisions of Section 4.2.
- h. Project Entitlements. Developer shall have obtained all entitlements necessary to commence construction of the Project in the manner contemplated by this Agreement (which shall be final and not subject to further appeal).
- i. No Litigation. No litigation shall be pending or threatened by any third parties which seek to enjoin the transaction contemplated herein or to obtain damages in connection with this Agreement.
- j. No Default. Authority is not in default of any of its obligations under the terms of this Agreement and all representations and warranties of Authority contained herein shall be true and correct in all material respects.

4.3.9. Termination of Escrow

If the Escrow is not in a condition to close by the Outside Closing Date, as the same may be extended pursuant to this Agreement, then either Party which has fully performed under this Agreement may, in writing, demand the return of money, documents or property and terminate the Escrow and this Agreement. If either Party makes a written demand for the return of its money, documents or property, this Agreement shall not terminate until twenty (20) days after the Escrow Agent shall have delivered copies of such demand to the other Party at the respective addresses set forth in Section 9.1 hereof. If any objections are raised by written Notice within such twenty (20) day period, the Escrow Agent is authorized to hold all money, documents or property until instructed by a court of competent jurisdiction or by mutual written instructions of the Parties. If no such objections are timely made, the Escrow Agent shall immediately return the demanded money and/or documents, and the escrow cancellation charges

shall be paid by the undemanding Party. Termination of the Escrow shall be without prejudice as to whatever legal rights, if any, either Party may have against the other arising from this Agreement. If no demands are made, the Escrow Agent shall proceed with the Closing as soon as possible consistent with the terms of this Agreement. Nothing in this Section shall be construed to impair or affect the rights of Developer to specific performance.

4.3.10. Closing of Escrow

The Conveyance shall close (the “Close” or “Closing”) within five (5) days of the satisfaction or written waiver of both Developer’s Conditions Precedent to Closing and the Authority’s Conditions Precedent to Closing, but in no event later than the Outside Closing Date. The Closing shall occur at the Escrow. The Close or Closing shall mean the time and day that the Grant Deeds are recorded in the Official Records. The Closing Date shall mean the day on which the Closing occurs.

4.3.11. Closing Procedure

The Escrow Agent shall Close the Escrow as follows:

- a. record the Grant Deed with instruction to the County Recorder to deliver of the Grant Deed to Developer and a conforming copy thereof to Authority;
- b. record the Authority Declaration with instruction to the County Recorder to deliver Authority Declaration to the Authority and a conforming copy thereof to Developer;
- c. record the Notice of Affordability Restrictions with instruction to the County Recorder to deliver Notice of Affordability Restrictions to the Authority and a conforming copy thereof to Developer;
- d. record the City HOME Declaration with instruction to the County Recorder to deliver of the City HOME Declaration to the City and a conforming copy thereof to Developer;
- e. record the City Deed of Trust with instruction to the County Recorder to deliver of the City Deed of Trust to the Authority and a conforming copy thereof to Developer;
- f. deliver the Developer Title Policy issued by the Title Company to Developer;
- g. deliver the City Title Policy issued by the Title Company to Authority;
- h. file any informational reports required by Internal Revenue Code Section 6045(e), as amended, and any other applicable requirements;
- i. deliver the FIRPTA Certificate, if any, to Developer, and
- j. forward to Developer and Authority a separate accounting of all funds received and disbursed for each Party and copies of all executed, recorded, or filed

documents deposited into Escrow, with such recording and filing date and information endorsed thereon.

The Parties shall reasonably cooperate in modifying the foregoing closing procedures to accommodate the time Closing.

5. DEVELOPMENT OF THE SITE

5.1. Scope of Work

The Developer shall construct the Project substantially in accordance with the attached Project Development (Attachment No. 3), applicable Governmental Regulations, including (without limitation) all applicable zoning, planning and design review requirements of the City and all permits and entitlements issued for the Project. Subject to Section 6, the Developer shall, by the respective times established therefor in the Schedule of Performance, obtain the necessary permits, or permit ready letter, and commence and complete (or cause to be commenced and completed) the improvements on the Site and construction of the Project.

Project construction may be phased. Notwithstanding the foregoing, the Project shall be completed by the time established therefor in the Schedule of Performance.

5.2. Permits and Entitlements

Before commencement of the Project or other works of improvement upon the Site, the Developer shall, at its own expense, secure or cause to be secured any and all permits, entitlements or approvals which may be required by the City in accordance with its Municipal Code and land use entitlement process and by any other governmental entity with jurisdiction over the Site and/or the Project in accordance with applicable Governmental Regulations. Such expenses shall be deemed Project Costs. The Authority shall reasonably cooperate and assist Developer's efforts to comply with this Section 5.2, provided, however that the execution of this Agreement does not constitute the granting of or a commitment to obtain any required land use entitlements or approvals required by the Authority or the City.

5.3. Defects in Plans

Neither the City or the Authority shall be responsible to the Developer or to third parties in any way for any defects in the design of the Project, nor for any structural or other defects in any work done according to the approved design of the Project, nor for any delays reasonably caused by the review and approval processes established by this Section 5.3. The Developer shall hold harmless, indemnify and defend the City and the Authority and their respective officers, employees, agents and representatives from and against any claims, suits for damages to property or injuries to persons arising out of or in any way relating to defects in the design of the Project, including (without limitation) the violation of any laws, and for defects in any work.

5.4. Subdivision of Site

In accordance with applicable requirements of the Subdivision Map Act, Government Code Section 66410, *et seq.*, and the City's applicable subdivision ordinance, the Developer shall cause the Site to be subdivided into individual parcels comprising the Affordable

Units. Such subdivision shall ensure that each Affordable Unit is comprised of a legal, insurable parcel sufficient to allow development.

5.5. Demolition and Clearance of the Site

After the expiration of the Developer's Approval Period, the Developer shall perform any demolition, clearance or preparation of the Site, or any remediation thereon, necessary for the Project. The Developer shall carry out or cause to be carried out the demolition and Site clearance in compliance with all applicable Federal, State and local laws, regulations and enactments including, without limitation, obtaining building or demolition permits, as required, and inspection for and removal as required of asbestos. The Developer acknowledges that the Authority makes no representations or warranties concerning the Site, its suitability for the use intended by the Developer, or the surface or subsurface conditions of the Site. It shall be the sole responsibility of the Developer to investigate and determine the soil conditions of the Site for the construction of all improvements thereon. If the soil conditions of the Site are not in all respects entirely suitable for the use or uses to which the Site will be put, then it is the sole responsibility and obligation of the Developer to take such action as may be necessary to place the Site in a condition entirely suitable for the development of the Project on the Site.

5.6. Construction of the Project

The cost of planning, designing, developing and constructing the Project, and any demolition and removal of any existing structure or Site improvements, Site remediation and Site preparation costs, shall be borne solely by the Developer.

Developer may act as the general contractor. Developer shall have submitted to Authority, and Authority shall have approved the proposed contractor/subcontractor bidding procedures and the proposed form of the contract to be entered into with the contractor and/or subcontractors. All such contracts shall be entered into with a duly licensed and insured contractor or subcontractors, and Developer shall comply, to the extent practicable subject to the availability of labor of comparable quality and skill, and the availability of materials of comparable cost and quality, with Health and Safety Code Section 33422.1 and 33422.3.

5.7. Design

The Developer assumes the responsibility for the design and construction of, and shall let contracts for (or cause contracts to be let for) the Project. All additional costs incurred for any reason in rehabilitating the Project shall be at the sole cost and expense of the Developer. The Developer assumes all obligation for ensuring conformity with all applicable Federal, State and local nondiscrimination, labor standards, prevailing wage rate requirements and competitive bidding requirements with respect to the Project.

5.8. Construction Schedule

Subject to Section 9.8, the Developer shall commence and complete all development activities within the times established therefor in the Schedule of Performance.

5.9. Bodily Injury and Property Damage Insurance; Indemnity

5.9.1. Insurance

The Developer shall maintain or shall cause its contractor(s) to maintain until the completion of the Project as determined by the Authority pursuant to Section 7.2 insurance in accordance with the Authority's uniform insurance requirements or as otherwise approved in writing by the Executive Director.

The obligations set forth in this Section 5.9.1 shall remain in effect only until a Release of Construction Covenants has been furnished to the Developer as provided in Section 5.17.

5.9.2. Developer's Indemnity

To the full extent permitted by law, Developer shall indemnify, defend and hold harmless Authority, and any and all of its employees, officials and agents (the Indemnitees) from and against any liability (including liability for claims, suits, actions, arbitration proceedings, administrative proceedings, compliance with applicable federal and state labor standards, regulatory proceedings, losses, expenses or cost of any kind, whether actual, alleged or threatened, including attorneys' fees and costs, court costs, interest or defense costs, including expert witness fees), where the same arise out of, are a consequence of, or are in any attributable to, in whole or in part, the performance of this Agreement by Developer, or by any individual or entity that Developer shall bear the legal liability thereof including but not limited to officers, agents, employees or contractors of Developer.

Without affecting the rights of Indemnitees under any provisions of this Agreement, Developer shall not be required to indemnify and hold harmless Indemnitees for liability attributable to the active negligence of Indemnitees, provided such active negligence is determined by agreement between the parties or by the findings of a court of competent jurisdiction. In instances where Indemnitees are shown to have been actively negligent and where Indemnitees' active negligence accounts for only a percentage of the liability involved, the obligation of Developer will be for that entire portion or percentage of liability not attributable to the active negligence of Indemnitees.

Developer agrees to obtain executed indemnity agreements with provisions identical to those set forth here in this section from each and every contractor or any other person or entity involved by, for, with or on behalf of Developer in the in the performance of this Agreement. In the event Developer fails to obtain such indemnity obligations from others as required here, Developer agrees to be fully responsible according to the terms of this Section 5.9.2.

Failure of Indemnitees to monitor compliance with these requirements imposes no additional obligations on Indemnitees and will in no way act as a waiver of any rights hereunder. This obligation to indemnify and defend Indemnitees as set forth here is binding on the successors, assigns or heirs of Developer and shall survive the termination of this Agreement or this Section 5.9.2.

5.10. Other Governmental Authority Permits and Environmental Compliance

Before commencement of demolition activities or construction or other works of improvement upon the Site, the Developer shall, at its own expense, secure or cause to be secured any and all land use and other entitlements or approvals, if any, which may be required by any other governmental agency affected by such construction or work.

The parties acknowledge and agree the California Environmental Quality Act, Public Resources Code Section 21000, *et seq.*, (“CEQA”) and National Environmental Policy Act of 1969, Public Law 91-190 as amended, 42 U.S.C. Sections 4321-4347 (“NEPA”) may become applicable to the Project as a result of processing Developer’s entitlement requests. Pursuant to CEQA and NEPA, certain environmental documents may be required to be prepared. The Developer agrees to cooperate with the City in obtaining information to determine environmental impact associated with such entitlements. The Developer shall be responsible to pay all costs incurred by the City to prepare or cause to be prepared such environmental documents with respect to any land use entitlements affecting the Site and to comply with any required mitigation measures imposed pursuant thereto.

Should the CEQA or NEPA reviews reveal environmental impacts from the Project which cannot be sufficiently mitigated, Developer, Authority shall then negotiate in good faith to restructure the Project in a manner that may reduce the environmental impacts of the projects.

5.11. Rights of Access

Prior to the issuance of a Release of Construction Covenants (as specified in Section 5.17), for purposes of assuring compliance with this Agreement, representatives of the Authority shall have the right of access to the Site, without charges or fees, at normal construction hours and upon at least 48 hours advance notice 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 Project so long as Authority representatives comply with all safety rules. Authority representatives shall, except in emergency situations, notify the Developer prior to exercising its rights pursuant to this Section 5.11.

5.12. Federal, State and Local Laws

5.12.1. Labor Standards

Developer shall carry out the Project in conformance with all applicable laws, including any and all applicable federal and state labor standards.

5.12.2. General

Developer shall comply with all applicable Governmental Regulations in the construction, use and operation of the Project, including all applicable federal, state and local statutes, ordinances, regulations and laws, including without limitation, 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 Riverside Municipal Code, and all applicable disabled and handicapped access requirements, including without limitation the Americans With Disabilities Act, 42 U.S.C. § 12101, *et seq.*, Government Code § 4450, *et seq.*, and Government Code § 11135, *et seq.*

5.13. Nondiscrimination During Construction and Rehabilitation

The Developer, for itself and its successors and assigns, agrees that, in the construction of the Project provided for in this Agreement, the Developer will not discriminate against any employee or applicant for employment because of race, color, creed, religion, sex, marital status, national origin or ancestry.

5.14. Taxes and Assessments

The Developer shall pay prior to delinquency all ad valorem real estate taxes and assessments on the Site during Developer's ownership thereof, subject to the Developer's right to contest in good faith any such taxes. The Developer shall remove or have removed any levy or attachment made on the Site or any part thereof, or assures the satisfaction thereof within a reasonable time.

5.15. Liens and Stop Notices

The 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 Project, the Developer shall within thirty (30) days of such recording or service or within five (5) days of the Authority's demand, whichever last occurs:

- a. pay and discharge the same; or
- b. effect the release thereof by recording and delivering to the Authority a surety bond in sufficient form and amount, or otherwise; or
- c. provide such other assurances which the 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 from the effect of such lien or bonded stop notice.

5.16. Mortgage Deed of Trust, Sale and Lease-Back Financing; Rights of Holders

5.16.1. No Encumbrances Except Mortgages, Deeds of Trust

Construction Mortgages, deeds of trust, sales and leases-back shall be permitted before completion of the Project with the Authority's prior written approval, which shall not be unreasonably withheld or delayed, but only for the purpose of securing loans of funds to be used for financing the Project, and any other purposes necessary for the construction of the Project, and necessary and appropriate under this Agreement. The Developer shall notify the Authority in advance of any mortgage, deed of trust or sale and lease-back financing, if the Developer proposes to enter into the same before completion of the Project. The Developer shall not enter into any such conveyance for financing without the prior written approval of the Authority, which approval the Authority shall not unreasonably withhold provided that (i) such conveyance for financing is given to a responsible financial or lending institution, person or entity, and (ii) the Developer has commenced or is prepared to commence construction of the Project. The Authority's approval shall not be required for any financing after the issuance of a Release of Construction Covenants for the Project as specified in Section 5.17.

5.16.2. Holder Not Obligated to Construct Improvements

The holder of any mortgage or deed of trust authorized by this Agreement shall not be obligated by the provisions of this Agreement to construct or complete the Project or to guarantee such construction or completion. Nothing in this Agreement shall be deemed to construe, permit or authorize any such holder to devote the Site to any uses or to construct any improvements thereon, other than those uses or improvements provided for or authorized by this Agreement.

5.16.3. Notice of Default to Mortgagee or Deed of Trust Holders, Right to Cure

Whenever the Authority delivers any notice or demand to Developer with respect to any breach or default by the Developer in completion of the Project and the Developer fails to cure or commence to cure to the Authority's satisfaction within sixty (60) days from the date of such notice, the Authority shall at the same time deliver to each holder of record of any mortgage or deed of trust authorized by this Agreement and granted by Developer, a copy of such notice or demand. Except as otherwise agreed to in the Subordination Agreement with a senior lender, each such holder shall (insofar as the rights granted by the Authority are concerned) have the right, at its option, within sixty (60) days after the receipt of the notice, to cure or remedy or commence to cure or remedy and diligently prosecute such cure or remedy to completion any such default and to add the cost thereof to the mortgage debt and the lien of its mortgage. Written notice of such holder's intention to cure Developer's default shall be deemed to be commencement of cure. Nothing contained in this Agreement shall be deemed to permit or authorize such holder to undertake or continue the construction or completion of the Project (beyond the extent necessary to conserve or protect the improvements or construction already made) without first having expressly assumed the Developer's obligations under this Agreement by written agreement satisfactory to the Authority. The holder, in that event, must agree to complete, in the manner provided in this Agreement, the Project to which the lien or title of such holder relates, and submit evidence satisfactory to the Authority that it has the qualifications and financial responsibility necessary to perform such obligations. Any such holder properly completing the Project shall be entitled, upon compliance with the requirements of this Agreement, to a Release of Construction Covenants as specified in Section 5.17.

5.16.4. Failure of Holder to Complete Project

Except as otherwise agreed to in the Subordination Agreement with a senior lender, in any case where, thirty (30) days after the holder of any mortgage or deed of trust creating a lien or encumbrance upon the Site or any part thereof receives notice of default by the Developer in connection with the construction of the Project under this Agreement, and such holder has not exercised the option to construct as set forth in Section 5.16.2, or if it has exercised the option and has not proceeded diligently with construction, or to obtain title after institution of foreclosure or trustee's sale proceedings, the Authority may purchase the mortgage or deed of trust by payment to the holder of the amount of the unpaid mortgage or deed of trust debt, including principal and interest and all other sums secured by the mortgage or deed of trust. If the ownership of the Site or any part thereof has vested in the holder by virtue of a deed in lieu of foreclosure, the Authority, if it so desires, shall be entitled to a conveyance from the holder to the Authority, upon payment to the holder of an amount equal to the sum of the following items (i) through (v) less any income derived by the lender from operations conducted on the Site (the

receipt of principal and interest payments in the ordinary course of business shall not constitute income for the purposes of this Section):

(i) The unpaid mortgage or deed of trust debt at the time title became vested in the holder (less all appropriate credits, including those resulting from collection and application of rentals and other income received during foreclosure proceedings);

(ii) All expenses with respect to foreclosure;

(iii) The net expense, if any (exclusive of general overhead), incurred by the holder as a direct result of the subsequent management of the Project or part thereof;

(iv) The costs of any improvements made by such holder; and

(v) An amount equivalent to the interest that would have accrued on the aggregate of such amounts had all such amounts become part of the mortgage or deed of trust debt and such debt had continued in existence to the date of payment by the Authority.

5.16.5. Right of the Authority to Cure Mortgage or Deed of Trust Default

Except as otherwise agreed to in the Subordination Agreement with a senior lender, in the event of a mortgage or deed of trust default or breach by the Developer past any applicable notice and cure period and prior to the issuance by the Authority of the Release of Construction Covenants in accordance with Section 5.17, the Developer shall immediately deliver to the Authority a copy of any mortgage holder's notice of default. If the holder of any mortgage or deed of trust has not exercised its option to construct, the Authority shall have the right, but not the obligation to cure the default. In such event, the Authority shall be entitled to reimbursement from the Developer of all proper costs and expenses incurred by the Authority in curing such default. Such costs and expenses incurred by the Authority shall accrue interest until paid by the Developer at the rate of ten percent (10%) per annum or the maximum allowable interest rate permitted by applicable law, whichever is lower. Such costs and expenses and any interest accrued thereon shall be secured as additional advances by and pursuant to the Deed of Trust and the Assignment of Rents.

In furtherance of this Section 5.16.5, every subordination agreement entered into by and between the Authority and a senior lien holder pursuant to Section 3.3.3 shall include an acknowledgment and agreement by the senior lien holder to provide notice of Developer's default to the Authority.

5.16.6. Right of the Authority to Satisfy Other Liens on the Site After Title Passes

Subject to the rights of any senior lender, prior to the issuance by the Authority of the Release of Construction Covenants in accordance with Section 5.17 and after the Developer has had written notice and has failed after a reasonable time (but in any event not less than thirty (30) days) to challenge, cure, adequately bond against, or satisfy any liens or encumbrances on the Site which are not otherwise permitted under this Agreement, the Authority shall have the right (but not the obligation) to satisfy any such liens or encumbrances. The costs and expenses of such cure shall accrue interest until paid by the Developer at the rate of ten percent (10%) per annum or the maximum allowable interest rate provided by applicable law, whichever is lower. Such costs and expenses and any interest accrued thereon shall be

secured as additional advances by and pursuant to the Deed of Trust and the Assignment of Rents.

5.17. Release of Construction Covenants

Promptly after completion of each Affordable Unit in conformity with this Agreement, the Authority shall furnish the Developer with a "Release of Construction Covenants" upon written request therefor by the Developer. The Authority shall not unreasonably withhold such Release of Construction Covenants. The Release of Construction Covenants shall be substantially in the form of the "Release of Construction Covenants" (Attachment No. 11). The Release of Construction Covenants shall be a conclusive determination of satisfactory completion of the Project and the Release of Construction Covenants shall so state. Except as provided in the Declaration, any party then owning or thereafter purchasing, leasing or otherwise acquiring any interest in the Site shall not (because of such ownership, purchase, lease or acquisition) incur any obligation or liability under this Agreement except for those continuing covenants as set forth in Section 6, *et seq.*

If the Authority refuses or fails to furnish the Release of Construction Covenants, after written request from the Developer, the Authority shall, within thirty (30) days of written request therefor, provide the Developer with a written statement of the reasons the Authority refused or failed to furnish the Release of Construction Covenants. The statement shall also contain the Authority's opinion of the actions the Developer must take to obtain the Release of Construction Covenants. If the Authority shall have failed to provide such written statement within said thirty (30) day period, and on the condition that the City has issued a certificate of occupancy or equivalent document for the Project, the Project shall thereafter be deemed approved by the Authority and the Authority shall promptly issue the Release of Construction Covenants.

The Release of Construction Covenants shall not constitute evidence of compliance with or satisfaction of any obligation of the Developer to any holder of any mortgage, or any insurer of a mortgage securing money loaned to finance the Project, or any part thereof. The Release of Construction Covenants is not a notice of completion as referred to in Section 3093 of the California Civil Code.

6. COVENANTS AND RESTRICTIONS

6.1. Use Covenants

Developer covenants and agrees for itself, its successors, its assigns, and every successor in interest to the Site or any part thereof, that upon the acquisition of the Site and during the development and operation of the Project thereafter, Developer shall devote the Site solely to the uses specified in, and otherwise comply with the terms and conditions of, this Agreement and, the Authority Declaration. All uses conducted on the Site, including, without limitation, all activities undertaken by the Developer pursuant to this Agreement, shall conform to all applicable provisions of the Riverside Municipal Code.

6.2. Number of Affordable Units; Marketing Plan

Commencing upon and throughout the Affordability Period, Developer covenants and agrees that the Affordable Units shall be restricted to sale to and occupancy by Qualified

Buyers who are also Low Income Households in accordance with the provisions of the Authority Declaration.

At least one month prior to the proposed marketing of any Affordable Unit, Developer shall submit for approval by Authority a plan for marketing the sale of the Affordable Units (the "Marketing Plan"). The Marketing Plan shall include affirmative marketing procedures and requirements for reaching Qualified Buyers of the Affordable Units. The Marketing Plan shall include a plan for publicizing the availability of the Affordable Units within the City in a manner which gives notice to existing residents, and City sponsored newsletter, newspaper advertising in local newspapers and notices in City offices and community centers.

6.3. Sales Prices

Developer covenants and agrees that it shall not sell any Affordable Unit for a sales price in excess of the Affordable Housing Price to be determined by Developer and confirmed by Authority. Prior to marketing the Affordable Units for sale, Developer shall submit to Authority for its approval a calculation of the Affordable Housing Cost for each Affordable Unit. Such calculation shall be made in accordance with this Agreement and all applicable Governmental Regulations. The sales contract price for each Affordable Unit shall not exceed the Gross Affordable Sales Price.

6.4. Income of Qualified Buyer of the Affordable Units; Affordable Housing Cost

At least thirty (30) days prior to the proposed close of escrow for the sale of any Affordable Unit, Developer shall submit to Authority a completed income computation and certification form from the prospective buyer(s) of the Affordable Unit, together with a copy of all back-up supporting information, in such form as may be requested by Authority. Developer shall not transfer title to the Affordable Unit to the prospective buyer until the conditions set forth herein have been satisfied, including the requirement that Developer has determined and Authority has confirmed that the buyer is a Qualified Buyer and Developer has obtained Authority's written approval of the completed income computation and certification and supporting documentation. Developer shall obtain a certification from each Household purchasing an Affordable Unit demonstrating that such Household is a Low Income Household and meets the eligibility requirements established for the Affordable Unit such that the Household qualifies as a Qualified Buyer. Developer shall submit to Authority a computation demonstrating that the Affordable Unit will be sold to the prospective buyer(s) at an Gross Affordable Sales Price resulting in an Affordable Housing Cost to the buyer(s). Developer shall verify the income certifications and computations.

Developer shall obtain at least one of the following, as appropriate to the Household of the proposed buyer(s):

a. two (2) paycheck stubs from the proposed purchaser's two (2) most recent pay periods (and the same from any other member of the Household eighteen (18) years old or older);

b. a true copy of an income tax return from the proposed purchaser for the most recent tax year in which a return was filed (and the same from any other member of the Household eighteen (18) years old or older);

c. an income verification certification from the employer of the proposed purchaser and any other member of the Household eighteen (18) years old or older;

d. an income verification certification from the Social Security Administration and/or the California Department of Social Services if the proposed purchaser or any other member of the Household eighteen (18) years old or older receives assistance from such agencies; or

e. an alternate form of income verification reasonably requested by Authority if none of the above forms of verification is available.

6.5. Additional Qualified Buyer Requirements

Developer shall sell each Affordable Unit only to a proposed purchaser who qualifies as a First Time Homebuyer. For purposes of this Agreement and subject to any changes hereto required by any applicable Governmental Requirement at the time of sale of the Affordable Units, "First Time Homebuyer" means (i) a person or group of persons none of whom has held a present ownership interest in real property during all or any part of the three years preceding the proposed date of purchase of the Affordable Unit, or (ii) a displaced homemaker or single parent head of household who does not possess any present ownership interest in real property. For purposes of this Agreement and subject to any changes hereto required by any applicable Governmental Requirement at the time of sale of the Affordable Units, the term "displaced homemaker" shall mean an adult who has not worked full-time full-year in the labor force for a number of years but has, during such years, worked primarily without remuneration to care for the home and family, and who is unemployed or under employed and is experiencing difficulty in obtaining or upgrading employment. For purposes of this Agreement and subject to any changes hereto required by any applicable Governmental Requirement at the time of sale of the Affordable Units, the term "single parent" shall mean an individual who is unmarried or legally separated from a spouse and who has one or more minor children for whom the individual has custody or joint custody, or who is pregnant.

Subject to the requirements of all applicable Governmental Regulations, upon the sale of the Affordable Units any proposed Qualified Buyer must have sufficient credit worthiness to qualify for and obtain the first trust deed financing. The proposed buyer must be legally residing in the United States and have appropriate documentation demonstrating such legal residence.

6.6. Developer Sale of Affordable Units and Other Covenants

6.6.1. Formation of HOA; Recordation of HOA CC&Rs

No later than ninety (90) days prior to the proposed sale of any of the Affordable Units, Developer shall form a nonprofit mutual benefit corporation and a home owners' association ("HOA") for the Project and purchasers of the Affordable Units in accordance with the Davis-Stirling Common Interest Development Act (California Civil Code Sections 1350 through 1376) and any successor statutes (collectively, the "CID Law"). Developer shall obtain Authority's written approval of the HOA CC&Rs, and shall include such covenants and restrictions therein as may be requested by Authority with respect to the Affordable Units. Thereafter, Developer shall submit the HOA CC&Rs to the Department of Real Estate and otherwise comply with the CID Law and all other applicable Governmental

Regulations in connection with the formation of the HOA. Developer shall amend or cause to be amended the HOA CC&Rs as required by the CID Law upon transfer of the Affordable Units to the nonprofit mutual benefit corporation or the third party purchasers thereof, respectively. Developer shall not amend the HOA CC&Rs without the prior written approval of Authority. The HOA CC&Rs shall require that all Affordable Units be owner-occupied.

6.6.2. Disclosures to Homebuyers

Developer shall make all disclosures required by applicable Governmental Regulations to all buyers of the Affordable Units. Developer shall disclose to each buyer of an Affordable Unit that each Affordable Unit must be owner-occupied, and Developer must obtain a written confirmation from the buyers of each Affordable Unit of such disclosure. Developer must disclose to all prospective and actual buyers of the Affordable Units that the Affordable Unit will be restricted to resale to Qualified Buyers at an Gross Affordable Sales Price for forty five (45) years from the date of purchase of the Affordable Unit.

6.6.3. Conditions Precedent to Developer's Sale of the Affordable Units

In addition to other requirements with which Developer must comply under this Agreement, prior to Developer's sale of each Affordable Unit in the Project, Developer shall satisfy the following conditions (which conditions are solely for the benefit of Authority and shall be satisfied or waived in Authority's sole discretion):

a. No Default

There shall exist no condition, event or act which would constitute an Event of Default by Developer hereunder or which, upon the giving of notice or the passage of time, or both, would constitute an Event of Default by Developer.

b. Homebuyer Selection Plan

Developer shall have submitted to Authority, and Authority shall have approved, a written plan detailing the procedures to be employed by Developer in selecting prospective third party purchasers of the Affordable Units.

c. Marketing Plan

Developer shall have submitted to Authority, and Authority shall have approved, an updated Marketing Plan for the Affordable Units, in such form and substance as is reasonably acceptable to Authority.

d. Insurance

Developer shall have provided to Authority current insurance certificates conforming to the requirements hereof and evidence of latent construction defect insurance for the Affordable Units in such form and amount as is reasonably acceptable to Authority.

e. HOA; HOA CC&Rs

The HOA shall have been formed and be operating in accordance with the CID Law. Developer shall have prepared and submitted to Authority, and Authority shall have approved, the HOA CC&Rs.

f. Reserved

g. Affordable Units

Developer shall have demonstrated to Authority's satisfaction that any sale of an Affordable Unit is to a Qualified Buyer at a Gross Affordable Sales Price, all as calculated in accordance with this Agreement.

h. Affordable Housing Regulatory Agreement

Developer shall have submitted, and Authority shall have approved, a form of the Affordable Housing Regulatory Agreement, which shall contain covenants, conditions and restrictions required by Authority in accordance with all applicable Governmental Regulations, including, without limitation, covenants restricting the sale of the Affordable Unit to Qualified Buyers at an Affordable Price for forty five (45) years from the date of initial sale of the Affordable Unit.

i. HOME Regulatory Agreement

Developer shall have submitted, and City shall have approved, a form of the HOME Regulatory Agreement, which shall contain covenants, conditions and restrictions required by Authority in accordance with all applicable Governmental Regulations, including, without limitation, covenants restricting the sale of the Affordable Unit to Qualified Buyers at an Affordable Price for five (5) years from the date of initial sale of the Affordable Unit.

j. Disclosures

Prior to Developer's conveyance of an Affordable Unit, Developer shall provide to the buyer, and require his or her execution of, any disclosures required by this Agreement and any applicable Governmental Regulations.

k. Recordation of Affordable Housing CC&Rs

Any buyer of an Affordable Unit shall have acknowledged the Affordable Housing Regulatory Agreement and the HOME Regulatory Agreement, and such regulatory agreements shall have been recorded in the Official Records.

l. Estimated Closing Statement

Developer shall have provided, or caused the escrow agent to provide, to Authority, with respect to any proposed sale of an Affordable Unit, an estimated closing statement and Authority shall have notified the Developer and the escrow agent in writing that the transaction as shown on the estimated closing statement is acceptable.

Failure to meet any of the foregoing conditions precedent set forth in this Section prior to Developer's sale of any of the Affordable Units shall constitute a breach hereunder by Developer.

6.7. 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 Site, or any part of it, nor shall the Developer or any person claiming under or through it, establish or permit any practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees, or vendees in the Site, including the Affordable Units, or any portion thereof. The foregoing covenants shall run with the land.

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

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

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

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

Section 1360 of the Civil Code and subdivisions (n), (o), and (p) of Section 12955 of the Government Code shall apply to the foregoing paragraph.

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

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

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

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

6.8. Effect of Violation of the Terms and Provisions of this Agreement After Completion of Construction

The Authority is deemed the beneficiaries of the terms and provisions of this Agreement and of the covenants running with the land, for and in its own right 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, without regard to whether the Authority has been, remains or is an owner of any land or interest therein in the Site. The Authority shall have the right, if this Agreement or any covenants in any agreement pursuant to this Agreement, including the Grant Deed and the Declaration, are breached, following notice and expiration of all applicable cure periods, 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 such covenants may be entitled.

7. INDEMNITY AND INSURANCE

7.1. Developer's Indemnity

To the full extent permitted by law, Developer shall indemnify, defend and hold harmless Authority, and any and all of its employees, officials and agents (the "Indemnitees") from and against any liability (including liability for claims, suits, actions, arbitration proceedings, administrative proceedings, regulatory proceedings, losses, expenses or cost of any kind, whether actual, alleged or threatened, including attorneys' fees and costs, court costs, interest or defense costs, including expert witness fees), where the same arise out of, are a consequence of, or are in any way attributable to, in whole or in part, to: (i) Developer's failure to comply with all applicable laws; (ii) defects in the design of the Project as to all or any portion of the Project developed or caused to be developed by Developer, or (iii) any negligent performance or act or negligent failure to perform or act pursuant to this Agreement by Developer, or by any individual or entity that Developer shall bear the legal liability thereof including but not limited to officers, agents, employees or contractors of Developer.

Without affecting the rights of Indemnitees under any provisions of this Agreement, Developer shall not be required to indemnify and hold harmless Indemnitees for liability attributable to the active negligence of Indemnitees, provided such active negligence is determined by agreement between the parties or by the findings of a court of competent jurisdiction.

Failure of Indemnitees to monitor compliance with these requirements imposes no additional obligations on Indemnitees and will in no way act as a waiver of any rights hereunder. This obligation to indemnify and defend Indemnitees as set forth here is binding on the successors, assigns or heirs of Developer and shall survive the termination of this Agreement.

This indemnification provision supplements and in no way limits the scope of the indemnification set out elsewhere in this Agreement. The indemnity obligation of Developer under this Section shall survive the expiration or termination, for any reason, of this Agreement.

7.2. Insurance

Prior to the commencement of any work of improvement upon the Site and without limiting Developer's indemnity obligations set forth in the Agreement, Developer shall procure and maintain in full force during the term of this Agreement, the following forms of insurance coverage:

a. Workers' Compensation insurance which complies with all applicable state laws and requirements.

b. Comprehensive General Liability insurance with limits not less than One Million Dollars (\$1,000,000) per occurrence and Two Million Dollars (\$2,000,000) general aggregate for bodily injury and property damage, including coverages for contractual liability, personal injury, broad form property damage, products and completed operations.

c. Property insurance covering all real and personal (non-expendable) property leased or purchased in connection with the completion of the Project in a form appropriate for the nature of such property, covering all risks of loss, excluding earthquake and flood, for 100% of the replacement value, with deductible, if any, acceptable to the Authority, naming the Authority as loss payee.

d. Developer shall cause the general contractor to maintain insurance of the types and in at least the minimum amounts described in subsections a and b above, and shall require that such insurance shall meet all of the general requirements of subsections e, f, and g below. Unless waived by Authority, liability insurance to be maintained by the general contractors pursuant to this subsection shall name as additional insured Authority, and its officers, agents, employees and representatives.

e. The required insurance shall be provided under an occurrence form, and Developer shall maintain such coverage continuously throughout the term of this Agreement. Should any of the required insurance be provided under a form of coverage that includes an annual aggregate limit or provides that claims investigation or legal defense costs be included in such annual aggregate limit, such annual aggregate limit shall be three times the occurrence limits specified above.

f. Each insurance policy required by this Agreement shall contain the following clauses:

(1) "This insurance shall not be canceled, limited in scope or coverage, or non-renewed until after thirty (30) days prior written notice has been given to the Housing Authority of the City of Riverside."

(2) "It is agreed that the Housing Authority of the City of Riverside are self-insured and any insurance maintained by them shall apply in excess of and not contribute with insurance provided by this policy."

(3) "The Housing Authority of the City of Riverside and its officers, agents, employees, representatives and volunteers are added as additional insureds as respects operations and activities of, or on behalf of the named insured, performed under contract with the Housing Authority of the City of Riverside."

g. Developer shall deliver to Authority insurance endorsements evidencing the existence of the insurance policies required by this Agreement, and including the applicable clauses referenced above. Also, the Authority has the right to demand, and to receive within a reasonable time period, copies of any insurance policies required under this Agreement.

h. In addition to any other remedies the Authority may have if Developer fails to provide or maintain any insurance policies or policy endorsements to the extent and within the time herein required, Authority may at its sole option:

(1) Reserved.

(2) Reserved.

(3) In the event Developer has failed to commence curing such default within thirty (30) days of notice or thereafter fails to diligently pursue such cure, declare Developer to be in default, terminate this Agreement

Exercise of any of the above remedies, however, is an alternative to other remedies Authority may have and is not the exclusive remedy for Developer's failure to maintain insurance or secure appropriate endorsements. Nothing herein contained shall be construed as limiting in any way the extent to which Developer may be held responsible for payments of damages to persons or property resulting from Developer's performance of the work covered under this Agreement.

8. DEFAULTS, REMEDIES AND TERMINATION

8.1. Defaults - General

Subject to the extensions of time set forth in Section 9.8, failure or delay by either party to perform, comply with or observe any of the conditions, provisions, terms, covenants or representations of this Agreement, including any of the Attachments hereto, constitutes a default under this Agreement. As provided hereinbelow, 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. The injured party shall give written notice of default to the party in default, specifying the default complained of by the injured party. Failure or delay in giving such notice shall not constitute a waiver of any default, nor shall it change the date of default.

Except as required to protect against further damages, the injured party may not institute legal proceedings against the party in default until an "Event of Default" (as such term is hereinafter defined) has occurred. For purposes of this Agreement, an "Event of Default" for purposes of instituting legal proceedings by a non-defaulting party against the defaulting party shall mean a failure to satisfy, perform, comply with or observe any of the conditions, provisions, terms, covenants or representations contained in this Agreement, including any Attachment hereto, and such failure having continued uncured or without the defaulting party commencing to diligently cure for thirty (30) days after notice thereof in writing is mailed by the injured party to the defaulting party; provided, however, that if such event of default cannot be cured within such thirty (30) day period and Developer has diligently commenced efforts to cure, the Developer shall have such reasonable time to diligently prosecute such cure to completion. If a different period or notice requirement is specified for any particular default under any other provision of this Agreement, including any of the Attachments hereto, the specific provision shall control.

8.2. Legal Actions

8.2.1. Institution of Legal Actions

In addition to any other rights or remedies and subject to the restrictions otherwise set forth in this Agreement, either party may institute an action at law or equity to cure, correct or remedy any Event of Default, to recover damages as provided herein for any Event of Default, or to obtain any other remedy consistent with the purpose of this Agreement, subject to the nonrecourse nature of the loans after recordation of the Release of Construction

Covenants. Such legal actions may 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.

8.2.2. Applicable Law

The laws of the State of California shall govern the interpretation and enforcement of this Agreement.

8.2.3. Acceptance of Service of Process

In the event that any legal action is commenced by Developer against Authority, service of process on Authority shall be made by personal service upon the Authority's Secretary, or in such other manner as may be provided by law.

In the event that any legal action is commenced by Authority against Developer, service of process on Developer shall be made by personal service upon any owner, general partner, officer or manager of Developer or in such other manner as may be provided by law, whether made within or without the State of California.

8.3. Rights and Remedies are Cumulative

To the extent permitted by law and except with respect to rights and remedies expressly declared to be exclusive in this Agreement, the rights and remedies of the parties are cumulative, and the exercise by either party of one or more of such rights or remedies shall not preclude the exercise by it, at the same time or different times, of any other rights or remedies for the same Event of Default or any other Event of Default by the other party.

8.4. Inaction Not a Waiver of Default

Any failures or delays by either party in asserting any of its rights and remedies as to any default shall not operate as a waiver of any default or of any such rights or remedies, or deprive either such party of its right to institute and maintain any actions or proceedings which it may deem necessary to protect, assert or enforce any such rights or remedies.

8.5. Specific Performance

Upon an Event of Default, the non-defaulting party, at its option, may thereafter (but not before) commence an action seeking specific performance and/or other equitable relief to enforce the terms of this Agreement pertaining to such default.

8.6. Rights of Termination and Damages

8.6.1. Termination by Developer

Provided the Developer is not in default of any of the terms and conditions of this Agreement, then in the Event of Default by the Authority, the Developer shall have the right to terminate this Agreement by written notice to Authority in accordance with the provisions of Section 9.1. Upon termination by the Developer pursuant to this Section 8.6.1, the Authority may enter into a new agreement with respect to the development of the Site and, except as expressly provided to the contrary herein with respect to obligations that survive the

termination of this Agreement, there shall be no further rights or obligations between the Authority and the Developer.

8.6.2. Termination by Authority

Provided the Authority is not in default of any of the terms and conditions of this Agreement, then upon an Event of Default by the Developer, the Authority shall have the right to terminate this Agreement by written notice to the Developer in accordance with the provisions of Section 9.1. In addition, the Authority may exercise its rights under the Authority Deed of Trust and/or apply to a court of competent jurisdiction for relief at law or in equity as may be appropriate and permissible.

8.7. Reentry and Revesting of Title in the Authority After the Conveyance and Prior to Completion of Construction

Subject to the approval of the Construction Loan lender or Permanent Loan Lender, as applicable, and Investor, the Authority has the additional right, at its election, to reenter and take possession of the Site (or any part thereof), with all improvements thereon, and terminate and revest in the Authority the estate (or part thereof) conveyed to the Developer if after any Conveyance and prior to the issuance of the Release of Construction Covenants, the Developer (or its successors in interest) shall:

- a. subject to the extensions of time set forth in Section 9.8, fail to start the construction of the Project as required by this Agreement for a period of forty-five (45) days after written notice of default thereof from the Authority; or
- b. subject to the extensions of time set forth in Section 9.8, abandon or substantially suspend construction of the Project as required by this Agreement for a period of thirty (30) days after written notice thereof from the Authority; or
- c. contrary to the provisions of Section 2.2, transfer or suffer any involuntary transfer of the Site or any part thereof in violation of this Agreement.

The periods set forth in paragraphs a., b., and c. above shall be extended if, within forty-five (45) days after notice is delivered by the Authority, the Developer delivers to the Authority notice that it has elected to submit a plan to cure such default or defaults within one hundred eighty (180) days of the Developer's notice to the Authority.

Such right to reenter, terminate and revest shall be subject to and be limited by and shall not defeat, render invalid or limit: (i) any mortgage or deed of trust or other security interest permitted by this Agreement; or (ii) any rights or interests provided in this Agreement for the protection of the holders of such mortgages or deeds of trust or other security interests.

Upon issuance of a Release of Construction Covenants for the Project, the Authority's right to reenter, terminate and revest shall terminate.

Subject to the rights of the Construction Loan lender and Investor, upon the revesting in the Authority of title to the Site or portion thereof as provided in this Section 8.7, the Authority shall, pursuant to its responsibilities under state law, use its reasonable efforts to resell the Site or portions thereof as soon and in such manner as the Authority shall find feasible and consistent with the objectives of such law to a qualified and responsible party or parties as

determined by the Authority, who will assume the obligation of making or completing the Project, or such improvements in their stead as shall be satisfactory to the Authority and in accordance with the uses specified for such parcel or part thereof. Such party shall be required to pay for a pro rata share of the cost of construction, maintenance and operation of the common area improvements upon the Site. Upon such resale of the Site or portions thereof, the net proceeds thereof after repayment of any mortgage or deed of trust encumbering such parcel which is permitted by this Agreement, shall be applied:

1. First, to reimburse the Authority, all reasonable costs and expenses incurred by the Authority, excluding Authority staff costs, but specifically including (but not limited to) any expenditures by the Authority in connection with the recapture, management and resale of the Site or part thereof (but less any income derived by the Authority from the Site or part thereof in connection with such management); all taxes, assessments and water or sewer charges with respect to the Site or part thereof which the Developer has not paid; any payments made or necessary to be made to discharge any encumbrances or liens existing on the Site or part thereof at the time of reversion of title thereto in the Authority, or to discharge or prevent from attaching or being made any subsequent encumbrances or liens due to obligations, defaults or acts of the Developer, its successors or transferees; any expenditures made or obligations incurred with respect to the making or completion of the Project or any part thereof on the Site; and any amounts otherwise owing the Authority, and in the event additional proceeds are thereafter available.

2. Second, to reimburse the Developer, its successor or transferee, up to the amount equal to the sum of (a) the costs incurred for the acquisition and development of the Site or part thereof and for the Project existing on such Site at the time of the reentry and possession, less (b) any net gains or income withdrawn or made by the Developer from such Site or the improvements thereon.

3. Any balance remaining after such reimbursements shall be retained by the Authority as its property.

The rights established in this Section 8.7 are not intended to be exclusive of any other right, power or remedy, but each and every such right, power, and remedy shall be cumulative and concurrent and shall be in addition to any other right, power and remedy authorized herein or now or hereafter existing at law or in equity. These rights are to be interpreted in light of the fact that the Authority will have conveyed the Site or portion thereof to the Developer for redevelopment purposes, particularly for development of the Project and not for speculation in land.

8.8. Limitation on Damages.

Without limiting the generality of the foregoing, the Parties shall not in any event be entitled to, and the Parties hereby waive, any right to seek consequential damages of any kind or nature from any other Party or Parties arising out of or in connection with this Agreement, and in connection with such waiver, the Parties are familiar with and hereby waive the provision of Section 1542 of the California Civil Code which provides as follows:

“A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH
THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR

HER FAVOR AT THE TIME OF EXECUTING THE RELEASE WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HIS SETTLEMENT WITH THE DEBTOR.”

9. GENERAL PROVISIONS

9.1. Notices, Demands and Communications Between the Parties

Unless otherwise specified in this Agreement, it shall be sufficient service or giving of any notice, request, certificate, demand or other communication if the same is sent by (and all notices required to be given by mail will be given by) first-class registered or certified mail, postage prepaid, return receipt requested, or by private courier service which provides evidence of delivery. Unless a different address is given by any party as provided in this Section, all such communications will be addressed as follows:

To Developer:	Habitat for Humanity Riverside, Inc. Attn: Kathy Michalak, Executive Director 2180 Iowa Ave Riverside, California 92507
To Authority:	Housing Authority of the City of Riverside Attn: Executive Director 3900 Main Street Riverside, California 92522
Copies to:	City of Riverside Attn: Community Development Director 3900 Main Street, Third Floor Riverside, California 92522
	City of Riverside Attn: City Attorney 3900 Main Street Riverside, California 92522

Any Notice shall be deemed received immediately if delivered by hand and shall be deemed received on the third day from the date it is postmarked if delivered by registered or certified mail.

9.2. Subordination of Indebtedness

Any indebtedness of the Authority to the Developer created by this Agreement is subordinate to any pledge of tax increments to the bondholders of any tax increment bonds which have been or may hereafter be issued by the Authority. The Parties hereby agree to execute any and all ancillary documents as may reasonably be requested by any bondholder or other purchaser of bonds, notes or other forms of indebtedness of the Authority entitled to receive the tax increment revenues for the repayment of any other indebtedness of the Authority for which the tax increment revenues have been or may hereafter be pledged.

9.3. Conflicts of Interest

No member, official or employee of the Authority shall have any direct or indirect interest in this Agreement, nor participate in any decision relating to the Agreement which is prohibited by law.

9.4. Warranty Against Payment of Consideration for Agreement

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, other than normal costs of conducting business and costs of professional services such as project managers, architects, engineers, attorneys, and public relations consultants.

9.5. Nonliability of Authority Officials and Employees

No member, official, employee, representative or agent of the Authority shall be personally liable to Developer, or any successor in interest, in the event of any default or breach by Authority or for any amount which may become due to Developer or successor, or on any obligation under the terms of this Agreement.

9.6. Approval by Authority and Developer

Approvals required of the Parties shall be given within the time set forth in the Schedule of Performance or, if no time is given, within a reasonable time. Wherever this Agreement requires the Authority or Developer to approve any contract, document, plan, proposal, specification, drawing or other matter, such approval shall not be unreasonably withheld or delayed. In the event that a Party declines to approve any contract, document, plan, proposal, specification, drawing or other matter, such denial shall be in writing and shall include the reasons for such denial. The Party considering the request for such approval shall use commercially reasonable efforts to respond to such request for approval within fifteen (15) days of receipt unless expressly provided to the contrary herein.

9.7. Plans and Data

If this Agreement is terminated, the Authority shall have the right but not the obligation to purchase from Developer all plans, drawings, studies and related documents concerning the Project within Developer's possession and control, without representation or warranty. The purchase price for all or any part of such materials shall be their cost to Developer, less amounts already disbursed to the Developer from the City HOME Loan proceeds for such purposes.

9.8. Force Majeure

In addition to specific provisions of this Agreement, performance by any party hereunder shall not be deemed to be in default where delays or defaults are due to war; insurrection; strikes; lock-outs; riots; floods; earthquakes; fires; casualties; acts of God or any other deity; acts of the public enemy; epidemics; quarantine restrictions; freight embargoes; lack of transportation; governmental restrictions or priority; litigation including litigation challenging the validity of this transaction or any element thereof including the acquisition of the Site, or any portion thereof, unusually severe weather; inability to secure necessary labor, materials or tools; delays of any contractor, subcontractor, or suppliers; acts of the other party; acts or failure to act

of the City or any other public or governmental agency or entity (other than that acts or failure to act of the Authority shall not excuse performance by the Authority); or any other causes beyond the control or without the fault of the party claiming an extension of time to perform or relief from default, including without limitation the allocation of Authority revenues to the State of California by a legislative act to fund deficits in the state budget. 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 party within thirty (30) days of the commencement of the cause. Times of performance under this Agreement may also be extended in writing by mutual agreement among the Authority and the Developer. That notwithstanding, if said prevention or delay extends for one (1) year, any party, by notice in writing to the other, may terminate this Agreement.

9.9. Applicable Law; Interpretation

The laws of the State of California shall govern the interpretation and enforcement of this Agreement. This Agreement shall be construed as a whole and in accordance with its fair meaning and as though both of the parties participated equally in its drafting. Captions and organizations are for convenience only and shall not be used in construing meaning.

9.10. Inspection of Books and Records, Reports

The Authority or its designee has the right at all reasonable times, and upon reasonable advance notice of not less than 48 hours, to inspect the books and records and other related documents of the Developer pertaining to the satisfaction of their obligations hereunder as reasonably necessary for purposes of enforcing the provisions of this Agreement. Such books, records and related documents shall be maintained by the Developer at locations as agreed by the parties. Throughout the term of this Agreement, the Developer shall submit to the Authority reasonable written progress reports as and when reasonably requested by Authority on all matters pertaining to the Project of the Site.

9.11. Administration

This Agreement shall be administered by the Executive Director following approval of this Agreement by the Authority. Whenever a reference is made in this Agreement to an action, finding or approval to be undertaken by the Authority, the Executive Director is authorized to act on behalf of the Authority unless specifically provided otherwise or the context should require otherwise. The Executive Director shall have the authority to issue interpretations, waive provisions and enter into amendments of this Agreement on behalf of the Authority so long as such actions do not substantially change the uses or development permitted on the Site, or add to the costs of the Authority as specified herein or as agreed to by the Authority Board. Notwithstanding the foregoing, the Executive Director may in his/her sole and absolute discretion refer any matter to the Authority Board for action, direction or approval.

9.12. Mutual Cooperation

Each party agrees to cooperate with the other in this transaction and, in that regard, to sign any and all documents which may be reasonably necessary, helpful or appropriate to carry out the purposes and intent of this Agreement. To the extent that any lender to, or equity investor in the Project requires modifications to this Agreement or any attachment hereto, the

Authority agrees to make such modification within a reasonable time on the condition that such modification does not materially change the rights and obligations of the Parties as set forth herein.

9.13. Ground Breaking and Grand Openings

To insure proper protocol and recognition of the Authority Board, the Developer shall cooperate with Authority staff in the organization of any Project-related ground breaking, grand openings or any other such inaugural events/ceremonies sponsored by the Developer and celebrating the development which is the subject of this Agreement providing Authority staff with at least two (2) weeks prior notice of any such event.

9.14. Independent Contractor

The parties agree that the Developer, in the performance of this Agreement shall act as and be an independent contractor and shall not act in the capacity of an agent, employee or partner of the Authority.

10. ENTIRE AGREEMENT, WAIVERS AND AMENDMENTS

This Agreement includes forty-five (45) pages and Attachment Nos. 1 through 9 which constitute the entire understanding and agreement of the Parties. Three (3) duplicate originals of this Agreement shall be executed each of which shall be deemed to be an original. 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.

Except as otherwise provided herein, this Agreement integrates all of the terms and conditions mentioned herein or incidental hereto, and supersedes all negotiations or previous agreements between the parties with respect to all or any part of the subject matter hereof. All waivers of the provisions of this Agreement must be in writing and signed by the appropriate authorities of Authority or Developer, and all amendments hereto must be in writing and signed by the appropriate authorities of Authority and Developer.

[Signatures On Next Page]

IN WITNESS WHEREOF, Authority and Developer have signed this Agreement as of the date set opposite their signatures.

"DEVELOPER"

HABITAT FOR HUMANITY RIVERSIDE, INC.,
a California nonprofit public benefit corporation

Dated: 7/13/15

By: [Signature]
Name: RADIN MICHAEL
Its: EXECUTIVE DIRECTOR

Dated: _____

By: _____
Name: _____
Its: _____

"AUTHORITY"

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

Dated: _____

By: _____
Executive Director

ATTEST:

By: _____
Housing Authority Secretary

APPROVED AS TO FORM:

By: _____
Special Counsel

IN WITNESS WHEREOF, Authority and Developer have signed this Agreement as of the date set opposite their signatures.

“DEVELOPER”

HABITAT FOR HUMANITY RIVERSIDE, INC.,
a California nonprofit public benefit corporation

Dated: _____

By: _____

Name: _____

Its: _____

Dated: _____

By: _____

Name: _____

Its: _____

“AUTHORITY”

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

Dated: _____

By: _____

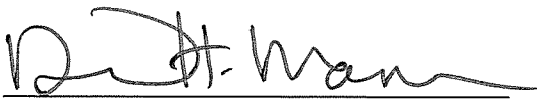
Executive Director

ATTEST:

By: _____

Housing Authority Secretary

APPROVED AS TO FORM:

By:  _____

Housing Authority Counsel

IN WITNESS WHEREOF, Authority and Developer have signed this Agreement as of the date set opposite their signatures.

“DEVELOPER”

HABITAT FOR HUMANITY RIVERSIDE, INC.,
a California nonprofit public benefit corporation

Dated: _____

By: _____

Name: _____

Its: _____

Dated: _____

By: _____

Name: _____

Its: _____

“AUTHORITY”

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

Dated: _____

By: _____

Executive Director

ATTEST:

By: _____

Housing Authority Secretary

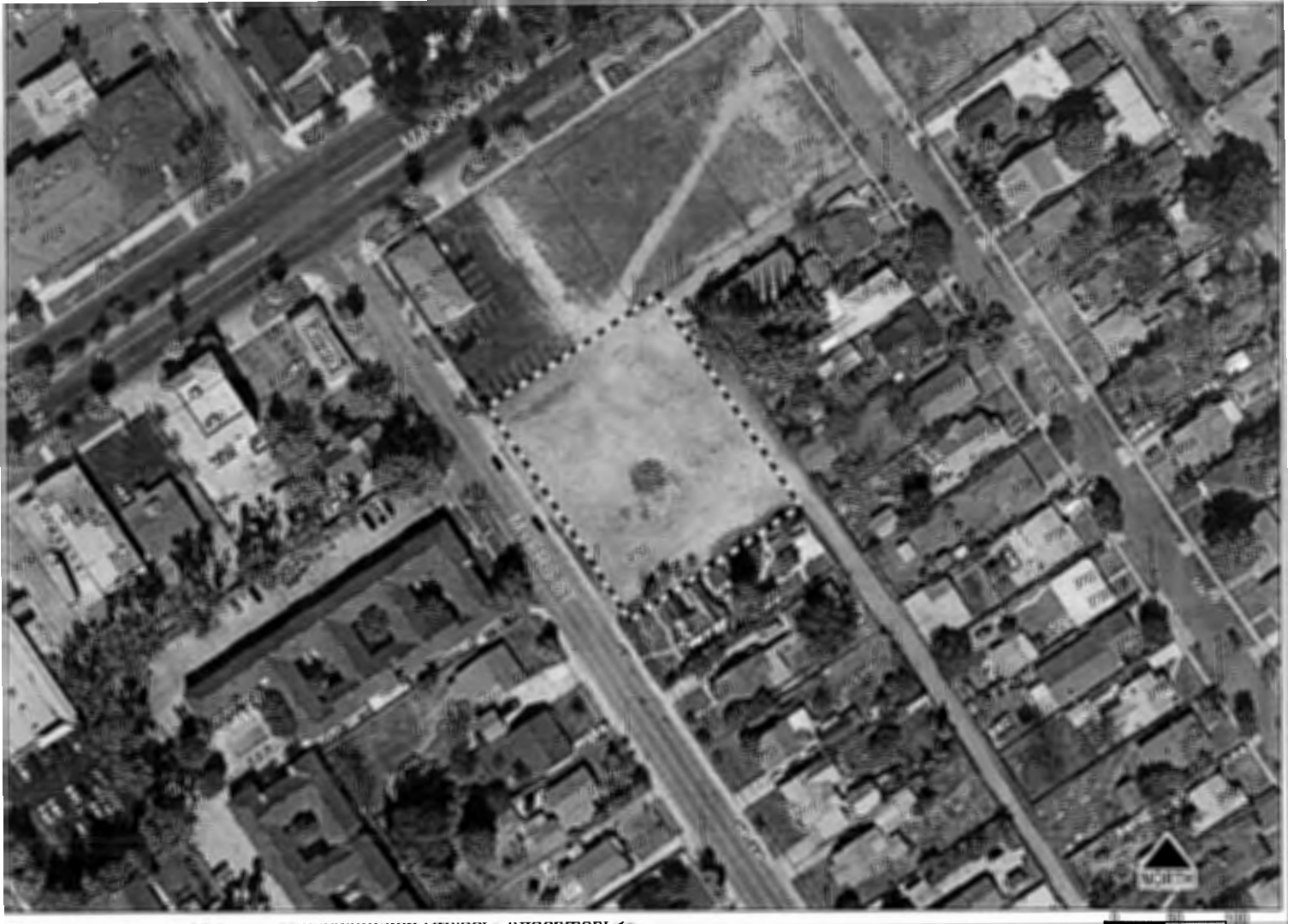
APPROVED AS TO FORM:

By: _____

Special Counsel

ATTACHMENT NO. 1

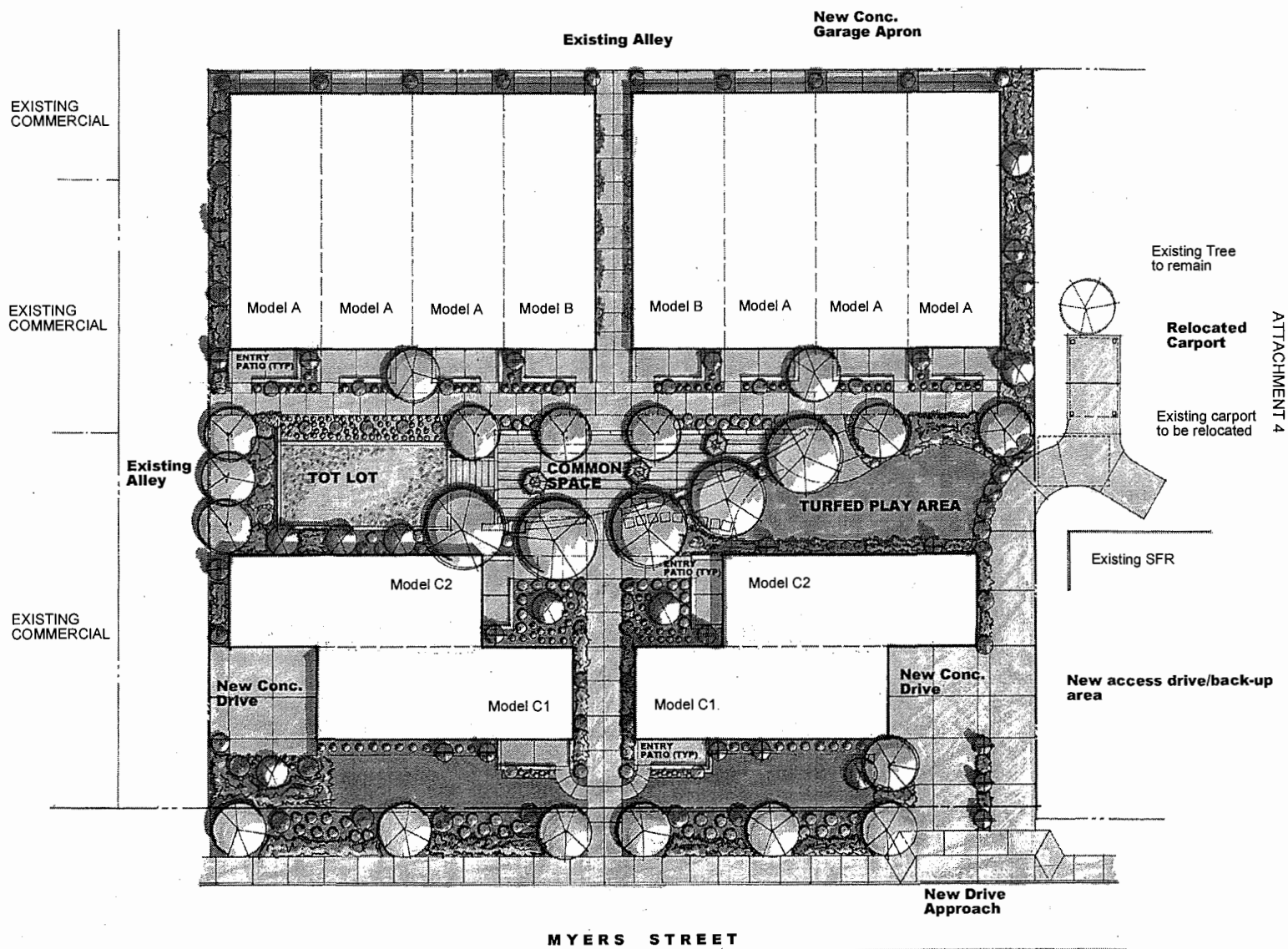
SITE PLAN



3755 Myers Street - veterans homeownership Project - Attachment 3

Feet

EXISTING SFR	EXISTING SFR	EXISTING SFR	EXISTING SFR	EXISTING SFR
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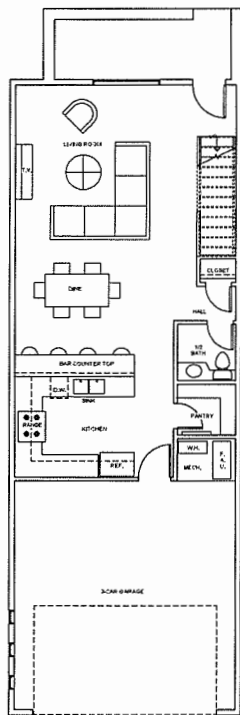


ATTACHMENT 4

EXISTING MULTI-FAMILY

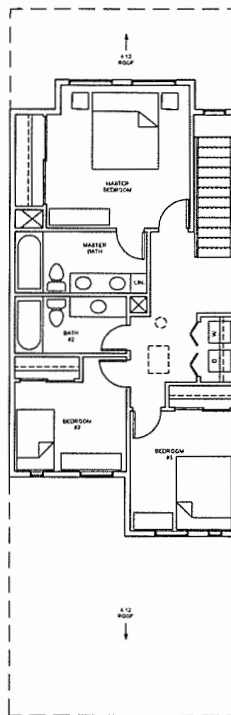
HABITAT FOR HUMANITY
ARLINGTON VETERAN'S NEIGHBORHOOD
RIVERSIDE, CA

1st FLOOR
 GROSS AREA 745 sq.ft.
 GARAGE 478 sq.ft.
 TOTAL 1,223 sq. ft.



Level 1
 1/4" = 1'-0"

2nd FLOOR
 GROSS AREA 797 sq.ft.



Level 2
 1/4" = 1'-0"

Autodesk Revit

www.autodesk.com/revit

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 Fax
 e-mail

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Owner
 Project Name
 MODEL A

Project Number
 Date
 Drawn by
 Checked by
 Project Number
 Issue Date
 Author
 Checker
 A-001
 Scale 1/4" = 1'-0"

Sheet 1 of 1

www.autodesk.com/revit

Floor plan of the second floor. The plan includes a living area with a fireplace, a curved sofa, and a coffee table. A dining area with a round table and chairs is adjacent. A kitchen with a breakfast bar and stools is on the right. A bathroom and a bedroom are also shown. A large deck is attached to the living area, and a car garage is at the bottom.

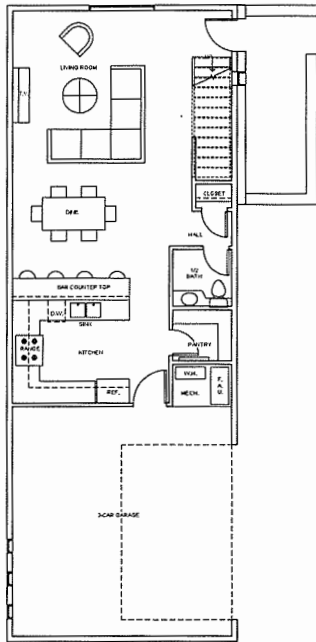
① Level 1
1/4" & 1/2"

② Level 2
10⁴ to 10⁵

Project number	Project Number
Date	Issue Date
Drawn by	Author
Checked by	Checker
A-001	
Scale	1/4" = 1'-0"

[illegible]

GROSS AREA 745 sq. ft.
GARAGE 444 sq. ft.
TOTAL 1,189 sq. ft.



① Level 1
 $1A^2 = 1^2 - 0^2$

② Level 2
1M = 1'-0"

www.autodesk.com/evil

Consultant Address Address Phone Fax e-mail	Consultant Address Address Phone Fax e-mail
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[illegible]

Owner
Project Name
MODEL C2

Project Number	Project Number
Date	Issue Date
Drawn by	Author
Checked by	Checker
A-001	
Scale	1/4" = 1'-0"

ACKNOWLEDGMENTS



Arlington Veteran's Neighborhood - Myers Street Elevation



Arlington Veterans' Neighborhood - Interior Courtyard Elevation

ATTACHMENT NO. 2
SITE LEGAL DESCRIPTION

[To be inserted]

ATTACHMENT NO. 3

PROJECT DEVELOPMENT

Project Overview

Development of a 12 (twelve) home community in the Arlington Neighborhood, City of Riverside to be sold at affordable prices to veterans households

Project Design

Twelve semi-attached, town-home style, single-family homes with attached garages, one tot lot and common passive recreation area.

Site Information

0.80 acre site
APN: 234-101-051

ATTACHMENT NO. 4

SCHEDULE OF PERFORMANCE

[To be inserted]

7/13/2015

ARLINGTON VETERAN'S PROJECT

<u>MILESTONE</u>	<u>DATE</u>
• DDA signed:	July 30, 2015
• Project approval by Planning Commission:	Sept. 17, 2015
• Project approval by City Council:	Nov. 10, 2015
• Tract Map approved by City:	Jan. 8, 2016
• Building plans approved:	Feb. 10, 2016
• Grading begins:	Feb. 22, 2016
• Pads poured:	April 27, 2016
• Construction begins/ Wall Raising:	May 7, 2016
• Interior finishes complete:	Oct. 15, 2016
• Landscaping complete:	Nov. 1, 2016
• COO's issued:	Nov. 16, 2016

ATTACHMENT NO. 5

PROJECT BUDGET

[To be inserted]

SINGLE-FAMILY HOUSING DEVELOPMENT
Development Budget

Project: Myers/Habitat - Veterans

Key
White spaces indicate data entry

DEVELOPMENT BUDGET

ITEM	Cost	% Total	
ACQUISITION			
Building Acquisition	0	0%	
Land Acquisition	0	0%	
UNIT CONSTRUCTION (see below)	1,525,250	54%	
OTHER CONSTRUCTION			
Landscaping	0	0%	included in construction \$ below
Permits	600,000	21%	permits & impact fees (\$50k per unit)
Clearance and Demolition	0	0%	vacant land
Utility Connections & Tap Fees	60,000	2%	incl. water/sewer infrastructure
Contingency	60,000	2%	
INFRASTRUCTURE			
Streets and Sidewalks	27,000	1%	alley paving
Water and Sewer	0	0%	see utility connection and tap fees above
Stormwater & Drainage	0	0%	
Impact Fees		0%	see permit fees above
PROFESSIONAL FEES			
Site Planning	54,500	2%	entitlements (\$28.3) + subdivision (\$11.2) + WQMP-EIC (\$15k)
Architecture & Engineering	126,000	4%	architecture-structural engineering-energy calc/energy star
Real Estate Attorney	0	0%	
Consultant	60,000	2%	construction supervision
Survey	36,000	1%	
Market Study	0	0%	
Environmental	0	0%	
Organization Expense	12,000	0%	auditing/accounting
FINANCE COSTS			
Construction Loan Interest	6,369	0%	
Construction Origination	0	0%	
Appraisal	0	0%	
Construction Insurance	12,000	0%	
Property Taxes	12,000	0%	
SOFT COSTS			
Marketing	0	0%	
Other	0	0%	
DEVELOPER FEE	240,000	8%	See C39 on Profit & Loss Sheet
TOTAL DEVELOPMENT COST	2,831,119	849,336	

#NAME?

Construction/Rehab. Costs

Model Number	Sq. Ft.	Cost/Sq. Ft.	Unit Cost	# Units	Total	Sales Price
1	1,232	103.17	127,105	4	508,422	200,000
2	1,232	103.17	127,105	4	508,422	200,000
3	1,270	100.08	127,102	4	508,406	210,000
4			0	0	0	
5			0	0	0	
6			0	0	0	
7			0	0	0	
Average			127,104	12	1,525,250	203,333

ATTACHMENT NO. 6

GRANT DEED

RECORDING REQUESTED BY:

Housing Authority of the City of Riverside
3900 Main Street, Seventh Floor
Riverside, California 92522
Attention: Authority Secretary

**AFTER RECORDATION, MAIL TO
AND MAIL TAX STATEMENTS TO:**

Habitat for Humanity Riverside, Inc.
Attn: Kathy Michalak, Executive Director
2180 Iowa Avenue
Riverside, California 92507

(Space above for Recorder's Use Only)

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

GRANT DEED

For valuable consideration, receipt of which is hereby acknowledged, this ____ day of _____, 2015, the **HOUSING AUTHORITY OF THE CITY OF RIVERSIDE**, a public body, corporate and politic ("Grantor") hereby grants to **HABITAT FOR HUMANITY RIVERSIDE, INC.**, a California nonprofit public benefit corporation ("Grantee"), certain real property hereinafter referred to as the "Site" situated in the City of Riverside, County of Riverside, State of California, and legally described in Exhibit "A" attached hereto and incorporated herein by this reference, subject to the existing covenants, conditions, restrictions, reservations, and easements of record described therein.

1. The Site is being conveyed by the Grantor pursuant to that certain Disposition and Development Agreement by and between the Grantor and the Grantee dated for identification purposes as of _____, 2015 (the "Agreement"), a copy of which is on file with the Secretary of the Grantor as a public record and which is incorporated herein by reference. All capitalized terms used herein and not otherwise defined herein shall have the same meaning as those used in the Agreement.

2. Grantor excepts and reserves from the conveyance herein described all interest of the Grantor in oil, gas, hydrocarbon substances and minerals of every kind and character lying more than five hundred (500) feet below the surface, together with the right to drill into, through, and to use and occupy all parts of the Site lying more than five hundred (500) feet below the surface thereof for any and all purposes incidental to the exploration for and production of oil,

gas, hydrocarbon substances or minerals from said Site or other lands, but without, however, any right to use either the surface of the Site or any portion thereof within five hundred (500) feet of the surface for any purpose or purposes whatsoever, or to use the Site in such a manner as to create a disturbance to the use or enjoyment of the Site.

3. During the term of the Agreement and the Authority Declaration (as defined below), the Grantee hereby covenants and agrees, for itself and its successors and assigns, that the Grantee shall devote the Site only to residential uses for Qualified Households as specified in the Agreement and that certain Declaration of Conditions, Covenants and Restrictions (With Affordable Housing Covenants) entered into by and between the Grantor and the Grantee dated as of _____, 2015 and recorded against the Site (the "Authority Declaration"). The Grantee hereby covenants and agrees, for itself and its successors and assigns, that the Grantee shall develop, use, and operate the Project upon the Site in accordance with the Agreement and the Authority Declaration.

4. For the period from the date of recordation of this Grant Deed up to the recordation by the Grantee of the Release of Construction Covenants for the Project and subject to the rights of any senior lenders with a recorded deed of trust following the date of recordation of this Grant Deed:

a. The Grantor has the additional right, at its election, to reenter and take possession of the Site (or any part thereof), with all improvements thereon, and terminate and revest in the Grantor the estate hereby conveyed to the Grantee if the Grantee (or its successors in interest) shall:

(i) subject to the extensions of time set forth in Section 9.8. of the Agreement, fail to start the construction of the Project as required by the Agreement for a period of thirty (30) days after written notice of default thereof from the Grantor; or

(ii) subject to the extensions of time set forth in Section 9.8. of the Agreement, abandon or substantially suspend construction of the Project as required by the Agreement for a period of thirty (30) days after written notice thereof from the Grantor; or

(iii) contrary to the provisions of Section 2.2.2 of the Agreement, transfer or suffer any involuntary transfer of the Site or any part thereof in violation thereof.

The periods set forth in paragraphs (i), (ii), and (iii) above shall be extended if, within thirty (30) days after notice is delivered by the Grantor, the Grantee delivers to the Grantor notice that it has elected to submit a plan to cure such default or defaults within one hundred twenty (120) days of the Grantee's notice, except in the event of a force majeure in which event the Grantee shall have additional time to cure

b. The right to reenter, terminate, and revest shall be subject to and be limited by and shall not defeat, render invalid or limit: (i) any mortgage or deed of trust or other security interest permitted by the Agreement; or (ii) any rights or interests provided in the

Agreement for the protection of the holders of such mortgages or deeds of trust or other security interests.

c. Upon recordation by the Grantee of a Release of Construction Covenants for the Project, the Grantor's right to reenter, terminate, and revest shall terminate.

d. Upon the revesting in the Grantor of title to the Site as provided in this Section 4, the Grantor shall, pursuant to its responsibilities under state law, use its reasonable efforts to resell the Site as soon and in such manner as the Grantor shall find feasible and consistent with the objectives of such law to a qualified and responsible party or parties as determined by the Grantor, who will assume the obligation of making or completing the Project, or such improvements in their stead as shall be satisfactory to the Grantor and in accordance with the uses specified for the Site. Such party shall be required to pay for a pro rata share of the cost of construction, maintenance, and operation of the common area improvements upon the Site. Upon such resale of the Site, the net proceeds thereof after repayment of any mortgage or deed of trust encumbering the Site which is permitted by the Agreement, shall be applied:

(i) First, to reimburse the Grantor, on its own behalf or on behalf of the Grantor, all costs and expenses incurred by the Grantor, excluding the Grantor's staff costs, but specifically including (but not limited to) any expenditures by the Grantor in connection with the revesting, management, and resale of the Site or part thereof (but less any income derived by the Grantor from the Site or part thereof in connection with such management); all taxes, assessments, and water or sewer charges with respect to the Site or part thereof which the Grantee has not paid; any payments made or necessary to be made to discharge any encumbrances or liens existing on the Site or part thereof at the time of revesting of title thereto in the Grantor, or to discharge or prevent from attaching or being made any subsequent encumbrances or liens due to obligations, defaults, or acts of the Grantee, its successors or transferees; any expenditures made or obligations incurred with respect to the making or completion of the Project or any part thereof on the Site, and any amounts otherwise owing the Grantor, and, in the event additional proceeds are thereafter available.

(ii) Second, to reimburse the Grantee, its successor or transferee, up to the amount equal to the sum of (a) the costs incurred for the acquisition and development of the Site at the time of the reentry and possession, less (b) any net gains or income withdrawn or made by the Grantee from the Site or the improvements thereon.

(iii) Any balance remaining after such reimbursements shall be retained by the Grantor as its property.

e. The rights established in this Section 4 are not intended to be exclusive of any other right, power or remedy, but each and every such right, power and remedy shall be cumulative and concurrent and shall be in addition to any other right, power, and remedy authorized herein or now or hereafter existing at law or in equity. These rights are to be interpreted in light of the fact that the Grantor hereby conveys the Site to the Grantee for affordable housing purposes, particularly for development of the Project and not for speculation in land.

5. Grantee 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 Site, or any part of it, nor shall the Grantee or any person claiming under or through it, establish or permit any practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees, or vendees in the Site, including the Affordable Units, or any portion thereof. The foregoing covenants shall run with the land.

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

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

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

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

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

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

a. In contracts: "There shall be no discrimination against or segregation of any person or group of persons, on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in connection with the performance of this contract nor shall the contracting party himself or herself, or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use, or occupancy of tenants, lessees, sublessees, subtenants, contractors, subcontractors or vendees with respect to the premises."

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

6. Except as otherwise provided, the covenants contained in this Grant Deed shall remain in effect in accordance with the terms and conditions of the Authority Declaration. The covenants against discrimination contained in Section 5 of this Grant Deed shall remain in effect in perpetuity.

7. To the fullest extent permitted by law or equity, the covenants and agreements contained in this Grant Deed shall, without regard to technical classification or designation, legal

or otherwise, be binding on the Grantees' successors and assigns and run for the benefit and in favor of and shall be enforceable by the Grantor and its successors and assigns for the entire period during which such covenants shall be in force and effect, without regard to whether the Grantor is or remains an owner of any land or interest therein to which such covenants relate. In the event of any breach of any of such covenants, the Grantor and such aforementioned parties shall have the right to exercise all of 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.

8. 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, deed of trust or other financing or security instrument permitted by the Agreement; provided, however, except as otherwise set forth in a subordination agreement between senior lender and the Authority, that any successor of Grantee to the Site shall be bound by such remaining covenants, conditions, restrictions, limitations and provisions, whether such successor's title was acquired by foreclosure, deed in lieu of foreclosure, trustee's sale, or otherwise.

9. Only Grantor, its successors and assigns, and the Grantee and the successors and assigns of the Grantee in and to all or any part of the fee title to the Site shall have the right to consent and agree to changes or to eliminate in whole or in part any of the covenants contained in this Grant Deed, or to subject the Site to additional covenants, easements, or other restrictions. For purposes of this Section 9, successors and assigns of the Grantee means only those parties who hold all or any part of the Site in fee title, and does not include a tenant, lessee, easement holder, licensee, mortgagee, trustee, beneficiary under deed of trust, or any other person or entity holding less than a fee interest in the Site.

IN WITNESS WHEREOF, the Grantor and Grantee have caused this instrument to be executed on their behalf by their respective officers thereunto duly authorized, as of the date first written above.

“GRANTOR”

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

Dated: _____

By: _____
Executive Director

ATTEST:

By: _____
Housing Authority Secretary

APPROVED AS TO FORM:

By: _____
Housing Authority Counsel

The undersigned Grantee accepts title subject to the covenants hereinabove set forth.

“DEVELOPER”

HABITAT FOR HUMANITY RIVERSIDE, INC.,
a California nonprofit public benefit corporation

Dated: _____

By: _____
Name: _____
Its: _____

Dated: _____

By: _____
Name: _____
Its: _____

EXHIBIT "A"

LEGAL DESCRIPTION

[Attached]

EXHIBIT "A"

APN: 234-101-051, 054 & 057

Fee Simple

That certain real property located in the City of Riverside, County of Riverside, State of California, described as follows:

That portion of Lot 4 in Block 26 of the Village of Arlington, as shown by map recorded in Book 1, Page 62 of Maps, records of San Bernardino County, California, more particularly described as follows:

BEGINNING at a point on the northeasterly line of Myers Street as shown by said map of the Village of Arlington, 150 feet southeasterly from the northwesterly corner of said Lot 4; said point being the northwesterly corner of that certain parcel of land as granted to the City of Riverside, by deed recorded November 10, 1945, in Book 714, Page 100, et seq., of Official Records of Riverside County, California;

THENCE northeasterly along the northwesterly line of said parcel of land granted to the City of Riverside, a distance of 170 feet, more or less, to the southwesterly line of that certain alley, 20 feet in width, as shown by map of Taft Tract, on file in Book 7, Page 15 of Maps, records of Riverside County, California;

THENCE southeasterly along the southwesterly line of said alley, a distance of 210 feet to the southeasterly line of Parcel No. 2 of those certain parcels of land conveyed to Mildred I. Kelley, by Grant Deed recorded July 31, 1941, in Book 512, Page 158 of Official Records of Riverside County, California;

THENCE southwesterly along said southeasterly line, a distance of 170 feet to said northeasterly line of Myers Street as shown by said map of the Village of Arlington;

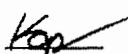
THENCE northwesterly along said northeasterly line of Myers Street, a distance of 210 feet to the POINT OF BEGINNING;

EXCEPTING THEREFROM that portion of said Lot 4 lying southwesterly of a line that is parallel with and distant 33.00 feet northeasterly, as measured at right angles, from the centerline of Myers Street as shown by Parcel Map 9730, filed in Book 51, Pages 72 and 73 of Parcel Maps, records of said Riverside County;

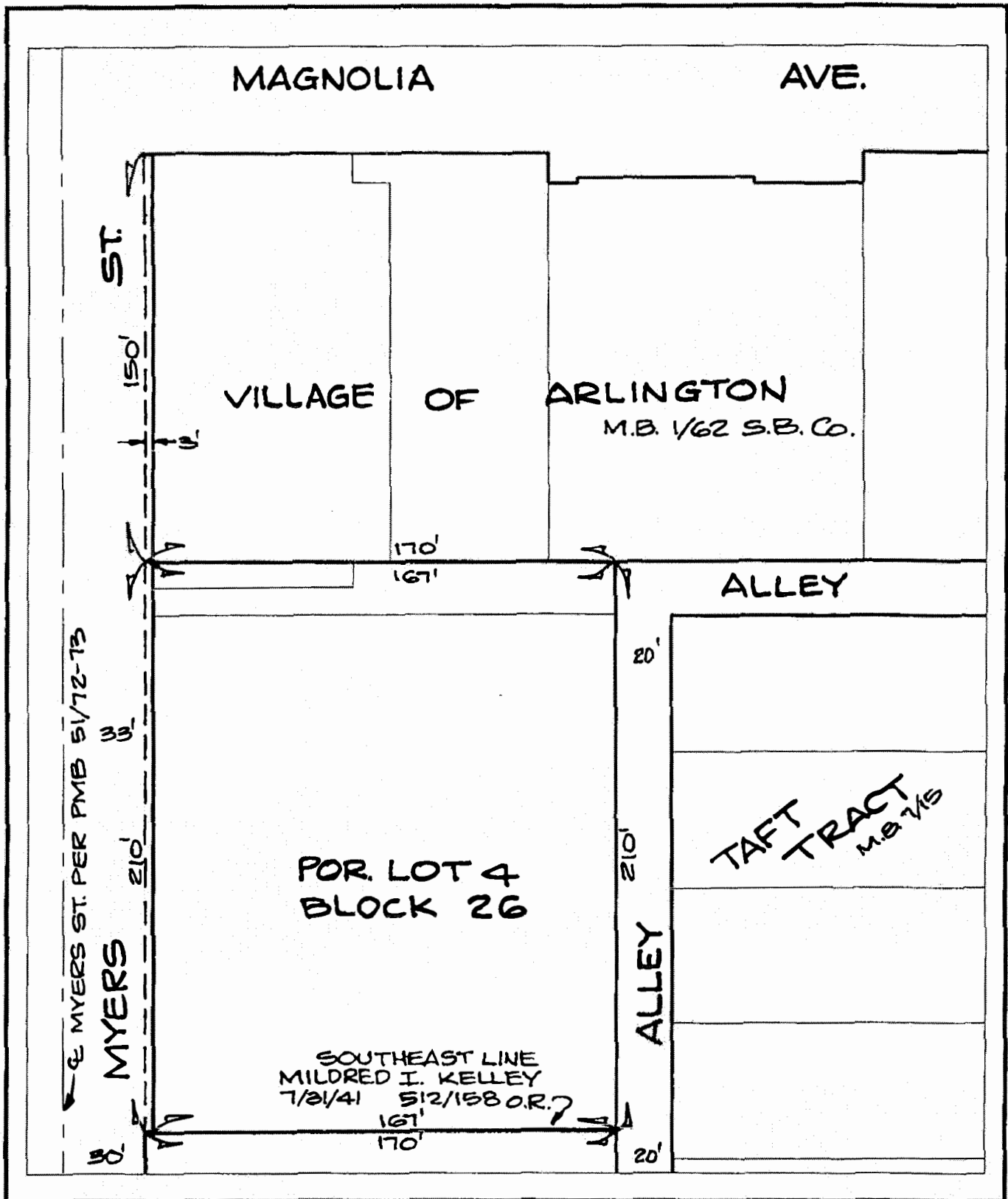
RESERVING THEREFROM permanent easements and rights-of-way for gas line facilities, electric energy distribution facilities, aerial and underground telephone, telegraph and communications facilities as described in Resolution No. 17101 of the City Council of the City of Riverside, a certified copy of said resolution recorded August 24, 1989, as Instrument No. 288815 of Official Records of said Riverside County.

This description was prepared by me or under my direction in conformance with the requirements of the Land Surveyors Act.


Curtis C. Stephens, L.S. 7519

5/14/12 Prep. 
Date





◆ CITY OF RIVERSIDE, CALIFORNIA ◆

THIS PLAT IS SOLELY AN AID IN LOCATING THE PARCEL(S) DESCRIBED IN THE ATTACHED DOCUMENT. IT IS NOT A PART OF THE WRITTEN DESCRIPTION THEREIN.

Sheet 1 of 1



Scale: 1" = 50'

Drawn by: sken

Date: 05/11/12

Subject: APN's: 234-101-051, 054 & 057

ATTACHMENT NO. 7

AUTHORITY DECLARATION

RECORDING REQUESTED BY

AND WHEN RECORDED MAIL TO:)

)

)

Housing Authority of the City of Riverside)

3900 Main Street)

Riverside, CA 92522)

Attn: Executive Director)

)

Project: 3753 Myers St.)

(Space above for Recorder's Use Only)

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

DECLARATION OF CONDITIONS, COVENANTS AND RESTRICTIONS
(WITH AFFORDABLE HOUSING COVENANTS)

This **DECLARATION OF CONDITIONS, COVENANTS AND RESTRICTIONS (WITH AFFORDABLE HOUSING COVENANTS)** (this "**Declaration**") is made as of is entered into the ____ day of _____, 2015, by and between the **HOUSING AUTHORITY OF THE CITY OF RIVERSIDE**, a public body corporate and politic (the "Authority") and **HABITAT FOR HUMANITY RIVERSIDE, INC.**, a California nonprofit public benefit corporation ("Developer").

RECITALS

A. Authority and Developer entered into that certain Disposition and Development Agreement (the "DDA"), which is incorporated herein by this reference and copies of which are on file as public record of the Authority at its offices located at 3900 Main Street, Riverside, California 92522. Pursuant to the DDA, Authority has agreed to convey certain real property owned by the Authority consisting of a certain parcel located at 3753 Myers Street, in the City of Riverside (the "Site") and the purpose of constructing twelve "for sale" Affordable Units (as defined herein) along with other amenities and facilities (collectively, the "Project").

B. As a condition to the conveyance of the Site, Developer has agreed to develop the Project in accordance with certain covenants, conditions and restrictions as set forth in this Declaration. This Declaration is intended to ensure that Developer, its successors and assigns, and every successor in interest to the Site or any part thereof, shall develop the Site in accordance with the terms and conditions of this Declaration.

C. The development of the Site pursuant to the terms and conditions of the DDA and

this Declaration are in the vital and best interests of Authority and the City and the health, safety and welfare of its residents, and are in accord with the public purposes and provisions of applicable state and local laws.

AGREEMENT

NOW, THEREFORE, the parties hereto agree and covenant as follows:

ARTICLE I

NONDISCRIMINATION

Section 1. Nondiscrimination. 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 Site, or any part of it, nor shall the Developer or any person claiming under or through it, establish or permit any practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees, or vendees in the Site, including the Affordable Units, or any portion thereof. The foregoing covenants shall run with the land.

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

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

a. In deeds: “In deeds: “The grantee herein covenants by and for himself or herself, his or her heirs, executors, administrators, and assigns, and all persons claiming under or through them, that there shall be no discrimination against or segregation of, any person or group of persons on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the premises herein

conveyed, nor shall the grantee or any person claiming under or through him or her, establish or permit any practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees, or vendees in the premises herein conveyed. The foregoing covenants shall run with the land.”

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

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

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

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

Notwithstanding the foregoing paragraph, with respect to familial status, the foregoing paragraph shall not be construed to apply to housing for older persons, as defined in

Section 12955.9 of the Government Code. With respect to familial status, nothing in the foregoing paragraph shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11, and 799.5 of the Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 and Section 1360 of the Civil Code and subdivisions (n), (o), and (p) of Section 12955 of the Government Code shall apply to the foregoing paragraph.

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

ARTICLE II

GENERAL DUTIES OF DEVELOPER

Section 1. Maintenance. Developer, or its successor in interest, shall maintain the Site and all of the improvements thereon in good condition and in accordance with the terms and conditions of the Agreement and in conformity with all applicable Governmental Regulations, including, without limitation, the City of Riverside Municipal Code. The Developer, or its successor in interest, shall keep the Site free from graffiti and from any accumulation of debris or waste materials and shall maintain the landscaping in good condition.

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

Section 3. Construction of the Project. Developer shall complete the construction of the Project consisting of twelve residential units in a timely manner and in accordance with the Agreement and all applicable laws, regulations and entitlements. No demolition or construction activities shall be undertaken on the Site without a validly issued building permit in accordance with the requirements of the City of Riverside Municipal Code.

Section 4. No Hazardous Materials Activity. Developer shall not engage in any Hazardous Materials Activity in violation of Environmental Laws and shall comply with all Governmental Regulations in connection with the development and operation of the Project.

In addition, Developer shall take all necessary precautions to prevent the release into the environment of any Hazardous Materials which are located in, on or under the Site in violation of Environmental Laws. Such precautions shall include compliance with all Governmental Regulations with respect to any Hazardous Materials. In addition, Developer shall install and utilize such equipment and implement and adhere to such procedures as are consistent with commercially reasonable standards with respect to the disclosure, storage, use, removal and disposal of Hazardous Materials. Notwithstanding the foregoing, this Declaration shall not prohibit the use of such products in quantities as are customarily used in the construction, maintenance, rehabilitation or management of residential developments or associated buildings and grounds, or used in residential activities in a manner typical of other comparable residential

developments, or substances commonly ingested by a significant population living within the Project including without limitation alcohol, aspirin, tobacco and saccharine.

Section 5. Owner Occupancy Restriction. Developer covenants and agrees that the Affordable Units shall be restricted to occupancy by their respective owners. Developer covenants and agrees to (i) disclose such restriction to buyers of the Affordable Units and obtain written confirmation of such disclosure; and (ii) include such restriction, along with prohibitions against the lease or rent of some or all of any Affordable Unit, in the HOA CC&Rs.

ARTICLE III

AFFORDABLE HOUSING OBLIGATIONS OF DEVELOPER

Section 1. Affordable Units. Developer acknowledges that the purpose of Authority's assistance is to encourage affordable homeownership among Low Income Households. Pursuant to such purpose, Developer covenants and agrees to make available and sell at Affordable Housing Costs to Qualified Buyers all of the units constructed on the Site consistent with applicable requirements of the DDA, the Community Redevelopment Law and this Declaration.

Section 2. Selection of Buyers. Developer shall be responsible for the selection of buyers for the Affordable Units constructed on the Site. Developer shall develop and submit to the Authority a written procedure for selection of buyers which, upon approval by Authority, shall be implemented by the Developer. To the extent permitted by law, preference shall be given first to Households: (i) which meet the eligibility requirement of the CalVet Loan Program and (ii) who currently reside or are employed in the City of Riverside. Developer shall submit a marketing and outreach program to Authority for Authority approval. Developer shall use commercially reasonable best efforts to sell the Affordable Units in accordance with the approved marketing and outreach program and the approved homebuyer selection program. Developer shall also ensure that the Affordable Units are sold in compliance with the income eligibility and First Time Homebuyer criteria set forth below.

Section 3. Income of Buyers. At least forty five (45) days prior to the proposed close of escrow for the sale of any Affordable Unit, Developer shall submit to Authority a completed income computation and certification form from the prospective buyer of the Affordable Unit, together with a copy of all back-up supporting information, in such form as may be requested by Authority. Such forms shall include evidence that the buyer has obtained a first mortgage commitment in such amount and meeting such terms as set forth in the Agreement. Developer shall not transfer title to the Affordable Unit to the prospective buyer until Authority has confirmed that the buyer is a Qualified Buyer and Developer has obtained Authority's written approval of the completed income computation and certification and supporting documentation. Developer shall obtain a certification from each buyer purchasing an Affordable Unit demonstrating that such buyer is a Low Income Household and meets the eligibility requirements established for the Affordable Unit such that the buyer qualifies as a Qualified Buyer. Developer shall submit to Authority a computation demonstrating that the Affordable Unit will be sold to the prospective buyer at an Gross Affordable Sales Price resulting in an Affordable Housing Cost

to the buyer. Developer shall verify the income certifications and computations as set forth below.

Developer shall obtain at least one of the following, as appropriate to the Household of the proposed buyer:

- a. two (2) paycheck stubs from the proposed purchaser's two (2) most recent pay periods (and the same from any other adult member of the Household);
- b. a true copy of an income tax return from the proposed purchaser for the most recent tax year in which a return was filed (and the same from any other adult member of the Household);
- c. an income verification certification from the employer of the proposed purchaser and any other adult member of the Household;
- d. an income verification certification from the Social Security Administration and/or the California Department of Social Services if the proposed purchaser or any other adult member of the Household receives assistance from such agencies; or
- e. an alternate form of income verification reasonably requested by Authority if none of the above forms of verification is available to Developer.

Section 4. First Time Homebuyers. Developer shall sell each Affordable Unit only to a third party purchaser who qualifies as a First Time Homebuyer. For purposes of this Declaration, "First Time Homebuyer" means (i) a person or group of persons none of whom has held a present ownership interest in real property during all or any part of the three years preceding the proposed date of purchase of the Affordable Unit, or (ii) a displaced homemaker or single parent head of household who does not possess any present ownership interest in real property. For purposes of this Declaration, the term "displaced homemaker" shall mean an adult who has not worked full-time full-year in the labor force for a number of years but has, during such years, worked primarily without remuneration to care for the home and family, and who is unemployed or under employed and is experiencing difficulty in obtaining or upgrading employment. For purposes of this Declaration, the term "single parent" shall mean an individual who is unmarried or legally separated from a spouse and who has one or more minor children for whom the individual has custody or joint custody, or who is pregnant.

Section 5. Term of Covenants. Developer covenants and agrees to restrict the sale of the Affordable Units to sale and resale exclusively to Qualified Buyers who are Low Income Households, until such date as is forty-five (45) years from the date of the initial sale of each Affordable Unit by Developer.

Section 6. Owner Occupancy. Developer agrees that the Affordable Units shall be restricted to occupancy by the owners of the Affordable Units in accordance with the Agreement.

ARTICLE IV

ENFORCEMENT

Section 1. Remedies. Breach of the covenants contained in this Declaration may be enjoined, abated or remedied by any appropriate legal proceeding.

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

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

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

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

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

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

Section 5. Third Party Beneficiary. The City of Riverside is a third party beneficiaries of this Declaration. This Declaration is made and entered into for the sole protection and benefit of the Authority, City of Riverside and their respective successors and assigns, and Developer, its permitted successors and assigns, and no other person or persons shall have any right of action hereon.

ARTICLE V

GENERAL PROVISIONS

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

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

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

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

To Developer:	Habitat for Humanity Riverside, Inc. Attn: Kathy Michalak, Executive Director 2180 Iowa Ave Riverside, California 92507
To Authority:	Housing Authority of the City of Riverside Attn: Executive Director 3900 Main Street Riverside, California 92522
Copies to:	City of Riverside Attn: Community Development Director 3900 Main Street, Third Floor Riverside, California 92522 City of Riverside Attn: City Attorney 3900 Main Street Riverside, California 92522

Such addresses may be changed from time to time by notice in writing, which shall be made by certified mail to the other party in accordance with this Section 4.

Section 5. Term of Declaration. It is the intent of the Parties that this Declaration be released on a unit-by-unit basis upon the conveyance of title by Developer of each Affordable Unit to a Qualified Buyer. Concurrently with the transfer of title of each Affordable Unit, another declaration of covenants, conditions and restrictions in the form of a regulatory agreement applicable to such third party purchaser of the Affordable Unit shall be recorded in the place of this Declaration.

[Signatures on Next Page]

IN WITNESS WHEREOF, the parties hereto have executed this Regulatory Agreement as of the date and year set forth below.

“DEVELOPER”

HABITAT FOR HUMANITY RIVERSIDE, INC.,
a California nonprofit public benefit corporation

Dated: _____

By: _____

Name: _____

Its: _____

Dated: _____

By: _____

Name: _____

Its: _____

“AUTHORITY”

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

Dated: _____

By: _____

Executive Director

ATTEST:

By: _____

Housing Authority Secretary

APPROVED AS TO FORM:

By: _____

Housing Authority Counsel

EXHIBIT "A"

LEGAL DESCRIPTION

[Attached]

EXHIBIT "A"

APN: 234-101-051, 054 & 057

Fee Simple

That certain real property located in the City of Riverside, County of Riverside, State of California, described as follows:

That portion of Lot 4 in Block 26 of the Village of Arlington, as shown by map recorded in Book 1, Page 62 of Maps, records of San Bernardino County, California, more particularly described as follows:

BEGINNING at a point on the northeasterly line of Myers Street as shown by said map of the Village of Arlington, 150 feet southeasterly from the northwesterly corner of said Lot 4; said point being the northwesterly corner of that certain parcel of land as granted to the City of Riverside, by deed recorded November 10, 1945, in Book 714, Page 100, et seq., of Official Records of Riverside County, California;

THENCE northeasterly along the northwesterly line of said parcel of land granted to the City of Riverside, a distance of 170 feet, more or less, to the southwesterly line of that certain alley, 20 feet in width, as shown by map of Taft Tract, on file in Book 7, Page 15 of Maps, records of Riverside County, California;

THENCE southeasterly along the southwesterly line of said alley, a distance of 210 feet to the southeasterly line of Parcel No. 2 of those certain parcels of land conveyed to Mildred I. Kelley, by Grant Deed recorded July 31, 1941, in Book 512, Page 158 of Official Records of Riverside County, California;

THENCE southwesterly along said southeasterly line, a distance of 170 feet to said northeasterly line of Myers Street as shown by said map of the Village of Arlington;


THENCE northwesterly along said northeasterly line of Myers Street, a distance of 210 feet to the POINT OF BEGINNING;

EXCEPTING THEREFROM that portion of said Lot 4 lying southwesterly of a line that is parallel with and distant 33.00 feet northeasterly, as measured at right angles, from the centerline of Myers Street as shown by Parcel Map 9730, filed in Book 51, Pages 72 and 73 of Parcel Maps, records of said Riverside County;

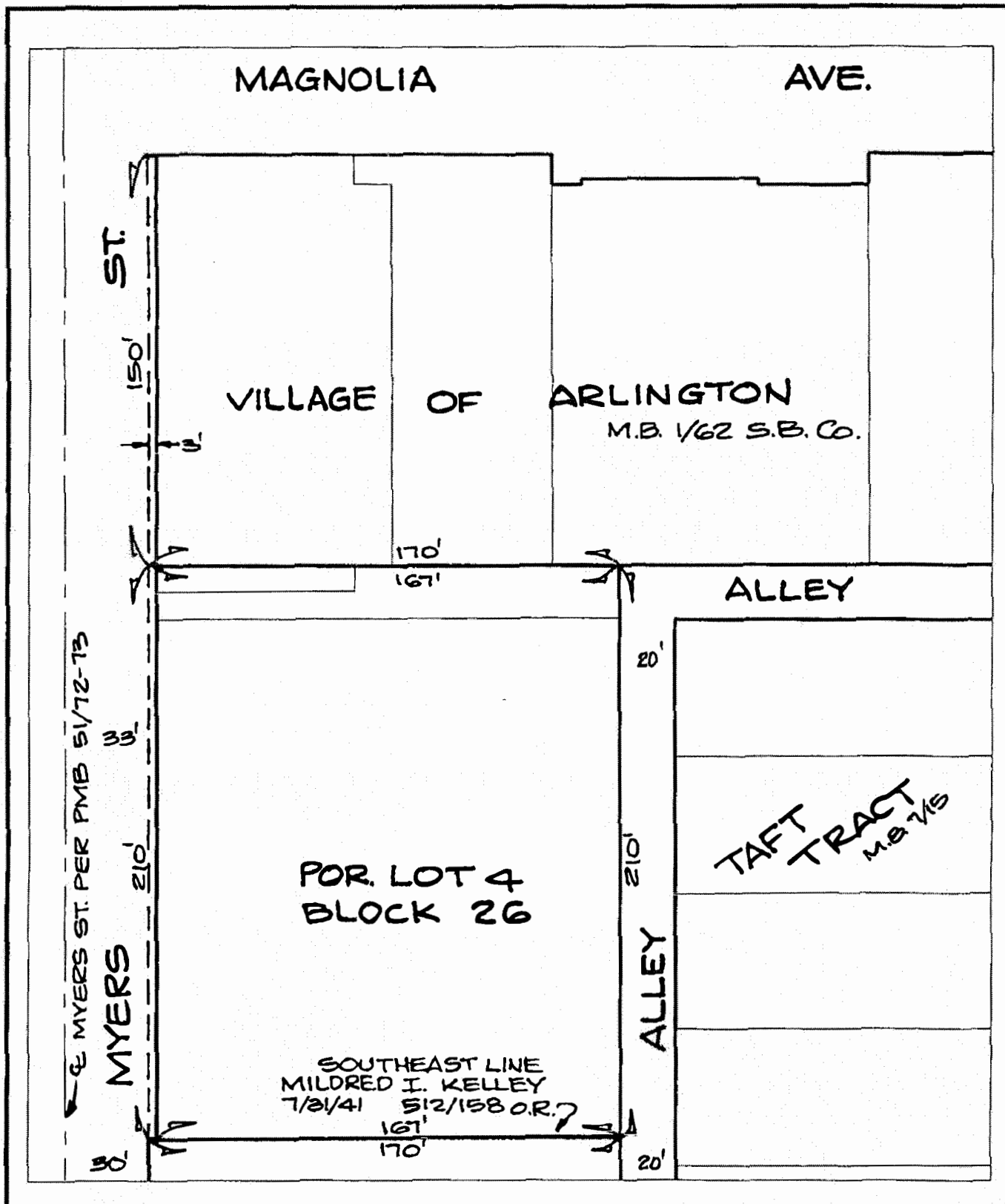
RESERVING THEREFROM permanent easements and rights-of-way for gas line facilities, electric energy distribution facilities, aerial and underground telephone, telegraph and communications facilities as described in Resolution No. 17101 of the City Council of the City of Riverside, a certified copy of said resolution recorded August 24, 1989, as Instrument No. 288815 of Official Records of said Riverside County.

This description was prepared by me or under my direction in conformance with the requirements of the Land Surveyors Act.


Curtis C. Stephens, L.S. 7519

5/14/12 Prep. 
Date





◆ **CITY OF RIVERSIDE, CALIFORNIA** ◆

THIS PLAT IS SOLELY AN AID IN LOCATING THE PARCEL(S) DESCRIBED IN THE ATTACHED DOCUMENT. IT IS NOT A PART OF THE WRITTEN DESCRIPTION THEREIN.

Sheet 1 of 1



Scale: 1" = 50'

Drawn by: skn

Date: 05/11/12

Subject: APN's: 234-101-051, 054 & 057

ATTACHMENT NO. 8

NOTICE OF AFFORDABILITY RESTRICTIONS

RECORDING REQUESTED BY

AND WHEN RECORDED MAIL TO:)

)

)

Housing Authority of the City of Riverside)

3900 Main Street)

Riverside, CA 92522)

Attn: Executive Director)

)

Project: 3753 Myers St.)

(Space above for Recorder's Use Only)

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**

In accordance with Health and Safety Code Section 33334.3(f)(3)(B), notice is hereby given that certain real property located at 3753 Myers Street, in the City of Riverside, County of Riverside, State of California, and known as Assessor's Parcel Numbers 234-101-051 and more particularly described in Exhibit "A" attached hereto and incorporated herein by reference, is subject to certain affordability covenants and restrictions identified in the **DECLARATION OF CONDITIONS, COVENANTS AND RESTRICTIONS (WITH AFFORDABLE HOUSING COVENANTS)** (the "Declaration") by and between the **HOUSING AUTHORITY OF THE CITY OF RIVERSIDE**, a public body corporate and politic (the "Authority") and **HABITAT FOR HUMANITY RIVERSIDE, INC.**, a California nonprofit public benefit corporation ("Owner"), recorded concurrently herewith and incorporated herein by this reference.

The affordability covenants and restrictions set forth in the aforementioned Declaration shall expire forty-five (45) years after the recordation of the Release of Construction Covenants

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

“AUTHORITY”

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

Dated: _____

By: _____
Executive Director

ATTEST:

By: _____
Housing Authority Secretary

APPROVED AS TO FORM:

By: _____
Housing Authority Counsel

EXHIBIT "A"

LEGAL DESCRIPTION

[Attached]

EXHIBIT "A"

APN: 234-101-051, 054 & 057
Fee Simple

That certain real property located in the City of Riverside, County of Riverside, State of California, described as follows:

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BEGINNING at a point on the northeasterly line of Myers Street as shown by said map of the Village of Arlington, 150 feet southeasterly from the northwesterly corner of said Lot 4; said point being the northwesterly corner of that certain parcel of land as granted to the City of Riverside, by deed recorded November 10, 1945, in Book 714, Page 100, et seq., of Official Records of Riverside County, California;

THENCE northeasterly along the northwesterly line of said parcel of land granted to the City of Riverside, a distance of 170 feet, more or less, to the southwesterly line of that certain alley, 20 feet in width, as shown by map of Taft Tract, on file in Book 7, Page 15 of Maps, records of Riverside County, California;

THENCE southeasterly along the southwesterly line of said alley, a distance of 210 feet to the southeasterly line of Parcel No. 2 of those certain parcels of land conveyed to Mildred I. Kelley, by Grant Deed recorded July 31, 1941, in Book 512, Page 158 of Official Records of Riverside County, California;

THENCE southwesterly along said southeasterly line, a distance of 170 feet to said northeasterly line of Myers Street as shown by said map of the Village of Arlington;

THENCE northwesterly along said northeasterly line of Myers Street, a distance of 210 feet to the POINT OF BEGINNING;

EXCEPTING THEREFROM that portion of said Lot 4 lying southwesterly of a line that is parallel with and distant 33.00 feet northeasterly, as measured at right angles, from the centerline of Myers Street as shown by Parcel Map 9730, filed in Book 51, Pages 72 and 73 of Parcel Maps, records of said Riverside County;

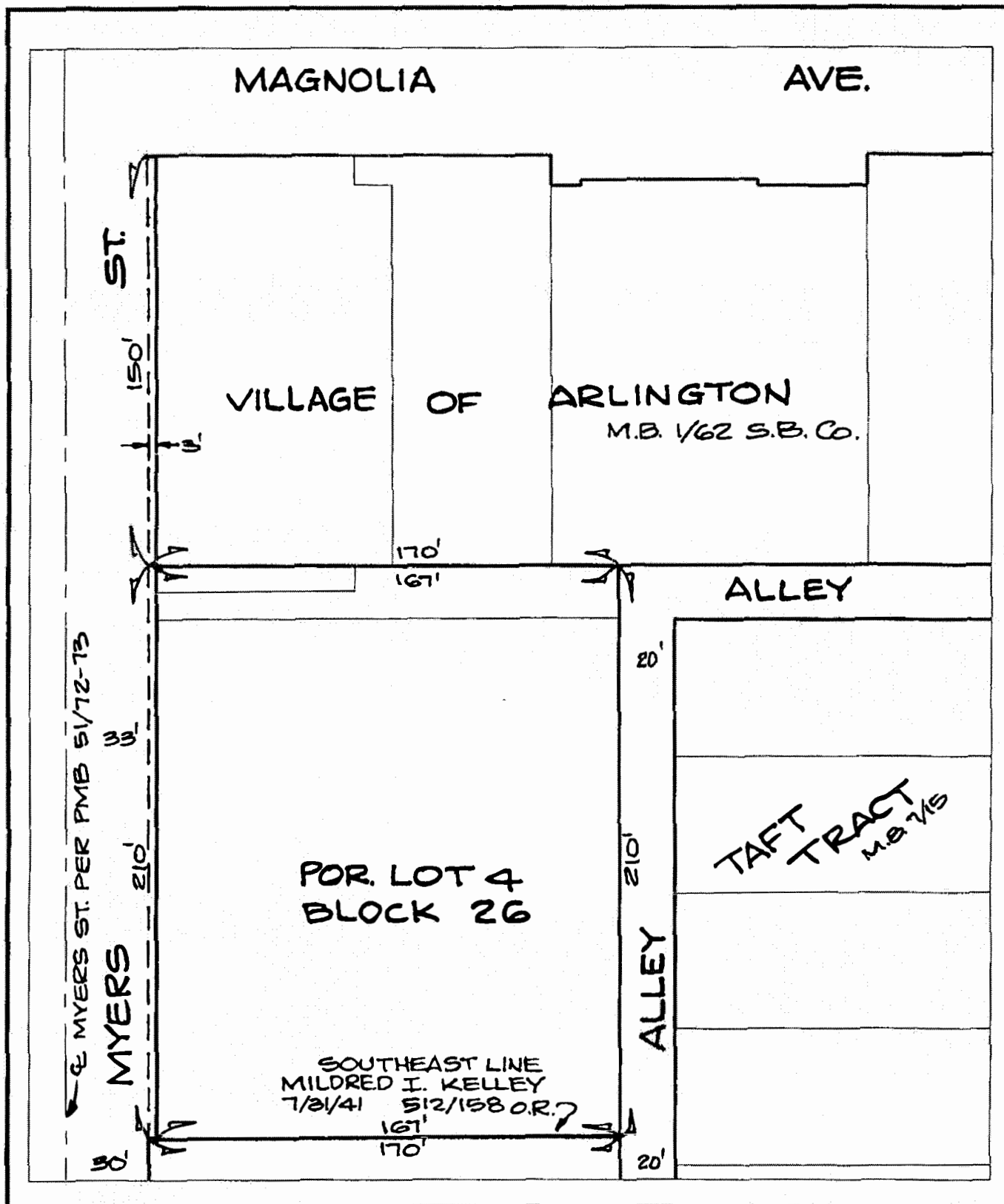
RESERVING THEREFROM permanent easements and rights-of-way for gas line facilities, electric energy distribution facilities, aerial and underground telephone, telegraph and communications facilities as described in Resolution No. 17101 of the City Council of the City of Riverside, a certified copy of said resolution recorded August 24, 1989, as Instrument No. 288815 of Official Records of said Riverside County.

This description was prepared by me or under my direction in conformance with the requirements of the Land Surveyors Act.


Curtis C. Stephens, L.S. 7519

5/14/12 Prep. 
Date





◆ **CITY OF RIVERSIDE, CALIFORNIA** ◆

THIS PLAT IS SOLELY AN AID IN LOCATING THE PARCEL(S) DESCRIBED IN THE ATTACHED DOCUMENT. IT IS NOT A PART OF THE WRITTEN DESCRIPTION THEREIN.

Sheet 1 of 1



Scale: 1" = 50'

Drawn by: skn

Date: 05/11/12

Subject: APN's: 234-101-051, 054 & 057

ATTACHMENT NO. 9

RELEASE OF CONSTRUCTION COVENANTS

RECORDING REQUESTED BY

AND WHEN RECORDED MAIL TO:)

)

)

Housing Authority of the City of Riverside)

3900 Main Street)

Riverside, CA 92522)

Attn: Executive Director)

)

Project: 3753 Myers St.)

(Space above for Recorder's Use Only)

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

RELEASE OF CONSTRUCTION COVENANTS

THIS RELEASE OF CONSTRUCTION COVENANTS ("Release") is hereby made as of this ____ day of _____, 2015, by the **HOUSING AUTHORITY OF THE CITY OF RIVERSIDE**, a public body corporate and politic (the "Authority") in favor of **HABITAT FOR HUMANITY RIVERSIDE, INC.**, a California nonprofit public benefit corporation ("Developer").

RECITALS

A. The Authority and the Developer entered into that certain Disposition and Development Agreement dated for identification purposes only as of _____, 2015 (the "Agreement").

B. Pursuant to the Agreement, the Authority and the Developer entered into that certain Declaration of Conditions, Covenants and Restrictions (With Affordable Housing Covenants) dated _____, 2015 (the "Declaration"). The Declaration provides for the completion of certain improvements (the "Project") to certain real property (the "Site") situated in the City of Riverside, California, and more particularly described on Exhibit "A" attached hereto and made a part hereof by this reference. Capitalized terms used herein and not otherwise defined shall have the meaning set forth in the Declaration.

C. As required in the Agreement and the Declaration, the Authority shall furnish the Developer with a Release of Construction Covenants upon completion of the Project which Certificate shall be in such form as to permit it to be recorded in the Riverside County Recorder's Office.

D. The Authority has conclusively determined that the construction of the Project required by the Agreement, and the Declaration on the Site has been satisfactorily completed.

NOW, THEREFORE, Authority hereto certifies as follows:

1. As provided in the Declaration, the Authority does hereby certify that all of the construction of the Project on the Site has been fully and satisfactorily performed and completed in accordance with the Agreement and the Declaration.

2. After the recordation of this Release any person or entity then owning or thereafter purchasing, or otherwise acquiring any interest in the Site will not (because of such ownership, purchase, or acquisition) incur any obligation or liability under the Disposition Agreement, or the Declaration to construct the Project, however, such party shall be bound by any and all of the covenants, conditions, and restrictions concerning the use, maintenance and operation of the Site which survive such recordation.

3. This Release is not a notice of completion as referred to in Section 3093 of the California Civil Code.

IN WITNESS WHEREOF, the Authority has executed this Release as of the date set forth above.

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

By: _____
Executive Director

ATTEST:

Housing Authority Secretary

EXHIBIT “A”

LEGAL DESCRIPTION

[Attached]

