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This Agreement is recorded at the request and for the benefit of the City of Fresno and is exempt from the payment of a recording fee pursuant to Government Code Section 6103 and 27383.

CITY OF FRESNO

By: Mark Scott  
Mark Scott, City Manager

Date: 8-30-12

HOME INVESTMENT PARTNERSHIPS PROGRAM AGREEMENT

by and between

CITY OF FRESNO,  
a municipal corporation

and

Central Valley Christian Housing Development Corporation  
a non-profit corporation

regarding

Low-Income Single-Family Housing Purchase, Rehabilitation and Sale  
in the Lowell Neighborhood

APPROVED BY CITY COUNCIL  
June 14, 2012  
By: Sherri L. Badestcher  
DEPUTY

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### ATTACHMENTS:

- EXHIBIT A: PROPERTY DESCRIPTION
- EXHIBIT B: PROJECT DESCRIPTION AND SCHEDULE
- EXHIBIT C: EXEMPLAR DECLARATION OF RESTRICTIONS
- EXHIBIT D: BUDGET
- EXHIBIT E: EXEMPLAR CERTIFICATE OF COMPLETION
- EXHIBIT F: EXEMPLAR NOTE AND TEMPLATE RIDER TO DEED(S) OF TRUST
- EXHIBIT G: GUIDE TO REHABILITATION STANDARDS

## HOME INVESTMENT PARTNERHIPS PROGRAM AGREEMENT

This HOME Investment Partnerships Program Agreement (hereinafter referred to as the "Agreement") is entered into this, 8/27, 2012, by and between the CITY OF FRESNO, a municipal corporation, acting through its Development and Resource Management Department – Housing and Community Development Division (hereinafter referred to as the "CITY"), and the Central Valley Christian Housing Development Corporation, a California non-profit corporation (hereinafter referred to as "DEVELOPER").

### RECITALS

WHEREAS, the CITY has received a HOME Investment Partnerships Program (hereinafter referred to as "HOME Program") grant from the U.S. Department of Housing and Urban Development (hereinafter referred to as "HUD"), under Title II of the Cranston-Gonzalez National Affordable Housing Act of 1990, as amended (hereinafter referred to as the "ACT"); and

WHEREAS, to advance the supply of Affordable Housing within the City of Fresno, the CITY desires, among other things, to encourage investment in the affordable housing market; and

WHEREAS, the Project will be located on five (5) yet to be identified properties in the Lowell Neighborhood (collectively "Property") located within the boundaries of the City of Fresno, to be purchased by the DEVELOPER, as more particularly described in the attached EXHIBIT "A"; and

WHEREAS, the DEVELOPER desires to purchase and rehabilitate five (5) yet to be identified separate Affordable Single-Family Housing Units to be sold as Low-Income Housing and related on-site and off-site improvements, hereinafter referred to as the "Project", as more particularly described in the Project Description and Schedule attached hereto as EXHIBIT "B", incorporated herein; and

WHEREAS, to advance the supply of Affordable Housing within the City of Fresno, the CITY desires to provide assistance to the Project in the total amount of Three Hundred Thousand Dollars and 00/100 (\$300,000.00) in HOME Funding as an assumable and partially forgivable Loan, for eligible HOME Project property rehabilitation costs, upon the terms and conditions in this Agreement, as further identified in EXHIBIT "D" (Budget), to be secured by the underlying Property and the Affordable Housing covenants, see attached Exhibit "F" Exemplar Note (Project Loan) and the attached EXHIBIT "C" Declaration of Restrictions; and

WHEREAS, the CITY has conducted a Rehabilitation Environmental Review of the Project pursuant to the National Environmental Policy Act ("NEPA") (Environmental Assessment No. H-2011-09) that determined that the project did not require preparation and dissemination of an environmental impact statement. Authority to Use Grant funds was approved by HUD for this project on January 19, 2012. The City also conducted a review of the project pursuant to the California Environmental Quality Act ("CEQA"), resulting in finding that it falls within the Categorical Exemptions set forth in sections 15326, 15301 and 15331 of the CEQA Guidelines (Environmental Assessment No. H-2011-09).

Furthermore, none of the exceptions to Categorical Exemptions set forth in the CEQA Guidelines, section 15300.2 apply to this project; and

WHEREAS, the CITY has determined that this Agreement is in the best interests of, and will materially contribute to, the Housing Element of the General Plan. Further, the CITY has found that the Project (i) will have a positive influence in the neighborhood and surrounding environs, (ii) is in the vital and best interests of the CITY, and the health, safety, and welfare of CITY residents, (iii) complies with applicable federal, state, and local laws and requirements, (iv) will increase, improve, and preserve the community's supply of Low-Income Housing available at affordable housing cost to persons and families of Low-Income, as defined hereunder, (v) planning and administrative expenses incurred in pursuit hereof are necessary for the production, improvement, or preservation of Low-Income Housing, and (vi) will comply with any and all owner participation rules and criteria applicable thereto; and

WHEREAS, on May 9, 2012, 2012, the Housing and Community Development Commission of the City of Fresno reviewed this Agreement and recommended approval.

NOW, THEREFORE, IN CONSIDERATION of the above recitals, which recitals are contractual in nature, the mutual promises herein contained, and for other good and valuable consideration hereby acknowledge, the parties agree as follows:

#### **ARTICLE 1. DEFINITIONS**

The following terms have the meaning and content set forth in this Article wherever used in this Agreement and the attached exhibits or attachments that are incorporated into this Agreement by reference.

- 1.1. Acquisition means vesting of Property in fee title.
- 1.2. ADA means the Americans with Disabilities Act of 1990, as most recently amended.
- 1.3. Affirmative Marketing means a good faith effort to attract eligible persons of all racial, ethnic and gender groups, in the housing market area, to purchase the Housing Units that are proposed for rehabilitation on the eligible Property, as hereinafter defined.
- 1.4. Affordable Housing means the proposed Affordable Housing Project Units, consisting of five (5) separate single-family homes, yet to be identified, each of which will be required to meet the affordability requirements of this Agreement and 24 CFR 92.254 and which affordability requirements shall run with the land for the Affordability Period subject to release as provided in this Agreement.
- 1.5. Affordability Period means the thirty (30) year period commencing from the date project and homebuyer information is entered into HUD's Integrated Disbursement and Information System (IDIS) and the project is identified as complete in IDIS. The date will be provided to DEVELOPER by the CITY.
- 1.6. Budget means the pro forma Budget (attached hereto as EXHIBIT "D"), and any

changes thereto approved by the CITY's Housing and Community Development Division Manager provided the total amount of HOME Funding allocated to the Project shall not be increased without City Council approval.

1.7. Certificate of Completion means that certificate issued, in the form attached as EXHIBIT "E" ("Certificate of Completion"), to DEVELOPER by the CITY evidencing completion of each Project Unit rehabilitated on the Property for purposes of this Agreement.

1.8. CFR means the Code of Federal Regulations.

1.9. Commencement of Rehabilitation means the time DEVELOPER or DEVELOPER'S rehabilitation contractor begins substantial physical work of the Project/each Project Unit on the Property, including, without limitation, delivery of materials and any work, beyond maintenance of the Property in its status quo condition.

1.10. Declaration of Restrictions means the Declaration of Restrictions in the form attached hereto as EXHIBIT "C", which shall be recorded against the Property concurrent with the recordation of this Agreement, setting out the Affordable Housing covenants and requirements of this Agreement which shall run with the land.

1.11. Deed of Trust means that/those Deed(s) of Trust (including security agreement(s) given by DEVELOPER as Trustor, to the CITY as beneficiary, and recorded against the Property to ensure the Note(s), together with the Rider to Deed of Trust, attached as Exhibit "F" and acceptable to the City Attorney, as well as any amendments to, modifications of and restatements of said Deed of Trust, which Deed of Trust shall be subordinated to the persons or entities that provide financing to the Developer, or subsequent Homebuyer, for the Project, per the Budget attached as EXHIBIT "D". The terms of any such Deed of Trust are hereby incorporated into this Agreement by this reference.

1.12. Eligible Costs means the HOME Program eligible property rehabilitation costs funded by the Loan, consistent with the Budget attached as EXHIBIT "D", allowable under 24 CFR Part 92, as specified in 24 CFR 92.205 and 92.206, and not disallowed by 24 CFR 92.214, provided, however, that costs incurred in connection with any activity that is determined to be ineligible under the Program by HUD or the CITY shall not constitute Eligible Costs.

1.13. Event of Default shall have the meaning assigned to such term under Section 10.1 hereunder.

1.14. Family has the same meaning given that term in 24 CFR 5.403.

1.15. Hazardous Materials means any hazardous or toxic substances, materials, wastes, pollutants or contaminants which are defined, regulated or listed as "hazardous substances," "hazardous wastes," "hazardous materials," "pollutants," "contaminants" or "toxic substances" under federal or state environmental and health safety laws and regulations, including without limitation, petroleum and petroleum byproducts, flammable explosives, urea formaldehyde insulation, radioactive materials, asbestos and lead.

Hazardous Materials do not include substances that are used or consumed in the normal course of developing, operating or occupying a housing project, to the extent and degree that such substances are stored, used and disposed of in the manner and in amounts that are consistent with normal practice and legal standards.

1.16. HOME Investment Partnerships Funds (also referred to in this Agreement as HOME Funds) means the HOME Program monies constituting the Loan, in an amount not to exceed the sum of Three Hundred Thousand Dollars and 00/100 (\$300,000.00) used for HOME Program eligible property rehabilitation costs.

1.17. Household means one or more persons occupying a Unit in the proposed Affordable Housing Project.

1.18. HUD means the United States Department of Housing and Urban Development.

1.19. Loan means the assumable and partially forgivable Project Loan of HOME Funds, in the total amount not to exceed the lesser of the sum of Three Hundred Thousand Dollars and 00/100 (\$300,000.00) and the aggregate HOME Program per unit cap (24 C.F.R. 92.250) for the five (5) HOME-assisted Units as determined by the CITY made available by the CITY to the Project pursuant to this Agreement, as more specifically described in the Budget and in the Exemplar Promissory Note attached hereto as Exhibit "F". The Loan shall be allocated at up to \$60,000 per home, as identified in the Budget, and shall be payable in accordance with the terms of the Notes, shall be secured by a Deed of Trust on each parcel constituting the Property, and shall be subject to the Rider to Deed of Trust attached to Exhibit "F" Exemplar Note.

1.20. Loan Documents are collectively this Agreement, the Note(s), Deed(s) of Trust, Declaration(s) of Restrictions and all related documents/instruments as they may be amended, modified or restated from time to time along with all exhibits and attachments thereto, relative to the Loan.

1.21. Low-Income Families means families whose annual income does not exceed eighty percent (80%) of the median income for the Fresno, California area as determined by HUD, except as HUD may establish income ceilings higher or lower than 80% of the median for the area on the basis of HUD findings that such variations are necessary.

1.23. Note or Notes mean(s) the assumable, partially forgivable Project Note on each parcel, substantially in the form attached hereto/incorporated herein as Exhibit "F" in principal aggregate amount of \$300,000.00 allocated to each property, given by DEVELOPER as promissor, in favor of the CITY, as promisee, evidencing the Loan and performance of the affordability and other covenants and restrictions set forth in this Agreement, secured by a standard Deed of Trust creating a lien upon the Property, naming the CITY as beneficiary and provided to the CITY no later than the date of initial disbursement hereunder, as well as any amendments to, modifications of and restatements of said Note consented to by CITY.

1.24. Program Income has the meaning provided in the HOME program including 24 CFR 92.503.

1.25. Project means the five (5) single-family low-income Affordable Housing Units to be purchased, rehabilitated, marketed, and sold as Low-Income Housing, and related on-site and off-site improvements all as described in the Project Description and Schedule attached hereto and incorporated herein as EXHIBIT "B", upon the Property as more particularly described in EXHIBIT "A".

1.26. Project Completion Date means the date that the CITY shall have determined that the Project has reached completion in accordance with this Agreement.

1.27. Project Schedule means the schedule for completion of the Project included within the EXHIBIT "B" Project Description and Schedule.

1.28. Property means the vacant, unimproved HOME Program eligible property to be purchased by the DEVELOPER, to be located in the Lowell Neighborhood, in Fresno, California, as more specifically described in the attached EXHIBIT "A", to be rehabilitated as a low-income housing projects as provided herein.

1.29. Unit means each of the five (5) single-family homes rehabilitated upon the Property and preserved as Affordable Housing for the duration of the Affordability Period.

## **ARTICLE 2. TERMS**

2.1 Loan of HOME funds. The CITY agrees to provide the Loan of HOME Funds to the DEVELOPER in an amount not to exceed Three Hundred Thousand Dollars and 00/100 (\$300,000.00) under the terms and conditions provided in this Agreement. The HOME Funds shall only be used for payment of HOME eligible costs. The Loan shall be assignable as provided in this Agreement and the Note(s).

2.2 Loan Documents. The DEVELOPER shall execute and deliver to the CITY the Loan Documents including the Note(s), Declaration of Restrictions and notarized Deed(s) of Trust, for recordation against the Property.

2.3 Term of Agreement. This Agreement is effective upon the date first above and shall remain in force for the duration of the longer of the Affordability Period and the Loan unless earlier terminated as provided herein, subject to obligations that expressly survive. It is understood and agreed upon, however, that if for any reason this Agreement should be terminated in whole or in part as provided hereunder, without default, by DEVELOPER prior to disbursement of HOME Program Funding hereunder, the CITY agrees to record a Notice of Cancellation regarding this Agreement, upon the written request of DEVELOPER.

2.4 Loan Repayment and Maturity. The Loan will be due and payable in accordance with the Note(s) and not later than the maturity date provided in the Note(s).

2.5 Incorporation of Documents. The DEVELOPER proposal dated October 18, 2011 and the CITY Council approved Minutes of June 14, 2012, approving this Agreement, the Loan Documents, the Act and HUD regulations at 24 CFR Part 92, and all exhibits, attachments, documents and instruments referenced herein, as now in effect and as may

be amended from time to time, constitute part of this Agreement and are incorporated herein by reference. All such documents have been provided to the parties herewith or have been otherwise provided to/procured by the parties and reviewed by each of them prior to execution hereof.

2.6 Covenants of DEVELOPER. The DEVELOPER for itself and its agents/assigns covenants and agrees to comply with all the terms and conditions of this Agreement and the requirements of 24 CFR Part 92.

### **ARTICLE 3. GENERAL REPRESENTATIONS AND WARRANTIES OF DEVELOPER**

3.1 Existence and Qualification. The DEVELOPER represents and warrants as of the date hereof, that DEVELOPER is a duly organized non-profit corporation. DEVELOPER has the requisite power, right, and legal authority to execute, deliver and perform its obligations under this Agreement and has taken all actions necessary to authorize the execution, delivery, performance, and observance of its obligations under this Agreement. This Agreement, when executed and delivered, shall constitute the legal, valid and binding obligations of the DEVELOPER enforceable against the DEVELOPER in accordance with its respective terms, except as such enforceability may be limited by (a) bankruptcy, insolvency, fraudulent, conveyance, reorganization, moratorium, or other similar laws of general applicability affecting the enforcement of creditors' rights generally, and (b) the application of general principles of equity without the joinder of any other party.

3.2 No Litigation Material to Financial Condition. The DEVELOPER represents and warrants as of the date hereof that, except as disclosed to and approved by CITY in writing, no litigation or administrative proceeding before any court or governmental body or agency is now pending, nor, to the best of DEVELOPER'S knowledge, is any such litigation or proceeding now threatened, or anticipated against DEVELOPER that, if adversely determined, would have a material adverse effect on the financial condition, business, or assets of DEVELOPER or on the operation of the Project.

3.3 No Conflict of Interest. The DEVELOPER represents and warrants as of the date hereof that no official, officer, agent, or employee of the CITY directly or indirectly owns or controls any interest in DEVELOPER, and no person, directly or indirectly owning or controlling any interest in DEVELOPER, is an official, officer, agent, or employee of the CITY.

3.4 No Legal Bar. The DEVELOPER represents and warrants as of the date hereof that the execution, delivery, performance, or observance by DEVELOPER of this Agreement will not, to the best of DEVELOPER'S knowledge, materially violate or contravene any provisions of: (a) any existing law or regulation, or any order of decree of any court, governmental authority, bureau, or agency; (b) governing documents and instruments of DEVELOPER; or (c) any mortgage, indenture, security agreement, contract, undertaking, or other agreement or instrument to which DEVELOPER is a party or that is binding on any of its properties or assets, the result of which would materially or substantially impair DEVELOPER'S ability to perform and discharge its obligations or its ability to complete the Project under this Agreement.

3.5 Assurance of Governmental Approvals and Licenses. DEVELOPER

represents and warrants, as of the date hereof, that DEVELOPER has obtained and, to the best of DEVELOPER'S knowledge, is in compliance with all federal, state, and local governmental reviews, consents, authorizations, approvals, and licenses presently required by law to be obtained by DEVELOPER for the Project.

#### **ARTICLE 4. HOME PROGRAM REPRESENTATION AND WARRANTIES BY DEVELOPER**

DEVELOPER, for itself and its development team, represents and warrants that:

4.1 Affirmative Marketing. The DEVELOPER warrants, covenants and agrees that it shall comply with all affirmative marketing requirements, including without limitation, those set out at 24 CFR 92.350, 24 CFR 92.351, in order to provide information and otherwise attract eligible persons from all racial, ethnic and gender groups in the housing market in the sale of Project Units. DEVELOPER shall be responsible for complying with the CITY'S "Affirmative Marketing Policy" document, incorporated herein, as amended from time to time. DEVELOPER shall maintain records of actions taken to affirmatively market units constructed in the future, and to assess the results of these actions.

4.2 Availability of HOME Funds. The DEVELOPER understands and agrees that the availability of HOME Funds is subject to the control of HUD, or other federal agencies, and should said Funds be encumbered, withdrawn or otherwise made unavailable to the CITY, whether earned by or promised to DEVELOPER, and/or should CITY in any fiscal year hereunder fail to allocate said Funds, the CITY shall not provide said Funds unless and until they are made available for payment to the CITY by HUD and the CITY receives and allocates said Funds. No other funds owned or controlled by the CITY shall be obligated under this Agreement.

4.3 Compliance with Agreement. The DEVELOPER warrants, covenants and agrees that, in accordance with the requirements of 24 CFR 92.254 and 24 CFR Part 85, upon any uncured default by DEVELOPER within the meaning of Article 10 of this Agreement, the CITY may suspend or terminate this Agreement and all other agreements with DEVELOPER without waiver or limitation of rights/remedies otherwise available to the CITY.

4.4 Conflict of Interest. The DEVELOPER warrants, covenants and agrees that it shall comply with the Conflict of Interest requirements of 24 CFR 92.356 including, without limitation, that no officer, employee, agent or consultant of DEVELOPER may occupy a Project Unit. DEVELOPER understands and acknowledges that no employee, agent, consultant, officer or elected official or appointed official of the CITY, who exercises or has exercised any functions or responsibilities with respect to the Project, or who is in a position to participate in a decision making process or gain inside information with regard to these activities, may obtain a financial interest or benefit from the Project, or have an interest in any contract, subcontract or agreement with respect thereto, or the proceeds thereunder, either for him or herself or for anyone with which that person has family or business ties, during his or her tenure or for one year thereafter. To the extent provided at 24 CFR 92.356(f), no owner, developer or sponsor of the Project, or officer, employee, agent or consultant thereof, may occupy a Project Unit.

4.5 Rehabilitation Standards. DEVELOPER shall rehabilitate the proposed housing units assisted under this Agreement in compliance with all applicable local codes, ordinances and zoning requirements in effect at the time of issuance of Certification of Completion. In addition, the DEVELOPER will follow the City's "Guide to Rehabilitation Standards", as attached in Exhibit G. In the absence of a local code for rehabilitation, DEVELOPER agrees to comply with the applicable standards identified in 24 CFR 92.251.

4.6 Covenants and Restrictions to Run with the Land. The CITY and DEVELOPER expressly warrant, covenant and agree to ensure that the covenants and restrictions set forth in this Agreement are recorded and will run with the land, provided, however, that, consistent with the Loan Documents, CITY may release said covenants and restrictions only upon recapture of all HOME funding allocated to the Unit(s) by the CITY. DEVELOPER further warrants, covenants and agrees to ensure that the covenants and restrictions set forth herein shall run in favor of the CITY.

A. The CITY and DEVELOPER hereby declare their understanding and intent that the covenants and restrictions set forth herein directly benefit the land (a) by enhancing and increasing the enjoyment and ownership of the proposed Project by certain Low-Income Families, and (b) by making possible the obtaining of advantageous financing for rehabilitation.

B. The DEVELOPER covenants and agrees that it shall cause the five (5) Project Units to be sold as Affordable Housing to Low-Income Families.

C. Without waiver or limitation, the CITY shall be entitled to injunctive or other equitable relief against any violation or attempted violation of any covenants and restrictions, and shall, in addition, be entitled to damages available under law or contract for any injuries or losses resulting from any violations thereof.

D. The failure or delay at any time of the CITY or any other person entitled to enforce any such covenants or restrictions shall in no event be deemed a waiver of the same, or of the right to enforce the same at any time or from time to time thereafter, or an estoppel against the enforcement thereof.

4.7 Displacement of Persons. The DEVELOPER warrants, covenants and agrees that pursuant to 24 CFR 92.353, it will take all reasonable steps to minimize the displacement of any persons (families, individuals, businesses, nonprofit organizations and farms). The parties acknowledge and agree that the Property is vacant.

4.8 Initial Income Certification. The DEVELOPER warrants, covenants and agrees that it shall comply with the procedures for income determinations at 24 CFR 92.203. DEVELOPER shall obtain, complete and maintain on file, immediately prior to initial occupancy, income certifications from each of the five (5) Affordable Project Unit's Household. DEVELOPER shall make a good faith effort to verify that the income provided by an applicant or occupying Household in an income certification is accurate by taking one or more of the following steps as part of the verification process: (1) obtain a pay stub for the most recent pay period; (2) obtain an income verification form from the applicant's current employer; (3) obtain an income verification form from the Social Security Administration and California Department of Social Services if the applicant receives

assistance from either of such agencies; (4) obtain an income tax return for the most recent tax year, or (5) if the applicant is unemployed and has no such tax return, obtain another form of independent verification. Copies of household income certification and verification must be available for review and approval by the CITY prior to the close of escrow and the transfer of title to the low-income homebuyer. DEVELOPER further warrants, covenants and agrees that it shall cooperate with the CITY in the CITY'S income certification/affordability monitoring activities at the time subsequent to initial transfer of the Unit Property.

4.9 Lead-Based Paint. The DEVELOPER warrants, covenants and agrees that it shall comply with all applicable requirements of the Lead-Based Paint Poisoning Prevention Act of 42 U.S.C. 4821 et seq., 24 CFR Part 35 including the HUD 1012 Rule, and 24 CFR 982.401(j), including any amendments thereto and Environmental Protection Agency (EPA) certification requirements under the Toxic Substances Control Act, in the Affordable Housing Project. These requirements apply to all units and common areas in the Affordable Housing Project. DEVELOPER shall incorporate or cause incorporation of this provision in all contracts and subcontracts for work performed on the Project, which involve the application of paint. DEVELOPER shall be responsible for all disclosure, inspection, testing, evaluation, control and abatement activities.

4.10 Minority Outreach Activities. The DEVELOPER warrants, covenants and agrees that it shall comply with all federal laws and regulations described in Subpart H of 24 CFR Part 92, including, without limitation, any requirement that DEVELOPER comply with the CITY'S minority outreach program.

4.11 Other Laws and Regulations. The DEVELOPER warrants, covenants and agrees that, in addition to complying with the federal laws and regulations already cited in this Agreement, DEVELOPER has reviewed, and shall comply with, all other federal laws and regulations that apply to the HOME Program, including, without limitation, requirements of 24 CFR 58.6 and the Flood Disaster Protection Act of 1973, as amended (42 U.S.C. 4001-4128) and the following:

A. The DEVELOPER does not intend to use any financing that is secured by a mortgage insured by HUD in connection with the Project as part of its acquisition and/or rehabilitation of this Project.

B. The Project is not located in a tract identified by the Federal Emergency Management Agency as having special flood requirements.

C. The Project requirements, Subpart F of 24 CFR Part 92, as applicable and in accordance with the type of Project assisted, including, but not limited to, the limit on per-unit subsidy amount at 24 CFR 92.250.

D. The property standards at 24 CFR 92.251.

E. The Project "Labor" requirements, as applicable, of 24 CFR 92.354 including Davis Bacon prevailing wage requirements (40 U.S.C. 276a - 276a-7), as supplemented by Department of Labor regulations (29 CFR Part 5).

F. The provisions of Section 102 and 107 of the Contract Work Hours and Safety Standards Act (40 U.S.C. 327-333), as supplemented by Department of Labor Regulations (29 CFR Part 5), in regards to the rehabilitation and management of the proposed Project.

G. The DEVELOPER and its contractors, subcontractors and service providers for the Project, shall comply with all applicable local, state and federal requirements concerning equal employment opportunity, including compliance with E.O. 11246, "Equal Employment Opportunity," as amended by E.O. 11375, "Amending Executive Order 11246 Relating to Equal Employment Opportunity," and as supplemented by regulations at 41 CFR part 60, "Office of Federal Contract Compliance Programs, Equal Employment Opportunity, Department of Labor."

H. The provisions of the Copeland "Anti-Kickback" Act (18 U.S.C. 874), as supplemented by Department of Labor regulations (29 CFR part 3, "Contractors and Subcontractors on Public Building or Public Work Financed in Whole or in Part by Loans or Grants from the United States").

I. The provisions of the Clean Air Act (42 U.S.C. 7401 et seq.) and the Federal Water Pollution Control Act (33 U.S.C. 1251 et seq.), as amended.

J. The provisions of the Byrd Anti-Lobbying Amendment (31 U.S.C. 1352).

K. The provision of E.O.s 12549 and 12689, "Debarment and Suspension," as set forth at 24 CFR part 24.

L. The provisions of the Drug-Free Workplace Act of 1988 (42 U.S.C. 701), in accordance with the Act and with HUD's rules at 24 CFR part 24, subpart F.

M. Title 8 of the Civil Rights Act of 1968 PL. 90-284.

N. Executive Order 11063 on Equal Opportunity and Housing.

O. Section 3 of the Housing and Urban Development Act of 1968.

P. The Housing and Community Development Act of 1974.

Q. Clean Water Requirements 33 U.S.C. 1251.

R. Civil Rights Requirements, 29 U.S.C. Section 623, 42 U.S.C Section 2000, 42 U.S.C Section 6102, 42 U.S.C. Section 12112, 42 U.S.C Section 12132, 49 U.S.C. Section 5332, 29 CRF Part 1630, 41 CFR Parts 60 et. seq.

4.12 Religious Organizations and Faith Based Activities. DEVELOPER warrants, covenants and agrees that it shall not engage in any prohibited activities described in 24 CFR 92.257.

4.13 Reporting Requirements. The DEVELOPER warrants, covenants and agrees

that it shall submit performance reports to the CITY as required hereunder. Furthermore, the DEVELOPER agrees to provide, at the sole cost of the DEVELOPER, annual audited Financial Statements for the Project expenses and ongoing financial transactions which occur as a result of this Agreement as required hereunder. The DEVELOPER agrees to account for the expenditure of HOME Funds using generally accepted accounting principals, which financial documentation shall be made available to the CITY and HUD upon their respective written request(s).

4.14 Housing Affordability. The DEVELOPER warrants, covenants and agrees that the Project will meet the Affordable Housing, income targeting and other requirements of 24 CFR 92.254 upon sale of the five (5) homes to eligible Low-Income homebuyers, except upon foreclosure by a lender or transfer in lieu of foreclosure following default under a Deed of Trust. DEVELOPER shall return to the City all HOME funds disbursed upon DEVELOPER'S failure to comply with this section 4.14, without limitation on City's other remedies.

4.15 Terminated Projects(s). The DEVELOPER understands and agrees that, if the Project is terminated before completion, either voluntarily or otherwise, such constitutes an ineligible activity and the CITY, without waiver or limitation upon other right and remedies, will not be required to provide any further HOME Program assistance funding to the Project Units and the City may seek available relief.

#### **ARTICLE 5. COVENANTS AND AGREEMENTS OF DEVELOPER.**

The DEVELOPER covenants and agrees to the following, for the entire term of the Agreement.

5.1 Adequate Repair and Maintenance. The DEVELOPER during its time on title shall maintain the Projects and Property in compliance with all applicable codes, laws, and ordinances.

5.2 Affordable Housing. The DEVELOPER covenants and agrees that the five (5) Project Units shall be sold only to Low-income families to constitute Affordable Housing, as variously provided at 24 CFR 92.254. The City shall be entitled to injunctive relief to enforce this provision.

5.3 Compliance With Environmental Laws. The DEVELOPER shall cause the Project to be in compliance with, and not to cause or permit the housing project to be in violation of, any environmental law, rule, regulation, ordinance, or statute. Although the CITY will utilize its employees and agents for regular inspection and testing of the eligible Property, the DEVELOPER agrees that, if the CITY has reasonable grounds to suspect any such violation, the DEVELOPER shall be entitled to thirty (30) days' notice and opportunity to cure such violation. If the suspected violation is not cured, the CITY shall have the right to retain an independent consultant to inspect and test the eligible Property for such violation. If a violation is discovered, the DEVELOPER shall pay for the reasonable cost of the independent consultant.

Additionally, the DEVELOPER agrees:

A. That the CITY shall not be directly or indirectly involved with the inspection, testing, removal or abatement of asbestos or other hazardous or toxic chemicals, materials, substances, or wastes and that all cost, expense and liability for such work shall be and remain solely with the DEVELOPER;

B. Not to transport to or from the proposed project site(s), or use, generate, manufacture, produce, store, release, discharge, or dispose of on, under, or about the project site(s), or surrounding real estate, or transport to or from the project site(s), or surrounding real estate, any hazardous or toxic chemicals, materials, substance, or wastes or allow any person or entity to do so except in such amounts and under such terms and conditions permitted by applicable laws, rules, regulations, ordinances, and statutes;

C. To give prompt written notice to the CITY of the following:

1. Any proceeding or inquiry by any governmental authority with respect to the presence of any hazardous or toxic chemicals, materials, substance, or waste in or on the eligible Property or the surrounding real estate or the migration thereof from or to other property;

2. All claims made or threatened by any third party against the DEVELOPER or such properties relating to any loss or injury resulting from any hazardous or toxic chemicals, materials, substance, or waste; and

3. The DEVELOPER'S discovery of any occurrence or condition on any real property adjoining or in the vicinity of such properties that would cause such properties or underlying or surrounding real estate or part thereof to be subject to any restrictions on the ownership, occupancy, transferability, or use of the property under any environmental law, rule, regulation, ordinance or statute.

D. To indemnify, defend, and hold the CITY harmless from any and all claims, actions, causes of action, demands, judgments, damages, injuries, administrative orders, consent agreements, orders, liabilities, penalties, costs, expenses (including attorney's fees and expenses), and disputes of any kind whatsoever arising out of or relating to the DEVELOPER or any other party's use or release of any hazardous or toxic chemicals, materials, substance, or wastes on the eligible Property regardless of cause or origin, including any and all liability arising out of or relating to any investigation, site monitoring, containment, cleanup, removal, restoration, or other remedial work of any kind.

5.4 Compliance With Laws. The DEVELOPER shall promptly and faithfully comply with, conform to and obey all present and future federal, state and local statutes, regulations, rules, ordinances and other legal requirements applicable by reason of this Agreement or otherwise to the Project. The DEVELOPER acknowledges that the use of HOME Funds subjects the Project to extensive federal regulation and covenants and agrees that it shall comply with, conform to and obey (and take such steps as are required of the DEVELOPER to enable the CITY to comply with, conform to and obey) all federal statutes, regulations, rules and policies applicable to the Program and the Project. The CITY and DEVELOPER acknowledge that (i) pursuant to 24 CFR 92.354 a contract for the rehabilitation of housing that includes fewer than 12 units assisted with HOME funds need

not contain a provision requiring the payment of the wages prevailing in the locality as predetermined by the Secretary of Labor pursuant to the Davis-Bacon Act (40 U.S.C. 276a-276a-5), to all laborers and mechanics employed in the development of any part of the housing, or the overtime provisions, as applicable, of the Contract Work Hours and Safety Standards Act (40 U.S.C. 327-332), and (ii) pursuant to Cal. Labor Code 1720, the public participation in the Project that would otherwise meet the criteria of a public work for which State prevailing is required under Cal. Lab. Code 1720 et seq. is exempt where the public funding is in the form of below-market interest rate loan for a project in which occupancy of at least 40 percent of the units is restricted for at least 20 years, by deed or regulatory agreement, to individuals or families earning no more than 80 percent of the area median income. Nonetheless DEVELOPER shall be solely responsible for determining and effectuating compliance. Notwithstanding anything to the contrary contained herein, nothing in this Agreement shall be construed as imposing any independent prevailing wage requirements that are different from those imposed by applicable federal or state law.

5.5 Existence, Qualification, and Authority. The DEVELOPER shall provide to the CITY any evidence required or requested by the CITY to demonstrate the continuing existence, qualification, and authority of the DEVELOPER to execute this Agreement and to perform the acts necessary to carry out the Project.

5.6 Financial Statements and Audits. The DEVELOPER, as a recipient of federal financial assistance, is required to comply with the provisions of the Single Audit Act of 1984 (31 U.S.C. Sections 7501 et seq.), as amended. Annually, within one hundred and eighty (180) days following: 1) the end of fiscal year(s) in which the HOME Funds are disbursed hereunder, and 2) the end of fiscal year(s) in which this contract shall terminate, and otherwise upon the CITY'S; written request during the term of this Agreement, DEVELOPER, at its sole cost and expense shall submit to the CITY:

A. Audited annual financial statements that are current, signed, and prepared according to generally accepted accounting principles consistently applied (except as otherwise disclosed therein); and

B. Audited Financial Statements covering the income and expenses, and the financial transactions for the Project during the prior fiscal year.

5.7 Inspection and Audit of Books, Records and Documents. The DEVELOPER shall be accountable to the CITY for all HOME Funds disbursed for this project pursuant to this Agreement. Any duly authorized representative of the CITY, the State, or HUD shall, at all reasonable times, have access to and the right to inspect, copy, make excerpts or transcripts, audit, and examine all books of accounts, records, files and other papers or property, and other documents of the DEVELOPER pertaining to the Project or all matters covered in this Agreement and for up to six (6) years after the expiration or termination of this Agreement.

A. The DEVELOPER will maintain books and records for the Project using generally accepted accounting principles. The DEVELOPER agrees to maintain books and records that accurately and fully show the date, amount, purpose and payee of all expenditures financed with HOME Funds and to keep all invoices, receipts and other documents related to expenditures financed with HOME Funds for not less than six (6)

years after the expiration or termination of the Agreement. Books and records must be kept accurate and current. For purposes of this section, "books, records and documents" include, without limitation; plans, drawings, specifications, ledgers, journals, statements, contracts/agreements, funding information, funding applications, purchase orders, invoices, loan documents, computer printouts, correspondence, memoranda, and electronically stored versions of the foregoing. This section shall survive the termination of this Agreement.

B. The CITY may audit any conditions relating to this Agreement at the CITY'S expense, unless such audit shows a significant discrepancy in information reported by the DEVELOPER in which case the DEVELOPER shall bear the cost of such audit. The DEVELOPER shall also comply with any applicable audit requirements of 24 CFR 92.506. This section shall survive the termination of this Agreement.

C. The DEVELOPER will cooperate fully with the CITY, the State, and HUD in connection with any interim or final audit relating to the Programs and the Project that may be performed relative to the performance of this Agreement.

5.8 Inspection of Property. Any duly authorized representative of the CITY, the State, or HUD shall, at all reasonable times, have access and the right to inspect the Property until completion of the Project.

5.9 No Other Liens. The DEVELOPER shall not create or incur, or suffer to be created or incurred, or to exist, any additional mortgage, pledge, encumbrance, lien, charge, or other security interest of any kind on the eligible Property, other than those related to rehabilitation or pre-development loans in relation to the Affordable Housing Project consistent with the attached EXHIBIT "D" Project Budget, without the prior written consent of the CITY.

5.10 Nondiscrimination. The DEVELOPER shall comply with and cause any and all contractors and subcontractors to comply with any and all federal, state, and local laws with regard to illegal discrimination, and the DEVELOPER shall not illegally discriminate against any persons on basis of race, color, ancestry, national origin, religion, sex, age, marital status, family status, source of income/rental assistance subsidy, physical or mental disability, Acquired Immune Deficiency Syndrome (AIDS) or AIDS-related conditions (ARC), sexual orientation, or any other arbitrary basis in its performance of this Agreement and the completion of the Project.

5.11 Ownership. Except as required in pursuit hereof, the DEVELOPER shall not sell, lease, transfer, assign or otherwise dispose of all or any material part of any interest it might hold in the Property or the Project without the prior written consent of the CITY, which consent shall not be unreasonably withheld or delayed.

5.12 Payment of Liabilities. The DEVELOPER shall pay and discharge in the ordinary course of its business all material obligations and liabilities, the nonpayment of which could have a material or adverse impact on its financial condition, business, or assets or on the operation of the Project(s), except such obligations and liabilities that have been disclosed to the CITY in writing and are being contested in good faith.

5.13 Report of Events of Default. The DEVELOPER shall promptly give written notice to the CITY upon becoming aware of any Event of Default under this Agreement.

## ARTICLE 6. HOME PROGRAM FUNDS

Without waiver of limitation, the parties agree as follows, regarding HOME Funds:

6.1 Use of HOME Program Funds. The DEVELOPER warrants, covenants and agrees that it shall request HOME Program Loan Funds only for reimbursement of HOME eligible costs as identified in the attached Budget, limited to the amount needed, aggregating not more than Three Hundred Thousand Dollars and 00/100 (\$300,000.00). The CITY'S obligations shall in no event exceed the HOME Funds amount specified in this Agreement.

A. If any such Funds shall be determined to have been requested and/or used by DEVELOPER for something other than for HOME eligible costs, and subject to the notice and cure provisions of Section 10.2 hereunder, an equal amount from nonpublic funds shall become immediately due and payable by DEVELOPER to the CITY; provided, however that DEVELOPER shall, subject to its full cooperation with the CITY, be entitled to participate in any opportunity to remedy, contest, or appeal such determination.

B. In the event HOME Funds are requested to reimburse for Eligible Costs, which subsequently lose eligibility as Eligible Costs, DEVELOPER shall immediately return such HOME Funds to the CITY.

C. The CITY will disburse HOME Funds, only to DEVELOPER through proper invoicing, for HOME eligible costs of the Project as provided in this Article 6.

6.2 Conditions Precedent to Disbursement. The CITY shall not be obligated to make or authorize any disbursements of HOME Funds or take any other action under this Agreement unless all the following conditions are satisfied:

A. There exists no Event of Default as provided in Article 10, nor any act, failure, omission or condition that with the passage of time or the giving of notice or both would constitute an Event of Default.

B. DEVELOPER has submitted evidence that the combined monies from the Funding Sources and the HOME Funds are not less than what is needed to purchase and construct each home, separately, which is estimated at an aggregate of \$550,000.00, consistent with the Budget attached hereto as EXHIBIT "C", the amount necessary to complete the Project.

C. The CITY has approved the requested payment of HOME eligible Project costs.

D. DEVELOPER has acquired insurance coverage and delivered to the CITY evidence of insurance as required in Article 9.

E. DEVELOPER is current with its compliance of all reporting

requirements set forth in this Agreement.

F. DEVELOPER has provided the CITY with a written request for HOME Funds (in CITY-approved Form), for payment of HOME eligible Project costs, and detailing such Eligible Costs applicable to the request.

G. The CITY has received the Certification required by Section 6.4 of this Agreement.

H. The CITY has received, and continued to have the right to disburse HOME funds.

6.3 Request for and Disbursement of HOME Program Funds. DEVELOPER shall request reimbursement of HOME Funds using the CITY'S Request for Disbursement of Funds Form, or a similar document. DEVELOPER shall only request a maximum of Three Hundred Thousand Dollars and 00/100 (\$300,000.00), in HOME Program assistance. All requests should provide in details such Eligible Costs applicable to the request. All requests for HOME Funds disbursement shall be accompanied with the Certification required by Section 6.4 of this Agreement.

6.4 DEVELOPER'S Certification. The DEVELOPER shall submit to the CITY a written certification that, as of the date of the Request for Disbursement ("Certification"):

A. The representation and warranties contained in or incorporated by reference in this Agreement continue to be true, complete and accurate;

B. The DEVELOPER has carried out all of its obligations and is in compliance with all the obligations or covenants specified in this Agreement, to the extent that such obligations or covenants are required to have been carried out or are applicable at the time of the request for the Disbursement;

C. The DEVELOPER has not committed or suffered an act, event, occurrence, or circumstance that constitutes an Event of Default or that with the passage of time or giving of notice or both would constitute an Event of Default; and

D. The Loan disbursement requested will be used solely for reimbursement of HOME eligible rehabilitation costs, and must be supported by the itemized obligations that have been properly incurred and are properly chargeable in connection with the Project.

## **ARTICLE 7. DEVELOPMENT AND REHABILITATION OF PROJECT**

Without waiver of limitation, the parties agree as follows:

7.1 Pre-rehabilitation Meeting Regarding HOME Program Processes and Procedures. CITY will schedule, and the DEVELOPER shall attend a meeting prior to rehabilitation with the CITY'S Housing and Community Development Division for the purpose of outlining HOME program processes and procedures.

7.2 Commencement and Completion of Project. The DEVELOPER shall commence and complete rehabilitation in accordance with the Project Description and Schedule.

7.3 Contracts and Subcontracts. Consistent with Article 5, all demolition, hazardous waste abatement, rehabilitation work and professional services for the Project shall be performed by persons or entities licensed or otherwise legally authorized to perform the applicable work or service in the State of California and the City of Fresno. The DEVELOPER shall provide the CITY with copies of all agreements with any and all contractors or subcontractors for this Project. The DEVELOPER shall require that each contractor and subcontractor agreement contain a provision whereby the party(ies) to the agreement other than the DEVELOPER agree to (i) notify the CITY immediately of any event of default by the DEVELOPER thereunder; (ii) notify the CITY immediately of the filing of a mechanic's lien, (iii) notify the CITY immediately of termination or cancellation of the agreement; and (iv) provide the CITY, upon the CITY'S request, an Estoppel Certificate certifying that the agreement is in full force and effect and the DEVELOPER is not in default thereunder. The DEVELOPER agrees to notify the CITY immediately of termination or cancellation of any such agreement(s), notice of filing of a mechanic's lien, or breach or default by other party(ies) thereto.

7.4 Damage to Property. To the extent consistent with the requirements of any permitted encumbrance, or as otherwise approved by the CITY, and subject to Article 10 of this Agreement, if any building or improvement constructed on the Property is damaged or destroyed by an insurable cause, the DEVELOPER shall, at its cost and expense, diligently undertake to repair or restore said buildings and improvements consistent with the original scope of work of the Project Unit. Such work or repair shall commence within ninety (90) days after the insurance proceeds are made available to the DEVELOPER and shall be complete within one (1) year thereafter. All insurance proceeds collected for such damage or destruction shall be applied to the cost of such repairs or restoration and, if such insurance proceeds shall be insufficient for such purpose, the DEVELOPER shall make up the deficiency.

7.5 Fees, Taxes and Other Levies. The DEVELOPER shall be responsible for payment of all fees, assessments, taxes, charges and levies imposed by any public authority or utility company with respect to the Property or the Project, and shall pay such charges prior to delinquency. However, the DEVELOPER shall not be required to pay and discharge any such charge so long as; (a) the legality thereof is being contested diligently and in good faith and by appropriate proceedings, and (b) if requested by the CITY, the DEVELOPER deposits with the CITY any funds or other forms of assurances that the CITY, in good faith, may determine from time to time are appropriate to protect the CITY from the consequences of the contest being unsuccessful.

7.6 Financing. The DEVELOPER shall promptly inform the CITY of any new or additional financing or funding, and the DEVELOPER shall provide the CITY copies of all agreements with any and all Funding Sources for this Project. The DEVELOPER shall require each agreement with any and all Funding Sources to contain a provision whereby the party(ies) to the agreement other than the DEVELOPER, agree to (i) notify the CITY immediately of any event of default by the DEVELOPER thereunder; (ii) notify the CITY immediately of termination or cancellation of the agreement; and (iii) provide the CITY,

upon CITY'S request, an Estoppel Certificate certifying that the agreement is in full force and effect and the DEVELOPER is not in default thereunder. The DEVELOPER agrees to notify the CITY immediately of termination or cancellation of any such agreement(s) or receipt of notice of default thereunder. The DEVELOPER shall comply with all obligations of any such agreement(s) with any and all Funding Sources until the respective expiration of such agreement(s). In the event DEVELOPER fails to comply with its obligations of this section, the Loan shall become immediately due and payable as provided for in this Agreement. This section shall survive expiration or termination of this Agreement.

7.7 Identification Signage. Before the start of rehabilitation, the DEVELOPER shall place a poster or sign, with a minimum three feet by three feet in size, identifying the City of Fresno, Planning and Development Department, Housing and Community Development Division, as a Project participant. The sign shall also include the CITY'S Logo, as well as the Equal Housing Opportunity logo, as mandated by HUD. Font size shall be a minimum of 4 inches. The poster/sign shall be appropriately placed, and shall be in place throughout the Project rehabilitation.

7.8 Inspections. The DEVELOPER shall permit, facilitate, and require its contractors and consultants to permit and facilitate observation and inspection at the job site by the CITY and other public authorities during reasonable business hours, for determining compliance with this Agreement.

7.9 Insurance and Bonds. Upon CITY'S reasonable request, the DEVELOPER shall submit for CITY approval bonds, policies, certificates and applicable endorsements for all insurance and bonds required by this Agreement in accordance with Article 9.

7.10 Mechanic's Liens and Stop Notices. If any claim of lien is filed against the Property or a stop notice affecting any financing, HOME Program Funds or Funding Sources for the Project is served on the CITY or any other third party in connection with the Project, the DEVELOPER shall, within twenty (20) days of such filing or service, either pay and fully discharge the lien or stop notice, effect the release of such lien or stop notice by delivering to the CITY a surety bond in sufficient form and amount, or provide the CITY with other assurance satisfactory to the CITY that the claim of lien or stop notice will be paid or discharged.

A. If the DEVELOPER fails to discharge, bond or otherwise satisfy the CITY with respect to any lien, encumbrance, charge or claim referred to in this Section, then, in addition to any other right or remedy, the CITY may, but shall not be obligated to, discharge such lien, encumbrance, charge, or claim at the DEVELOPER expense. Alternatively, the CITY may require the DEVELOPER to immediately deposit with the CITY the amount necessary to satisfy such lien or claim and any costs, pending resolution thereof. The CITY may use such deposit to satisfy any claim or lien that is adversely determined against the DEVELOPER. The DEVELOPER hereby agrees to indemnify and hold the CITY harmless from liability for such liens, encumbrances, charges or claims together with all related costs and expenses.

7.11 Permits and Licenses. Upon CITY'S reasonable request, the DEVELOPER shall submit, for CITY approval, all the necessary permits and licenses required for Commencement of Rehabilitation. As the CITY may reasonably request, the

DEVELOPER, at its sole cost and expense, shall provide to the CITY copies of any and all permit approvals and authorizations including plot plan, plat, zoning variances, sewer, building, and other permits required by governmental authorities other than the CITY in pursuit of the Affordable Housing Project, and for its stated purposes in accordance with all applicable building, environmental, ecological, landmark, subdivision, zoning codes, laws, and regulations. The DEVELOPER is responsible, at its sole cost and expense, to determine the location of any utilities on the Property and to negotiate with the utility companies for and to relocate the utilities, if any, as necessary to complete the Project.

7.12 Scope of Work. Before Commencement of Rehabilitation, the DEVELOPER shall submit to the CITY, for its review and approval, the final Scope of Work for the Projects. The DEVELOPER will rehabilitate the homes in full conformance with the Scope of Work and modifications thereto approved by the CITY. The DEVELOPER shall obtain the CITY'S prior written approval for any modifications to the Scope of Work.

7.13 Project Responsibilities. The DEVELOPER shall be solely responsible for all aspects of the DEVELOPER'S conduct in connection with the Project, including but not limited to the following: the applicability of and compliance with all local, state and federal laws including, without limitation, prevailing wage and public bidding requirements (the CITY'S annual resolution setting out per diem wage rates is available from the CITY'S Rehabilitation Management Division), the quality and suitability of the work completed, the supervision of all contracted work, qualifications and financial conditions of and performance of all contractors, subcontractors, consultants and suppliers. Any review or inspection undertaken by the CITY with reference to the Project is solely for the purpose of determining whether the DEVELOPER is properly discharging its obligation to the CITY, and shall not be relied upon by the DEVELOPER or by any third parties as a warranty or representation by the CITY as to the quality of the work completed for the Project. This Project is a public work subject to prevailing wage requirements except as provided in Section 5.4 hereof.

7.14 Quality of Work. The DEVELOPER shall ensure that rehabilitation of the proposed Project employs building materials of a quality suitable for the requirements of the Project. The DEVELOPER shall cause completion of rehabilitation of the proposed Project on the Property in full conformance with applicable local, state and federal laws, statutes, regulations, and building and housing codes.

7.15 Relocation. If and to the extent that rehabilitation of the proposed Project results in the permanent or temporary displacement of residential tenants, homeowners or businesses, the DEVELOPER shall comply with all applicable local, state and federal statutes and regulations with respect to relocation planning, advisory assistance and payment of monetary benefits. The DEVELOPER shall be solely responsible for payment of any relocation benefits to any displaced persons and any other obligations associated with complying with said relocation laws.

7.16 Reporting Requirements. The DEVELOPER shall submit to the CITY the following Project reports:

A. From the date of the Commencement of the Project, until issuance of the final Certificate of Completion, evidencing the completion of rehabilitation of the last

Project Unit, the DEVELOPER shall submit a Quarterly Report, in a form approved by the CITY, which will include, at a minimum, the following information: progress of the Project and affirmative marketing efforts (as applicable). The Quarterly Reports are due fifteen (15) days after the end of each March 31<sup>st</sup>, June 30<sup>th</sup>, September 30<sup>th</sup>, and December 31<sup>st</sup>, during said period.

B. Annually, beginning on the first day of the month following the CITY'S issuance of the final Certificate of Completion, evidencing the rehabilitation of the last Project Unit, and continuing until the termination of the Agreement, the DEVELOPER shall submit an Annual Report to the CITY, in a form approved by the CITY. The Annual Report shall include, at a minimum, the following information: the date the occupancy commenced, certification from an officer of the DEVELOPER that the Project is in compliance with the Affordable Housing Requirements, and such other information the CITY may be required by law to obtain. The DEVELOPER shall provide any additional information reasonably requested by the CITY.

C. Annually, beginning on the first day of the month following the CITY'S issuance of the final Certificate of Completion, evidencing the rehabilitation of the last Project Unit, and continuing until the expiration of the Agreement, DEVELOPER shall submit proof of insurance as may be required in Article 10.

**7.17 Scheduling and Extension of Time; Unavoidable Delay in Performance.** It shall be the responsibility of the DEVELOPER to coordinate and schedule the work to be performed so that the Commencement of the Project and issuance of the Certificate of Completion(s) will take place in accordance with the provisions of the Agreement. The CITY, through its Housing and Community Development Division Manager, may extend such time in writing at its sole and absolute discretion, and upon written request of the DEVELOPER, as follows:

A. The time for performance of provisions of the Agreement by either party shall be extended for a period equal to the period of any delay directly affecting the Project or this Agreement which is caused by: war, insurrection, strike or other labor disputes, lock-outs, riots, floods, earthquakes, fires, casualties, acts of God, acts of a public enemy, epidemics, quarantine restrictions, freight embargoes, lack of transportation, suits filed by third parties concerning or arising out of this Agreement, or unseasonable weather conditions. An extension of time for any of the above specified causes will be granted only if written notice by the party claiming such extension is sent to the other party within ten (10) calendar days from the date the affected party learns of the commencement of the cause and the resulting delay and such extension of time is accepted by the other party in writing. In any event, the Project must be completed no later than one hundred eighty (180) calendar days after the scheduled completion date specified in this Agreement, notwithstanding any delay caused by that included in this section.

B. Any and all extensions hereunder shall be by mutual written agreement of the CITY'S Housing and Community Development Division Manager and the DEVELOPER and shall not cumulatively exceed one hundred eighty (180) days.

**7.18 Certificate of Completion.** Upon completion of the rehabilitation of each Project Unit, the DEVELOPER shall certify, in writing, within thirty (30) days, to the CITY

that rehabilitation of the Project Unit has been completed in accordance with the scope of work approved by the CITY. Upon completion of each Project Unit, the DEVELOPER shall also submit to the CITY a cost-certifying final budget where the DEVELOPER shall identify the actual costs of rehabilitation of each Project Unit. This final cost-certification shall identify costs in line-item format, consistent with the Project Budget. Upon a determination by the CITY that the DEVELOPER is in compliance with all of the DEVELOPER'S rehabilitation obligations, as specified in this Agreement, for that Project Unit, the CITY shall furnish, within thirty (30) calendar days of a written request by the DEVELOPER, a recordable Certificate of Completion for the Project(s) in the form attached hereto as EXHIBIT "E". The CITY will not unreasonably withhold or delay furnishing the Certificate of Completion. If the CITY fails to provide the Certificate of Completion within the specified time, it shall provide the DEVELOPER with a written statement indicating in what respects the DEVELOPER has failed to complete the Project in conformance with this Agreement or has otherwise failed to comply with the terms of this Agreement, and what measures the DEVELOPER will need to take or what standards it will need to meet in order to obtain the Certificate of Completion. Upon the DEVELOPER taking the specified measures and meeting the specified standards, the DEVELOPER will certify to the CITY in writing of such compliance and the CITY shall deliver the recordable Certificate of Completion to the DEVELOPER in accordance with the provisions of this section.

## **ARTICLE 8. PROJECT OPERATIONS**

8.1 Operation of the Project. The DEVELOPER shall operate and/or manage the Project in full conformity with the terms of this Agreement.

8.2 Occupancy Requirements. Five (5) Project Unit(s) shall be marketed and sold as principal residence for single-family owner-occupancy by low-income households. The DEVELOPER shall comply with the income targeting and Affordable Housing requirements of 24 CFR 92.217 and 92.254. The CITY shall approve in advance all homebuyers. No homebuyer shall take occupancy of any home prior to the close of escrow vesting title in said homebuyer.

8.3 Homebuyer Selection. The DEVELOPER is responsible for selecting eligible homebuyer(s) for property purchase(s) consistent with this Agreement and HOME regulations. The DEVELOPER will sell the assisted property to the first eligible homebuyer who offers to purchase the property at the Maximum Allowable Sales Price as defined below. If the first offer is found to be ineligible, then the DEVELOPER will sell the property to the second homebuyer who offers to purchase the property at the Maximum Allowable Sales Price, and so on. If the DEVELOPER does not receive any offers at the Maximum Allowable Sales Price, the DEVELOPER may sell the assisted property to the first eligible homebuyer who offers to purchase the property at the reduced asking price, as identified below. The CITY shall verify HOME eligibility, in advance, for all homebuyers as pre-selected by the DEVELOPER. Homebuyer financing shall be based upon buyer's ability to pay, consistent with this Agreement. The CITY will require homebuyers to provide three percent (3%) cash contribution towards their home purchase.

8.4 Property Home Sale Price. The maximum allowable sales price (hereinafter "Maximum Allowable Sales Price") for a property is determined by a fair market appraisal. The property is subject to 24 CFR 92.254 affordability requirements, including the

requirement that the sale price of each home shall not exceed ninety five percent (95%) of the median purchase price for the area. Each assisted property shall be initially listed for sale at the Maximum Allowable Sales Price for a period of fifteen (15) days (hereinafter the "Initial Listing Period"). In the event the DEVELOPER has not received an offer to purchase the property at the Maximum Allowable Sales Price during the Initial Listing Period, commencing on the 16<sup>th</sup> day and continuing through the thirtieth (30<sup>th</sup>) day (hereinafter the "Secondary Listing Period"), the DEVELOPER may accept a purchase offer below the Maximum Allowable Sales Price provided that the offer amount is no more than \$5,000 below the Maximum Allowable Sales Price. In the event the DEVELOPER does not receive an acceptable offer to purchase the property during the Secondary Listing Period, the City will consider approving a further reduction of the Maximum Allowable Sales Price if requested by the DEVELOPER and approved by the CITY in writing. The acceptance of an offer to purchase the property, in any and all such events, shall be conditioned upon the purchaser's agreement to assume the Note.

8.5 Affirmative Fair Housing Marketing Plan. Before marketing any Project Unit and at least sixty (60) calendar days prior to the Completion of the first Project Unit, the DEVELOPER shall submit to the CITY, for review and approval, a plan for marketing the sale of the Unit(s) ("Marketing Plan"). The Marketing Plan shall address in detail how the DEVELOPER or its designated management entity plans to market the availability of Units to prospective low-income purchasers and how the DEVELOPER plans to certify the eligibility of potential buyers. The Marketing Plan shall contain detailed descriptions of policies and procedures with respect to buyer selection(s). Topics to be covered in these procedures shall include at a minimum the following:

- Interviewing procedures for prospective buyers;
- Non-Discrimination Provisions;
- Buyer references;
- Credit reports and checks;
- Deposit amounts, purpose, use and refund policy;
- Employment/Income verification;
- Occupancy restrictions;
- Income limits;
- Homebuyer education requirements;
- Equal Housing Opportunity Statement; and
- Restrictions on use of the premises and Program Income.

The Marketing Plan shall contain copies of all standardized forms associated with the above listed topics. The DEVELOPER shall abide by the terms of this Marketing Plan, approved by the CITY, in marketing, managing and selling the Housing.

8.6 Property Management. With respect to the Project, DEVELOPER shall comply with the following:

A. Management Responsibilities. The DEVELOPER is specifically responsible for all management functions with respect to the Project including, without limitation, rehabilitation management, affirmative marketing, property disposition and initial certification of household size and income. The DEVELOPER during its time on title shall

be responsible for Project maintenance, landscaping, routine and extraordinary repairs, replacement of capital items and security. The CITY shall have no responsibility for such management of the Project.

8.7 Maintenance and Security. The DEVELOPER shall (i) at its own expense maintain the homes in good condition, in good repair and in decent, safe, sanitary, habitable and tenantable living conditions for the benefit of the purchasers, (ii) not commit or permit any waste on or to the homes, and shall prevent and/or rectify any physical deterioration of the homes; and (iii) maintain the homes in conformance with all applicable federal, state and local laws, ordinances, codes and regulations and this Agreement, until such are sold to Low-Income buyers.

8.8 Nondiscrimination. All of the Units shall be available for initial purchase to members of the general public who are income eligible. The DEVELOPER shall not illegally discriminate or segregate in the development, rehabilitation, use, enjoyment, occupancy or conveyance of any part of the Affordable Housing Project or Property on the basis of race, color, ancestry, national origin, religion, sex, age, marital status, family status, source of income/rental assistance subsidy, physical or mental disability, Acquired Immune Deficiency Syndrome (AIDS) or AIDS-related conditions (ARC), sexual orientation, or any other arbitrary basis. The DEVELOPER shall otherwise comply with all applicable local, state and federal laws concerning nondiscrimination in housing. Neither the DEVELOPER nor any person claiming under or through the DEVELOPER, shall establish or permit any such practice or practices of illegal discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants or vendees of any Unit or in connection with employment of persons for the rehabilitation of any Unit. All deeds or contracts made or entered into by the DEVELOPER as to the Units or the housing project or portion thereof, shall contain covenants concerning nondiscrimination consistent with this section. The DEVELOPER shall include a statement in all advertisements, notices and signs for availability of Units to the effect that the DEVELOPER is an Equal Housing Opportunity Provider.

A. Nothing in this section is intended to require the DEVELOPER to change the character, design, use or operation of the Project; or to require the DEVELOPER to obtain licenses or permits other than those required for the Project.

8.9 Affordable Housing. The purpose of this Agreement is to use HOME Loan Funds to ensure the affordability of five (5) Project Units to be sold to Low-Income households. The DEVELOPER, and those taking ownership of the Project Property under or through it/them, covenant and agree that the Project shall constitute Affordable Housing by ensuring that the homes are sold only to Low-Income households.

A. If a Project Unit initially built and sold to a lower-income household is subsequently resold, otherwise transferred and/or is no longer the principal residence of the individual(s) who initially purchased the property as Affordable Housing during the Affordability Period, and without waiver or limitation, the entire HOME-Funded Loan allocated to Unit shall be repaid to/recaptured by the CITY'S HOME Program Trust Fund and thereupon the balance of the Affordability Covenant/Period shall be released.

B. The DEVELOPER shall require that each initial homebuyer assume the Loan. Said Trust Deed Note(s) as assumed shall be security for the provision of HOME Funding for the Project by the CITY. In the event of a failure to comply with the Affordability Restrictions, in addition to any and all other remedies available to it, the CITY shall be entitled to enjoin sale of the Project Units, damages not being an adequate remedy at law for such breach.

## ARTICLE 9. INDEMNIFICATION AND INSURANCE.

Without waiver of limitation, the parties agree as follows regarding the DEVELOPER'S Indemnification and Insurance Obligations:

9.1 Indemnification. The DEVELOPER shall indemnify, hold harmless and defend the CITY and each of its officers, officials, employees, agents and volunteers from any and all loss, liability, fines, penalties, forfeitures, costs and damages (whether in contract, tort or strict liability, including but not limited to personal injury, death at any time and property damage) incurred by the CITY, the DEVELOPER or any other person, and from any and all claims, demands and actions in law or equity (including attorney's fees and litigation expenses), arising or alleged to have arisen directly or indirectly out of performance of this Agreement. The DEVELOPER'S obligations under the preceding sentence shall apply regardless of whether CITY or any of its officers, officials, employees, agents or authorized volunteers are negligent, but shall not apply to any loss, liability, fines, penalties, forfeitures, costs or damages caused solely by the gross negligence, or caused by the willful misconduct, of CITY or any of its officers, officials, employees, agents or authorized volunteers.

A. If the DEVELOPER should contract all or any portion of the work to be performed under this Agreement, the DEVELOPER shall require each contractor and subcontractor to indemnify, hold harmless and defend the CITY and each of its officers, officials, employees, agents and volunteers in accordance with the terms of the preceding paragraph.

B. This section shall survive termination or expiration of this Agreement.

9.2 Insurance. The DEVELOPER shall pay for and maintain in full force and effect all policy(ies) of insurance required hereunder with (an) insurance company(ies) either (1) admitted by the California Insurance Commissioner to do business in the State of California and rated not less than "A-VII" in Best's Insurance Rating Guide, or (2) authorized by the CITY'S Risk Manager. The following policies of insurance are required:

A. Immediately following the purchase of each of the yet to be identified Affordable Single-Family Housing Units by Developer, and until each Affordable Single-Family Housing Unit is sold by Developer, Property insurance with a Cause of Loss – Special or All Risk Form and limits of insurance in an amount equal to the full (100%) replacement cost (without deduction for depreciation) for each Affordable Single-Family Housing Units with no coinsurance penalty. The policy(ies) shall not contain no limitations or exclusions for vacancy.

B. Prior to any rehabilitation being undertaken on any Affordable Single-Family Housing Units, and until the issuance of a Certificate of Completion for each Affordable Single-Family Housing Unit, BUILDERS RISK (Course of Construction) insurance in an amount equal to the completed value of each Affordable Single-Family Housing Unit with no coinsurance penalty provisions.

1. The above described policy(ies) of insurance shall be endorsed to provide that the coverage shall not be cancelled, non-renewed, reduced in coverage or in limits except after thirty (30) calendar day written notice has been given to CITY of policy cancellation, change or reduction of coverage. Upon issuance by the insurer, broker, or agent of a notice of cancellation, non-renewal, change or reduction in coverage, the DEVELOPER or its contractors/subcontractors, as the case may be, shall furnish CITY with a new certificate and applicable endorsements for such policy(ies). In the event the policy is due to expire during the term of this Agreement, DEVELOPER shall provide a new certificate, and applicable endorsements, a new certificate evidencing renewal of such policy shall be provided not less than fifteen (15) days prior to the expiration date of the expiring policy. Upon issuance by the insurer, broker, or agent of a notice of cancellation, change or reduction in coverage, the DEVELOPER or its contractors/subcontractors, as the case may be, shall file with the CITY a certified copy of the new or renewal policy and certificates for such policy.

2. The Property and Builders Risk (Course of Construction) Insurance policies shall name the CITY as a loss payee. The insurance required herein shall contain no special limitations on the scope of protection afforded to the CITY.

3. If at any time during the life of this Agreement or any extension, the DEVELOPER fails to maintain the required insurance in full force and effect, all work under this Agreement shall be discontinued immediately, until notice is received by the CITY that the required insurance has been restored to full force and effect and that the premiums therefore have been paid for a period satisfactory to the CITY. Any failure to maintain the required insurance, subject to notice and cure requirements herein, shall be sufficient cause for the CITY to terminate this Agreement.

9.3 Bonds. The DEVELOPER shall obtain, pay for and deliver or cause to be obtained, paid for and delivered good and sufficient surety bonds from a corporate surety, admitted by the California Insurance Commissioner to do business in the State of California and Treasury-listed, in a form satisfactory to the CITY and naming the CITY as Co-Obligee.

A. The "Faithful Performance Bond" shall be at least equal to 100% of DEVELOPER'S estimated rehabilitation costs to guarantee faithful performance of the Project, within the time prescribed, in a manner satisfactory to the CITY, and that all materials and workmanship will be free from original or developed defects.

B. The "Material and Labor Bond" shall be at least equal to 100% of DEVELOPER'S estimated rehabilitation costs to satisfy claims of material supplies and of mechanics and laborers employed for this Project. The bond shall be maintained by DEVELOPER in full force and effect until the Project is completed, and until all claims for materials and labor are paid, released, or time barred, and shall otherwise comply with any applicable provisions of Title 15, Part 4, Division 3 of the California Civil Code.

C. In lieu of the bonds required above, CITY in its sole discretion may accept from DEVELOPER an Irrevocable Standby Letter of Credit issued with the CITY named as the sole beneficiary. The Irrevocable Standby Letter of Credit is to be issued by a bank, and in a form, acceptable to CITY. This Irrevocable Standby Letter of Credit shall be maintained by DEVELOPER in full force and effect until the Notice of Completion is recorded and shall be subject to and governed by the laws of the State of California.

## ARTICLE 10. DEFAULT AND REMEDIES

10.1 Events of Default. The parties agree that each of the following shall constitute an "Event of Default" for purposes of this Agreement:

A. The DEVELOPER'S use of HOME Funds for costs other than Eligible Costs or for uses not permitted by the terms of this Agreement;

B. The DEVELOPER'S failure to obtain and maintain the insurance coverage required under this Agreement;

C. Except as otherwise provided in this Agreement, the failure of the DEVELOPER to punctually and properly perform any other covenant or agreement contained in this Agreement including without limitation the following: (1) the DEVELOPER'S substantial deviation in the Project work specified in the Project Description as identified in this Agreement, without the CITY'S prior written consent; (2) the DEVELOPER'S use of defective or unauthorized materials or defective workmanship in pursuit of the Project; (3) the DEVELOPER'S failure to commence or complete the Project, as specified in this Agreement, unless delay is permitted under this Agreement; (4) the cessation of the Project for a period of more than fifteen (15) consecutive days (other than as provided in this Agreement) prior to submitting to the CITY certification that the Project is complete; (5) any material adverse change in the condition of the DEVELOPER or the Project that gives the CITY reasonable cause to believe that the Project cannot be completed by the scheduled completion date according to the terms of this Agreement; (6) the DEVELOPER'S failure to remedy any deficiencies in record keeping or failure to provide records to the CITY upon the CITY'S request; (7) the DEVELOPER'S failure to substantially comply with any federal, state or local laws or applicable CITY restrictions governing the Project, including but not limited to provisions of this Agreement pertaining to equal employment opportunity, nondiscrimination and lead-based paint;

D. Any representation, warranty, or certificate given or furnished by or on behalf of the DEVELOPER shall prove to be materially false as of the date of which the representation, warranty, or certification was given, or that the DEVELOPER concealed or failed to disclose a material fact to the CITY, provided, however, that if any representation, warranty, or certification that proves to be materially false is due merely to the DEVELOPER'S inadvertence, the DEVELOPER shall have a thirty (30) day opportunity after written notice thereof to cause such representation, warranty, or certification to be true and complete in every respect;

E. The DEVELOPER shall file, or have filed against it, a petition of bankruptcy, insolvency, or similar law, state or federal, or shall file any petition or answer

seeking, consenting to, or acquiescing in any reorganization, arrangement, composition, readjustment, liquidation, dissolution, or similar relief, and such petition shall not have been vacated within fourteen (14) days; or shall be adjudicated bankrupt or insolvent, under any present or future statute, law, regulation, under state or federal law, and such judgment or decree is not vacated or set aside within fourteen (14) days;

F. The DEVELOPER'S failure, inability or admission in writing of its inability to pay its debts as they become due or the DEVELOPER assignment for the benefit of creditors;

G. A receiver, trustee, or liquidator shall be appointed for the DEVELOPER or any substantial part of the DEVELOPER'S assets or properties, and not be removed within ten (10) days;

H. The failure of the DEVELOPER to cause completion of the Project pursuant to the Schedule in Exhibit B;

I. The DEVELOPER'S breach of any other material condition, covenant, warranty, promise or representation contained in this Agreement not otherwise identified within this Section; and

J. Any substantial or continuous breach by the DEVELOPER of any material obligation owed by the DEVELOPER imposed by any other agreement with respect to the financing, development, rehabilitation or operation of the Project, whether or not the CITY is a party to such agreement.

10.2 Notice of Default and Opportunity to Cure. The CITY shall give written notice to the DEVELOPER of any Event of Default by specifying (1) the nature of the event or deficiency giving rise to the default, (2) the action required to cure the deficiency, if any action to cure is possible, and (3) a date, which shall not be less than the lesser of any time period provided in this Agreement, any time period provided for in the notice, or thirty (30) calendar days from the date of the notice, by which such deficiency must be cured, provided that if the specified deficiency or default cannot reasonably be cured within the specified time, with the CITY'S written consent, the DEVELOPER shall have an additional reasonable period to cure so long as it commences cure within the specified time and thereafter diligently pursues the cure in good faith.

10.3 Remedies Upon an Event of Default. Upon the happening of an Event of Default by the DEVELOPER and a failure to cure said Event of Default within the time specified, the CITY may also at its option and without notice institute any action, suit, or other proceeding in law, in equity or otherwise, which it shall deem necessary or proper for the protection of its interests and may without limitation proceed with any or all of the following remedies in any order or combination that the CITY may choose in its sole discretion:

A. Terminate this Agreement immediately upon written notice to the DEVELOPER;

B. Bring an action in equitable relief (1) seeking specific performance by the DEVELOPER of the terms and conditions of this Agreement, and/or (2) enjoining, abating or preventing any violation of said terms and conditions, and/or (3) seeking declaratory relief; and

Pursue any other remedy allowed by law or in equity or under this Agreement.

## **ARTICLE 11. GENERAL PROVISIONS.**

Without waiver of limitation, the parties agree that the following general provisions shall apply in the performance hereof:

11.1 Amendments. No modification or amendment of any provision of this Agreement shall be effective unless made in writing and signed by the parties hereto.

11.2 Attorney's Fees. If either party is required to commence any proceeding or legal action to enforce or interpret any term, covenant or condition of this Agreement, the prevailing party will be entitled to recover from the other party its reasonable attorney's fees and legal expenses.

11.3 Binding on All Successors and Assigns. Unless otherwise expressly provided in this Agreement, all the terms and provisions of this Agreement shall be binding on and inure to the benefit of the parties hereto, and their respective nominees, heirs, successors, assigns, and legal representatives.

11.4 Counterparts. This Agreement may be executed in counterparts, each of which when executed and delivered will be deemed an original, and all of which together will constitute one instrument. The execution of this Agreement by any party hereto will not become effective until counterparts hereof have been executed by all parties hereto.

11.5 Disclaimer of Relationship. Nothing contained in this Agreement, nor any act of the CITY or of the DEVELOPER, or of any other person, shall in and by itself be deemed or construed by any person to create any relationship of third party beneficiary, or of principal and agent, of limited or general partnership, or of joint venture.

11.6 Discretionary Governmental Actions. Certain planning, land use, zoning and other permits and public actions required in connection with the Project including, without limitation, the approval of this Agreement, the environmental review and analysis under NEPA, CEQA or any other statute, and other transactions contemplated by this Agreement are discretionary government actions. Nothing in this Agreement obligates the CITY or any other governmental entity to grant final approval of any matter described herein. Such actions are legislative, quasi-judicial, or otherwise discretionary in nature. The CITY cannot take action with respect to such matters before completing the environmental assessment of the Project under NEPA, CEQA and any other applicable statutes. The CITY cannot and does not commit in advance that it will give final approval to any matter. The CITY shall not be liable, in contract, law or equity, to the DEVELOPER or any of its executors, administrators, transferees, successors-in-interest or assigns for any failure of any governmental entity to grant approval on any matter subject to discretionary approval.

11.7 Effective Date. This Agreement shall be effective upon the date first above written, upon the parties' complete execution following CITY Council approval.

11.8 Entire Agreement. This Agreement represents the entire and integrated agreement of the parties with respect to the subject matter hereof. This Agreement supersedes all prior negotiations, representations or agreements, either written or oral.

11.9 Exhibits. Each exhibit and attachment referenced in this Agreement is, by the reference, incorporated into and made a part of this Agreement.

11.10 Expenses Incurred Upon Event of Default. The DEVELOPER shall reimburse the CITY for all reasonable expenses and costs of collection and enforcement, including reasonable attorney's fees, incurred by the CITY as a result of one or more Events of Default by the DEVELOPER under this Agreement.

11.11 Governing Law and Venue. Except to the extent preempted by applicable federal law, the laws of the State of California shall govern all aspects of this Agreement, including execution, interpretation, performance, and enforcement. Venue for filing any action to enforce or interpret this Agreement will be Fresno, California.

11.12 Headings. The headings of the articles, sections, and paragraphs used in this Agreement are for convenience only and shall not be read or construed to affect the meaning or rehabilitation of any provision.

11.13 Interpretation. This Agreement in its final form is the result of the combined efforts of the parties. Any ambiguity will not be construed in favor or against any party, but rather by construing the terms in accordance with their generally accepted meaning.

11.14 No Assignment or Succession. Except as may be otherwise expressly provided by this Agreement, neither this Agreement, nor any interest of the DEVELOPER in, under, or to this Agreement, or the Project, may be assigned or transferred by the DEVELOPER without the prior written consent of the CITY, which consent shall not be unreasonably withheld or delayed. Any assignment without consent is null and void.

11.15 No Third-Party Beneficiary. No contractor, subcontractor, mechanic, materialman, laborer, vendor, or other person hired or retained by the DEVELOPER shall be, nor shall any of them be deemed to be, third-party beneficiaries of this Agreement, but each such person shall be deemed to have agreed (a) that they shall look to the DEVELOPER as their sole source of recovery if not paid, and (b) except as otherwise agreed to by the CITY and any such person in writing, they may not enter any claim or bring any such action against the CITY under any circumstances. Except as provided by law, or as otherwise agreed to in writing between the CITY and such person, each such person shall be deemed to have waived in writing all right to seek redress from the CITY under any circumstances whatsoever.

11.16 No Waiver. Neither failure nor delay on the part of the CITY in exercising any right under this Agreement shall operate as a waiver of such right, nor shall any single or partial exercise of any such right preclude any further exercise thereof or the exercise of any other right. No waiver of any provision of this Agreement or consent to any departure

by the DEVELOPER therefrom shall be effective unless the same shall be in writing, signed on behalf of the CITY by a duly authorized officer thereof, and the same shall be effective only in the specific instance for which it is given. No notice to or demand on the DEVELOPER in any case shall entitle the DEVELOPER to any other or further notices or demands in similar or other circumstances, or constitute a waiver of any of the CITY'S right to take other or further action in any circumstances without notice or demand.

11.17 Nonreliance. The DEVELOPER hereby acknowledges having obtained such independent legal or other advice as it has deemed necessary and declares that in no manner has it relied on the CITY, its agents, employees or attorneys in entering into this Agreement.

11.18 Notice. Any notice to be given to either party under the terms of this Agreement shall be given by certified United States mail, postage prepaid, return receipt requested, at the addresses specified below, or at such other addresses as may be specified in writing by the parties.

If to the CITY:           City of Fresno  
                                  Housing and Community Development Division  
                                  2600 Fresno Street, Room 3070  
                                  Fresno, CA 93721-3605

If to DEVELOPER: Central Valley Christian Housing Development  
                                  Corporation  
                                  Attn: Mauna Ekema  
                                  515 W. Noble Avenue  
                                  Visalia, CA 93277

11.19 Precedence of Documents. In the event of any conflict between the body of this Agreement and any exhibit or attachment hereto, the terms and conditions of the body of this Agreement will control.

11.20 Recording of Documents. The DEVELOPER agrees to cooperate with the CITY and execute any documents required, promptly upon the CITY'S request, the Deed(s) of Trust, and any other documents/instruments that the CITY requires to be recorded, in the Official Records of Fresno County, California, consistent with this Agreement.

11.21 Remedies Cumulative. All powers and remedies given by this Agreement shall be cumulative and in addition to those otherwise provided by law.

11.22 Severability. The invalidity, illegality, or un-enforceability of any one or more of the provisions of this Agreement shall not affect the validity, legality, or enforceability of the remaining provisions hereof or thereof.

///  
///  
///

IN WITNESS WHEREOF, the parties have executed this Agreement in Fresno, California, the day and year first above written.

CITY OF FRESNO, a Municipal Corporation

By: Mark Scott  
Mark Scott, City Manager  
(Attach notary certificate of acknowledgment)

Date: 8-30-12

ATTEST:  
YVONNE SPENCE, CMC  
City Clerk

By: Stacey Woo  
Deputy

Date: 9/4/12

APPROVED AS TO FORM:  
JAMES SANCHEZ  
City Attorney

By: James Sanchez  
James Sanchez, Deputy City Attorney

Date: 8/27/12

DEVELOPER

Central Valley Christian Housing Development Corporation

By: Robert A. Evema  
Robert A. Evema, Executive Director  
(Attach notary certificate of acknowledgment)

Date: 6-21-2012

Attachments:

- EXHIBIT A: PROPERTY DESCRIPTION
- EXHIBIT B: PROJECT DESCRIPTION AND SCHEDULE
- EXHIBIT C: EXEMPLAR DECLARATION OF RESTRICTIONS
- EXHIBIT D: BUDGET
- EXHIBIT E: EXEMPLAR CERTIFICATE OF COMPLETION
- EXHIBIT F: EXEMPLAR NOTE AND TEMPLATE RIDER TO DEED(S) OF TRUST
- EXHIBIT G: GUIDE TO REHABILITATION STANDARDS

# CALIFORNIA ALL-PURPOSE CERTIFICATE OF ACKNOWLEDGMENT

State of California

County of FRESNO

On 9/30/12 before me, EMMA L. Baker, Notary Public  
(Here insert name and title of the officer)

personally appeared Mark Scott

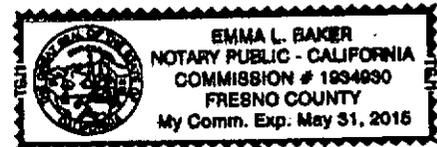
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s),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

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

WITNESS my hand and official seal.

Emma L. Baker  
Signature of Notary Public

(Notary Seal)



## ADDITIONAL OPTIONAL INFORMATION

### DESCRIPTION OF THE ATTACHED DOCUMENT

(Title or description of attached document)

(Title or description of attached document continued)

Number of Pages \_\_\_\_\_ Document Date \_\_\_\_\_

(Additional information)

### CAPACITY CLAIMED BY THE SIGNER

- Individual (s)  
 Corporate Officer

(Title)

- Partner(s)  
 Attorney-in-Fact  
 Trustee(s)  
 Other \_\_\_\_\_

### INSTRUCTIONS FOR COMPLETING THIS FORM

Any acknowledgment completed in California must contain verbiage exactly as appears above in the notary section or a separate acknowledgment form must be properly completed and attached to that document. The only exception is if a document is to be recorded outside of California. In such instances, any alternative acknowledgment verbiage as may be printed on such a document so long as the verbiage does not require the notary to do something that is illegal for a notary in California (i.e. certifying the authorized capacity of the signer). Please check the document carefully for proper notarial wording and attach this form if required.

- State and County information must be the State and County where the document signer(s) personally appeared before the notary public for acknowledgment.
- Date of notarization must be the date that the signer(s) personally appeared which must also be the same date the acknowledgment is completed.
- The notary public must print his or her name as it appears within his or her commission followed by a comma and then your title (notary public).
- Print the name(s) of document signer(s) who personally appear at the time of notarization.
- Indicate the correct singular or plural forms by crossing off incorrect forms (i.e. ~~he~~/she/~~they~~, is /~~are~~) or circling the correct forms. Failure to correctly indicate this information may lead to rejection of document recording.
- The notary seal impression must be clear and photographically reproducible. Impression must not cover text or lines. If seal impression smudges, re-seal if a sufficient area permits, otherwise complete a different acknowledgment form.
- Signature of the notary public must match the signature on file with the office of the county clerk.
  - ❖ Additional information is not required but could help to ensure this acknowledgment is not misused or attached to a different document.
  - ❖ Indicate title or type of attached document, number of pages and date.
  - ❖ Indicate the capacity claimed by the signer. If the claimed capacity is a corporate officer, indicate the title (i.e. CEO, CFO, Secretary).
- Securely attach this document to the signed document

**CALIFORNIA ALL-PURPOSE ACKNOWLEDGEMENT**

File No: ( )

APN No:

STATE OF California )SS  
COUNTY OF Tulare )

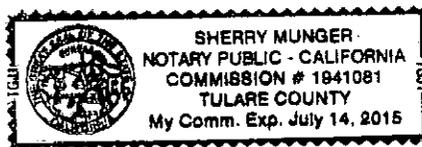
On June 21, 2012 before me, Sherry Munger, Notary Public, personally appeared Robert A. Ekena

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

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

WITNESS my hand and official seal.

Signature Sherry Munger



This area for official notarial seal.

**OPTIONAL SECTION  
CAPACITY CLAIMED BY SIGNER**

Though statute does not require the Notary to fill in the data below, doing so may prove invaluable to persons relying on the documents.

- INDIVIDUAL
- CORPORATE OFFICER(S) TITLE(S)
- PARTNER(S)       LIMITED       GENERAL
- ATTORNEY-IN-FACT
- TRUSTEE(S)
- GUARDIAN/CONSERVATOR
- OTHER

SIGNER IS REPRESENTING:

\_\_\_\_\_  
Name of Person or Entity

\_\_\_\_\_  
Name of Person or Entity

**OPTIONAL SECTION**

Though the data requested here is not required by law, it could prevent fraudulent reattachment of this form.

**THIS CERTIFICATE MUST BE ATTACHED TO THE DOCUMENT DESCRIBED BELOW**

TITLE OR TYPE OF DOCUMENT: \_\_\_\_\_

NUMBER OF PAGES \_\_\_\_\_ DATE OF DOCUMENT \_\_\_\_\_

SIGNER(S) OTHER THAN NAMED ABOVE \_\_\_\_\_

# EXHIBIT A PROPERTY DESCRIPTION

All five properties to be purchased will be located in the Lowell Neighborhood, in Fresno, California. The Lowell Neighborhood is generally bounded by Divisadero Street to the South, Blackstone Avenue to the East and Freeway 180 to the North and West. A map of the Lowell Neighborhood can be found here below. All properties to be purchased must be submitted by the DEVELOPER to the CITY for pre-approval before a purchase offer is submitted. CITY staff will provide proper due diligence including, environmental, lien and violation checks (etc.), and subsequently issue a written approval or disapproval to the DEVELOPER regarding the proposed purchase of the identified property.



**EXHIBIT B**  
**PROJECT DESCRIPTION AND SCHEDULE**

The project will include the rehabilitation of five (5) single family homes. The DEVELOPER will identify the five homes and request CITY approval of the proposed purchase, before the DEVELOPER submits a purchase offer on any home. The DEVELOPER will utilize private financing, or other non-HOME funds, to purchase each home. HOME funds will be utilized to reimburse the DEVELOPER for eligible rehabilitation activities. HOME funds may also be assumed by future eligible homebuyers as a silent second upon subsequent sale of the homes to low income homebuyers, in accordance with this Agreement.

**Schedule**

|  | Dates                           |
|--|---------------------------------|
| Open escrow on all five homes:         | July 31, 2012                   |
| Close escrow on all five homes:        | October 31, 2012                |
| Commence Rehabilitation of Properties: | No Later than December 31, 2012 |
| Project Completion:                    | May 15, 2013                    |
| Listing:                               | May 28, 2013                    |

**EXHIBIT C**

**EXEMPLAR: DECLARATION OF RESTRICTIONS**

RECORDING REQUESTED BY AND for the benefit of the City of Fresno and is exempt from the payment of a recording fee in accordance with Government Code Sections 6103 and 27383.

AND WHEN RECORDED MAIL TO:

CITY OF FRESNO  
City Clerk's Office  
No Fee – Govt. Code 6103  
2600 Fresno Street, Room 2133  
Fresno, CA 93721

(SPACE ABOVE THIS LINE FOR RECORDER'S USE)

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

**DECLARATION OF RESTRICTIONS**

INSERT PROPERTY ADDRESSES AND APN (TO BE DETERMINED)

THIS DECLARATION OF RESTRICTIONS, ("Declaration"), is executed as of this \_\_\_\_\_, by [ \_\_\_\_\_ ], ("Declarant") in favor of the City of Fresno, acting by and through its Development and Resource Management Department, Housing and Community Development Division ("City").

WHEREAS, Declarant is the owner of the real estate in the County of Fresno, state of California, consisting of APN: tbd, which is more particularly described in Exhibit "A", attached hereto and made a part hereof (the "Property"); and

WHEREAS, Pursuant to a certain HOME Investment Partnerships Agreement dated \_\_\_\_\_, 2012 incorporated herein, ("HOME Agreement") and instruments referenced therein, Declarant agrees to utilize and City agrees to provide certain HOME Program Funds from the United States Department of Housing and Urban Development (HUD), to Declarant for certain affordable housing (the "Project") upon the Property to be sold and maintained as affordable to low-income families, subject to the terms and conditions set forth in the HOME Agreement; and

WHEREAS, the HOME Program regulations promulgated by HUD, including without limitation 24 CFR Section 92.254, and the HOME Agreement impose certain affordability requirements upon property benefited thereby, which affordability restrictions shall be enforceable for a thirty (30) year period; and

WHEREAS, these restrictions are intended to bind all purchasers and their successors.

NOW THEREFORE, Declarant declares that the Project home(s) upon the Property is/are held and will be held, transferred, encumbered, used, sold, conveyed and occupied subject to the covenants, restrictions, and limitations set forth in this Declaration, all of

which are declared and agreed to be in furtherance of the plan for the rehabilitation, sale and occupancy of the home(s) upon the Property. All of the restrictions, covenants and limitations will run with the land and will be binding on all parties having or acquiring any right, title or interest in the Project home upon the Property or any part thereof, will inure to the benefit of the future Owners of the home(s) or any part thereof, the United States and the City, and will be enforceable by any of them. Any purchaser under a contract of sale covering any right, title or interest in any part of the Project home(s) upon the Property, by accepting a deed or a contract of sale or agreement of purchase, accepts the document subject to, and agrees to be bound by, any and all restrictions, covenant, and limitations set forth in this Declaration for the period of thirty (30) years constituting the Affordability Period.

1. **Declarations.** Declarant hereby declares that the home(s) upon the Property is and shall be subject to the covenants and restrictions hereinafter set forth, all of which are declared to be in furtherance of the Project and the HOME Agreement Project, and are established and agreed upon for the purpose of enhancing and protecting the value of the Project Property and in consideration for City entering into the HOME Agreement with Declarant. All terms not otherwise defined herein shall have the meaning ascribed to such term in the HOME Agreement.

2. **Restrictions.** The following covenants and restrictions on the use and enjoyment of the Project home(s) upon the Property shall be in addition to any other covenants and restrictions affecting the Project Property, and all such covenants and restrictions are for the benefit and protection of City, and shall run with the home(s) upon the Property and be binding on any future owner's of the Project home(s) upon the Property and inure to the benefit of and be enforceable by City. These covenants and restrictions are as follows:

a. Declarant for itself and its successor(s) on title covenants and agrees that it shall cause the five (5) Project homes upon the Property to be used as Affordable Housing for the duration of the Affordability Period. Declarant further agrees to file a recordable document setting forth the Project Completion Date(s) and the Affordability Period when determined by the City. Unless otherwise provided in the HOME Agreement, the term Affordable Housing shall include, without limitation, compliance with the following requirements:

**Nondiscrimination.** There shall be no discrimination against nor segregation of any person or group of persons on account of race, color, creed, religion, sex, marital status, national origin, ancestry, or handicap in the sale, transfer, use, occupancy, tenure, or enjoyment of any of the Project Property, nor shall Declarant or any person claiming under the Declarant, establish or permit any practice of discrimination or segregation with reference to the selection, location, number, use or occupancy of owners or vendees of the Project Property.

**Principal Residence.** Each home constituting the Project upon the Property shall be sold only to natural persons, who shall occupy the home as the purchaser's principal residence. The foregoing requirement that the purchaser of each home constituting the Project Property occupy the home as the purchaser's principal residence does not apply to (i) persons, other than natural persons, who acquire the Project Property

or portion thereof by foreclosure or deed in lieu of foreclosure; or (ii) HUD qualified entities that acquire the Project Property or portion thereof, with the consent of the City.

**Homeowner Income Requirements.** The homes constituting the Project upon the Property and each of them may be conveyed only to (a) natural person(s) whose annual household income at the time is not greater than eighty percent (80%) of the most recent annual median income calculated and published by HUD for the Fresno Metropolitan Statistical Area applicable to such household's size.

**Recapture Requirements.** Should any of the five (5) affordable homes upon the Property not continue to be the principal residence of the family purchasing the Property/home as affordable housing for the duration of the period of affordability then the financial assistance provided by City and allocated to the Property/home including all HOME Program Funding assistance shall immediately come due and must be repaid to/recaptured by the City's HOME Program Trust Fund and thereupon the balance of the affordability restrictions shall be released. The affordability restrictions also may terminate upon occurrence of any of the following termination events: foreclosure, transfer in lieu of foreclosure or assignment of an FHA insured mortgage to HUD, provided the affordability restrictions shall be revived according to the original terms if, during the original affordability period, the owner of record before such termination events obtains an ownership interest in the housing. The City shall be possessed of a first right of refusal to purchase the home before foreclosure to preserve affordability.

Item (a) above is hereinafter referred to as the Covenant and Restrictions.

3. **Enforcement of Restrictions.** Without waiver or limitation, the City shall be entitled to injunctive or other equitable relief against any violation or attempted violation of any Covenant and Restriction, and shall, in addition, be entitled to damages for any injuries or losses resulting from any violations thereof.

4. **Acceptance and Ratification.** All present and future owners of the Project home upon the Property and other persons claiming by, through, or under them shall be subject to and shall comply with the Covenant and Restrictions. The acceptance of a deed of conveyance to the Project Property shall constitute an agreement that the Covenant and Restrictions, as may be amended or supplemented from time to time, are accepted and ratified by such future owners, tenant or occupant, and such Covenant and Restriction shall be a covenant running with the land and shall bind any person having at any time any interest or estate in the Project Property, all as though such Covenant and Restriction was recited and stipulated at length in each and every deed, conveyance, mortgage or lease thereof.

Notwithstanding the foregoing, upon foreclosure by a lender or other transfer in lieu of foreclosure, or assignment of an FHA-insured mortgage to HUD, the Affordability Period shall be terminated if the foreclosure or other transfer in lieu of foreclosure or assignment recognizes any contractual or legal rights of public agencies, nonprofit sponsors, or others to take actions that would avoid the termination of low-income affordability. However, the requirements with respect to Affordable Housing shall be revived according to their original terms, if during the original Affordability Period, the owner of record before the foreclosure or other transfer, or any entity that includes the former owner

or those with whom the former owner has or had formerly, family or business ties, obtains an ownership interest in the Project or the Property, and the Affordability Period shall be revived according to its original terms.

5. **Benefit.** This Declaration shall run with and bind each and both the five (5) Project homes upon the Property for a term commencing on the date of Commencement of the Affordability Period, as defined in the Agreement, and identified by the CITY and expiring upon the expiration of the Affordability Period. The failure or delay at any time of City or any other person entitled to enforce this Declaration shall in no event be deemed a waiver of the same, or of the right to enforce the same at any time or from time to time thereafter, or an estoppel against the enforcement thereof.

6. **Costs and Attorney's Fees.** In any proceeding arising because of failure of Declarant or any future owner of the Project homes upon the Property to comply with the Covenant and Restrictions required by this Declaration, as may be amended from time to time, City shall be entitled to recover its costs and reasonable attorney's fees incurred in connection with such default or failure.

7. **Waiver.** Neither Declarant nor any future owner of the Project homes upon the Property may exempt itself from liability for failure to comply with the Covenant and Restrictions required in this Declaration.

8. **Severability.** The invalidity of the Covenant and Restrictions or any other covenant, restriction, condition, limitation, or other provision of this Declaration shall not impair or affect in any manner the validity, enforceability, or effect of the rest of this Declaration and each shall be enforceable to the greatest extent permitted by law.

9. **Pronouns.** Any reference to the masculine, feminine, or neuter gender herein shall, unless the context clearly requires the contrary, be deemed to refer to and include all genders. Words in the singular shall include and refer to the plural, and vice versa, as appropriate.

10. **Interpretation.** The captions and titles of the various articles, sections, subsections, paragraphs, and subparagraphs of this Declaration are inserted herein for ease and convenience of reference only and shall not be used as an aid in interpreting or construing this Declaration or any provision hereof.

11. **Amendment.** No amendment or modification of this Declaration shall be permitted without the prior written consent of City.

12. **Recordation.** Declarant acknowledges that this Declaration will be filed of record in the Office of the Recorder of county of Fresno, State of California.

13. **Capitalized Terms.** All capitalized terms used in this Declaration, unless otherwise defined herein, shall have the meanings assigned to such terms in that certain HOME Agreement by and between Declarant and City, of even date.

14. **Headings.** The headings of the articles, sections, and paragraphs used in this Agreement are for convenience only and shall not be read or construed to affect the

meaning or rehabilitation of any provision.

IN WITNESS WHEREOF, Declarant has executed this Declaration of Restrictions on the date first written above.

"DECLARANT"

Central Valley Christian Housing Development Corporation

By: \_\_\_\_\_  
\_\_\_\_\_, Executive Director

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

**EXHIBIT D  
BUDGET**

| Development Item              | Total Sources | Total Cost: |
|-------------------------------|---------------|-------------|
| ACQUISITION – PRIVATE LOAN    | \$250,000     | \$250,000   |
| Purchase                      |               |             |
| TOTAL ACQUISITION             | \$250,000     | \$250,000   |
| RENOVATION – HOME PROGRAM     | \$300,000     | \$300,000   |
| Rehabilitation Contract       |               |             |
| Hard Cost Contingency – 15%   | Included      | Included    |
| TOTAL HARD COSTS              | \$300,000     | \$300,000   |
| Developer Fee                 | Included      | Included    |
| TOTAL COSTS DURING RENOVATION | \$550,000     | \$550,000   |

**EXHIBIT E  
EXEMPLAR CERTIFICATE OF COMPLETION**

RECORDED AT THE REQUEST OF  
AND WHEN RECORDED RETURN  
TO:

City of Fresno  
Housing Division  
2600 Fresno Street, Room 3070  
Fresno, CA 93721

*(SPACE ABOVE THIS LINE FOR RECORDER'S USE)*

This Certificate of Completion is recorded at the request and for the benefit of the City of Fresno and is exempt from the payment of a recording fee pursuant to Government Code Section 6103.

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

City of Fresno

By: \_\_\_\_\_  
\_\_\_\_\_, Director  
Development and Resource Management Department

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

## CERTIFICATE OF COMPLETION

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

Recitals:

A. By a HOME Program Agreement dated \_\_\_\_\_, 2012, ("HOME Agreement") between the City of Fresno, a municipal corporation ("CITY"), and the Central Valley Christian Housing Development Corporation of the City of Fresno, a California non-profit corporation (hereinafter referred to as "DEVELOPER"), the DEVELOPER agreed to rehabilitate and resell five single family home located at \_\_\_\_\_, Fresno, Ca \_\_\_\_\_ [enter zip code] \_\_\_\_\_ ("Project"), upon the Project Property as pre-approved by the CITY, for the sale of the Affordable Units to low income homebuyers, with the assistance of HOME funds while meeting the affordable housing, income targeting and other requirements of HOME regulations, according to the terms and conditions of the HOME Agreement and the Loan Documents and other document/instruments referenced therein.

B. The HOME Agreement or a memorandum of it was recorded on \_\_\_\_\_, \_\_\_\_\_, 2012 as Instrument No. \_\_\_\_\_ in the Official Records of Fresno County, California.

C. Under the terms of the HOME Agreement, after the DEVELOPER completes the rehabilitation and upon opening of escrow for a Project Property, the DEVELOPER may ask CITY to record a Certificate of Completion.

D. The DEVELOPER has asked CITY to furnish the DEVELOPER with a recordable Certificate of Completion.

E. The CITY's issuance of this Certificate of Completion is conclusive evidence that the DEVELOPER has completed rehabilitation/rehabilitation of the Property as set forth in the HOME Agreement.

NOW THEREFORE:

1. CITY certifies that the DEVELOPER commenced the rehabilitation of the Project Property on \_\_\_\_\_, 20\_\_ and completed the rehabilitation work on the Project Property on \_\_\_\_\_, 20\_\_, and has done so in full compliance with the HOME Agreement.

2. This Certificate of Completion is not evidence of the DEVELOPER compliance with, or satisfaction of, any obligation to any mortgage or security interest holder, or any mortgage or security interest insurer, securing money lent to finance work on the Property or Project, or any part of the Property or Project.

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

4. Nothing contained herein modifies any provision of the HOME Agreement.

IN WITNESS WHEREOF, CITY has executed this Certificate of Completion as of this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

CITY OF FRESNO

By: \_\_\_\_\_, Director  
Development and Resource Management Department

ATTEST:  
YVONNE SPENCE, CMC  
City Clerk

APPROVED AS TO FORM:  
JAMES C. SANCHEZ  
City Attorney

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

By: \_\_\_\_\_  
Deputy City Attorney

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

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

CONSENT OF OWNER/DEVELOPER

Central Valley Christian Housing Development Corporation

By: \_\_\_\_\_  
(Attach notary certificate of acknowledgment)  
\_\_\_\_\_, Executive Director

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

**EXHIBIT F**  
**EXEMPLAR NOTE AND TEMPLATE RIDER TO DEED OF TRUST**

DO NOT DESTROY THIS NOTE: When paid, this note must be surrendered to Borrower for Cancellation.

---

PROMISSORY NOTE

\$300,000.00

[date ]

APN: tbd

Fresno, California

Promise to Pay. For value received, the undersigned, Central Valley Christian Housing Development Corporation, a non-profit corporation ("Developer" or "Borrower"), promises to pay to the order of the City of Fresno, a California municipal corporation, ("Lender"), the sum of \_\_\_\_\_ dollars and \_\_\_\_ cents along with interest on unpaid principal at the rate of 2% per annum, all due and payable on or before \_\_\_\_\_, 20\_\_\_\_, (the "Developer Loan Maturity Date") pursuant to the parties' HOME Investment Partnerships Program Agreement dated \_\_\_\_\_, 2012 ("HOME Agreement"), on which date the unpaid principal balance together with interest and unpaid penalties or late charges where applicable thereon shall be due and payable, along with attorney's fees and costs of collection, without relief from valuation and appraisal laws; provided that, in the event the Developer is not then in default of the HOME Agreement, the Developer may at any time prior to the Developer Loan Maturity Date convey the completed Unit securing the Note to a Low Income buyer through a purchase escrow (Escrow) that conforms to the HOME Agreement and concurrent therewith assign this Note to the Low Income Buyer, who shall assume such Note at 0% interest with lump sum principal only payment due and payable from the Low Income Buyer on or before 30 years from close of the homebuyer's purchase escrow, or earlier if the homebuyer fails to remain in the home as their principal place of residence or if all or any part of the property or any interest in it is sold, rented, conveyed or transferred ("Low Income Homebuyer Loan Maturity Date"). In that event, and concurrent therewith, the City shall forgive from principal due thereunder (and shall not recapture) the difference between a fair market appraisal of the Unit and the total project cost, the "Development Subsidy", provided the DEVELOPER confirms said Development Subsidy reduction in writing noticed to the Escrow Office and the City in the manner provided for in the HOME Agreement, and the DEVELOPER shall be released from any further liability to the Lender under this Note, including as to any interest accrued prior to assumption of the Note by the Low Income Homebuyer. Any failure to make a payment required hereunder shall constitute a default under this Note.

Definitions. All capitalized terms used in this Note, unless otherwise defined, will have the respective meanings specified in the HOME Agreement.

Business Day. Means any day other than Saturday, Sunday, or public holiday or the equivalent for banks generally under the laws of California. Whenever any payment to be made under this Note is stated to be due on a day other than a Business Day, that payment may be made on the next succeeding Business Day. However, if the extension

would cause the payment to be made in a new calendar month, that payment will be made on the next preceding Business Day.

Security. This Note, and any extensions or renewals hereof, is secured by a Deed of Trust, Security Agreement and Fixture Filing with Assignment of Rents executed by Borrower and recorded against the Property in Fresno County, California, as Document No. TO BE FILLED IN AT A LATER DATE, that provides for acceleration upon stated events, and executed in favor of the Lender ("Deed of Trust"), creating and insured as a not worse than 2nd position lien on the Property, subordinated only to a lien created by Borrower to insure payment of monies borrowed to pay for the rehabilitation of a completed Unit on the Property. Said Deed of Trust shall be subject to the terms of the Template Rider to the Deed of Trust attached hereto, and such shall automatically be incorporated in the terms of the Deed of Trust that secures this Note. Said Deed of Trust is insured by CLTA Lender's policy in the principal amount of, and endorsed for this Note.

Time is of the Essence. It will be a default under this Note if Borrower defaults under the HOME Agreement, defaults under any other Loan Documents, or if Borrower fails to pay when due any sum payable under this Note. In the event of a default by Borrower, the Borrower shall pay a late charge equal to the lesser of 2% of any outstanding payment or the maximum amount allowed by law. All payments collected shall be applied first to payment of any costs, fees or other charges due under this Note or any other Loan Documents then to the interest and then to principal balance. On the occurrence of a default or on the occurrence of any other event that under the terms of the Loan Documents give rise to the right to accelerate the balance of the indebtedness, then, at the option of Lender, this Note or any notes or other instruments that may be taken in renewal or extension of all or any part of the indebtedness will immediately become due without any further presentment, demand, protest, or notice of any kind.

Terms of Payment. The indebtedness evidenced by this Note may, at the option of the Borrower, be prepaid in whole or in part without penalty. Lender will apply all the prepayments first to the payment of any costs, fees, late charges, or other charges due under this Note or under any of the other Loan Documents and then to the interest and then to the principal balance.

All Loan payments are payable in lawful money of the United States of America at any place that Lender or the legal holders of this Note may, from time to time, in writing designate, and in the absence of that designation, to:

City of Fresno - Finance  
Accounts Receivable  
2600 Fresno Street, Suite 2156  
Fresno, CA 93721

Borrower agrees to pay all costs including, without limitation, attorney fees, incurred by the holder of this Note in enforcing payment, whether or not suit is filed, and including, without limitation, all costs, attorney fees, and expenses incurred by the holder of this Note in connection with any bankruptcy, reorganization, arrangement, or other similar proceedings involving the undersigned that in any way affects the exercise by the holder of this Note of its rights and remedies under this Note. All costs incurred by the holder of this Note in any

action undertaken to obtain relief from the stay of bankruptcy statutes are specifically included in those costs and expenses to be paid by Borrower. Borrower will pay to Lender all attorney fees and other costs referred to in this paragraph on demand.

Any notice, demand, or request relating to any matter set forth herein shall be in writing and shall be given as provided in the HOME Agreement. No delay or omission of Lender in exercising any right or power arising in connection with any default will be construed as a waiver or as acquiescence, nor will any single or partial exercise preclude any further exercise. Lender may waive any of the conditions in this Note and no waiver will be deemed to be a waiver of Lender's rights under this Note, but rather will be deemed to have been made in pursuance of this Note and not in modification. No waiver of any default will be construed to be a waiver of or acquiescence in or consent to any preceding or subsequent default.

Terms of Security Instruments. The Deed of Trust securing this note provides as follows:

**DUE ON SALE—CONSENT BY BENEFICIARY.** Beneficiary may, at its option, declare immediately due and payable all sums secured by this Deed of Trust upon the sale or transfer of all or any portion of the Property, or any interest therein, other than a sale to a Low Income homebuyer as provided in the HOME Agreement, without the Beneficiary's prior consent. A "sale or transfer" means the conveyance of the Property or any right, title or interest therein; whether legal, beneficial or equitable; whether voluntary or involuntary; whether by outright sale, deed, installment sale contract, land contract, contract for deed, leasehold interest with a term greater than three (3) years, lease-option contract, or by sale, assignment, or transfer of any beneficial interest in or to any land trust holding title to the Property, or by any other method of conveyance of land interest. If any Trustor is a corporation, partnership or limited liability company, transfer also includes any change in ownership of more than twenty-five percent (25%) of the voting stock, partnership interests or limited liability company interests, as the case may be, of Trustor. However, this option shall not be exercised by Beneficiary if such exercise is prohibited by applicable law.

Assignment by Lender. Lender may transfer this Note and deliver to the transferee all or any part of the Property then held by it as security under this Note, and the transferee will then become vested with all the powers and rights given to Lender; and Lender will then be forever relieved from any liability or responsibility in the matter, but Lender will retain all rights and powers given by this Note with respect to Property not transferred.

Enforceability. If any one or more of the provisions in this Note is held to be invalid, illegal, or unenforceable in any respect by a court of competent jurisdiction, the validity, legality, and enforceability of the remaining provisions will not in any way be affected or impaired. This Note will be binding on and inure to the benefit of Borrower, Lender, and their respective successors and assigns.

Governing Law. Borrower agrees that this Note will be deemed to have been made under and will be governed by the laws of California in all respects, including matters of rehabilitation, validity, and performance, and that none of its terms or provisions may be waived, altered, modified, or amended except as Lender may consent to in a writing duly signed by Lender or its authorized agents.

In witness whereof, Borrower has caused this Promissory Note to be executed by its authorized agent as of the date and year first above written.

Central Valley Christian Housing Development Corporation, Borrower

By: \_\_\_\_\_ Date: \_\_\_\_\_  
(Attach notary certificate of acknowledgment)

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

[TEMPLATE RIDER TO DEED(S) OF TRUST]

The Trustor (herein "Borrower") understands and agrees that the Note secured by this Deed of Trust is made for the sole purpose of assisting in the purchase of the Borrower's home as their principal place of residence. Therefore, the Borrower understands and agrees that said Note secured by this Deed of Trust shall be immediately due and payable upon the earlier of (1) upon any change in residency of the Borrower from the Borrower's home used as security for the Note described above, unless having obtained the written consent of the Beneficiary (herein "Lender"); (2) upon the sale or transfer, without the Lender's prior written consent, of all or any part of the Property, or any interest in the Property. A "sale or transfer" means the conveyance of the Property or any right, title or interest therein; whether legal, beneficial or equitable; whether voluntary or involuntary; whether by outright sale, deed, installment sale contract, land contract, contract for deed, lease-option contract, or by sale, assignment, or transfer of any beneficial interest in or to any land trust holding title to the Property, or by any other method of conveyance of land interest.

Borrower also assigns to Lender all rents, issues and profits from said real property reserving, however, the right to collect and use the same so long as there is no existing default hereunder, and does hereby authorize Lender to collect and recover the same in the name of Borrower or his successor in interest by use of any lawful means.

The Lender and Borrower acknowledge and agree that this security instrument is second and subordinate in all respects to the liens, terms, covenants and conditions of the first Deed of Trust and shall not impair the rights of any institutional lender which is the maker of a loan secured by such first deed of trust, or such lender's assignee or successor in interest, to exercise its remedies under the deed of trust in the event of default by the Borrower.

These remedies include the right to foreclosure or exercise a power of sale or to accept a deed or assignment in lieu of foreclosure. The terms and provisions of the first Deed of Trust are paramount and controlling, and they supersede any other terms and provisions hereof in conflict therewith.

In the event of a catastrophic occurrence that results in the property having to be sold, the portion of this existing second mortgage lien that results in the combined loan-to-value ratio being more than 100% of the value of the property will be released with no forgiveness of that portion of the debt, and the contemporaneous execution of an unsecured promissory note equal to the amount released from the second mortgage, and a modification agreement that reduces the secured debt of the existing second mortgage by the amount of the new unsecured promissory note.

**Period of Affordability:** The HOME Investment Partnerships Program sets periods of affordability as provided in 24 CFR 92.254 based on the amount of HOME funds provided. The minimum period of affordability for this program is thirty years (30 years.) Year one shall be the 12-month period following the date the City identifies as the start of the Affordability Period, as defined in the Agreement, with each succeeding year beginning on the anniversary thereof and ending 12 month hence. There will be no partial years.

**Recapture of HOME Funds:** Pursuant to 24 CFR 92.254(a)(5)(ii), the City of Fresno requires that HOME funds be recaptured if the home does not continue to be the Borrower's principal residence or if all or any part of the property or any interest in it is sold, rented, conveyed or transferred for the duration of the Period of Affordability.

**Foreclosure Proceedings:**

In the event of a foreclosure, deed in lieu of foreclosure of the first Deed of Trust or short sale, any provisions herein or any provisions in any other collateral agreement restricting the use of the property to low income households or otherwise restricting the Borrower's ability to sell the property shall have no further force or effect on subsequent owners or purchasers of the property. Any person, including his successors or assigns (other than the Borrower or a related entity of the Borrower), receiving title to the property through a foreclosure, or deed in lieu of foreclosure of the first Deed of Trust or short sale shall receive title to the property free and clear from such restrictions.

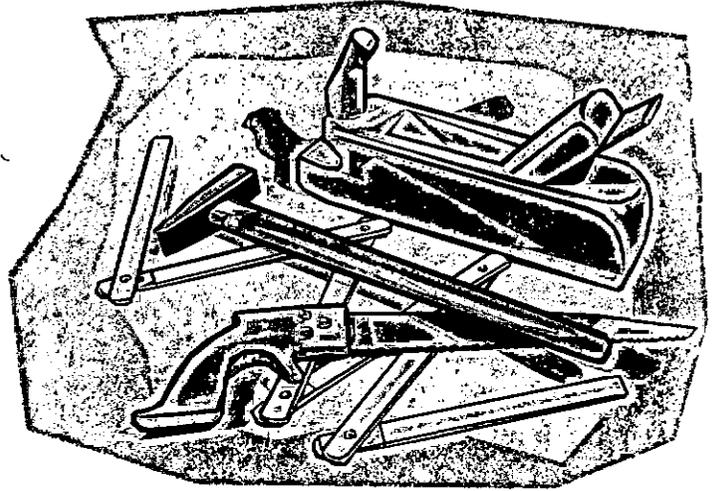
If the net proceeds in a foreclosure, deed in lieu of foreclosure of the first Deed of Trust or short sale, are not sufficient to recapture the full HOME investment plus enable the homeowner to recover the amount of the homeowner's downpayment and any capital improvement investment made by the owner since purchase, the City of Fresno may share the net proceeds. The net proceeds are the sales price minus superior loan repayment (other than HOME funds) and any closing costs. The net proceeds may be divided proportionally as set forth in the following mathematical formulas:

|   |                |                                |
|---|----------------|--------------------------------|
| HOME investment                           | x Net proceeds | = HOME amount to be recaptured |
| HOME investment +<br>homeowner investment |                |                                |
| Homeowner investment                      | x Net proceeds | = amount to homeowner          |
| HOME investment +<br>homeowner investment |                |                                |

**EXHIBIT G**  
**GUIDE TO REHABILITATION STANDARDS**  
**ARE REFERENCED AND AVAILABLE UPON REQUEST TO THE CITY OF**  
**FRESNO'S HOUSING AND COMMUNITY DEVELOPMENT DIVISION**

# A Guide to Rehabilitation Standards:

## Standard Specifications



*Created November 1996  
Approved January 1997  
First Revision April 1997  
Second Revision April 1999  
Third Revision March 2006*

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## PREFACE

"A Guide to Rehabilitation Standards: Standard Specifications," hereafter referred as the "Guide," has been developed to serve as an explanation of methods and materials to be used in the rehabilitation of residential dwellings. The Guide may also be referred to as "standard specifications."

The Guide is not intended to take the place of or duplicate the adopted codes by the City of Fresno (City). It is intended clearly define the various methods of construction and the specific materials to be used in the rehabilitation (construction) work outlined in the description of the work to be performed (Scope of Work) of the contract between the homeowner (Owner) and the contractor (Contractor) performing the work.

The Guide is based on the combined criteria of various sources; the state, national, and the uniform model codes; and the ordinances, regulations, and other requirements; all as adopted, or established, by the City, and where stated, the specifications and standards developed by the various manufacturers and trade organizations in the industry.

It is intended by the Housing and Community Development Division that the Guide will be maintained by amending it periodically. Every attempt will be made to notify participants in the City's Housing Program regarding any future changes. However, the City reserves the right to make revisions without the guarantee of timely notification.

In the event there are issues of doubt or disagreement regarding materials or methods utilized in rehabilitation work between the Contractor and the Owner, the appropriate Division staff, with the support of the applicable City Departments, will rely on the Guide and on the applicable codes adopted by the City in making a determination.

Any exemptions, alternate methods of construction, variations, or deviations from the requirements of the standards as outlined in the Guide shall require prior approval in writing from the Owner and consent from the Division. This approval will only be made when it is clearly evident that the materials and methods to be used meet or exceed the minimum requirements of the standards and all applicable codes.

All work shall meet or exceed the following codes, standards, and ordinances, as adopted by the City:

- Current Uniform Building Code
- Current Uniform Plumbing Code
- Current Uniform Mechanical Code
- Current National Electrical Code
- Current Uniform Housing Code
- Current California State Title 19 and Title 25
- Current City Zoning Ordinance
- Current City Building Regulations, Chapter 13
- Current International Conference of Building Official's Building Standards

# SECTION I

## ADMINISTRATION

### A. AUTHORITY & RESPONSIBILITY

For the purposes of this document the following defines the roles, authority, and responsibilities of the Owner, the Contractor, and the City of Fresno.

1. The City of Fresno (the City) Is - a grantee of certain funds disbursed by the U. S. Department Housing and Urban Development (HUD), and is responsible for proper administration of those funds. The City is not a party to the contract (Contract) signed by the Contractor and the Owner. The City is not responsible, following completion of the Contract, for warranty repairs or for settling issues related to the work done. The interpretation, meaning, and intent of the Scope of Work, the Guide, and the City's policies and procedures will be the responsibility of the City. In that regard, nothing contained in the Contract will be construed or considered by either the Contractor or the Owner to bind the City to any act, responsibility, or obligation.

The City may act as technical and a financial advisor in the administration of those HUD funds. However, the City does not assume the responsibility for any mistakes or failure to perform on the part of the Owner, the Contractor, or any other party involved in the performance of the Contract.

The City will notify the Contractor of any noncompliance regarding the Scope of Work and/or the specifications contained in the Guide, asking the Contractor to make the appropriate corrections. The City will review the quality of workmanship done by the Contractor before the Owner approves the work as complete. However, this inspection by the City is not an endorsement of fitness or warranty of work by the Contractor.

2. The Contractor Is - the construction company and its owner(s) and agents performing the housing rehabilitation work on the project under an executed Contract in the company's name. It is that construction company, a State licensed, General Building Contractor and authorized agent, who has signed and executed the project contract documents (Contract) with the Owner.

3. The Owner Is - the property owner of the project site (Project). The Owner has signed and executed the project contract documents (Contract) with the Contractor and is obligated by the conditions contained therein.

4. The Planning and Development Department (Department) Is - the administrator and designated authority of the City that facilitates the creation of community neighborhood programs and projects, and administers the funding of the programs and projects (housing rehabilitation, neighborhood revitalization, and other projects), and manages and approves completion of the projects performed under contractual agreements in accordance with the standards stated in said contractual agreements and in the Guide. The Department shall interpret the Guide.

5. The Housing and Community Development Division (Division) Is - the Division within the Department designated with the responsibility of facilitating the creation of community neighborhood programs and projects, and administering the funding of the programs and projects (housing rehabilitation, neighborhood revitalization, and other projects), and manages and approves completion of the projects performed under contractual agreements between the Owner and the Contractor.

6. The Neighborhood Services Specialist Is - the staff member, of the Division, that is assigned with the duty to manage specific assigned programs and projects, and initially interpret the adopted codes of the City with the support of City staff. The Specialist shall perform as the project consultant, carrying out all the functions of contract administration with the goal of providing project quality and timely project scheduling and completion in accordance with the Guide.

7. The Planning Division and the Building and Safety Service Division Is - the administrator and designated authority of the City that checks and approves plans and issues permits to allow performance of property improvement projects, and which approves the work performed under the specific permit(s) issued for said projects, all in accordance with the adopted codes. These two Divisions shall offer final interpretation of the City's adopted codes.

## **B. REQUIRED PERMITS AND INSPECTION PROCEDURES**

1. Permits are Required - and shall be obtained by the Contractor from the Building and Safety Service Division for all improvement projects involving construction, alteration, addition, demolition, and grading. Building, plumbing, mechanical, electrical, demolition, grading, public works, and other permits, when applicable, are required for all construction as stated by the applicable Codes and the City. On all projects, the Contractor shall be required to pay for all permits prior to construction.
2. Building Code Inspections - shall be performed by the Building and Safety Service Division pursuant to Chapter 13 of the City's Municipal Code of projects in progress and upon project completion. Inspections are required for all work performed. Work performed without the required permits and inspections will be subject to non-acceptance by the City. The Contractor will assure that the necessary inspections are requested and performed.
3. Subfloor and Underlayment Nailing Inspections - shall be performed prior to installation of flooring. Subfloor and underlayment nailing are inspected separately. These inspections are to be conducted by the Specialist, and are in addition to those conducted by the Building and Safety Service Division.
4. Pre-payment Inspections - shall be performed by the Specialist prior to the issuance of any partial progress payment. Approval is required by the Owner. The Specialist shall not process a payment to the Contractor without the approval of the Owner. The Specialist shall not, additionally, process a payment to the Contractor for unauthorized work, or for work that is not, or may not be, acceptable.
5. Pre-paint Inspections - shall be performed by the Specialist upon completion of the preparation phase of work, and prior to the application of any paint, varnish or stain to any surface.
6. Pre-final Inspections - shall be performed by the Specialist when the project is near completion for the purpose of providing a correction list (punch list) for the Contractor. The Specialist shall obtain a correction list from the Owner and shall determine if the corrections are appropriate. Based on that determination, he shall add those corrections to his list to deliver to the Contractor. The Specialist shall be the sole arbiter of what corrections are appropriate to include in the punch list.
7. Final Job Inspections - shall be performed by the Specialist after all construction is completed and the building is ready for occupancy. The Specialist shall confirm that all Building Code inspection approvals are completed and finalized by the Building and Safety Service Division for all work performed under permit(s) prior to acceptance and approval of the project completion payment.

## **C. PRECEDENCE OF DOCUMENTS**

In the event of discrepancies between documents the following precedence shall be in effect:

1. Adopted Codes by the City Shall Take Precedence - over any approved plans relating to the project.
2. Any Approved Plans Relating to the Project - shall take precedence to the Scope of Work (as outlined in the contract by Owner and Contractor).
3. Scope of Work Shall Take Precedence - over the Standard Specifications. (Guide)
4. Standard Specifications Shall Take Precedence - over any verbal agreements by any parties.

## SECTION II

### CONTRACTOR AND OWNER RESPONSIBILITIES

#### A. CONTRACTOR GENERAL RESPONSIBILITIES

1. General Provisions - The Contractor as defined in Section I is the construction company and its owner(s) and agents performing the Project under an executed Contract in the company's name. It is that construction company, a State licensed General Building Contractor and authorized agent, who has signed and executed the Project Contract documents with the Owner.

The Contractor shall perform all work described in the Scope of Work (line item specifications) and plans, in accordance with the provisions of all the Contract documents and the Guide. The Contractor shall perform as a construction manager, maintaining continuous contact with the Owner and the Specialist regarding the project status and any problems. The Contractor shall solve minor problems with the assistance of the Owner when the task and the solution is normal and implied in the Contract, without relying on the Specialist.

2. Workmanship Standards (A Quality Goal) - All work shall be performed to the standards required by the City. The commonly accepted standards set by the construction industry and the construction trades shall be used as the basis for establishing the minimum standards to be utilized and enforced by the City.

Quality of appearance and durable utility, being the direct result of quality workmanship, shall be the goal of the Program and the Contractors participating in the Program. Achievement of quality workmanship shall become a goal accomplished by applying standards of excellence which exceed the commonly accepted minimum standards. The quality of workmanship performed by the Contractor shall be scrutinized prior to acceptance by the City. The decision of the City will be final.

3. Material Standards - All material shall be new, recently purchased, and in excellent condition. Only the material specified shall be the material which is used, and only the brand specified shall be the brand used, unless "or equal" is specified. The Contractor shall obtain written approval for "equals" from the Owner and consent from the City prior to purchasing and installing the equivalent material.

4. The Contractor Shall Furnish All Supervision - technical personnel, labor, materials, machinery, tools, equipment, fixtures, and services including transportation services, and shall perform all required work in an efficient and workmanlike manner.

The Contractor shall perform all the construction and rehabilitation work as described in the Scope of Work (Line Item Specifications) and plans, and in accordance with the provisions of all the Contract Documents and the Guide.

The Contractor shall be responsible for determining that all plumbing and electrical fixtures, switches and receptacles, which were part of the Scope of Work, are in proper working order upon completion of the rehabilitation.

The Contractor shall provide electric service at it's own expense on Reconstruct (Housing Replacement) Projects and on vacated Owner-Rehabilitation Projects.

5. The Contractor Shall Maintain a Reasonably Clean & Orderly Project Site - during the course of the work on a daily basis, subject to inspection by the Specialist. Materials and equipment that have been removed and replaced as part of the work shall belong to the Contractor, unless otherwise agreed by the Owner and Contractor at the time of the Preconstruction Conference. The Contractor shall remove all

construction materials and debris and shall leave the property in "broom clean" condition upon project completion.

6. The Permit Card, Scope of Work and Plans - shall be posted and maintained by the Contractor at the job site at all times for the purposes of viewing by City staff.

7. The Contractor is Responsible for Damages - caused by encroachment on adjacent properties or on regulated setback areas. Damage caused by encroachment shall be corrected by the Contractor at no cost to the Owner or the City. Protection of existing utilities and structures shall be provided by the Contractor during the period of construction, unless otherwise indicated on the plans or Scope of Work. Utilities include all water, gas and sewer lines, lighting, power or telephone conduits and wires, house connections in place, and other surface and subsurface structures or lines. If, in the performance of the work, the Contractor disturbs, disconnects, or damages any of the above, all expenses of whatever nature arising from such disturbance, or in replacing or repair thereof, shall be paid by the Contractor.

8. The Contractor Shall be Responsible for Setting Required Grades & Property Corners - by a registered engineer or land surveyor prior to commencement of any concrete work adjoining a public right-of-way, including, but not be limited to, drive approaches, walks, sidewalks, and other slabs as applicable. The Contractor shall be responsible for setting required property corners by a registered land surveyor for all new construction and additions.

9. For Reconstruct (Housing Replacement) Projects - the Contractor shall coordinate *all* utility service installation and scheduling. All service installation locations shall be as close as possible (least costly) to the original service locations. The Contractor shall pay the cost for any relocation and rerouting of gas and electric services caused by the Contractor's negligence. Prior to approval for disbursement of the project completion payment, the Contractor shall provide fully operational utility hookup, including electric, gas, water and sewer service, ready for inspection testing and transfer to Owner.

## **B. OWNER RESPONSIBILITIES**

1. The Owner Shall Make Decisions and Choices - with the assistance of the Contractor regarding minor problems, general progress of the project and those items which require choice of color (and style, if applicable); and with the assistance of the Specialist regarding major problems and general progress of the project. The Owner shall authorize all payments to the Contractor, and shall submit said authorization through the Specialist to the City for processing. The Owner shall cooperate with the Contractor in a manner that will allow the work to progress as rapidly as possible. The Owner shall realize that rehabilitation is not restoration, and that the Contractor will do the best possible work.

2. The Existing House Utility Services - may be made available to the Contractor if the Owner agrees, including electric power, gas, heat, water, and telephone (local calls only). Determination of responsibility to provide utility services shall be made at the Preconstruction Conference.

3. When the Owner is to Continue to Occupy - the premises during the rehabilitation, the Owner shall cooperate with the Contractor in a reasonable manner to facilitate performance of the work, including abandonment of certain areas as may be essential to the conduct of the work, and moving, or removing personal possessions which will interfere with the work. The owner will make the project site available to the contractor at reasonable times for the performance of the Contract. Special accommodations must be requested by the Contractor at least 72 hours in advance.

## SECTION III

### CONTRACT REQUIREMENTS

#### A. SCOPE OF WORK (LINE ITEM SPECIFICATIONS)

The Scope of Work shall consist of Line Item Specifications that describe all the work to be performed in the Contract in accordance with the standard specifications of the Guide. It is intended that the Scope of Work shall describe the exact items that are going to be installed, replaced, and/or repaired. The sole intent of these Standards is to clearly describe the methods in which they will be installed, replaced and/or repaired, and what end results are to be expected.

#### B. DEFINITION OF CONTRACT WORDS AND PHRASES

1. Line Item Specification Shall Mean - A work item specification which shall be performed in accordance with definition of Scope of Work, and in accordance with the Guide.

2. The Line Item Number Shall Be - to identify the Line Item.

3. The Line Item Description (Short Title) Shall Be - preceded by the (most commonly used) action word, install, replace, or repair, or other definitive action word, such as, remove, or construct, or by word combinations, such as, demolish and clear, or excavate and fill, as defined herein.

Additional detailed description may be included in the Line Item Description when the nature of the Line Item is such that a special description, or additional specification is necessary to clarify the intended action.

4. The Line Item Quantity Shall be - inserted for each location, or group of locations, of the Line Item. The appropriate Unit of Measure and Quantity shall be used and inserted.

5. The Line Item Location(s) Shall Be - inserted as a single location or group of locations.

6. The Brand and Model May Be - inserted when applicable. The brand name used in the Scope of Work is for the purpose of identifying the quality and the standards of the item to be used. If the Contractor chooses to use another name brand, the Contractor will submit in writing that the product he intends to use will or exceed the quality and standards of the brand and model specified in the Scope of work.

7. Install Shall Mean - Install the selected Line Item at the selected location, finished and complete, including removal of the existing units, all modification, materials and work at and in the vicinity of the selected location, leaving the item fully operational, all in accordance with the Guide.

8. Reinstall/Rehang/Relocate Shall Mean - Remove the existing item, perform corrective repairs to the item, and in the manner described under "Repair" and reinstall the item at either the selected original location, or new location, finished and complete, including removal of existing units, all modification, materials and work at and in the vicinity of the selected location, leaving the Item fully operational, all in accordance with the Guide.

9. Construct/Reconstruct/Frame/Reframe Shall Mean - Construct/ Reconstruct or Frame/Reframe the selected Line Item at the selected location, using standard construction practices of the trade, finished and complete, including removal of existing units, all modification, materials and work at and in the vicinity of the Location, leaving the Line Item fully operational, all in accordance with the Guide.

10. Replace Shall Mean - Remove the selected (existing) Line Item and install the selected Line Item at either the Selected; a) original location, or b) new (relocated) location, finished and complete, including removal of existing units, all modification, materials and work at and in the vicinity of the location, leaving the item fully operational, all in accordance with the Guide.
11. Repair Shall Mean - repair the existing Line Item at the selected location, complete, including all necessary and required replacement parts, work and materials at the location, leaving the Item fully operational, all in accordance with the Guide.
12. Secure Shall Mean - Use a means to tighten and/or secure the selected existing Line Item at the Selected Location, including all necessary and required work and materials at the Location, leaving the Item fully secure, all in accordance with the Guide.
13. Remove/Strip shall mean - Remove and legally dispose of the selected existing Line Item at the selected location, and either a) cap/plug/close/cover/seal the location, or b) proceed as described by another Line Item, all in accordance with the Guide.
14. Demolish Shall Mean - Remove and legally dispose of the selected existing Line Item at the selected location, complete, including all components and all related, attached or detached, structures, services and appurtenances, all in accordance with the Guide.
15. Scope of Work Shall Mean - all the work described by the Line Item Specifications as listed for a specific job and as described under Scope of Work, all in accordance with the Guide and the Contract.
16. Guide Shall Mean - "A Guide to Rehabilitation Standards: Standard Specifications". Additional phrases are: Standard Specifications, Rehabilitation Standards, Rehabilitation Guide, and the Guide as used herein.

### C. STANDARD INSTALLATIONS

Each of the following item groups shall always include installation of all items described in each group:

1. Medicine Cabinet or Full Mirror Shall Be - in wall or surface-mounted provided when rehabilitating a complete bathroom, when building a new bathroom, or when installing a new vanity.
2. All Doors and Trim Shall - always utilize 100 percent Acrylic Enamel at all surface locations.
3. Wood Window Stools Shall Be - provided for all new window installations. Any installation other than wood stools shall be in writing as part of the Scope of Work, part of a written change Order, or have prior written approval by the Owner.
4. Shower Curtain Rods Shall Be - installed when installing new tub/shower combination and/or shower stalls.
5. Blocking Shall be - for support of surface mounted units provided for securing curtain rods when installing complete interior or exterior coverings and for new window installations with reframing. Also, blocking shall be provided for securing new grab bars for handicap equipment at bathrooms.

## SECTION IV

### DEMOLITION, EXCAVATION AND GRADING

#### A. DEMOLITION, SITE CLEARANCE AND GRADING

1. Performance of Demolition, Site Clearance and Grading - shall include demolition, and the legal removal and disposal of all structure(s) and/or all other as specified in the Line Item(s) of the Scope of Work, including all related and unrelated, attached and detached, surface and subsurface structural systems, materials, fixtures and utility systems; all pavement and concrete slabs, poles, posts, and all other improvements, including all related and unrelated as just described; all surface and subsurface trash and debris to 18 inches below grade; all specified trees and all stumps, shrubs and vegetation including grubbing all roots to 18 inches below grade; and providing imported and compacted fill at basements and at the building pad.

The remaining surface of the site shall be uniformly graded to provide proper surface drainage away from the building and building pad, and shall be wetted and rolled, leaving all surfaces clear and uniformly smooth.

2. The Building Pad is Defined as - all that area below the new building(s) including a 5 foot wide area, adjacent to and entirely around the outside perimeter of the new building(s).

3. The Finish Grade of the Building Pad Shall Be - as specified by the City, but shall never be less than 6 inches above the top of curb (or street center line).

4. Dust Control Shall Be - provided by the Contractor.

5. The Contractor Shall Clearly Understand - that it is the Contractor's responsibility to ascertain the existence and application of all regulations pertaining to all aspects of demolition work prior to commencing any work, and to comply with, and perform all work in accordance with all regulations pertaining hereto during the course of all work. The Contractor shall obtain all required permits and clearances prior to commencing any demolition work.

#### B. EXCAVATION, FILL AND GRADING

1. Under Normal Soil Conditions - the Contractor shall employ standard practices in compliance with all applicable requirements of the City regarding excavation, trenching, back filling and basement filling. All areas of soil disturbance, cuts, fills and building pads shall be properly prepared, and all back fills and imported fills shall be properly installed utilizing approved compaction methods as required by the City. The cost for all known and expected work shall be included in the Contractor's Total Bid Price.

2. Special Soil Conditions at Structure Pads - including unforeseen debris pits and locations of saturated and unstable soil (usually over hardpan) may require major excavation, disposal, the importing of clean material, compaction and testing prior to allowing concrete pours or any type of structural work. The cost for special unforeseen work may be considered as extra, if so approved by the Division Manager.

3. Locating and Protection of Utilities and Services Shall Be - the responsibility of the Contractor. Any damage to utilities shall be immediately repaired by the Contractor, at the Contractor's expense.

4. Excess Soil Shall Be disposed of by the Contractor, or may be spread uniformly on the site as directed by City staff.

## SECTION V

### CONCRETE

#### A. GENERAL PROVISIONS

1. Defective Concrete Installed by the Contractor Shall Be - removed and replaced at no additional expense to the Owner under any of the following conditions:
  - a. Surface does not allow drainage.
  - b. Incorrect forming, causing improper thickness and irregular appearances.
  - c. Material contains foreign debris.
  - d. Poor workmanship and poor appearance or not in accordance with the plans, specifications.
2. Subgrade Preparation, Building Slabs and Footings - All sod or other debris shall be removed to clean earth, and a minimum of 4-inches of clean fine earth or sand shall be placed as a base for all slab and footing work. The base shall be compacted and wetted before pouring any concrete. Place monolithic 3 ½ -inches minimum thick concrete slab and concrete footing.
3. Driveways, Parking Pads and Walkways Shall Be - placed on a finished grade in order to provide drainage off of, and away from, the surface and shall be a full 4 inches thick, steel troweled and soft-brushed providing a non-slip finish. All edges shall be rounded.

All concrete walkways will be a minimum of 40 inches wide and all concrete driveways shall have a minimum of 12 feet of width (all other widths must be approved in advance by Owner and consent by the Division).
4. All New Garages, Carports and Parking Pads - shall have concrete walkways installed to nearest existing walkway or nearest exit from dwelling.
5. Open Porches Exceeding 30-inches Above Grade - shall be equipped with approved railings. Wooden railings may be provided only when approved in advance by Owner and consent to by the Division.

#### B. INSTALLATION REQUIREMENTS

1. Expansion Joints Shall Be - placed a maximum of 15 feet apart on all walkways and driveways. All joints must be visible and finished with rounded edges.
2. All Stakes and Form Lumber Shall Be - removed from job site on daily basis, if not in use.

#### C. MATERIALS

1. Steel Reinforcing Shall Be - provided at concrete slabs and footings as required by and approved by the City.
2. Strength of All Concrete Shall - reach maximum strength of 3000 psi in 28 days.
3. All Concrete Material Shall - contain a ratio of one (1) part cement, three (3) parts sand, and four (4) parts of 3/4-inch rock (5 sack mix). All concrete shall be truck delivered and be poured as soon as practical to avoid over mixing of the concrete materials.
4. Expansion Joints - shall be standard felt joints, 2x4 redwood or 2x4 treated wood.

## SECTION VI

### CARPENTRY

#### A. GENERAL PROVISIONS

1. Framing Installation to Accommodate Other Trades - shall be provided. Cut all wood as required to accommodate plumbing, heating, ventilation, electrical and other trades. Framing shall fit neatly around exposed items such as outlet boxes, conduit, pipes and ducts.

2. Install All Wood Framing - as per plans and details shown. All new wood framing shall match existing wood framing to assure that both framing systems are plumb, level, true to line and securely anchored and fastened. All new wood framing shall be covered with sheathing within one week of the framing installation.

When the Scope of Work specifies to install or replace "with In-Kind materials", the installation will be of the same type as the existing materials currently on the project. The installation of the size of the material will be as close as possible to the existing material using the nominal size as the guide.

3. Framing Cuts and Joining/Jointing Shall Be - provided precisely square and clean, and shall provide a tight fit over the entire bearing surface(s) of all members of each joint in order to reduce motion and settlement of the structure to a minimum, and therefore, to reduce stucco cracking, nail popping, and racking of doors and trim.

4. Furring, Blocking and Backing Shall Be - furnished and installed where required for receiving wallboard, formation or architectural features, concealment of pipes, conduits, ducts, building specialties, such as blocking for curtain rods and other fixtures. Contractor shall consult with the trades concerned and set furring and blocking they require.

#### B. INSTALLATION REQUIREMENTS

1. Plywood Sheathing Shall Be - installed with the long dimension perpendicular across the supports, rafters or joists. No sheathing may be applied to less than three rafters, unless specified in the Scope of Work as repair to the existing support system.

2. Roof Overhang and Edge Sheathing Shall - have solid bearing under all edges. Outriggers shall be installed on all gable ends when new sheathing is applied. Outriggers will be spaced so that they bear under the exposed edges of the roof sheathing.

3. Barge Rafters and Fascia Boards Shall Be - installed with a uniform, tight and flush cut and fit at bevel splices and square corner joints.

4. Barge Rafters and Outriggers Shall Be - installed when roof sheathing is completely replaced.

5. Installation of Fences and Materials Shall Be - accepted only with prior approval in advance by Owner and consent by the Division.

6. Nailing and Bolting of Wood Members Shall - conform to the minimum requirements of the Uniform Building Code, to the structural drawings, and the Scope of Work, and installed as per the current ICBO Standards.

## C. MATERIALS

1. Barge Rafters Shall Be - kiln dried, Hem-Fir, #1 and Douglas Fir #2, free of sap/pitch pockets, and may be surfaced or rough sawn, as appropriate and approved by the Specialist. The size and thickness shall be the same size as existing fascia boards.

Note: Variations shall be accepted only with prior approval in advance by Owner and consent by the Division and will be specified in the Scope of Work.

2. Fascia Boards Shall Be - kiln dried, Hem-Fir, #1 and Douglas Fir #2, free of sap/pitch pockets, and may be surfaced or rough sawn, as appropriate and approved by the Specialist. The size shall be one lumber size larger than rafters with 2-inch nominal thickness.

Note: Variations shall be accepted only with prior approval in advance by Owner and consent by the Division and will be specified in the Scope of Work.

3. Framing Lumber Shall Be - Douglas Fir #2 or better, surfaced four sides, or other as required, conforming to the Standard Grading and Dressing Rules No. 16 of the West Coast Lumber Inspection Bureau. Grade shall be stamped on the lumber at the mill. All framing lumber shall be fully cured.

Note: Variations shall be accepted only with prior approval in advance by Owner and consent by the Division and will be specified in the Scope of Work.

4. Sills - Shall Be - foundation grade redwood or approved pressure treated fir conforming to the Standard Specifications for Grades of California Redwood Lumber, latest edition, as published by the Redwood Inspection Service. Grade shall be stamped on the lumber at the mill.

5. Plywood Sheathing Shall Be - Group I Species meeting requirements of U.S. Product Standards PS 1-66, of the sizes and thicknesses shown on the drawings and/or the Scope of Work. Each panel shall carry the grade trademark of the American Plywood Association along with the DFPA quality stamp. Approved OSB board, as per the current ICBO Standards, may be used in place of plywood sheathing (if specified in the Scope of Work) with prior written approval in advance by Owner and consent by the Division. Installation of OSB board without written approval in advance by Owner and consent by the Division will be replaced with plywood sheathing.

6. Bolts Shall Be - all square or hexagonal head with matching washers and nuts. All bolted connections shall be tightened prior to final acceptance. In the case of concealed locations, all bolted connections shall be tightened and accepted before the area is sealed off. Installations of all bolts will be as per the standards outlined in the current edition of ICBO Standards.

7. Framing Anchors, Connectors and Hangers Shall Be - approved galvanized units as detailed in the structural drawing and the Scope of Work, and properly sized for the attached member. Connectors, framing anchors and hangers will be of an approved type as outlined in the current ICBO Standards.

8. Nails Shall Be - appropriate and suitable for the purpose. Nails for interior trim and finish shall be finishing nails. Nails for exterior work shall be standard types, common wire or box nails, and hot-dip galvanized. All nails for redwood interior or exterior shall be aluminum nails or hot-dip galvanized nails.

## SECTION VII

### ROOFING

#### A. GENERAL PROVISIONS

1. Surface Preparation Shall - include stripping all existing roofing materials, and repairing defective structural materials, leaving all components uniform and secure prior to installation of the new roof covering (others methods shall have prior approval in advance by Owner and consent by the Division).
2. Structural Replacement and Modification Shall Be - performed as specified by the Scope of Work or when significant and extensive failure of the existing roof structure system exists due to undersized and over spanned members, and deterioration.
3. Two (Or More) Existing Roofing Layers Shall Be - stripped to the original sheathing unless the Building and Safety Service Division has approved another method and with prior approval in advance by Owner and Division. Damaged sheathing shall be replaced. Loose sheathing shall be secured with additional nailing.
4. Removal of Debris and Surplus Materials Shall Be - progressively performed by the Contractor on a daily basis, maintaining a clean and safe job site.
5. Antenna Removal and Reinstallation Shall Be - provided when the dwelling is re-roofed, and shall include installation of a new antenna, if necessary.
6. Color - Owner shall have choice of standard and available color, selected from the Contractors samples prior to installation.
7. Parapet A/C and Cooler Flashing Shall Be - provided. Flashing shall be provided at parapets using corrosion resistant, solid horizontal metal or metal step flashing to be laced in a professional manner and blind-nailed. All vertical ends of flashings will be installed beneath exterior wall coverings. When exterior wall coverings are not new or are not specified to be replaced, coverings shall be replaced to an adequate height to facilitate installation of flashing. These existing walls may be counter flashed, but only with prior approval by the Owner and consent by the Division. A/C and Cooler Flashing shall be installed to form a watertight barrier.
8. Flashing at Edges of Plywood Roof Sheathing Shall Be - provided by using galvanized metal angle strips prior to installing the new roof covering.
9. Application of Composition Shingles Shall Be - only to a smooth and uniform solidly sheathed roof surface, except when applied over existing wood shingle roof.
10. Minimum Slope - Composition shingles shall not be applied on roof having less than a three in 12 pitch, unless double layer felt underlay is installed in accordance with manufacturer's installation recommendations and the City requirements.  
Note: Variations shall be accepted only with prior approval in advance by Owner and consent by the Division, approval by the Building and Safety Service Division, and will be specified in the Scope of Work.
11. Pattern (Side Lap) Shall Be - only a 2-inch or 3-inch (side lap) pattern. Patterns in excess of 3 inches will not be accepted. Exceptions to this requirement will only be allowed with prior written approval by the Owner and consent by the Division. Requests for those exceptions must be made prior to the start of construction. Approval will not be given for a 6-inch (side lap) pattern. Roof Installations

utilizing a 6-inch (side lap) pattern will be required to be removed and new roofing to be installed at the Contractor's expense.

## B. INSTALLATION REQUIREMENTS

1. Manufacturers Installation Specifications Shall Be - strictly adhered to for all roofing installations, and shall prevail above all other specifications contained herein, with exception of the UBC (For information on all types of roofing material, see UBC, Chapter 32).
2. Valleys Shall - have shingles laced with an underlayment of 30 pound felt extending 18-inches from center line each way. Variations shall be accepted only with prior approval in advance by Owner and consent by the Division and will be specified in the Scope of Work. Other installations will be approved only if they are submitted to the Specialist in writing prior to the start of construction *and* if the installation meets all manufacturer's instructions.
3. Metal Angle Splices shall be - overlapped with a 2-inch minimum overlap. All corners of metal angle strips shall be cut on top and bent around corner to form continuous protection. Nailing of metal angle strips shall be top-nailed only.
4. New Drains at Parapet Walls Shall Be - installed when receiving new counter flashing.
5. Vent Flanges Shall - have only one or two nails placed at the top edge for securing and the nail heads will be completely covered by the roofing materials.

## C. MATERIALS

1. Underlayment Shall Be - 30 pound felt, minimum. Variations shall be accepted only with prior approval in advance by Owner and consent by the Division and will be specified in the Scope of Work.
2. Three-ply Hot Mop Fiberglass System Shall - consist of one ply of fiberglass base sheet, one ply of fiberglass interlayment sheet, and one ply of 72 pound fiberglass mineral surfaced cap sheet, installed per manufacturers written instructions, GS A-6-M-3 (or approved equal).
3. Two-ply Modified Bitumen (Torch) System Shall - consist of one ply of fiberglass base sheet, and one ply of 105 pound APP modified Bitumen (rubber) or 92 pound SBS, modified Bitumen (rubber), or 99 pound modified Bitumen (rubber) mineral surfaced cap sheet, installed per manufacturers written instructions, GS GTA-2-3, or GS GTS-2-3, or Dibiten, or approved equal.
4. Valley Flashing Shall Be - provided using galvanized metal "W" flashing of 26 GA minimum. Variations shall be accepted only with prior approval in advance by Owner and consent by the Division and will be specified in the Scope of Work. Other installations will be approved only if they are submitted to the Specialist in writing prior to the start of construction *and* if the installation meets all manufacturer's instructions.

## SECTION VIII

### FINISH CARPENTRY

#### A. GENERAL PROVISIONS

NOTE: The provisions outlined below are for the purpose of the Contractor including all costs in his/her bid. Variations shall be accepted only with prior approval in advance by Owner and consent by the Division and will be specified in the Scope of Work. Other installations will be approved only if they are submitted to the Specialist in writing prior to the start of construction *and* if the installation meets all code requirements and are inspected and approved by the Building and Safety Service Division.

1. Work to Be Furnished and Installed Shall - include performance of all work necessary for the completion of the construction of the project. Finish carpentry work and miscellaneous items and their related components which are to be furnished and/or installed under this section are not necessarily individually described. The most important features and those requiring detail description are mentioned. Finish carpentry work and miscellaneous items not mentioned or described shall be furnished and/or installed in accordance with the UBC, Division, Scope of Work, and as required to complete this work. Finish carpentry work shall mean but not necessarily be limited to:
  - a. Finish Wood Carpentry
  - b. Wood Doors
  - c. Wood & Metal Shelving
  - d. Millwork
  - e. Building Specialties
  - f. Finish Hardware
  - g. Furnishing of Building Specialties
2. Tool Marks or Marred Surfaces and Edges - will not be acceptable on any exposed finished surfaces and, as evidence of inferior workmanship, shall be cause for rejection of such work. The Contractor shall replace inferior work at no extra cost to Owner.
3. All Exposed End Splices in Finished Members Shall Be - accurately and neatly square butted. Install members in as long lengths as possible.
4. Finish Hardware Shall Be - installed accurately and securely without marking or defacing hardware or finish work. Include the installation of pocket frames, tracks and hangers for sliding doors. Test to assure correct alignment and operation. Items of finish hardware shall be fastened at all points where fasteners are indicated or required. Protect finish hardware with suitable coverings until completion of construction. Properly tag keys to deliver to Owner at completion of construction. Leave all hardware in perfect order. Clean and polish all new (and existing) millwork.
5. Specialty Items Not Specified under Other Sections Shall Be - installed. All finish carpentry work required to produce a complete and finished installation shall be performed, prior to acceptance and approval by Owner with consent by the Division. The commonly accepted standards set by the construction industry and the construction trades shall be used as the basis for establishing the minimum standards to be utilized and enforced by the City.
6. Wall-Mounted Items Shall Be - securely fastened to solid backing or blocking. Items of finish hardware shall be fastened at all points where fasteners are indicated or required.

## B. INSTALLATION REQUIREMENTS

1. Installation Shall Be - in accordance with the details shown in the plans, (if the Project requires them), and as specified in the Scope of Work.
2. All Components Shall Be - installed plumb, level, true to line and securely anchored.
3. Interior Finish Shall Be - secured using finishing nails or screws as required, unless otherwise indicated. Set nails and screws for putty stopping. Nails and screws shall be neatly set and all wood raised in the driving of nails and screws removed.
4. Exterior Corner Joints Shall Be - mitered. Interior corner joints may be coped. Casings at head of doors and windows shall be mitered. Where molded members adjoin other molding or plain sections, the molded members shall be carefully and accurately scribed to the other members. All exposed edges shall be eased.

## C. MATERIALS

NOTE: The materials outlined below are intended as guide to the Contractor to include in his bid. Variations shall only be allowed if the Building and Safety Service Division has approved the variation and with prior approval in advance by Owner and consent by the Division.

1. Exterior Plywood Shall Be - of the species, type and face treatment as per ICBO building standards. The plywood shall be manufactured with exterior glue and shall be A/C grade.
2. Interior Plywood Paneling Shall Be - of the species, type and face treatment regulated by the Grade A, flame rate UBC, Chapter 42 definition.
3. All Rough Hardware Shall Be - furnished, including all connections to metal studs, bolts, etc., required to complete the work. Exterior bolts, nuts and washers shall be hot dip galvanized.
4. Exterior Trim and Casing/Molding Shall Be - dressed S4s Fir, dressed or rough Redwood, or Cedar. There shall be no loose or open knots or knotholes. Any, and all, splices shall be cut to a 45 degree end bevel and joined over backing.
5. Interior Trim and Casing/Molding Shall Be - white pine or Douglas Fir, #1, and shall completely void of, and properly sealed against bleeding or pitch runs. All corners to be mitered.

## SECTION IX

### DOORS AND WINDOWS

#### A. GENERAL PROVISIONS

1. Wood Window Stools Shall Be - provided for all new window installations. Variations shall only be allowed with prior approval in advance by Owner and consent by the Division.
2. Door Jambs - Provide required dimensional modification of the framed opening in order to allow a plumb and square door setting. Jambs at nailing points, butts and lock strikes shall have solid backing. Exterior jambs shall be completely caulked and sealed around their perimeter, between jambs and adjoining framing construction, using mastic and tape as required.
3. Door Casings - Exterior corner joints on door casings shall be mitered and interior corner joints to be coped. Casings at head of doors shall be mitered. Where molded members adjoin other molding or plain sections, the molded members shall be carefully and accurately scribe to the other members. All exposed edges shall be eased.
4. Weatherproofing Shall Be - provided for all window rough openings when new windows are installed. This shall consist of 15 pound felt wrapped around all framing members prior to the installation of the new window.

#### B. INSTALLATION REQUIREMENTS

1. Door General Installation - All doors, jambs, casings and hardware shall be installed expertly and in accordance with the plans and standard details, and shall be installed plumb, level, square, in plane, true to line and be securely anchored. All components shall fit accurately, with proper and uniform clearances, and shall operate freely, without binding or dragging.

All doors shall be installed in proper frames as scheduled and shall fit uniformly and snug against all stops. Provide accurate fit, free from hinge bind, and with uniform clearance of 1/16-inch at heads and jambs. Undercut doors for floor finishes or coverings and ventilating purposes where required. Sliding doors shall slide and operate smoothly under fingertip pressure. Finish hardware shall be removed for painting and reinstalled after finishing is completed and dry, or shall be protected from paint by masking.

2. Door Preparation and Finish - All doors to be finished shall have edges finished to match exposed face. Top and bottom of door shall be effectively sealed against moisture.

3. Window General Installation - All windows assemblies and casings shall be installed expertly and in accordance with the plans, and shall be installed plumb, level, square, true to line and be securely anchored. All units shall fit accurately, and shall operate freely without binding or dragging.

All windows shall be installed in proper frames and at the approved location and height. Nails and screws shall be neatly set and all wood raised in the driving of nails and screws removed. Exterior corner joints on window casing shall be mitered and interior corner joints shall be coped. Casings at head of windows shall be mitered. Where molded members adjoin other molding or plain sections, the molded members shall be carefully and accurately scribed to the other members. All exposed edges shall be eased. Jambs at nailing points shall have solid backing.

## C. MATERIALS

1. Door Material - Exterior doors shall be solid core, 1-3/4-inch thick. Interior doors shall be hollow core, 1-3/8-inch thick. All doors shall be of the size indicated on the Scope of Work (specifications). No exterior door used for egress, shall be smaller than 2- feet 8-inches in width with at least one measuring 3-feet 0-inches. No interior door to a habitable room shall be smaller than 2-feet 6-inches.
2. All Exterior Doors Shall - have dead bolts as part of any installation. All front doors shall be provided with a security view port.
3. All Exterior Doors Shall Be - installed with a rigid aluminum strip with neoprene-type weather stripping securely fastened to sides and head jambs. No other type of weather stripping will be allowed. Install to ensure no air leakage around openings in exterior doors.
4. All Exterior Doors Shall Be - provided with aluminum threshold with rubber attached to the drip cap at bottom edge of door.
5. Aluminum Thresholds - with rubber exposed to foot traffic shall not be acceptable except in exterior water heater or heater enclosures. Variations shall be accepted only with prior approval in advance by Owner and consent by the Division and will be specified in the Scope of Work.
6. Hardware Shall Be - fastened to framing in a manner to prevent removal to gain entrance while door is in its locked position.
7. Hardware For Interior Doors - All interior doors shall have the appropriate latch set and hinges as part of any installation.

## SECTION X

### CABINETS AND COUNTER TOPS

#### A. GENERAL PROVISIONS

1. Cabinet General Installation - All cabinets, cabinet doors, drawers and hardware shall be installed expertly and in accordance with the plans and standard details, and shall be installed plumb, level, square, true to line and be securely anchored.
2. All Cabinet Doors and Drawer Facings Shall Be - of standard design (Owner to select color of paint or stain).
3. Range Hood and Vent Cabinet Shall Be - provided over stove when new cabinets are installed. Variations to this installation provision shall only be allowed if the Building and Safety Service Division has approved the variation and with prior approval in advance by Owner and consent by the Division.
4. Switch-Operated Light Fixture and Soffit Shall Be - provided over sink when new cabinets are installed.
5. Tile Selection - Owner shall have a choice of standard and available tile and grout color, selected from Contractor's samples.

#### B. INSTALLATION REQUIREMENTS

1. Standard Ceramic Tile with 4-inch Splash and Standard Nosing Shall Be - installed only when tile is to be installed or replaced. This requirement will apply only when the Scope of Work has specified complete replacement or complete installation.
2. All Tile Shall Be - professionally installed using standard construction practices and according to code. All tile must be installed perfectly level for use of drop-in sinks or with the tile surrounding the sink having provisions for water to drain towards the sink. All tile shall have an acceptable grout sealer applied to the grout to assure that all grout is sealed against moisture.

#### C. MATERIALS

1. Cabinet Material Shall Be - Grade A, and custom built by a recognized cabinet shop or Home Improvement Company. The materials utilized shall be; standard soft wood for the interior framework, stain grade hardwood veneered (Birch) members and plywood panels for all exterior exposed face locations (face panels, face frame members, and drawer faces and doors), and B grade plywood or compressed particle board for the interior shelving and dividers.
2. High Pressure Laminated Plastic (Formica) Shall Be the approved standard material to be accepted and utilized in the rehabilitation program. All counters shall be fully formed, one-piece assembly with 4-inch waterfall back splash and rolled no-drip front edge.

All ends and miters shall be factory (shop) cut, or field cut, only by an expert professional counter installer. All counter tops must be installed perfectly level with provisions for water to drain towards the sink. (Owner's choice of standard and available color pattern, selected from Contractor's samples.)

## SECTION XI

### ELECTRICAL

#### A. GENERAL PROVISIONS

The Department has adopted the following requirements, in addition to the last adopted edition of the National Electrical Code, relative to single-family residences:

1. Minimum Electrical Service Shall Be - 125 amperes or calculated load, whichever is greater.
2. All Circuits at the Service Panel Shall Be - phase balanced and identified.
3. New and Replacement Light Fixtures Shall Be - provided at all required locations of the entire dwelling when the dwelling is being completely rewired.
4. Laundry Outlets Shall Be - 20 amp rated T-bar receptacle on a single dedicated circuit.
5. 3-Wire Grounded Receptacles with GFCI Shall Be - provided at all kitchens, bathrooms and laundry facilities, including at all additional new wired locations, and at all new construction locations.
6. 2-Wire Non-grounded Receptacles - at existing locations of living rooms, dining rooms, bedrooms and hallways may remain or be replaced using same type of component only.
7. All Major Appliances Shall have a single dedicated 20 amp circuit. Major appliances are considered to be washers, dishwashers, garbage disposals, freezers, refrigerators and microwaves as specified in the Scope of Work. Certain appliances will be required to be on 220 volts circuit as specified in the Scope of Work.
8. At Least One Light Bulb Shall Be - installed by the Contractor in all newly installed light fixtures.
9. Pre-wiring for Telephone and Television Antenna Hookup Shall Be - provided whenever the exterior and/or interior surfacing is being replaced and on all new reconstruct projects.

#### B. INSTALLATION REQUIREMENTS

1. Receptacle Outlets Shall Be - rated for and installed on 20 amp circuits at the kitchen, bathroom, laundry and cooler, and on 15 amp circuits at other non-appliance locations (bedrooms, living room, etc.). Variations shall only be allowed if the Building and Safety Service Division has approved the variation and with prior approval in advance by Owner and consent by the Division.
2. Additional Receptacle Outlets Shall Be - installed only as specified in the Scope of Work and required by the Building and Safety Service Division.

#### C. MATERIALS

1. All Electrical Materials Shall Be - of the size and type as allowed by the National Electrical Code and as required the Building and Safety Service Division.
2. New Light Fixtures Shall Be - of the size and type considered standard by the construction industry, unless stated differently in the Scope of Work.

## SECTION XII

### PLUMBING

#### A. GENERAL PROVISIONS

1. Access for Waste System Inspections Shall Be - provided. Any drainage or building sewer, or part thereof, which is installed, altered or repaired, and is covered or concealed before being inspected, tested and approved, shall be uncovered for inspection upon notice.
2. All Exposed Plumbing, Faucets, Drains and Components Shall Be - replaced when the sink, vanity or tub is replaced, removed or reinstalled, (variations to this requirement will be clearly identified in the Scope of Work).
3. A Main Shutoff Valve Shall Be - installed, when required and specified in the Scope of Work, where line enters dwelling, using a 3/4-inch minimum, all brass gate valve.
4. A New Water Service Line Shall Be - installed, from the meter location at the property line (street or alley), to the dwelling shut-off valve location, using either approved galvanized, copper, or PVC Schedule 40 pipe. The installation will be only when required and specified in the Scope of Work.

#### B. INSTALLATION REQUIREMENTS

1. All Installations - will in accordance to the Uniform Plumbing Code and to the requirements of the Building and Safety Service Division.
2. Trench Bed Preparation and Backfill of New House Sewer - The new house sewer pipe shall be on a firm bed throughout its entire length and backfilled with sand or fine earth. Throughout the full length, the backfilled trench shall be flooded and tamped. Any surplus dirt to be either removed from property or spread as Owner directs. Settlement in excess of two (2) inches within a 12-month period shall be refilled at Contractor's expense.
3. Water Heater Insulation Blankets Shall Be - installed on all uninsulated water heaters, and shall be included with new water heaters only if the manufacturer's installation instructions allow it to be insulated. The Line Item Specifications will clearly identify the type of insulation to be used and when the water heater will be insulated.
4. Seismic Straps Shall Be - installed on all unstrapped water heaters per California Health & Safety Code 19211.

#### C. MATERIALS

1. Size and Type of Water Heater Shall Be - as specified in the Scope of Work and will be installed in accordance to the requirements of the Building and Safety Service Division. If the installation of the water heater is to be at a different location other than the existing location, the Scope of Work will specify the new location.
2. All Plumbing Materials - shall be of the size and type as allowed by the Uniform Plumbing Code and as required the Building and Safety Service Division.

## SECTION XIII

### SHEETROCK

#### A. GENERAL PROVISIONS

1. General - It shall be the policy of this Department to require a pre-paint Inspection. If the Scope of work specifies for the surface to be prepared for painting, a pre-paint Inspection shall be requested by the Contractor, of the Specialist, to check the surface preparation for application of any paint in the future. Surfaces not properly prepared shall be thoroughly sanded and cleaned of all foreign materials, re-taped, re-textured and re-inspected. Surfaces may be required to be replaced at no additional cost to the Owner, at Contractor's expense, if the surfaces are not acceptable to the Specialist.

Additionally, the Division will inspect the surface for workmanship. The inspection will include all areas affected by the installation, repair work or activity that part of the Scope of Work. Rejection of the Division's acceptance of the work could result in the Owner withholding their approval of the work.

2. All Sheetrock Outside Edges Shall - have galvanized metal edge installed uniformly straight and square at openings to provide a screed for uniform texture applications.

3. Texture Application Shall Be - uniform and square at window and door openings, so that blinds will properly fit the openings, and so that all openings will be, and appear, straight, plumb and square.

4. All Existing Sheetrock Shall - have all damaged or missing portions properly installed and/or replaced as outlined in the Scope of Work. Proper preparation of interior surfaces shall include removal of all tape that is loose or missing to be replaced with new tape and finish, and it must be done in a uniform, professionally finished workmanlike manner. All surfaces shall have a uniform, professional, and workmanlike finish, including texture if it is called out in the Scope of Work.

On projects where the Scope of Work specifies repair of a wall surface only, the Division will inspect the surface for workmanship.

#### B. INSTALLATION REQUIREMENTS

1. Sheetrock Installation Shall Be - in a uniform flat plane, secured using galvanized nails and in accordance with all code requirements and the Building and Safety Service Division's approval. All joints shall be taped and floated, and all nails sunk and spotted.

On projects where the Scope of Work specifies repair of a wall surface only, the Division will inspect the surface for workmanship. This provision will apply only when the Building and Safety Service Division does not have the requirement or responsibility to inspect the surfaces.

2. Any Defective Work Performed by the Contractor Shall Be - the responsibility of the Contractor, and shall be corrected at no additional cost to the Owner.

#### C. MATERIALS

1. All Sheetrock Installed at New and Existing Framing Shall Be - 1/2" thick material. Overlaid surfaces may utilize 3/8" thick material. Separation walls between residence and garage shall receive one layer of 5/8" Type "X" material or 2 layers of 1/2" material on the garage side and one layer of 1/2" material on the residence side.

## SECTION XIV

### PAINTING

#### A. GENERAL PROVISIONS

1. General - It shall be the policy of the Division to only use flat wall latex paint. It is a well known fact in the construction industry that such paint does not show imperfections more readily than other types of paint. Therefore, if the Owner chooses to have any other type of paint other than flat wall paint in his project, he will be allowed to do so. The Owner must, however, agree and acknowledge that he is aware and accepts the fact that flat wall paint does have limited maintenance abilities. Variations shall be accepted only with prior approval in advance by Owner and consent by the Division and will be specified in the Scope of Work.
2. Pre-paint Inspection Shall Be requested by the Contractor, of the Specialist, to check the surface preparation prior to application of any paint. Surfaces will be required to be repainted at Contractor's expense if the surfaces are not inspected prior to painting.
3. Paint, Stain or Varnish - Reduction and application of paint, stain or varnish shall not be performed in any way except as recommended by the manufacturer. All written instructions of the manufacturer shall be followed by the Contractor. Surfaces will be required to be repainted, re-stained, or revarnished at Contractor's expense if the products used have been altered by any other means.
4. Existing Plaster Walls and Ceilings Shall - have all cracks and holes filled and have a uniform and professionally finished surface. Variations shall be accepted only with prior approval in advance by Owner and consent by the Division and will be specified in the Scope of Work.
5. Woodwork Shall - have all knotholes, pitch pockets or sappy portions sealed properly preliminary to painting. Nail holes, cracks or other defects to be carefully filled with appropriate filler or caulk. New wood shall receive a prime coat before painting.
6. All Electrical Fixtures, Electrical Cover Plates, and Cabinet Hardware Shall Be - removed prior to painting. Missing and damaged cover plates and hardware shall be replaced after painting is complete. Any such items that have old paint, or are painted over, shall be cleaned (or replaced) at Contractor's expense.
7. Walls and Ceiling Surfaces with Moisture or Mildew Conditions - shall be made free of those conditions and properly prepared for painting. For the treatment of mildew, prior to painting, first scrape the surfaces free of all mildew. Secondly, scrub the surfaces with a mixture of bleach and water, and brush the surfaces to remove all dust and other materials, and then finally prime the entire surface being treated prior to applying any paint.

The source and cause of the mildew problem shall be corrected by the Contractor as specified and outlined in the Scope of Work. Other methods of treatment must have prior written approval in advance by Owner and consent by the Division prior to any preparation of any surface. All variations will be clearly specified in the Scope of Work.

8. Galvanized Treated Surfaces Shall NOT Be - painted without prior approval in advance by Owner and consent by the Division and will be specified in the Scope of Work. All galvanized treated roof jacks previously painted, will be repainted as per this Section. If the Scope of Work calls out for painting of new galvanized treated roof jacks or existing roof jacks (unpainted), they shall be properly prepared and treated as per paint manufacturer's instructions. All other methods shall have prior approval from the Owner and be specified in the Scope of Work.

9. Protection from Over Spray Shall Be - provided for all surfaces not to receive paint or finish. All over spray on other surfaces to be cleaned and completely removed. Paint to be thinned or reduced per manufacturer's recommendations. All roof area to be protected from over spray.
10. Protective Coverings or Drop Cloths Shall Be - used to protect floors, fixtures and equipment. Care must be exercised to prevent paint being splattered onto surfaces which are not to be painted. Surfaces from which such paint cannot satisfactorily be removed shall be painted, repainted or replaced, as required by the Neighborhood Services Specialist, to produce a satisfactory finish.
11. All Debris Related To, or Created By Painting Shall Be - removed from the job site, and the job site shall be left clean and ready for use. All windows to be free of paint and operating properly.
12. All Shrubs and Plants Shall Be - protected in an approved manner or replaced by Contractor at no added cost to the home owner. Care shall be exercised by the Contractor to avoid getting paint or over spray on lawns and shrubbery.

## B. INSTALLATION REQUIREMENTS

1. Contractor Preliminary Examination of All Surfaces Shall Be - carefully performed (by the Contractor) before beginning any paint application in order to determine that all work of other trades and all surface preparation has been properly completed and that the surfaces are in approved condition to receive paint or stain. All woodwork to receive paint or stain is to be thoroughly sanded, dusted, and is clean. Collected dust is to be removed before preliminary paint work is begun.
2. New Wood Surfaces to be Painted Shall Be - inspected by the Contractor to determine and assure that all other trades have made proper and complete installations prior to application of any paint. All knots, pit pockets, or sappy portions shall be shellacked or sealed with knot sealer. All exposed nails are to be set and all imperfections are to be filled and sanded smooth. All dust shall be collected and removed from the job prior to any paint application.

All new wood shall receive a primer coat prior to the application of the paint coat. Two coats of paint, alone, will not be sufficient. Two coats of paint may be used if such application is in accordance to the paint manufacturer's instructions and has written approval in advance by Owner and consent by the Division prior to any preparation of any surface.

3. General Preparation of All Surfaces Shall Be - performed prior to applying any paint, and all surfaces will be free of old scaling paint as necessary. All surfaces shall have all foreign material completely removed, i.e., oil, rust, grease, etc. Prepared surfaces shall receive sufficient paint to insure complete coverage. Any indication of defective surface preparation will be cause for repeat preparation and repainting at no extra cost to Owner.

4. Preparation of Previously Painted Wood Shall Be - performed by the Contractor by scraping, wire brushing and/or power sanding (vibrating type), or by burning or other method where necessary. Remove all defective paint material such as peeling, blistered, or scaling paint.

Minor replacement (generally not to exceed 30 square feet) of rotted, damaged and defective siding or other inadequate material prior to painting shall be performed as part of all preparation of work. Major replacement of all rotted, damaged and defective siding or other inadequate material shall be described and called out in the Scope of Work.

All unpainted surfaces and weathered or bare wood shall receive a coat of primer prior to any paint being applied (applying two coats of paint will NOT be sufficient to comply with this requirement). All imperfections shall be filled and sanded smooth.

5. Preparation of Stucco or Masonry Block Shall Be - performed by the Contractor by scraping, wire brushing, sandblasting or other method, to remove all loose and defective material. For the treatment of mildew, prior to painting, first scrape the surfaces free of as much mildew as possible. Secondly, scrub the surfaces with a mixture of bleach and water, and brush the surfaces to remove all dust and other materials, and then finally prime the entire surface being treated prior to applying any paint. Other methods of treatment must have prior written approval from the Division.

All masonry or stucco surfaces shall have all large cracks, chipped corners, loose material, etc., repaired and filled with proper materials before painting (repair of such areas will be limited to 30 square feet). Larger areas than 30 square feet shall be clearly identified and specified in the Scope of Work. Other methods must have prior approval from the Owner and Division and will be specified in the Scope of Work.

6. Preparation of Wood Trim Shall Be - performed by the Contractor. Trim is to include all wood molding around doors, windows and/or other openings, overhang (eaves), fascia, window shutter, window boxes or other exterior decorative adornment and to be prepared and painted as described above in this section.

7. Double-hung Wood Windows Shall Be - prepared for painting by thorough cleaning of glass and freeing windows of all old paint. Preparation shall include reglazing (up to 20 % of all existing glazing) of all window panes.

All double-hung wood windows will be operation free after the new paint has fully cured. All windows will be tested for operation by the Contractor prior to request for acceptance of a completed job.

8. Sanding of All Metal Surfaces Shall Be - performed prior to applying primer, and shall be scraped to remove old scaling paint. All metal surfaces shall have all foreign material completely removed, i.e., oil, rust, grease, etc. All surfaces to be primed before painting. Prepared metal surfaces shall receive sufficient paint to insure complete coverage. Any indication of defective surface preparation will be cause for repeat preparation and repainting at no extra cost to Owner.

9. Application of Paint Shall Be - at proper consistency as recommended by the manufacturer, free of brush marks, sags, and runs (including those existing by previous coats), with no evidence of poor workmanship. Care shall be exercised to avoid lapping of paint on glass or hardware. Paint sharply cut to lines. Finished paint surface to be free from defects or blemishes. All exposed nails shall be set and holes filled. Additionally:

- a. On fully cured and dry rough siding exterior surfaces - use only flat alkyd oil base paint, or acrylic latex paint.
- b. On fully cured and dry exterior smooth siding wood surfaces - use only flat alkyd oil base paint, or 100 percent acrylic paint.
- c. On fully cured and dry exterior smooth trim - use only satin/semi-gloss alkyd oil base, acrylic, or other synthetic enamel.
- d. On interior localized surface repairs of drywall/plaster - use suitable texturized paint (sanded; stipple; etc.).

10. Woodwork And Trim to Be Finished Shall Be - adequately covered with sufficient coats, and a uniform color and finish. The number of coats herein specified as being a minimum shall be whatever number of coats are necessary to produce a first class job. All unpainted wood shall receive a prime coat in addition to the coat(s) of paint required for a uniform color and finish.

11. Any Defective Work Performed by the Contractor Shall Be - the responsibility of the Contractor, and shall be corrected at no additional cost to the Owner.

## C. MATERIALS

1. All Paint Material Shall Be - of a well-known manufacturer of high quality paint. The brand name of the paint material specified in the Scope of Work is for the purpose of identifying the quality and the standards of the paint to be used. If the Contractor chooses to use another name brand, the Contractor will submit in writing that the product he intends to use will or exceed the quality and standards of the paint specified in the Scope of work. The submission of the request shall be prior to the start of any painting.

All paint colors selected shall be standard, pre-mixed, colors (custom mixed colors will generally not be permitted). If the Owner choose to use a custom mixed color, the Owner will acknowledge in writing that he is aware that a custom mixed color may not produce a uniform color or tone, and will be difficult to color match in the future. It will be the responsibility of the Contractor to obtain the written acknowledgment from the Owner,

Colors shall always be selected by the Owner from a color document provided by the Contractor. Paint shall remain in original containers until the final inspection has been performed.

## SECTION XV

### FLOOR COVERINGS

#### A. GENERAL PROVISIONS

1. Color and Pattern Shall Be - selected by the Owner(s) from standard and available material samples provided by the Contractor, unless otherwise specified in the Scope of Work.
2. Underlayment Shall Be - installed prior to installation of all new linoleum, using 3/8" minimum particle board. (Do not commence Installation of new floor until work of all other trades has been entirely completed and a subfloor nailing inspection has been done).
3. General Requirements - All new subfloor installations shall be nailed in accordance to the City's Code requirements. All existing subfloor shall be renailed, as required. All cracks, minor holes, crevices and depressions shall be filled with crack filler, as recommended by floor manufacturer. Concrete floors shall be clean and dry, in addition, a smooth steel troweled finish shall be provided.

#### B. INSTALLATION REQUIREMENTS

1. Removing/Cleaning - All defective materials, dirt, grease, oil and/or any other films shall be performed by the Contractor prior to the installation of any flooring covering.
2. Manufacturer's Specifications and Recommendations Shall Be - followed for all installations.
3. Adhesive Shall Be - spread uniformly and at the coverage rate recommended by manufacturer. Apply adhesive only to the extent which can be covered with flooring within the recommended tack time of the adhesive.
4. All Joints and Seams Shall Be - tightly butted, straight and aligned square with room axis. Neatly trim materials abutting other work to form a true, clean joint. Where flooring edges are covered by other materials, make cuts sufficiently accurate so that edges are completely concealed. All joints and seams between carpeting and vinyl flooring shall have trim and proper tack strips.
5. Coving Shall - have sufficient adhesive required to form a tight bond at the wall. Exterior corners at coving shall be neatly cut and trimmed straight with sufficient adhesive to form a tight bond.

#### C. MATERIALS

1. All Carpet, Pad and Vinyl Floor Coverings Shall - meet or exceed FHA requirements. The Contractor shall provide suitable documentation of the material used. The brand name used in the Scope of Work is for the purpose of identifying the quality and the standards of the floor covering to be used. If the Contractor chooses to use another name brand, the Contractor will submit in writing that the product he intends to use will or exceed the quality and standards of the floor covering specified in the Scope of work. The Scope of Work shall contain the minimum cost per square yard to be used in the project.

Both the minimum standards and the minimum cost is to be used by the Contractor when he/she provides a selection for the Owner when they select the color and pattern. Color and pattern shall be selected by the Owner(s) from standard and available material samples provided by the Contractor.

2. Floor Covering in Kitchens, Bathrooms, and Service Porches Shall Be - of durable, waterproof, non-absorptive materials such as asphalt, vinyl plastic, rubber or similarly approved material. No floor tile or wood finish flooring shall be used in these rooms. Floor tile will be installed only when the specifications so state in the Scope of Work. Additionally, floor covering at all bathrooms shall cove at the walls and under toe space of vanities, unless otherwise specified in the Scope of Work.

## SECTION XVI

### LEAD-BASED PAINT

#### A. GENERAL PROVISIONS

1. Codes and Standards - all work pertaining to Lead-Based Paint shall conform to the standards set by applicable federal, state and local laws, regulations, ordinances, and guidelines that exist at the time of the rehabilitation. Required regulations include but are not limited to the following:

|      |  |
|------|--|
| HUD  | Department of Housing and Urban Development Lead-Based Paint Regulations; Guidelines for the Evaluation and Control of Lead-Based Paint Hazards in Housing |
| ASTM | American Society for Testing of Materials  |
| ANSI | American National Standards Institute  |
| U.L  | Underwriters Laboratories, Inc.  |
| OSHA | Occupational Safety & Health Administration  |

2. HUD Regulations - became effective September 15, 2000, requiring that federally funded housing programs conduct evaluations to detect lead-based paint or lead-based paint hazards. According to the HUD regulations and State Law, certified lead-based paint professionals (inspectors or risk assessors) are required to perform such evaluations.

3. The HUD Lead-Based Regulations - require clearance examinations after interim controls, paint stabilization, standard treatments, ongoing lead-based paint maintenance, or rehabilitation. According to the HUD Lead-Based Paint regulations, certified inspectors or risk assessors may perform clearance examinations after such activities, even if no lead-based paint inspection was performed prior to those activities. The program encourages the use of certified inspectors and risk assessors for clearance examinations. Likewise, certified lead-based paint abatement supervisors and abatement workers, and individuals who have taken an accredited lead-based paint abatement supervisor or worker course, may legally perform interim controls, paint stabilization, standards treatments, ongoing lead-based paint maintenance, and rehabilitation. *Certified lead-based paint abatement supervisors and workers must still perform all abatement activities where the terms of federal funds dictate a property will undergo lead-based paint abatement.*

## SECTION XVII

### GAS INSPECTION REQUIREMENTS

#### A. GENERAL PROVISIONS

1. The Contractor - will be responsible to have all gas appliances, water heaters, wall and floor heaters, HVAC units, valves hookups and supply lines checked for any leakage or improper installation and supply documentation of safety compliance regarding repairs, replacement, and /or condition of items in question.

## CERTIFICATION

I have received a copy of the Housing and Community Development Division's "A Guide to Rehabilitation Standards: Standard Specifications" and I will comply with its contents in all work done through the Program. I will include the cost of all said work in my bids. I understand that failure to include such costs could cause my removal from the Bidder's List. **This document is a part of all contracts.**

NAME OF FIRM: \_\_\_\_\_

LICENSE NO.: \_\_\_\_\_

SIGNATURE OF  
CONTRACTOR: \_\_\_\_\_

DATE: \_\_\_\_\_

memo - DARM



REPORT TO THE CITY COUNCIL

June 7, 2012

AGENDA ITEM NO. 1W

COUNCIL MEETING June 7, 2012

APPROVED BY

FROM: CRAIG SCHARTON, Assistant Director  
Development and Resource Management

DEPARTMENT DIRECTOR

CITY MANAGER

CLAUDIA CAZARES, Division Manager  
Housing and Community Development Division

By: CORRINA NUNEZ, Project Manager  
Housing and Community Development Division

SUBJECT: ADOPT FINDING OF CATEGORICAL EXEMPTION, PURSUANT TO ARTICLE 19, SECTIONS 15326/15301/15331, CLASS 26 OF THE CALIFORNIA ENVIRONMENTAL QUALITY ACT GUIDELINES, AND APPROVE A \$300,000 HOME INVESTMENT PARTNERSHIPS PROGRAM AGREEMENT WITH CENTRAL VALLEY CHRISTIAN HOUSING DEVELOPMENT CORPORATION FOR PURCHASE OF FIVE SINGLE-FAMILY HOMES TO BE SELECTED AT A LATER DATE AND LOCATED IN THE LOWELL AREA, AND SUBSEQUENT REHABILITATION AND SALE OF THE HOMES TO LOW-INCOME FIRST-TIME HOMEBUYERS

RECOMMENDATIONS

Staff recommends the City Council:

- 1) Adopt Finding of Categorical Exemption, Pursuant to Article 19, Section 15326/15301/15331, Class 26 of the California Environmental Quality Act (CEQA) guidelines; and
- 2) Approve a \$300,000 HOME Investment Partnerships (HOME) Program Agreement (please see - Exhibit "A" - HOME Program Agreement) with Central Valley Christian Housing Development Corporation (CVCHDC), for purchase of five single-family homes to be selected at a later date and located in the Lowell area (please see Exhibit "B" - Project Boundary Maps), and subsequent rehabilitation and sale of the homes to low-income first-time homebuyers.

EXECUTIVE SUMMARY

CVCHDC is proposing to purchase five foreclosed homes in the Lowell area and prepare them for resale by performing moderate rehabilitation. Once the homes are rehabilitated, CVCHDC will sell the newly rehabilitated homes to low-income first-time homebuyers. If the HOME Program Agreement is approved as recommended, HOME funds in the amount of \$300,000 will be provided to CVCHDC in the form of a 2% interest loan. Upon sale of each home, the HOME loan will be conveyed to the five selected homebuyers. Thereafter, the HOME loan will convert to a 0% interest, 30-year deferred loan with a portion to be forgiven to make the home affordable to a low-income homebuyer. The total cost of the project is estimated to be \$550,000 with CVCHDC providing \$250,000 to complete the project.

Presented to City Council

Date 6/14/12  
Disposition Approved

**REPORT TO COUNCIL**

**HOME PROGRAM AGREEMENT WITH CVCHDC IN THE LOWELL AREA**

June 7, 2012

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**BACKGROUND**

On October 18, 2011, CVCHDC requested HOME Program funds to rehabilitate five homes in the Lowell area with the intent to rehabilitate them to resale condition. CVCHDC proposes to purchase the five homes and perform moderate rehabilitation. Rehabilitation items will include, but not be limited to, addressing health and safe conditions, plumbing, flooring, windows, mitigation of mold and lead-based paint hazards, installation of energy efficient heating/air system, and accessibility improvements. The goal of the project is to improve conditions in the Lowell area while also creating affordable housing.

The project cost is estimated at \$550,000, of which \$300,000 is proposed to be funded with HOME Program funds. A summary of the project costs are shown in the attached Exhibit "C" – Project Budget. If the HOME Program Agreement is approved as recommended, HOME funds will be provided to CVCHDC in the form of a 2% interest loan. Upon sale of each home, the HOME loan will be conveyed to the homebuyer. Thereafter, the HOME loan will convert to a 0% interest, 30-year deferred loan with a portion to be forgivable to make the home affordable to a low-income first-time homebuyer.

The estimated completion date of the rehabilitation activities is scheduled for May 15, 2013. Once the project is complete, the units will be affordable to households earning up to 80% of the area median income, for a period of 30 years.

CVCHDC, the project developer, is a Visalia-based 501(c)(3) non-profit organization that was started in 1997. Since that time, CVCHDC has completed the rehabilitation and/or resale of over 1,000 homes in the cities of Fresno, Madera, Visalia and Hanford, and the counties of Madera and Tulare. CVCHDC has extensive experience working with the State Department of Housing and Community Development CalHOME and Building Equity and Growth In Neighborhoods programs, U.S. Department of Housing and Urban Development HOME Investment Partnerships and Community Development Block Grant programs, and the former Redevelopment Agency Housing Set-Aside funds. CVCHDC will be contracting with Jesh-N Construction and Martin S. Stebben Real Estate Investments, LLC, both Fresno-based companies, to complete rehabilitation and sale of the homes.

Once completed, this rehabilitation project will assist the City in meeting its affordable housing goals as identified in the Housing Element of the 2025 General Plan and the 2010-2014 Consolidated Plan to HUD, and will assist the City with its efforts to revitalize the Lowell neighborhood.

**HOUSING AND COMMUNITY DEVELOPMENT COMMISSION**

The Housing and Community Development Commission recommended approval of the item on May 9, 2012.

**ENVIRONMENTAL COMPLIANCE**

In anticipation of funding approval and the subsequent commencement of the project activities, a California Environmental Quality Act assessment was completed on December 1, 2011 and resulted in a Categorical Exemption. On December 3, 2011, a National Environmental Policy Act assessment was completed and resulted in a Rehabilitation Environmental Review.

**REPORT TO COUNCIL**

**HOME PROGRAM AGREEMENT WITH CVCHDC IN THE LOWELL AREA**

June 7, 2012

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**FISCAL IMPACT**

HOME Program funds for the proposed rehabilitation project are available in the Development and Resource Management Department's Fiscal Year 2012 Budget.

**Attachments:**

Exhibit A – HOME Program Agreement

Exhibit B – Project Boundary Maps

Exhibit C – Project Budget

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