

**AGREEMENT BETWEEN THE HOUSING AUTHORITY OF THE CITY OF FRESNO
AND THE CITY OF FRESNO REGARDING THE ACQUISITION, REHABILITATION
AND DISPOSITION OF SINGLE FAMILY HOMES**

THIS AGREEMENT is made and entered into, effective the 29th day of October, 2009, by and between the CITY OF FRESNO, California, a municipal corporation, hereinafter referred to as the "City", and the Housing Authority of the City of Fresno, a California public agency, hereinafter referred to as the "SUBRECIPIENT".

RECITALS

WHEREAS, the U.S. Department of Housing and Urban Development, hereinafter referred to as "HUD", provides funding under its Neighborhood Stabilization Program, hereinafter "NSP" as authorized under Title III of Division B of the Housing and Economic Recovery Act of 2008, for the purpose of assisting in the redevelopment of abandoned and foreclosed homes under the Emergency Assistance for Redevelopment of Abandoned and Foreclosed Homes heading, hereinafter referred to as the "Act", incorporated herein by its reference; and

WHEREAS, City is a recipient of NSP funding under the Act for use in funding eligible activities furthering established national objectives to benefit its low, moderate and middle income residents as defined in the Act; and

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

WHEREAS, the City in accordance with its 2006-2010 Consolidated Plan and Annual Action Plan, as amended, desires to provide NSP funds to the SUBRECIPIENT, for the acquisition, rehabilitation, marketing and disposition of abandoned and/or foreclosed single family homes, as more fully described in Exhibit A, Project Description, upon the terms and conditions in this Agreement; 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, including NSP guidelines and NSP national objectives (iv) will increase, improve, and preserve the community's supply of Low, Moderate and Middle Income Housing available at affordable housing cost to persons and families of Low, Moderate and Middle Income, as defined hereunder, (v) planning and administrative expenses incurred in pursuit hereof are necessary for the production, improvement, or preservation of Low, Moderate and Middle Income Housing, and (vi) will comply with any and all owner participation rules and criteria applicable thereto; and

WHEREAS, on June 10, 2009, the Housing and Community Development Commission of the City of Fresno reviewed this Agreement and recommended approval; and

WHEREAS, pursuant to City Resolution No. 2009-153, the City Manager is authorized to execute, on behalf of the City, NSP agreements that are within available allocated NSP funding and in a standard form approved by the City Attorney.

AGREEMENT

NOW, THEREFORE, in consideration of the above recitals, which recitals are contractual in nature, the mutual covenants herein contained and such other and further consideration as is hereby acknowledged, and subject to the terms and conditions and provisions hereof, the parties agree as follows:

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

A. Abandoned refers to a home that has had mortgage or tax foreclosure proceedings initiated for that property, where no mortgage or tax payment have been made by the property owner for at least 90 days, and where the property has been vacant for at least 90 days.

B. Acquisition means vesting of Property in fee title to the SUBRECIPIENT.

C. ADA means the Americans with Disabilities Act of 1990, as most recently amended.

D. 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 Project Property that are separately proposed for acquisition, rehabilitation and disposition on the eligible Property, as hereinafter defined.

E. Affordable Housing means the proposed Project Property, consisting of a minimum of eighty (80) separate single-family homes on scattered sites, each of which will be required to meet the affordability requirements of this Agreement and which affordability requirements shall run with the land for the Affordability Period, subject to release as provided in this Agreement.

F. Affordability Period means the thirty (30) year period commencing from the date of issuance of the Certificate of Completion of the Project Property.

G. Budget means the Budget, and any changes thereto, approved by the CITY's Housing and Community Development Division Manager provided the total

amount of NSP Funding allocated to the Project shall not be increased without City Council approval, attached hereto as EXHIBIT C.

H. Certificate of Completion means that certificate issued, in the form attached as EXHIBIT D, to SUBRECIPIENT by the CITY evidencing the City-approved disposition of each Project Property for purposes of this Agreement.

I. CFR means the Code of Federal Regulations.

J. Current Market Appraised Value means the value of a foreclosed upon NSP or residential property that is established through an appraisal made in conformity with the appraisal requirements of URA at 49 CFR 24.103 and completed within 60 days prior to a final offer being made for the property by a grantee, SUBRECIPIENT, or individual homebuyer.

K. Declaration of Restrictions means the Declaration of Restrictions in the form attached hereto as EXHIBIT B, which shall be recorded against the Property upon the close of escrow to an eligible homebuyer, setting out the Affordable Housing covenants and requirements of this Agreement which shall run with the land.

L. Deed of Trust means that Deed of Trust (including security agreement) given by SUBRECIPIENT as Trustor, to the CITY as beneficiary, through an escrow established by SUBRECIPIENT with a City-approved title company, and recorded against the Property to ensure the Note for NSP Funds disbursed to SUBRECIPIENT, together with the Rider to Deed of Trust attached as Exhibit E to the Note 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 Project lenders. The terms of any such Deed of Trust are hereby incorporated into this Agreement by this reference. The Deed of Trust shall be in the amount equal to the requested NSP investment for each identified Property. A Deed of Trust may also mean that Deed of Trust (including security agreement) given by an eligible homebuyer, as Trustor, to the CITY as beneficiary, through an escrow established by the SUBRECIPIENT, and recorded against the Property to ensure the subsequent Note for NSP Funds as approved for and provided to the homebuyer by the CITY, together with the Rider to Deed of Trust attached, as noted above, 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 Project lenders.

M. SUBRECIPIENT Loan means the Project Loan of NSP Funds, in the total amount not to exceed Five Million Dollars and 00/100 (\$5,000,000.00) for eligible NSP costs, as further described in Exhibit A, Project Description, and as authorized in the Exhibit C, Budget and in the Promissory Note attached hereto as Exhibit F. The Loan shall be payable in accordance with the terms of the Note, shall be secured by a deed of trust on each parcel constituting each Property assisted, as these are purchased and/or rehabilitated with NSP funds, and shall be subject to the Rider to Deed of Trust. NSP Loans will be zero-percent interest deferred payment loans as defined in the

attached Promissory Note. As to each such Note and Deed of Trust, the City shall consider forgiving a portion of the principal due thereunder, the sum to be determined by the City upon conveyance of a completed Unit to an eligible NSP buyer through purchase escrow, so long as SUBRECIPIENT is not then in default of this Agreement and requests said reduction in principal in a writing noticed to the CITY in the manner provided herein, and only to ensure the affordability of the home to the eligible buyer.

N. SUBRECIPIENT Promissory Note means the partially forgivable Project in the amount of the total NSP funds to the SUBRECIPIENT, substantially in the form attached hereto/incorporated herein as Exhibit F in principal amount of Five Million Dollars and 00/100 (\$5,000,000.00) allocated to each of the Project Properties, based on actual NSP costs for each specific Property, given by SUBRECIPIENT 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 upon property purchase(s), 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.

O. Eligible Costs means the NSP eligible costs funded by the Loan, consistent with the Budget attached as EXHIBIT C, as authorized under Title III of Division B of the Housing and Economic Recovery Act of 2008, for the purpose of assisting in the redevelopment of abandoned and foreclosed homes under the Emergency Assistance for Redevelopment of Abandoned and Foreclosed Homes, 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.

P. Event of Default shall have the meaning assigned to such term under Section 30 hereunder.

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

R. Foreclosed means a property that has been foreclosed upon, and is at the point that, under state or local law, the mortgage or tax foreclosure is complete.

S. 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.

T. Household means one or more persons occupying a Project Property.

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

V. 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.

W. Low, Moderate and Middle-Income Households, hereinafter referred to as LMMH, means families whose annual income does not exceed one hundred twenty percent (120%) of the median income for the Fresno, California area as determined by HUD, except as HUD may establish income ceilings higher or lower than 120% of the median for the area on the basis of HUD findings that such variations are necessary.

X. Neighborhood Stabilization Program Funds (also referred to in this Agreement as NSP Funds) means the NSP monies constituting the Loan, in an amount not to exceed the sum of Five Million Dollars and 00/100 (\$5,000,000.00) used for NSP eligible costs.

Y. Participant Loan means the zero percent interest deferred payment NSP homebuyer Loan(s) as defined in the attached Participant Promissory Note.

Z. Participant Promissory Note means a silent second homebuyer Note provided to eligible homebuyers through this Agreement, in accordance with all requirements of this Agreement, given by an eligible homebuyer, 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 participant funding hereunder, as well as any amendments to, modifications of and restatements of said Note consented to by CITY.

AA. Program Income has the meaning defined at 24 CFR 570.500(a).

BB. Project means the minimum of one hundred twenty (120) single-family abandoned and/or foreclosed Affordable Housing Units to be acquired, rehabilitated, marketed, and sold as LMMH Housing, and related on-site and off-site improvements all as described in the Project Description attached hereto and incorporated herein as EXHIBIT A.

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

The Project Completion Date for this project is August 31, 2010. The Project Completion Date may be extended as allowed in Section 3 of this Agreement.

DD. Project Property means the abandoned and/or foreclosed property to be purchased and rehabilitated by the SUBRECIPIENT according to NSP guidelines, and resold to an eligible LMMH homebuyer as an affordable housing project as provided herein.

EE. Project Schedule means the schedule for completion of the Project included within the EXHIBIT A, Project Description and Schedule, consistent with the above Project Completion Date.

FF. Revenue has the same meaning as program income, as defined at 24 CFR 570.500(a) with the modifications as identified in the Federal Register, Volume 73, No. 194, Docket No. FR-5255-N-01.

2. Term. This Agreement and the NSP grant provided hereunder shall be for the period commencing upon the date of execution, and shall remain in force for the duration of the longer of the Affordability Period and the Loan unless earlier terminated as provided herein.

3. Timeframe for Completing Project.

A. SUBRECIPIENT's daily schedule and hours worked under this Agreement on a given day shall generally be subject to SUBRECIPIENT's discretion and Exhibit A, provided that SUBRECIPIENT shall devote sufficient time as is reasonably necessary to fulfill the spirit and purpose of this Agreement and further provided that all shall be completed not later than August 31, 2010. Extensions may be granted by the City in its discretion upon SUBRECIPIENT's successful completion of the Agreement requirements, and only to allow for the SUBRECIPIENT's further utilization of Program Income as allowed in this Agreement.

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

4. Loan Terms.

A. The City agrees to provide a NSP Loan to the SUBRECIPIENT in the amount of Five Million Dollars and 00/100 (\$5,000,000.00) for eligible costs. The SUBRECIPIENT shall execute and deliver to the City the Loan Documents including the Note(s), and notarized Deed(s) of Trust, for recordation against the Property.

B. The City may provide a portion of NSP funds as an advance to the SUBRECIPIENT to facilitate Property purchase and rehabilitation.

i. The SUBRECIPIENT will be required to execute Loan Documents for the advanced NSP Funds as soon as possible after Project Property has been acquired.

C. The City may provide a portion of NSP funds for direct costs, on a specific Property, as a reimbursement of SUBRECIPIENT incurred eligible costs.

i. The City will provide for reimbursement of eligible costs in a timely manner, based on invoices only and on a bi-weekly basis.

ii. Any NSP funds reimbursed to the SUBRECIPIENT for Property specific costs shall be part of an individual proforma budget for the Property, where NSP contributions to the Property are identified prior to commencement of rehabilitation.

1. The SUBRECIPIENT will execute and/or record Loan Documents against the property based on the amount of NSP contribution estimated for the specific Property.

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

E. The CITY may authorize a loan write off of NSP funds if the total amount of NSP funds plus any SUBRECIPIENT provided private funds, used to acquire and rehabilitate the property, exceed the maximum allowable sales price of the home. The CITY understands that SUBRECIPIENT provided private funds will not be written down or forgiven.

5. Reporting Requirements.

A. SUBRECIPIENT shall provide CITY with the following written performance reports on or before the dates indicated:

i. The SUBRECIPIENT will participate in monthly meetings with the CITY and other select agencies, to determine continued project feasibility, address neighborhood targeting, provide status of project, and reinforce collaboration among the CITY, SUBRECIPIENT and other Program agencies.

ii. The SUBRECIPIENT will submit a performance report documenting satisfactory performance of all services hereunder, on a monthly basis, and provide a final report submitted within 45 days of the end of the term hereof and at any time hereunder upon written request of the City.

1. The report should be in a format as prescribed by the City and should provide data on the status of homes purchased, rehabilitated and for sale, location of homes selected for purchase, scope of work(s) and associated costs for homes rehabilitated during the reporting period, Project homebuyers hereunder,

including the number of person served, the racial composition, the percentage that are LMMH, and the number of female headed households.

2. The SUBRECIPIENT will be required to submit monthly reports throughout the term of this Agreement and until all Project Properties have been sold to eligible homebuyers.

6. Project Property Purchase and Appraisal Requirements.

A. SUBRECIPIENT is required to ensure the purchase of Foreclosed-upon Properties be at a minimum discount of one percent (1%) from the current market-appraised value of the home or property.

B. SUBRECIPIENT will be required to perform an appraisal to support their determination of fair market value, for purposes of calculating the purchase discount. The appraisal requirement applies to any NSP-assisted acquisition of a foreclosed-upon home or residential property (including voluntary acquisitions). The appraisal performed must be in conformity with the appraisal requirements of the URA at 49 CFR 24.103 and completed within sixty (60) days prior to a final offer being made for the property by the SUBRECIPIENT. Additional requirements regarding appraisals are included as Exhibit J: Appraisal Requirements.

7. NSP Funds Disbursement and Submitting of Invoices.

A. NSP funds shall be disbursed: 1) into escrow to assist the SUBRECIPIENT in purchasing a Project Property; 2) to reimburse SUBRECIPIENT for incurred eligible costs, on a bi-weekly basis, for rehabilitation costs, or 3) into escrow as a silent second deferred payment loan, to assist an eligible homebuyer purchase the home upon resale, as provided for in Section 4: Loan Terms, in accordance with the Proposed Budget attached hereto as Exhibit C and incorporated herein, provided that the specific line item amounts in said Budget may be varied, added and/or stricken, and further provided that in any event total NSP funds disbursed in pursuit of said Budget shall not exceed in the aggregate the lesser of the NSP Loan amount or the City's available and allocated NSP Funding during the term hereof.

B. NSP funds shall be disbursed only as authorized in Section 7.A. and 7.B. above, upon verification satisfactory to City that expenses incurred in performing the Project are eligible under the Act, according to the following schedule and conditions precedent to disbursement, as applicable:

i. Upon invoice to City and within 30 days thereof, provided that City's receipt of substantiating invoices, accounts, documents and records for each preceding monthly period shall all be express conditions precedent to any payment obligation by City.

ii. Except to the extent expressly provided for herein, all costs/expenses incurred by SUBRECIPIENT hereunder shall be the sole responsibility and liability of SUBRECIPIENT.

iii. All funds are paid contingent upon SUBRECIPIENT's continuous compliance with all applicable, uniform administrative requirements, program regulations, and recapture and reversion requirements set out in the Act.

iv. The representations and warranties contained in or incorporated by reference in this Agreement continue to be true, complete and accurate.

v. The SUBRECIPIENT 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.

vi. The SUBRECIPIENT 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.

vii. Loan disbursement requested will be used solely for NSP eligible costs that have been properly incurred and are properly chargeable in connection with the Project.

viii. All invoices shall be submitted for payment by October 29, 2010.

8. Use of Funds. The SUBRECIPIENT shall use the funds provided by the CITY solely in pursuit of the Project.

9. Use of Program Income. SUBRECIPIENT shall utilize NSP Program Income only as pre-approved by the CITY in writing, and only for the time period as pre-authorized by the CITY. NSP Program Income returned to the CITY or the SUBRECIPIENT may be reinvested by the SUBRECIPIENT to further the intents of this Agreement. Any program income received or earned after the authorized re-investment period shall be returned to the CITY. The requirements of this section shall survive termination of the Agreement.

10. Availability of NSP Entitlement Funds. SUBRECIPIENT acknowledges and agrees that the NSP funding hereunder is subject to the control of HUD and may be encumbered, withdrawn, or otherwise made unavailable to the CITY (whether earned or promised to, or by, the SUBRECIPIENT). The SUBRECIPIENT shall not be paid such funds unless and until they are made available for payment to the CITY by HUD and allocated and available per CITY Council Action. No other funds owned or controlled by the CITY shall be obligated under this Agreement unless specifically approved and permitted by the Fresno CITY Council. Nothing herein constitutes a pledging or obligating of CITY funds, its General Fund, or any real and personal property taxes,

sales taxes or any other tax revenues. The CITY will provide prompt notice to the SUBRECIPIENT, upon CITY's notice from HUD, indicating NSP funds may be unavailable to the CITY.

11. Construction Standards.

A. SUBRECIPIENT 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. The SUBRECIPIENT shall follow the attached outline of rehabilitation/repair requirements (Exhibit K: Rehabilitation/Repair Requirements).

B. SUBRECIPIENT, during its time on title, shall maintain Project Properties in a safe and secure state, while complying with all applicable codes, laws, and ordinances.

12. Identification Signage. Before the start of construction, the SUBRECIPIENT shall place a poster or sign, identifying the City of Fresno, as a Project participant. The sign shall also include the CITY'S Housing Logo, as well as the Equal Housing Opportunity logo, as mandated by HUD. The poster/sign shall be appropriately placed, and shall be in place throughout the Project construction.

13. Contracts and Subcontracts. Consistent with this Agreement, all demolition, hazardous waste abatement, construction 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 SUBRECIPIENT shall require that each contractor and subcontractor agreement contain a provision whereby the party(ies) to the agreement other than the SUBRECIPIENT agree to (i) notify the CITY immediately of any event of default by the SUBRECIPIENT 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 SUBRECIPIENT is not in default thereunder. The SUBRECIPIENT 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.

14. Mechanic's Liens and Stop Notices.

A. If any claim of lien is filed against the Property or a stop notice affecting any financing, NSP Funds or Funding Sources for the Project is served on the CITY or any other third party in connection with the Project, the SUBRECIPIENT 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.

B. If the SUBRECIPIENT 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 SUBRECIPIENT expense. Alternatively, the CITY may require the SUBRECIPIENT 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 SUBRECIPIENT. The SUBRECIPIENT 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.

15. Permits and Licenses. Upon CITY's reasonable request, the SUBRECIPIENT shall submit, for CITY approval, all the necessary permits and licenses required for Commencement of Construction. As the CITY may reasonably request, the SUBRECIPIENT, 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 SUBRECIPIENT 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.

16. Fees, Taxes and Other Levies. The SUBRECIPIENT 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 SUBRECIPIENT 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 SUBRECIPIENT 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.

17. Covenants and Restrictions to Run with the Land.

A. The CITY and SUBRECIPIENT 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 NSP funding allocated to the Unit(s) by the CITY. SUBRECIPIENT further warrants, covenants and agrees to ensure that the covenants and restrictions set forth herein shall run in favor of the CITY.

B. The CITY and SUBRECIPIENT 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 LMMH Families, and (b) by making possible the obtaining of advantageous financing for acquisition, rehabilitation and resale.

C. The SUBRECIPIENT covenants and agrees that it shall cause the Project Property to be sold as Affordable Housing to LMMH Families.

D. 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.

E. 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.

18. Initial Income Certification and Homebuyer Loan Qualification.

A. The SUBRECIPIENT covenants and agrees that the Project Property shall be sold only to LMMH families to constitute Affordable Housing.

B. The SUBRECIPIENT warrants, covenants and agrees that it shall comply with the procedures for income determinations, as required by the City. SUBRECIPIENT 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.

C. The CITY shall approve in advance all homebuyers. Homebuyer financing shall be based upon buyer's ability to pay, consistent with this Agreement.

19. Lead-Based Paint. The SUBRECIPIENT 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, in the Affordable Housing Project. These requirements apply to all units and common areas in the Project Property. SUBRECIPIENT 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. SUBRECIPIENT shall be responsible for all disclosure, inspection, testing, evaluation, control and abatement activities.

20. Property Home Sale Price. The maximum allowable sales price (hereinafter "Maximum Allowable Sales Price") for a property is determined by a) aggregating all costs of acquisition, rehabilitation, and redevelopment (including related activity delivery

costs as approved by the CITY, which generally may include, among other items as approved by the CITY, costs related to the sale of the property including, but not limited to those described below, and not including concessions), or b) by appraising the property at resale, whichever value is less. 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 SUBRECIPIENT has not received an offer to purchase the property at the Maximum Allowable Sales Price during the Initial Listing Period, commencing on the 16th day and continuing through the thirtieth (30th) day (hereinafter the "Secondary Listing Period"), the SUBRECIPIENT 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 SUBRECIPIENT 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 SUBRECIPIENT 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 execute a promissory note secured by a deed of Trust in the amount of the NSP assistance. Said amount shall not be less than \$5,000, nor shall it exceed the lesser of \$50,000 or 49% of the gross purchase price, but in no circumstance shall it exceed the actual amount needed to make the home affordable for the homebuyer

A. Acceptable costs related to the sale of the property which may be included in the Maximum Allowable Sales Price include:

- i. Pro-ration of Property Taxes and any Special Assessments
- ii. One-half of Settlement or Closing Fee
- iii. City/County Tax/Stamps
- iv. Owner's Policy of Title Insurance
- v. Pest Inspection
- vi. Up to 50% of the cost of a Home Warranty
- vii. Geological and Environmental Disclosure Report
- viii. Broker Commission of up to 6% of the Sales Price (3% to Listing Broker and 3% to Selling Broker)

21. Homebuyer Selection. The SUBRECIPIENT is responsible for selecting eligible homebuyer(s) for property purchase(s) consistent with this Agreement and NSP regulations. The SUBRECIPIENT will sell the assisted property to the first eligible homebuyer who offers to purchase the property at the Maximum Allowable Sales Price as defined above. If the first offer is found to be ineligible, then the SUBRECIPIENT will sell the property to the second homebuyer who offers to purchase the property at the Maximum Allowable Sales Price. If the SUBRECIPIENT does not receive any offers at the Maximum Allowable Sales Price, the SUBRECIPIENT may sell the assisted property to the first eligible homebuyer who offers to purchase the property at the reduced asking price, as identified above. The CITY shall verify NSP eligibility, in advance, for all homebuyers as pre-selected by the SUBRECIPIENT. 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.

22. Affordable Housing.

A. The purpose of this Agreement is to use NSP Loan Funds to ensure the affordability of Project Property to be sold to LMMH. The SUBRECIPIENT, 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 LMMH.

i. If a Project Unit initially built and sold to a LMMH 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 NSP-Funded Loan allocated to Unit shall be repaid to/recaptured by the CITY's NSP Trust Fund and thereupon the balance of the Affordability Covenant/Period shall be released.

ii. The SUBRECIPIENT shall require that each home buyer execute a Note in the amount of the NSP assistance provided to the home, minus any forgiven amounts, and only as secured by a Trust Deed Note from the homebuyer to the CITY. Said Trust Deed Note(s) shall be security for the provision of NSP 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.

iii. In the event of a failure to comply with the Affordable requirements, as applicable, the CITY shall be entitled to enjoin selling the Project Property, as the parties acknowledge that damages are not an adequate remedy at law for such breach.

B. If the SUBRECIPIENT finds that the subsequent resale of a Project Property is not progressing on a timely basis, the SUBRECIPIENT may request that the City approve the temporary rental of the Project Property to an eligible LMMH. The approval of the conversion of the for-sale property into a rental property will be at the sole discretion of the CITY. The SUBRECIPIENT will be required to undertake all necessary and appropriate efforts to ensure the prompt re-sale of the Project Property as is the intention in this Agreement.

23. Compliance with Environmental Laws.

A. The SUBRECIPIENT 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 may utilize its employees and

agents for regular inspection and testing of the eligible Property, the SUBRECIPIENT agrees that, if the CITY has reasonable grounds to suspect any such violation, the SUBRECIPIENT 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 SUBRECIPIENT shall pay for the reasonable cost of the independent consultant.

B. Additionally, the SUBRECIPIENT agrees:

i. 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 SUBRECIPIENT; and

ii. 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; and

iii. 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 SUBRECIPIENT or such properties relating to any loss or injury resulting from any hazardous or toxic chemicals, materials, substance, or waste; and

3. The SUBRECIPIENT'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; and

4. 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 SUBRECIPIENT 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.

24. Certificate of Completion. Upon the opening of escrow for disposition of the Project Property by the SUBRECIPIENT to an eligible homebuyer, the SUBRECIPIENT shall certify, in writing, to the CITY that rehabilitation of the Project Property has been completed in accordance with state and local building codes and as approved by the CITY. Upon completion of each Project Property, the SUBRECIPIENT shall also submit to the CITY a cost-certifying final budget where the SUBRECIPIENT shall identify the actual costs of construction of each Project Property. This final cost-certification shall identify costs in line-item format. Upon a determination by the CITY that the SUBRECIPIENT is in compliance with all of the SUBRECIPIENT's construction obligations, as specified in this Agreement, for that Project Property, the CITY shall furnish, a recordable Certificate of Completion for the Property to be recorded in escrow, as applicable, in the form attached hereto as EXHIBIT D. 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 SUBRECIPIENT with a written statement indicating in what respects the SUBRECIPIENT 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 SUBRECIPIENT will need to take or what standards it will need to meet in order to obtain the Certificate of Completion. Upon the SUBRECIPIENT taking the specified measures and meeting the specified standards, the SUBRECIPIENT will certify to the CITY in writing of such compliance and the CITY shall deliver the recordable Certificate of Completion to the SUBRECIPIENT in accordance with the provisions of this section

25. Property Management.

A. With respect to the Project, SUBRECIPIENT shall comply with the following:

i. Management Responsibilities. The SUBRECIPIENT is specifically responsible for all management functions with respect to the Project including, without limitation, construction management, affirmative marketing, property disposition and initial certification of household size and income. The SUBRECIPIENT 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.

ii. Maintenance and Security. The SUBRECIPIENT 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 LMMH buyers.

26. Financial Statements and Audits.

A. The SUBRECIPIENT, 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 NSP 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, SUBRECIPIENT, at its sole cost and expense shall submit to the City:

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

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

27. Inspection and Audit of Books, Records and Documents.

A. The SUBRECIPIENT shall be accountable to the CITY for all NSP 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 SUBRECIPIENT pertaining to the Project or all matters covered in this Agreement and for up to five (5) years after the expiration or termination of this Agreement.

B. The SUBRECIPIENT will maintain books and records for the Project using generally accepted accounting principles. The SUBRECIPIENT agrees to maintain books and records that accurately and fully show the date, amount, purpose and payee of all expenditures financed with NSP Funds and to keep all invoices, receipts and other documents related to expenditures financed with NSP Funds for not less than five (5) 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.

C. 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 SUBRECIPIENT in which case the SUBRECIPIENT shall bear the cost of such audit. This section shall survive the termination of this Agreement.

D. The SUBRECIPIENT 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.

28. 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.

29. No Other Liens. The SUBRECIPIENT 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 construction or pre-development loans in relation to the Affordable Housing Project consistent with the attached Exhibit C Project Budget, without the prior written consent of the CITY.

30. Payment of Liabilities. The SUBRECIPIENT 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.

31. Termination of Agreement.

A. This Agreement shall terminate upon the earlier of:

i. SUBRECIPIENT's Default. The parties agree that each of the following shall constitute a default by SUBRECIPIENT for purposes of this Agreement where such breach remains uncured for thirty (30) calendar days following City's notice to SUBRECIPIENT describing such breach, or if such breach is not reasonably susceptible of cure, immediately upon notice of breach by City to SUBRECIPIENT:

1. The SUBRECIPIENT's use of NSP funds for other uses than described in the Scope of Work.

2. The SUBRECIPIENT's failure to obtain and maintain the insurance coverage required under this Agreement.

3. Except as otherwise provided in this Agreement, the failure of the SUBRECIPIENT to punctually and properly perform any other covenant or agreement contained in this Agreement including without limitation the following:

a. Failure to meet performance measures and schedule.

b. Any representation, warranty, or certificate given or furnished by or on behalf of SUBRECIPIENT shall prove to be materially false as of the date of which the representation, warranty, or certification was given, or that SUBRECIPIENT concealed or failed to disclose a material fact to City, provided, however, that if any representation, warranty, or certification that proves to be materially false is due merely to SUBRECIPIENT's inadvertence, SUBRECIPIENT 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.

c. SUBRECIPIENT 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.

d. SUBRECIPIENT's failure, inability or admission in writing of its inability to pay its debts as they become due or SUBRECIPIENT's assignment for the benefit of creditors.

e. A receiver, trustee, or liquidator shall be appointed for SUBRECIPIENT or any substantial part of SUBRECIPIENT's assets or properties, and not be removed within ten (10) days.

f. SUBRECIPIENT's breach of any other material condition, covenant, warranty, promise or representation contained in this Agreement not otherwise identified within this section.

- ii. Written notice by either party to the other without cause.
- iii. Complete performance by each party hereto.
- iv. Expiration.

B. Upon the happening of a default by SUBRECIPIENT and a failure to cure said default within 30 days of the date of the notice of default (or a more immediate date if the default is related to imminent health and/or safety concerns), City's obligation to disburse NSP funding shall terminate, and 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 City may choose in its sole discretion:

i. Terminate this Agreement immediately upon written notice to SUBRECIPIENT, in which event any unearned and improperly NSP funds disbursed to SUBRECIPIENT by City shall be returned to City;

ii. Bring an action in equitable relief (1) seeking specific performance by SUBRECIPIENT 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;

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

C. Upon any termination, the City's obligations hereunder shall terminate and all unexpended or improperly expended NSP funds subject to this Agreement shall revert to and/or be recaptured for the City's NSP Program, provided that if the SUBRECIPIENT is not in default at the time of termination the SUBRECIPIENT shall be reimbursed for eligible project activities satisfactorily performed prior to the effective date of the notice of termination.

D. Notwithstanding the foregoing and without waiver or limitation, in accordance with the Act including 24 CFR 85.43, suspension or termination of this Agreement may occur if the SUBRECIPIENT materially fails to comply with any term of the NSP grant, and the grant may be terminated for convenience in accordance with 24 CFR 85.44.

E. Those provisions of this Agreement intended by its terms therein to survive the termination of this Agreement shall so survive.

32. On-Site Monitoring. Authorized representatives of HUD or the City shall have the right to monitor the SUBRECIPIENT's performance under this Agreement. Such monitoring may include inspection activities, review of records, and attendance at meetings.

33. Records.

A. The SUBRECIPIENT shall maintain all necessary books and records with respect to disbursement of money, to property, and to personnel in accordance with usual and customary business accounting practices. The SUBRECIPIENT shall document all SUBRECIPIENT expenditures under this Agreement with properly executed payroll, time records, invoices, contracts, vouchers, or other official documentation evidencing the nature and propriety of the charges. All such materials shall be retained by the SUBRECIPIENT for a period of not less than five (5) years from termination of this Agreement.

B. The SUBRECIPIENT shall, at such time and in such forms as the City or HUD may require, furnish statements, records, data, copies, and information pertaining

to matters covered by this Agreement. The City has the right, upon request, to inspect and copy all SUBRECIPIENT documents and records pertaining to this Agreement.

34. Compliance with Governmental Regulations.

A. The SUBRECIPIENT shall, at its sole cost and expense, comply with applicable municipal, county, state, and federal law, regulations, rules and requirements now in force, or which may hereafter be in force, pertaining to any and all activities under this Agreement. The SUBRECIPIENT shall comply with all applicable provisions of 24 CFR 570, et seq., including Subpart K thereof, except that the SUBRECIPIENT does not assume the CITY's non-delegable environmental responsibilities described in 24 CFR 58 and/or 24 CFR 570-604, and does not assume the City's responsibility for initiating the review process under Executive Order 12372.

i. Both City and SUBRECIPIENT agree to jointly and severally comply with the requirements of the Office of Management and Budget Circular A-87, "Cost principles for State, Local, and Indian Tribal Governments"; OMB Circular A-133 "Audits of States, Local Governments and Non-Profit Organizations"; 24 CFR Part 85 "Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments"; and 24 CFR Part 570.502 "Applicability of Uniform Administrative Requirements". Each party shall be responsible for determining the applicability of the foregoing.

ii. The SUBRECIPIENT agrees to comply with all applicable requirements of Section 504 of the Rehabilitation Act of 1973 and HUD implementing regulation 24 CFR Part 8.

B. In accordance with written guidance received from the HUD Office of Labor Standards, Davis Bacon prevailing wages does not apply to this contract because the work to be performed is rehabilitation of single-family properties for single-family homeownership at scattered sites. In the event prevailing wage is found to apply, SUBRECIPIENT shall indemnify the CITY pursuant to Section 40. SUBRECIPIENT shall comply with the applicable prevailing wage laws.

35. Contract Award.

A. The SUBRECIPIENT will be responsible for all aspects of the project contract award and management including any compliance with all applicable laws and regulations. The SUBRECIPIENT shall verify with the Labor Relations and Equal Opportunity Division of the U.S. Department of Housing & Urban Development (HUD) Area Office that any low bidder has not been debarred or suspended from participating in the federal project.

i. Any such award shall be subject to all the terms and conditions herein.

36. Accessibility

A. The SUBRECIPIENT warrants, covenants and agrees that it shall comply with 24 CFR Part 8, which implements Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794), including, without limitation, the construction of the Project so that it meets the applicable accessibility requirements, including, but not limited to, the following:

i. The homebuyer shall be given the opportunity to consult with SUBRECIPIENT regarding the specific design features to be provided. If accessibility features selected at the option of the homebuyer are ones covered by the standards prescribed by 24 CFR Sec. 8.32, those features shall comply with the standards prescribed in Sec. 8.32. The homebuyer shall be permitted to depart from particular specifications of these standards in order to accommodate his or her specific handicap. The cost of making a unit accessible under this paragraph may be included in the mortgage amount within the allowable mortgage limits, where applicable. To the extent such costs exceed allowable mortgage limits, they may be passed on to the prospective homebuyer, subject to maximum sales price limitations (24 CFR 235.320).

37. Discrimination Prohibited.

A. The SUBRECIPIENT agrees to comply with the City's Fair Employment Practices and shall not employ discriminatory practices in the provision of services, employment of personnel, or in any other respect on the basis of race, color, religion, sex, national origin, ancestry, or physical or mental handicapped. More specifically, the SUBRECIPIENT agrees as follows:

i. The SUBRECIPIENT warrants, covenants and agrees that it shall comply with the CITY's "Affirmative Marketing Policy" document, incorporated herein, as amended from time to time. SUBRECIPIENT shall maintain records of actions taken to affirmatively market units purchased and rehabilitated in the future, and to assess the results of these actions.

ii. No person in the United States shall, on the grounds of race, color, religion, national origin, sex or sexual preference, ancestry, or physical or mental handicap be excluded from participation in, be denied the benefits of, or be subject to discrimination under any program or activity made possible by or resulting from this Agreement.

iii. The SUBRECIPIENT will not discriminate against any employee or applicant for employment because of race, color, religion, sex, sexual preference, national origin, ancestry, or physical or mental handicap. The SUBRECIPIENT shall take affirmative action to ensure that applicants are employed, and the employees are treated during employment, without regard to their race, color, religion, sex, national origin, ancestry, or physical or mental handicap. Such action shall include, but not be limited to, the following: employment, upgrading, demotion or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of

compensation; and selection for training, including apprenticeship. The SUBRECIPIENT agrees to post in conspicuous places available to employees and applicants for employment, notices setting forth the provision of this nondiscrimination clause.

iv. The SUBRECIPIENT will, in all solicitation or advertisements for employees placed by or on behalf of the SUBRECIPIENT, state all qualified applicants will receive consideration for employment without regard to race, color, religion, sex, sexual preference, national origin, ancestry or physical or mental handicap.

B. The SUBRECIPIENT will send to each labor union or representative of workers with which it has a collective bargaining agreement or other contract or understanding, a notice advising the such labor union or workers' representatives of the SUBRECIPIENT'S commitment under this section and shall post copies of the notice in conspicuous places available to employees and applicants for employment.

38. Conflict of Interest.

A. Prior to City's execution of this Agreement, SUBRECIPIENT shall complete a City of Fresno Conflict of Interest Disclosure Statement. Said Statement is attached hereto as Exhibit G and incorporated herein by reference. During the term of this Agreement, SUBRECIPIENT shall have the obligation and duty to immediately notify City in writing of any change to the information provided by SUBRECIPIENT on Exhibit G.

i. No member, officer, or employee of the SUBRECIPIENT or its designees or agents who exercise any function or responsibility with respect to the programs during his/her tenure or for one (1) year thereafter, shall have any interest, direct or indirect, in any contract or subcontract, or the proceeds thereof, for Services to be performed in connection with this Agreement. The SUBRECIPIENT shall incorporate, or cause to be incorporated, in all contracts and subcontracts a provision prohibiting such interest pursuant to the purposes of this section 16.

ii. SUBRECIPIENT shall not employ or retain the services of any person while such person either is employed by City or is a member of any City commission, board, committee, or similar City body. This requirement may be waived by the City's Chief Administrative Officer if no actual or potential conflict is involved.

iii. SUBRECIPIENT shall comply with all applicable laws, rules, regulations and requirements governing avoidance of impermissible conflicts, including without limitation Government Code 1090 et seq., the requirements of the California Political Reform Act (Government Code Section 87100 et. seq.) and the regulations of the Fair Political Practices Commission concerning disclosure and disqualification (2 California Code of Regulations Section 18700 et. seq.).

iv. SUBRECIPIENT represents and warrants that as of the effective date hereof, it represents no client or customer whose interests are adverse to the City's.

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

39. Assurance of Governmental Approvals and Licenses. SUBRECIPIENT represents and warrants, as of the date hereof, that SUBRECIPIENT has obtained and, to the best of SUBRECIPIENT'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 SUBRECIPIENT for the Project as of the date hereof.

40. Indemnification.

A. SUBRECIPIENT shall indemnify, hold harmless and defend City and each of its officers, officials, employees, agents 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 City, SUBRECIPIENT 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 SUBRECIPIENT's performance of this Agreement. SUBRECIPIENT's obligations under the preceding sentence shall apply regardless of whether City or any of their 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.

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

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

41. Insurance and Bonds.

A. Insurance. Throughout the life of this Agreement, the Recipient shall itself and/or through its consultant(s), assignee(s), nominee(s), contractors and subcontractors 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:

i. Until issuance of Certificate(s) of Completion, BUILDERS RISK (Course of Construction) insurance in an amount equal to the completed value of the project with no coinsurance penalty provisions.

ii. Following issuance of Certificate(s) of Completion, Fire and Extended Coverage Insurance against loss or damage to the project by fire and lightning, with extended coverage for vandalism and malicious mischief and sprinkler system leakage. Such extended coverage insurance will, as nearly as practicable, cover loss or damage by explosion, windstorm, riot, aircraft, vehicle, smoke and such other hazards as are normally covered by such insurance. Such insurance shall be in an amount equal to the replacement cost (without deduction for depreciation) of the project with no coinsurance penalty provisions. Recipient, or its CITY-approved lender, shall ensure that the required insurance is acquired by the individual homebuyers.

iii. 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. Upon issuance by the insurer, broker, or agent of a notice of cancellation, non-renewal, change or reduction in coverage, the Recipient 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, Recipient 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 Recipient 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.

iv. The Builders Risk (Course of Construction) and Fire and Extended Coverage insurance policies shall be endorsed to name the City as a loss payee.

v. Recipient shall furnish City with all certificate(s) and **applicable endorsements** effecting coverage required hereunder. All certificates and **applicable endorsements** are to be received and approved by the City's Risk Manager or his/her designee prior to Agency's execution of this Agreement.

vi. The fact that insurance is obtained by Recipient shall not be deemed to release or diminish the liability of Recipient, including, without limitation, liability under the indemnity provisions of this Agreement. The duty to indemnify City and each of its officials, officers, employees, agents and volunteers shall apply to all claims and liability regardless of whether any insurance policies are applicable. The policy limits do not act as a limitation upon the amount of indemnification to be provided by Recipient. Approval or purchase of any insurance contracts or policies shall in no way relieve from liability nor limit the liability of Recipient.

vii. Upon request of City, Recipient shall immediately furnish City with a complete copy of any insurance policy required under this Agreement, including all endorsements, with said copy certified by the underwriter to be a true and correct copy of the original policy. This requirement shall survive expiration or termination of this Agreement.

viii. If at any time during the life of this Agreement or any extension, the Recipient 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.

B. Bonds. The Recipient 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.

i. The "Faithful Performance Bond" shall be at least equal to 100% of Owner's estimated construction 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.

ii. The "Material and Labor Bond" shall be at least equal to 100% of Owner's estimated construction costs to satisfy claims of material supplies and of mechanics and laborers employed for this Project. The bond shall be maintained by Recipient 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 Chapter 7, Title 15, Part 4, Division 3 of the California Civil Code.

42. SUBRECIPIENT Certification.

A. The SUBRECIPIENT certifies to the best of its knowledge and belief that no federally appropriated funds have been paid or will be paid by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of any agency, or a member of Congress, or an officer or employee of Congress, or an employee of a member of Congress, in connection with the awarding of any federal contract, the making of any federal grant, the making of any federal loan, the entering into of any cooperative agreement, or the extension, continuation, renewal, amendment or modification of any Federal contract, grant, loan, or cooperative agreement.

B. If any funds other than federally appropriated funds have been paid or will be paid to a person for influencing an officer or employee of any agency, a member of Congress, an officer or employee of Congress, or an employee of a member of Congress in connection with this federal contract, grant, loan, or cooperative agreement, the SUBRECIPIENT shall complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions.

C. The SUBRECIPIENT shall require that the language of the above certification be included in the documents for all SUBRECIPIENT tiers (including subcontracts, subgrants, and contracts under grants, loans, and cooperative agreements) and that all developers/contractors shall certify and disclose accordingly.

D. This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this Agreement.

43. Independent Contractor. In the furnishing of the services provided for herein, the SUBRECIPIENT is acting as an independent contractor. Neither the SUBRECIPIENT, nor any of its officers, associates, agents or employees shall be deemed an employee or agent of the City for any purpose. Nothing in this Agreement shall create a limited or general partnership or joint venture. SUBRECIPIENT shall have no authority to bind the City absent City's express written consent. Except to the extent otherwise provided in this Agreement, SUBRECIPIENT shall bear its own costs/expenses in pursuit hereof.

44. Notices. Any notice required or intended to be given to either party under the terms of this Agreement shall be in writing and shall be deemed to be duly given if delivered personally or deposited into the United States mail, with postage prepaid, return receipt requested, addressed to the party to which notice is to be given at the party's address set forth on the signature page of this Agreement or at such other address as the parties may from time to time designate by written notice.

45. Binding. Subject to Section 33 below, once this Agreement is signed by all parties, it shall be binding upon, and shall inure to the benefit of, all parties, and each parties' respective heirs, successors, assigns, transferees, agents, servants, employees and representatives.

46. Assignment. This Agreement is personal to the SUBRECIPIENT and there shall be no assignment by the SUBRECIPIENT of its rights or obligations under this Agreement without the prior written approval of the City. Any attempted assignment by the SUBRECIPIENT, its successors or assigns, shall be null and void unless approved in writing by the City.

47. Waiver.

A. The waiver by either party of a breach by the other of any provisions of this Agreement shall not constitute a continuing waiver or a waiver of any subsequent breach of either the same or a different provision of this Agreement.

i. No provision of this Agreement may be waived unless in writing and signed by all parties to this Agreement. Waiver of any one provision herein shall not be deemed to be a waiver of any other provision herein.

48. Heading. The section headings in this Agreement are for convenience and reference only and shall not be construed or held in any way to explain, modify or add to the interpretation or meaning of the provisions of this Agreement.

49. Severability. The provisions of this Agreement are severable. The invalidity, or unenforceability of any one provision in this Agreement shall not affect the other provisions.

50. Interpretation. The parties acknowledge that this agreement in its final form is the result of the combined efforts of the parties and that, should any provision of this Agreement be found to be ambiguous in any way, such ambiguity shall not be resolved by construing this Agreement in favor of, or against any party, but rather by construing the terms in accordance with their generally accepted meaning. In the event of any conflict between the body of this Agreement and any Exhibit or Attachment hereto, the terms and conditions of this Agreement shall control and take precedence.

51. 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 in such proceeding or action shall be entitled to recover from the other party its reasonable attorney's fees and legal expenses.

52. Time of Essence. Time is of the essence for the performance of this Agreement.

53. Extent of Agreement. Each party acknowledges that they have read and fully understands the contents of this Agreement. This Agreement represents the entire and integrated agreement between the parties with respect to the subject matter hereof and supersedes all prior negotiations, representations and agreements, either written or oral. This Agreement maybe modified only by written instrument duly authorized and executed by both the City and the SUBRECIPIENT.

54. Precedence of Documents. In the event of any conflict between the body of this Agreement and any exhibit hereto, the terms and conditions of the body of this Agreement shall control and take precedence over terms and conditions expressed within the exhibit. Furthermore, in the event of any conflict between the body of this Agreement and any document or instrument referenced therein, the terms and

conditions of the body of this Agreement shall control and take precedence over terms and conditions expressed within said document or instrument.

///

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

State of California

County of Fresno }

On Oct 29, 2009 before me, Lesley A. Wagner, Notary Public

Date

Here Insert Name and Title of the Officer

personally appeared Preston Prince

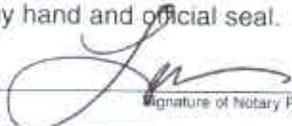
Name(s) of Signer(s)

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

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

WITNESS my hand and official seal.

Signature _____



Signature of Notary Public

Place Notary Seal Above



OPTIONAL

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

Description of Attached Document

Title or Type of Document: _____

Document Date: _____

Number of Pages: _____

Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer(s)

Signer's Name: _____

- Individual
- Corporate Officer — Title(s): _____
- Partner — Limited General
- Attorney in Fact
- Trustee
- Guardian or Conservator
- Other: _____

RIGHT THUMBPRINT OF SIGNER

Top of thumb here

Signer Is Representing: _____

Signer's Name: _____

- Individual
- Corporate Officer — Title(s): _____
- Partner — Limited General
- Attorney in Fact
- Trustee
- Guardian or Conservator
- Other: _____

RIGHT THUMBPRINT OF SIGNER

Top of thumb here

Signer Is Representing: _____

EXHIBIT A
Project Description, Schedule and Requirements

- A. The Agreement provides for the use of Neighborhood Stabilization Program (NSP) funds in the amount of Five Million Dollars and 00/100 (\$5,000,000.00), by the SUBRECIPIENT, for the purchase, rehabilitation and resale of a minimum one hundred twenty (120) abandoned or foreclosed single family homes.
- B. The SUBRECIPIENT agrees to follow and abide by all NSP and City imposed rules and regulations for this program as identified in this Agreement and as may be identified in the future from time to time by the City to meet NSP goals. The CITY will require the SUBRECIPIENT to collaborate with the CITY's lead based paint hazard control staff, and energy efficiency improvements/assessment team to ensure the optimal use of CITY funds are utilized in each home rehabilitation.
- C. The SUBRECIPIENT is responsible for identifying and purchasing eligible homes for the Program, within City identified target areas (see Exhibit H: Target Area Map). The process for identifying, purchasing, rehabilitating and reselling homes is identified in the attached Exhibit I - Process Flowchart, and the SUBRECIPIENT will be required to adhere to this process, unless otherwise pre-approved in writing by the City.
- D. The SUBRECIPIENT agrees to work with the City to ensure that, to the highest and best extent feasible, the rehabilitation work to be provided provides for sustainability and energy efficiency, by consulting with the City staff. Staff will facilitate contact with other participating Planning and Development Department Divisions to promote communication and access of other City programs to facilitate this requirement.
- E. The SUBRECIPIENT will work jointly with the CITY to inspect each property and develop a CITY-approved scope of work, and ensure that all federal guidelines and local ordinances and laws are adhered to in the rehabilitation of each home. The CITY expects the SUBRECIPIENT to follow the attached outline of rehabilitation requirements (Exhibit K: Rehabilitation/Repair Requirements). Before rehabilitation work is started, the SUBRECIPIENT will ensure they have received written approval from the CITY approving the commencement of work. The approval from the City will include a hard copy of the completed and approved HUD Appendix A - Environmental Review, for each Project Property. The SUBRECIPIENT will then conduct the rehabilitation of each home, with a final walk through and approval by the CITY.
- F. NSP funds may be utilized by the SUBRECIPIENT for acquisition, rehabilitation, and/or resale of the homes. For acquisition, the CITY will deposit NSP funds into escrow to assist the SUBRECIPIENT in purchasing an abandoned or foreclosed home. For rehabilitation, the CITY will reimburse eligible rehabilitation costs, as incurred by the SUBRECIPIENT through a request for reimbursement process, as identified in this Agreement. For NSP funds provided in resale, the SUBRECIPIENT may request NSP funds to provide to a homebuyer as a silent second in the resale process, and funds will be deposited into escrow.

In all funding scenarios, the CITY will analyze all NSP funds invested in each property, separately, to ensure the following are met:

- 1) all necessary and applicable NSP funds are rolled over into or provided as a silent second mortgage to an eligible homebuyer, and
- 2) NSP funds provided to an eligible homebuyer are not less than \$5,000, nor shall it exceed the lesser of \$50,000 or 49% of the gross purchase price.
- 3) if the cost to purchase and rehabilitate the Project Property is in an amount above the appraised value of the home, then the CITY will consider writing down a portion of the NSP loan to the project. The write down will be considered a grant to the property, and will not be due back to the CITY.

G. The SUBRECIPIENT agrees to ensure property listing descriptions at resale include information in regards to NSP, maximum allowable sales price, and no considerations for concessions.

H. The SUBRECIPIENT agrees to ensure that homebuyer selection is equitable and fair. Participation in NSP funded activities should be made available by the SUBRECIPIENT to any eligible LMMH family, and should not be exclusive in nature.

I. The SUBRECIPIENT agrees to abide by the CITY imposed non-disclosure of sales price information in regards to the initial purchase of foreclosed and/or abandoned properties.

J. The SUBRECIPIENT will be responsible for identifying and pre-qualifying (through a lender) all homebuyers, and submitting a loan packet on a CITY-approved form, to the CITY for homebuyer pre-approval. The CITY will pre-approve each homebuyer for eligibility and participation in the Program, prepare CITY loan documents, and submit these to a title company selected by the SUBRECIPIENT. The SUBRECIPIENT will be responsible for ensuring all eligible homebuyers complete a minimum eight-hour homebuyer counseling program through a HUD-approved counseling agency.

K. The SUBRECIPIENT agrees to abide by the reporting and monthly meeting requirements as identified in the Agreement to ensure that City wide targets and SUBRECIPIENT specific performance measures and schedule are met.

L. If the SUBRECIPIENT repeatedly fails to meet performance measures and/or schedules, or fails to follow local and federal requirements as set by the City for this project, the City will have the right to terminate the Agreement, as these would constitute events of default.

Schedule

Time Frame	Unit Goals		
	Homes Purchased for Rehab	Homes under Construction	Homes Sold
3 months from start of Contract	30	20	0
6 months from start of Contract	50	40	30
10 months from start of Contract	60	40	30
1 year from start of Contract	80	60	40

**EXHIBIT B
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
Housing and Community Development Division
2600 Fresno Street, Room 3070
Fresno, CA 93721

Title Order No. _____ Escrow No. _____

APN: _____

DECLARATION OF RESTRICTIONS

THIS DECLARATION OF RESTRICTIONS, ("Declaration"), is executed as of this _____, by [_____], ("Declarant"), or assignees, in favor of the City of Fresno, acting by and through its Planning and Development 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: _____, which is more particularly described in Exhibit "A", attached hereto and made a part hereof (the "Property"); and

WHEREAS, Pursuant to a certain Neighborhood Stabilization Program Agreement dated _____, 2009 incorporated herein, ("NSP Agreement") and instruments referenced therein, Declarant agrees to utilize and City agrees to provide certain NSP Funds from the United States Department of Housing and Urban Development, to Declarant for certain affordable housing (the "Project") upon the Property to be sold and maintained as affordable to low, moderate or middle-income families, subject to the terms and conditions set forth in the NSP Agreement; and

WHEREAS, the NSP regulations promulgated by HUD, and the NSP 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 upon the Property is 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 construction, sale and occupancy of the home 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 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 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.

Period of Affordability: The Neighborhood Stabilization Program requires the City to set periods of affordability as provided in NSP regulations. The minimum period of affordability for this program is thirty years (30 years). Year one shall be the 12-month period following issuance of the Certificate of Completion of the Project Property, with each succeeding year beginning on the anniversary thereof and ending 12 month hence. There will be no partial years.

1. **Declarations.** Declarant hereby declares that the home 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 NSP Agreement, 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 NSP Agreement with Declarant/assignees. All terms not otherwise defined herein shall have the meaning ascribed to such term in the NSP Agreement.

2. **Restrictions.** The following covenants and restrictions on the use and enjoyment of the Project home 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 upon the Property and be binding on any future owner's of the Project home 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 Project 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 NSP 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 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 one hundred twenty percent (120%) 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 the Project 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 entire financial assistance provided by City and allocated to the Property/home including all NSP Program Funding assistance, **excluding any discounted NSP funds** shall immediately come due and must be repaid to/recaptured by the City's NSP 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 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 the Project Property for a term commencing on the date this Declaration is recorded in the Office of the Recorder of the county Fresno, state of California, 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 NSP 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 construction of any provision.

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

"DECLARANT"

By: _____

Date: _____

By: _____

Date: _____

Exhibit C

NSP Budget

Use	NSP Amount	Private Financing
Acquisition	\$1,675,000	\$1,340,000
Rehabilitation	\$0	\$670,000
Direct Financial Assistance	\$0	\$0
Total	\$1,675,000	\$2,010,000
Acquisition	\$1,675,000	\$1,340,000
Rehabilitation	\$0	\$670,000
Direct Financial Assistance	\$0	\$0
Total	\$3,350,000	\$4,020,000
Acquisition	\$1,650,000	\$1,320,000
Rehabilitation	\$0	\$660,000
Direct Financial Assistance	\$0	\$0
Total	\$5,000,000	\$6,000,000

Exhibit D
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

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
Planning and Development Department

Date: _____

CERTIFICATE OF COMPLETION

APN: _____

Recitals:

- A. By a Neighborhood Stabilization Program Agreement dated _____, 2009, ("NSP Agreement") between the City of Fresno, a municipal corporation ("CITY"), and _____, a California Corporation, ("SUBRECIPIENT"), the SUBRECIPIENT agreed to acquire, rehabilitate and resell _____ ("Project"), upon the Project Property as pre-approved by the CITY, for the sale of the Affordable Units to low, moderate or middle-income homebuyers, with the assistance of NSP funds while meeting the affordable housing, income targeting and other requirements of NSP regulations, according to the terms and conditions of the NSP Agreement and the Loan Documents and other document/instruments referenced therein.
- B. The NSP Agreement or a memorandum of it was recorded on _____, 2009 as Instrument No. _____ in the Official Records of Fresno County, California.
- C. Under the terms of the NSP Agreement, after the SUBRECIPIENT completes the acquisition, rehabilitation and upon opening of escrow for a Project Property, the SUBRECIPIENT may ask CITY to record a Certificate of Completion.
- D. The SUBRECIPIENT has asked CITY to furnish the SUBRECIPIENT with a recordable Certificate of Completion.
- E. The CITY's issuance of this Certificate of Completion is conclusive evidence that the SUBRECIPIENT has completed construction/rehabilitation of the Property as set forth in the NSP Agreement.

NOW THEREFORE:

1. CITY certifies that the SUBRECIPIENT commenced the rehabilitation of the Project Property on _____, 20__ and completed the construction work on the Project Property on _____, 20__, and has done so in full compliance with the NSP Agreement.
2. This Certificate of Completion is not evidence of the SUBRECIPIENT 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 NSP Agreement.

IN WITNESS WHEREOF, CITY has executed this Certificate of Completion as of this _____ day of _____, 20__.

CITY OF FRESNO

By: _____
Keith Bergthold, Interim Director
Planning and Development Department

ATTEST:
CITY CLERK

APPROVED AS TO FORM:
JAMES C. SANCHEZ

By: _____
Deputy

By: _____
Robert Coyle, Deputy City Attorney

Date: _____

Date: _____

CONSENT OF OWNER/SUBRECIPIENT

Owner/SUBRECIPIENT Name: _____

By signing below, the owner(s) of the property consent(s) to recording this Certificate of Completion against the Property described herein.

(Attach notary certificate of acknowledgment)

(Attach notary certificate of acknowledgment)

Exhibit E
[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 foreclosure or deed in lieu of foreclosure of the first Deed of Trust, any provisions herein or any provisions in any other collateral agreement restricting the use of the property to low, moderate or middle-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 shall receive title to the property free and clear from such restrictions.

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 Neighborhood Stabilization Program requires the City to set periods of affordability as provided in program regulations. The minimum period of affordability for this program is thirty years (30 years). Year one shall be the 12-month period following issuance of the Certificate of Completion of the home which is the subject hereof, with each succeeding year beginning on the anniversary thereof and ending 12 month hence. There will be no partial years.

Recapture of NSP Funds: Pursuant to NSP regulations, the City of Fresno requires that NSP 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. If the net proceeds are not sufficient to recapture the full NSP investment, plus enable the homeowner to recover the amount of the homeowner's down payment and any capital improvement investment made by the owner since their purchase, the City of Fresno may share the net proceeds. The net proceeds are the sales price minus superior loan repayment (other than NSP funds) and any closing costs. The net proceeds may be divided proportionally as set forth in the following mathematical formulas:

$$\frac{\text{NSP investment}}{\text{NSP investment} + \text{homeowner investment}} \times \text{Net proceeds} = \text{NSP amount to be recaptured}$$

$$\frac{\text{Homeowner investment}}{\text{NSP investment} + \text{homeowner investment}} \times \text{Net proceeds} = \text{amount to homeowner}$$

In the event of foreclosure, the amount subject to recapture is based on the amount of net proceeds (if any) from the foreclosure sale.

THIS DEED OF TRUST IS SECOND AND SUBORDINATE TO THAT CERTAIN DEED OF TRUST RECORDED [_____] (insert)

**Exhibit F
EXEMPLAR NOTE**

**SUBRECIPIENT REVOLVING PROMISSORY NOTE
(Program: Neighborhood Stabilization Program)**

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

\$(INSERT TOTAL SUBRECIPIENT CONTRACT AMOUNT) Fresno, California, _____, 2009

Promise to Pay. For value received, the undersigned, _____, a California [INSERT FORM OF ORGANIZATION] _____ ("SUBRECIPIENT" or "Borrower"), promises to pay to the order of the City of Fresno, a California municipal corporation, ("Lender"), the sum of _____ [INSERT TOTAL CONTRACT AMOUNT] Dollars (\$ _____), to the extent that such funds are loaned to Borrower as a revolving loan, payable without interest; all due and payable on or before the earlier of August 31, 2010 on which date ("Maturity Date") the unpaid principal balance (interest free) together with unpaid penalties or late charges where applicable thereon shall be due and payable, along with attorney's fees and costs of collection, and without relief from valuation and appraisal laws. Any failure to make a payment required hereunder shall constitute a default under this Note. This Note is given in conjunction with Borrower's participation the Lender's Neighborhood Stabilization Program, pursuant to that certain NSP SUBRECIPIENT Agreement (NSP Agreement) entered by Borrower and Lender on [____], incorporated herein. In the event the Borrower is not then in default of the NSP Agreement and consistent therewith, the SUBRECIPIENT may at any time prior to the Maturity Date provide funding assistance for eligible activities of Program participants pursuant to which the participants each provide the Lender with an insured Program Promissory Note Secured by Deed of Trust (Exhibit A: "Participant Note"). In that event and concurrent therewith the City shall forgive from principal due hereunder the total aggregate principal amount of such Secured Note(s), and the Borrower shall be released from any further liability to the Lender under this Note to such extent.

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

Affordability Period. The minimum period of affordability for this Program is thirty (30) years. Year one shall be the 12-month period following issuance of the Certificate of Completion of the each home, with each succeeding year beginning on the anniversary thereof and ending 12 month hence. There will be no partial years.

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. Lender, by any and all UCC-1 Financing Statement(s) filed, may perfect Lender's security interest in this Note, the NSP Agreement, and any extensions or renewals hereof, and any and all accounts, chattel paper, payment intangibles, or promissory notes.

Time is of the Essence. It will be a default under this Note if Borrower defaults under the NSP Agreement, defaults under any other Program 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 Program documents 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 Program documents 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 Department
Finance/Treasury Section
2600 Fresno Street, Room 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 NSP 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.

Assignment by Lender. Lender may transfer this Note and deliver to the transferee all or any part of the collateral 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 collateral 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 construction, 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 Note to be executed by its authorized agent as of the date and year first above written.

_____, Borrower

By: _____ Date: _____
Name: _____
Title: _____

(Attach notary certificate of acknowledgment)

**EXHIBIT A TO SUBRECIPIENT EXEMPLAR NOTE
PARTICIPANT PROMISSORY NOTE SECURED BY DEED OF TRUST
(Program: Neighborhood Stabilization Program)**

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

PROMISSORY NOTE

[\$[INSERT AMOUNT OF PROGRAM ASSISTANCE TO EACH HOMEOWNER]

Fresno, California, _____, 2009

APN: _____

Promise to Pay. For value received, the undersigned, _____, ("Borrower"), promises to pay to the order of the City of Fresno, a California municipal corporation, ("Lender"), the sum of _____ [INSERT AMOUNT OF PROGRAM ASSISTANCE TO EACH HOMEOWNER] Dollars (\$ _____), payable without interest; all due and payable on or before the earlier of: (i) Borrower's sale or other transfer of the Project Property described in Attachment "A" hereto, pursuant to that certain Neighborhood Stabilization Program (NSP) Agreement dated _____ entered between Lender and _____ ("NSP Agreement"), incorporated herein, as to which this Promissory Note relates, or (ii) Borrower's failure to maintain as his/her principal residence the Project Property during the Affordability Period, and (iii) thirty (30) years from the date first above, on which date ("Maturity Date") the unpaid principal balance (interest free) together with unpaid penalties or late charges where applicable thereon shall be due and payable, along with attorney's fees and costs of collection, and without relief from valuation and appraisal laws. 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 NSP Agreement.

Affordability Period. The minimum period of affordability for this Program is thirty (30) years. Year one shall be the 12-month period following issuance of the Certificate of Completion of the home which is the subject hereof, with each succeeding year beginning on the anniversary thereof and ending 12 month hence. There will be no partial years.

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, shall be secured by a Deed of Trust, Security Agreement and Fixture Filing with Assignment of Rents on real estate in Fresno County, California, that provides for acceleration upon stated events, dated as of the same date as this Note and executed in favor of the Lender ("Deed of Trust"), creating and insured as a not worse than [] position lien 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.

Time is of the Essence. It will be a default under this Note if Borrower defaults under the NSP Agreement, defaults under Borrower's agreement with Program SUBRECIPIENT, defaults under any other Program 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 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 Program 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 Program 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 Department
Finance/Treasury Section
2600 Fresno Street, Room 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 NSP Agreement, and the Borrower's agreement with Program SUBRECIPIENT.

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 shall provide 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, Moderate or Middle Income homebuyer as provided in the NSP Agreement, and the Borrower's agreement with Program SUBRECIPIENT 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 construction, 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.

_____, Borrower

By: _____ Date: _____

Name: _____

Title: _____

(Attach notary certificate of acknowledgment)

**Exhibit G
DISCLOSURE OF CONFLICT OF INTEREST**

		YES*	NO
1.	Are you currently in litigation with the City of Fresno or any of its agents?		xx
2.	Do you represent any firm, organization or person who is in litigation with the City of Fresno?		xx
3.	Do you currently represent or perform work for any clients who do business with the City of Fresno?	xx	
4.	Are you or any of your principals, managers or professionals, owners or investors in a business which does business with the City, or in a business which is in litigation with the City?		xx
5.	Are you or any of your principals, managers or professionals, related by blood or marriage to any City employee who has any significant role in the subject matter of this service?		xx
6.	Are you employed by any other jurisdictions or agencies?	xx	

* If the answer to any question is yes, please explain in full.

#3: HA of the City of Fresno is under contract with the Redevelopment Agency to operate the Community Housing Preservation Program, providing major and minor rehabilitative services to qualified homeowners to improve the quality of housing.

#6: The Housing Authority operates under the auspices of the County of Fresno as well as the City of Fresno.



Name: PRESTON PRINCE
Title: EXECUTIVE DIRECTOR

EXHIBIT I
Process Flow Chart

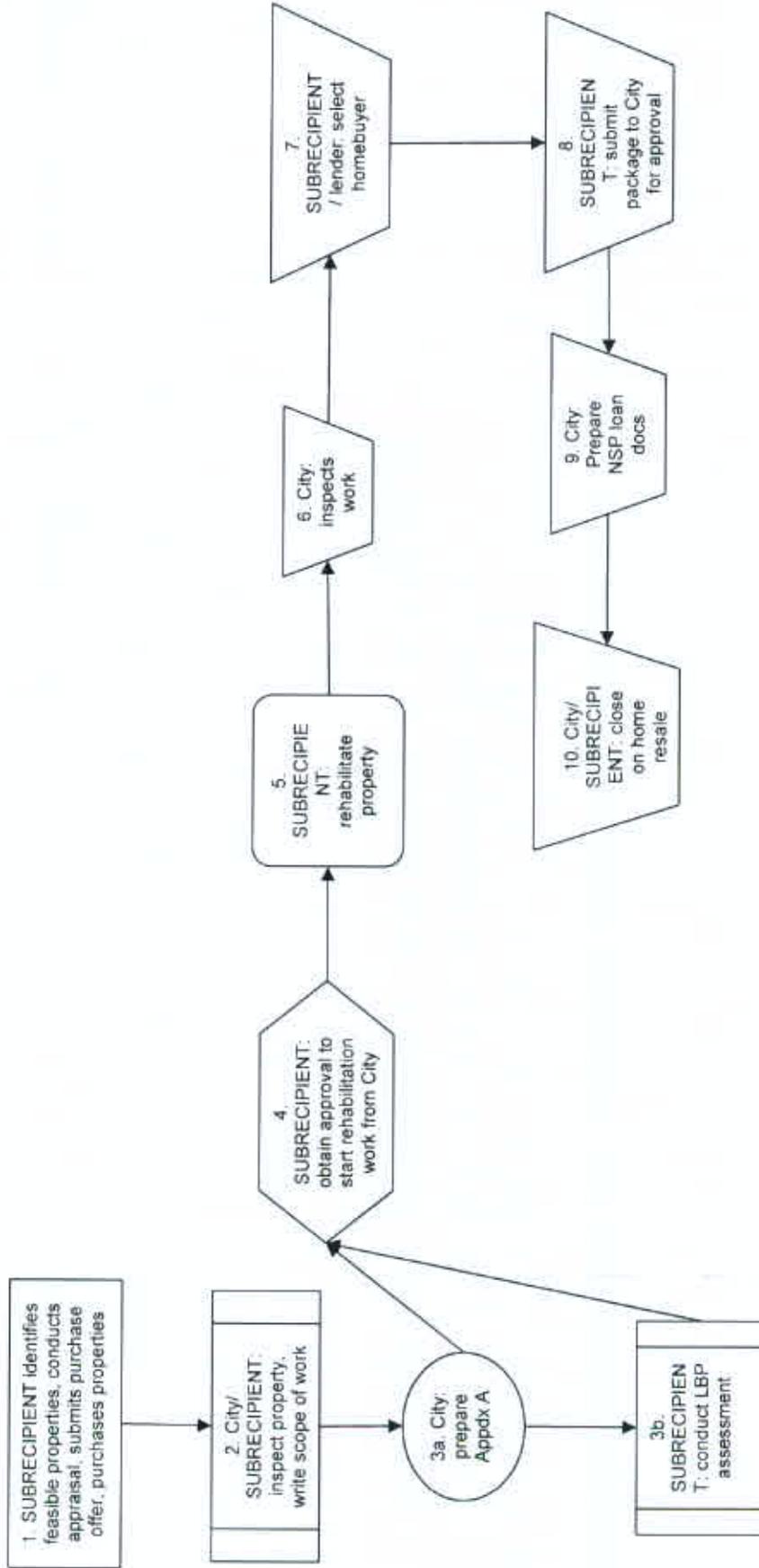


EXHIBIT J: Appraisal Requirements

The Uniform Relocation Assistance and Real Property Acquisition Policies Act (URA) and its implementing regulations (49 CFR Part 24) set forth minimum requirements for real property acquisition appraisals for Federal and federally-assisted programs. Appraisals subject to the URA must be prepared according to these requirements.

The acquiring SUBRECIPIENT has a legitimate role in contributing to the appraisal process, especially in developing a scope of work and defining the appraisal task. The scope of work and development of an appraisal under these requirements depends on the complexity of the appraisal task.

The scope of work is a written set of expectations that form an agreement or understanding between the appraiser and the SUBRECIPIENT as to the specific requirements of the appraisal, resulting in a report to be delivered to the SUBRECIPIENT by the appraiser. The scope of work must address the unique, unusual and variable appraisal performance requirements of the appraisal. Either the appraiser or the SUBRECIPIENT may recommend modifications to the initial scope of work, but both parties must approve changes.

SCOPE OF WORK

The appraiser must, at a minimum:

1. Provide an appraisal meeting the definition of an appraisal found at 49 CFR 24.2(a)(3) which is a written statement independently and impartially prepared by a qualified appraiser setting forth an opinion of defined value of an adequately described property as of a specific date, supported by the presentation and analysis of relevant market information.
2. Afford the property owner or the owner's designated representative the opportunity to accompany the appraiser on the inspection of the property.
3. Perform an inspection of the subject property. The inspection should be appropriate for the appraisal task, and the scope of work should address:
 - The extent of the inspection and description of the neighborhood and proposed project area,
 - The extent of the subject property inspection, including interior and exterior areas,
 - The level of detail of the description of the physical characteristics of the property being appraised (and, in the case of a partial acquisition, the remaining property.)

4. The appraisal must have been completed within 60 days of the offer made for the property.
5. The acquiring SUBRECIPIENT has the responsibility to assure that the appraisals it obtains are relevant to its program needs, reflect established and commonly accepted Federal and federally-assisted program appraisal practice, and as a minimum, complies with the definition of appraisal stated above and the five following requirements:
 - (i) An adequate description of the physical characteristics of the property being appraised including items identified as personal property, a statement of the known and observed encumbrances, if any, title information, location, zoning, present use, an analysis of highest and best use, and at least a 5-year sales history of the property.
 - (ii) All relevant and reliable approaches to value consistent with established Federal and federally-assisted program appraisal practices. If the appraiser uses more than one approach, there shall be an analysis and reconciliation of approaches to value used that is sufficient to support the appraiser's opinion of value.
 - (iii) A description of comparable sales, including a description of all relevant physical, legal and economic factors such as parties to the transaction, source and method of financing, and verification by a party involved in the transaction.
 - (iv) A statement of the value of the real property to be acquired and, for a partial acquisition, a statement of the value of the damages and benefits, if any, to the remaining real property, where appropriate.
 - (v) The effective date of the valuation, date of appraisal, signature, and certification of the appraiser (see attached sample).
6. The appraiser shall disregard any decrease or increase in the fair market value of the real property caused by the project for which the property is to be acquired or by the likelihood that the property would be acquired for the project, other than that due to physical deterioration within the reasonable control of the owner.

CERTIFICATE OF APPRAISER

I hereby certify:

That on _____ date(s), I personally made a field inspection of the property herein appraised and have afforded the owner or a designated representative the opportunity to accompany me on this inspection. I have also personally made a field inspection of the comparable sales relied upon in making said appraisal. The property being appraised and the comparable sales relied upon in making this appraisal were as represented in the appraisal.

That to the best of my knowledge and belief the statements contained in the appraisal herein set forth are true, and the information upon which the opinions expressed therein are based is correct; subject to the limiting conditions therein set forth.

That I understand that such appraisal may be used in connection with the acquisition of property for a project utilizing U.S. Department of Housing and Urban Development funds.

That such appraisal has been made in conformity with appropriate laws, regulations, and policies and procedures applicable to appraisal of property for such purposes; and that to the best of my knowledge no portion of the value assigned to such property consists of items which are noncompensable under the established law of said State.

That any decrease or increase in the fair market value of real property prior to the date of valuation caused by the project for which such property is acquired, or by the likelihood that the property would be acquired for such project, other than that due to physical deterioration within the reasonable control of the owner, was disregarded in determining the compensation for the property.

That neither my employment nor my compensation for making this appraisal and report are in any way contingent upon the values reported herein.

That I have no direct or indirect present or contemplated future personal interest in such property or in any benefit from the acquisition of such property appraised.

That I have not revealed the findings and results of such appraisal to anyone other than the proper officials of the acquiring SUBRECIPIENT or officials of the U.S. Department of Housing and Urban Development and I will not do so until so authorized by said officials, or until I am required to do so by due process of law, or until I am released from this obligation by having publicly testified as to such findings.

That I have not given consideration to, or included in my appraisal, any allowance for relocation assistance benefits.

That my opinion of the fair market value of the property to be acquired as of _____ is \$ _____ based upon my independent appraisal and the exercise of my professional judgment.

Name _____

Signature _____

Date _____

EXHIBIT K

CITY OF FRESNO Neighborhood Stabilization Program Rehabilitation/Repair Requirements

Rehabilitation repairs for the Neighborhood Stabilization Program (NSP) include items that are both required and recommended.

REQUIRED REPAIR ITEMS

Required repairs generally include health & safety items, correction of code violations and compliance with City ordinances and include, but are not limited to the following:

Electrical

- Unsafe electrical panel / cover
- Unsafe electrical connections
- Exposed / loose wiring
- Faulty electrical outlets
- Faulty or damaged electric appliances
- Smoke Detectors / Light Fixtures
- Missing / inadequate GFCI's
- Missing electrical cover plates

Plumbing

- Leaking faucets
- Inoperable / broken / leaking toilets
- Leaking exterior water bibs / sprinklers, valves
- Water heaters PRV / venting / Gas supply / seismic straps
- Damaged showers / bath tubs
- Faulty or damaged gas appliances / connections

Mechanical

- Inoperable heaters
- HVAC inoperable / lack of heating
- Ducts with mold / mildew
- Exhaust fans Kitchen / Bath / Utility

Structural & General

- Standing water due to improper grading
- Leaking evaporative coolers
- Broken Windows
- Inoperable windows
- Sub standard structures / foundations
- Missing or damaged window screens
- Water damage to floors / ceiling
- Deteriorated / leaky roofs
- Dry rot
- Mold / mildew anywhere
- Unsafe damaged / deteriorated fences

- Fence gates that won't open or close properly
- Trip hazards
- Insect infestation / animal droppings
- Blocked access to opening egress in house
- Blocked access to property side yards
- Lack of Off Street Covered Parking
- Structures or Conversions without proper permits
- Operable doors, locks, hardware / thresholds / weather stripping
- Zoning inconsistent with residential single-family use

Code Violations

- Barnyard Animals
- Trash / Debris in house or on property
- Tires
- Tarp & Pole Structures
- Inoperable Vehicles
- Weeds / overgrown trees & shrubs
- Recreational Vehicle storage

RECOMMENDED IMPROVEMENTS

The Housing and Economic Recovery Act, 2008 (HERA) defines rehabilitation to include improvements to increase the energy efficiency or conservation of homes or to provide a renewable energy source for homes. These improvements are strongly encouraged not only to stabilize neighborhoods in the short-term, but to strategically incorporate modern, green building and energy-efficiency improvements in all NSP activities to provide for long-term affordability and increased sustainability and attractiveness of housing and neighborhoods. Energy efficiency and conservation improvements may include, but are not limited to:

- insulation
- fluorescent lighting
- window repair/replacement
- weatherization improvements

