

DISPOSITION AND DEVELOPMENT AGREEMENT

by and between the

CITY OF TEMECULA

and

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

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DISPOSITION AND DEVELOPMENT AND AGREEMENT

THIS DISPOSITION AND DEVELOPMENT AGREEMENT (the “Agreement”) is dated as of _____, 2023 and is entered into by and between the CITY OF TEMECULA (the “CITY”), and HABITAT FOR HUMANITY INLAND VALLEY, INC., a California nonprofit public benefit corporation (“Developer”).

RECITALS

- A. City believes it owns the land described on Exhibit “A” (the “Property”).
- B. Developer desires to acquire the Property from City for the purpose of developing six (6) homes (each, a “Home”) on the Property.

A material inducement to the City to enter into this Agreement is the agreement by Developer to develop the Project as provided herein, and not sell, lease or otherwise convey all or any portion of or interest in a Home until the applicable Home is complete.

AGREEMENT

NOW, THEREFORE, in consideration of the above recitals and of the mutual covenants contained in this Agreement, the parties hereto agree as follows:

1. DEFINITIONS.

1.1 Definitions. The following capitalized terms used in this Agreement shall have the meanings set forth below:

- (a) “Affordable Unit” means one of the homes being constructed by Developer as part of the Project.
- (b) “Agreement” means this Disposition and Development Agreement.
- (c) “Building Permit” means, collectively, any and all permits necessary to construct the Project that would be issued by the City.
- (d) "Buyer" means a qualified Low Income or Very Low Income homebuyer under the Buyer Regulatory Agreement and the County Regulatory Agreement.
- (e) “Buyer Deed of Trust” means a deed of trust in favor of City in the form attached hereto as Exhibit “J”.
- (f) “Buyer Promissory Note” means a promissory note in favor of City in the form attached hereto as Exhibit “I”.
- (g) “Buyer Regulatory Agreement” means; (i) a regulatory agreement among Developer, City and the first buyer of each Affordable Unit and (ii) a separate regulatory agreement among Developer, City and

each subsequent buyer during the period from the first sale of the applicable Affordable Unit until the date that is forty-five (45) years thereafter, each in the form attached hereto as Exhibit “K” (which must be senior to all deeds of trust, as it functions as both a low/mod set aside funds regulatory agreement, and also as a density bonus agreement).

- (h) “Certificate of Completion” means the certificate described in Section 3.10, in the form attached hereto as Exhibit “F”.
- (i) “City/Habitat Loan” or “City Loan” shall mean a loan from City for the Project consisting of a purchase-money loan in the amount of the Purchase Price (\$561,000.00) and a \$700,000 construction loan, both initially evidenced by the Habitat Note and secured by the Habitat Deed of Trust.
- (j) “City/Buyer Loan” shall mean a loan which will, upon the sale of an Affordable Unit to each initial buyer thereof, be deemed to have been made by City to such Buyer and which will be evidenced by a Buyer Note and Secured by a Buyer Deed of Trust on the applicable Affordable Unit (and said Buyer Deed of Trust shall run with the land to bind each subsequent owner of the applicable Affordable Unit). Each City/Buyer Loan shall be in the amount of \$210,166.66 (which is one sixth of the City/Habitat Loan amount).
- (k) “Close of Escrow” is defined in Section 2.2.
- (l) “Default” is defined in Section 5.1.
- (m) “Disapproved Title Exceptions” is defined in Section 2.3.1.
- (n) “Escrow” is defined in Section 2.2.
- (o) “Escrow Holder” means First American Title Insurance Company.
- (p) “City Manager” means the City Manager of CITY or their designee.
- (q) “CITY” or “City” means the City of Temecula.
- (r) “County Loan” shall mean a construction loan in the amount of \$1,313,417 to be made by the County of Riverside to Developer and secured by the Project, which is to be disbursed prior to disbursement of the City’s construction loan to Developer, and will be secured by a deed of trust that is subordinate to the Habitat Deed of Trust in favor of CITY securing the City/Habitat Loan.
- (s) “County Regulatory Agreement” shall mean a regulatory agreement recorded against the Project at the Close of Escrow in favor of the

County of Riverside, which will be and remain senior to the Habitat Deed of Trust in favor of CITY securing the City/Habitat Loan and all deeds of trust securing City/Buyer Loans.

- (t) "County Deed of Trust" shall mean that certain deed of trust by Developer in favor of the County of Riverside securing the County Loan.
- (u) "Force Majeure Delay" is defined in Section 5.7.
- (v) "Grant Deed" is defined in Section 2.3.2.
- (w) "Habitat Deed of Trust" means a deed of trust by Developer in favor of CITY in the form attached hereto as Exhibit "H".
- (x) "Habitat Promissory Note" means a promissory note by Developer in favor of City in the form attached hereto as Exhibit "G".
- (y) "Habitat Regulatory Agreement" means a regulatory agreement between Developer and City in the form attached hereto as Exhibit "E".
- (z) "Hazardous Materials" means any chemical, material or substance now or hereafter defined as or included in the definition of hazardous substances, hazardous wastes, hazardous materials, extremely hazardous waste, restricted hazardous waste, toxic substances, pollutant or contaminant, imminently hazardous chemical substance or mixture, hazardous air pollutant, toxic pollutant, or words of similar import under any local, state or federal law or under the regulations adopted or publications promulgated pursuant thereto applicable to the Land, including, without limitation: the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. 9601, et seq. ("CERCLA"); the Hazardous Materials Transportation Act, as amended, 49 U.S.C. 1801, et seq.; the Federal Water Pollution Control Act, as amended, 33 U.S.C. 1251, et seq.; and the Resource Conservation and Recovery Act of 1976, 42 U.S.C. 6901, et seq. ("RCRA") The term Hazardous Materials shall also include any of the following: any and all toxic or hazardous substances, materials or wastes listed in the United States Department of Transportation Table (49 CFR 172.101) or by the Environmental Protection Agency as hazardous substances (40 CFR, Part 302) and in any and all amendments thereto in effect as of the Close of Escrow Date; oil, petroleum, petroleum products (including, without limitation, crude oil or any fraction thereof), natural gas, natural gas liquids, liquefied natural gas or synthetic gas usable for fuel, not otherwise designated as a hazardous substance under CERCLA; any substance which is

toxic, explosive, corrosive, reactive, flammable, infectious or radioactive (including any source, special nuclear or by product material as defined at 42 U.S.C. 2011, et seq.), carcinogenic, mutagenic, or otherwise hazardous and is or becomes regulated by any governmental authority; asbestos in any form; urea formaldehyde foam insulation; transformers or other equipment which contain dielectric fluid containing levels of polychlorinated biphenyls; radon gas; or any other chemical, material or substance (i) which poses a hazard to the Land, to adjacent properties, or to persons on or about the Land, (ii) which causes the Land to be in violation of any of the aforementioned laws or regulations, or (iii) the presence of which on or in the Land requires investigation, reporting or remediation under any such laws or regulations.

- (aa) “Improvements” means all buildings, landscaping, infrastructure, utilities, and other improvements to be built on the Land, as described in the Scope of Development.
- (bb) “Land” means the land described on Exhibit “A” attached hereto.
- (cc) “Party” means any party to this Agreement, and “Parties” means all parties to this Agreement.
- (dd) “Permitted Exceptions” is defined in Section 2.3.2.
- (ee) “Plans and Specifications” means all drawings, landscaping and grading plans, engineering drawings, final construction drawings, and any other plans or specifications for construction of the Project.
- (ff) “Project” means the Land and Improvements.
- (gg) “Project Budget” is defined in Section 2.4.1.
- (hh) “Purchase Price” is defined in Section 2.1.
- (ii) “Released Parties” is defined in Section 2.7.3
- (jj) “Schedule of Performance” means the schedule attached hereto as Exhibit “C”.
- (kk) “Scope of Development” means the description attached hereto as Exhibit “D”
- (ll) “Subordination Agreement” means a subordination agreement in the form attached hereto as Exhibit “L” by which County will subordinate the deed of trust securing the County Loan to the Habitat Deed of Trust securing the City/Buyer Loan, at the closing of the conveyance/sale of the Land by City to Developer.

- (mm) “Title Company” shall mean the Escrow Holder (i.e., the Title Company and the Escrow Holder are the same).
- (nn) “Total Project Costs” means all hard and soft costs of the construction of the Project, including land costs and carry costs, as set forth in the Project Budget.
- (oo) “Transfer” is defined in Section 4.1.
- (pp) “Withholding Affidavit” is defined in Section 2.8.1.2.

2. CONVEYANCE OF THE PROPERTY; CITY LOANS.

2.1 Conveyance of Property; Purchase Price. In accordance with and subject to the terms and conditions hereinafter set forth, the CITY agrees to convey the Land to Developer, and Developer agrees to acquire the Land from the CITY. The purchase price for the Land shall be \$561,000.00, which CITY has determined is the fair market value of the Land based on a recent appraisal, and which will be loaned to Developer by City in accordance with Section 2.2 below.

2.2 City Purchase Money Loan; City Construction Loan and Disbursements; City Loans to Buyers of Affordable Units; Sale/Loan Proceeds to Habitat from Buyers. Upon the Close of Escrow, the City shall make a forgivable purchase money loan of the Purchase Price to Developer on the terms set forth in the Habitat Note, which shall be secured by the Habitat Deed of Trust. (Upon the Close of Escrow, said loan in the amount of the Purchase Price shall be deemed to be outstanding under the Habitat Note in favor of City.)

Upon the Close of Escrow, the City shall also make to Developer a forgivable construction loan or conditional grant in the amount of \$700,000 evidenced by and on the terms set forth in the Habitat Note, secured by the Habitat Deed of Trust. Said purchase money loan and construction loan are sometimes collectively referred to herein as the “City Loan” and both are to be evidenced by the Habitat Note and secured by the Habitat Deed of Trust.

Upon sales of the Affordable Units by Developer in accordance with the Habitat Regulatory Agreement, the Habitat Note shall be replaced by Buyer Promissory Notes in favor of City (and the Habitat Note reduced by 1/6 and the Habitat Deed of Trust shall be partially reconveyed upon sale of the Affordable Unit). Such Buyer Promissory Notes shall be forgiven if no default occurs under the applicable Buyer Regulatory Agreement for forty-five (45) years after the applicable Affordable Unit is sold by Developer in accordance with the Habitat Regulatory Agreement.

After the Close of Escrow, and after all loan proceeds from the County Loan shall have been disbursed and applied to Project costs as shown by reasonable evidence provided to City, and Developer has provided reasonable evidence to City that all equity funds required to complete the Project are committed to the Project and controlled by Developer, then City will disburse proceeds of such City construction loan from time to time, but no more often than monthly, to (or as directed in writing by) Developer to pay costs of the Project, subject to the above condition, and other typical construction disbursement conditions and procedures, including receipt of reasonable evidence that all equity funds shall have been expended (or deposit of cash

with City in an amount equal to any unexpended equity funds, and Developer hereby grants a security interest to City in such funds as additional collateral for the City Loan), reasonable evidence of the costs and a written draw request; that Developer not be in default under this DDA, the Habitat Note or the Habitat Deed of Trust; and that the remaining undisbursed loan funds together with any such cash collateral described above are sufficient to complete the Project.

As described above, upon the Developer's sale of an Affordable Unit under the Habitat Regulatory Agreement, City will reconvey the Habitat Deed of Trust with respect to that Affordable Unit, and shall be deemed to have made a loan to the buyer in the amount of \$210,166.66, which shall be evidenced by the delivery to City of a Buyer Note from the applicable buyer, and recording of the Buyer Regulatory Agreement and Buyer Deed of Trust against the Affordable Unit at the close of escrow for the sale of that Affordable Unit.

The deed of trust securing the County Loan shall be subordinated to the Deed of Trust securing the City/Habitat Loan and the Habitat Regulatory Agreement by the Subordination Agreement, which shall be recorded at the Close of Escrow. Said County deed of trust shall be reconveyed from each parcel of land sold to a Buyer in accordance with the Habitat Regulatory Agreement and County Regulatory Agreement, and in effect "replaced" with two deeds of trust and promissory notes from Buyer and in favor of Developer, which shall be recorded prior to the Buyer Deed of Trust executed by the Buyer in favor of the City, but after the Buyer Regulatory Agreement executed by such Buyer in favor of City. Such regulatory agreements executed by each buyer in favor of City will be consideration for the City's approval (after the closing) of a density bonus in favor of Developer, and consequently, such regulatory agreements executed by buyers may not be subordinated to any deeds of trust.

All sales and loan proceeds received by Developer or any affiliate of Developer from any buyer or owner of an Affordable Unit shall be used by Developer for the purpose of developing affordable housing units in the City of Temecula, and the foregoing shall survive the Close of Escrow and be included in the Grant Deed as a covenant running with the land.

2.3 Opening and Closing of Escrow. The CITY and the Developer shall cause an escrow (the "Escrow") to be opened with Escrow Holder for the conveyance of the Land by the CITY to Developer. The Parties shall deposit with Escrow Holder a fully executed duplicate original of this Agreement as the escrow instructions for the Escrow. The CITY and Developer shall provide such additional instructions as shall be necessary and consistent with this Agreement. Provided that each of the conditions to closing described in Sections 2.4 and 2.5 have been satisfied, Escrow shall close (the "Close of Escrow") no later than Friday, July 28, 2023. If the Close of Escrow does not occur by such date, any party not then in default may terminate this Agreement by written notice to the other and all the funds and documents deposited with Escrow Agent shall be promptly refunded or returned, as the case may be, by Escrow Agent to the depositing party, except that all escrow and title cancellation fees shall be paid by Developer.

2.4 Condition of Title; Title Insurance.

- (a) Title Report/Exceptions. Developer hereby approves that certain preliminary report for the Property (the "PTR") issued by the Title Company and all title exceptions therein, except that City shall

provide evidence to the Title Company that the City is the successor to the housing assets of the former Temecula Redevelopment Agency and is the owner of the Property.

- (b) At the Close of Escrow, the CITY shall convey title to the Property to Developer by grant deed in the form attached hereto as Exhibit “B” (the “Grant Deed”). Title to the Property shall be conveyed subject to: (i) non-delinquent current real property taxes and assessments not yet due for the tax year during which the conveyance occurs, (ii) the title exceptions in the PTR; (iii) the Habitat Deed of Trust, the deed of trust securing the County Loan, the County Regulatory Agreement, the Habitat Regulatory Agreement, and the Subordination Agreement, and (iv) the terms of this Agreement (collectively, the “Permitted Exceptions”). After the date of the PTR, CITY shall not further encumber the Property without Developer’s prior written consent.

2.5 CITY Conditions to Close of Escrow; Letter of Credit from Developer as Alternative Expedited Means of Paying Purchase Money Loan. The obligation of the CITY to close Escrow shall be subject to the satisfaction (or express written waiver by the City Manager) of each of the following conditions (collectively, the “CITY Conditions”):

- (a) Developer shall have submitted to the City Manager, and the City Manager shall have approved, a project budget (the “Project Budget”), together with a copy of all documents relating to the County Loan and all other commitments and documents obtained by Developer for any other construction and permanent financing, and evidence in a form satisfactory to the CITY demonstrating that the Developer has sufficient additional capital funds (i.e., “equity”) available and is committing such funds to cover the difference, if any, between the then-projected costs of development of the Project and the funds available from loans to the Developer for the Project.
- (b) The CITY shall have received evidence acceptable to the City Manager that the construction-related insurance required by Section 6.1 of this Agreement shall be in effect.
- (c) To the extent necessary, the County Loan documents shall have been amended to be consistent with this Agreement (as shown by amendments delivered to City), and the County Loan and all other financing/loans needed for payment of all of the costs of the Project that exceed committed equity funds of Developer for the Project plus the City Loan amount shall close concurrently with the Close of Escrow, and City shall have received copies of all loan/financing documents, a final schedule of sources and uses of funds, a comprehensive Project Budget, and reasonable evidence of the committed Developer equity funds available for the Project

- 2.5.4 Developer shall have performed, observed and complied with all covenants, agreements and conditions required by this Agreement to be performed, observed and complied with on its part prior to or as of the Close of Escrow.
- 2.5.5 Developer shall have delivered to City, through Escrow at the close of Escrow, a letter of credit from an issuer, and in form and substance, acceptable to City in the amount of \$561,000, which shall be drawable by City in full upon any default of Developer under the City Loan, including failure to timely comply with the Developer's post-closing obligations described in the following paragraphs.

If the Developer's post-closing obligations described below are timely satisfied, City shall return such letter of credit to Developer; however, if such obligations are not timely satisfied, the purchase money portion of the City Loan shall become due and payable and City may draw on the letter of credit in full and apply the sums so drawn to such purchase money portion of the City Loan, all in its sole and absolute discretion (and Developer hereby waives the implied covenant of good faith and fair dealing in connection therewith, and in connection with the conditions (i) through (iii) set forth in the following paragraph). Developer expressly stipulates and agrees that the foregoing agreements and following obligations are fair and reasonable.

The Developer's post-closing obligations referred to above are to accomplish all of the following by the date that is eighteen (18) calendar months after the date of this DDA (as may be extended by the City Manager in writing in his or her sole and absolute discretion, but without any obligation to act in "good faith", the implied covenant of good faith and fair dealing being hereby waived by Developer in that regard): (i) cause the Property to be subdivided to the extent legally necessary for Developer to sell each of the six (6) bedroom townhomes that comprise the Project; (ii) qualify for and obtain density bonus concessions to zoning requirements from the City so that the Project can be completed as contemplated by this DDA (in consideration for the obligation for buyers to execute regulatory agreements in favor of City restricting their units that will not be subordinated to any deeds of trust); (iii) qualify for and obtain (and pay all fees in connection with) all governmental permits and approvals necessary for the construction and completion of the Project.

Developer acknowledges and agrees that satisfaction of such obligations are being made a post-closing requirement at the insistence of Developer; that they would typically be conditions to the conveyance of the Land by City to Developer, and NOT post-

closing covenants; and that the letter of credit described above and Developer's post-closing obligations and covenant herein are material consideration relied upon by City in agreeing to make such conditions into post-closing conditions while nevertheless also making its purchase money loan to Developer and conveying the Land to Developer.

2.6 Developer Conditions to Close of Escrow. The obligations of the Developer to close escrow shall be subject to the satisfaction (or waiver by Developer) of the following conditions (the "Developer Conditions"):

- (a) There shall have been no change to the physical condition of the Property and no new title exceptions after the date of the PTR that, in either case, would materially and adversely affect the development, use or operation of the Project.
- (b) The representation of the CITY contained in Section 7.2 of this Agreement being true and correct.
- (c) The delivery by CITY of all documents and funds required to be delivered pursuant to Section 2.8 hereof.
- (d) The Title Company shall have committed to issue at the Close of Escrow an owner's title insurance policy, with any extended coverage and endorsements requested by Developer, showing fee simple title to the Land vested in Developer, subject only to the Permitted Exceptions.
- (e) CITY shall have performed, observed and complied with all covenants, agreements and conditions required by this Agreement to be performed, observed and complied with on its part prior to or as of the Close of Escrow.
- (g) The County Loan and the City Loan shall close concurrently with the Close of Escrow

2.7 Costs; Escrow Holder Settlement Statement.

- (a) Developer shall be solely responsible for all costs and expenses related to any Survey, and any title insurance endorsements (other than those obtained by CITY to "insure-over" a title exception), and fifty percent (50%) of the Escrow fees. CITY shall be responsible for the costs of CLTA standard owner's title insurance.
- (b) Escrow Holder is authorized on the Close of Escrow to pay and charge the Developer and City for any fees, charges and costs payable under Section 2.7.1 as set forth on the settlement statements approved by the Parties. Before such payments are made, Escrow

Holder shall notify the CITY and Developer of the fees, charges, and costs necessary to close under the Escrow, by delivering draft settlement statements to the Parties for their mutual approval.

2.8 Condition of the Property.

- (a) “As-Is” Sale. Developer acknowledges and agrees that, except as expressly set forth herein, Developer is acquiring the Land in its “AS IS” condition, WITH ALL FAULTS, IF ANY, AND, EXCEPT AS EXPRESSLY SET FORTH HEREIN, WITHOUT ANY WARRANTY, EXPRESS OR IMPLIED and neither CITY nor any agents, representatives, officers, or employees of CITY have made any representations or warranties, direct or indirect, oral or written, express or implied, to Developer or any agents, representatives, or employees of Developer with respect to the condition of the Property, its fitness for any particular purpose, or its compliance with any laws, and Developer is not aware of and does not rely upon any such representation to any other party. Except as expressly set forth herein, neither CITY nor any of its representatives is making or shall be deemed to have made any express or implied representation or warranty, of any kind or nature, as to (a) the physical, legal or financial status of the Property, (b) the Property’s compliance with applicable laws, (c) the accuracy or completeness of any information or data provided or to be provided by CITY, or (d) any other matter relating to the Property.
- (b) Delivery of Material Due Diligence Documents by CITY; Inspections by Developer; Due Diligence Period. Within ten (10) business days after the date of this Agreement, CITY shall deliver to Developer copies of all material, non-privileged documents in the possession of CITY that pertain to the Property (the “Documents”). Upon the execution of this Agreement until the date that is ninety (90) days after the date of this Agreement (the “Due Diligence Period”), Developer and its contractors and consultants who are designated in writing to CITY (“Developer Designee’s”) shall have the right to enter onto the Property (without disturbing any occupants thereof) for the purpose of performing the Survey, hazardous materials inspections, soils inspections and other physical inspections and investigations; provided, however, that: (a) Developer shall deliver copies of all inspection reports to CITY; (b) no inspections or investigations shall damage the Property or any improvements thereon or shall be “invasive” unless the CITY has received a plan describing the scope of the inspection or investigation and has approved such plan in writing, which approval shall not be unreasonably withheld; (c) Developer shall immediately repair all damage caused by or related to its inspections; and (d) neither Developer nor any of Developer’s Designees shall enter the

Property unless Developer has provided CITY reasonable written evidence (such as insurance certificates and/or copies of policies) that the activities of Developer and the Developer Designees are covered by reasonable liability insurance naming CITY as an additional insured. Developer shall defend, indemnify and hold CITY harmless from and against any and all claims, liabilities, losses, damages, costs and expenses (including, without limitation, attorneys' fees and cost) resulting from the entry onto the Property for such purposes or for purposes of performing the Survey. If Developer disapproves to any condition of the Property or any Document, then Developer may terminate this Agreement by written notice to CITY given on or prior to the end of the Due Diligence Period that describes the basis for the disapproval.

- (c) Releases and Waivers. Developer acknowledges and agrees that in the event Developer does not approve of the condition of the Property under Section 2.8.2, Developer's sole right and remedy shall be to terminate this Agreement under and in accordance with Section 2.8.2. Consequently, Developer hereby waives any and all objections to or complaints regarding the Property and its condition, including, but not limited to, federal, state or common law based actions and any private right of action under state and federal law to which the Land is or may be subject, including, but not limited to, CERCLA (as defined in Section 1.1.24), RCRA (as defined in Section 1.1.24), physical characteristics and existing conditions, including, without limitation, structural and geologic conditions, subsurface soil and water conditions and solid and hazardous waste and Hazardous Materials on, under, adjacent to or otherwise affecting the Property. Developer further hereby assumes the risk of changes in applicable laws and regulations relating to past, present and future environmental conditions on the Property and the risk that adverse physical characteristics and conditions, including, without limitation, the presence of Hazardous Materials or other contaminants, may not have been revealed by its investigations.

Developer and anyone claiming by, through or under Developer also hereby waives its right to recover from and fully and irrevocably releases CITY and its council members, board members, employees, officers, directors, representatives, agents, servants, attorneys, successors and assigns ("Released Parties") from any and all claims, responsibility and/or liability that it may now have or hereafter acquire against any of the Released Parties for any costs, loss, liability, damage, expenses, demand, action or cause of action arising from or related to: (i) the condition (including any defects, errors, omissions or other conditions, latent or otherwise, and the presence in the soil, air, structures and surface and subsurface waters of materials or substances that have been or may in the future be

determined to be Hazardous Materials or otherwise toxic, hazardous, undesirable or subject to regulation and that may need to be specially treated, handled and/or removed from the Property under current or future federal, state and local laws regulations or guidelines), valuation, salability or utility of the Land, or its suitability for any purpose whatsoever, and (ii) any information furnished by the Released Parties under or in connection with this Agreement. This release includes claims of which Developer is presently unaware or which Developer does not presently suspect to exist which, if known by Developer, would materially affect Developer's release to CITY. Developer specifically waives the provision of California Civil Code Section 1542, which provides as follows:

“A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR EXPECT TO EXIST IN HIS FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN TO HIM MUST HAVE MATERIALLY AFFECTED THE SETTLEMENT WITH THE DEBTOR.”

In this connection and to the extent permitted by law, Developer hereby agrees, represents and warrants that Developer realizes and acknowledges that factual matters now unknown to it may have given or may hereafter give rise to causes of action, claims, demands, debts, controversies, damages, costs, losses and expenses which are presently unknown, unanticipated and unsuspected, and Developer further agrees, represents and warrants that the waivers and releases herein have been negotiated and agreed upon in light of that realization and that Developer nevertheless hereby intends to release, discharge and acquit Released Parties from any such unknown causes of action, claims, demands, debts, controversies, damages, costs, losses and expenses which might in any way be included as a material portion of the consideration given to CITY by Developer in exchange for CITY's performance hereunder.

Developer hereby agrees that, if at any time after the Close of Escrow any third party or any governmental agency seeks to hold Developer responsible for the presence of, or any loss, cost or damage associated with, Hazardous Materials in, on, above or beneath the Property or emanating therefrom, then Developer waives any rights it may have against CITY in connection therewith, including, without limitation, under CERCLA (as defined in Section 1.1z) and Developer agrees that it shall not (i) implead the CITY, (ii) bring a contribution action or similar action against CITY, or (iii) attempt in any way to hold CITY responsible

with respect to any such matter. The provisions of this Section 2.8 shall survive the Close of Escrow.

CITY has given Developer material concessions regarding this transaction in exchange for Developer agreeing to the provisions of this Section 2.8. CITY and Developer have each initialed this Section 2.8 to further indicate their awareness and acceptance of each and every provision hereof.

CITY'S INITIALS

DEVELOPER'S INITIALS

The foregoing releases and waivers shall not, however, apply to Hazardous Materials on the Property prior to Close of Escrow known to CITY but not known to Developer and not disclosed by CITY to Developer.

- (d) Environmental Indemnity. From and after the Close of Escrow, Developer shall indemnify, protect, defend and hold harmless the CITY, and the CITY's officials, officers, attorneys, employees, consultants, agents and representatives, from and against any and all claims, liabilities, suits, losses, costs, expenses and damages, including but not limited to attorneys' fees and costs, arising directly or indirectly out of any claim for loss or damage to any property, including the Property, injuries to or death of persons, or for the cost of cleaning up the Land and removing Hazardous Materials or toxic substances, materials and waste therefrom, by reason of the presence or release of Hazardous Materials on or under, any portion of the Land to the extent caused by Developer or its contractors, and the foregoing shall survive the Close of Escrow.

2.9 Deposits into Escrow.

- (a) The CITY hereby covenants and agrees to deliver to Escrow Holder prior to the Close of Escrow the following instruments and documents, the delivery of each of which shall be a condition of the Close of Escrow:
- (i) A Grant Deed duly executed and acknowledged by the CITY, in the form attached hereto as Exhibit "B".
 - (ii) If required by Escrow Holder, the affidavit as contemplated by California Revenue and Taxation Code 590 ("Withholding Affidavit");
 - (iii) If required by Escrow Holder, a Certification of Non Foreign Status in accordance with I.R.C. Section 1445 (the "FIRPTA Certificate");

- (iv) A counterpart of the Habitat Regulatory Agreement in the form attached hereto as Exhibit “E”, duly executed by CITY and acknowledged (“Regulatory Agreement”).
 - (v) Such proof of the CITY’s authority and authorization to enter into this transaction as the Title Company may reasonably require in order to issue Developer’s policy of title insurance.
 - (vi) A counterpart of the Subordination Agreement (in which the County Loan documents are subordinated to the City/Habitat Loan documents) (“County Subordination Agreement”).
- (b) The Developer hereby covenants and agrees to deliver: (i) directly to City an original of the Habitat Note, duly executed by Habitat, prior to the Close of Escrow; and (ii) to Escrow Holder prior to the Close of Escrow the following instruments and documents duly executed and acknowledged, and the following funds, the delivery of each of which shall be a condition of the Close of Escrow:
- (i) Counterpart of the Habitat Regulatory Agreement;
 - (ii) The Habitat Deed of Trust;
 - (iii) The County Subordination Agreement;
 - (vi) The original of the letter of credit; and
 - (vii) Any funds required to pay Developer’s share of closing costs.

2.10 Authorization to Record Documents and Disburse Funds. Escrow Holder is hereby authorized to record the documents, deliver the letter of credit to the City, and apply other funds and deliver documents called for hereunder upon the Close of Escrow, provided each of the following conditions has then been fulfilled:

- (i) The Title Company is unconditionally committed to issue in favor of Developer, at Developer’s cost, an owner’s Policy of Title Insurance, in an amount reasonably requested by Developer), showing the Land vested in Developer subject only to the Permitted Exceptions.
- (ii) The CITY and the Developer shall have deposited in Escrow the documents and funds required pursuant to Sections 2.9 and 2.10.
- (iii) The CITY and Developer have confirmed to Escrow Holder that all other CITY Conditions and Developer Conditions have been satisfied or expressly waived in writing by the Party benefited thereby.

Unless otherwise instructed in writing, Escrow Holder is authorized to record at the Close of Escrow any instrument delivered through this Escrow if necessary or proper for issuance of Developer's title insurance policy.

2.11 Escrow's Closing Actions. On the Close of Escrow, Escrow Holder shall:

- (c) Record the Grant Deed, then the County's Regulatory Agreement, then the Habitat Regulatory Agreement, then the Habitat Deed of Trust, then the deed of trust securing the County Loan, and then the County Subordination Agreement in the Official Records of Riverside County, with no intervening recordings.
- (d) Deliver the letter of credit to City;
- (e) Issue the Title Policy (or cause the Title Company to issue the Title Policy);
- (f) Prorate property taxes and assessments and other charges as of the Close of Escrow in accordance with the settlement statements approved by the Parties and pay the costs shown thereon;
- (g) From funds deposited by Developer, pay costs payable by Developer as shown on the approved preliminary settlement statement approved by CITY and Developer, and return any excess to Developer;
- (h) Prepare and deliver to both Developer and the CITY one signed copy of Escrow Holder's final settlement statement showing all receipts and disbursements of the Escrow; and
- (i) If applicable, deliver the FIRPTA Certificate and the Withholding Affidavit (if required by Escrow Holder) to Developer.

3. DEVELOPMENT COVENANTS.

3.1 Development of the Project; Reports. Developer shall develop the Project in accordance with the Scope of Development, the Schedule of Performance, all requirements of any and all applicable federal, state and local laws, rules and regulations (including any conditions of approval required by the City, the Plans and Specifications, and all other terms, conditions and requirements of this Agreement. Developer shall comply with the Schedule of Performance in a timely manner, provided that the obligations of Developer set forth therein which are to be performed after the Close of Escrow shall be delayed by Force Majeure Delays, if applicable. Until a Certificate of Completion is issued, the Developer shall promptly provide the CITY with written, detailed progress reports, as reasonably requested by the CITY, regarding the status of the construction of the Improvements.

3.2 CITY's Right to Review Plans and Specifications. In connection with construction of the Project, Developer shall comply in all respects with the Plans and Specifications approved by the CITY.

3.3 Costs of Entitlement, Development and Construction; Prevailing Wages. The Developer agrees that all costs, expenses and fees associated with the development and construction of the Project including the costs for developing and constructing the Improvements thereon (including, but not limited to, the land acquisition costs and governmental permits and approvals) shall be borne by Developer.

Developer shall pay and cause its contractors to pay any applicable prevailing wages for construction of the Improvements and shall otherwise comply with California Labor Code Sections 1720 et seq. (including all reporting requirements) and all federal laws regarding prevailing wages that apply, and Developer shall defend, indemnify and hold CITY harmless from and against any and all claims, liabilities, damages, losses, costs and expenses relating to or arising from any allegation or claim that prevailing wages shall not have been paid in accordance with applicable law.

3.4 Rights of Access and Inspection. In addition to those rights of access to and across the Land to which the City may be entitled by law, members of the staffs of the CITY shall have a reasonable right of access to the Land and Improvements, without charge or fee, at any reasonable time, to inspect the work being performed, but shall not be obligated to do so and CITY shall not be liable for any failure to disclose any information discovered by CITY (or that could or should have been discovered by any CITY inspection). The CITY shall also have the right at all reasonable times to inspect and copy the books, records and all other documentation of the Developer pertaining to its obligations under this Agreement.

3.5 Local, State and Federal Laws. Developer shall carry out the construction of the Improvements on the Land in conformity with all applicable federal, state and local laws, including all applicable federal and state occupation, safety and health standards, including (if applicable) prevailing wage laws as described in Section 3.3 above.

3.6 Governmental Permits and Approvals. Before commencement of construction or development of any work of improvement on the Land, Developer shall (at Developer's expense) secure, or cause to be secured, the Building Permit, and any other required governmental permits and approvals.

3.7 No Discrimination During Construction. Developer, for itself and its successors and assigns, agrees that it shall not discriminate against any employee or applicant for employment because of age, sex, marital status, race, handicap, color, religion, creed, ancestry, or national origin in the construction of the Improvements.

3.8 Taxes, Assessments, Encumbrances and Liens. Developer shall pay when due all real property taxes and assessments assessed or levied on portions of the Land from time to time owned by Developer, commencing immediately after closing of the land acquisition.

3.9 No Agency Created. In performing this Agreement, Developer is not the agent of the CITY. The CITY is not an agent of Developer. The CITY shall not have any

responsibility whatsoever for payment to any contractor or supplier of Developer or its contractors. Developer shall not have any responsibility whatsoever for payment to any contractor or supplier of the CITY.

3.10 Certificate of Completion. Upon Developer's completion of the construction of the entire Project, Developer will apply to the CITY for a Certificate of Completion (which shall be substantially in the form attached hereto as Exhibit "F"). The CITY's issuance of the Certificate of Completion shall constitute the acknowledgement of the CITY that Developer has complied in all respects with its development obligations (and only the development obligations) set forth in this Article 3 with respect to the entire Project. If the City Manager believes that the Developer is not in compliance with its obligations under this Article 3, the City Manager shall promptly specify the nature of such non-compliance by written notice to Developer.

4. LIMITATIONS ON TRANSFERS AND SECURITY INTERESTS.

4.1 Restrictions on Transfer of Developer's Rights and Obligations. Prior to issuance of a Certificate of Completion for the Project, and except for the initial sale of Homes in accordance with the Regulatory Agreement after the Certificate of Completion shall have been issued, Developer shall not sell, assign, transfer, mortgage, lease, hypothecate, or convey (collectively, a "Transfer") any Home, Land, the Project or any part thereof or any of Developer's rights or obligations hereunder, or agree to do so, or transfer control of Developer or of fifty percent (50%) or more of the ownership interests in Developer in a single transaction or series of transactions, without the CITY's prior written consent, which consent may be granted or withheld in the CITY's sole and absolute discretion. Developer acknowledges that the identity of Developer is of particular concern to the CITY, and it is because of Developer's identity that the CITY has entered into this Agreement with Developer. No transfer or assignment of Developer's interest hereunder without the CITY's prior written approval shall be deemed to release Developer from the obligations of Developer hereunder.

4.2 Right of CITY to Satisfy Other Liens. After the Close of Escrow and after the Developer has had a reasonable time to challenge, cure, or satisfy any liens or encumbrances on the Project or any portion thereof, and has failed to do so, in whole or in part, the CITY shall, upon prior written notice to the Developer, have the right to satisfy any tax, assessment, lien or encumbrances; however, nothing in this Agreement shall require the Developer to pay or make provision for the payment of any tax, assessment, lien or charge so long as the Developer in good faith shall contest the validity or amount therein and so long as such delay in payment shall not subject the Land or any portion thereof to forfeiture or sale.

5. DEFAULT, REMEDIES AND TERMINATION.

5.1 Defaults. The occurrence of any or all of the following shall constitute a default ("Default") under this Agreement:

5.1.1 Developer's failure to perform its obligations on a timely basis as contained in the Schedule of Performance (as extended pursuant to Section 5.7), or any breach of this Agreement by any Party involving the payment of money, and the continuance of such breach for a

period of fifteen (15) days after the non-defaulting Party has given written notice to the defaulting Party;

- 5.1.2 Except as otherwise provided in Section 5.1.1 hereof, a breach of any other term of this Agreement by any Party not involving the payment of money and failure of such Party to cure such breach within thirty (30) days after the non-defaulting Party has given written notice to the defaulting Party; provided, however, if such breach is not reasonably curable within such thirty (30) day period, then such Party shall be deemed in Default only if such Party does not commence to cure such breach within such thirty (30) day period and thereafter fails to diligently prosecute such breach to completion;
- 5.1.3 Developer's violation of Section 4.1;
- 5.1.4 Developer's failure or refusal to keep in force and effect any material permit or approval with respect to construction of the Project, and Developer's failure to cure such breach within thirty (30) calendar days after notice from the CITY of Developer's breach; provided, however, if such breach is not reasonably curable within such thirty (30) day period, then Developer shall be deemed in Default only if Developer does not commence to cure such breach within such thirty (30) day period and thereafter fails to diligently prosecute such breach to completion; or
- 5.1.5 Filing of a petition in bankruptcy by or against any Party or appointment of a receiver or trustee of any property of any Party, or an assignment by any Party for the benefit of creditors, or adjudication that such Party is insolvent by a court, and the failure of such Party to cause such petition, appointment, or assignment to be removed or discharged within 180 days.
- 5.1.6 The failure to comply with any of the requirements of Section 6 below;

5.2 Remedies.

- 5.2.1 Defaults and Remedies Prior to the Close of Escrow. Upon a default by Developer prior to the Close of Escrow that is not cured within fifteen (15) days after written notice from the CITY, the CITY shall have the right to terminate this Agreement by delivering written notice thereof to Developer. Upon a default by CITY prior to the close of escrow that is not cured within fifteen (15) days after written notice from Developer, Developer may seek against CITY any available remedies at law or equity, including but not limited to, the right to receive damages (excluding damages for lost profits) or to

pursue an action for specific performance; however, the CITY'S damages for failure to perform the obligations secured by cash collateral shall be limited to the amount of such cash collateral, and no notice or cure period shall apply to a failure to meet the deadline (as it may have been extended in writing by the City Manager) for such obligations.

5.2.2 Developer Default and CITY Remedies After the Close of Escrow. If Developer fails to comply with the Schedule of Performance after the Close of Escrow, then in addition to retention of the cash collateral delivered to City for application to the portion of the City Loan that is a purchase money loan (if applicable), such failure shall constitute an event of default under the City Loan to Developer, and shall entitle City to accelerate the maturity date for all sums outstanding under such loan.

5.3 No Personal Liability. No representative, agent, attorney, consultant, or employee of the CITY shall personally be liable to the Developer or any successor in interest of Developer, in the event of any Default or breach by the CITY, or for any amount which may become due to Developer or any successor in interest, on any obligation under the terms of this Agreement.

5.4 Rights and Remedies are Cumulative. The rights and remedies of the parties are cumulative, and the exercise by either party of one or more of such rights or remedies shall not preclude the exercise by it, at the same time or different times, of any other rights or remedies for the same default or any other default by the non-defaulting Party; provided, however, that liquidated damages specified herein shall constitute the sole damages recoverable for the default giving rise to such liquidated damages.

5.5 Inaction Not a Waiver of Default. Any failures or delays by either Party in asserting any of its rights and remedies as to any default shall not operate as a waiver of any default or of any such rights or remedies, or deprive either such Party of its rights to institute and maintain any actions or proceedings which it may deem necessary to protect, assert or enforce any such rights or remedies. The acceptance by a Party of less than the full amount due from the other party shall not constitute a waiver of such Party's right to demand and receive the full amount due, unless such Party executes a specific accord and satisfaction.

5.6 Force Majeure. Following the Close of Escrow, and notwithstanding anything to the contrary in this Agreement, nonperformance of a construction obligation (but not nonperformance of any obligation secured by cash collateral) shall be excused when performance is prevented or delayed by reason of any of the following forces reasonably beyond the control of such party (a "Force Majeure Delay"): (i) failure to perform by Developer attributable to any strike, lockout or other labor or industrial disturbance (whether or not on the part of the employees of either party hereto), civil disturbance, future order claiming jurisdiction, act of the public enemy, war, riot, sabotage, blockade, embargo, inability to secure customary materials, supplies or labor through ordinary sources by reason of regulation or order of any government or regulatory body; or (ii) delay attributable to severe weather, lightning, earthquake, fire, storm, hurricane, tornado,

flood, washout, explosion, or any other cause beyond the reasonable control of the party from whom performance is required, or any of its contractors or other representatives. Any prevention, delay or stoppage due to any Force Majeure Delay shall excuse the performance of the party affected for a period of time equal to any such prevention, delay or stoppage (except the obligations of either party to pay money to the other party or to close escrow) provided that the Party claiming the Force Majeure Delay notifies the other Party of the Force Majeure Delay within a reasonable time (not to exceed ten business days) after the commencement of the Force Majeure Delay.

6. INSURANCE; INDEMNITY. The Developer shall maintain all insurance as required, including comprehensive or commercial general liability, comprehensive automobile liability, property, and flood. The Developer shall cause any contractor working on the Development to maintain worker's compensation, comprehensive or commercial general liability, and comprehensive automobile liability. The Developer shall provide certificates of insurance upon request from the CITY.

6.1 Insurance.

6.1.1 From and after the Close of Escrow, Developer shall obtain and maintain at no cost or expense to the CITY, with a reputable and financially responsible insurance company reasonably acceptable to the CITY, (i) after the completion of a Home, commercially reasonable casualty insurance for the Home in an amount not less than the replacement cost of the Home Improvements (subject to commercially reasonable deductibles) with a reasonable inflation rider; (ii) commercial broad form general liability insurance, insuring against claims and liability for bodily injury, death, or property damage arising from the construction, use, occupancy, condition, or operation of the Land, which liability insurance shall provide combined single limit protection of at least \$2,000,000 and shall include a reasonable inflation rider, contractual liability coverage and products and completed operations coverage, and (iii) commercial automobile liability insurance of at least \$1,000,000 combined single limit. Such liability insurance policies shall name the CITY and their council members, board members, officers, agents and employees as additional insureds.

6.1.2 Before commencement of any demolition or construction work on any portion of the Land, Developer shall obtain and maintain in force until completion of such work (i) "all risk" builder's risk insurance, including coverage for vandalism and malicious mischief, in a form and amount and with a company reasonably acceptable to the CITY, and (ii) workers' compensation insurance covering all persons employed by Developer or otherwise involved in connection with work on the Project, or any portion thereof. During the construction of Improvements on any portion of the Land by Developer, such builder's risk insurance shall cover improvements in place and all material and equipment at the job site

furnished under contract, but shall exclude contractors', subcontractors', and construction managers' tools and equipment and property owned by contractors' and subcontractors' employees.

- 6.1.3 Each architect and each engineer engaged by Developer shall provide professional liability insurance with a limit of liability of at least One Million Dollars (\$1,000,000.00).
- 6.1.4 Developer shall also furnish or cause to be furnished to the CITY evidence satisfactory to the CITY that any contractor with whom it has contracted for the performance of work on the Land or otherwise pursuant to this Agreement carries workers' compensation insurance as required by law.
- 6.1.5 With respect to each policy of insurance required above, Developer and each of Developer's general contractors, engineers and architects shall furnish to the CITY a certificate on the insurance carrier's form setting forth the general provisions of the insurance coverage promptly after written request by CITY showing the additional insureds. The certificate shall also be furnished by Developer prior to commencement of construction of any Improvements.
- 6.1.6 All such policies required by this Section shall contain (i) language to the effect that the policies cannot be cancelled or materially changed except after thirty (30) days' written notice by the insurer to the CITY, and (ii) a waiver of the insurer of all rights of subrogation against the CITY and the other additional insureds. All such insurance shall have deductibility limits which shall be commercially reasonable.

6.2 Indemnity. From and after the execution of this Agreement, Developer hereby agrees to indemnify, defend, protect, and hold harmless the CITY (as a third party beneficiary) and any and all agents, employees, representatives, council members, board members, consultants, and officers of the CITY, from and against all losses, liabilities, claims, damages (including foreseeable or unforeseeable consequential damages), penalties, fines, forfeitures, costs and expenses (including all reasonable out of pocket litigation costs and reasonable attorneys' fees) and demands of any nature whatsoever, related directly or indirectly to, or arising out of or in connection with:

- (i) the validity of this Agreement;
- (ii) the development and construction by Developer of the Improvements on the Land or the use, ownership, management, occupancy, or possession of the Land during Developer's period of ownership of the Land;
- (iii) any breach or Default by Developer hereunder;

(iv) any of Developer's activities on the Land (or the activities of Developer's agents, employees, lessees, representatives, licensees, guests, invitees, contractors, subcontractors, or independent contractors on the Land), regardless of whether such losses and liabilities shall accrue or are discovered before or after termination or expiration of this Agreement, except to the extent such losses or liabilities are caused by the gross negligence or willful misconduct of the CITY. The CITY may in its discretion, and at their own cost, participate in the defense of any legal action naming the CITY; or

(v) claims for prevailing wages under or violation of California Labor Code Sections 1720 et seq.

The provisions of this Section shall survive the Close of Escrow or the termination of this Agreement.

7. REPRESENTATIONS AND WARRANTIES.

7.1 Developer Representations. Developer represents and warrants to the CITY as of the date of this Agreement and as of the Close of Escrow that:

(i) Developer is a corporation validly existing and in good standing under the laws of the State of California.

(ii) Developer has duly authorized the execution and performance of this Agreement and the execution and performance of all of the closing documents set forth herein.

(iii) Developer's execution and performance of this Agreement and the closing documents will not violate any provision of the Developer's articles or bylaws or any deed of trust, lease, contract, agreement, instrument, order, judgment or decree by which Developer is bound.

(iv) The Developer has not engaged a broker with respect to the purchase of the Land contemplated herein.

7.2 CITY Representation. The CITY hereby represents and warrants to the Developer that the CITY has not engaged a broker with respect to the sale of the Property as contemplated herein.

8. GENERAL PROVISIONS.

8.1 Notices. All notices and demands shall be given in writing by certified mail, postage prepaid, and return receipt requested, or by reputable overnight messenger. Notices shall be considered given upon the earlier of (a) one business day following deposit or delivery with a nationally recognized overnight courier delivery charges prepaid, or (b) upon delivery or attempted delivery as shown on the return receipt if sent by certified mail. Notices shall be addressed as provided below for the respective Party; provided that if any Party gives notice in writing of a change of name or address, notices to such Party shall thereafter be given as demanded in that notice:

CITY: City of Temecula
41000 Main Street
Temecula, CA 92590
Attn: City Manager

Developer: Habitat for Humanity Inland Valley
27475 Ynez Road, #390
Temecula, CA 92591
Attn: Executive Director

8.2 Construction. The Parties agree that each Party and its counsel have reviewed and revised this Agreement and that any rule of construction to the effect that ambiguities are to be resolved against the drafting Party shall not apply in the interpretation of this Agreement or any amendments or exhibits thereto. This Agreement shall be construed as a whole according to its fair language and common meaning to achieve the objectives and purposes of the Parties.

8.3 Interpretation. In this Agreement the neuter gender includes the feminine and masculine, and singular number includes the plural, and the words “person” and “party” include corporation, partnership, firm, trust, or association where ever the context so requires. Unless otherwise required by a specific provision of this Agreement, time hereunder is to be computed by excluding the first day and including the last day. If the date for performance falls on a Saturday, Sunday, or legal holiday, the date for performance shall be extended to the next business day. All references in this Agreement to a number of days in which either party shall have to consent approve or perform shall mean calendar days unless specifically stated to be business days.

8.4 Time of the Essence. Time is of the essence of this Agreement.

8.5 Warranty Against Payment of Consideration for Agreement. Developer warrants that it has not paid or given, and will not pay or give, to any third person, any money or other consideration for obtaining this Agreement, other than normal costs of conducting business and costs of professional services such as architects, engineers and attorneys.

8.6 Attorneys’ Fees. If any Party brings an action to enforce the terms hereof or declare its rights hereunder, the prevailing Party in any such action shall be entitled to its reasonable attorneys’ fees to be paid by the losing Party as fixed by the court. If the CITY is made a party to any litigation instituted by or against Developer or to any litigation attacking the validity of this Agreement, then Developer shall indemnify and defend the CITY against, and save them harmless from, all costs, expenses (including reasonable attorneys’ fees), claims, liabilities, damages and losses incurred by the CITY in connection with such litigation provided, however, that in no event shall the Developer be obligated to pay any damages awarded to any person or entity that result from the gross negligence or willful misconduct of the CITY.

8.7 Entire Agreement. This Agreement, together with all attachments and exhibits hereto, and all agreements executed pursuant hereto, constitutes the entire understanding and agreement of the Parties. This Agreement integrates all of the terms and conditions mentioned

herein or incidental hereto, and supersedes all negotiations or previous agreements between the Parties with respect to the subject matter hereof.

8.8 Severability. Each and every provision of this Agreement is, and shall be construed to be, a separate and independent covenant and agreement. If any term or provision of this Agreement or the application thereof shall to any extent be held to be invalid or unenforceable, the remainder of this Agreement, or the application of such term or provision to circumstances other than those to which it is invalid or unenforceable, shall not be affected hereby, and each term and provision of this Agreement shall be valid and shall be enforced to the extent permitted by law.

8.9 No Third-Party Beneficiaries. This Agreement is made and entered into for the sole benefit of the Parties, and there are no third-party beneficiaries of this Agreement. No other person shall have any right of action based upon any provision of this Agreement.

8.10 Governing Law; Jurisdiction; Service of Process. This Agreement and the rights of the Parties shall be governed by California law. The Parties consent to the exclusive jurisdiction of the California Superior Court for the County of Riverside. If any legal action is commenced by Developer against the CITY, or by CITY against Developer, service of process on the CITY shall be made by personal service upon the City Manager or secretary of the CITY, or in such other manner as may be provided by law. If any legal action is commenced by CITY against Developer, service of process on Developer shall be made by personal service on Developer's Executive Director (currently, Tammy Marine) at the Developer's address for notices, or in such other manner as may be provided by law.

8.11 Survival. The provisions hereof shall not merge into, but rather shall survive, any conveyance hereunder (including, without limitation, the delivery and recordation of the Grant Deed) and the delivery of all consideration.

8.12 CITY Actions. In addition to any provisions of this Agreement that gives the City Manager the authority to make decisions and grant approvals, the CITY hereby authorizes the City Manager to deliver such approvals, consents as are contemplated by this Agreement, waive requirements under this Agreement, and modify this Agreement, on behalf of the CITY provided that the applicable approval, consent, waiver or modification is not substantial (i.e., does not change the fundamental business transaction between the Developer and the CITY, as determined by the City Manager in his reasonable discretion).

8.13 Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed as original but all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the Parties hereto have entered into this Agreement as of the day and year first above written.

DEVELOPER:

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

By: _____
Tammy Marine, Executive Director

CITY:

CITY OF TEMECULA

By: _____
Aaron Adams, City Manager

ATTEST:

Randi Johl, City Clerk

APPROVED AS TO FORM:

By: _____
Bruce Galloway of Richards,
Watson & Gershon, counsel to City

EXHIBIT "A"

LEGAL DESCRIPTION OF LAND

THE LAND IS SITUATED IN THE CITY OF TEMECULA, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA AND IS DESCRIBED AS FOLLOWS:

LOT 5 OF BLOCK 34 OF THE TOWNSITE OF TEMECULA, IN THE CITY OF TEMECULA, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, AS SHOWN BY MAP ON FILE IN [BOOK 15, PAGE 726 OF MAPS](#), RECORDS OF SAN DIEGO COUNTY, CALIFORNIA.

TOGETHER WITH THAT PORTION OF AN ANNEXED STREET ADJACENT AND ON THE SOUTH SIDE OF SAID LOTS, AS VACATED BY RESOLUTION FILED DECEMBER 8, 1936 IN [BOOK 304, PAGE 356 OF OFFICIAL RECORDS](#) OF RIVERSIDE COUNTY, CALIFORNIA.

(APN: 922-062-016)

AND

LOT 6 OF BLOCK 34 OF THE TOWNSITE OF TEMECULA, IN THE CITY OF TEMECULA, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, AS SHOWN BY MAP ON FILE IN [BOOK 15, PAGE 726 OF MAPS](#), IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

TOGETHER WITH THAT PORTION OF AN ANNEXED STREET ADJACENT AND ON THE SOUTH SIDE OF SAID LOT AS VACATED BY RESOLUTION FILED DECEMBER 8, 1936 IN [BOOK 304, PAGE 356 OF OFFICIAL RECORDS](#) OF RIVERSIDE COUNTY, CALIFORNIA.

(APN: 922-062-010)

EXHIBIT "B"

FORM OF GRANT DEED

RECORDING REQUESTED BY
AND WHEN RECORDED RETURN TO,
AND MAIL TAX STATEMENTS TO:

Habitat for Humanity Inland Valley, Inc.
27475 Ynez Road, #390
Temecula, CA 92591
Attn: Executive Director

APNs:922-062-010 and 016

(Space above for Recorder's Use) Exempt From Recording Fee Per Government Code Section 27383

Documentary transfer tax is \$0.00; transfer for no consideration (forgivable purchase money loan). The property is in the City of Temecula, County of Riverside.

GRANT DEED

The undersigned grantor(s) declare(s):

FOR A VALUABLE CONSIDERATION, receipt of which is hereby acknowledged, the CITY OF TEMECULA ("Grantor") hereby GRANTS to the HABITAT FOR HUMANITY INLAND VALLEY, INC., a California nonprofit public benefit corporation ("Grantee") the land (the "Land") located in the City of Temecula, County of Riverside, State of California described on Exhibit "A".

SUBJECT TO, all matters of record and all matters visible upon inspection.

1. This grant of the Land is subject to the terms of a Disposition and Development Agreement entered into by and between Grantor and Grantee dated as of _____, 2023 (the "DDA") the terms of which are incorporated herein by reference (and which include restrictions on transfer prior to completion of the Project described and required therein). A copy of the Agreement is available for public inspection at the offices of the Grantor at 41000 Main Street, Temecula, CA 92590.

2. The Grantee covenants, for itself and its successors and assigns, that there shall be no sale, transfer, assignment, conveyance, lease, pledge or encumbrance of the DDA, or the Land and the Improvements thereon or any part thereof, or of ownership interests in the Grantee in violation of the DDA, which contains restrictions on the assignment of the DDA and the transfer of interests in the Land.

3. The Grantee covenants and agrees that all sales and loan proceeds received by Grantee or any affiliate of Grantee from any buyer or owner of a housing unit in the Project shall

be used by Developer solely for the purpose of developing affordable housing units in the City of Temecula.

4. All covenants contained in this Grant Deed shall be covenants running with the land.

IN WITNESS WHEREOF, the undersigned has executed this Grant Deed as of the date set forth below.

Dated: _____, 2023

CITY OF TEMECULA

By: _____
Aaron Adams
City Manager

ATTEST:

Randi Johl, City Clerk

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

State of California)
County of _____)

On _____, before me, _____,
(insert name and title of the officer)

Notary Public, personally appeared _____,
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 _____

(Seal)

EXHIBIT A TO GRANT DEED

LEGAL DESCRIPTION

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY OF TEMECULA, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA AND IS DESCRIBED AS FOLLOWS:

LOT 5 OF BLOCK 34 OF THE TOWNSITE OF TEMECULA, IN THE CITY OF TEMECULA, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, AS SHOWN BY MAP ON FILE IN [BOOK 15, PAGE 726 OF MAPS](#), RECORDS OF SAN DIEGO COUNTY, CALIFORNIA.

TOGETHER WITH THAT PORTION OF AN ANNEXED STREET ADJACENT AND ON THE SOUTH SIDE OF SAID LOTS, AS VACATED BY RESOLUTION FILED DECEMBER 8, 1936 IN [BOOK 304, PAGE 356 OF OFFICIAL RECORDS](#) OF RIVERSIDE COUNTY, CALIFORNIA.

(APN: 922-062-016)

AND

LOT 6 OF BLOCK 34 OF THE TOWNSITE OF TEMECULA, IN THE CITY OF TEMECULA, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, AS SHOWN BY MAP ON FILE IN [BOOK 15, PAGE 726 OF MAPS](#), IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

TOGETHER WITH THAT PORTION OF AN ANNEXED STREET ADJACENT AND ON THE SOUTH SIDE OF SAID LOT AS VACATED BY RESOLUTION FILED DECEMBER 8, 1936 IN [BOOK 304, PAGE 356 OF OFFICIAL RECORDS](#) OF RIVERSIDE COUNTY, CALIFORNIA.

(APN: 922-062-010)

EXHIBIT “C”

SCHEDULE OF PERFORMANCE

This Schedule of Performance requires the submission of plans or other documents at specific times. Some of the submissions or items may not be described in the text of the Agreement. Such plans or other documents, as submitted, must be complete and adequate for review by the CITY or other applicable governmental entity when submitted. Prior to the time set forth for each particular submission, the Developer shall consult with CITY staff informally as necessary concerning such submission in order to assure that such submission will be complete and in a proper form within the time for submission set forth herein.

<u>Action</u>	<u>Date / Deadline</u>
Items 1 – __ Relate to Developer Actions and Requirements Prior to or through/at the Close of Escrow	
1. <u>Opening of Escrow</u> . The Parties shall open escrow with the Escrow Holder.	Upon execution of DDA
2. <u>Preliminary Project Budget; Sources and Uses of Funds; Commitments</u> . The Developer shall submit a preliminary Project Budget for the Improvements, and a schedule of sources and uses of funds, and copies of all debt and equity commitments or similar documents (including the signed loan agreement with the County of Riverside).	As soon as reasonably possible, but prior to Close of Escrow
3. <u>Letter of Credit</u> . The Developer shall deliver the letter of credit described in Section 2.5.5.	Prior and as a condition to the Close of Escrow.
4. <u>Insurance</u> . The Developer shall submit evidence of insurance to the CITY.	Prior and as a condition to the Close of Escrow.
5. <u>County Financing</u> . Construction financing (including the County Loan) in the amount of \$1,313,417 shall close concurrently with the Close of Escrow	Concurrently with Close of Escrow
Items 6 – 9 Relate to the Conveyance of the Land, and Developer Actions and Requirements After the Close of Escrow	
6. <u>Close of Escrow</u> . The Developer shall purchase the Land from the CITY	On or before date that is 90 days after the date of this DDA.

<u>Action</u>	<u>Date / Deadline</u>
<p>7. <u>Subdivision of Land; Issuance of all Grading/Construction Permits; Approval of Density Bonus Concessions.</u> The Developer shall obtain the Permits for the development and construction of the Project; approval of the subdivision of the Land (and shall record any applicable subdivision map); and approval of a density bonus with zoning concessions enabling the Project to be completed.</p>	<p>By the date that is eighteen calendar months after the date of this DDA, as may be extended by the City Manager in writing.</p>
<p>8. <u>Commencement and Completion of Grading.</u> Developer shall substantially complete the grading for the Project.</p>	<p>Substantially commence grading not later than 45 days after issuance of grading permit; complete grading not later than six (6) months following the commencement of grading.</p>
<p>9. <u>Completion; Qualification for Certificate of Completion.</u> The Project shall be completed and shall qualify for a Certificate of Completion.</p>	<p>No later than 14 calendar months after the commencement of construction.</p>

EXHIBIT "D"

SCOPE OF DEVELOPMENT

Six two-story single family homes, built within two (2) triplex buildings, each home consisting of or including approximately three (3) bedrooms and approximately two and one-half (2.5) bathrooms, comprising, on average, 1,255 square feet of gross living area and a two-car garage with two (2) vehicle driveways, each home to be on a separate, legally subdivided lot.

The gross living area of the six homes together will total approximately 7,530 square feet, but the number of bedrooms and living area of each individual home may vary.

EXHIBIT “E”

FORM OF HABITAT AFFORDABILITY RESTRICTIONS/REGULATORY AGREEMENT

RECORDING REQUESTED BY,
AND WHEN RECORDED MAIL TO:

City of Temecula
41000 Main Street
Temecula, CA 92590
Attn: City Manager

With a copy to:

Habitat for Humanity Inland Valley
27475 Ynez Road #390
Temecula, CA 92591
Attn: Executive Director

APNs: 922-062-016; 922-062-010

SPACE ABOVE THIS LINE FOR
RECORDER'S USE

Recording Fee: Exempt pursuant to California Government Code Section 27383.

AFFORDABLE HOUSING COVENANT AND REGULATORY AGREEMENT

(Six Affordable Homes)

THIS AFFORDABLE HOUSING COVENANT AND REGULATORY AGREEMENT (this “Agreement”) is dated as of _____, 2023 and is entered into by and between the HABITAT FOR HUMANITY INLAND VALLEY, INC., a California nonprofit public benefit corporation (the “Owner”) and the CITY OF TEMECULA (“CITY”).

RECITALS

A. This Agreement is executed, delivered and recorded under and in accordance with a Disposition and Development Agreement between the Owner and the City (“DDA”) because the land sold by City to Developer pursuant to such DDA was purchased with low income set aside funds, and all or a portion of a construction loan being made by City to Developer under the DDA is being made with low income set aside funds.

B. However, this Agreement is also intended to constitute, and shall also serve as a “density bonus agreement” in connection with any density bonus zoning/land use concessions

granted by the CITY, and consequently, shall not be subordinate (or subordinated) to any deeds of trust.

NOW, THEREFORE, THE PARTIES HERETO AGREE AS FOLLOWS:

1. **Definitions.** For purposes of this Agreement, the terms listed below shall have the meanings hereinafter specified.

(a) **Affordable Housing Cost** means a housing cost which does not exceed the limits set forth in California Health and Safety Code Section 50052.5(b), as amended from time to time and the applicable regulations for such statute, and for the purposes hereof, the term “housing cost” shall include association fees and shall otherwise have the meaning ascribed to such term in Title 25 of the California Code of Regulations Section 6920, as such regulation may be amended from time to time, and the term “Gross Income” shall have the meaning ascribed to such term in Title 25 of the California Code of Regulations Section 6914, as such regulation may be amended from time to time, or other applicable regulations.

(b) **Affordable Unit** means any housing unit developed or located on the land encumbered by this Agreement.

(c) **Homeowner** means any person (or persons) who has (or have) purchased an Affordable Unit.

(d) **Term** means from the date hereof until the final Affordable Unit is sold by Owner in accordance with this Agreement, but this Agreement shall terminate as to each Affordable Unit when such Affordable Unit is sold by Owner in accordance with this Agreement.

(e) **Low Income Household** means a person, family or household that has provided sufficient “Sweat Equity” work as reasonably determined by Habitat for Humanity Inland Valley, Inc., in order to qualify to purchase an Affordable Unit (and as shown by reasonable evidence provided to CITY), and that meets the income qualification limits set forth in California Health and Safety Code Section 50079.5 (not more than 80% of AMI, adjusted for family size appropriate to the unit) Title 25 of the California Code of Regulations Section 6910, et seq., as such statutes and regulations may be amended from time to time, and any successor statutes and regulations thereto.

(f) **Very Low Income Household** means a person, family or household that has provided sufficient “Sweat Equity” work as reasonably determined by Habitat for Humanity Inland Valley, Inc., in order to qualify to purchase an Affordable Unit (and as shown by reasonable evidence provided to CITY), that lives in substandard housing immediately prior to acquiring the Home (also as shown by reasonable evidence provided to CITY), and that meets the income qualification limits set forth in California Health and Safety Code Section 50105 (not more than 50% of AMI, adjusted for family size appropriate to the unit), and Title 25 of the California Code of Regulations Section 6910, et seq., as such statutes and regulations may be amended from time to time, and any successor statutes and regulations thereto.

2. **Restrictions on Sale, Lease, Transfer.** Owner shall not sell, convey or transfer any of the Affordable Units or enter into an agreement to do so, except as expressly permitted by

the terms of this Agreement. There shall be no leasing of any Affordable Unit; each Homeowner must occupy its Affordable Unit as its sole residence.

3. **Covenants to Maintain Affordability and Occupancy.** During the Term applicable to a particular Affordable Unit, sales of the Affordable Units by Owner shall be to a Low Income Household (one Affordable Unit) and to Very Low Income Households (five Affordable Units) at a sales price that results in an Affordable Housing Cost for that household, as applicable.

4. **Sale/Resale Price Controls and Procedures.**

(a) Owner shall notify any proposed purchaser in writing prior to the proposed purchaser's execution of escrow instructions, purchase and sale agreement or similar agreement, whichever is earliest, that the title to the Affordable Unit is and will be restricted in the manner described herein, and shall deliver a copy of this recorded Agreement to the purchaser at that time. Owner shall deliver to CITY a copy of such written notification.

(b) For the purpose of confirming with the CITY that a proposed purchaser is a Very Low Income Household or a Low Income Household (as applicable) that will be paying a purchase price that is in compliance with the terms hereof, the Owner shall notify the City in writing of any offer from a prospective purchaser which the Owner intends to accept, and shall provide the CITY with the following:

- (i) Name and address of the purchaser.
- (ii) Number of persons comprising the purchaser's household and their names and ages.
- (iii) Proposed purchase price of the Affordable Unit, and any other consideration for the purchase of the Affordable Unit.
- (iv) Amount of down payment.
- (v) Terms of any loan that will be used by the purchaser to finance the purchase of the Affordable Unit, including, but not limited to, principal, interest rate, term, and loan fees.
- (vi) Closing date.
- (vii) Aggregate annual income of the purchaser's household.
- (viii) Most recent federal and state income tax returns of the purchaser and all other members of the purchaser's household for the preceding two (2) calendar years, and verification of the proposed purchaser's salary or wages from the purchaser's employer.
- (ix) Copy of any proposed purchase and sale agreement, escrow instructions, loan application, and other agreements between the Owner and Homeowner/proposed purchaser relating to the Affordable Unit.

(x) A written statement signed by the proposed purchaser that the Affordable Unit will be occupied by the purchaser and used as his or her primary residence, and that the Affordable Unit will not be leased.

(xi) As required by the DDA, a “regulatory agreement” among the CITY, the Owner and the Homeowner, which shall be subject to the reasonable approval of the City Manager of the CITY, and which must be recorded immediately after the deed to the Homeowner, as part of a sale by Owner (*i.e.*, prior to any deeds of trust), and which shall also constitute a “density bonus agreement” for the granting by City of land use/zoning concessions to Owner for the development of the Affordable Units. Such regulatory agreement for an Affordable Unit shall be required as part of a sale by Owner of the applicable Affordable Unit.

(xii) As required by the DDA, the promissory note by the purchaser of the Affordable Unit in favor of the City and deed of trust securing such promissory note, which must be recorded immediately after the above regulatory agreement.

(xiii) Any and all other deeds of trust, promissory notes and any other documents that are contemplated by such purchase agreement or otherwise required by Owner of the applicable Homeowner/purchaser in connection with the sale, for reasonable approval by the City Manager of the CITY.

(c) The City Manager of the CITY or his or her designee ("City Manager") may require the purchaser to submit other written documentation to verify the information set forth herein and to determine that the income and Affordable Housing Cost restrictions of this instrument shall be satisfied. If the CITY receives all such information, within 21 days of the CITY's receipt of same, the City Manager shall determine whether the prospective purchaser is qualified to purchase the Affordable Unit as a Low Income Household and shall thereafter notify the Owner in writing that the prospective sale is authorized and approved, or that the prospective purchaser does not qualify to purchase the Affordable Unit as a Low Income Household or that the sales price does not constitute an Affordable Housing Cost.

(d) If the City Manager notifies the Owner that the proposed sale is authorized and approved, the Owner shall proceed to complete the sale of the Affordable Unit within sixty (60) days after the date of such approval or election from the CITY, and shall send CITY a copy of the escrow instructions and purchase agreement, and a copy of the recorded deed and regulatory agreement, and any deeds of trust and promissory notes they secure, promptly after the close of escrow.

(e) If the City Manager notifies the Owner that the proposed sale does not comply with this Agreement, then the sale shall not occur.

5. **Remedies of CITY.** In addition to all of its rights and remedies available for Owner's breach of this Agreement, upon a breach of this Agreement by Owner, any Homeowner or any tenant, CITY may obtain specific performance of this Agreement and/or injunctive relief, and may evict any tenant.

6. **Successors and Assigns; Covenants to Run With the Land.** The covenants and restrictions contained herein shall run with the land for the term of this Agreement and shall be a

burden upon each Affordable Unit and shall be enforceable by the CITY against the Owner, each Homeowner and the successors-in-interest of the Owner, and all tenants of an Affordable Unit.

7. **Independent and Severable Provisions.** In the event that any provision of this instrument is held by a court of competent jurisdiction to be unenforceable or invalid, such holding shall not render unenforceable any other provision hereof, each provision hereof being expressly severable and independently enforceable to the fullest extent permitted by law.

8. **Further Assurances.** The CITY, Owner and any Homeowner, or any successor-in-interest or tenant shall execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such further instruments and agreements and do such further acts as may be necessary, desirable or proper to carry out the purposes of this Agreement.

9. **No Waiver.** No waiver by the CITY of its rights hereunder, or of any breach by the Owner or a Homeowner of any covenant, restriction, or condition herein contained, shall be effective unless such waiver is in writing, signed by the CITY and delivered to the Owner or the Homeowner, as applicable. Any waiver by the CITY of its power to terminate any covenant, restriction, or condition herein contained, or the failure by the CITY to exercise any right or remedy with respect to any breach or breaches, shall not constitute a waiver or relinquishment for the future of any rights regarding subsequent sales, or of any such covenant or condition nor bar any right or remedy of the CITY in respect of any subsequent breach.

10. **Notices.** All notices to be delivered to the parties pursuant to the terms hereof shall be in writing and shall be delivered in person or by certified mail, return receipt requested, or by reputable overnight delivery service (such as Federal Express) to the addresses listed below.

Any of the following addresses may for Owner or CITY be changed by written notice given in accordance with this Section.

City: City of Temecula
41000 Main Street
Temecula, CA 92590
Attn: City Manager

Developer: Habitat for Humanity Inland Valley, Inc.
27475 Ynez Road, # 390
Temecula, CA 92591
Attn: Executive Director

11. **Entire Agreement.** This instrument constitutes the entire agreement of the parties hereto, and the provisions hereof may be modified or amended only by a written instrument signed by the party to be charged.

12. **Attorneys' Fees.** In any action brought to declare the rights granted herein or to enforce or to interpret any of the terms of this Agreement, the prevailing party shall be entitled to an award of its attorneys' fees and costs.

OWNER:

HABITAT FOR HUMANITY INLAND
VALLEY, INC.

By: _____
Tammy Marine, Executive Director

CITY:

CITY OF TEMECULA

By: _____
Aaron Adams
City Manager

EXHIBIT "A"

DESCRIPTION OF LAND

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY OF TEMECULA, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA AND IS DESCRIBED AS FOLLOWS:

LOT 5 OF BLOCK 34 OF THE TOWNSITE OF TEMECULA, IN THE CITY OF TEMECULA, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, AS SHOWN BY MAP ON FILE IN [BOOK 15, PAGE 726 OF MAPS](#), RECORDS OF SAN DIEGO COUNTY, CALIFORNIA.

TOGETHER WITH THAT PORTION OF AN ANNEXED STREET ADJACENT AND ON THE SOUTH SIDE OF SAID LOTS, AS VACATED BY RESOLUTION FILED DECEMBER 8, 1936 IN [BOOK 304, PAGE 356 OF OFFICIAL RECORDS](#) OF RIVERSIDE COUNTY, CALIFORNIA.

(APN: 922-062-016)

AND

LOT 6 OF BLOCK 34 OF THE TOWNSITE OF TEMECULA, IN THE CITY OF TEMECULA, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, AS SHOWN BY MAP ON FILE IN [BOOK 15, PAGE 726 OF MAPS](#), IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

TOGETHER WITH THAT PORTION OF AN ANNEXED STREET ADJACENT AND ON THE SOUTH SIDE OF SAID LOT AS VACATED BY RESOLUTION FILED DECEMBER 8, 1936 IN [BOOK 304, PAGE 356 OF OFFICIAL RECORDS](#) OF RIVERSIDE COUNTY, CALIFORNIA.

(APN: 922-062-010)

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

State of California)
County of _____)

On _____, before me, _____,
(insert name and title of the officer)

Notary Public, personally appeared _____,
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 _____ (Seal)

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

State of California)
County of _____)

On _____, before me, _____,
(insert name and title of the officer)

Notary Public, personally appeared _____,
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 _____ (Seal)

EXHIBIT "F"

FORM OF CERTIFICATE OF COMPLETION

RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:

City of Temecula
41000 Main Street
Temecula, CA 92590
Attn: City Manager

With a copy to:

Habitat for Humanity Inland Valley
27475 Ynez Road, #390
Temecula, CA 92591
Attn: Executive Director

APNs: 922-062-016; 922-062-010

(Space Above for Recorder's Use Only)

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

CERTIFICATE OF COMPLETION

THIS CERTIFICATE OF COMPLETION (the "Certificate") is made by the CITY OF TEMECULA (the "CITY"), in favor of HABITAT FOR HUMANITY INLAND VALLEY, INC., a California nonprofit public benefit corporation ("Developer").

RECITALS

A. CITY and Developer have entered into that certain unrecorded Disposition and Development Agreement (the "DDA") dated as of _____, 2023 concerning the development of certain real property situated in the City of Temecula, California, described in Exhibit "A" attached hereto (the "Site").

B. As referenced in Section 3.10 of the DDA, CITY is required to furnish Developer or its successors with a Certificate of Completion upon completion of construction of the "Project" on the Site (as defined in the DDA), which Certificate is required to be in such form as to permit it to be recorded in the Recorder's Office of Riverside County. This Certificate is conclusive determination of satisfactory completion of the construction and development required by the DDA on the Site.

C. CITY has conclusively determined that the construction and development of the Project has been satisfactorily completed.

NOW, THEREFORE, CITY hereby certifies as follows:

1. CITY does hereby certify that the Project to be constructed by Developer has been fully and satisfactorily completed in full conformance with the DDA.

2. This Certificate shall not constitute evidence of compliance with or satisfaction of any obligation of Developer to any holder of a mortgage, or any insurer of a mortgage, securing money loaned to finance construction work on the Site, or any part thereof.

3. This Certificate shall not constitute evidence of Developer's compliance with those covenants in the DDA that survive the issuance of this Certificate.

4. This Certificate is not a Notice of Completion as referred to in California Civil Code Section 3093.

5. Nothing contained in this instrument shall modify in any other way any other provisions of the DDA (including without limitation the attachments thereto).

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

CITY OF TEMECULA

By: _____
Aaron Adams, City Manager

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

State of California)
County of _____)

On _____, before me, _____,
(insert name and title of the officer)

Notary Public, personally appeared _____,
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 _____

(Seal)

EXHIBIT "A"

LEGAL DESCRIPTION OF PROJECT SITE

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY OF TEMECULA, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA AND IS DESCRIBED AS FOLLOWS:

LOT 5 OF BLOCK 34 OF THE TOWNSITE OF TEMECULA, IN THE CITY OF TEMECULA, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, AS SHOWN BY MAP ON FILE IN BOOK 15, PAGE 726 OF MAPS, RECORDS OF SAN DIEGO COUNTY, CALIFORNIA.

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(APN: 922-062-016)

AND

LOT 6 OF BLOCK 34 OF THE TOWNSITE OF TEMECULA, IN THE CITY OF TEMECULA, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, AS SHOWN BY MAP ON FILE IN BOOK 15, PAGE 726 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

TOGETHER WITH THAT PORTION OF AN ANNEXED STREET ADJACENT AND ON THE SOUTH SIDE OF SAID LOT AS VACATED BY RESOLUTION FILED DECEMBER 8,1936 IN BOOK 304, PAGE 356 OF OFFICIAL RECORDS OF RIVERSIDE COUNTY, CALIFORNIA.

(APN: 922-062-010)

EXHIBIT "G"

FORM OF HABITAT PROMISSORY NOTE

(Attached.)

SECURED PROMISSORY NOTE

_____, 2023

\$1,261,000.00

Temecula, California

FOR VALUE RECEIVED, the undersigned HABITAT FOR HUMANITY INLAND VALLEY, INC., a California nonprofit public benefit corporation (“Maker” or “Developer”), whose address is 27475 Ynez Road, #390, Temecula, CA 92591, promises to pay to the order of the CITY OF TEMECULA, a municipal corporation (“Payee” or “City”), at 41000 Main Street, Temecula, CA 92590, or at such other place as the holder of this Note from time to time may designate in writing, the principal sum of ONE MILLION TWO HUNDRED SIXTY-ONE THOUSAND AND NO/100 DOLLARS (\$1,261,000.00) (the “Original Principal Amount”), together with interest on the outstanding principal amount of this promissory note (the “City Loan Note”), at the “Applicable Interest Rate,” as defined below, in lawful money of the United States of America.

This City Loan Note is being delivered, and the loans evidenced hereby are being made, pursuant to the terms of that certain Disposition and Development Agreement between Developer and City (“DDA”). All capitalized terms used herein which are not separately defined herein shall have the meanings set forth therefor in the DDA.

The portion of the loan consisting of the purchase price for the Property described in the DDA (\$561,000.00) is a purchase money loan, and shall be deemed outstanding as of the date hereof; the remainder of the loan (\$700,000.00) is a construction loan, and shall be disbursed by City on a monthly basis for construction costs subject to the terms and conditions in the DDA.

“Applicable Interest Rate” means three percent (3%) per annum, simple interest, except that amounts not paid when due shall accrue interest from the date due until the date paid at the lesser of: (i) seven percent (7%) per annum, simple interest, or (ii) the maximum rate permitted by applicable law.

1. Payments. No payments under this City Loan Note shall be due and payable unless and until there is an uncured default by Maker under the DDA or certain Affordable Housing Covenant and Regulatory Agreement between Maker and City date substantially concurrently herewith (“Regulatory Agreement”). However, upon Developer’s failure to timely satisfy the post-closing obligations of Developer under the DDA, the purchase money portion of the loan shall become due and payable (it being contemplated that the cash drawn under the letter of credit shall be retained by City in satisfaction of that portion of the loan).

2. Secured by Deed of Trust; Purchase Money Loan is Also Supported by Letter of Credit. Repayment of the purchase money portion of the loan evidenced by this City Loan Note is secured by a deed of trust (the “City Deed of Trust”) of this date executed by Maker for the benefit of Payee encumbering the property described in the City Deed of Trust (the “Property” or “Site”), and is also supported/backed by a letter of credit held by City (and if drawn in the sole and absolute discretion of City, City may retain all proceeds of such letter of credit), and the purchase money portion of the loan shall be deemed satisfied; the remainder of the loan (i.e., the construction loan portion) is secured solely by the Property.

3. Prepayment. Maker shall have the right to prepay amounts owing under this City Loan note at any time, without penalty or premium.

4. Due on Sale or Encumbrance. In the event of any Transfer (as defined below) of the Property, or any portion thereof or interest therein that violates the DDA or the Regulatory Agreement, Payee shall have the absolute right at its option, without prior demand or notice, to declare all sums secured hereby immediately due and payable. As used herein, the term “Transfer” means and includes the direct or indirect sale, transfer, conveyance, assignment, or other alienation of the Property, or any portion thereof or interest therein, whether voluntary, involuntary, by operation of law or otherwise, or the lease of all or substantially all of the Property or of all or substantially all of the improvements located thereon

5. Reductions Upon Sale of Homes and Execution Delivery of New Secured Notes and Deeds of Trust. Upon a sale by Maker in accordance with the Regulatory Agreement of any of the six homes that to be developed under the DDA on the Property, the outstanding balance of this City Loan Note shall be reduced by \$210,166.66 (per home sold). Upon such a sale and partial reconveyance of the Deed of Trust securing this City Loan Note (reconveyance from the unit sold), and execution and delivery by the buyer to Payee (City) of a promissory note in the amount of such reduction, and the recording of a deed of trust securing such new note, and a regulatory agreement in favor of Payee (City) (a default under which shall cause the new note to become due at the option of the Payee/City), said new deed of trust shall be subordinate to one or more deeds of trust in favor of the Maker, as seller of the unit, that secure purchase money obligations of the buyer to Maker as seller.

6. Miscellaneous.

(a) Governing Law. All questions with respect to the construction of this City Loan Note and the rights and liabilities of the parties to this City Loan Note shall be governed by the laws of the State of California.

(b) Attorneys' Fees.

(i) Maker shall reimburse Payee for all reasonable attorneys' fees, costs and expenses, incurred by Payee in connection with the enforcement of Payee's rights under this City Loan Note, including, without limitation, reasonable attorneys' fees, costs and expenses for trial, appellate proceedings, out-of-court negotiations, workouts and settlements or for enforcement of rights under any state or federal statute, including, without limitation, reasonable attorneys' fees, costs and expenses incurred to protect Payee's security and attorneys' fees, costs and expenses incurred in bankruptcy and insolvency proceedings such as (but not limited to) seeking relief from stay in a bankruptcy proceeding. The term “expenses” means any expenses incurred by Payee in connection with any of the out-of-court, or state, federal or bankruptcy proceedings referred to above, including, without limitation, the fees and expenses of any appraisers, consultants and expert witnesses retained or consulted by Payee in connection with any such proceeding.

(ii) Payee shall also be entitled to its attorneys' fees, costs and expenses incurred in any post-judgment proceedings to collect and enforce the judgment. This provision is

separate and several and shall survive the merger of this City Loan Note into any judgment on this City Loan Note.

(d) Entire Agreement. This City Loan Note, the City Deed of Trust securing this City Loan Note, the Regulatory Agreement and the DDA constitute the entire agreement and understanding between and among the parties in respect of the subject matter of such agreements and supersede all prior agreements and understandings with respect to such subject matter, whether oral or written.

(e) Time of the Essence. Time is of the essence with respect to every provision hereof.

(f) Waivers by Maker. Except as otherwise provided in any agreement executed in connection with this City Loan Note, Maker waives: presentment; demand; notice of dishonor; notice of default or delinquency; notice of acceleration; notice of protest and nonpayment; notice of costs, expenses or losses and interest thereon; and diligence in taking any action to collect any sums arising under this City Loan Note or in any proceeding against any of the rights or interests in or to properties securing payment of this City Loan Note.

(g) Non-waivers. No previous waiver and no failure or delay by Maker in acting with respect to the terms of the DDA, this City Loan Note or the City Deed of Trust shall constitute a waiver of any breach, default, or failure of condition under the DDA, this City Loan Note, the City Deed of Trust or the obligations secured thereby. A waiver of any term of this City Loan Note, the City Deed of Trust or of any of the obligations secured thereby must be made in writing and shall be limited to the express written terms of such waiver.

MAKER:

HABITAT FOR HUMANITY INLAND VALLEY, INC.

By: _____
Tammy Marine, Executive Director

EXHIBIT "H"

FORM OF HABITAT DEED OF TRUST

(Attached)

RECORDING REQUESTED BY, AND WHEN
RECORDED, MAIL DOCUMENT TO:

City of Temecula
41000 Main Street
Temecula, CA 92590
Attn: City Clerk

with a copy to:

Habitat for Humanity Inland Valley, Inc.
27475 Ynez Road, #390
Temecula, CA 92591
Attn: Executive Director

APNs: 922-062-010 and 016

SPACE ABOVE THIS LINE FOR RECORDER'S USE

FREE RECORDING REQUESTED
PURSUANT TO GOVERNMENT CODE
SECTION 27383

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

This Deed of Trust With Assignment of Rents, Security Agreement and Fixture Filing (the "**Deed of Trust**") is dated for reference purposes as of _____, 2023, and is executed by HABITAT FOR HUMANITY INLAND VALLEY, INC., a California nonprofit public benefit corporation, as trustor (the "**Borrower**"), whose business address is 27475 Ynez Road, #390 Temecula, CA 92591 to First American Title Insurance Company (the "**Trustee**"), for the benefit of the CITY OF TEMECULA, whose office is at 41000 Main Street, Temecula, CA 92590 ("**Beneficiary**").

1. BORROWER HEREBY IRREVOCABLY GRANTS, TRANSFERS AND ASSIGNS to Trustee in trust, with power of sale and right of entry and possession, all of Borrower's right, title and interest now held or hereafter acquired in and to the following: (a) all of that certain real property located in the City of Temecula, County of Riverside, State of California, described in **Exhibit A** (attached) which is incorporated herein by this reference; (b) the rents, issues, profits, royalties, income and other benefits derived from use or occupancy of the Property (defined below); (c) all appurtenances, easements, rights of way and rights now owned or hereafter acquired by Borrower as they relate to the Property; (d) all rights title and interest of Borrower now owned or hereinafter acquired, in and to any land lying within the right of way of any street, open or proposed, adjoining all or any portion of the land on which the Property is located, and any and all sidewalks, alleys and strips of land adjacent to or used in connection with

the Property; and (e) all buildings, improvements and fixtures now or hereafter erected thereon, and all appurtenances, easements, and articles of property now or hereafter affixed to, placed upon or used in connection with such real property and owned by Borrower or in which Borrower has an interest, together with all additions to, substitutions for, changes in or replacements of the whole or any part of said articles of property (all of which real and personal property are sometimes referred to as the "**Property**"); all of which are hereby pledged and assigned, transferred, and set over unto Trustee, and for purposes of this Deed of Trust declared to be part of the realty; provided, however, that furniture and other personal property of tenants of dwelling units in the buildings now or hereafter situated on said real property are not intended to be included within this Deed of Trust except to the extent of Borrower's interest therein.

2. BORROWER HEREBY ABSOLUTELY, UNCONDITIONALLY AND IRREVOCABLY ASSIGNS to the Beneficiary, subject to the rights of senior lienholders, all rents, royalties, issues, accounts and profits of or relating to the Property and all of Borrower's interest under all leases, subleases, rental agreements and other contracts and occupancy agreements relating to construction, use and possession for the purposes and upon the terms and conditions hereinafter set forth. This assignment is absolute, primary and direct and is not intended to be a separate or secondary pledge, or other form of additional security, and no further act or step is or shall be required of the Beneficiary to perfect this assignment. Notwithstanding the foregoing, the Beneficiary confers upon Borrower a license to collect and retain the rents, issues and profits of the Property as they become due and payable until an Event of Default (defined below in Section 5.7), upon the occurrence of which said license shall be automatically revoked. This assignment shall not impose upon the Beneficiary any duty to cause the Property to produce rents nor shall the Beneficiary be deemed to be a mortgagee in possession by reason thereof for any purpose.

3. THE ABOVE GRANT, TRANSFER, AND ASSIGNMENTS ARE FOR THE PURPOSE OF SECURING:

(a) Payment of the indebtedness evidenced by that certain promissory note (the "**Promissory Note**") of Borrower in the principal amount of \$1,261,000.00, together with interest on such indebtedness according to the terms of the Promissory Note, and any or all amendments, modifications, extensions or renewals of the Promissory Note and the indebtedness and all other sums becoming due and payable to the Beneficiary, or Trustee, pursuant to the terms of this Deed of Trust.

(b) Payment of such additional indebtedness, when evidenced by a promissory note or notes reciting the same to be secured by this Deed of Trust, together with interest, as the Beneficiary at its sole discretion may advance to Borrower, or its successor in interest, from time to time and payment or performance of such other obligations as the then record owner of the Property may agree to pay or perform when evidenced by a promissory note or other instrument or agreement reciting that it is secured hereby.

(c) Performance and observance of all of the terms, covenants and conditions to be performed or observed by Borrower under this Deed of Trust or the Promissory Note, it being understood that the Promissory Note shall become due and payable upon an uncured default under that certain document entitled Affordable Housing Covenant and Regulatory Agreement executed

between the Borrower and the Beneficiary and recorded against the Property ("*Secured Obligations*").

(d) Payment of all other obligations owed by Borrower to Beneficiary that by their terms recite that they are secured by this Deed of Trust, including those incurred as primary obligor or as guarantor.

4. TO PROTECT THE SECURITY OF THIS DEED OF TRUST, BORROWER AGREES:

4.1 Maintenance of the Property.

(a) To keep the Property in a decent, safe, sanitary, rentable and tenable condition and repair and permit no waste thereof;

(b) Not to commit or suffer to be done or exist on or about the Property any condition causing the Property to become less valuable;

(c) Not to construct any buildings or improvements on the Property, other than the buildings and improvements contemplated in the Disposition and Development Agreement between Borrower and Beneficiary ("DDA") or add to, remove, demolish or structurally alter any buildings and improvements now or hereinafter located on the Property;

(d) To repair, restore or rebuild promptly any buildings or improvements on the Property that may become damaged or be destroyed while subject to the lien of this Deed of Trust, subject to available insurance proceeds or other available financing;

(e) To comply with all applicable laws, ordinances and governmental regulations affecting the Property or requiring any alteration or improvement thereof, and not to suffer or permit any violations of any such law, ordinance or governmental regulation, nor of any covenant, condition or restriction affecting the Property;

(f) Not to initiate or acquiesce in any change in any zoning or other land use or legal classification which affects any of the Property without the Beneficiary's prior written consent; and

(g) Not to materially alter the use of all or any part of the Property without the prior written consent of the Beneficiary.

4.2 Insurance.

(a) To keep the Property insured, with loss payable to the Beneficiary, subject to the rights of senior lienholders, against loss or damage by fire and such other hazards, casualties and contingencies and by such companies, on such forms and in such amounts as the Beneficiary may from time to time require, and upon request to deliver the original of all such policies to the Beneficiary, together with receipts satisfactory to the Beneficiary evidencing payment of the premiums. Specific insurance requirements may be found at <http://www.calhfa.ca.gov/multifamily/>. In addition, all such policies shall provide that the

Beneficiary shall be given thirty (30) days advance written notice of the cancellation, expiration or termination of any such policy or any material change in the coverage afforded by it. Renewal policies and any replacement policies, together with premium receipts satisfactory to the Beneficiary, shall be delivered to the Beneficiary at least thirty (30) days prior to the expiration of existing policies. Neither Trustee nor the Beneficiary shall by reason of accepting, rejecting, approving or obtaining insurance incur any liability for the existence, nonexistence, form or legal sufficiency of such insurance, or solvency of any insurer for payment of losses. **THE BENEFICIARY HEREBY DISCLOSES TO BORROWER IN WRITING THAT UNDER SECTION 2955.5 OF THE CALIFORNIA CIVIL CODE:**

"No lender shall require a borrower, as a condition of receiving or maintaining a loan secured by real property, to provide hazard insurance coverage against risks to the improvements on that real property in an amount exceeding the replacement value of the improvements on the property."

(b) Subject to the rights of senior lienholders, effective on the occurrence of any Event of Default, all of Borrower's right, title and interest in all policies of property insurance and any unearned premiums paid are assigned to the Beneficiary, who may assign them to any purchaser of the Property at any foreclosure.

4.3 Payment of Taxes and Utility Charges. To pay, at least ten (10) days prior to delinquency, all taxes and assessments, both general and special, fines, penalties, levies and charges of every type or nature levied upon or assessed against any part of the Property or upon Trustee's or the Beneficiary's interest in the Property. The Borrower shall have the right to contest in good faith any such amounts but in no event shall Borrower allow penalties or such other charges accrue because of late payments.

4.4 Payment and Discharge of Liens. Borrower shall pay, when due, all claims of every kind and nature which might or could become a lien on the Property or any part thereof and shall not at any time create or allow to exist any lien on the Property or any part thereof of any kind or nature other than this Deed of Trust; provided, however, that the following are excepted from this prohibition: (a) liens for taxes and assessments which are not delinquent although by law are given the status of a lien; (b) such of the above claims as are, and only during the time they are being contested by Borrower in good faith and by appropriate legal proceedings; and (c) those matters affecting title which appeared in the title insurance policy or binder delivered to the Beneficiary at the time of recording of this Deed of Trust or which have at any time been consented to in writing by the Beneficiary. Borrower shall post security for the payment of these contested claims as may be requested by the Beneficiary.

4.5 Rights of Beneficiary to Remedy Defaults. If Borrower defaults in payment of any tax, assessment, lien, encumbrance, claim, insurance premium, or any other proper charge, in whole or in part, or defaults in the performance of any of the Secured Obligations, the Beneficiary at any time and from time to time, with or without notice to or demand upon Borrower, may make such payments or perform any such acts required of Borrower, to such extent and in any form or manner deemed expedient by the Beneficiary, and pay any other sums, expenses and charges, including attorney fees, necessary to protect the Property and the lien of this Deed of Trust,

without incurring any obligation so to do or releasing Borrower from any obligations and without waiving or curing any default. The Beneficiary shall be the sole judge of the validity, priority, and amount of any such tax, assessment, lien, premium, claim or charge so paid by it, and the necessity for the performance by the Beneficiary of any such obligation which Borrower was required but failed to perform. The Beneficiary, at its option, shall be subrogated to any tax, assessment, lien, premium, claim or charge which it has paid under these provisions and any such subrogation rights shall be additional and cumulative security to those set forth in the Secured Obligations. In the event that the Property is or becomes encumbered by liens or deed(s) of trust other than this Deed of Trust, then a default under such other lien or deed(s) of trust shall constitute a default under this Deed of Trust.

4.6 Repayment to the Beneficiary. Upon the Beneficiary's payment of any tax, assessment, lien, encumbrance, claim, insurance premium or other charge which Borrower fails to pay, or upon the Beneficiary's performance of any obligation which Borrower fails to perform, all as set forth in paragraph 4.5 above, the amount so paid or the cost of performing any such obligation, together with other sums paid or incurred by the Beneficiary, including charges, expenses and reasonable attorney fees relating to or growing out of such default, with interest thereon from date of payment at the rate of the lesser of: (a) the maximum rate permitted by law; or (b) ten percent (10%) per annum, shall be paid by Borrower to the Beneficiary upon written demand. For the purposes of this paragraph 4.6, the term ". . . charges, expenses and attorney fees relating to or growing out of such default . . ." shall include but not necessarily be limited to the cost of obtaining, after the filing of a notice of default but prior to the foreclosure sale, a "Phase I" environmental site assessment of the Property by a qualified environmental professional and, if warranted in the opinion of such professional, a "Phase II" assessment. The aggregate of all such amounts, including interest, shall be secured by the lien of this Deed of Trust.

4.7 Defense of Actions and Payment of Costs. Borrower shall appear in and defend all actions and proceedings purporting to affect the Property or any right or power of the Beneficiary or Trustee hereunder, provided that the Beneficiary and Trustee, or either of them, may appear in and defend any such action or proceeding and the Beneficiary is authorized to pay, purchase or compromise on behalf of Borrower any lien or claim which in its judgment appears to or purports to affect the security of or to be superior to this Deed of Trust. Borrower shall pay on demand all sums so expended and all charges, expenses and attorney fees incurred, with interest from the date of expenditure at the lesser amount of: (a) the maximum rate permitted by law; or (b) ten percent (10%) per annum. Borrower shall give the Beneficiary prompt written notice in writing of: (i) the assertion of any claim; (ii) the filing of an action or proceeding; (iii) the occurrence of any damage to any of the Property; (iv) any condemnation; and (v) any other material nonmonetary default.

5. IT IS MUTUALLY AGREED THAT:

5.1 Awards and Damages. Subject to the rights of senior lienholders, all judgments, awards of damages, settlements and compensation made in connection with or in lieu of: (a) taking of all or any part of, or any interest in the Property by or under assertion of the power of eminent domain; (b) any damage to or destruction of the Property, or any part thereof by insured casualty; and (c) any other injury or damage to all or any part of the Property, are hereby assigned to and shall be paid to the Beneficiary. The Beneficiary is authorized and empowered (but not required) to collect and receive any such sums, and is authorized to apply them in whole or in part upon any

indebtedness or obligation secured hereby, in such order and manner as the Beneficiary shall determine at its option. Subject to the rights of senior lienholders, the Beneficiary shall be entitled to settle and adjust all claims under insurance policies provided under this Deed of Trust and may deduct and retain from the proceeds of such insurance the amount of all expenses incurred by it in connection with any such settlement or adjustment. All or any part of the amounts so collected and recovered by the Beneficiary may be released to Borrower upon such conditions as the Beneficiary may impose for its disposition. Application of all or any part of the amounts collected and received by the Beneficiary or the release thereof shall not cure or waive any default under this Deed of Trust.

Notwithstanding the foregoing, and except as stated below, the Beneficiary shall permit the Borrower to use amounts received as a consequence of any event described in subparagraphs 5.1(a) and 5.1(b) to restore the Property to its condition immediately preceding the event subject to the following conditions: within forty-five (45) days (or such longer period as may be necessary in the Beneficiary's reasonable discretion) after any event described in subparagraphs 5.1(a) or 5.1(b) above, Borrower shall deliver to the Beneficiary, in form and substance reasonably satisfactory to the Beneficiary: (i) a written plan for the repair, restoration or replacement of the Property (any such repair, restoration or replacement being referred to as a "**Restoration**"), including the estimated cost of the Restoration and schedule of completion; (ii) if requested by the Beneficiary, a copy of the plans and specifications for the Restoration; (iii) if required by any senior lender, a performance bond and labor and material payment bond for the work acceptable to the Beneficiary; (iv) evidence acceptable to the Beneficiary that after completion of the work, the income from the Property will be sufficient to pay all expenses of the Property and to pay and perform any and all applicable conditions under the DDA; (v) evidence of continuation of leases acceptable to the Beneficiary; (vi) evidence acceptable to the Beneficiary that upon completion of the work, the size, capacity, quality, value and general utility of the Property will be equal to or greater than the condition of the Property before the casualty occurred; (vii) evidence of satisfaction of any additional conditions or requirements that the Beneficiary may establish to protect its security; and (viii) such other documents and information relating to the Restoration as the Beneficiary may request. However, if the Borrower fails to meet any of the conditions listed in this subparagraph, or the amounts received as a consequence of any event described in subparagraphs 5.1(a) and 5.1(b) are insufficient to restore the Property to its condition immediately preceding the event, or if the Beneficiary determines that its security interest in the Property is substantially impaired, then subject to the rights of senior lienholders, the Beneficiary may, in its sole discretion, apply such sums, in whole or in part, to any indebtedness or obligations secured hereby.

5.2 Sales and Encumbrances Prohibited. Except as expressly provided in the DDA or Regulatory Agreement, Borrower shall not make any sale, assignment or conveyance, or transfer in any other form, nor any further pledge, encumbrance or mortgaging, of the Property, or any part thereof or of any of its interest therein, without the prior written consent of the Beneficiary, which consent may be granted or withheld in the sole unfettered discretion of the Beneficiary, and may be conditioned upon the satisfaction of such terms and conditions as the Beneficiary may prescribe.

5.3 Sale or Forbearance. No sale of the Property, forbearances on the part of the Beneficiary or extension of the time for payment of the indebtedness hereby secured shall operate

to release, discharge, waive, modify, change or affect the liability of Borrower either in whole or in part.

5.4 Late Payment. The Beneficiary's acceptance of late payment of any sum shall not constitute a waiver of its rights to require prompt payment when due of all other indebtedness, or to declare a default for any failure so to pay, or to proceed with foreclosure or sale for any other default then existing. The Beneficiary's acceptance of partial payment of any sum after default shall not cure such default or affect any notice of default unless such notice of default is expressly revoked in writing by the Beneficiary.

5.5 The Beneficiary's Rights to Release. Without affecting the liability of any person for payment of any indebtedness hereby secured (other than any person released pursuant hereto), including without limitation any one or more endorsers or guarantors, and without affecting the lien hereof upon any of the Property not released pursuant hereto, at any time and from time to time without notice: (a) the Beneficiary may, at its sole discretion: (i) release any person now or hereafter liable for payment of any or all such indebtedness; (ii) extend the time for or agree to alter the terms of payment of any or all of such indebtedness; and (iii) release or accept additional security for such indebtedness, or subordinate the lien or charge hereof; and Trustee, acting pursuant to the written request of the Beneficiary, may reconvey all or any part of the Property, consent to the making of any map or plat thereof, join in granting any easement thereon, or join in any such agreement of extension or subordination.

5.6 Reconveyance. Upon a sale of a home developed by Borrower on the Property in accordance with the Regulatory Agreement between Borrower and Beneficiary, Beneficiary shall reconvey this Deed of Trust with respect to the subdivided parcel and improvements thereon comprising such home being sold, provided that a new deed of trust in favor of Beneficiary is recorded against said home (as contemplated by the Regulatory Agreement). Additionally, upon written request of the Beneficiary stating that all sums and obligations secured hereby have been discharged, or otherwise as requested in writing by the Beneficiary, and upon surrender of this Deed of Trust and the Promissory Note and any additional loan notes to Trustee for cancellation, and upon payment to Trustee of its fees and expenses, Trustee shall reconvey, without warranty, the Property or that part thereof then held hereunder. The recitals in any reconveyance shall be conclusive proof of their truthfulness and the grantee in any such reconveyance may be described "as the person or persons legally entitled thereto." When the Property has been fully reconveyed, the last such reconveyance shall operate as a reassignment of all of the rents, royalties, issues, accounts and profits of the Property to the person or persons legally entitled thereto unless such reconveyance expressly provides to the contrary.

5.7 Events of Default. Any one or more of the following events shall constitute a default under this Deed of Trust, subject to any notice and/or cure period provided for in the Loan Documents: (a) uncured default under the Regulatory Agreement; or (b) failure of the Borrower to pay the indebtedness secured hereby or any installment thereof, whether principal, interest or otherwise, when and as the same become due and payable, whether at maturity or by acceleration or otherwise; or (c) failure of Borrower to observe or to perform any covenant, condition or agreement to be observed or performed by Borrower pursuant to the Secured Obligations; or (d) any representation or warranty made by the Borrower proves to be intentionally false or misleading in any material respect; or (e) bankruptcy or insolvency of Borrower; or (f) the occurrence of any

event which, under the terms of the Secured Obligations, shall entitle the Beneficiary to exercise the rights or remedies thereunder.

Notwithstanding the foregoing, other than the failure to pay principal or interest due under the Promissory Note, and any failure to cure a default under the Regulatory Agreement not cured within any applicable cure period specified therein, Borrower shall have the right to cure any default, under this Deed of Trust within thirty (30) days of written notice or within any period provided by statute, whichever is longer.

5.8 Acceleration and Sale.

(a) Acceleration. In the event of any default as set forth in paragraph 5.7 above, the Beneficiary, without demand on Borrower, may declare all sums hereby secured immediately due and payable by notice thereof to Borrower or by executing and recording or by causing the Trustee to execute and record a notice of default and election to cause the Property, and any personal property secured hereby, either separately or together, to be sold to satisfy the obligations secured hereby or by the commencement of an appropriate action to foreclose this Deed of Trust or by any other appropriate manner;

(b) Sale. After delivery to Trustee of a notice of default and demand for sale and after the expiration of such time and the giving of such notice of default and sale as may then be required by law, and without demand on Borrower, Trustee shall sell the Property at the time and place of sale fixed by it in said notice of sale, either as a whole or in separate parcels and in such order as it may determine, at public auction to the highest bidder for cash in lawful money of the United States of America, payable at time of sale. Trustee may postpone sale of all or any portion of the Property by public announcement at such time and place of sale and from time to time thereafter may postpone such sale by public announcement at the time and place fixed by the preceding postponement. Any person, including Borrower, Trustee or the Beneficiary, may purchase at such sale. Upon such sale by Trustee it shall deliver to such purchaser its deed conveying the Property so sold, but without any covenant or warranty expressed or implied.

The recitals in such deed of any matters or facts shall be conclusive proof of their truthfulness. Upon sale by Trustee, and after deducting all costs, expenses and fees of Trustee and of this Deed of Trust, Trustee shall apply the proceeds of sale to the payment of the principal indebtedness hereby secured, whether evidenced by the Promissory Note or otherwise, or representing advances made or costs or expenses paid or incurred by the Beneficiary under this Deed of Trust, or the Secured Obligations or any other instrument evidencing or securing any indebtedness hereby secured and to the payment of all other sums then secured hereby, including interest as provided in this Deed of Trust, the Secured Obligations or any other such instrument, in such order as the Beneficiary shall direct; and then the remainder, if any, shall be paid to the person or persons legally entitled thereto.

5.9 Entry Possession and Receivership. In the event of any default hereunder that has not been cured following written notice and expiration of the applicable cure period, and irrespective of whether the Beneficiary accelerates the maturity of all indebtedness secured hereby or files a notice of default hereunder, the Beneficiary at any time, without notice of demand or regard to the adequacy of any security for the indebtedness and obligations hereby secured, in

person, or by any agent or employee, or by receiver appointed by court, may enter upon and take the possession of the Property or any part thereof and Borrower agrees to surrender such possession to the Beneficiary, and perform any acts, including the right to rent, lease, operate and maintain any part of all of the Property, which the Beneficiary deems necessary or proper to conserve the Property, and may sue for or otherwise collect and receive all rents, royalties, issues, accounts and profits thereof, including those past due as well as those accruing thereafter. Borrower hereby presently assigns to the Beneficiary, absolutely and regardless of possession of the Property, all rents and other monies now due or hereafter to become due under any lease or agreement or otherwise for the use or occupation of all or any part of the Property, now existing or hereafter made, reserving to Borrower only the right, prior to any such default, to collect and retain such rents as they become due, but not otherwise. Borrower shall on demand execute such further assignments to the Beneficiary of any or all such leases, agreements, rents or monies as the Beneficiary may require, and deliver to the Beneficiary a fully executed original of any or all such leases or agreements. The Beneficiary, in person, or by any agent, employee or receiver, may also take possession of, and for these purposes use, any and all of Borrower's personal property contained in or on the Property and used by Borrower in the operation, rental or leasing thereof or any part thereof. The expenses (including, but not limited to, receiver's fees, attorney fees and agent's compensation) incurred by the Beneficiary pursuant to the power herein contained shall be secured hereby. The Beneficiary may bring or defend any legal action in connection with the Property, as it may deem proper, and may, from time to time, make all necessary or proper repairs, replacements and alterations to the Property, as to it may seem judicious, and may insure and reinsure the same, and may lease the Property or any part or parts thereof in such parcels and for such periods and on such terms as to it may seem fit, including leases for terms expiring after the maturity of the indebtedness hereby secured, and may terminate and lease for any cause which would entitle Borrower to terminate it. After deducting the expenses of managing and operating the same and all maintenance, repairs, replacements and alterations and all payments which may be made for taxes, assessments, liens, claims, insurance premiums, or other proper charges of the Property or any part thereof, including fair and reasonable compensation for attorneys and for agents employed by the Beneficiary to manage and operate the Property, the Beneficiary may apply any and all remaining funds to the payment of the indebtedness hereby secured in such order and proportion as the Beneficiary may determine. Neither application of said amounts to such indebtedness nor any other action taken by the Beneficiary under this subparagraph shall cure or waive any default hereunder or nullify the effect of any such notice of default or invalidate any act done pursuant to such notice or any cause of action to foreclose this Deed of Trust. The right to enter and take possession of the Property, to manage and operate the same, and to collect the rents, issues and profits thereof, whether by a receiver or otherwise, shall be in addition to any other right or remedy hereunder or afforded by law, and may be exercised concurrently therewith or independently thereof. The Beneficiary shall be liable to account only for such rents, royalties, issues, accounts and profits actually received by it.

5.10 Attorneys' Fees. If Trustee or the Beneficiary shall be made parties to or shall intervene in any action or proceeding affecting the Property or the title thereto or the interest of Trustee or the Beneficiary under this Deed of Trust, or if the Beneficiary employs an attorney to collect any or all of the indebtedness hereby secured or to foreclose this Deed of Trust, or authorizes Trustee to conduct trustee's sale proceedings hereunder, then Trustee and the Beneficiary shall be reimbursed by Borrower, immediately and without demand, for all reasonable costs, charges and attorney fees incurred by them or either of them in any such case whether or not

suit be commenced, and the same, together with interest thereon from the date of payment at the rate of the lesser of: (a) the maximum rate permitted by law; or (b) ten percent (10%) per annum, shall be secured hereby as provided in paragraphs 4.5, 4.6, and 4.7.

5.11 Exercise of Remedies; Delay. No exercise of any right or remedy by the Beneficiary or Trustee hereunder shall constitute a waiver of any other right or remedy herein contained or provided by law, and no delay by the Beneficiary or Trustee in exercising any such right or remedy hereunder shall operate as a waiver thereof or preclude the exercise thereof during the continuance of any default hereunder.

5.12 Trustee Substitution. The irrevocable power to appoint a substitute trustee or trustees hereunder is hereby expressly granted to the Beneficiary, to be exercised at any time hereafter, without specifying any reason therefor by filing for record in the office where this Deed of Trust is recorded a deed of appointment, and said power of appointment of successor trustee or trustees may be exercised as often as and whenever the Beneficiary deems advisable. The exercise of said power of appointment, no matter how often, shall not be deemed an exhaustion thereof, and upon recording of such deed or deeds of appointment, the trustee or trustees so appointed shall thereupon, without further act or deed of conveyance, succeed to and become fully vested with identically the same title and estate in and to the Property hereby conveyed and with all the rights, powers, trusts and duties of the predecessor in the trust hereunder, with the like effect as if originally named as trustee or as one of the trustees.

5.13 Uniform Commercial Code Security Agreement, Financing Statement and Fixture Filing.

(a) This Deed of Trust is a security agreement and financing statement under the Uniform Commercial Code for the benefit of the Beneficiary as secured party for any of the items specified above as part of the Property which, under applicable law, may be subject to a security interest pursuant to the Uniform Commercial Code, and Borrower hereby grants the Beneficiary a security interest in said items. This Deed of Trust is filed as a fixture filing and covers goods which are or are to become fixtures. The address of the Beneficiary (secured party) from which information concerning the security interest may be obtained and the mailing address of Borrower (debtor) are set forth in this Deed of Trust. The types or items of collateral are described in paragraph 1 of this Deed of Trust. Borrower agrees that the Beneficiary may file any appropriate document in the appropriate index as a financing statement for any of the items specified above as part of the Property. In addition, Borrower agrees to execute and deliver to the Beneficiary, upon the Beneficiary's request, and further authorizes the Beneficiary to file, with or without Borrower's signature, any financing statements, as well as extensions, renewals and amendments thereof, and reproductions of this instrument in such form as the Beneficiary may require to perfect a security interest with respect to said items. Borrower shall pay all costs of filing such financing statements and any extensions, renewals, amendments, and releases thereof, and shall pay all reasonable costs and expenses of any record searches for financing statements, and releases thereof, as the Beneficiary may reasonably require. Without the prior written consent of the Beneficiary, Borrower shall not create or suffer to be created pursuant to the Uniform Commercial Code any other security interest in said items, including replacements and additions thereto, except as otherwise expressly permitted in the Loan Documents. Upon an acceleration as provided in paragraph 5.8, the Beneficiary shall have the remedies of a secured party under the

Uniform Commercial Code and, at the Beneficiary's option, may also invoke the other remedies provided in this Deed of Trust and Loan Documents as to such items. In exercising any of said remedies, the Beneficiary may proceed against the items of real property and any items of personal property specified above as part of the Property separately or together and in any order whatsoever, without in any way affecting the availability of the Beneficiary's rights or remedies under the Uniform Commercial Code or of the other remedies provided in this Deed of Trust, in the Loan Documents, or by law.

Borrower agrees that the filing of any financing statement in the records normally having to do with personal property shall not be construed as anywise derogating from or impairing this Deed of Trust and the intention of the parties hereto that those portions of the Property herein declared part of the real estate are, and at all times and for all purposes and in all proceedings both legal or equitable shall be, regarded as part of the real estate irrespective of whether any such item is physically attached to the improvements or any such item is referred to or reflected in any such financing statement so filed at any time.

(b) Similarly, the mention in any such financing statement of (i) compensation for damage to or destruction of the Property by insured casualty, or (ii) any judgment, award, or other compensation for a taking of the Property by eminent domain, or (iii) the rents, royalties, issues, accounts and profits of the Property under leases, shall never be construed as altering in any manner any of the Beneficiary's rights as determined by this Deed of Trust or impugning the priority of the Beneficiary's lien granted hereby or by any other recorded document, but such mention in the financing statement is declared to be for the protection of the Beneficiary in the event that any court or judge shall at any time hold with respect to (i), (ii) or (iii) of this paragraph that notice of the Beneficiary's priority of interest to be effective against a particular class of person, including without limitation the federal government or any subdivision or entity thereof, must be filed as provided for in the Uniform Commercial Code.

5.14 Remedies Cumulative. No remedy herein contained or conferred upon the Beneficiary or Trustee is intended to be exclusive of any other remedy or remedies afforded by law or by the terms hereof to the Beneficiary or Trustee but each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity.

5.15 Successors, Assigns, Gender, Number. The covenants and agreements herein contained shall bind, and the benefit and advantages shall inure to, the respective heirs, executors, administrators, successors and assigns of the parties. Wherever used, the singular number shall include the plural, and the plural the singular, and the use of any gender shall be applicable to all genders.

5.16 Headings. The headings are inserted only for convenience of reference and in no way define, limit, or describe the scope or intent of this Deed of Trust, or of any particular provision thereof, or the proper construction thereof.

5.17 Actions on Behalf of the Beneficiary. Except as otherwise specifically provided herein, whenever any approval, notice, direction, consent, request or other action by the Beneficiary is required or permitted under this Deed of Trust, such action shall be in writing.

5.18 Terms. The words "the Beneficiary" means the Beneficiary or any future owner or holder, including pledgee, of the indebtedness secured hereby.

5.19 Obligations of Borrower. If more than one person has executed this Deed of Trust as "Borrower," the obligations of all such persons hereunder shall be joint and several.

5.20 Miscellaneous Provisions.

(a) Beneficiary Statement. The Beneficiary shall charge a fee for furnishing the statement in accordance with California Civil Code Section 2943.

(b) Severability. If any provision of this Deed of Trust shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions hereof shall not in any way be affected or impaired.

(c) Indemnification. Borrower shall indemnify and hold the Beneficiary, its officers and agents, harmless against any and all losses, claims, demands, penalties and liabilities which the Beneficiary, its officers or agents may sustain or suffer by reason of anything done or omitted in good faith pursuant to or in connection with this Deed of Trust and not assert any claim against the Beneficiary, its officers or agents by reason of any action so taken or omitted. Borrower shall, at Borrower's expense, defend, indemnify, save and hold the Beneficiary, its officers and agents harmless from any and all claims, demands, losses, expenses, damages (general, punitive or otherwise), causes of action (whether legal or equitable in nature) asserted by any person, firm, corporation or other entity arising out of this Deed of Trust. Borrower shall pay the Beneficiary upon demand all claims, judgments, damages, losses or expenses (including reasonable legal expense) incurred by the Beneficiary as a result of any legal action arising out of this Deed of Trust. Notwithstanding the foregoing, the Borrower shall not be obligated to indemnify the Beneficiary against loss to the extent resulting from the active negligence or willful misconduct of the Beneficiary.

(d) Estoppel Certificate. When requested by the Beneficiary, from time to time, the Borrower shall execute an estoppel certificate in favor of the Beneficiary, which certificate shall certify as to the absence of any default by the Beneficiary in the performance of its obligations hereunder or, if any such defaults exist, their existence as of the date of the certificate.

(e) Set-off. Borrower shall not, under any circumstances, fail or delay to perform (or resist the enforcement of) any of its obligations to the Beneficiary in connection with this Deed of Trust or any other contract, note or instrument executed by Borrower in favor of the Beneficiary because of any alleged offsetting claim or cause of action against the Beneficiary (or any indebtedness or obligation of the Beneficiary) which has not been confirmed in a final judgment of a court of competent jurisdiction (sustained on appeal, if any) against the Beneficiary. Borrower hereby waives any such rights of set-off (or offset) which it might otherwise have with respect to any such claims or causes of action against the Beneficiary or any such obligations or indebtedness of the Beneficiary, unless and until such right of set-off (or offset) is confirmed and liquidated by such final judgment. Borrower further waives any right which it might otherwise have (if any) to require a marshalling of any security of the Beneficiary, or to direct the order in which the Beneficiary pursues its rights or remedies with respect to any of its security.

5.21 Priority. This Deed of Trust, regardless of order of recordation, is junior and subordinate to the Regulatory Agreement recorded substantially contemporaneously herewith.

IN WITNESS WHEREOF, Borrower has executed this Deed of Trust on the day and year set forth above. Borrower shall be deemed to have requested that a copy of any notice of default and of any notice of sale hereunder be mailed to it at its address in the first paragraph of this Deed of Trust.

BORROWER:

HABITAT FOR HUMANITY INLAND VALLEY, INC.

By: _____
Tammy Marine, Executive Director

Exhibit A - Legal Description

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

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

State of California)
County of)

On _____, before me, _____,
(insert name and title of the officer)

Notary Public, personally appeared _____,
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 _____

(Seal)

Exhibit A

Legal Description

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY OF TEMECULA, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA AND IS DESCRIBED AS FOLLOWS:

LOT 5 OF BLOCK 34 OF THE TOWNSITE OF TEMECULA, IN THE CITY OF TEMECULA, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, AS SHOWN BY MAP ON FILE IN [BOOK 15, PAGE 726 OF MAPS](#), RECORDS OF SAN DIEGO COUNTY, CALIFORNIA.

TOGETHER WITH THAT PORTION OF AN ANNEXED STREET ADJACENT AND ON THE SOUTH SIDE OF SAID LOTS, AS VACATED BY RESOLUTION FILED DECEMBER 8, 1936 IN [BOOK 304, PAGE 356 OF OFFICIAL RECORDS](#) OF RIVERSIDE COUNTY, CALIFORNIA.

(APN: 922-062-016)

AND

LOT 6 OF BLOCK 34 OF THE TOWNSITE OF TEMECULA, IN THE CITY OF TEMECULA, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, AS SHOWN BY MAP ON FILE IN [BOOK 15, PAGE 726 OF MAPS](#), IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

TOGETHER WITH THAT PORTION OF AN ANNEXED STREET ADJACENT AND ON THE SOUTH SIDE OF SAID LOT AS VACATED BY RESOLUTION FILED DECEMBER 8, 1936 IN [BOOK 304, PAGE 356 OF OFFICIAL RECORDS](#) OF RIVERSIDE COUNTY, CALIFORNIA.

(APN: 922-062-010)

EXHIBIT "I"

FORM OF BUYER PROMISSORY NOTE

(Attached.)

SECURED PROMISSORY NOTE

_____, 202_____

\$210,166.66

Temecula, California

FOR VALUE RECEIVED, the undersigned _____(collectively, and jointly and severally, “Maker”), whose address is _____, promises to pay to the order of the CITY OF TEMECULA, a municipal corporation (“Payee” or “City”, as successor to the housing assets of the former Temecula redevelopment agency), at 41000 Main Street, Temecula, CA 92590, or at such other place as the holder of this Note from time to time may designate in writing, the principal sum of TWO HUNDRED TEN THOUSAND ONE HUNDRED SIXTY-SIX AND 66/100 DOLLARS (\$210,166.66), together with interest on the outstanding principal amount of this promissory note (the “Buyer Note”), at the “Applicable Interest Rate,” as defined below, in lawful money of the United States of America. This Buyer Note is being delivered to City pursuant to the terms of that certain Affordable Housing Covenant and Regulatory Agreement between City and Habitat for Humanity Inland Valley, Inc. (“Habitat Regulatory Agreement”).

THE LOAN EVIDENCED BY THIS BUYER NOTE REPRESENTS THE AMOUNT OF FINANCIAL ASSISTANCE (FROM HOUSING SUCCESSOR LOW INCOME HOUSING SET ASIDE FUNDS) PROVIDED BY CITY AS A PURCHASE MONEY LOAN FOR LAND AND AS A CONSTRUCTION LOAN ALLOCABLE TO THE HOME (INCLUDING LAND) SECURING THIS BUYER NOTE; THE AMOUNT OF THE SECURED PROMISSORY NOTE EXECUTED BY HABITAT FOR HUMANITY INLAND VALLEY, INC. IS BEING REDUCED CONCURRENTLY HEREWITH BY THE AMOUNT OF THIS BUYER NOTE AND THE DEED OF TRUST SECURING SUCH SECURED PROMISSORY NOTE IS BEING RECONVEYED FROM THE HOME AND LAND CONCURRENTLY HEREWITH, AND CITY WOULD NOT SO REDUCE SUCH LOAN OR PARTIALLY RECONVEY SUCH DEED OF TRUST UNLESS MAKER EXECUTED AND DELIVERED THIS BUYER NOTE AND THE DEED OF TRUST ENCUMBERING THE HOME (INCLUDING LAND) THAT IS TO SECURE THIS BUYER NOTE.

This Buyer Note will come due upon an uncured default by Buyer under that certain Affordable Housing Covenant and Regulatory Agreement executed by Buyer (“Buyer Regulatory Agreement”) and recorded against the home securing this Buyer Note (which is replacing the Habitat Regulatory Agreement, described in the first paragraph above, with respect to the home and related land).

“Applicable Interest Rate” means three percent (3%) per annum, simple interest, except that amounts not paid when due shall accrue interest from the date due until the date paid at the lesser of: (i) seven percent (7%) per annum, simple interest, or (ii) the maximum rate permitted by applicable law.

1. Payments. No payments under this Buyer Note shall be due and payable unless and until there is an uncured default by Maker under the Buyer Regulatory Agreement (which has a term of 45 years, and is dated substantially concurrently herewith).

2. Secured by Deed of Trust. Repayment of this Buyer Note is secured by a deed of trust (the “Buyer Deed of Trust”) of this date executed by Maker for the benefit of Payee encumbering the applicable home (including land) purchased by Maker from Habitat for Humanity Inland Valley, Inc. (the “Property”).

3. Prepayment. Maker shall have the right to prepay amounts owing under this Buyer Note at any time, without penalty or premium.

4. Due on Sale or Encumbrance. In the event of any Transfer (as defined below) of the Property, or any portion thereof or interest therein during the term of the Buyer Regulatory Agreement that violates the Buyer Regulatory Agreement (it being understood that certain Transfers are permitted by the Buyer Regulatory Agreement), Payee shall have the absolute right at its option, without prior demand or notice, to declare all sums secured hereby immediately due and payable. As used herein, the term “Transfer” means and includes the direct or indirect sale, transfer, conveyance, assignment, or other alienation of the Property, or any portion thereof or interest therein, whether voluntary, involuntary, by operation of law or otherwise, or the lease of all or substantially all of the Property or of all or substantially all of the improvements located thereon

5. Miscellaneous.

(a) Governing Law. All questions with respect to the construction of this Buyer Note and the rights and liabilities of the parties to this Buyer Note shall be governed by the laws of the State of California.

(b) Attorneys’ Fees.

(i) Maker shall reimburse Payee for all reasonable attorneys’ fees, costs and expenses, incurred by Payee in connection with the enforcement of Payee’s rights under this Buyer Note, including, without limitation, reasonable attorneys’ fees, costs and expenses for trial, appellate proceedings, out-of-court negotiations, workouts and settlements or for enforcement of rights under any state or federal statute, including, without limitation, reasonable attorneys’ fees, costs and expenses incurred to protect Payee’s security and attorneys’ fees, costs and expenses incurred in bankruptcy and insolvency proceedings such as (but not limited to) seeking relief from stay in a bankruptcy proceeding. The term “expenses” means any expenses incurred by Payee in connection with any of the out-of-court, or state, federal or bankruptcy proceedings referred to above, including, without limitation, the fees and expenses of any appraisers, consultants and expert witnesses retained or consulted by Payee in connection with any such proceeding.

(ii) Payee shall also be entitled to its attorneys’ fees, costs and expenses incurred in any post-judgment proceedings to collect and enforce the judgment. This provision is separate and several and shall survive the merger of this Buyer Note into any judgment on this Buyer Note.

(d) Entire Agreement. This Buyer Note, the Buyer Deed of Trust (securing this Buyer Note), and the Buyer Regulatory Agreement constitute the entire agreement and understanding between Maker and City in respect of the subject matter of such agreements and

supersede all prior agreements and understandings with respect to such subject matter, whether oral or written.

(e) Time of the Essence. Time is of the essence with respect to every provision hereof.

(f) Waivers by Maker. Except as otherwise provided in any agreement executed in connection with this Buyer Note, Maker waives: presentment; demand; notice of dishonor; notice of default or delinquency; notice of acceleration; notice of protest and nonpayment; notice of costs, expenses or losses and interest thereon; and diligence in taking any action to collect any sums arising under this Buyer Note or in any proceeding against any of the rights or interests in or to properties securing payment of this Buyer Note.

(g) Non-waivers. No previous waiver and no failure or delay by Maker in acting with respect to the terms of this Buyer Note or the Buyer Deed of Trust shall constitute a waiver of any breach, default, or failure of condition under this Buyer Note, the Buyer Deed of Trust or the obligations secured thereby. A waiver of any term of this Buyer Note, the Buyer Deed of Trust or of any of the obligations secured thereby must be made in writing and shall be limited to the express written terms of such waiver. In the event of any inconsistencies between the terms of this Buyer Note and the terms of any other document related to the loan evidenced by this Buyer Note, the terms of this Buyer Note shall prevail.

MAKER:

EXHIBIT "J"

FORM OF BUYER DEED OF TRUST

(Attached.)

RECORDING REQUESTED BY, AND WHEN
RECORDED, MAIL DOCUMENT TO:

City of Temecula
41000 Main Street
Temecula, CA 92590
Attn: City Clerk

with a copy to:

APN: _____

SPACE ABOVE THIS LINE FOR RECORDER'S USE

FREE RECORDING REQUESTED
PURSUANT TO GOVERNMENT CODE
SECTION 27383

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

This Deed of Trust With Assignment of Rents, Security Agreement and Fixture Filing (the "*Deed of Trust*") is dated for reference purposes as of _____, 2023, and is executed by _____ (the "*Borrower*"), whose address is _____ Temecula, CA _____ to First American Title Insurance Company (the "*Trustee*"), for the benefit of the CITY OF TEMECULA, whose office is at 41000 Main Street, Temecula, CA 92590 ("*Beneficiary*").

1. BORROWER HEREBY IRREVOCABLY GRANTS, TRANSFERS AND ASSIGNS to Trustee in trust, with power of sale and right of entry and possession, all of Borrower's right, title and interest now held or hereafter acquired in and to the following: (a) all of that certain real property located in the City of Temecula, County of Riverside, State of California, described in **Exhibit A** (attached) which is incorporated herein by this reference; (b) the rents, issues, profits, royalties, income and other benefits derived from use or occupancy of the Property (defined below); (c) all appurtenances, easements, rights of way and rights now owned or hereafter acquired by Borrower as they relate to the Property; (d) all rights title and interest of Borrower now owned or hereinafter acquired, in and to any land lying within the right of way of any street, open or proposed, adjoining all or any portion of the land on which the Property is located, and any and all sidewalks, alleys and strips of land adjacent to or used in connection with the Property; and (e) all buildings, improvements and fixtures now or hereafter erected thereon, and all appurtenances, easements, and articles of property now or hereafter affixed to, placed upon

or used in connection with such real property and owned by Borrower or in which Borrower has an interest, together with all additions to, substitutions for, changes in or replacements of the whole or any part of said articles of property (all of which real and personal property are sometimes referred to as the "**Property**"); all of which are hereby pledged and assigned, transferred, and set over unto Trustee, and for purposes of this Deed of Trust declared to be part of the realty; provided, however, that furniture and other personal property of tenants of dwelling units in the buildings now or hereafter situated on said real property are not intended to be included within this Deed of Trust except to the extent of Borrower's interest therein.

2. BORROWER HEREBY ABSOLUTELY, UNCONDITIONALLY AND IRREVOCABLY ASSIGNS to the Beneficiary, subject to the rights of senior lienholders, all rents, royalties, issues, accounts and profits of or relating to the Property and all of Borrower's interest under all leases, subleases, rental agreements and other contracts and occupancy agreements relating to construction, use and possession for the purposes and upon the terms and conditions hereinafter set forth. This assignment is absolute, primary and direct and is not intended to be a separate or secondary pledge, or other form of additional security, and no further act or step is or shall be required of the Beneficiary to perfect this assignment. Notwithstanding the foregoing, the Beneficiary confers upon Borrower a license to collect and retain the rents, issues and profits of the Property as they become due and payable until an Event of Default (defined below in Section 5.7), upon the occurrence of which said license shall be automatically revoked. This assignment shall not impose upon the Beneficiary any duty to cause the Property to produce rents nor shall the Beneficiary be deemed to be a mortgagee in possession by reason thereof for any purpose.

3. THE ABOVE GRANT, TRANSFER, AND ASSIGNMENTS ARE FOR THE PURPOSE OF SECURING:

(a) Payment of the indebtedness evidenced by that certain promissory note (the "**Promissory Note**") of Borrower in favor of Beneficiary in the face amount of \$210,166.66, together with interest on such indebtedness according to the terms of the Promissory Note, and any or all amendments, modifications, extensions or renewals of the Promissory Note and the indebtedness and all other sums becoming due and payable to the Beneficiary, or Trustee, pursuant to the terms of this Deed of Trust.

(b) Payment of such additional indebtedness, when evidenced by a promissory note or notes reciting the same to be secured by this Deed of Trust, together with interest, as the Beneficiary at its sole discretion may advance to Borrower, or its successor in interest, from time to time and payment or performance of such other obligations as the then record owner of the Property may agree to pay or perform when evidenced by a promissory note or other instrument or agreement reciting that it is secured hereby.

(c) Performance and observance of all of the terms, covenants and conditions to be performed or observed by Borrower under this Deed of Trust or the Promissory Note ("**Secured Obligations**"), it being understood that outstanding principal and accrued interest under the Promissory Note shall become due and payable upon an uncured default by Borrower under that certain document entitled Affordable Housing Covenant and Regulatory Agreement executed among the Borrower, Habitat for Humanity Inland Valley, Inc. and the Beneficiary and recorded against the Property substantially concurrently herewith .

(d) Payment of all other obligations owed by Borrower to Beneficiary that by their terms recite that they are secured by this Deed of Trust, including those incurred as primary obligor or as guarantor.

4. TO PROTECT THE SECURITY OF THIS DEED OF TRUST, BORROWER AGREES:

4.1 Maintenance of the Property.

(a) To keep the Property in a decent, safe, sanitary, rentable and tenable condition and repair and permit no waste thereof;

(b) Not to commit or suffer to be done or exist on or about the Property any condition causing the Property to become less valuable;

(c) Not to construct any buildings or improvements on the Property, or add to, remove, demolish or structurally alter any buildings and improvements now or hereinafter located on the Property;

(d) To repair, restore or rebuild promptly any buildings or improvements on the Property that may become damaged or be destroyed while subject to the lien of this Deed of Trust, subject to available insurance proceeds or other available financing;

(e) To comply with all applicable laws, ordinances and governmental regulations affecting the Property or requiring any alteration or improvement thereof, and not to suffer or permit any violations of any such law, ordinance or governmental regulation, nor of any covenant, condition or restriction affecting the Property;

(f) Not to initiate or acquiesce in any change in any zoning or other land use or legal classification which affects any of the Property without the Beneficiary's prior written consent; and

(g) Not to materially alter the use of all or any part of the Property without the prior written consent of the Beneficiary.

4.2 Insurance.

(a) To keep the Property insured, with loss payable to the Beneficiary, subject to the rights of senior lienholders, against loss or damage by fire and such other hazards, casualties and contingencies and by such companies, on such forms and in such amounts as the Beneficiary may from time to time require, and upon request to deliver the original of all such policies to the Beneficiary, together with receipts satisfactory to the Beneficiary evidencing payment of the premiums. Specific insurance requirements may be found at <http://www.calhfa.ca.gov/multifamily/>. In addition, all such policies shall provide that the Beneficiary shall be given thirty (30) days advance written notice of the cancellation, expiration or termination of any such policy or any material change in the coverage afforded by it. Renewal policies and any replacement policies, together with premium receipts satisfactory to the Beneficiary, shall be delivered to the Beneficiary at least thirty (30) days prior to the expiration of

existing policies. Neither Trustee nor the Beneficiary shall by reason of accepting, rejecting, approving or obtaining insurance incur any liability for the existence, nonexistence, form or legal sufficiency of such insurance, or solvency of any insurer for payment of losses. THE BENEFICIARY HEREBY DISCLOSES TO BORROWER IN WRITING THAT UNDER SECTION 2955.5 OF THE CALIFORNIA CIVIL CODE:

"No lender shall require a borrower, as a condition of receiving or maintaining a loan secured by real property, to provide hazard insurance coverage against risks to the improvements on that real property in an amount exceeding the replacement value of the improvements on the property."

(b) Subject to the rights of senior lienholders, effective on the occurrence of any Event of Default, all of Borrower's right, title and interest in all policies of property insurance and any unearned premiums paid are assigned to the Beneficiary, who may assign them to any purchaser of the Property at any foreclosure.

4.3 Payment of Taxes and Utility Charges. To pay, at least ten (10) days prior to delinquency, all taxes and assessments, both general and special, fines, penalties, levies and charges of every type or nature levied upon or assessed against any part of the Property or upon Trustee's or the Beneficiary's interest in the Property. The Borrower shall have the right to contest in good faith any such amounts but in no event shall Borrower allow penalties or such other charges accrue because of late payments.

4.4 Payment and Discharge of Liens. Borrower shall pay, when due, all claims of every kind and nature which might or could become a lien on the Property or any part thereof and shall not at any time create or allow to exist any lien on the Property or any part thereof of any kind or nature other than this Deed of Trust; provided, however, that the following are excepted from this prohibition: (a) liens for taxes and assessments which are not delinquent although by law are given the status of a lien; (b) such of the above claims as are, and only during the time they are being contested by Borrower in good faith and by appropriate legal proceedings; and (c) those matters affecting title which appeared in the title insurance policy or binder delivered to the Beneficiary at the time of recording of this Deed of Trust or which have at any time been consented to in writing by the Beneficiary. Borrower shall post security for the payment of these contested claims as may be requested by the Beneficiary.

4.5 Rights of Beneficiary to Remedy Defaults. If Borrower defaults in payment of any tax, assessment, lien, encumbrance, claim, insurance premium, or any other proper charge, in whole or in part, or defaults in the performance of any of the Secured Obligations, the Beneficiary at any time and from time to time, with or without notice to or demand upon Borrower, may make such payments or perform any such acts required of Borrower, to such extent and in any form or manner deemed expedient by the Beneficiary, and pay any other sums, expenses and charges, including attorney fees, necessary to protect the Property and the lien of this Deed of Trust, without incurring any obligation so to do or releasing Borrower from any obligations and without waiving or curing any default. The Beneficiary shall be the sole judge of the validity, priority, and amount of any such tax, assessment, lien, premium, claim or charge so paid by it, and the necessity for the performance by the Beneficiary of any such obligation which Borrower was required but

failed to perform. The Beneficiary, at its option, shall be subrogated to any tax, assessment, lien, premium, claim or charge which it has paid under these provisions and any such subrogation rights shall be additional and cumulative security to those set forth in the Secured Obligations. In the event that the Property is or becomes encumbered by liens or deed(s) of trust other than this Deed of Trust, then a default under such other lien or deed(s) of trust shall constitute a default under this Deed of Trust.

4.6 Repayment to the Beneficiary. Upon the Beneficiary's payment of any tax, assessment, lien, encumbrance, claim, insurance premium or other charge which Borrower fails to pay, or upon the Beneficiary's performance of any obligation which Borrower fails to perform, all as set forth in paragraph 4.5 above, the amount so paid or the cost of performing any such obligation, together with other sums paid or incurred by the Beneficiary, including charges, expenses and reasonable attorney fees relating to or growing out of such default, with interest thereon from date of payment at the rate of the lesser of: (a) the maximum rate permitted by law; or (b) ten percent (10%) per annum, shall be paid by Borrower to the Beneficiary upon written demand. For the purposes of this paragraph 4.6, the term ". . . charges, expenses and attorney fees relating to or growing out of such default . . ." shall include but not necessarily be limited to the cost of obtaining, after the filing of a notice of default but prior to the foreclosure sale, a "Phase I" environmental site assessment of the Property by a qualified environmental professional and, if warranted in the opinion of such professional, a "Phase II" assessment. The aggregate of all such amounts, including interest, shall be secured by the lien of this Deed of Trust.

4.7 Defense of Actions and Payment of Costs. Borrower shall appear in and defend all actions and proceedings purporting to affect the Property or any right or power of the Beneficiary or Trustee hereunder, provided that the Beneficiary and Trustee, or either of them, may appear in and defend any such action or proceeding and the Beneficiary is authorized to pay, purchase or compromise on behalf of Borrower any lien or claim which in its judgment appears to or purports to affect the security of or to be superior to this Deed of Trust. Borrower shall pay on demand all sums so expended and all charges, expenses and attorney fees incurred, with interest from the date of expenditure at the lesser amount of: (a) the maximum rate permitted by law; or (b) ten percent (10%) per annum. Borrower shall give the Beneficiary prompt written notice in writing of: (i) the assertion of any claim; (ii) the filing of an action or proceeding; (iii) the occurrence of any damage to any of the Property; (iv) any condemnation; and (v) any other material nonmonetary default.

5. IT IS MUTUALLY AGREED THAT:

5.1 Awards and Damages. Subject to the rights of senior lienholders, all judgments, awards of damages, settlements and compensation made in connection with or in lieu of: (a) taking of all or any part of, or any interest in the Property by or under assertion of the power of eminent domain; (b) any damage to or destruction of the Property, or any part thereof by insured casualty; and (c) any other injury or damage to all or any part of the Property, are hereby assigned to and shall be paid to the Beneficiary. The Beneficiary is authorized and empowered (but not required) to collect and receive any such sums, and is authorized to apply them in whole or in part upon any indebtedness or obligation secured hereby, in such order and manner as the Beneficiary shall determine at its option. Subject to the rights of senior lienholders, the Beneficiary shall be entitled to settle and adjust all claims under insurance policies provided under this Deed of Trust and may deduct and retain from the proceeds of such insurance the amount of all expenses incurred by it in

connection with any such settlement or adjustment. All or any part of the amounts so collected and recovered by the Beneficiary may be released to Borrower upon such conditions as the Beneficiary may impose for its disposition. Application of all or any part of the amounts collected and received by the Beneficiary or the release thereof shall not cure or waive any default under this Deed of Trust.

Notwithstanding the foregoing, and except as stated below, the Beneficiary shall permit the Borrower to use amounts received as a consequence of any event described in subparagraphs 5.1(a) and 5.1(b) to restore the Property to its condition immediately preceding the event subject to the following conditions: within forty-five (45) days (or such longer period as may be necessary in the Beneficiary's reasonable discretion) after any event described in subparagraphs 5.1(a) or 5.1(b) above, Borrower shall deliver to the Beneficiary, in form and substance reasonably satisfactory to the Beneficiary: (i) a written plan for the repair, restoration or replacement of the Property (any such repair, restoration or replacement being referred to as a "**Restoration**"), including the estimated cost of the Restoration and schedule of completion; (ii) if requested by the Beneficiary, a copy of the plans and specifications for the Restoration; (iii) if required by any senior lender, a performance bond and labor and material payment bond for the work acceptable to the Beneficiary; (iv) evidence acceptable to the Beneficiary that after completion of the work, the income from the Property will be sufficient to pay all expenses of the Property; (v) evidence acceptable to the Beneficiary that upon completion of the work, the size, capacity, quality, value and general utility of the Property will be equal to or greater than the condition of the Property before the casualty occurred; (vi) evidence of satisfaction of any additional conditions or requirements that the Beneficiary may establish to protect its security; and (vii) such other documents and information relating to the Restoration as the Beneficiary may request. However, if the Borrower fails to meet any of the conditions listed in this subparagraph, or the amounts received as a consequence of any event described in subparagraphs 5.1(a) and 5.1(b) are insufficient to restore the Property to its condition immediately preceding the event, or if the Beneficiary determines that its security interest in the Property is substantially impaired, then subject to the rights of senior lienholders, the Beneficiary may, in its sole discretion, apply such sums, in whole or in part, to any indebtedness or obligations secured hereby.

5.2 Sales and Encumbrances Prohibited. Except as expressly provided in the Regulatory Agreement, Borrower shall not make any sale, assignment or conveyance, or transfer in any other form, nor any further pledge, encumbrance or mortgaging, of the Property, or any part thereof or of any of its interest therein, without the prior written consent of the Beneficiary, which consent may be granted or withheld in the sole unfettered discretion of the Beneficiary, and may be conditioned upon the satisfaction of such terms and conditions as the Beneficiary may prescribe.

5.3 Sale or Forbearance. No sale of the Property, forbearances on the part of the Beneficiary or extension of the time for payment of the indebtedness hereby secured shall operate to release, discharge, waive, modify, change or affect the liability of Borrower either in whole or in part.

5.4 Late Payment. The Beneficiary's acceptance of late payment of any sum shall not constitute a waiver of its rights to require prompt payment when due of all other indebtedness, or to declare a default for any failure so to pay, or to proceed with foreclosure or sale for any other default then existing. The Beneficiary's acceptance of partial payment of any sum after default

shall not cure such default or affect any notice of default unless such notice of default is expressly revoked in writing by the Beneficiary.

5.5 The Beneficiary's Rights to Release. Without affecting the liability of any person for payment of any indebtedness hereby secured (other than any person released pursuant hereto), including without limitation any one or more endorsers or guarantors, and without affecting the lien hereof upon any of the Property not released pursuant hereto, at any time and from time to time without notice: (a) the Beneficiary may, at its sole discretion: (i) release any person now or hereafter liable for payment of any or all such indebtedness; (ii) extend the time for or agree to alter the terms of payment of any or all of such indebtedness; and (iii) release or accept additional security for such indebtedness, or subordinate the lien or charge hereof; and Trustee, acting pursuant to the written request of the Beneficiary, may reconvey all or any part of the Property, consent to the making of any map or plat thereof, join in granting any easement thereon, or join in any such agreement of extension or subordination.

5.6 Reconveyance. Upon a sale of the Property in accordance with the Regulatory Agreement between Borrower and Beneficiary or the lapse of 45 years from the date of initial sale of the Property by Habitat for Humanity Inland Empire, Inc., Beneficiary shall reconvey this Deed of Trust with respect to the Property and improvements thereon provided that (except in the case of the lapse of 45 years) a new promissory note and deed of trust and Regulatory Agreement executed by the new buyer in favor of Beneficiary is delivered, and such deed of trust and Regulatory Agreement is recorded against said home (as contemplated by the Regulatory Agreement), and such new Regulatory Agreement is not subordinate or subordinated to any deeds of trust. Additionally, upon written request of the Beneficiary stating that all sums and obligations secured hereby have been discharged, or otherwise as requested in writing by the Beneficiary, and upon surrender of this Deed of Trust and the Promissory Note and any additional loan notes to Trustee for cancellation, and upon payment to Trustee of its fees and expenses, Trustee shall reconvey, without warranty, the Property or that part thereof then held hereunder. The recitals in any reconveyance shall be conclusive proof of their truthfulness and the grantee in any such reconveyance may be described "as the person or persons legally entitled thereto." When the Property has been fully reconveyed, the last such reconveyance shall operate as a reassignment of all of the rents, royalties, issues, accounts and profits of the Property to the person or persons legally entitled thereto unless such reconveyance expressly provides to the contrary.

5.6 Events of Default. Any one or more of the following events shall constitute a default under this Deed of Trust, subject to any notice and/or cure period provided for in the Loan Documents: (a) uncured default under the Regulatory Agreement; (b) failure of the Borrower to pay the indebtedness secured hereby or any installment thereof, whether principal, interest or otherwise, when and as the same become due and payable, whether at maturity or by acceleration or otherwise; or (c) failure of Borrower to observe or to perform any covenant, condition or agreement to be observed or performed by Borrower pursuant to the Secured Obligations; or (d) any representation or warranty made by the Borrower proves to be intentionally false or misleading in any material respect; or (e) bankruptcy or insolvency of Borrower; or (f) the occurrence of any event which, under the terms of the Secured Obligations, shall entitle the Beneficiary to exercise the rights or remedies thereunder.

Notwithstanding the foregoing, other than the failure to pay principal or interest due under the Promissory Note, and any failure to cure a default under the Regulatory Agreement not cured within any applicable cure period specified therein, Borrower shall have the right to cure any default, under this Deed of Trust within thirty (30) days of written notice or within any period provided by statute, whichever is longer.

5.7 Acceleration and Sale.

(a) Acceleration. In the event of any default as set forth in paragraph 5.6 above, the Beneficiary, without demand on Borrower, may declare all sums hereby secured immediately due and payable by notice thereof to Borrower or by executing and recording or by causing the Trustee to execute and record a notice of default and election to cause the Property, and any personal property secured hereby, either separately or together, to be sold to satisfy the obligations secured hereby or by the commencement of an appropriate action to foreclose this Deed of Trust or by any other appropriate manner;

(b) Sale. After delivery to Trustee of a notice of default and demand for sale and after the expiration of such time and the giving of such notice of default and sale as may then be required by law, and without demand on Borrower, Trustee shall sell the Property at the time and place of sale fixed by it in said notice of sale, either as a whole or in separate parcels and in such order as it may determine, at public auction to the highest bidder for cash in lawful money of the United States of America, payable at time of sale. Trustee may postpone sale of all or any portion of the Property by public announcement at such time and place of sale and from time to time thereafter may postpone such sale by public announcement at the time and place fixed by the preceding postponement. Any person, including Borrower, Trustee or the Beneficiary, may purchase at such sale. Upon such sale by Trustee it shall deliver to such purchaser its deed conveying the Property so sold, but without any covenant or warranty expressed or implied.

The recitals in such deed of any matters or facts shall be conclusive proof of their truthfulness. Upon sale by Trustee, and after deducting all costs, expenses and fees of Trustee and of this Deed of Trust, Trustee shall apply the proceeds of sale to the payment of the principal indebtedness hereby secured, whether evidenced by the Promissory Note or otherwise, or representing advances made or costs or expenses paid or incurred by the Beneficiary under this Deed of Trust, or the Secured Obligations or any other instrument evidencing or securing any indebtedness hereby secured and to the payment of all other sums then secured hereby, including interest as provided in this Deed of Trust, the Secured Obligations or any other such instrument, in such order as the Beneficiary shall direct; and then the remainder, if any, shall be paid to the person or persons legally entitled thereto.

5.8 Entry Possession and Receivership. In the event of any default hereunder that has not been cured following written notice and expiration of the applicable cure period, and irrespective of whether the Beneficiary accelerates the maturity of all indebtedness secured hereby or files a notice of default hereunder, the Beneficiary at any time, without notice of demand or regard to the adequacy of any security for the indebtedness and obligations hereby secured, in person, or by any agent or employee, or by receiver appointed by court, may enter upon and take the possession of the Property or any part thereof and Borrower agrees to surrender such possession to the Beneficiary, and perform any acts, including the right to rent, lease, operate and maintain

any part of all of the Property, which the Beneficiary deems necessary or proper to conserve the Property, and may sue for or otherwise collect and receive all rents, royalties, issues, accounts and profits thereof, including those past due as well as those accruing thereafter. Borrower hereby presently assigns to the Beneficiary, absolutely and regardless of possession of the Property, all rents and other monies now due or hereafter to become due under any lease or agreement or otherwise for the use or occupation of all or any part of the Property, now existing or hereafter made, reserving to Borrower only the right, prior to any such default, to collect and retain such rents as they become due, but not otherwise. Borrower shall on demand execute such further assignments to the Beneficiary of any or all such leases, agreements, rents or monies as the Beneficiary may require, and deliver to the Beneficiary a fully executed original of any or all such leases or agreements. The Beneficiary, in person, or by any agent, employee or receiver, may also take possession of, and for these purposes use, any and all of Borrower's personal property contained in or on the Property and used by Borrower in the operation, rental or leasing thereof or any part thereof. The expenses (including, but not limited to, receiver's fees, attorney fees and agent's compensation) incurred by the Beneficiary pursuant to the power herein contained shall be secured hereby. The Beneficiary may bring or defend any legal action in connection with the Property, as it may deem proper, and may, from time to time, make all necessary or proper repairs, replacements and alterations to the Property, as to it may seem judicious, and may insure and reinsure the same, and may lease the Property or any part or parts thereof in such parcels and for such periods and on such terms as to it may seem fit, including leases for terms expiring after the maturity of the indebtedness hereby secured, and may terminate and lease for any cause which would entitle Borrower to terminate it. After deducting the expenses of managing and operating the same and all maintenance, repairs, replacements and alterations and all payments which may be made for taxes, assessments, liens, claims, insurance premiums, or other proper charges of the Property or any part thereof, including fair and reasonable compensation for attorneys and for agents employed by the Beneficiary to manage and operate the Property, the Beneficiary may apply any and all remaining funds to the payment of the indebtedness hereby secured in such order and proportion as the Beneficiary may determine. Neither application of said amounts to such indebtedness nor any other action taken by the Beneficiary under this subparagraph shall cure or waive any default hereunder or nullify the effect of any such notice of default or invalidate any act done pursuant to such notice or any cause of action to foreclose this Deed of Trust. The right to enter and take possession of the Property, to manage and operate the same, and to collect the rents, issues and profits thereof, whether by a receiver or otherwise, shall be in addition to any other right or remedy hereunder or afforded by law, and may be exercised concurrently therewith or independently thereof. The Beneficiary shall be liable to account only for such rents, royalties, issues, accounts and profits actually received by it.

5.9 Attorneys' Fees. If Trustee or the Beneficiary shall be made parties to or shall intervene in any action or proceeding affecting the Property or the title thereto or the interest of Trustee or the Beneficiary under this Deed of Trust, or if the Beneficiary employs an attorney to collect any or all of the indebtedness hereby secured or to foreclose this Deed of Trust, or authorizes Trustee to conduct trustee's sale proceedings hereunder, then Trustee and the Beneficiary shall be reimbursed by Borrower, immediately and without demand, for all reasonable costs, charges and attorney fees incurred by them or either of them in any such case whether or not suit be commenced, and the same, together with interest thereon from the date of payment at the rate of the lesser of: (a) the maximum rate permitted by law; or (b) ten percent (10%) per annum, shall be secured hereby as provided in paragraphs 4.5, 4.6, and 4.7.

5.10 Exercise of Remedies; Delay. No exercise of any right or remedy by the Beneficiary or Trustee hereunder shall constitute a waiver of any other right or remedy herein contained or provided by law, and no delay by the Beneficiary or Trustee in exercising any such right or remedy hereunder shall operate as a waiver thereof or preclude the exercise thereof during the continuance of any default hereunder.

5.11 Trustee Substitution. The irrevocable power to appoint a substitute trustee or trustees hereunder is hereby expressly granted to the Beneficiary, to be exercised at any time hereafter, without specifying any reason therefor by filing for record in the office where this Deed of Trust is recorded a deed of appointment, and said power of appointment of successor trustee or trustees may be exercised as often as and whenever the Beneficiary deems advisable. The exercise of said power of appointment, no matter how often, shall not be deemed an exhaustion thereof, and upon recording of such deed or deeds of appointment, the trustee or trustees so appointed shall thereupon, without further act or deed of conveyance, succeed to and become fully vested with identically the same title and estate in and to the Property hereby conveyed and with all the rights, powers, trusts and duties of the predecessor in the trust hereunder, with the like effect as if originally named as trustee or as one of the trustees.

5.12 Uniform Commercial Code Security Agreement, Financing Statement and Fixture Filing.

(a) This Deed of Trust is a security agreement and financing statement under the Uniform Commercial Code for the benefit of the Beneficiary as secured party for any of the items specified above as part of the Property which, under applicable law, may be subject to a security interest pursuant to the Uniform Commercial Code, and Borrower hereby grants the Beneficiary a security interest in said items. This Deed of Trust is filed as a fixture filing and covers goods which are or are to become fixtures. The address of the Beneficiary (secured party) from which information concerning the security interest may be obtained and the mailing address of Borrower (debtor) are set forth in this Deed of Trust. The types or items of collateral are described in paragraph 1 of this Deed of Trust. Borrower agrees that the Beneficiary may file any appropriate document in the appropriate index as a financing statement for any of the items specified above as part of the Property. In addition, Borrower agrees to execute and deliver to the Beneficiary, upon the Beneficiary's request, and further authorizes the Beneficiary to file, with or without Borrower's signature, any financing statements, as well as extensions, renewals and amendments thereof, and reproductions of this instrument in such form as the Beneficiary may require to perfect a security interest with respect to said items. Borrower shall pay all costs of filing such financing statements and any extensions, renewals, amendments, and releases thereof, and shall pay all reasonable costs and expenses of any record searches for financing statements, and releases thereof, as the Beneficiary may reasonably require. Without the prior written consent of the Beneficiary, Borrower shall not create or suffer to be created pursuant to the Uniform Commercial Code any other security interest in said items, including replacements and additions thereto, except as otherwise expressly permitted in the Loan Documents. Upon an acceleration as provided in paragraph 5.8, the Beneficiary shall have the remedies of a secured party under the Uniform Commercial Code and, at the Beneficiary's option, may also invoke the other remedies provided in this Deed of Trust and Loan Documents as to such items. In exercising any of said remedies, the Beneficiary may proceed against the items of real property and any items of personal property specified above as part of the Property separately or together and in any order whatsoever,

without in any way affecting the availability of the Beneficiary's rights or remedies under the Uniform Commercial Code or of the other remedies provided in this Deed of Trust, in the Loan Documents, or by law.

Borrower agrees that the filing of any financing statement in the records normally having to do with personal property shall not be construed as anywise derogating from or impairing this Deed of Trust and the intention of the parties hereto that those portions of the Property herein declared part of the real estate are, and at all times and for all purposes and in all proceedings both legal or equitable shall be, regarded as part of the real estate irrespective of whether any such item is physically attached to the improvements or any such item is referred to or reflected in any such financing statement so filed at any time.

(b) Similarly, the mention in any such financing statement of (i) compensation for damage to or destruction of the Property by insured casualty, or (ii) any judgment, award, or other compensation for a taking of the Property by eminent domain, or (iii) the rents, royalties, issues, accounts and profits of the Property under leases, shall never be construed as altering in any manner any of the Beneficiary's rights as determined by this Deed of Trust or impugning the priority of the Beneficiary's lien granted hereby or by any other recorded document, but such mention in the financing statement is declared to be for the protection of the Beneficiary in the event that any court or judge shall at any time hold with respect to (i), (ii) or (iii) of this paragraph that notice of the Beneficiary's priority of interest to be effective against a particular class of person, including without limitation the federal government or any subdivision or entity thereof, must be filed as provided for in the Uniform Commercial Code.

5.13 Remedies Cumulative. No remedy herein contained or conferred upon the Beneficiary or Trustee is intended to be exclusive of any other remedy or remedies afforded by law or by the terms hereof to the Beneficiary or Trustee but each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity.

5.14 Successors, Assigns, Gender, Number. The covenants and agreements herein contained shall bind, and the benefit and advantages shall inure to, the respective heirs, executors, administrators, successors and assigns of the parties. Wherever used, the singular number shall include the plural, and the plural the singular, and the use of any gender shall be applicable to all genders.

5.15 Headings. The headings are inserted only for convenience of reference and in no way define, limit, or describe the scope or intent of this Deed of Trust, or of any particular provision thereof, or the proper construction thereof.

5.16 Actions on Behalf of the Beneficiary. Except as otherwise specifically provided herein, whenever any approval, notice, direction, consent, request or other action by the Beneficiary is required or permitted under this Deed of Trust, such action shall be in writing.

5.17 Terms. The words "the Beneficiary" means the Beneficiary or any future owner or holder, including pledgee, of the indebtedness secured hereby.

5.18 Obligations of Borrower. If more than one person has executed this Deed of Trust as "Borrower," the obligations of all such persons hereunder shall be joint and several.

5.19 Miscellaneous Provisions.

(a) Beneficiary Statement. The Beneficiary shall charge a fee for furnishing the statement in accordance with California Civil Code Section 2943.

(b) Severability. If any provision of this Deed of Trust shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions hereof shall not in any way be affected or impaired.

(c) Indemnification. Borrower shall indemnify and hold the Beneficiary, its officers and agents, harmless against any and all losses, claims, demands, penalties and liabilities which the Beneficiary, its officers or agents may sustain or suffer by reason of anything done or omitted in good faith pursuant to or in connection with this Deed of Trust and not assert any claim against the Beneficiary, its officers or agents by reason of any action so taken or omitted. Borrower shall, at Borrower's expense, defend, indemnify, save and hold the Beneficiary, its officers and agents harmless from any and all claims, demands, losses, expenses, damages (general, punitive or otherwise), causes of action (whether legal or equitable in nature) asserted by any person, firm, corporation or other entity arising out of this Deed of Trust. Borrower shall pay the Beneficiary upon demand all claims, judgments, damages, losses or expenses (including reasonable legal expense) incurred by the Beneficiary as a result of any legal action arising out of this Deed of Trust. Notwithstanding the foregoing, the Borrower shall not be obligated to indemnify the Beneficiary against loss to the extent resulting from the active negligence or willful misconduct of the Beneficiary.

(d) Estoppel Certificate. When requested by the Beneficiary, from time to time, the Borrower shall execute an estoppel certificate in favor of the Beneficiary, which certificate shall certify as to the absence of any default by the Beneficiary in the performance of its obligations hereunder or, if any such defaults exist, their existence as of the date of the certificate.

(e) Set-off. Borrower shall not, under any circumstances, fail or delay to perform (or resist the enforcement of) any of its obligations to the Beneficiary in connection with this Deed of Trust or any other contract, note or instrument executed by Borrower in favor of the Beneficiary because of any alleged offsetting claim or cause of action against the Beneficiary (or any indebtedness or obligation of the Beneficiary) which has not been confirmed in a final judgment of a court of competent jurisdiction (sustained on appeal, if any) against the Beneficiary. Borrower hereby waives any such rights of set-off (or offset) which it might otherwise have with respect to any such claims or causes of action against the Beneficiary or any such obligations or indebtedness of the Beneficiary, unless and until such right of set-off (or offset) is confirmed and liquidated by such final judgment. Borrower further waives any right which it might otherwise have (if any) to require a marshalling of any security of the Beneficiary, or to direct the order in which the Beneficiary pursues its rights or remedies with respect to any of its security.

5.20 Priority. This Deed of Trust, regardless of order of recordation, is junior and subordinate to the Regulatory Agreement recorded substantially contemporaneously herewith.

IN WITNESS WHEREOF, Borrower has executed this Deed of Trust on the day and year set forth above. Borrower shall be deemed to have requested that a copy of any notice of default and of any notice of sale hereunder be mailed to it at its address in the first paragraph of this Deed of Trust.

BORROWER:

HABITAT FOR HUMANITY INLAND VALLEY, INC.

By: _____
Tammy Marine, Executive Director

Exhibit A - Legal Description

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

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

State of California)
County of)

On _____, before me, _____,
(insert name and title of the officer)

Notary Public, personally appeared _____,
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 _____

(Seal)

EXHIBIT "A"

DESCRIPTION OF LAND

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY OF TEMECULA, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA AND IS DESCRIBED AS FOLLOWS:

LOT 5 OF BLOCK 34 OF THE TOWNSITE OF TEMECULA, IN THE CITY OF TEMECULA, COUNTY OF RIVERSIDE, STATE OF California, AS SHOWN BY MAP ON FILE IN BOOK 15, PAGE 726 OF MAPS, RECORDS OF SAN DIEGO COUNTY, CALIFORNIA.

TOGETHER WITH THAT PORTION OF AN ANNEXED STREET ADJACENT AND ON THE SOUTH SIDE OF SAID LOTS, AS VACATED BY RESOLUTION FILED DECEMBER 8,1936 IN BOOK 304, PAGE 356 OF OFFICIAL RECORDS OF RIVERSIDE COUNTY, CALIFORNIA.

(APN: 922-062-016)

AND

LOT 6 OF BLOCK 34 OF THE TOWNSITE OF TEMECULA, IN THE CITY OF TEMECULA, COUNTY OF RIVERSIDE, STATE OF California, AS SHOWN BY MAP ON FILE IN BOOK 15, PAGE 726 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

TOGETHER WITH THAT PORTION OF AN ANNEXED STREET ADJACENT AND ON THE SOUTH SIDE OF SAID LOT AS VACATED BY RESOLUTION FILED DECEMBER 8,1936 IN BOOK 304, PAGE 356 OF OFFICIAL RECORDS OF RIVERSIDE COUNTY, CALIFORNIA.

(APN: 922-062-010)

EXHIBIT “K”

FORM OF BUYER REGULATORY AGREEMENT

(Attached.)

RECORDING REQUESTED BY,
AND WHEN RECORDED MAIL TO:

City of Temecula
41000 Main Street
Temecula, CA 92590
Attn: City Manager

With copies to:

Habitat for Humanity Inland Valley, Inc.
27475 Ynez Road, # 390
Temecula, CA 92591
Attn: Executive Director

and to:

APN:

SPACE ABOVE THIS LINE FOR
RECORDER'S USE

Recording Fee: Exempt pursuant to California Government Code Section 27383.

AFFORDABLE HOUSING COVENANT AND REGULATORY AGREEMENT

THIS AFFORDABLE HOUSING COVENANT AND REGULATORY AGREEMENT (this "Agreement") is dated as of _____, 2023 and is entered into by and among the _____ (the "Owner") and the CITY OF TEMECULA ("CITY") and HABITAT FOR HUMANITY INLAND VALLEY, INC., a California nonprofit public benefit corporation ("Habitat").

RECITALS

A. This Agreement is executed, delivered and recorded under and in accordance with a Disposition and Development Agreement between the Owner and the City ("DDA") because the land sold by City to Habitat pursuant to such DDA was purchased with low income set aside funds, and all or a portion of a construction loan being made by City to Developer under the DDA is being made with low income set aside funds.

B. However, this Agreement is also intended to constitute, and shall also serve as a "density bonus agreement" in connection with any density bonus zoning/land use concessions granted by the CITY for the housing project developed by Habitat that include the Affordable Unit encumbered by this Agreement, and consequently, shall **not** be recorded after, or subordinate (or

subordinated) to, any deeds of trust, including without limitation any deed of trust securing any purchase money loan in favor of Owner.

NOW, THEREFORE, THE PARTIES HERETO AGREE AS FOLLOWS:

1. **Definitions.** For purposes of this Agreement, the terms listed below shall have the meanings hereinafter specified.

(a) **Affordable Housing Cost** means a housing cost which does not exceed the limits set forth in California Health and Safety Code Section 50052.5(b), as amended from time to time and the applicable regulations for such statute, and for the purposes hereof, the term “housing cost” shall include association fees and shall otherwise have the meaning ascribed to such term in Title 25 of the California Code of Regulations Section 6920, as such regulation may be amended from time to time, and the term “Gross Income” shall have the meaning ascribed to such term in Title 25 of the California Code of Regulations Section 6914, as such regulation may be amended from time to time, or other applicable regulations.

(b) **Homeowner** or **Owner** means any person (or persons) who has (or have) purchased the Affordable Unit.

(c) **Tenant** means any person (or persons) who has (or have) leased the Affordable Unit; any such lease shall be a breach and violation of this Agreement, as the Affordable Unit must be and remain owner-occupied.

(d) **Term** means forty-five (45) years from the date of recording hereof.

(e) **[FOR ONE UNIT:] [Low Income Household** means a person, family or household that meets the income qualification limits set forth in California Health and Safety Code Section 50079.5 (not more than 80% of AMI, adjusted for family size appropriate to the unit) Title 25 of the California Code of Regulations Section 6910, et seq., as such statutes and regulations may be amended from time to time, and any successor statutes and regulations thereto.]

[FOR THE OTHERS:]

[Very Low Income Household means a person, family or household that meets the income qualification limits set forth in California Health and Safety Code Section 50105 (not more than 50% of AMI, adjusted for family size appropriate to the unit), and Title 25 of the California Code of Regulations Section 6910, et seq., as such statutes and regulations may be amended from time to time, and any successor statutes and regulations thereto.]

2. **Restrictions on Sale, Lease, Transfer.** Owner shall not sell, convey or transfer any of the Affordable Units or enter into an agreement to do so, except as expressly permitted by the terms of this Agreement. There shall be no leasing of the Affordable Unit; Homeowner must occupy the Affordable Unit as its sole residence.

3. **Covenants to Maintain Affordability and Occupancy.** During the Term, sales of the Affordable Units by any Homeowner (i.e., any owner of the Affordable Unit who buys an Affordable Unit after the date of this Agreement) shall be to a [Low Income

Household] [OR] [Very Low Income Household] at a sales price that results in an Affordable Housing Cost for that household, as applicable.

4. **Sale/Resale Price Controls and Procedures.**

(f) Owner shall notify any proposed purchaser in writing prior to the proposed purchaser's execution of escrow instructions, purchase and sale agreement or similar agreement, whichever is earliest, that the title to the Affordable Unit is and will be restricted in the manner described herein, and shall deliver a copy of this recorded Agreement to the purchaser at that time. Owner shall deliver to Habitat and CITY a copy of such written notification.

(g) For the purpose of confirming that a proposed purchaser is a Very Low Income Household or a Low Income Household (as applicable) that will be paying a purchase price that is in compliance with the terms hereof, the Owner shall notify Habitat and the City in writing of any offer from a prospective purchaser which the Owner intends to accept, and shall provide Habitat and the CITY with the following:

- (i) Name and address of the purchaser.
- (ii) Number of persons comprising the purchaser's household and their names and ages.
- (iii) Proposed purchase price of the Affordable Unit, and any other consideration for the purchase of the Affordable Unit.
- (iv) Amount of down payment.
- (v) Terms of any loan that will be used by the purchaser to finance the purchase of the Affordable Unit, including, but not limited to, principal, interest rate, term, and loan fees.
- (vi) Closing date.
- (vii) Aggregate annual income of the purchaser's household.
- (viii) Most recent federal and state income tax returns of the purchaser and all other members of the purchaser's household for the preceding two (2) calendar years, and verification of the proposed purchaser's salary or wages from the purchaser's employer.
- (ix) Copy of any proposed purchase and sale agreement, escrow instructions, loan application, and other agreements between the Owner and Homeowner/proposed purchaser relating to the Affordable Unit.
- (x) A written statement signed by the proposed purchaser that the Affordable Unit will be occupied by the purchaser and used as his or her primary residence, and that the Affordable Unit will not be leased.

(xi) Any and all other deeds of trust, promissory notes and any other documents that are contemplated by such purchase agreement or otherwise required by Owner of the applicable Homeowner/purchaser in connection with the sale, for reasonable approval by the Habitat.

(h) Habitat and the City Manager of the CITY may require the purchaser to submit other written documentation to verify the information set forth herein and to determine that the income and Affordable Housing Cost restrictions of this instrument shall be satisfied. If Habitat and City receive all such information, within 21 days of Habitat's receipt of same, then Habitat shall determine whether the prospective purchaser is qualified to purchase the Affordable Unit and shall thereafter notify the Owner and City in writing that the prospective sale is authorized and approved, or that the prospective purchaser does not qualify to purchase the Affordable Unit or that the sales price does not constitute an Affordable Housing Cost.

(i) If Habitat notifies the Owner and City that the proposed sale is authorized and approved, the Owner shall proceed to complete the sale of the Affordable Unit within sixty (60) days after the date of such approval, and shall send Habitat and City a copy of the escrow instructions and purchase agreement, and a copy of the recorded deed, and any deeds of trust and promissory notes they secure, promptly after the close of escrow.

(j) If Habitat or the City Manager notifies the Owner that the proposed sale does not comply with this Agreement, then the sale shall not occur.

5. **Remedies.** In addition to all of its rights and remedies available for Owner's breach of this Agreement, upon a breach of this Agreement by any Homeowner, CITY may demand payment of the outstanding principal and accrued interest under the Promissory Note executed by Owner in favor of City. CITY and Habitat may also obtain specific performance of this Agreement and/or injunctive relief, and may evict any tenant, it being understood that no leasing is permitted, and the Property must be and remain owner-occupied. Each of City and Habitat may exercise remedies without the involvement or consent of the other.

6. **Successors and Assigns; Covenants to Run With the Land.** The covenants and restrictions contained herein shall run with the land for the term of this Agreement and shall be a burden upon each Affordable Unit and shall be enforceable by the CITY and Habitat against each Owner/Homeowner and the successors-in-interest of the Owner/Homeowner, and all tenants of an Affordable Unit.

7. **Independent and Severable Provisions.** In the event that any provision of this instrument is held by a court of competent jurisdiction to be unenforceable or invalid, such holding shall not render unenforceable any other provision hereof, each provision hereof being expressly severable and independently enforceable to the fullest extent permitted by law.

8. **Further Assurances.** The CITY, Habitat, and any Homeowner/Owner, or any successor-in-interest or tenant shall execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such further instruments and agreements and do

such further acts as may be necessary, desirable or proper to carry out the purposes of this Agreement.

9. **No Waiver.** No waiver by the CITY or Habitat of its rights hereunder, or of any breach by the Owner/Homeowner of any covenant, restriction, or condition herein contained, shall be effective unless such waiver is in writing, signed by the CITY or Habitat, as applicable, and delivered to the Owner/ Homeowner, as applicable. Any waiver by the CITY or Habitat of its power to terminate any covenant, restriction, or condition herein contained, or the failure by the CITY or Habitat to exercise any right or remedy with respect to any breach or breaches, shall not constitute a waiver or relinquishment for the future of any rights regarding subsequent sales, or of any such covenant or condition nor bar any right or remedy of the CITY or Habitat in respect of any subsequent breach.

10. **Notices.** All notices to be delivered to the parties pursuant to the terms hereof shall be in writing and shall be delivered in person or by certified mail, return receipt requested, or by reputable overnight delivery service (such as Federal Express) to the addresses listed below.

Any of the following addresses may be changed by written notice given in accordance with this Section.

City: City of Temecula
41000 Main Street
Temecula, CA 92590
Attn: City Manager

Owner/Homeowner: To the Affordable Unit.

Habitat: Habitat for Humanity Inland Valley, Inc.
27475 Ynez Road, # 390
Temecula, CA 92591
Attn: Executive Director

11. **Entire Agreement.** This instrument constitutes the entire agreement of the parties hereto, and the provisions hereof may be modified or amended only by a written instrument signed by the party to be charged.

12. **Attorneys' Fees.** In any action brought to declare the rights granted herein or to enforce or to interpret any of the terms of this Agreement, the prevailing party shall be entitled to an award of its attorneys' fees and costs.

HOMEOWNER:

Print Name: _____

Print Name: _____

HABITAT:

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

By: _____
_____, Executive Director

CITY:

CITY OF TEMECULA

By: _____
_____, City Manager

EXHIBIT "A"

DESCRIPTION OF LAND

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY OF TEMECULA, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA AND IS DESCRIBED AS FOLLOWS:

LOT 5 OF BLOCK 34 OF THE TOWNSITE OF TEMECULA, IN THE CITY OF TEMECULA, COUNTY OF RIVERSIDE, STATE OF California, AS SHOWN BY MAP ON FILE IN BOOK 15, PAGE 726 OF MAPS, RECORDS OF SAN DIEGO COUNTY, CALIFORNIA.

TOGETHER WITH THAT PORTION OF AN ANNEXED STREET ADJACENT AND ON THE SOUTH SIDE OF SAID LOTs, AS VACATED BY RESOLUTION FILED DECEMBER 8,1936 IN BOOK 304, PAGE 356 OF OFFICIAL RECORDS OF RIVERSIDE COUNTY, CALIFORNIA.

(APN: 922-062-016)

AND

LOT 6 OF BLOCK 34 OF THE TOWNSITE OF TEMECULA, IN THE CITY OF TEMECULA, COUNTY OF RIVERSIDE, STATE OF California, AS SHOWN BY MAP ON FILE IN BOOK 15, PAGE 726 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

TOGETHER WITH THAT PORTION OF AN ANNEXED STREET ADJACENT AND ON THE SOUTH SIDE OF SAID LOT AS VACATED BY RESOLUTION FILED DECEMBER 8,1936 IN BOOK 304, PAGE 356 OF OFFICIAL RECORDS OF RIVERSIDE COUNTY, CALIFORNIA.

(APN: 922-062-010)

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

State of California)
County of _____)

On _____, before me, _____,
(insert name and title of the officer)

Notary Public, personally appeared _____,
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 _____ (Seal)

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

State of California)
County of _____)

On _____, before me, _____,
(insert name and title of the officer)

Notary Public, personally appeared _____,
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 _____ (Seal)

EXHIBIT "L"

FORM OF SUBORDINATION AGREEMENT

(Attached.)

RECORDING REQUESTED BY,
AND WHEN RECORDED MAIL TO:

City of Temecula
41000 Main Street
Temecula, CA 92590
Attn: City Clerk

with a copy to:

County of Riverside
Director of HWS
3403 10th Street, Suite 300
Riverside, CA 92501

SPACE ABOVE THIS LINE FOR RECORDER'S USE

SUBORDINATION AGREEMENT

NOTICE: THIS SUBORDINATION AGREEMENT RESULTS IN YOUR DEED OF TRUST/SECURITY INTEREST IN THE PROPERTY DESCRIBED HEREIN BECOMING SUBJECT TO AND OF LOWER PRIORITY THAN ANOTHER DEED OF TRUST AND TO REGULATORY AGREEMENTS WHICH RESTRICTS THE USE AND RESALE PRICE OF YOUR REAL PROPERTY COLLATERAL AND DECREASE THE VALUE THEREOF.

THIS SUBORDINATION AGREEMENT (“Subordination Agreement”) is dated _____ 2023, and is entered into by and among, HABITAT FOR HUMANITY INLAND VALLEY, INC., a California nonprofit public benefit corporation and the owner (“Owner”) of the land described on Exhibit “A” and the improvements thereon (“Property”), the COUNTY OF RIVERSIDE, as the present owner and holder of and beneficiary under a deed of trust hereinafter described (hereinafter referred to as “County Beneficiary”), and the CITY OF TEMECULA as the present owner and holder of and beneficiary under another deed of trust hereinafter described and party to an Affordable Housing Covenant and Regulatory Agreement (hereinafter referred to as “City”).

RECITALS

A. County Beneficiary has made or intends to make a loan to Owner which will be secured by a deed of trust on the Property entitled “Deed of Trust with Assignment of Rents” (“County Deed of Trust”) recorded or to be recorded in the Official Records of Riverside County, California (“Official Records”).

B. City has made or intends to make a loan to Owner which will be secured by another deed of trust on the same Property, entitled “Deed of Trust With Assignment of Rents, Security

Agreement and Fixture Filing (“City Deed of Trust”) recorded or to be recorded in the Official Records.

C. City has required as a condition to its loan that Owner execute and record an Affordable Housing Covenant and Regulatory Agreement in favor of City on the Property (“City/Habitat Regulatory Agreement”).

D. The City and the City/Habitat Regulatory Agreement has also required that upon the sale of each of the six (6) homes on the Property by Owner, who is developing the homes for sale, each such buyer execute and record a similar Affordable Housing Covenant and Regulatory Agreement which applies specifically to the home purchased, and replaces the City/Habitat Regulatory Agreement as to that specific home (“City/Buyer Regulatory Agreement”).

E. City requires that the City Deed of Trust, the City/Habitat Regulatory Agreement and any future City/Buyer Regulatory Agreement **not** be extinguished upon a foreclosure of the County Deed of Trust, and that Owner and County Beneficiary execute, acknowledge and deliver this Subordination Agreement for recording in the Official Records in order to confirm that the County Deed of Trust will be subordinate to the City Deed of Trust, the City Regulatory Agreement and all future City/Buyer Regulatory Agreements.

F. City would not make its loan without this Subordination Agreement.

NOW, THEREFORE, in consideration of the mutual benefits accruing to the parties hereto and other valuable consideration, the sufficiency of which is hereby acknowledged, County Beneficiary confirms and agrees that the County Deed of Trust in favor of County Beneficiary is hereby subordinated to the City Deed of Trust, the City/Habitat Regulatory Agreement and all future City/Buyer Regulatory Agreements.

OWNER:

HABITAT FOR HUMANITY INLAND VALLEY,
INC.

By: _____
Tammy Marine, Executive Director

CITY:

CITY OF TEMECULA

By: _____
Aaron Adams, City Manager

COUNTY BENEFICIARY:

COUNTY OF RIVERSIDE

By: _____

Name: _____

Title: _____

EXHIBIT "A"

DESCRIPTION OF LAND

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY OF TEMECULA, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA AND IS DESCRIBED AS FOLLOWS:

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AND

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(APN: 922-062-010)

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

State of California)
County of _____)

On _____, 202__, before me, _____,
(insert name and title of the officer)

Notary Public, personally appeared _____,
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 _____

(Seal)

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

State of California)
County of _____)

On _____, 202__, before me, _____,
(insert name and title of the officer)

Notary Public, personally appeared _____,
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 _____

(Seal)

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

State of California)
County of _____)

On _____, 202__, before me, _____,
(insert name and title of the officer)

Notary Public, personally appeared _____,
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 _____

(Seal)