

RECORDED AT THE REQUEST OF

CITY OF FRESNO IN ITS CAPACITY
AS HOUSING SUCCESSOR TO THE
REDEVELOPMENT AGENCY OF THE
CITY OF FRESNO

848 M Street, Third Floor

Fresno, CA 93721

Attn: Executive Director

WHEN RECORDED RETURN TO:

City of Fresno in its capacity as Housing
Successor to the Redevelopment Agency
of the City of Fresno

848 M Street, Third Floor

Fresno, CA 93721

Attn: Marlene Murphey

(SPACE ABOVE THIS LINE FOR RECORDER'S USE)

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

CITY OF FRESNO, a municipal corporation,
in its capacity as Housing Successor to the
Redevelopment Agency

By: _____

Marlene Murphey

Its. Executive Director

Dated: _____

FIRST AMENDMENT TO DISPOSITION AND DEVELOPMENT AGREEMENT

By and Between

THE CITY OF FRESNO

a municipal corporation, in its capacity as Housing Successor
to the Redevelopment Agency of the City of Fresno

and

HOUSING AUTHORITY OF THE CITY OF FRESNO

a public body corporate and politic

FIRST AMENDMENT TO DISPOSITION AND DEVELOPMENT AGREEMENT

This First Amendment to Disposition and Development Agreement (First Amendment) is entered into on _____, 2024, by and between CITY OF FRESNO, a municipal corporation, in its capacity as Housing Successor to the Redevelopment Agency of the City of Fresno (FHS), and Housing Authority of the City of Fresno, a California public body corporate and politic (DEVELOPER).

RECITALS

WHEREAS, FHS and Developer entered into a Disposition and Development Agreement dated January 12, 2024, for the construction of 33 single-family units of affordable housing; and

WHEREAS, FHS contributed a 7.94-acre FHS-owned vacant parcel and a \$1.2 million FHS loan to assist with construction of the Project and first-time homebuyer mortgage assistance; and

WHEREAS, Developer has requested the First Amendment to increase the number of affordable units funded with FHS assistance, to revise the FHS Loan to modify loan forgiveness terms that will assist with gaps in the Project's budget due to increased costs of construction, and to modify the remaining Loan Documents to be consistent with the loan forgiveness terms.

AMENDMENT

NOW, THEREFORE, in consideration of the above recitals, which recitals are contractual in nature, the mutual promises herein contained, and for other good and valuable consideration hereby acknowledged, the parties agree to the following:

1. The Scope of Development and Basic Design attached to the Agreement as EXHIBIT "B" is deleted in its entirety and replaced with the Revised Scope of Development and Basic Design attached hereto as REVISED EXHIBIT "B" and incorporated herein.
2. The Sources and Uses attached to the Agreement as EXHIBIT "D" is deleted in its entirety and replaced with the Revised Sources and Uses attached hereto as REVISED EXHIBIT "D" and incorporated herein.
3. The Grant Deed attached to the Agreement as Exhibit "F" is deleted in its entirety and replaced with the Revised Grant Deed attached hereto as REVISED EXHIBIT "F" and incorporated herein.
4. The Developer Promissory Note attached to the Agreement as EXHIBIT "H" is deleted in its entirety and replaced with the Revised Developer Promissory Note attached hereto as REVISED EXHIBIT "H" and incorporated herein.
5. The Homebuyer Promissory Note attached to the Agreement as EXHIBIT "J" is deleted in its entirety and replaced with the Revised Homebuyer Promissory Note attached hereto as REVISED EXHIBIT "J" and incorporated herein.

6. The Homebuyer Written Agreement attached to the Agreement as EXHIBIT "L" is deleted in its entirety and replaced with the Revised Homebuyer Written Agreement attached hereto as REVISED EXHIBIT "L" and incorporated herein.
7. All capitalized terms used in this First Amendment, unless otherwise defined herein, have the meanings assigned to such terms in the Agreement.
8. Except as expressly modified and amended hereby, the Agreement shall remain in full force and effect. From and after the effective date of this First Amendment, references in the Agreement to "this Agreement" shall mean the Agreement as hereby amended.

[SIGNATURE PAGE TO FOLLOW]

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

CITY OF FRESNO,
A California municipal corporation, in its capacity as Housing Successor to the Redevelopment Agency of the City of Fresno

HOUSING AUTHORITY OF THE CITY OF FRESNO,
A public body corporate and politic

By: _____
Marlene Murphey,
Executive Director

By: Tyone Roderick Williams

Name: Tyone Roderick Williams

Title: CEO - Fresno Housing
(If corporation or LLC., Board Chair, Pres. or Vice Pres.)

APPROVED AS TO FORM:
ANDREW JANZ
City Attorney

By: _____

Name: _____

By: Tracy N. Parvanian
Tracy N. Parvanian Date
Assistant City Attorney 6-13-24

Title: _____
(If corporation or LLC., CFO, Treasurer, Secretary or Assistant Secretary)

ATTEST:
TODD STERMER, CMC
City Clerk

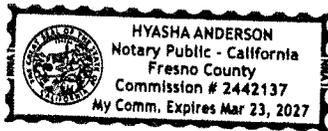
By: _____
Deputy Date

- Attachments:
Revised Exhibit "B" – Scope of Development and Basic Design
Revised Exhibit "D" – Sources and Uses
Revised Exhibit "F" – Grant Deed
Revised Exhibit "H" – Developer Promissory Note
Revised Exhibit "J" – Homebuyer Promissory Note
Revised Exhibit "L" – Homebuyer Written Agreement

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 FRESNO }
On June 13, 2024 before me, Hyasha Anderson
Date Here Insert Name and Title of the Officer
personally appeared Tyronne Roderick Williams
Name(s) of Signer(s)

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



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

WITNESS my hand and official seal.

Signature Hyasha Anderson
Signature of Notary Public

Place Notary Seal and/or Stamp Above

OPTIONAL

Completing this information can deter alteration of the document or fraudulent reattachment of this form to an unintended document.

Description of Attached Document

Title or Type of Document: _____

Document Date: _____ Number of Pages: _____

Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer(s)

Signer's Name: _____

Signer's Name: _____

Corporate Officer – Title(s): _____

Corporate Officer – Title(s): _____

Partner – Limited General

Partner – Limited General

Individual Attorney in Fact

Individual Attorney in Fact

Trustee Guardian or Conservator

Trustee Guardian or Conservator

Other: _____

Other: _____

Signer is Representing: _____

Signer is Representing: _____

REVISED EXHIBIT B

SCOPE OF DEVELOPMENT AND BASIC DESIGN

I. PRIVATE DEVELOPMENT

A. General

The Developer agrees that the Property shall be developed and improved in accordance with the provisions of this Agreement and the Basic Design approved by the Agency pursuant hereto. The Developer and its supervising architect, engineer and contractor shall work with Agency staff to coordinate the overall design, architecture, and color of the improvements on the Property.

B. Developer's Improvements

The Developer shall construct, or cause to be constructed on the Property the following:

Single family home residential community consisting of 33 homes generally ranging from three to four bedrooms. The total buildable land area square footage of the project at completion is estimated to be 48,200 square feet. Off-site improvements for the overall project will also be completed as part of this first development phase. The on-site improvements consisting of streets with improvement, lighting, and landscaping will be constructed as required by City of Fresno and Fresno Housing Successor.

C. Architecture and Design

The Developer's improvements shall be of high architectural quality, shall be well landscaped and shall be effectively and aesthetically designed. The shape, scale of volume, exterior design, and exterior finish of the building must be consonant with, visually related to, physically related to, and an enhancement of adjacent buildings within the Project Area.

D. Landscaping

Landscaping shall embellish all open spaces on the Property. Landscaping includes such materials as paving, trees, shrubs, and other plant materials, landscape containers, plaza furniture, topsoil preparation, automatic irrigation and landscape and pedestrian lighting. Landscaping shall carry out the objectives and principles of the Agency's desire to accomplish a high-quality aesthetic environment.

E. Signs

All signs on the exterior of the buildings are of special concern to the Agency and must be approved by the Agency (which approval shall not be unreasonably withheld).

F. Screening

Trash areas shall be screened on at least three (3) sides and have movable doors or other devices to obscure such area from view. All fire standpipes and such other fire related mechanical devices shall be screened with plant materials. Rooftop equipment shall be reasonably hidden so as to mitigate views from principal elevations surrounding the development.

G. Applicable Codes

The Developer's improvements shall be constructed in accordance with the Uniform Building Code (with City modifications) and the Municipal Code.

II. SITE CLEARANCE AND PREPARATION

The Developer shall perform, or cause to be performed, at its sole cost and expense, the following work:

A. On-site Clearance

On the Property, clear and grub The Property is vacant and unimproved. The Agency, as of the Effective Date is unaware of any subsurface structures, foundations, obstructions, basements, tanks, and the like.

B. Compaction, Finish Grading and Site Work

The Developer shall compact, finish grade and do such site preparation as is necessary for the construction of the Developer's improvements on the Property.

III. OFF-SITE IMPROVEMENTS

The Developer shall design, construct and install required Off-Site Public Improvements, at its sole cost and on a schedule which coordinates with the development.

IV. FUNDING AFFORDABILITY

The Project of 33 units provides 30 affordable units with income restrictions. The property was declared surplus exempt under the Surplus Land Act (SLA) which requires the 33-unit Project designate at least 7 units be sold to households whose income is not greater than 50% of AMI (very low) and at least 7 units be sold to households whose income is not greater than 60% (lower) of AMI. Sixteen units are targeted for households at 80% of AMI (lower) and 3 units are targeted at 120% of AMI (Moderate)

The Project expects to serve the range of household income levels from various layered funding sources.

The sources of public funding with affordability requirements include Fresno Housing Successor Low- and Moderate-Income Housing Fund (LMIHF); City of Fresno Public Housing Allocation; (PLHA) and CalHOME. The affordable housing funds along with conventional financing comprise the estimated project cost of \$13,391,023 (Exhibit D).

The FHS and PLHA funding will be utilized for construction and upon Project completion the construction funding will be converted to home buyer assistance. The income restricted units will be sold through escrow to very low- and lower-income qualified homebuyers who will assume the assistance in the form of a loan.

The planned allocation of funds by source and AMI level across units is shown in the following:

HERITAGE HOMES SUBDIVISION							
House Number	Project Number	Program Type	AMI	House Number	Project Number	Program Type	AMI
1	1	FHSA/PLHA/SLA	50%	23	1	PLHA	80%
2	2	FHSA/PLHA/SLA	50%	24	2	PLHA	80%
3	3	FHSA/PLHA/SLA	50%	25	3	PLHA	80%
4	4	FHSA/PLHA/SLA	50%	26	4	PLHA	80%
5	5	FHSA/PLHA/SLA	50%	27	5	PLHA	80%
6	6	FHSA/PLHA/SLA	50%	28	6	PLHA	80%
7	7	FHSA/PLHA/SLA	50%	29	7	PLHA	80%
8	1	FHSA/PLHA/SLA	60%	30	8	PLHA	80%
9	2	FHSA/PLHA/SLA	60%	31	1	Conventional	120%
10	3	FHSA/PLHA/SLA	60%	32	2	Conventional	120%
11	4	FHSA/PLHA/SLA	60%	33	3	Conventional	120%
12	5	FHSA/PLHA/SLA	60%				
13	6	FHSA/PLHA/SLA	60%				
14	7	FHSA/PLHA/SLA	60%				
15	1	PLHA/SLA	80%				
16	2	PLHA/SLA	80%				
17	3	PLHA/SLA	80%				
18	4	PLHA/SLA	80%				
19	5	PLHA/SLA	80%				
20	6	PLHA/SLA	80%				
21	7	PLHA/SLA	80%				
22	8	PLHA/SLA	80%				

REVISED EXHIBIT D

EXHIBIT D

Sources & Uses

Heritage Estates

Pro Forma Sources and Uses

Sources of Funds	Amount
Housing Successor Agency to RDA	\$ 1,200,000
City of Fresno PLHA	\$ 3,000,000
CalHOME Down Payment Assistance	\$ 917,942
1st Mortgages + Down Payments	\$ 7,214,400
Fresno Housing Perm Loan	\$ 578,531
City of Fresno Impact Fee Waiver	\$ 480,150
Total Sources of Funds	\$ 13,391,023

Uses of Funds	Amount
Land	\$ 1,000
Off-site infrastructure	\$ 586,606
On-site infrastructure	\$ 1,691,310
Unit Hard Costs	\$ 8,182,016
Soft Costs	\$ 2,605,995
Sale Closing Costs	\$ 206,250
Loan Interest	\$ 117,846
Total Uses of Funds	\$ 13,391,023

6.5.24

REVISED EXHIBIT F

FREE RECORDING REQUESTED BY:

CITY OF FRESNO IN ITS CAPACITY
AS HOUSING SUCCESSOR TO THE
REDEVELOPMENT AGENCY OF THE
CITY OF FRESNO
848 M Street, Third Floor
Fresno, CA 93721
Attn: Executive Director

AFTER RECORDATION RETURN TO:

Housing Authority of the City of Fresno
1331 Fulton Street
Fresno, CA 93721
Attention: Executive Director

(Space Above This Line For Recorder's Office Use Only)

GRANT DEED

For valuable consideration, the receipt of which is hereby acknowledged,

CITY OF FRESNO, a municipal corporation, in its capacity as Housing Successor to the Redevelopment Agency of the City of Fresno (Grantor), hereby grants to HOUSING AUTHORITY OF THE CITY OF FRESNO, CALIFORNIA, a public body corporate and politic (Grantee), the real property (Property) legally described in Exhibit "A" attached hereto and incorporated herein by this reference.

Consistent with the Disposition and Development Agreement including covenants, conditions and restrictions, (DDA) dated _____, 20__ entered by Grantor and Grantee, all incorporated herein by this reference, the Grantee herein covenants by and for itself and its successors, transferees, vendees, administrators, and assigns, and all persons claiming under or through it that:

1. There shall be no discrimination against or segregation of, any person or group of persons on account of any bases listed in subdivision (a) or (d) of Section 12995 of the Government Code, as those bases are defined in Section 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955 and Section 12955.2 of the Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Property, nor shall Developer or any person claiming under or through him or her, establish or permit any practice or practices of discrimination or segregation

with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees, or vendees in the Property.

2. a. Grantee will take all commercially reasonable precautions to prevent the release into the environment of any Hazardous Materials (as defined in the DDA) in, on or under the Property. Grantee will comply with all governmental requirements with respect to Hazardous Materials.

b. Until a Certificate of Completion is recorded as to the Property/portion thereof, Grantee will notify Grantor and give Grantor a copy or copies of all environmental permits, disclosures, applications, entitlements or inquiries relating to the Property including, without limitation, notices of violation, notices to comply, citations, inquiries, clean-up or abatement orders, cease and desist orders, reports filed pursuant to self-reporting requirements, and reports filed or applications made pursuant to any governmental requirement relating to Hazardous Materials and underground tanks. Immediately after each incident, Grantee will report any unusual or potentially important incidents respecting the environmental condition of the Property to Grantor.

c. If a release of any Hazardous Materials into the environment occurs, Grantee will, as soon as possible after the release, furnish Grantor with a copy of any reports relating thereto and copies of all correspondence with governmental agencies relating to the release. Upon request, Grantee will furnish Grantor with a copy of any other environmental entitlements or inquiries relating to or affecting the Property, including, without limitation, all permit applications, permits and reports, including reports and other matters, which may be characterized as confidential.

d. Grantee will indemnify, defend, and hold Grantor harmless from any claim, action, suit, proceeding, loss, cost, damage, liability, deficiency, fine, penalty, punitive damage or expense (including, without limitation, attorneys' fees), arising out of (i) the presence, release, use, generation, discharge, storage or disposal of any Hazardous Materials on, under, in or about the Property, or the transportation of any Hazardous Materials to or from the Property, or (ii) the violation, or alleged violation of any statute, ordinance, order, rule, regulation, permit judgment or license relating to any use, generation, release, discharge, storage, disposal, or transportation of Hazardous Materials on, under, in or about, to or from the Property. This indemnity will include, without limitation, any damage, liability, fine, penalty, parallel or cross indemnity occurring after conveyance, cost or expense arising from or out of any claim, action, suit or proceeding for personal injury (including sickness, disease or death) tangible or intangible property damage, compensation for lost wages, business income, profits or other economic loss, damage to the natural resource or the environment, nuisance, contamination lease, spill, release or other adverse effect on the environment. The indemnity covers, without limitation, (a) all foreseeable and unforeseeable consequential damages, (b) the cost of any required or necessary repair, clean-up, or detoxification and the preparation of any closure or other required plans, and (c) costs of legal proceedings and attorneys' fees.

e. Grantee releases Grantor from all claims Grantee may have against, resulting from, or connected with the environmental condition of the Property. Such claims include, without limitation, all claims Grantee may have against Grantor under the

Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended (CERCLA), or any other federal, state or local law, whether statutory or common law, ordinance, or regulation concerning the release of Hazardous Materials or substances into the environment from or at the Property, and the presence of such materials in, on, under or about the Property. Grantee expressly waives the benefits of Civil Code section 1542, which reads 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 and that, if known by him or her would have materially affected his or her settlement with the debtor or released party.

3. Grantor is the beneficiary of the covenants running with the land for itself and for protecting the interest of the community and other parties, public or private, in whose favor and for whose benefit the covenants are provided, without regard to whether Grantor has been, remains, or is in ownership of any land on the Property/portion thereof. Grantor may exercise all rights and remedies and maintain any actions or suits at law or in equity or other proceedings to enforce the covenants for itself or any other beneficiaries. The provisions of the DDA which by their terms or nature are intended to survive completion of the Project are fully enforceable under and shall not merge with this Deed.

4. If a conflict exists or arises between the provisions of this Deed and the DDA, the DDA shall control.

The obligations of the Grantee hereunder are covenants or conditions running with the land enforceable by Grantor through a reserved right to re-entry and reverter.

IN WITNESS WHEREOF, the Grantor has caused this instrument to be executed on its behalf by its respective officers thereunto duly authorized, this _____ day of _____, 20____.

"GRANTOR"

CITY OF FRESNO
a municipal corporation, in its capacity
as Housing Successor to the
Redevelopment Agency of the City of
Fresno

By: Marlene Murphey,
Executive Director

Date: _____

**EXHIBIT "A" to GRANT DEED
LEGAL DESCRIPTION OF THE PROPERTY**

Real property in the City of Fresno, County of Fresno, State of California, described as follows.

THAT PART OF LOT 16 OF FRESNO COLONY, IN THE CITY OF FRESNO, COUNTY OF FRESNO, STATE OF CALIFORNIA, ACCORDING TO THE MAP RECORDED IN BOOK 2 PAGE 8 OF PLATS, FRESNO COUNTY RECORDS, DESCRIBED AS FOLLOWS: COMMENCING AT A POINT ON THE WEST LINE OF LOT 16 OF FRESNO COLONY, 241.36 FEET NORTHERLY FROM THE SOUTHWEST CORNER OF SAID LOT 16; THENCE NORTHERLY ALONG THE WEST LINE OF SAID LOT 16 A DISTANCE OF 1055.4 FEET, A LITTLE MORE OR LESS, TO THE NORTHWEST CORNER OF SAID LOT 16; THENCE EASTERLY ALONG THE NORTH LINE OF SAID LOT 16, A DISTANCE OF 327.22 FEET, A LITTLE MORE OR LESS, TO A POINT WHICH IS 297.2 FEET WESTERLY FROM THE NORTHEAST CORNER OF SAID LOT 16; THENCE SOUTHERLY ALONG A LINE WHICH PASSES THROUGH A POINT ON THE SOUTH LINE OF SAID LOT 16, 299.35 FEET WESTERLY FROM THE SOUTHEAST CORNER OF SAID LOT 16, A DISTANCE OF 1055.5 FEET, A LITTLE MORE OR LESS, TO A POINT WHICH IS 241.36 FEET NORTHERLY, AT RIGHT ANGLES, FROM THE SOUTH LINE OF SAID LOT 16; THENCE WESTERLY, A DISTANCE OF 328.0 FEET, A LITTLE MORE OR LESS, TO THE POINT OF COMMENCEMENT.

APN: 477-060-04

REVISED EXHIBIT H

Developer Promissory Note

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

\$1,200,000.00

Fresno, California
, 2024

For value received, the undersigned, Housing Authority of the City of Fresno, a public body corporate (Borrower), promises to pay to the order of the City of Fresno in its capacity as Housing Successor to the Redevelopment Agency of the City of Fresno (Lender or Beneficiary), up to One Million, Two Hundred Thousand Dollars, to the extent that such funds are disbursed to Borrower, at 3% interest on the unpaid balance and forgivable as described herein. This Promissory Note (Note) is made and entered into in accordance with the terms of the Disposition and Development Agreement dated _____, entered into between Borrower and Lender (Agreement). The Borrower may at any time prior to the Borrower Loan Maturity Date convey up to 33 completed Restricted Units securing the Note to a Lower-Income homebuyer through a purchase escrow (Escrow) that conforms to the DDA and concurrent therewith assigns Note to homebuyers who shall assume such Note at 0% interest.

Principal on the Note, in Lender's sole discretion, may be forgiven incrementally upon the close of Escrow as to each unit or upon the sale of an entire Phase of units. Each unit shall be sold to a household earning not greater than the AMI levels set forth in Exhibit B of the Agreement.

Any Principal on the Note remaining after all units have been sold, in Lender's sole discretion, may be forgiven provided it can be demonstrated that a gap exists between actual construction costs and actual sales proceeds.

Any failure to make a payment required hereunder shall constitute a default under this Note.

All capitalized terms used in this Note, unless otherwise defined, will have the respective meanings specified in the Agreement. In addition, as used in this Note, the following terms will have the following meanings:

"Business Day" means any day other than Saturday, Sunday, or public holiday or the equivalent for banks generally under the laws of California. Whenever any payment to be made under this Note is stated to be due on a day other than a Business Day, that payment may be made on the next succeeding Business Day. However, if the extension would cause the payment to be made in a new calendar month, that payment will be made on the preceding Business Day.

This Note, and any extensions or renewals hereof, is secured by a Deed of Trust on real estate in Fresno County, California, that provides for acceleration upon stated events, dated as of the same date as this Note, and executed in favor of and delivered to the

Lender (Deed of Trust), insured by First American Title Company as no worse than an ALTA or CLTA third position lien.

Time is of the essence with respect to all terms of this Note. It will be a default under this Note if Borrower defaults under the Agreement, any other Loan Documents (as defined in the Agreement), or if Borrower fails to pay when due any sum payable under this Note or under any other obligation secured by a deed of trust or other lien senior to the deed of trust which secures this Note. Borrower shall promptly inform Lender of any new or additional financing or funding, and Borrower shall provide Lender copies of all agreements with any and all Funding Sources for this Project. In the event of a default by Borrower, the Borrower shall pay a late charge equal to 2% of any outstanding payment. All payments collected shall be applied first to payment of any costs, fees or other charges due under this Note or any other Loan Documents then to the interest and then to principal balance. On the occurrence of a default or on the occurrence of any other event that under the terms of the Agreement or Loan Documents gives rise to the right to accelerate the balance of the indebtedness, then, at the option of Lender, this Note or any notes or other instruments that may be taken in renewal or extension of all or any part of the indebtedness will immediately become due and payable without any further presentment, demand, protest, or notice of any kind.

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

All payments are payable in lawful money of the United States of America at any place that Lender or the legal holders of this Note may, from time to time, in writing designate, and in the absence of that designation, then to Lender at its address of record provided in the Agreement.

Borrower agrees to pay all costs including, without limitation, attorney fees, incurred by the holder of this Note in enforcing payment, whether or not suit is filed, and including, without limitation, all costs, attorney fees, and expenses incurred by the holder of this Note in connection with any bankruptcy, reorganization, arrangement, or other similar proceedings involving the undersigned that in any way affects the exercise by the holder of this Note of its rights and remedies under this Note. All costs incurred by the holder of this Note in any action undertaken to obtain relief from the stay of bankruptcy statutes are specifically included in those costs and expenses to be paid by Borrower. Borrower will pay to Lender all attorney fees and other costs referred to in this paragraph on demand.

Any notice, demand, or request relating to any matter set forth herein shall be in writing and shall be given as provided in the Agreement.

No delay or omission of Lender in exercising any right or power arising in connection with any default will be construed as a waiver or as an acquiescence, nor will any single or partial exercise preclude any further exercise. Lender may waive any of the conditions in this Note and no waiver will be deemed to be a waiver of Lender's rights under this Note, but rather will be deemed to have been made in pursuance of this Note and not in

modification. No waiver of any default will be construed to be a waiver of or acquiescence in or consent to any preceding or subsequent default.

The Deed of Trust provides as follows:

DUE ON SALE-CONSENT BY BENEFICIARY. Beneficiary may, at its option, declare immediately due and payable all sums secured by this Deed of Trust upon the sale or transfer, without the Beneficiary's prior written consent, of all or any part of the Property, or any interest in the Property. A "sale or transfer" means the conveyance of the Property or any right, title or interest therein; whether legal, beneficial or equitable; whether voluntary or involuntary; whether by outright sale, deed, installment sale contract, land contract, contract for deed, leasehold interest with a term greater than three years, lease-option contract, or by sale, assignment, or transfer of any beneficial interest in or to any land trust holding title to the Property, or by any other method of conveyance of Property interest. If any Trustor is a corporation, partnership or limited liability company, transfer also includes any cumulative change in ownership of more than 50% of the voting stock, partnership interests or limited liability company interests, as the case may be, of Trustor, other than a transfer to the managing member of Trustor or an affiliate of the managing member. However, this option shall not be exercised by Beneficiary if such exercise is prohibited by applicable law.

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

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

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

The Loan shall be nonrecourse to the Borrower and all constituent members of the Borrower.

The parties will execute such other and further documents, and will take any other steps, necessary, helpful, or appropriate to carry out the provisions of this Note.

[Signatures on following page.]

IN WITNESS WHEREOF, Borrower has executed this Note on the date first written above.

Borrower

Housing Authority of the City of Fresno, a public body corporate and politic

By: _____

By: _____

REVISED EXHIBIT J

Homebuyer Promissory Note

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

PROMISSORY NOTE
Secured by Deed of Trust

Loan Amount: \$ _____
Fresno, California

Date: _____

Promise to Pay. For value received, the undersigned, _____ (Borrower), promises to pay to the order of the City of Fresno, a California municipal corporation in its capacity as Housing Successor to the Redevelopment Agency of the City of Fresno (Lender), the sum of _____ dollars and 00/100 (\$ _____) at the rate of 0% per interest, due and payable on or before _____, (the Borrower Loan Maturity Date) pursuant to the Disposition and Development Agreement(DDA), and Homebuyer Written Agreement, on which date the unpaid principal balance together with unpaid penalties or late charges where applicable thereon shall be due and payable, along with attorney's fees and costs of collections, without relief from valuation and appraisal laws, provided that, in the event the Borrower is not then in default of the DDA. Any failure to make a payment required hereunder shall constitute a default under this Note.

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

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

Security. This Note, and any extensions or renewals hereof, is secured by a Deed of Trust, executed by the Borrower and recorded against the Property in Fresno County, California, as Document No. _____ on _____, 20____, that provides for acceleration upon stated events, and executed in favor of the Lender (Deed of Trust), creating and insured as a not worse than 3rd position lien on the Property, subordinated only to a senior lender to borrow funds to secure a first mortgage for purchase of the property and Borrower's PLHA loan secured as a second mortgage located at _____ Street, Fresno, CA 93706 (Property). Said Deed of Trust shall be subject to the terms of the Homebuyer Written Agreement, and such shall automatically be incorporated in the terms of the Deed of Trust that secures this Note. Said Deed of Trust

is insured by CLTA Lender's policy in the principal amount of, and endorsed for this Note.

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

Terms of Payment. The indebtedness evidenced by this Note shall be paid in whole upon the sale, transfer, or refinance of the property described herein. The Lender will apply all the payments first to any costs, fees, late charges, or other charges due under this Note or under any of the other Loan Documents and then to the principal balance.

All Loan payments are payable in lawful money of the United States of America, to:

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

Affordability Period

The period of affordability for the house will be 45 years, based on the amount of the direct subsidy to the Borrower. During this 45-year affordability period, the Borrower must always maintain the house as his/her principal place of residence. The 45-year period of affordability shall begin at the recordation of the Commencement of Affordability, which a conformed copy shall be provided to the Borrower. At the end of the 45-year period of affordability, the Agreement will expire, and the Promissory Note and Deed of Trust will be released.

The Borrower agrees to pay all costs including, without limitation, attorney fees, incurred by the holder of this Note in enforcing payment, whether or not suit is filed, and including, without limitation, all costs, attorney fees, and expenses incurred by the holder of this Note in connection with any bankruptcy, reorganization, arrangement, or other similar proceedings involving the undersigned that in any way affects the exercise by the holder of this Note of its rights and remedies under this Note. All costs incurred by the holder of this Note in any action undertaken to obtain relief from the stay of bankruptcy statutes are specifically included in those costs and expenses to be paid by the Borrower. The Borrower will pay to the Lender all attorney fees and other costs referred to in this paragraph on demand.

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

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

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

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

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

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

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

BORROWER

By: _____ Date: _____
Name: _____
(Attach notary certificate of acknowledgment)

By: _____ Date: _____
Name: _____
(Attach notary certificate of acknowledgment)

REVISED EXHIBIT L

Homebuyer Written Agreement HERITAGE ESTATES Homebuyer Agreement for Mortgage Assistance

NOTICE TO HOMEBUYER: This Agreement contains requirements you must fulfill in exchange for the assistance you are receiving through the City of Fresno in its capacity as Housing Successor to the Redevelopment Agency of the City of Fresno. You should read each paragraph carefully and ask questions regarding any sections you do not fully understand. This Agreement will be enforced through a forgivable loan and mortgage as set forth in Section 1 below. You should be sure that you thoroughly understand these documents before you sign them.

This Agreement is entered into this _____, 20__ by and between _____, an individual (herein referred to as HOMEBUYER) and the City of Fresno, a municipal corporation in its capacity as Housing Successor to the Redevelopment Agency of the City of Fresno (herein referred to as AGENCY), to provide low-income homebuyer mortgage assistance. The Agency assistance enables HOMEBUYER to purchase the residence located at _____, Fresno, California. The house must remain HOMEBUYER's principal place of residence during the entire period of time covered by this Agreement.

Section 1: Scope of Program

The Agency will loan the HOMEBUYER the sum of _____ (Loan), which was provided to the Developer from the Agency as a developer subsidy, thus reducing the sales price of the house to the HOMEBUYER by that same amount, and therefore representing a direct subsidy to the HOMEBUYER. The Loan will be protected by a mortgage recorded on the Property. The Promissory Note and Deed of Trust will be released once the period of affordability, as described in Section 2 below, has expired. At that time, if the HOMEBUYER has complied with the terms of this Agreement, no further sums will be due to the Agency.

Section 2: Affordability Period

The period of affordability for the house will be 45 years, based on the amount of the direct subsidy to the HOMEBUYER. During this 45-year affordability period, the HOMEBUYER must always maintain the house as his/her principal place of residence. The 45-year period of affordability shall begin at the recordation of the Commencement of Affordability, which a conformed copy shall be provided to the HOMEBUYER. At the end of the 45-year period of affordability, the Agreement will expire, and the Promissory Note and Deed of Trust will be released.

Section 3. Loan and Interest Rate

The Agency will provide funds in the form of a 45-year mortgage at 0% interest to the HOMEBUYER in the sum of _____ (\$000.00).

The mortgage assistance in the form of a Promissory Note will be secured by a Deed of Trust recorded against the property. The HOMEBUYER understands and agrees that the Promissory Note secured by a Deed of Trust is made for the sole purpose of assisting the HOMEBUYER in the purchase of the HOMEBUYER's house as the principal place of residence.

Therefore, the HOMEBUYER understands and agrees that the Promissory Note secured by a Deed of Trust shall be immediately due and payable upon the earlier of: (1) any change in residency of the HOMEBUYER from the HOMEBUYER's house which is used as security for the Note described above, unless having obtained the written consent of the Agency; or (2) the sale or transfer, without the Agency's prior written consent, of all or any part of the property, or any interest in the property. A "sale or transfer" means the conveyance of the property or any right, title or interest therein; whether legal, beneficial or equitable; whether voluntary or involuntary; whether by outright sale, deed, installment sale contract, land contract, contract for deed, lease-option contract, or by sale, assignment, or transfer of any beneficial interest in or to any land trust holding title to the property, or by any other method of conveyance of land interest.

The AGENCY and the HOMEBUYER acknowledge and agree that this security instrument is second and subordinate in all respects to the liens, terms, covenants and conditions of the first Deed of Trust and if applicable a second mortgage issued by the City of Fresno through a Permanent Local Housing Allocation Agreement and shall not impair the rights of any institutional lender which is the maker of a loan secured by such first deed of trust, or such lender's assignee or successor in interest, to exercise its remedies under the deed of trust in the event of default by the HOMEBUYER. These remedies include the right to foreclosure or exercise a power of sale or to accept a deed or assignment in lieu of foreclosure. The terms and provisions of the first Deed of Trust and if applicable a second mortgage issued by the City of Fresno through a Permanent Local Housing Allocation Agreement are paramount and controlling, and they supersede any other terms and provisions hereof in conflict therewith. In the event of a foreclosure or deed in lieu of foreclosure of the first Deed of Trust and if applicable a second mortgage issued by the City of Fresno through a Permanent Local Housing Allocation Agreement, any provisions herein or any provisions in any other collateral agreement restricting the use of the property to low-income households or otherwise restricting the HOMEBUYER's ability to sell the property shall have no further force or effect on subsequent owners or purchasers of the property. Any person, including his/her successors or assigns (other than the HOMEBUYER or a related entity of the HOMEBUYER), receiving title to the property through a foreclosure or deed in lieu of foreclosure of the first Deed of Trust shall receive title to the property free and clear from such restrictions.

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

a modification agreement that reduces the secured debt of the existing second mortgage by the amount of the new unsecured promissory note.

Section 4. Use of Funds

The Loan provided to the HOMEBUYER was initially provided to the Developer as a construction loan for the construction of the house located at _____, Fresno, California. Developer's construction loan subsequently converted to a mortgage assistance loan at the transfer of the property title through escrow to the HOMEBUYER, thus representing a direct mortgage subsidy assistance to the HOMEBUYER.

Section 5. Principal Residence Requirement

This Agreement shall remain in force throughout the 45-year affordability period so long as the house remains the principal residence of the HOMEBUYER. The house shall remain the HOMEBUYER's principal place of residence for the entire 45-year affordability period as evidenced by the fully executed and recorded Declaration of Restrictions which contains the affordability covenants which shall run with the land and be recorded against the property. Should the HOMEBUYER not maintain the house as his/her principal place of residence, or rent or sell the residence to another party, the HOMEBUYER will be in default of this Agreement and will be required to repay any amount of the Loan outstanding as of the date the house is no longer the principal place of residence of the HOMEBUYER.

Section 6. Recapture Agreement

The Agency requires that Agency funds be recaptured if the house does not continue to be the HOMEBUYER's principal residence or if all or any part of the property or any interest in it is sold, rented, conveyed, or transferred for the duration of the 45-year affordability period. If the net proceeds are not sufficient to recapture the full Agency investment plus enable the HOMEBUYER to recover the amount of the HOMEBUYER's down payment and any capital improvement investment made by the HOMEBUYER since purchase, the Agency may share the net proceeds. The net proceeds are the sales price minus superior loan repayment and any closing costs.

Section 7. Low-Income Homebuyer

The HOMEBUYER attests, and the Agency has verified, that the HOMEBUYER qualifies as a low-income individual or household with a total income that does not exceed 80% of the Area Median Income for Fresno County.

Section 8. Appraised Value of Housing Determined to be Modest

The Agency certifies that the property appraiser has appraised the value of the house located at _____, Fresno, California, that is subject of this Agreement is [\$ FILL IN DOLLAR AMOUNT].

Section 9. Insurance Requirement

The HOMEBUYER must at all times during the duration of the Agreement maintain a valid and current insurance policy on the house for the current appraised or assessed value of the house. Failure to maintain a valid and current insurance policy will be considered a

breach of this Agreement, and the Agency will have the right to foreclose on its mortgage lien if necessary to protect the Agency's investment.

Section 10. Property Standards

The property located at _____ Fresno, California must meet all State and local housing quality standard and CITY code requirements. If no such standards or codes apply, the property must at a minimum meet the HUD Section 8 Housing Quality Standards/Uniform Physical Conditions Standards.

HOMEBUYER

_____, an individual
(Attach notary certificate of acknowledgment)

_____ Date

CITY OF FRESNO,
A California municipal corporation in its capacity
as Housing Successor to the Redevelopment Agency
of the City of Fresno

By: _____
Name: Marlene Murphey,
Title: Executive Director
(Attach notary certificate of acknowledgment)

APPROVED AS TO FORM:
ANDREW JANZ
City Attorney

By: _____
Name: Tracy N. Parvanian
Title: Assistant City Attorney

ATTEST:
TODD STERMER, CMC
City Clerk

By: _____
Name:
Title: Deputy City Clerk