

Exhibit "B"
HOME CHDO Agreement

Recorded at the Request of
and When Recorded Return to:

City of Fresno
City Clerk's Office
2600 Fresno Street, Room 2133
Fresno, CA 93721-3603

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

This HOME CHDO 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

By: _____
Georgeanne A. White
City Manager

Date: _____

CITY OF FRESNO
HOME INVESTMENT PARTNERSHIPS PROGRAM
COMMUNITY HOUSING DEVELOPMENT ORGANIZATION
AGREEMENT

by and between

CITY OF FRESNO,
a municipal corporation

and

Habitat for Humanity Fresno County, Inc.
a California Corporation

regarding

Single-Family House
64 E. Atchison Street, Fresno, CA 93706
APN: 477-123-06

TABLE OF CONTENTS

	<u>Page</u>
RECITALS	1
ARTICLE 1. DEFINITIONS	2
ARTICLE 2. TERMS OF THE LOAN	5
ARTICLE 3. REPRESENTATION AND WARRANTIES OF DEVELOPER.....	6
ARTICLE 4. WARRANTIES AND COVENANTS BY DEVELOPER.	7
ARTICLE 5. COVENANTS AND AGREEMENTS OF THE DEVELOPER.....	12
ARTICLE 6. DISBURSEMENT OF HOME CHDO FUNDS.....	14
ARTICLE 7. DEVELOPMENT AND CONSTRUCTION OF THE PROJECT.....	16
ARTICLE 8. OPERATIONS OF THE PROJECT	21
ARTICLE 9. INSURANCE AND INDEMNITY AND BONDS	22
ARTICLE 10. DEFAULT AND REMEDIES.....	27
ARTICLE 11. GENERAL PROVISIONS.....	29

HOME INVESTMENT PARTNERSHIPS PROGRAM AGREEMENT

This HOME Investment Partnerships Program, Community Housing Development Organization Agreement (Agreement) is entered into on September _____, 2023, by and between the City of Fresno, a municipal corporation, acting through its Planning and Development Department - Housing and Community Development Division hereinafter referred to as the (CITY) and Habitat for Humanity Fresno County, Inc., a California corporation hereinafter referred to as the (DEVELOPER).

RECITALS

A. WHEREAS, the CITY has received a HOME Investment Partnerships (HOME) Program grant which includes funds that are reserved for use of a Community Housing Development Organization (CHDO), collectively here in referred to as (HOME CHDO) from the U.S. Department of Housing and Urban Development (herein referred to as (HUD), under Title II of the Cranston-Gonzalez National Affordable Housing Act of 1990, as amended, herein referred to as the (Act).

B. WHEREAS, to advance the supply of affordable housing within the City of Fresno, the CITY desires, among other things, to encourage investment in the affordable single-family housing market.

C. WHEREAS, the DEVELOPER is a CITY-certified CHDO in accordance with HUD's certification criteria of the developer for the project.

D. WHEREAS, the DEVELOPER owns a vacant lot (the Property) located at 64 E. Atchison Street, Fresno, CA 93706, within the boundaries of the City of Fresno, as more particularly described in EXHIBIT "A" – Property Description and wishes to construct one new single-family house and related on-site and off-site improvements (hereinafter referred to as the Project), utilizing sweat-equity from the proposed homebuyers and volunteers.

E. WHEREAS, the DEVELOPER desires to act as the owner/developer exercising effective project control, as to the construction of one single-family house for a household whose income is up to 80% of the area medium income and will be preserved as Low- to Moderate-Income housing, as defined by the HOME Program, and related on-site and off-site improvements as more particularly described in EXHIBIT "B" – Project Description and Schedule, incorporated herein (Project).

F. WHEREAS, the Project will be constructed upon HOME CHDO Program eligible Property (Property) owned by the DEVELOPER.

G. WHEREAS, to further its goal to increase the supply of affordable housing within the City of Fresno, the CITY desires to assist the DEVELOPER by providing Two Hundred Fifty-Three Thousand Six Hundred Seventy-Three Dollars and 00/100 (\$253,673.00) in HOME CHDO Funding as an assumable loan for eligible HOME CHDO Project construction costs, upon the terms and conditions in this Agreement, as further identified in EXHIBIT "C" – Budget, variously to be secured by the underlying real Property and the Affordable Housing covenants attached as EXHIBIT "D" – Exemplar Declaration of Restriction, and Note, Exemplar Note attached as EXHIBIT "F" – Promissory Note loan, upon the terms and conditions in this Agreement.

H. WHEREAS, the CITY has determined that it has ministerial authority to approve this Project, which is statutorily exempt from CEQA pursuant to Article 18, Statutory Exemptions, Section 15268 of the State CEQA Guidelines. Additionally, Developer

completed an environmental review of the Project pursuant to the National Environmental Policy Act (NEPA) guidelines and received an Authorization to Use Grant Funds on January 20, 2023.

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

J. WHEREAS, the CITY and DEVELOPER have determined that the Project's HOME-Assisted Unit constitutes routine programmatic/grantee lender activities utilizing available and allocated program/grantee funding, outside of the California Constitution Article XXXIV and enabling legislation.

K. WHEREAS, the CITY and DEVELOPER acknowledge and agree that the obligations and liabilities of the DEVELOPER hereunder shall be joint and several unless and except to any extent expressly provided otherwise.

L. WHEREAS, on June 30, 2022, the DEVELOPER's Board reviewed and approved the development of the Project and HOME CHDO Application for funding.

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

ARTICLE 1. DEFINITIONS

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

1.1 Acquisition means vesting of the Property in fee title to the DEVELOPER.

1.2 ADA means the Americans with Disabilities Act of 1990, amended.

1.3 Affirmative Marketing means a good faith effort to attract eligible persons of all racial, ethnic and gender groups, in the housing market area, to sell the proposed Housing Unit proposed for construction on the eligible Property, as hereinafter defined.

1.4 Affordability Period means the minimum period of 30 years commencing from the date the CITY enters project completion information into HUD's Integrated Disbursement and Information System (IDIS), which date will be provided to the DEVELOPER by the CITY and added as an administrative amendment hereto; CITY agrees to enter project completion information into IDIS within 30 days of CITY's receipt thereof.

1.5 Affordable Housing Unit means the one for-sale housing unit which will be required to meet the affordability requirements of 24 C.F.R. 92.252.

1.6 Budget means the Budget for the development of the Project, as may be amended upon the approval of the CITY Housing and Community Development Division

provided any increase in HOME CHDO Funds hereunder requires City Council Approval, attached hereto as EXHIBIT "C".

1.7 Certificate of Completion means that certificate issued, in the form attached as EXHIBIT "E" (Exemplar Certificate of Completion), to the DEVELOPER by the CITY evidencing completion of the Project and a release of construction related covenants for the purposes of the Agreement.

1.8 CFR means the Code of Federal Regulations.

1.9 Commencement of Construction means the time the DEVELOPER or the DEVELOPER's construction contractor begins substantial physical work on the Property, including, without limitation, delivery of materials and any work, beyond maintenance of the Property in its status quo condition, which shall take place in accordance with the Project Schedule.

1.10 Completion Date means the date the City issues a recorded Certificate of Completion for the Project.

1.11 Declaration of Restrictions means the Declaration of Restrictions in the form attached hereto as EXHIBIT "D", which contains the affordability covenants and income level restrictions of this Agreement which shall run with the land and which the DEVELOPER shall record or cause to be recorded against the Property no later than the date of Commencement of Construction.

1.13 Deed of Trust means that standard form Deed of Trust approved by CITY recorded against the Property, insured in the full amount of the Loan on the Property.

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

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

1.16 Federal HOME CHDO Funds also referred to in this Agreement as "HOME Funds" or "HOME CHDO Program Funds", means the federal Program monies consisting of the Loan, in an amount not to exceed the sum of Two Hundred Fifty-Three Thousand Six Hundred Seventy-Three Dollars and 00/100 (\$253,673.00) to be used for eligible Project construction costs.

1.17 Funding Sources means the CITY's HOME CHDO Funds, conventional construction loan, Habitat for Humanity funds any other funds that may become available to the Project.

1.18 Hazardous Materials means any hazardous or toxic substances, materials, wastes, pollutants or contaminants which are defined, regulated or listed as "hazardous substances," "hazardous wastes," "hazardous materials," "pollutants," "contaminants" or "toxic substances" under federal or State environmental and health safety laws and regulations, including without limitation, petroleum and petroleum byproducts, flammable explosives, urea formaldehyde insulation, radioactive materials, asbestos and lead. Hazardous Materials do not include substances that are used or consumed in the normal

course of developing, operating, or occupying a housing project, to the extent and degree that such substances are stored, used and disposed of in the manner and in amounts that are consistent with normal practice and legal standards.

1.19 Household means those persons, related or unrelated, who occupying the Unit within the Project.

1.20 HOME CHDO - assisted Unit means the one housing unit required to meet the affordability requirements of 24 CFR 92.252 and preserved as affordable housing for the duration of the 30-year affordability period.

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

1.22 Loan means the Project Loan of HOME Funds, in the total amount not to exceed Two Hundred Fifty-Three Thousand Six Hundred Seventy-Three Dollars and 00/100 (\$253,653.00), the aggregate HOME CHDO per unit cap (24 CFR 92.250), as amended, for the one HOME-assisted Units as determined by the CITY and made available by the CITY to the Project pursuant to this Agreement, as more specifically described in the Budget and in the Promissory Note attached as EXHIBIT "F". The Loan shall be payable in accordance with the terms of the Note, shall be secured by a deed of trust on the parcel constituting the Property, and shall be subject to the Deed of Trust attached as EXHIBIT "G".

1.23 Loan Documents means collectively this Agreement, Promissory Note - EXHIBIT "F", Deed of Trust - EXHIBIT "G", and Declaration of Restrictions - EXHIBIT "D", attached hereto and all related documents/instruments as they may be amended, modified or restated from time to time along with all exhibits and attachments thereto, relative to the Loan.

1.24 Low or Lower-Income Household means Households whose annual income does not exceed 80% of the area median income for Fresno, California as determined by HUD.

1.25 Note means that certain Two Hundred Fifty-Three Thousand Six Hundred Seventy-Three Dollars and 00/100 (\$253,673.00) HOME CHDO Loan Note in a principal amount not to exceed the HOME Program per unit cap (24 CFR 92.250), as amended, and as determined by the CITY, given by the DEVELOPER as promisor, in favor of the CITY as promisee, evidencing the Loan and performance of the affordability and other covenants and restrictions set forth in this Agreement, secured by the Deed of Trust as no worse than 2nd position lien upon the Property, naming the CITY as beneficiary and provided to the CITY, no later than the date of the Project funding hereunder, an exemplar of which is attached hereto as EXHIBIT "F", and incorporated herein, as well as any amendments to, modifications of and restatements of said Note consented to by the CITY.

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

1.28 Project Schedule means the schedule for commencement and completion of the Project included in EXHIBIT "B".

1.29 Project Unit means the construction of one for sale housing unit which will be preserved as HOME CHDO-assisted Unit.

1.30 Property means the property located at 64 Atchison Street, Fresno, CA 93727, APN: 477-123-06 as more specifically described in the Property Description attached

to EXHIBIT "A".

1.31 Senior Financing means the financing for the Project set forth on the Budget and Finance Plan which shall be senior to the HOME CHDO Loan.

1.32 Senior Lender means lenders providing the Senior Financing for the Affordable Project.

1.33 Very Low Income means, for the purpose of this Agreement, those whose annual income does not exceed 50% of the area median income for Fresno, California as determined by HUD.

ARTICLE 2. TERMS OF THE LOAN

2.1 Loan of HOME CHDO Funds. The CITY agrees to provide a loan of HOME CHDO Funds to the DEVELOPER in an amount not to exceed Two Hundred Fifty-Three Thousand Six Hundred Seventy-Three Dollars and 00/100 (\$253,673.00), all under the terms and conditions provided in this Agreement.

2.2 Loan Documents. The DEVELOPER shall execute and deliver the Loan Documents including the Promissory Note to the CITY, and notarized Deed of Trust to First American Title Company for recordation against the Property, as provided for in this Agreement.

2.3 Term of Agreement. This Agreement is effective upon the date of full execution and shall remain in force with respect to the Project for the duration of the Affordability Period unless earlier terminated as provided herein. After the 30-year Affordability Period, this Agreement will expire. It is understood and agreed upon, however, that if for any reason this Agreement should be terminated in whole or in part as provided hereunder, without default, the CITY agrees to record a Notice of Cancellation regarding this Agreement upon the written request of the DEVELOPER.

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

2.5 Incorporation of Documents. The DEVELOPER's HOME CHDO application dated June 29, 2022 the CITY Council approved Minutes of _____, approving this Agreement, the Loan Documents, the Act and HUD regulations at 24 CFR Parts 85 (administrative requirements), HOME CHDO Program requirements, CPD 98-2 (cost allocations requirements) and all exhibits, attachments, documents and instruments referenced herein, as now in effect and as may be amended from time to time, constitute part of this Agreement and are incorporated herein by reference. All such documents have been provided to the parties herewith or have been otherwise provided to/procured by the parties and reviewed by each of them prior to execution hereof.

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

2.7 Subordination. This Agreement, Declaration of Restrictions, and Deed of Trust may be subordinated to certain approved financing (in each case, a "Senior Lender"), to no worse than 2nd position, but only on condition that all of the following are satisfied: (a) All of the proceeds of the proposed Senior Loan, less any transaction costs, must be used to provide construction financing for the Project consistent with an approved financing plan; (b) the subordination agreement must provide the CITY with adequate rights to cure any defaults

by the DEVELOPER including providing the CITY or its successor with copies of any notices of default; (c) upon a determination by the City Manager that the conditions in this Section have been satisfied, the City Manager or his/her designee will be authorized to execute the approved subordination agreement, inter-creditor agreements, standstill agreements, and/or other documents as may be reasonably requested by the Lender to evidence subordination to the Project financing, without the necessity of any further action or approval provided that such agreements contain written provisions that are no more onerous and which are consistent with the customary standard requirements imposed by the financing source(s), on subordinate cash flow obligations under their then existing senior financing policies, and further provided that the City Attorney approves such document(s) as to form.

The HOME CHDO Program restrictions on the Property shall terminate upon foreclosure, transfer in lieu of foreclosure or assignment of the FHA insured mortgage to HUD. To the extent that there are any proceeds from the foreclosure or other sale of the Property remaining after the superior loan repayment, the remaining proceeds shall be paid to City of Fresno.

ARTICLE 3. REPRESENTATIONS AND WARRANTIES OF DEVELOPER

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

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

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

3.4 No Legal Bar. The DEVELOPER represents and warrants to the CITY, as of the date hereof that the execution, delivery, performance, or observance by the DEVELOPER of this Agreement will not, to the best of the DEVELOPER's knowledge, materially violate or contravene any provisions of: (a) any existing law or regulation, or any order of decree of any court, governmental authority, bureau, or agency; (b) governing documents and instruments of the DEVELOPER; or (c) any mortgage, indenture, security agreement, contract, undertaking, or other agreement or instrument to which the

DEVELOPER is a party or that is binding on any of its properties or assets, the result of which would materially or substantially impair the DEVELOPER's ability to perform and discharge its obligations or its ability to complete the Project under this Agreement.

3.5 No Violation of Law. The DEVELOPER represents and warrants to the CITY as of the date hereof that, to the best of the DEVELOPER's knowledge, this Agreement and the operation of the Project as contemplated by the DEVELOPER, do not violate any existing federal, State, or local laws or regulations.

3.6 No Litigation Material to Project. The DEVELOPER represents and warrants to the CITY as of the date hereof, except as disclosed to, and approved by the CITY in writing, there is no action, proceeding, or investigation now pending, or any basis therefor known or believed to exist by the DEVELOPER that questions the validity of this Agreement, or of any action to be taken under this Agreement, that would, if adversely determined, materially or substantially impair the DEVELOPER's ability to perform and observe its obligations under this Agreement, or that would either directly or indirectly have an adverse effect or impair the completion of the Project.

3.7 Assurance of Governmental Approvals and Licenses. The DEVELOPER represents and warrants to the CITY, as of the date hereof, that the DEVELOPER has obtained and, to the best of the DEVELOPER's knowledge, is in compliance with all federal, State, and local governmental reviews, consents, authorizations, approvals, and licenses presently required by law to be obtained by the DEVELOPER for the Project as of the date hereof.

ARTICLE 4. WARRANTIES AND COVENANTS OF THE DEVELOPER

4.1 Accessibility. The DEVELOPER covenants and agrees with the CITY that it shall comply with all federal regulations concerning accessibility requirements in federally funded housing, including, but not limited to Title III of the Americans with Disability Act of 1990 (ADA) as it relates to the homebuyer.

4.2 Universal Design Ordinance. The design and construction requirements as required by the CITY's Universal Design Ordinance pursuant to FMC 11-110, including, but not limited to the following requirements:

- i. No step accessible entryway;
- ii. All interior doorways and passageways at least 32 inches wide;
- iii. One downstairs "flex room" and accessible bathroom with reinforcements for grab bars;
- iv. Six square feet of accessible kitchen counter space; and
- v. Hallways at least 42 inches wide.

4.3 Affirmative Marketing. The DEVELOPER warrants, covenants and agrees that it shall comply with all affirmative marketing requirements, including without limitation, those set out at 24 C.F.R. 92.350 and 92.351, in order to provide information and otherwise attract eligible persons from all racial, ethnic and gender groups in the housing market. The DEVELOPER shall be responsible for complying with its "Affirmative Marketing Policy", in addition to the CITY's Minority Outreach Program. The DEVELOPER shall maintain records of actions taken to affirmatively market units constructed in the future, and to assess the results of these actions.

4.4 Availability of HOME CHDO Funds. The DEVELOPER understands and

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

4.5 Compliance with Agreement. The DEVELOPER warrants, covenants and agrees that, in accordance with the requirements of 24 CFR 92.252 and 24 CFR Part 85, upon any uncured default by the DEVELOPER within the meaning of Article 10.1 of this Agreement, the CITY may suspend or terminate this Agreement and all other agreements with the DEVELOPER without waiver or limitation of rights/remedies otherwise available to the CITY.

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

4.7 Construction Standards. The DEVELOPER shall construct the proposed Project Units in compliance with all applicable local codes, ordinances, and zoning requirements in effect at the time of issuance of CITY building permits.

4.8 Covenants and Restrictions to Run with the Land. The CITY and the DEVELOPER expressly warrant, covenant and agree to ensure that the covenants and restrictions set forth in this Agreement are recorded and will run with the land, provided, however, that, on expiration of this Agreement such covenants and restrictions shall expire, provided that such agreements contain written provisions that are no more onerous and which are consistent with the customary standard requirements imposed by the financing source(s), on subordinate cash flow obligations under their then existing senior financing policies, and further provided that City Attorney approves such document(s) as to form.

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

B. The DEVELOPER covenants and agrees with the CITY that after issuance of a recorded Certification of Completion for the Project until the expiration of the Affordability Period it shall cause one HOME CHDO-Assisted Unit to be sold to a Low- to Moderate-Income household.

C. Without waiver or limitation, the CITY shall be entitled to injunctive or

other equitable relief against any violation or attempted violation of any covenants and restrictions, and shall, in addition, be entitled to damages available under law or contract for any injuries or losses resulting from any violations thereof.

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

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

4.9 Displacement of Persons. The DEVELOPER covenants and agrees with the CITY that pursuant to 24 CFR 92.353, it will take all reasonable steps to minimize the displacement of any persons (families, individuals, businesses, nonprofit organizations, and farms). The parties acknowledge and agree that the Property located 64 Atchison Street, Fresno, CA 93706 is vacant land and is not occupied.

4.10 Initial and Annual Income Certification and Reporting. The DEVELOPER covenants and agrees with the CITY that it shall comply with the procedures for annual income determination at 24 CFR 92.203. The DEVELOPER, shall obtain, complete and maintain on file, immediately prior to initial occupancy, and annually thereafter, income certifications from the Project Unit Household members. The DEVELOPER, shall make a good faith effort to verify that the income provided by an applicant or occupying Household in an income certification is accurate by taking one or more of the following steps as part of the verification process: (1) obtain a pay stub for the three most recent pay periods; (2) obtain an income verification form from the applicant's current employer; (3) obtain an income verification form from the Social Security Administration and California Department of Social Services if the applicant receives assistance from either of such agencies; (4) obtain income tax return for the most recent three (3) years; or (5) if the applicant is unemployed, obtain another form of independent verification. Copies of Household income certification and verification must be available for review and approval by the CITY prior to the initial sale of the house to the homebuyer. The DEVELOPER further warrants, covenants and agrees that it will cooperate with the CITY in the CITY's annual income certification monitoring.

4.11 Lead-Based Paint. The DEVELOPER covenants and agrees with the CITY that it shall comply with all applicable requirements of the Lead-Based Paint Poisoning Prevention Act of 42 U.S.C. 4821 et seq., 24 CFR Part 35, including the HUD 1012 Rule, and 24 CFR 982.401(j), and any amendment thereto, and Environmental Protection Agency (EPA) Section 402 (c)(3) of the Toxic Substances Control Act (TSCA) to address lead-based hazards created by renovation, repair, and painting activities that disturb lead-based paint in target housing and child-occupied facilities. Contractors performing renovations in lead-based paint units must be EPA-certified renovators. These requirements apply to all units and common areas of the Project. The DEVELOPER shall incorporate or cause

incorporation of this provision in all contracts and subcontracts for work performed on the Project, which involve the application of paint. The DEVELOPER shall be responsible for all disclosure, inspection, testing, evaluation, and control and abatement activities.

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

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

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

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

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

D. The property standards at 24 CFR 92.251.

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

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

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

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

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

- J. The provisions of the Byrd Anti-Lobbying Amendment (31 U.S.C. 1352).
- K. The provision of E.O.s 12549 and 12689, "Debarment and Suspension," as set forth at 24 CFR part 24.
- L. The provisions of the Drug-Free Workplace Act of 1988 (42 U.S.C. 701), in accordance with the Act and with HUD's rules at 24 CFR part 24, subpart F.
- M. Title 8 of the Civil Rights Act of 1968 PL. 90-284.
- N. E.O. 11063 on Equal Opportunity and Housing.
- O. Section 3 of the Housing and Urban Development Act of 1968.
- P. The Housing and Community Development Act of 1974.
- Q. Clean Water Requirements 33 U.S.C. 1251.
- R. Civil Rights Requirements, 29 U.S.C. 623, 42 U.S.C. 2000, 42 U.S.C. 6102, 42 U.S.C. 12112, 42 U.S.C. 12132, 49 U.S.C. 5332, 29 C.F.R. Part 1630, 41 C.F.R. and Part 60 et seq.
- S. Violence Against Women Act (VAWA), 24 CFR 92.359 and 24 CFR 92.504(c)(3)(v)(F), including but not limited to notice requirements, obligations under emergency transfer plan, bifurcation of lease requirements, imposition of requirements for the duration of the HOME CHDO period of affordability, and inclusion of VAWA lease addendum requirements.
- T. Broadband infrastructure requirements for new housing and rehabilitation projects as set forth in 24 CFR 92.251.

4.14 Faith Based Activities. The DEVELOPER warrants, covenants and agrees with the CITY that it shall not engage in any prohibited activities described in 24 CFR 92.257.

4.15 Reporting Requirements. The DEVELOPER warrants, covenants and agrees with the CITY that it shall submit performance reports to the CITY as detailed in Section 7.15. Furthermore, the DEVELOPER agrees to provide, at the sole cost of the DEVELOPER, an annual audited Financial Statement for the Project expenses and ongoing financial transactions which occur as a result of this Agreement as detailed in Section 5.4. The DEVELOPER agrees to account for the expenditure of HOME CHDO Funds using generally accepted accounting principles, which financial documentation shall be made available to the CITY and HUD upon their respective written request(s).

4.16 Housing Affordability. The DEVELOPER covenants and agrees with the CITY that the Project Unit will be HOME CHDO-assisted available to a Low- to Moderate Income household and other requirements of 24 CFR 92.252 during the Affordability Period and be available for sale to and occupied by a household whose annual household income at the time of initial occupancy is not greater than 80% of the most recent annual median income calculated and published by HUD for the Fresno Metropolitan Statistical Area applicable to such household's size consistent with HOME CHDO Program regulations, for the Affordability Period except upon foreclosure or other transfer in lieu of foreclosure following default under a Deed of Trust. However, if at any time following a transfer by foreclosure or transfer in lieu of foreclosure, but still during the Affordability Period, the owner of record prior to the foreclosure or transfer in lieu of foreclosure, or any newly formed entity that includes such owner of record those whom such owner of record has or had business ties, obtains an ownership interest in the Project or the Property, the Affordability Period shall be revived

according to its original terms. In the event the DEVELOPER fails to comply with this Section or the Affordability Period is not revived following transfer by foreclosure or transfer in lieu of foreclosure, the DEVELOPER shall return to the CITY all HOME CHDO Funds disbursed to the DEVELOPER by the CITY.

4.17 Terminated Project. The DEVELOPER understands and agrees that, if the Project is terminated before completion, either voluntarily or otherwise, such constitutes an ineligible activity and the CITY will not be required to provide any further HOME CHDO Program assistance to the Project.

ARTICLE 5. COVENANTS AND AGREEMENTS OF DEVELOPER

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

5.1 Affordable Rental Housing. The DEVELOPER covenants and agrees that the Affordable Project shall constitute one Affordable Housing Unit for sale and preserved for a Low- to Moderate-Income Household during the 30-year affordability period. In the event the DEVELOPER fails to comply with the time period in which the Affordable Housing Unit constitutes Affordable Housing, the CITY shall without waiver or limitation, be entitled to injunctive relief, as the DEVELOPER acknowledges that the damages are not adequate remedy at law for such breach.

5.2 Compliance With Environmental Laws. The DEVELOPER shall cause the Project to be in compliance with, and not to cause or permit the Project to be in violation of, any Hazardous Materials law, rule, regulation, ordinance, or statute. If the CITY has reasonable grounds to suspect any such violation, the DEVELOPER shall be provided with 30 days' notice and opportunity to cure such violation. If the suspected violation is not cured, the CITY shall have the right to retain an independent consultant to inspect and test the eligible Property for such violation. If a violation is discovered, the DEVELOPER shall pay for the reasonable cost of the independent consultant.

Additionally, the DEVELOPER agrees:

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

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

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

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

2. All claims made or threatened by any third party against the DEVELOPER, or such properties relating to any loss or injury resulting from any hazardous

or toxic chemicals, materials, substance, or waste; and

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

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

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

5.4 Financial Statements and Audits. The DEVELOPER, is required to comply with the provisions of the Single Audit Act of 1984 (31 U.S.C. Sections 7501 et seq.), as amended.

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

A. The DEVELOPER agrees to maintain books and records that accurately and fully show the date, amount, purpose and payee of all expenditures financed with HOME CHDO Funds and to keep all invoices, receipts and other documents related to expenditures financed with HOME CHDO Funds for not less than six years after the expiration or termination of the Agreement. Financial books and records must be kept accurate and current. For purposes of this section, "books, records and documents" include, without limitation; plans, drawings, specifications, ledgers, journals, statements, contracts/agreements, funding information, funding applications, purchase orders, invoices, loan documents, computer printouts, correspondence, memoranda, and electronically stored versions of the foregoing. This section shall survive the termination of this Agreement.

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

C. The DEVELOPER will cooperate fully with the CITY and HUD in

connection with any interim or final audit relating to the Project that may be performed relative to the performance of this Agreement.

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

5.7 No Other Liens. The DEVELOPER shall not create or incur, or suffer to be created or incurred, or to exist, any additional mortgage, pledge, encumbrance, lien, charge, or other security interest of any kind on the eligible Property, other than those related to the Project's construction loans in relation to the Project without the prior written consent of the CITY.

5.8 Nondiscrimination. The DEVELOPER shall comply with and cause any and all contractors and subcontractors to comply with any and all federal, State, and local laws with regard to illegal discrimination, and the DEVELOPER shall not illegally discriminate against any persons on account of race, religion, sex, family status, age, handicap, or place of national origin in its performance of this Agreement and the completion of the Project.

5.9 Ownership. Except as set forth herein, or pursuant to the DEVELOPER's sale of the Affordable Housing unit through escrow to an eligible Low- to Moderate-Income homebuyer, the DEVELOPER shall not sell, transfer, assign or otherwise dispose of all or any material part of any interest it might hold in the Property or the Project to the homebuyer with the prior written consent of the CITY through escrow documents, which consent and execution of escrow document shall not be unreasonably withheld or delayed.

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

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

ARTICLE 6. DISBURSEMENT OF HOME CHDO FUNDS

Without waiver of limitations, the CITY and DEVELOPER agree as follows, regarding the disbursement of HOME CHDO funds:

6.1 Loan Commitments and Financing Plan. The DEVELOPER shall submit its most current Finance Plan for the Project to the CITY prior to Council approval and as other funding sources become part of the Project budget. The City shall approve the Finance Plan so long as the Plan is consistent with the Budget contained in EXHIBIT "C". The CITY shall accept the Finance Plan and supporting documentation such as commitment letters, letters of credit, agreements, and resolutions for proposed funding to the Project. If the CITY disapproves the Finance Plan, it will specify the reason for the disapproval and ask the DEVELOPER to provide any additional information the CITY may need to approve the Finance Plan.

6.2 Finance Plan Content. The Finance Plan shall contain all Project pre-construction, post-construction, and permanent loans or letters of commitment from one or more qualified public/private lenders or funding sources in sufficient amounts, combined with any other DEVELOPER financing, for the DEVELOPER to complete construction of the

Project. The total amount of the liens to be recorded against the Property as presented in the Finance Plan shall not exceed the DEVELOPER's estimated construction Budget.

6.3 Use of HOME Funds. The DEVELOPER warrants, covenants and agrees that it shall request HOME CHDO Funds only for reimbursement of eligible construction costs incurred as identified in the itemized Budget, attached hereto as EXHIBIT "C", including costs allowable under 24 CFR 92.206, aggregating not more than Two Hundred Fifty-Three Thousand Six Hundred Seventy-Three Dollars and 00/100 (\$253,673.00).

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

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

C. The CITY will disburse HOME CHDO Funds to the DEVELOPER through proper invoicing for eligible construction costs of the HOME CHDO-assisted Unit as provided in this Article 6.

6.4 Conditions Precedent to Disbursement. The CITY shall not be obligated to make or authorize any disbursements of HOME CHDO Funds unless the following conditions are satisfied:

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

B. The DEVELOPER has received and delivered to the CITY firm commitments of, or Agreements for, sufficient funds to finance the Project.

C. The CITY has approved the requested reimbursement of eligible Project construction costs.

D. The DEVELOPER has obtained insurance coverage and delivered to the City for approval as evidence of insurance as required in Article 9.

E. The DEVELOPER is current with its compliance of reporting requirements set forth in this Agreement.

F. The DEVELOPER has provided the CITY with a written request for HOME CHDO Funds for reimbursement of eligible Project construction costs and detailing such Eligible Costs applicable to the request on a City provided form.

G. The CITY has received certification required by Section 6.6 of this Agreement.

H. The CITY has received, and continues to have the right to disburse, HOME CHDO Funds.

6.5 Requests for Reimbursement of Funds. The DEVELOPER shall request that the CITY reimburse funds for eligible construction cost using the CITY's Request for

Disbursement of Funds form. The DEVELOPER shall only request a maximum of Two Hundred Fifty-Three Thousand Six Hundred Seventy-Three Dollars and 00/100 (\$253,673.00) in HOME CHDO Program assistance for the HOME CHDO-assisted unit. All requests should provide in detail such Eligible Costs applicable to the request. All requests for HOME CHDO Funds shall be accompanied with the Certification required by Section 6.6 of this Agreement.

6.6 DEVELOPER Certification. The DEVELOPER shall submit to the CITY a written certification that, as of the date of the Request for Reimbursement (Certification):

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

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

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

D. The disbursement of funds shall be used solely for reimbursement of Eligible construction Costs identified in this Agreement and must be supported by the itemized obligations that have been properly incurred, expended and are properly chargeable in connection with construction of the Project.

6.7 Disbursement of Funds. The disbursement of HOME CHDO Program Loan Funds shall occur within the normal course of CITY business (approximately 30 days) after the CITY receives the Certification and Request for Reimbursement with correct supporting documentation and to the extent of annually allocated and available HOME CHDO Funds.

ARTICLE 7. DEVELOPMENT AND CONSTRUCTION OF THE PROJECT

Without waiver of limitation, the parties agree as follows:

7.1 Pre-Construction Meeting Regarding HOME CHDO Program Processes and Procedures. The CITY may schedule, and the DEVELOPER shall attend, a meeting prior to construction for the purpose of outlining the Project processes and procedures or the DEVELOPER may schedule, and the CITY shall attend, a meeting prior to the construction for the purpose of outlining the Project processes and procedures.

7.2 Commencement and Completion of Project. The DEVELOPER shall commence construction of the Project, and when completed, record a Notice of Completion of construction of the Project in accordance with the Project Schedule as identified in EXHIBIT "B", and provide the CITY with a copy of the recordation.

7.3 Contracts and Subcontracts. Consistent with Section 5.2, all hazardous waste abatement, construction work and professional services for the Project shall be performed by persons or entities licensed or otherwise legally authorized to perform the applicable work or service in the State of California and the City of Fresno. The DEVELOPER shall provide the CITY with copies of all agreements it has entered into with any and all general contractors or subcontractors for this Project. The DEVELOPER shall require that each such general contractor agreement contain a provision whereby the party(ies) to the agreement, other than

the DEVELOPER, agree to: (i) notify the CITY immediately of any event of default by the DEVELOPER thereunder, (ii) notify the CITY immediately of the filing of a mechanic's lien, (iii) notify the CITY immediately of termination or cancellation of the construction agreement on the Project, and (iv) provide the CITY, upon the CITY's request, an Estoppel Certificate certifying that the agreement is in full force and effect and the DEVELOPER is not in default thereunder. The DEVELOPER agrees to notify the CITY immediately of termination or cancellation of any such agreement(s), notice of filing of a mechanic's lien, or breach or default by other party(ies) thereto.

7.4 Damage to Property. To the extent consistent with the requirements of any permitted encumbrance, or as otherwise approved by the CITY, and subject to Article 9 of this Agreement, if any building or improvement constructed on the Property is damaged or destroyed by an insurable cause, the DEVELOPER shall, at its cost and expense, diligently undertake to repair or restore said buildings and improvements consistent with the original Plans and Specifications of the Project. Such work or repair shall occur within 90 days after the insurance proceeds are made available to the DEVELOPER and shall be completed within two years thereafter. All insurance proceeds collected for such damage or destruction shall be applied to the cost of such repairs or restoration and, if such insurance proceeds shall be insufficient for such purpose, the DEVELOPER shall use its best efforts to make up the deficiency.

7.5 Fees, Taxes and Other Levies. The DEVELOPER shall be responsible for payment of all fees, assessments, taxes, charges, and levies imposed by any public authority or utility company with respect to the Property or the Project and shall pay such charges prior to delinquency. However, the DEVELOPER shall not be required to pay and discharge any such charge so long as: (a) the legality thereof is being contested diligently and in good faith and by appropriate proceedings, and (b) if requested by the CITY, the DEVELOPER deposits with the CITY any funds or other forms of assurances that the CITY, in good faith, may determine from time to time are appropriate to protect the CITY from the consequences of the contest being unsuccessful. The DEVELOPER shall have the right to apply for and obtain an abatement and/or exemption of the Project from real property taxes in accordance with all applicable rules and regulations, including Section 214(g) of the California Revenue and Taxation Code.

7.6 Financing. The DEVELOPER shall promptly inform the CITY of any new financing or funding not included in the budget for the Project, and the DEVELOPER shall provide the CITY with copies of all agreements with all funding sources for the Project. The DEVELOPER shall require each agreement with all funding sources not included in the Budget to contain a provision whereby the party(ies) to the agreement other than the DEVELOPER, if permitted by the party(ies) applicable rules and regulations, agree to notify the CITY immediately of any event of default by the DEVELOPER thereunder. Should the DEVELOPER not comply with all the obligations of this section, the Loan shall become immediately due and payable as provided for in this Agreement. This Section shall survive expiration or termination of this Agreement.

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

throughout the Project construction.

7.8 Inspections. The DEVELOPER shall permit, facilitate, and require its contractors and consultants to permit and facilitate observation and inspection at the Project site by the CITY and other public authorities during reasonable business hours, for the purpose of determining compliance with this Agreement, including without limitation those annual on-site Property inspections required of the CITY by 24 CFR 92.504(d).

7.9 Utilities. The DEVELOPER shall be responsible, at its sole cost and expense, to determine the location of any utilities on the Property and to negotiate with the utility companies for, and to relocate the utilities, if any, as necessary to complete the Project.

7.10 Insurance and Bonds. The DEVELOPER shall submit for CITY approval bonds, certificates and applicable endorsements for all insurance and bonds required by this Agreement in accordance with Article 9.

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

A. If the DEVELOPER fails to discharge, bond or otherwise satisfy the CITY with respect to any lien, encumbrance, charge or claim referred to in Section 7.11 above, then, in addition to any other right or remedy, the CITY may, but shall not be obligated to, discharge such lien, encumbrance, charge, or claim at the DEVELOPER's expense. Alternatively, the CITY may require the DEVELOPER to immediately deposit with the CITY the amount necessary to satisfy such lien or claim and any costs, pending resolution thereof. The CITY may use such deposit to satisfy any claim or lien that is adversely determined against the DEVELOPER. The DEVELOPER hereby agrees to indemnify and hold the CITY harmless from liability for such liens, encumbrances, charges or claims together with all related costs and expenses.

7.12 Permits and Licenses. The DEVELOPER shall submit, for CITY approval, all the necessary permits and licenses required for Commencement of Construction. As the CITY may reasonably request, the DEVELOPER, at its sole cost and expense, shall provide to the CITY copies of any and all permit approvals and authorizations including plot plan, plat, zoning variances, sewer, building, grading, demolition, and other permits required by governmental authorities other than the CITY in pursuit of the Project, and for its stated purposes in accordance with all applicable building, environmental, ecological, landmark, subdivision, zoning codes, laws, and regulations.

7.13 Plans and Specifications. The DEVELOPER has submitted to the CITY preliminary plans and specifications for the Project under Zoning Clearance P22-02878 (Project Preliminary Plans).

A. The HOME CHDO Agreement shall contain by reference the design and site plan of the Project; such design must be approved by the CITY Council with the HOME CHDO Agreement.

B. Before Commencement of Construction, the DEVELOPER shall submit to the CITY, for its review and approval, the final Plans and Specifications for the Project. The DEVELOPER will construct the Affordable Housing in full conformance with the Plans and Specifications and modifications thereto approved by the CITY. The DEVELOPER shall obtain the CITY's prior written approval for any modifications to the Plans and Specifications.

7.14 Project Responsibilities/Public Work-Prevailing Wage Requirements. The DEVELOPER shall be solely responsible for all aspects of the DEVELOPER's conduct in connection with the Project, including but not limited to, compliance with all local, State, and federal laws including without limitation, as to prevailing wage and public bidding requirements. The Council of the City of Fresno has adopted Resolution No. 82-297 ascertaining the general prevailing rate of per diem wages and per diem wages for holidays and overtime in the Fresno area for each craft, classification or type of workman needed in the execution of contracts for the CITY. A copy of the resolution is on file at the Office of the City Clerk, City Hall, second floor. Actual wage schedules are available upon request at the City's Construction Management Office, 1721 Van Ness Avenue. Without limiting the foregoing, the DEVELOPER shall be solely responsible for the quality and suitability of the work completed and the supervision of all contracted work, qualifications, and financial conditions of and performance of all contracts, subcontractors, consultants, and suppliers. Any review or inspection undertaken by the CITY with reference to the Project and/or payroll monitoring/auditing is solely for the purpose of determining whether the DEVELOPER is properly discharging its obligation to the CITY and shall not be relied upon by the DEVELOPER or by any third parties as a warranty or representation by the CITY as to governmental compliance and/or the quality of work completed for the Project.

7.15 Property Condition. The DEVELOPER shall maintain the Project and all improvements on site in a reasonably good condition and repair (and, as to landscaping, in a healthy condition), all according to the basic design and related plans, as amended from time to time. The DEVELOPER and those taking direction under the DEVELOPER shall: (i) maintain all on-site improvements according to all other applicable law, rules, governmental agencies and bodies having or claiming jurisdiction and all their respective departments, bureaus, and officials; (ii) keep the improvements free from graffiti; (iii) keep the Project Property free from any accumulation of debris or waste material; (iv) promptly make repairs and replacements to on-site improvements; (iv) promptly replace any dead, or diseased plants and/or landscaping (if any) with comparable materials, and (v) enforce tenant lease terms.

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

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

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

A. From the date of execution of this Agreement, until issuance of the final Certificate of Completion, the DEVELOPER shall submit a Quarterly Report, in a form approved by the CITY, which will include, at a minimum, the following information: progress of the Project and affirmative marketing efforts. The Quarterly Reports are due 15 days after each March 31st, June 30th, September 30th, and December 31st, during said period.

B. Annually, beginning on the first day of the month following the CITY's issuance of the Certificate of Completion, and continuing until the termination of the Agreement, the DEVELOPER shall submit an Annual Occupancy Report to the CITY, in a form approved by the CITY. The Annual Report shall include, at a minimum, the following information: occupancy of each Project Unit including the annual income and the household size, the date occupancy commenced, certification from an officer of the DEVELOPER that the Project is in compliance with the Affordability requirements, and such other information the CITY may be required by law to obtain. The DEVELOPER shall provide any additional information reasonably requested by the CITY upon request and at the annual monitoring of the Property.

C. Annually, beginning on the first day of the month following the CITY's issuance of the final Certificate of Completion, evidencing the construction of the Project, and continuing until the expiration of the Agreement, the DEVELOPER shall submit proof of property and liability insurance, as required in Article 9, listing the CITY as loss payee.

7.19 Scheduling and Extension of Time; Unavoidable Delay in Performance. It shall be the responsibility of the DEVELOPER to coordinate and schedule the work to be performed so that the Commencement of the Construction and issuance of the Notice of Completion will take place in accordance with the provisions of the Agreement and Project Schedule. The time for performance contained in the Project Schedule shall be automatically extended upon the following:

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

B. Any and all extensions hereunder shall be by mutual written agreement of the CITY Housing and Community Development Division Manager and the DEVELOPER, which shall not cumulatively exceed 180 days.

7.20 Certificate of Completion. Upon completion of the construction of the Project, the DEVELOPER shall submit to the CITY: 1) certification in writing that the Project has been substantially constructed in accordance with the plans and specifications, approved by the CITY; 2) a recorded Notice of Completion; 3) a cost-certifying final budget where the DEVELOPER shall identify the actual costs, in line-item format consistent with the Project Budget, of construction of the Project; and 4) a request for a recorded Certification of Completion. Upon a determination by the CITY that the DEVELOPER is in compliance with all of the DEVELOPER's construction obligations, as specified in this Agreement, the CITY shall furnish, within 30 calendar days of a written request by the DEVELOPER, a recordable Certificate of Completion for the Project in the form attached hereto as EXHIBIT "E". The CITY will not unreasonably withhold or delay furnishing the Certificate of Completion. If the CITY fails to provide the Certificate of Completion within the specified time, it shall provide the DEVELOPER a written statement indicating in what respects the DEVELOPER has failed to complete the Project in conformance with this Agreement or has otherwise failed to comply with the terms of this Agreement, and what measures the DEVELOPER will need to take or what standards it will need to meet in order to obtain the Certificate of Completion. Upon the DEVELOPER taking the specified measures and meeting the specified standards, the DEVELOPER will certify to the CITY in writing of such compliance and the CITY shall deliver the recordable Certificate of Completion to the DEVELOPER in accordance with the provisions of this Section.

ARTICLE 8. OPERATIONS OF THE PROJECT

8.1 Operation of the Project. The DEVELOPER shall sell the Project Unit in full conformity with the terms of this HOME CHDO Agreement.

8.2 HOME Occupancy Requirements. One Project Unit shall be marketed and sold as a principal residence and be owner-occupied by a Low- to Moderate-Income Household. The DEVELOPER shall comply with the income targeting and Affordable Housing requirements of 24 C.F.R. 92.217 and 92.254. The homebuyer shall not take occupancy of the house prior to the close of escrow vesting title in said homebuyer. If escrow is extended beyond 30 days, the DEVELOPER shall enter into a lease to purchase option with the homebuyer.

8.3 Homebuyer Packet. Upon selection of the homebuyer, the DEVELOPER shall submit the homebuyer's financial information and documentation to the CITY for review and approval. These documents include, but are not limited to the following:

- Credit reports and checks;
- Criminal background checks;
- Employment/Income verification;
- Occupancy restrictions;
- Income Limit;
- Restrictions on use of the premises;
- Homebuyer Education Certification; and
- Purchase and Sale Agreement

The City shall approve all homebuyers prior to close of escrow.

8.4 Nondiscrimination. One HOME CHDO-Assisted Unit shall be available for occupancy on a continuous basis to a household who is income eligible. The DEVELOPER shall not illegally discriminate or segregate in the use, enjoyment, occupancy or conveyance

of any part of the Project or Property on the basis of race, color, ancestry, national origin, religion, sex, marital status, family status, source of income/rental assistance subsidy, physical or mental disability, Acquired Immune Deficiency Syndrome (AIDS) or AIDS-related conditions (ARC), sexual orientation, or any other arbitrary basis. The DEVELOPER shall otherwise comply with all applicable local, State and federal laws concerning nondiscrimination in housing. Neither the DEVELOPER nor any person claiming under or through the DEVELOPER, shall establish or permit any such practice or practices of illegal discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants or vendees of any HOME CHDO-Assisted Unit or in connection with employment of persons for the construction of any Project Unit. All deeds or contracts made or entered into by the DEVELOPER as to the Project Units or portion thereof, shall contain covenants concerning nondiscrimination consistent with this section. The DEVELOPER shall include a statement in all advertisements, notices, and signs for availability of Units for sale to the effect that the DEVELOPER is an Equal Housing Opportunity Provider.

8.5 Project House Sale Price. The initial sale price of each house is the total amount paid by the homebuyer for the house conveyance, inclusive of any first lien/loan and exclusive escrow fees, title insurance costs, broker's commission (if any), loan fees or any other closing or transaction costs. Notwithstanding the foregoing, the sale price for the area as applied under 24 C.F.R. 92.254.

ARTICLE 9. INSURANCE AND INDEMNITY AND BONDS

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

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

Best's Insurance Rating Guide, or (ii) authorized by the CITY's Risk Manager. The following policies of insurance are required:

(i) COMMERCIAL GENERAL LIABILITY insurance which shall be at least as broad as the most current version of Insurance Services Office (ISO) Commercial General Liability Coverage Form CG 00 01 and include insurance for "bodily injury," "property damage" and "personal and advertising injury" with coverage for premises and operations (including the use of owned and non-owned equipment), products and completed operations, and contractual liability (including, without limitation, indemnity obligations under the Agreement) with limits of liability of not less than the following:

\$2,000,000 per occurrence for bodily injury and property damage
\$2,000,000 per occurrence for personal and advertising injury
\$4,000,000 aggregate for products and completed operations
\$4,000,000 general aggregate applying separately to work performed under the Agreement

(ii) COMMERCIAL AUTOMOBILE LIABILITY insurance which shall be at least as broad as the most current version of Insurance Service Office (ISO) Business Auto Coverage Form CA 00 01, and include coverage for all owned, hired, and non-owned

automobiles or other licensed vehicles (Code 1-Any Auto) with limits of liability of not less than \$1,000,000 per accident for bodily injury and property damage.

(iii) WORKERS' COMPENSATION insurance as required under the California Labor Code.

(iv) EMPLOYEE LIABILITY insurance with limits of liability of not less than \$1,000,000 each accident, \$1,000,000 disease policy limit and \$1,000,000 diseased each employee.

(v) BUILDERS RISK (Course of Construction) insurance, obtained by the DEVELOPER or subcontractor in an amount equal to the completion value of the Project with no coinsurance penalty provisions. (Only required if the project includes new construction of a building; or renovation of, or addition to, an existing building.)

(vi) CONTRACTOR POLLUTION LIABILITY (Unless waived in writing by the CITY's Risk Manager or his/her designee, Pollution Liability is required, by the DEVELOPER or the Contractor for all environmental and water remediation work and for all work transporting fuel. Pollution insurance shall provide coverage for bodily injury, property damage or pollution clean-up costs that could result from of pollution condition, both sudden and gradual. Including a discharge of pollutants brought to the work site, a release of pre-existing pollutants at the site, or other pollution conditions with limits of liability of not less than the following:

\$1,000,000 per occurrence or claim

\$2,000,000 general aggregate per annual policy period

In the event the DEVELOPER purchases an Umbrella or Excess insurance policy(ies) to meet the minimum limits of insurance set forth above, this insurance policy(ies) shall "follow form" and afford no less coverage than the primary insurance policy(ies). In addition, such Umbrella or Excess insurance policy(ies) shall also apply on a primary and non-contributory basis for the benefit of the CITY, its officers, officials, employees, agents, and volunteers.

In the event the DEVELOPER involves any lead-based, mold or asbestos environmental hazard, either the Automobile Liability insurance policy or the Pollution Liability insurance policy shall be endorsed to include Transportation Pollution Liability insurance covering materials to be transported by the DEVELOPER pursuant to the HOME CHDO Agreement.

In the event the DEVELOPER involves any lead-based environmental hazard (e.g., lead-based paint), the DEVELOPER's Pollution Liability insurance policy shall be endorsed to include coverage for lead based environmental hazards. In the event the DEVELOPER involves any asbestos environmental hazard (e.g., asbestos remediation), the DEVELOPER's Pollution Liability insurance policy shall be endorsed to include coverage for asbestos environmental hazards. In the event the HOME CHDO Agreement involves any mold environmental hazard (e.g., mold remediation), the Pollution Liability insurance policy shall be endorsed to include coverage for mold environmental hazards and "microbial matter including mold" within the definition of "Pollution" under the policy.

The DEVELOPER shall be responsible for payment of any deductibles contained in any insurance policies required hereunder and the DEVELOPER shall also be responsible for payment of any self-insured retentions. Any deductibles or self-insured retentions must be declared to, and approved by, the CITY's Risk Manager or his/her designee. At the option of the CITY's Risk Manager or his/her designee, either (i) the insurer shall reduce or eliminate

such deductibles or self-insured retentions as respects to the CITY, its officers, officials, employees, agents, and volunteers; or (ii) the DEVELOPER shall provide a financial guarantee, satisfactory to the CITY's Risk Manager or his/her designee, guaranteeing payment of losses and related investigations, claim administration and defense expenses. At no time shall the CITY be responsible for the payment of any deductibles or self-insured retentions.

All policies of insurance required hereunder shall be endorsed to provide that the coverage shall not be cancelled, non-renewed, reduced in coverage or in limits except after thirty (30) calendar day written notice has been given to the CITY. Upon issuance by the insurer, broker, or agent of a notice of cancellation, non-renewal, or reduction in coverage or in limits, the DEVELOPER shall furnish the CITY with a new certificate and applicable endorsements for such policy(ies). In the event any policy is due to expire during the work to be performed for the CITY, the DEVELOPER shall provide a new certificate, and applicable endorsements, evidencing renewal of such policy not less than fifteen (15) calendar days prior to the expiration date of the expiring policy.

The General Liability and Automobile Liability insurance policies shall be written on an occurrence form. The Pollution Liability insurance policy shall be written on either an occurrence form, or a claims-made form. The General Liability, Automobile Liability and Pollution Liability insurance policies shall name the CITY, its officers, officials, agents, employees, and volunteers as an additional insured. All such policies of insurance shall be endorsed so the DEVELOPER's insurance shall be primary and no contribution shall be required of the CITY. The coverage shall contain no special limitations on the scope of protection afforded to the CITY, its officers, officials, employees, agents, and volunteers. If the DEVELOPER maintains higher limits of liability than the minimums shown above, the CITY requires and shall be entitled to coverage for the higher limits of liability maintained by the DEVELOPER. The General Liability insurance policy shall also name the CITY, its officers, officials, agents, employees, and volunteers as additional insureds for all ongoing and completed operations. The Builders Risk (Course of Construction) insurance policy shall be endorsed to name the CITY as loss payee. All insurance policies required including the Workers' Compensation insurance policy shall contain a waiver of subrogation as to the City, its officers, officials, agents, employees, and volunteers.

The DEVELOPER shall furnish the CITY with all certificate(s) and applicable endorsements effecting coverage required hereunder. All certificates and applicable endorsements are to be received and approved by the CITY's Risk Manager or his/her designee before work commences. Upon request of the CITY, the DEVELOPER shall immediately furnish the CITY with a complete copy of any insurance policy required under this Agreement, including all endorsements, with said copy certified by the underwriter to be a true and correct copy of the original policy. This requirement shall survive expiration or termination of this Agreement.

Claims-Made Policies - If any coverage required is written on a claims-made coverage form:

- (i) The retroactive date must be shown, and must be before the effective date of the commencement of work by the DEVELOPER.
- (ii) Insurance must be maintained and evidence of insurance must be provided for at least five (5) years after completion of the work or termination of the Agreement, whichever first occurs.
- (iii) If coverage is canceled or non-renewed, and not replaced with another claims-made policy form with a retroactive date prior to the effective date of the

Agreement, or work commencement date, the DEVELOPER must purchase extended reporting period coverage for a minimum of five (5) years after completion of the work or termination of the HOME CHDO Agreement, whichever first occurs.

(iv) A copy of the claims reporting requirements must be submitted to the CITY for review.

(v) These requirements shall survive expiration or termination of the Agreement.

If at any time during the life of the Agreement or any extension, the DEVELOPER, its contractor, or any of its subcontractors fail to maintain any required insurance in full force and effect, all work under this Agreement shall be discontinued immediately, and all payments due or that become due to the DEVELOPER shall be withheld until notice is received by the CITY that the required insurance has been restored to full force and effect and that the premiums therefore have been paid for a period satisfactory to the CITY. Any failure to maintain the required insurance shall be sufficient cause for the CITY to terminate this Agreement. No action taken by CITY hereunder shall in any way relieve the DEVELOPER of its responsibilities under this Agreement. The phrase "fail to maintain any required insurance" shall include, without limitation, notification received by the CITY that an insurer has commenced proceedings, or has had proceedings commenced against it, indicating that the insurer is insolvent.

The fact that insurance is obtained by the DEVELOPER shall not be deemed to release or diminish the liability of the DEVELOPER, including, without limitation, liability under the indemnity provisions of this Agreement. The duty to indemnify the CITY shall apply to all claims and liability regardless of whether any insurance policies are applicable. The policy limits do not act as a limitation upon the amount of indemnification to be provided by the DEVELOPER. Approval or purchase of any insurance contracts or policies shall in no way relieve from liability nor limit the liability of the DEVELOPER, its principals, officers, agents, employees, persons under the supervision of the DEVELOPER, vendors, suppliers, invitees, consultants, sub-consultants, subcontractors, or anyone employed directly or indirectly by any of them.

In the event of a partial or total destruction by the perils insured against of any or all of the work and/or materials herein provided for at any time prior to the final completion of the Agreement and the final acceptance by the CITY of the work or materials to be performed or supplied thereunder, the DEVELOPER shall promptly reconstruct, repair, replace, or restore all work or materials so destroyed or injured at his/her sole cost and expense. Nothing herein provided for shall in any way excuse the DEVELOPER or his/her insurance company from the obligation of furnishing all the required materials and completing the work in full compliance with the terms of this Agreement.

SUBCONTRACTORS - If DEVELOPER subcontracts any or all of the services to be performed under this Agreement, DEVELOPER shall require, at the discretion of the CITY Risk Manager or designee, subcontractor(s) to enter into a separate Side Agreement with the City to provide required indemnification and insurance protection. Any required Side Agreement(s) and associated insurance documents for the subcontractor must be reviewed and preapproved by CITY Risk Manager or designee. If no Side Agreement is required, CONTRACTOR will be solely responsible for ensuring that its subcontractors maintain insurance coverage at levels no less than those required by applicable law and is customary in the relevant industry.

A. The above-described policies of insurance shall be endorsed to provide an unrestricted thirty (30) day written notice in favor of the CITY, of policy cancellation, change or reduction of coverage. In the event any policy is due to expire during the term of this Agreement, a new certificate evidencing renewal of such policy shall be provided not less than fifteen (15) days prior to the expiration date of the expiring policy(ies). Upon issuance by the insurer, broker, or agent of a notice of cancellation, change or reduction in coverage, the DEVELOPER or its contractors, as the case may be, shall file with the CITY a certified copy of the new or renewal policy and certificates for such policy.

B. The DEVELOPER shall furnish the CITY with the certificate(s) and applicable endorsements for ALL required insurance prior to the CITY's execution of this Agreement. The DEVELOPER shall furnish the CITY with copies of the actual policies upon the request of the CITY at any time during the life of the Agreement or any extension.

At all times hereunder the DEVELOPER shall maintain the required insurance in full force and effect.

9.2 Indemnity. To the furthest extent allowed by law including California Civil Code section 2782, DEVELOPER shall indemnify, hold harmless and defend CITY and each of its officers, officials, employees, agents, and volunteers from any and all loss, liability, fines, penalties, forfeitures, costs and damages (whether in contract, tort or strict liability, including but not limited to personal injury, death at any time and property damage) incurred by CITY, DEVELOPER or any other person, and from any and all claims, demands and actions in law or equity (including reasonable attorney's fees, litigation expenses and cost to enforce this agreement), arising or alleged to have arisen directly or indirectly out of performance of this Contract. DEVELOPER'S obligations under the preceding sentence shall apply regardless of whether CITY or any of its officers, officials, employees, agents, or volunteers are passively negligent, but shall not apply to any loss, liability, fines, penalties, forfeitures, costs or damages caused by the active or sole negligence, or the willful misconduct, of CITY or any of its officers, officials, employees, agents or volunteers.

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

This section shall survive termination or expiration of this Contract.

9.3 Property Insurance. The DEVELOPER shall maintain in full force and effect, throughout the remaining life of this Agreement, a policy or policies of property insurance acceptable to the CITY, covering the Project premises, with limits reflective of the value of the Project premises upon issuance of the Certificate of Completion or substantial completion of the project referenced in this agreement, including fire and Extended Comprehensive Exposure (ECE) coverage in an amount, form, substance, and quality as acceptable to the CITY's Risk Manager. The CITY shall be added by endorsement as a loss payee thereon.

9.4 Bond Obligations. The DEVELOPER or its General Contractor shall obtain, pay for and deliver good and sufficient payment and performance bonds along with a Primary Obligee, Co-Obligee, or Multiple Obligee Rider in a form acceptable to the CITY from a

corporate surety, admitted by the California Insurance Commissioner to do business in the State of California and Treasury-listed, in a form satisfactory to the CITY and naming the CITY as Obligee.

A. The "Faithful Performance Bond" shall be at least equal to 100% of the DEVELOPER's estimated construction costs as reflected in the DEVELOPER's pro forma budget, attached hereto as EXHIBIT "C", to the guarantee faithful performance of the Project, within the time prescribed, in a manner satisfactory to the CITY, consistent with this Agreement, and that all material and workmanship will be free from original or developed defects.

B. The "Payment Bond" shall be at least equal to 100% of construction costs approved by the CITY to satisfy claims of material supplies and of mechanics and laborers employed for this Project. The bond shall be maintained by the DEVELOPER in full force and effect until the Project is completed and until all claims for materials and labor are paid and as required by the applicable provisions of Chapter 7, Title 15, Part 4, Division 3 of the California Civil Code.

C. The "Material and Labor Bond" shall be at least equal to 100% of the DEVELOPER's estimated construction costs as reflected in the DEVELOPER's pro forma budget, attached hereto as EXHIBIT "C", to satisfy claims of material supplies and of mechanics and laborers employed for this Project. The bond shall be maintained by the DEVELOPER in full force and effect until the Project is completed, and until all claims for materials and labor are paid, released, or time barred, and shall otherwise comply with any applicable provision of the California Code.

ARTICLE 10. DEFAULT AND REMEDIES

10.1 Events of Default. The parties agree that each of the following shall constitute an "Event of Default" by the DEVELOPER for purposes of this Agreement after the cure period in Section 10.2 has expired without a cure:

A. The DEVELOPER's use of HOME CHDO Funds for costs other than Eligible Construction Costs or for uses not permitted by the terms of this Agreement; except that there shall be no Event of Default if the DEVELOPER's use of the HOME CHDO Funds were for costs that were Eligible Costs at the time they were incurred but subsequently lose eligibility;

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

C. Except as otherwise provided in this HOME CHDO Agreement, the failure of the DEVELOPER to punctually and properly perform any other covenant or agreement contained in this HOME CHDO Agreement including without limitation the following: (1) the DEVELOPER's material deviation in the Project work specified in the Project Description as identified in this HOME CHDO Agreement, without the CITY's prior written consent; (2) the DEVELOPER's use of defective or unauthorized materials or defective workmanship in pursuit of the Project; (3) the DEVELOPER's failure to commence or complete the Project, as specified in this HOME CHDO Agreement, unless delay is permitted under Section 7.19 of this Agreement; (4) cessation of the Project for a period of more than fifteen (15) consecutive days (other than as provided at Section 7.19 of this HOME CHDO Agreement) prior to submitting to the CITY certification that the Project is complete; (5) any material adverse change

in the condition of the DEVELOPER or its development team, or the Project that gives the CITY reasonable cause to believe that the Project cannot be completed by the scheduled completion date according to the terms of this HOME CHDO Agreement; (6) the DEVELOPER's failure to remedy any deficiencies in record keeping or failure to provide records to the CITY upon the CITY's request; or (7) the DEVELOPER's failure to comply with any federal, State or local laws or applicable CITY restrictions governing the Project, including but not limited to provisions of this HOME CHDO Agreement pertaining to equal employment opportunity, nondiscrimination and lead-based paint;

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

E. The DEVELOPER shall file, or have filed against it, a petition of bankruptcy, insolvency, or similar law, State or federal, or shall file any petition or answer seeking, consenting to, or acquiescing in any reorganization, arrangement, composition, readjustment, liquidation, dissolution, or similar relief, and such petition shall not have been vacated within 90 days; or shall be adjudicated bankrupt or insolvent, under any present or future statute, law, regulation, under State or federal law, and such judgment or decree is not vacated or set aside within 90 days;

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

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

H. The DEVELOPER's breach of any other material condition, covenant, warranty, promise or representation contained in this HOME CHDO Agreement not otherwise identified within this Section.

I. Any substantial or continuous breach by the DEVELOPER of any material obligation owned by the DEVELOPER imposed by any other agreement with respect to the financing, of the Project, whether or not the CITY is a party to such agreement after expiration of all notice and cure periods contained within such document.

10.2 Notice of Default and Opportunity to Cure. The CITY shall give written notice to the DEVELOPER of any Event of Default by specifying: (1) the nature of the event or deficiency giving rise to the default; (2) the action required to cure the deficiency, if any action to cure is possible, and (3) a date, which shall not be less than the lesser of any time period provided in this HOME CHDO Agreement, any time period provided for in the notice no less than ten days, or 30 calendar days from the date of the notice, by which such deficiency must be cured, provided that if the specified deficiency or default cannot reasonably be cured within the specified time, with the CITY's written consent, the DEVELOPER shall have an

additional reasonable period to cure so long as it commences cure within the specified time and thereafter diligently pursues the cure in good faith. The CITY acknowledges and agrees that the DEVELOPER shall have the right to cure any defaults hereunder and that notice and cure rights hereunder shall extend to any and all partners of the DEVELOPER that are previously identified in writing delivered to the CITY in the manner provided in this HOME CHDO Agreement.

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

- A. Terminate this Agreement immediately upon written notice;
- B. Bring an action in equitable relief: (1) seeking specific performance of the terms and conditions of this HOME CHDO Agreement, and/or (2) enjoining, abating or preventing any violation of said terms and conditions, and/or (3) seeking declaratory relief;
- C. Pursue any other remedy allowed by law or in equity or under this Agreement; and

ARTICLE 11. GENERAL PROVISIONS

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

11.1 Amendments. No modification or amendment of any provision of this Agreement shall be effective unless made in writing and signed by the DEVELOPER and the CITY hereto. The CITY recognizes that senior lenders and equity investors may request revisions to the Loan Documents to be consistent with their funding and investing requirements. Therefore, the CITY agrees to consider and negotiate as to any reasonable non-material changes to this HOME CHDO Agreement to address such requests, subject to approval as to form by the City Attorney's Office.

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

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

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

11.5 Disclaimer of Relationship. Nothing contained in this HOME CHDO Agreement, nor any act of the CITY or of the DEVELOPER, or of any other person, shall in

and by itself be deemed or construed by any person to create any relationship of third-party beneficiary, or of principal and agent, of limited or general partnership, or of joint venture.

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

11.7 Effective Date. This HOME CHDO Agreement shall be effective upon the date first above written, upon the CITY and the DEVELOPER's complete execution following City Council approval and recordation of related documents.

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

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

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

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

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

11.13 Interpretation. This HOME CHDO Agreement in its fully executed form is the result of the combined efforts of the DEVELOPER and the CITY. Any ambiguity will not be construed in favor or against either party, but rather by construing the terms in accordance with their generally accepted meaning.

11.14 Assignment or Succession. The DEVELOPER shall not sell, transfer, assign or otherwise dispose of all or a material part of any interest it might hold in the Property without the prior written consent of the CITY, which consent shall not be unreasonably

withheld or delayed. Notwithstanding the foregoing, upon prior written notice to the CITY, the DEVELOPER shall be permitted to assign its rights and obligation under this HOME CHDO Agreement with respect to the Project without the CITY's consent.

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

11.16 No Waiver. Neither failure nor delay on the part of the CITY in exercising any right under this HOME CHDO Agreement shall operate as a waiver of such right, nor shall any single or partial exercise of any such right preclude any further exercise thereof or the exercise of any other right. No waiver of any provision of this HOME CHDO Agreement or consent to any departure by the DEVELOPER therefrom shall be effective unless the same shall be in writing, signed on behalf of the CITY by a duly authorized officer thereof, and the same shall be effective only in the specific instance for which it is given. No notice to or demand on the DEVELOPER in any case shall entitle the DEVELOPER to any other or further notices or demands in similar or other circumstances or constitute a waiver of any of the CITY's right to take other or further action in any circumstances without notice or demand.

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

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

If to the CITY: City of Fresno
 Planning and Development Department
 Housing and Community Development Division
 2600 Fresno Street, Room 3065
 Fresno, CA 93721-3605

If to DEVELOPER: Habitat for Humanity Fresno County, Inc.
 Attention: Executive Director
 4991 E. McKinley Avenue, Suite 123
 Fresno, CA 93727

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

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

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

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

//

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

CITY OF FRESNO,
A California municipal corporation

HABITAT FOR HUMANITY FRESNO
COUNTY, INC.,
a California corporation

By: _____
Name: Georgeanne A. White,
Title: City Manager
(Attach notary certificate of acknowledgment)

By: Ashley Hedemann
Name: Ashley Hedemann
Title: Executive Director
(Attach notary certificate of acknowledgment)

APPROVED AS TO FORM:
ANDREW JANZ
City Attorney

Date: 9/21/2023

By: Tracy N. Parvanian
Name: Tracy N. Parvanian
Title: Supervising Deputy City Attorney
9/21/23

By: _____
Name: Steve Jones
Title: Board President

ATTEST:
TODD STERMER, CMC
City Clerk

Date: _____

By: _____
Name:
Title: Deputy City Clerk

- Attachments:
EXHIBIT A: PROPERTY DESCRIPTION
EXHIBIT B: PROJECT DESCRIPTION AND SCHEDULE
EXHIBIT C: PROJECT BUDGET AND CASH FLOW STATEMENT
EXHIBIT D: EXEMPLAR DECLARATION OF RESTRICTIONS
EXHIBIT E: EXEMPLAR CERTIFICATE OF COMPLETION
EXHIBIT F: EXEMPLAR PROMISSORY NOTE
EXHIBIT G: EXEMPLAR DEED OF TRUST
EXHIBIT H: HOMEBUYER WRITTEN AGREEMENT

EXHIBIT "A"
LEGAL DESCRIPTION

477-123-06

APN 477-123-06 MORE PARTICULARLY DESCRIBED AS THAT PORTION OF LOT 17 OF THE CALIFORNIA HEIGHTS ACCORDING TO THE MAP THEREOF RECORDED IN BOOK 12, PAGE 51 OF PLATS, FRESNO COUNTY RECORDS, DESCRIBED AS FOLLOWS; WEST HALF OF THE NORTH 135 FEET OF LOT 17 OF SECTION 17, TOWNSHIP 14 SOUTH, RANGE 20 EAST, MOUNT DIABLO BASE AND MERIDIAN. EXCEPTING THEREFROM THE SOUTH 15 FEET. IN THE CITY OF FRESNO.

EXHIBIT “B”
PROJECT DESCRIPTION AND SCHEDULE

I. PROJECT DESCRIPTION

The Project consists of the construction of one single-family wood framed, detached house to be located at 64 Atchison Street, Fresno, CA 93706, and related on-site and offsite improvements. The house will be sold as affordable housing and will be occupied by a Low- to Moderate-Income household.

The DEVELOPER will construct one (3bed/2bath) 1,200 square foot house at the subject site. The eligible homebuyer will have an annual income of not more than 80% of area median income and will invest 500 hours of sweat-equity hours toward construction of their house.

Once the house is constructed, it will be sold through escrow to Low- to Moderate-Income homebuyer. The homebuyer may receive all or a portion of the Loan Amount as mortgage assistance. If only a portion is used for mortgage assistance, Habitat for Humanity will be responsible for the loan balance.

II. PROJECT SCHEDULE

- A. Commencement of Construction: January 31, 2024
- B. Completion of Construction: September 15, 2024
- C. Sale of the House to the Homebuyer: October 1, 2024

RESIDENTIAL DEVELOPMENT BUDGET (10A)

Atchison

9/18/2023

Description	Residential	Funding Sources		NOTES
	Total for 2 Homes	City HOME Funds	Habitat Fresno	
Acquisition Costs:				
Purchase Price	\$1,300	\$0	\$1,300	
Liens	\$0	\$0	\$0	
Closing, Title & Recording Costs	\$8,000	\$0	\$8,000	
Extension Payment	\$0	\$0	\$0	
Other: _____	\$0	\$0	\$0	
SUBTOTAL SUBTOTAL	\$9,300	\$0	\$9,300	
Construction				
Basic Construction Contract	\$204,050	\$152,844	\$51,206	
Bond Premium	\$9,000	\$0	\$9,000	
Infrastructure Imp: On-Site	\$35,300	\$35,000	\$300	
Infrastructure Imp: Off-Site	\$38,723	\$0	\$38,723	
Hazardous Abate. & Monitoring	\$0	\$0	\$0	
Construction Contingency (9%) * SEE BELOW	\$17,373	\$0	\$17,373	9% of Basic Construction Contract
Sales Taxes	\$0	\$0	\$0	
Other Const. Costs: Project Mgmt	\$39,373	\$0	\$39,373	19% of Basic Construction Contract
Other Construction Costs:	\$0	\$0	\$0	
SUBTOTAL SUBTOTAL	\$344,023	\$187,844	\$156,181	
Development				
Appraisals	\$1,100	\$0	\$1,100	
Architect/Engineer	\$13,200	\$13,200	\$0	
Environmental Assessment	\$7,200	\$7,200	\$0	
Geotechnical & Soils Study	\$1,929	\$1,929	\$0	
Boundary & Topographic Survey	\$0	\$0	\$0	
Legal	\$2,000	\$0	\$2,000	
Developer Fee	\$47,848	\$0	\$47,848	10% of Total Project Costs
Project Management	\$0	\$0	\$0	
Technical Assistance	\$0	\$0	\$0	
Consultants	\$5,743	\$0	\$5,743	
SWPPP Plan Costs	\$0	\$0	\$0	
SUBTOTAL SUBTOTAL	\$81,020	\$24,329	\$56,691	
Other Development				
Property Tax	\$500	\$0	\$500	
Insurance	\$0	\$0	\$0	
Bidding Costs	\$0	\$0	\$0	
Permits, Fees & Utility Hookups	\$16,200	\$16,200	\$0	
Impact/Mitigation Fees	\$23,300	\$23,300	\$0	
Development Period Utilities	\$3,100	\$0	\$3,100	
Construction Loan Fees	\$13,738	\$0	\$13,738	
Construction Warranty Costs	\$0	\$0	\$0	
Other Loan Fees (State HF, etc.)	\$0	\$0	\$0	
LIHTC Fees	\$0	\$0	\$0	
Accounting/Audit	\$13,889	\$0	\$13,889	7% of Basic Construction Contract (Note A)
Marketing/Loan Orig	\$19,034	\$0	\$19,034	9% of Basic Construction Contract (Note B)
Carrying Costs at Rent Up	\$0	\$0	\$0	
Operating Reserves	\$0		\$0	
Replacement Reserves:	\$0	\$0	\$0	
SUBTOTAL SUBTOTAL	\$91,781	\$41,300	\$50,281	
Total Construction Project Costs	\$526,326	\$253,673	\$272,653	% split between Funding Sources is based upon the Total Construction Project Costs. Avg Cost per Home (Note A)
Percentage of Project	100%	48%	52%	

NOTES:

A Costs including but not limited to; Construction Loan and HOME agreement implementation, maintenance, and reporting. Processing general accounting such as: billing vendors, processing staff payroll, monitoring/auditing the project budget, etc.

B Costs including but not limited to; planning & implementing targeted outreach for potential partner families, processing applications, loan underwriting and escrow documents, homeowner education, monitoring sweat equity, etc.

C \$526,326 Avg / home. Project includes: One - 3 Bed/2Bath

**EXHIBIT “D”
EXEMPLAR DECLARATION OF RESTRICTIONS**

Recorded at the Request of
and When Recorded Return to:

City of Fresno
Planning and Development Dept.
Housing and Community Development Division
2600 Fresno Street, Room 3065
Fresno, CA 93721-3605

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

The document is exempt from the payment of a recording fee in accordance with Government Code Sections 6103 and 27383.

APN: 477-123-06

DECLARATION OF RESTRICTIONS

THIS DECLARATION OF RESTRICTIONS (Declaration) is executed as of this _____ day of _____, 2023, by the Habitat for Humanity Fresno County, Inc., a (DECLARANT), in favor of the CITY OF FRESNO, a California municipal corporation (CITY).

WHEREAS, the DECLARANT is the owner of the real estate in the City of Fresno, County of Fresno, California, 64 Atchison Street, Fresno, CA 93706 (APN: 477-123-06), which is more particularly described in EXHIBIT “A” – Property Description, attached hereto and made a part hereof, including the improvements thereon (Property); and

WHEREAS, pursuant to a certain City of Fresno HOME CHDO Investment Partnerships Agreement dated _____, 2023, incorporated herein by reference (HOME CHDO Agreement) and instruments referenced therein, the DECLARANT agrees to utilize, and the CITY agrees to provide, certain HOME CHDO funds from the United States Department of Housing and Urban Development (HUD), to the DECLARANT and the DECLARANT agrees to construct and preserve one unit as an Affordable Low- to Moderate-Income unit reserved for a household earning up to 80% of the area median income for the Fresno Metropolitan Statistical Area (FMSA). The one house shall be a 3bed/2bath unit, subject to the terms and conditions set forth in the HOME CHDO Agreement; and

WHEREAS, the HOME CHDO regulations promulgated by HUD, including without limitation 24 C.F.R. 92.252 and the HOME CHDO Agreement impose certain affordability requirements upon property owned by the DECLARANT, which affordability restrictions shall be enforceable for a 30-year period; and

WHEREAS, these restrictions are intended to bind the DECLARANT, and all purchasers of the Property and their successors.

NOW THEREFORE, the DECLARANT declares that the Property is held and will be held, transferred, encumbered, used, sold, conveyed and occupied subject to the covenants, restrictions, and limitations set forth in this Declaration, all of which are declared and agreed to be in furtherance of the Project. All of the restrictions, covenants and limitations will run with the land and will be binding on all parties having or acquiring any right, title or interest in the Property or any part thereof, will inure to the benefit of the CITY, and will be enforceable by it. Any purchaser under a contract of sale covering any right, title or interest in any part of the Property, by accepting a deed or a contract of sale or agreement of purchase, accepts the document subject to, and agrees to be bound by, any and all restrictions, covenant, and limitations set forth in this Declaration commencing on the date the DECLARANT is notified by the CITY that the HOME CHDO-Assisted Unit Household information has been entered into HUD's Integrated Disbursement and Information System (IDIS) as provided in the HOME CHDO Agreement, constituting the commencement of the 30-year Affordability Period.

1. Declarations. The DECLARANT hereby declares that the Property is and shall be subject to the covenants and restrictions hereinafter set forth, all of which are declared to be in furtherance of the Project and the HOME CHDO Agreement and are established and agreed upon for the purpose of enhancing and protecting the value of the Property and in consideration of the CITY entering into the HOME CHDO Agreement with the DECLARANT.

2. Restrictions. The following covenants and restrictions on the use and enjoyment of the Property shall be in addition to any other covenants and restrictions affecting the Property, and all such covenants and restrictions are for the benefit and protection of the CITY and shall run with the Property and be binding on any future owners of the Property and inure to the benefit of and be enforceable by CITY. These covenants and restrictions are as follows:

a. The DECLARANT for itself and its successor(s) on title covenants and agrees that from the date the Project is entered into IDIS as complete, until the expiration of the Affordability Period, it shall cause one HOME CHDO-Assisted housing units to be used as a single-family owner-occupied affordable housing for a Low- to Moderate-Income Household with an income up to 80% of area median income. Unless otherwise provided in the HOME CHDO Agreement, the term HOME CHDO-Assisted housing shall include, without limitation, compliance with the following requirements:

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

ii. Principal Residence. The Affordable Housing Unit constituting the Project upon the Property shall be sold only to eligible natural persons, who shall occupy the house as the purchaser's principal place of residence. The forgoing requirement that the purchaser of the house constituting the Project Property occupy the house as the purchaser's principal residence does not apply to persons, other than natural persons, who acquire the Project Property or portion thereof by foreclosure or deed in lieu of foreclosure; or HUD qualified entities that acquire the Property or portion thereof with the consent of the CITY.

iii. Household Income Requirements. The Affordable Housing Unit constituting the Project upon the Property may be conveyed only to a natural person(s) whose annual Household income at the time of purchase is not greater than 80% of the most recent annual median income calculated and published by HUD for the Fresno Metropolitan Statistical Area applicable to such household's size.

iv. Recapture Provision. Should the Affordable Housing Unit upon the Property not continue to be the principal residence of the Household purchasing the Property/house as affordable housing for the duration of the period of affordability, then a portion of the HOME CHDO financial assistance provided by the CITY and allocated to the Property/house shall immediately come due and must be repaid to the CITY's HOME Program Trust Fund and thereupon the balance of the affordability restrictions shall be released.

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

3. Enforcement of Restrictions. Without waiver or limitation, the CITY shall be entitled to injunctive or other equitable relief against any violation or attempted violation of any Covenant and Restriction.

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

Notwithstanding the foregoing, upon foreclosure by a lender or other transfer in lieu of foreclosure, or assignment of an FHA-insured mortgage to HUD, the Affordability Period shall be terminated unless the foreclosure or other transfer in lieu of foreclosure or assignment recognizes any contractual or legal rights of public agencies, nonprofit sponsors, or others to take actions that would avoid the termination of low-income affordability. However, the requirements with respect to a HOME CHDO-Assisted Unit shall be revived according to their original terms, if during the original Affordability Period, the owner of record before the foreclosure or other transfer, or any entity that includes the former owner of those with whom the former owner has or had formally, family or business ties, obtains an ownership interest in the Project or the Property, the Affordability Period shall be revived according to its original terms.

5. Benefit. This Declaration shall run with and bind the Property for a term commencing on the date Project information is entered into IDIS as complete, until the expiration of the 30-year Affordability Period. The failure or delay at any time of CITY and/or any other person entitled to enforce this Declaration shall in no event be deemed a waiver of the same, or of the right to enforce the same at any time or from time to time thereafter, or an estoppel against the enforcement thereof.

6. Costs and Attorney's Fees. In any proceeding arising because of failure of the DECLARANT or any future owner of the Property to comply with the Covenant and Restriction required by this Declaration, as may be amended from time to time, the CITY

shall be entitled to recover its respective costs and reasonable attorney's fees incurred in connection with such default or failure.

7. Waiver. Neither the DECLARANT nor any future owner of the Property may exempt itself from liability for failure to comply with the Covenant and Restriction required in this Declaration; provided however, that upon the transfer of the Property, the transferring owner may be released from liability hereunder, upon the CITY's written consent of such transfer, which consent shall not be unreasonably withheld, conditioned, or delayed.

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

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

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

11. Amendments or Modifications. No Amendments or modifications shall be permitted without the prior written consent of the CITY and the DECLARANT.

12. Recordation. The DECLARANT acknowledges that this Declaration will be file of record in the County of Fresno Recorder's Office, State of California.

13. Capitalized Terms. All capitalized terms used in this Declaration, unless otherwise defined herein, shall have the meanings assigned to such terms in the HOME CHDO Agreement.

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

//

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

DECLARANT:
HABITAT FOR HUMANITY FRESNO COUNTY, INC.,
a California corporation

By: _____

Name: Ashley Hedemann

Title: Executive Director

(Attach notary certificate of acknowledgment)

Date: _____

EXHIBIT "A"
Legal Description
To Declaration of Restrictions

477-123-06

APN 477-123-06 MORE PARTICULARLY DESCRIBED AS THAT PORTION OF LOT 17 OF THE CALIFORNIA HEIGHTS ACCORDING TO THE MAP THEREOF RECORDED IN BOOK 12, PAGE 51 OF PLATS, FRESNO COUNTY RECORDS, DESCRIBED AS FOLLOWS; WEST HALF OF THE NORTH 135 FEET OF LOT 17 OF SECTION 17, TOWNSHIP 14 SOUTH, RANGE 20 EAST, MOUNT DIABLO BASE AND MERIDIAN. EXCEPTING THEREFROM THE SOUTH 15 FEET. IN THE CITY OF FRESNO.

EXHIBIT "E"
CERTIFICATE OF COMPLETION

Recorded at the Request of
and When Recorded Return to:

City of Fresno
Planning and Development Department
Housing and Community Development Division
2600 Fresno Street, Room 3065
Fresno, CA 93721-3605

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

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

APN: 477-123-06

City of Fresno

By: _____

Planning and Development Department

Date: _____

Certificate of Completion

APN: 477-123-06

Recitals:

A. By a HOME Investment Partnerships Program, Community Housing Development Organization Agreement dated _____, 2023, (HOME CHDO Agreement) between the City of Fresno, a municipal corporation (CITY), Habitat for Humanity Fresno County, Inc., a California corporation (DEVELOPER), the DEVELOPER agreed to construct one for sale unit and related on-site and off-site improvements upon the Property described in EXHIBIT "A" attached to the HOME CHDO Agreement, and made part hereof by this reference (the Property), with assistance of HOME CHDO Funds while meeting the affordable housing, income targeting and other requirements of 24 C.F.R. 92 according to the terms and conditions of the HOME CHDO Agreement and Loan Documents and other documents/instruments referenced therein.

B. The HOME CHDO Agreement was recorded on _____, as Instrument No. _____ in the Official Records of Fresno County, California.

C. Under the terms of the HOME CHDO Agreement, after the DEVELOPER completes the Project, the DEVELOPER may ask the CITY to record a Certificate of Completion.

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

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

NOW THEREFORE:

1. The CITY certifies that the DEVELOPER commenced construction of the Project on _____, 2023 and completed construction of the Project on _____ 202X and has done so in full compliance with the HOME CHDO Agreement.

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

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

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

//

IN WITNESS WHEREOF, CITY has executed this Certificate of Completion as of this _____ day of _____, 2023.

CITY OF FRESNO

By: _____

Date: _____

Planning & Development Department
(Attach notary certificate of acknowledgment)

ATTEST:
TODD STERMER, CMC
CITY CLERK

APPROVED AS TO FORM:
ANDREW JANZ
City Attorney

By: _____

By: _____

Name: _____

Name: Tracy N. Parvanian

Title: Deputy City Clerk

Title: Supervising Deputy City Attorney

Date: _____

Date: _____

HABITAT FOR HUMANITY FRESNO COUNTY, INC.,
a California corporation

By: _____

Date: _____

Name: Ashley Hedemann

Title: Executive Director

(Attach notary certificate of acknowledgment)

EXHIBIT "F" - 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: \$253,673.00
Fresno, California

Date: _____

Promise to Pay. For value received, the undersigned, Habitat for Humanity Fresno County, Inc., a California Corporation (Borrower), promises to pay to the order of the City of Fresno, a California municipal corporation (Lender), the sum of Two Hundred Fifty-Three Thousand Six Hundred Seventy-Three dollars and 00/100 (\$253,673.00) along with interest on the unpaid principal at the rate of 2% per annum, all due and payable on or before _____ (the Borrower Loan Maturity Date) pursuant to the parties' HOME CHDO Agreement dated _____, 2023, (HOME CHDO Agreement), on which date the unpaid principal balance together with interest and unpaid penalties or late charges where applicable thereon shall be due and payable, along with attorney's fees and costs of collections, without relief from valuation and appraisal laws, provided that, in the event the Borrower is not then in default of the HOME CHDO Agreement, the Borrower may at any time prior to the Borrower Loan Maturity Date convey the completed single-family Affordable Unit securing the Note to a Low to Moderate-Income homebuyer through a purchase escrow (Escrow) that conforms to the HOME CHDO Agreement and concurrent therewith assigns all or a portion of the Note as mortgage assistance at 0% interest with a lump sum principal only payment due and payable from the homebuyer on, or before _____, expiration of 30 years from close of escrow (Loan Maturity Date). Any failure to make a payment required hereunder shall constitute a default under this Note.

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

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

Security. This Note, and any extensions or renewals hereof, is secured by a Deed of Trust, Security Agreement executed by the Borrower and recorded against the Property in Fresno County, California, as Document No. _____ on _____, 2023, that provides for acceleration upon stated events, and executed in favor of the Lender (Deed of Trust), creating and insured as a not worse than 2nd position lien on the Property, subordinated only to a lien created by Borrower to insure payment of monies borrowed to pay for the construction of the Affordable Housing Unit on the Property. Said Deed of Trust shall be subject to the terms of the Homebuyer Written Agreement attached hereto, and such shall automatically be incorporated in the terms of the Deed of Trust that secures this Note. Said Deed of Trust is insured by CLTA Lender's policy in the principal amount of, and endorsed for, this Note.

Time is of the Essence. It will be a default under this Note if the Borrower defaults under the HOME CHDO Agreement, defaults under any other Loan Documents, or if Borrower fails to pay when due any sum payable under this Note. In the event of a default by 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 then to the interest and then to principal balance. On the occurrence of a default or on the occurrence of any other event that under the terms of the Loan Documents give rise to the right to accelerate the balance of the indebtedness, then, at the option of Lender, this Note or any notes or other instruments that may be taken in renewal or extension of all or any part of the indebtedness will immediately become due without any further presentment, demand, protest, or notice of any kind.

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

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

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

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 HOME CHDO 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 this Deed of Trust upon the sale or transfer of all or any portion of the Property, or any interest therein, other than a sale to a Low- to Moderate-Income homebuyer as provided in the HOME CHDO Agreement, without the Beneficiary's prior consent. A "sale or transfer" means the conveyance of the Property or any right, title or interest therein; whether legal, beneficial or equitable; whether voluntary or involuntary; whether by outright sale, deed, installment sale contract, land contract, contract for deed, leasehold interest with a term greater than three (3) years, lease-option contract, or by sale, assignment, or transfer of any beneficial interest in or to any land trust holding title to the Property, or by any other method of conveyance of land interest. If any Trustor is a corporation,

partnership or limited liability, company, transfer also includes any change in ownership of more than 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.
//

IN WITNESS WHEREOF, the BORROWER has caused this Promissory Note to be executed as of the date and year first above written.

HABITAT FOR HUMANITY FRESNO COUNTY, INC.,
a California corporation

By: _____ Date: _____

Name: Ashley Hedemann

Title: Executive Director

(Attach notary certificate of acknowledgment)

EXHIBIT "G"
EXEMPLAR DEED OF TRUST

Recorded at the Request of
and When Recorded Return to:

City of Fresno
Planning and Development Department
Housing and Community Development Division
2600 Fresno Street, Room 3065
Fresno, CA 93721-3605

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

TITLE ORDER NO. _____
A.P.N.: 477-123-06

ESCROW NO. _____

DEED OF TRUST ASSIGNMENT OF RENTS

THIS DEED OF TRUST (Deed of Trust) made this ___ day of _____, 2023, by and between Habitat for Humanity Fresno County, Inc., a California corporation (Borrower), Fidelity National Title Company, a California Corporation (Trustee), and the City of Fresno, a Municipal Corporation organized and existing under the laws of the State of California whose address is 2600 Fresno Street, Fresno, California 93721 (Beneficiary and Lender).

The Borrower, in consideration of the indebtedness herein recited and the trust herein created, does irrevocably grant and convey to Trustee, in trust, with power of sale, all the Borrower's right, title, and interest now owned or hereafter acquired in the real property (Land) known as 64 Atchison Street, Fresno, CA 93706, located in Fresno County, California and more particularly described in the Attached EXHIBIT "A", incorporated by reference to the Land later acquired during the term of this Deed of Trust will be subject to this Deed of Trust), together with the rents, issues, and profits, subject however, to the right, power, and authority granted and conferred on the Borrower in this Deed of Trust to collect and apply the rents, issues, and profits; and

The Borrower also irrevocably grants, transfers, and assigns to the Trustee, in trust, with power of sale, all of the Borrower's right, title and interest now owned or later acquired for and located at the property:

- (1) All buildings (Buildings) and improvements now or later on the land and all easements, rights, appurtenances, water and water rights, minerals and mineral rights; all machinery, equipment, appliances, and fixtures for the generation or distribution of air, water, heat, electricity, light, fuel, or refrigeration or for ventilating or sanitary purposes or for the exclusion of vermin or insects or for the removal of dust, refuse, or garbage; all wall safes, built-in furniture, and installations, window shades and blinds, light fixtures, fire hoses and brackets, screens, linoleum, carpets, furniture, furnishings, fixtures, plumbing, laundry tubs and trays, refrigerators, heating units, stoves, water heaters, incinerators, and communication systems and installations for which any Building is specially designed; all of these item, whether now or later installed, being declared to be for all purposes of this Deed of Trust a part of the Land, the specific enumerations in this Deed of Trust not

excluding the general; and

- (2) The rents, issues, profits, and proceeds relating to the foregoing; and
- (3) The Property to the extent not included on clauses (1) and (2) above.

TO SECURE, in order of priority that the Beneficiary determines:

- (1) Payment of the indebtedness evidenced by a note of the Borrower of even date with this Deed of Trust in the principal amount of Two Hundred Fifty-Three Thousand Six Hundred Seventy-Three Dollars and 00/100 (\$253,673.00) (Note), payable to the Beneficiary or order, and all extensions, modifications, or renewals of that Note;
- (2) Payment of the interest on that indebtedness according to the terms of the Note;
- (3) Payment of all other sums (with interest as provided herein) becoming due and payable to the Beneficiary or the Trustee pursuant to the terms of this Deed of Trust;
- (4) Performance of every obligation contained in this Deed of Trust, the Note, the HOME Investment Partnerships, Community Housing Development Organization Program Agreement dated the ___ of ___, 2023 (HOME CHDO Agreement), and its related documents, the Declaration of Restrictions dated the ___ of ___, 2023, any instrument now or later evidencing or securing any indebtedness secured by this Deed of Trust, and any agreements, supplemental agreements, or other instruments of security executed by Borrower as of the same date of this Deed of Trust for the purpose of further securing any indebtedness amending this Deed of Trust or any instrument secured by this Deed of Trust (collectively, the "Loan Documents"); and
- (5) 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.

The Borrower covenants that the Borrower is lawfully seized of the estate hereby conveyed and has the right to grant and convey the Property, and that the Property is encumbered only for encumbrances of record. The Borrower covenants that the Borrower will forever warrant and will defend the grant made in this Deed of Trust against all claims and demands, subject to encumbrances of record. The Borrower covenants that the Borrower will maintain and preserve the lien of this Deed of Trust until all the indebtedness under the Note is paid in full.

The Borrower represents and warrants to the Beneficiary that as of the date of this Deed of Trust, the Borrower is a validly existing and is in good standing under the laws of the State of California and is qualified to do business in the State of California; that the Borrower has the requisite power and authority to own, develop, and operate the property; and that the Borrower is in compliance with all laws, regulations, ordinances, and orders of public authorities applicable to it.

The Borrower represents and warrants to the Beneficiary that as of the date of this Deed of Trust the execution, delivery, and performance by the Borrower and the borrowings evidenced by the Note are within the power of the Borrower; have been duly authorized by all requisite corporate or partnership actions, as appropriate; has received all necessary governmental approvals; and will not violate any provision of law, any order of any court or agency of government, the charter documents of the

Borrower, or any indenture, agreement, or any other instrument to which the Borrower is a party or by which the Borrower or any of its property is bound, nor will they conflict with, result in a breach of, or constitute (with due notice and lapse of time) a default under any indenture, agreement, or other instrument, or result in the creation or imposition of any lien, charge, or encumbrance of any nature on any of the property or assets of the Borrower, except as contemplated by the provisions of the Loan Documents; and each of the Loan Documents, when executed and delivered to the Beneficiary, will constitute a valid obligation, enforceable in accordance with its terms.

The Borrower represents and warrants to the Beneficiary that as of the date of this Deed of Trust that the Property is not used principally for agricultural or grazing purposes; that the Borrower is engaged in the development of lower-income housing and that the principal purpose of the HOME CHDO Program Loan is the construction of affordable housing and improvements to the Property.

UNIFORM COVENANTS. The Borrower and the Lender covenant and agree as follows:

1. Payment of Principal. The Borrower shall promptly pay when due the principal indebtedness evidenced by the Note.
2. Hazard Insurance. The Borrower, at its sole cost and expense, for the mutual benefit of the Borrower and Beneficiary, shall keep the improvements now existing or hereafter erected on the Property insured against loss by fire, hazards included within the term "extended coverage", and such other hazards as the Lender may require and, in such amount, and for such period as the Lender may require as set forth in the HOME CHDO Agreement referenced above. The insurance carrier providing the insurance shall be chosen by the Borrower subject to approval by the Lender; provided that such approval shall not be unreasonably withheld. All insurance policies and renewals thereof shall be in a form acceptable to the Lender and shall include a standard mortgage clause in favor of and in a form acceptable to the Lender. The Lender shall have the right to hold the policies and renewals thereof, subject to the terms of any mortgage, deed of trust or other security agreement with a lien which has priority over this Deed of Trust. In the event of loss, the Borrower shall give prompt notice to the insurance carrier and the Lender. The Lender may make proof of loss if not made promptly by the Borrower. If the Property is abandoned by the Borrower, or if the Borrower fails to respond to the Lender within 30 days from the date notice is mailed by the Lender to the Borrower that the insurance carrier offers to settle a claim for insurance benefits, the Lender is authorized to collect and apply the insurance proceeds at the Lender's option either to restoration or repair of the Property or to the sums secured by this Deed of Trust.
3. Preservation and Maintenance of Property. Leaseholds; Condominiums; Planned Unit Developments. The Borrower shall keep the Property in good repair and shall not commit waste or permit impairment or deterioration of the Property and shall comply with the provisions of any lease if this Deed of Trust is on a leasehold. If this Deed of Trust is on a unit in a condominium or a planned unit development, the Borrower shall perform all of the Borrower's obligations under the declaration or covenants creating or governing the condominium or planned unit development, the by-laws and regulations of the condominium or planned unit development, and constituent documents. The Borrower shall not permit overcrowded conditions to exist as defined by the U.S. Department of Housing and Urban Development.
4. Protection of Lender's Security. If the Borrower fails to perform the covenants and agreements contained in this Deed of Trust, or if any action or proceeding is commenced which materially affects the Lender's interest in the Property, then the Lender, at the Lender's option, upon

notice to the Borrower, may make such appearances, disburse such sums, including reasonable attorney's fees, and take such action as is necessary to protect the Lender's interest. If the Lender requires mortgage insurance as a condition of making the loan secured by this Deed of Trust, Borrower shall pay the premiums required to maintain such insurance in effect until such time as the requirement for such insurance terminates in accordance with the Borrower's and Lender's written agreement or applicable laws. Any amounts disbursed by the Lender pursuant to this Paragraph 4 shall become additional indebtedness of the Borrower secured by this Deed of Trust. Unless the Borrower and Lender agree to other terms of payment, such amounts shall be payable upon notice from the Lender to the Borrower requesting payment thereof. Nothing contained in this paragraph 4 shall require the Lender to incur any expense or take any action hereunder.

5. Inspection. The Lender may make or cause to be made reasonable entries upon and inspections of the Property, provided that the Lender shall provide the Borrower notice prior to any such inspection specifying reasonable cause therefore related to the Lender's interest in the Property.
6. Condemnation. The proceeds of any award or claim for damages, direct or consequential, in connection with any condemnation or other taking of the Property, or part thereof, or for conveyance in lieu of condemnation, are hereby assigned and shall be paid to the Lender, subject to the terms of any mortgage, deed of trust or other security agreement with a lien which has priority over this Deed of Trust.
7. Borrower Not Released; Forbearance By Lender Not a Waiver. The extension of the time for payment or modification of amortization of the sums secured by this Deed of Trust granted by the Lender to any successor in interest of the Borrower shall not operate to release, in any manner, the liability of the original Borrower and the Borrower's successors in interest. The Lender shall not be required to commence proceedings against such successor or refuse to extend time for payment or otherwise modify amortization of the sums secured by this Deed of Trust be reason of any demand made by the original Borrower and the Borrower's successors in interest. Any forbearance by the Lender in exercising any right or remedy hereunder, or otherwise afforded by applicable law, shall not be waiver of or preclude the exercise of any such right of remedy.
8. Successors and Assignees Bound; Joint and Several Liability; Co-Signers. The covenants and agreements herein contained shall bind, and the rights hereunder shall inure to the respective successors and assignees of the Lender and the Borrower. All covenants and agreements of the Borrower shall be joint and several. Any borrower who co-signs this Deed of Trust, but does not execute the Note is: (a) co-signing this Deed of Trust only to grant and convey that the Borrower's interest in the Property of Trustee under the terms of this Deed of Trust, and (b) not personally liable on the Note or under this Deed of Trust or the Note, without that Borrower's consent and without releasing that Borrower or modifying this Deed of Trust as to that Borrower's interest in the Property.
9. Transferability. One of the inducements to the Beneficiary for making the Loan is the identity of the Borrower. The existence of any interest in the Property other than the interests of the Borrower and Beneficiary and any encumbrance permitted in this Deed of Trust, even though subordinate to the security interest of the Beneficiary, and the existence of any interest in the Borrower other than those of the present owners, would impair the Property and the security interest of the Beneficiary, and, therefore, except as provided herein or in the Loan Documents, the Borrower will not sell, convey, assign, transfer, alienate, or otherwise dispose of its interest

in the Property, either voluntarily or by operation of law, or agree to do so, without the prior written consent of the Beneficiary. The consent to one transaction by the Beneficiary will not be deemed a waiver of the right to require consent to further or successive transactions. If the Borrower is a corporation, any sale, transfer, or disposition of 50% or more of the voting interest of the Borrower or of any entity that directly or indirectly owns or controls the Borrower, including, without limitation, the parent company of the Borrower, and the parent company of the parent company of the Borrower, will constitute a sale of the Property for purposes of this article. If the Borrower is a partnership any change or addition of a general partner of the Borrower, change of a partnership interest of the Borrower with the exception of a limited partner transfer, which shall not require the Beneficiary's consent, or sale, transfer, or disposition of 50% or more of the voting interest or partnership interest of any general partner of the Borrower or of any corporation, partnership or entity that directly or indirectly owns or controls any general partner of the Borrower, including, without limitation, each parent company of a general partner of the Borrower and each parent company of any parent company of a general partner of the Borrower, will constitute a sale of the Property for purposes of this section. If the Borrower is a limited liability company, any change of the manager or any sale, transfer or disposition of 50% or more of the partnership interests of the Borrower, or disposition of 50% or more of the voting interest of the Borrower or of any corporation, partnership or entity that directly or indirectly owns or controls any member of the Borrower, including without limitations, each parent company of the Borrower and each parent company of any parent company of a member of the Borrower, will constitute a sale of the Property for purposes of this section. Any transaction in violation of this section will cause all Indebtedness, irrespective of the maturity dates, at the option of the Beneficiary and without demand or notice, immediately to become due, together with any prepayment premium in accordance with the terms of the Note except as prohibited by law.

10. Notice. Except for any notice required under applicable law to be given in another manner, (a) any notice to the Borrower provided for in this Deed of Trust shall be given by delivering it or by mailing such notice by certified mail addressed to the Borrower at the Property Address or at such other address as the Borrower may designate by notice to the Lender as provided herein, and (b) any notice to the Lender shall be given by certified mail to the Lender's address stated herein or to such other address as the Lender may designate by notice to the Borrower as provided herein. Any notice provided for in this Deed of Trust shall be deemed to have been given to the Borrower or Lender when given in the manner designated herein.
11. Governing Law; Severability. The State and local laws applicable to this Deed of Trust shall be the laws of the jurisdiction in which the Property is located. The foregoing sentence shall not limit the applicability of federal law to this Deed of Trust or if the Note conflicts with applicable law, such conflict shall not affect other provisions of this Deed of Trust or the Note which can be given effect without the conflicting provision, and to this end the provisions of this Deed of Trust and the Note are declared to be severable. As used herein, "costs", "expenses", and "attorney's fees" include all sums to the extent not prohibited by applicable law or limited herein.
12. Borrower's Copy. The Borrower shall be furnished a copy of the Note and a conformed copy of the recorded Deed of Trust at the time of execution or after recordation thereof.

NON-CONFORMING COVENANTS. Borrower and Lender further covenant and agree as follows:

13. Acceleration; Remedies. Upon the Borrower's breach of any covenant or agreement of the Borrower in this Deed of Trust, including the covenants to pay when due any sums secured by this Deed of Trust, the Note or the HOME Program restrictions, the Lender, prior to acceleration

shall give notice to the Borrower as provided in paragraph 10 hereof specifying: (1) the breach; (2) the action required to cure such breach; (3) a date, not less than ten days from the date notice is mailed to the Borrower, by which such breach must be cured or 30 days for a non-monetary default; and (4) that failure to cure such breach on or before the date specified in the notice may result in acceleration of the sums secured by this Deed of Trust and sale of the Property. The notice shall further inform the Borrower of the right to reinstate after acceleration and the right to bring a court action to assert the nonexistence of a default or any other defense of the Borrower to acceleration and sale. If the breach is not cured on or before the date specified in the notice, the Lender, at the Lender's option may declare all of the sums secured by this Deed of Trust to be immediately due and payable without further demand and may invoke the power of sale and any other remedies permitted by applicable law. The Lender shall be entitled to collect all reasonable costs and expenses incurred in pursuing the remedies provided in this paragraph 13, including, but not limited to, reasonable attorney's fees. If the Lender invokes the power of sale, the Lender shall execute or cause the Trustee to execute a written notice of the occurrence of an event of default and of the Lender's election to cause the Property to be sold and shall cause such notice to be recorded in each county in which the Property or some part thereof is located. The Lender or the Trustee shall mail copies of such notice in the manner prescribed by applicable law. The Trustee shall give public notice of sale to the persons and in the manner prescribed by applicable law. After the lapse of such time as may be required by applicable law, the Trustee, without demand on the Borrower, shall sell the Property at public auction to the highest bidder at the time and place and under the terms designated in the notice of sale in one or more parcels and in such order as Trustee may determine. The Trustee may postpone sale of all or any parcel of the Property by public announcement at the time and place of any previously scheduled sale. The Lender or the Lender's designee may purchase the Property at any sale. The Trustee shall deliver to the purchaser the Trustee's deed conveying the Property so sold without any covenant or warranty, expressed or implied. The recitals in the Trustee's deed shall be prima facie evidence of the truth of the statements made therein. The Trustee shall apply the proceeds of the sale in the following order: (a) to all reasonable costs and expenses of the sale, including, but not limited to, reasonable Trustee's and attorney's fees and costs of title evidence; (b) to all sums secured by this Deed of Trust; and (c) the excess, if any, to the person, persons, entity legally entitled thereto.

14. Borrower's Right to Reinstate. Notwithstanding the Lender's acceleration of the sums secured by this Deed of Trust due to the Borrower's breach, the Borrower shall have the right to have any proceedings begun by the Lender to enforce this Deed of Trust discontinued at any time prior to five days before sale of the Property pursuant to the power of sale contained in this Deed of Trust or at any time prior to entry of a judgment enforcing this Deed of Trust if: (a) the Borrower pays the Lender all sums which would be then due under this Deed of Trust and the Note had no acceleration occurred; (b) the Borrower cures all breaches of any other covenants or agreements of Borrower contained in this Deed of Trust; (c) the Borrower pays all reasonable expenses incurred by the Lender and Trustee in enforcing the covenants and agreements of Borrower in paragraph 13 hereof, including but not limited to, reasonable attorney's fees; and (d) the Borrower takes such action as the Lender may reasonably require to assure that the lien of this Deed of Trust, Lender's interest in the Property and the Borrower's obligation to pay the sums secured by this Deed of Trust shall continue unimpaired. Upon such payment and cure by the Borrower, this Deed of Trust and the obligations secured hereby shall remain in full force and effect as if no acceleration had occurred.

15. Nonrecourse. The sole recourse of the Lender under the Loan Documents for repayment of the Note shall be the exercise of its rights against the Property.
16. Lien of Deed of Trust. The Beneficiary agrees that the lien of this Deed of Trust shall be subordinated to any senior lender low-income housing commitment (as such term is defined in Section 42(h)(6)(B) of the internal Revenue Code) (the "Extended Use Agreement") recorded against the Property, provided that such Extended Use Agreement, by its terms, must terminate upon foreclosure under this Deed of Trust or upon a transfer of the Property by instrument of lieu of foreclosure, in accordance with Section 42(h)(6)(E) of the Internal Revenue Code.
17. Reconveyance. Upon payment of all sums secured by this Deed of Trust, the Lender shall request the Trustee to reconvey the Property and shall surrender this Deed of Trust, and all notes evidencing indebtedness secured by this Deed of Trust to Trustee. Trustee shall reconvey the Property without warranty and without charge to the person or persons legally entitled thereto. Such person or persons shall pay all costs of recordation, if any.
18. Substitute Trustee. At the Lender's option, the Lender may from time to time, appoint a successor trustee to any Trustee appointed hereunder by an instrument executed and acknowledged by the Lender and recorded in the Fresno County Recorder's Office. The instrument shall contain the name of the original the Lender, Trustee and Borrower, the book and page where this Instrument is recorded and the name and address of the successor trustee. The successor trustee shall, without conveyance of the Property, succeed to all the title, powers and duties conferred upon the Trustee herein and by applicable law. This procedure for substitution of trustee shall govern to the exclusion of all other provisions for substitution.
19. Statement of Obligation. The Lender may collect a fee not to exceed fifty dollars and 00/100 (\$50.00) for furnishing the statement of obligation as provided by Section 2943 of the Civil Code of California.
20. Event of Default. Prior to declaring or taking any remedy permitted under Loan Documents, (where applicable) the Borrower's limited partners shall have an additional period of not less than 30 days to cure such alleged default. Notwithstanding the foregoing, in the case of a default that cannot with reasonable diligence be remedied or cured within 30 days, the Borrower's authorized representatives shall have such additional time as reasonably necessary to remedy or cure such default, but in no event more than 90 days from the expiration of the initial 30-day period above, and if the Borrower's limited partners reasonably believe that in order to cure such default. To the extent that there is a conflict between this paragraph 20 and any remedy permitted by the HOME CHDO Agreement, Loan Documents, or Loan, the terms of this paragraph 20 shall control.

The following events are each an "Event of Default":

- (a) Default in the payment of any sum of principal or interest when due under the Note or any other sum due under the Loan Documents.
- (b) Failure to maintain insurance as provided in Section 2 hereof.
- (c) The failure (without cure during the applicable period, if any, for cure) of the Borrower to observe, perform, or discharge any obligation, term, covenant, or condition of any of the Loan Documents, any agreement relating to the Property, or any agreement or instrument between any Loan Party and the Beneficiary.

- (d) The assignment by the Borrower, as lessor or sublessor, as the case may be, of the rents or the income of the Property or any part of it (other than to Beneficiary) without first obtaining the written consent of the Beneficiary.
- (e) The following events:
 - (i) the filing of any claim or lien against the Property or any party of it, whether or not the lien is prior to this Deed of Trust, and the continued maintenance of the claim or lien for a period of 30 days without discharge, satisfaction, or adequate bonding in accordance with the terms of this Deed of Trust;
 - (ii) the existence of any interest in the Property other than those of the Borrower, Beneficiary, any tenants of the Borrower, and anyone listed in a title exception approved by the Beneficiary in writing; or
 - (iii) the sale, hypothecation, conveyance, or other disposition of the Property except with the express written approval of the Beneficiary, any of which will be an Event of Default because the Borrower's obligation to own and operate the Property is one of the inducements to the Beneficiary to make the Loan;
- (f) Default under any agreement to which the Borrower is a party, which agreement relates to the borrowing of money by the Borrower from Beneficiary.
- (g) Any presentation or warranty made by any Loan Party or any other Person under this Deed of Trust or in, under, or pursuant to the Loan Documents, is false or misleading in any material respect as of the date on which the representation or warranty was made.
- (h) Any of the Loan Documents, at any time after their respective execution and delivery and for any reason, cease to be in full force or are declared null and void, or the validity or enforceability is contested by the Borrower or any stockholder or partner of the Borrower, or the Borrower denies that it has any or further liability or obligation under any of the Loan Documents to which it is a party.

If one or more Event of Default occurs and is continuing, then the Beneficiary may declare all the Indebtedness to be due and the Indebtedness will become due without any further presentment, demand, protest, or notice of any kind, and the Beneficiary may:

- (i) in person, by agent, or by a receiver, and without regard to the adequacy of security, the solvency of the Borrower, or the existence of waste, enter on and take possession of the Property or any party of it in its own name or in the name of Trustee, sue for or otherwise collect the rents, issues, and profits, and apply them, less costs and expenses of operation and collection, including reasonable attorneys' fees, upon the Indebtedness, all in any order that the Beneficiary may determine. The entering on and taking possession of the Property, the collection of rents, issues, and profits, and the application of them will not cure or waive any default or notice of default or invalidate any act done pursuant to the notice;
- (ii) commence an action to foreclose this Deed of Trust in the manner provided by law for the foreclosure of mortgages of real property;
- (iii) deliver to the Trustee a written declaration of default and demand for sale, and a written notice of default and election to cause the Property to be sold, which notice the Trustee or the Beneficiary will cause to be filed for record;
- (iv) with respect to any Personalty, proceed as to both the real and personal property in accordance with the Beneficiary's rights and remedies in respect of the Land, or proceed to sell the Personalty separately and without regard to the Land in accordance with the Beneficiary's rights and remedies; or

- (v) exercise any of these remedies in combination or any other remedy at law or in equity.

21. Protection of Security. If an Event of Default occurs and is continuing, the Beneficiary or Trustee, without notice to or demand upon the Borrower, and without releasing the Borrower from any obligations or defaults may:

- (a) enter on the Property in any manner and to any extent that either deems necessary to protect the security of this Deed of Trust;
- (b) appear in and defend any action or proceeding purporting to affect, in any manner, the Obligations or the Indebtedness, the security of this Deed of Trust, or the rights or powers of Beneficiary or Trustee;
- (c) pay, purchase, or compromise any encumbrance, charge, or lien that in the judgment of Beneficiary or Trustee is prior or senior to this deed of Trust; and
- (d) pay expenses relating to the Property and its sale, employ counsel, and pay reasonable attorneys' fees.

The Borrower agrees to repay on demand all sums expended by the Trustee or the Beneficiary pursuant to this section with interest at the Note Rate of Interest, and those sums, with interest, will be secured by this Deed of Trust.

//

IN WITNESS WHEREOF, Borrower has executed this Deed of Trust on the day and year set forth above. By signing below, Borrower agrees to the terms and conditions as set forth above.

BORROWER:

HABITAT FOR HUMANITY FRESNO COUNTY, INC.,
a California corporation

By: _____ Date: _____

Name: Ashley Hedemann

Title: Executive Director

(Attach notary certificate of acknowledgment)

EXHIBIT "A"
Legal Description
To Deed of Trust

477-123-06

APN 477-123-06 MORE PARTICULARLY DESCRIBED AS THAT PORTION OF LOT 17 OF THE CALIFORNIA HEIGHTS ACCORDING TO THE MAP THEREOF RECORDED IN BOOK 12, PAGE 51 OF PLATS, FRESNO COUNTY RECORDS, DESCRIBED AS FOLLOWS; WEST HALF OF THE NORTH 135 FEET OF LOT 17 OF SECTION 17, TOWNSHIP 14 SOUTH, RANGE 20 EAST, MOUNT DIABLO BASE AND MERIDIAN. EXCEPTING THEREFROM THE SOUTH 15 FEET. IN THE CITY OF FRESNO.

The following is a copy of provisions (1) to (14), inclusive, of the fictitious deed of trust, recorded in each county in California, as stated in the Deed of Trust and incorporated by reference in said Deed of Trust as being a part thereof as if set forth at length therein.

To Protect the Security of this Deed of Trust, Trustor (Borrower) Agrees:

(1) To keep said property in good condition and repair, not to remove or demolish any building thereon, to complete or restore promptly and in good and workmanlike manner any building which may be constructed, damaged or destroyed thereon and to pay when due all claims for labor performed and materials furnished therefor, to comply with all laws affecting said property or requiring any alterations or improvements to be made thereon, not to commit or permit waste thereof, not to commit, suffer or permit any act upon said property in violation of law to cultivate, irrigate, fertilize, fumigate, prune and do all other acts which from the character or use of said property may be reasonably necessary, the specific enumerations herein not excluding the general.

(2) To provide maintain and deliver to the Beneficiary fire insurance satisfactory to and with loss payable to the Beneficiary. The amount collected under any fire or other insurance policy may be applied by the Beneficiary upon indebtedness secured hereby and in such order as the Beneficiary may determine, or at option of the Beneficiary the entire amount so collected or any part thereof may be released to the Borrower. Such application or release shall not cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice.

(3) To appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of the Beneficiary or the Trustee, and to pay all costs and expenses including cost of evidence of title and attorney's fees in a reasonable sum, in any such action or proceeding in which the Beneficiary or the Trustee may appear, and in any suit brought by the Beneficiary to foreclose this Deed of Trust.

(4) To pay at least ten (10) days before delinquency all taxes and assessments affecting said property, including assessments on appurtenant water stock, when due, all encumbrances, charges, and liens, with interest, on said property or any part thereof, which appear to be prior or superior hereto, all costs, fees and expenses of this Trust.

Should the Borrower fail to make any payment or to do any act as herein provided, then the Beneficiary or the Trustee, but without obligation to do so and without notice to or demand upon the Borrower and without releasing the Borrower from any obligation hereof, may make or do the same in such manner and to such extent as either may deem necessary to protect the security hereof the Beneficiary or the Trustee being authorized to enter upon said property for such purposes; appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of the Beneficiary or the Trustee, pay, purchase, contest or compromise any encumbrance, charge or lien which in the judgment of either appears to be prior or superior hereto, and in exercising

any such powers, pay necessary expenses, employ counsel and pay his reasonable fees.

(5) To pay immediately and without demand all sums so expended by the Beneficiary or the Trustee, with interest from date of expenditure at the amount allowed by law in effect at the date hereof, and to pay for any statement provided for by law in effect at the date hereof regarding the obligation secured hereby any amount demanded by the Beneficiary not to exceed the maximum allowed by law at the time when said statement is demanded.

(6) That any award of damages in connection with any condemnation for public use of or injury to said property or any part thereof is hereby assigned and shall be paid to the Beneficiary who may apply or release such moneys received by it in the same manner and with the same effect as above provided for disposition of proceeds of fire or other insurance.

(7) That by accepting payment of any sum secured hereby after its due date, the Beneficiary does not waive its rights either to require prompt payment when due of all other sums so secured or to declare default for failure so to pay.

(8) That at any time or from time to time, without liability therefor and without notice, upon written request of the Beneficiary and presentation of this Deed and said Note for endorsement, and without affecting the personal liability of any person for payment of the indebtedness secured hereby, the Trustee may reconvey any part of said property, consent to the making of any map or plot thereof; join in granting any easement thereon; or join in any extension agreement or any agreement subordinating the lien or charge hereof.

(9) That upon written request of the Beneficiary state that all sums secured hereby have been paid, and upon surrender of this Deed and said Note to the Trustee for cancellation and retention and upon payment of its fees, the Trustee shall reconvey, without warranty, the property then held hereunder. The recitals in such reconveyance of any matters or facts shall be conclusive proof of the truthfulness thereof. The grantee in such reconveyance may be described as "The person or persons legally entitled thereto." Five years after issuance of such full reconveyance, the Trustee may destroy said note and this Deed (unless directed in such request to retain them).

(10) That as additional security, the Borrower hereby gives to and confers upon the Beneficiary the right, power and authority, during the continuance of these Trusts, to collect the rents, issues and profits of said property, reserving unto the Borrower the right, prior to any default by the Borrower in payment of any indebtedness secured hereby or in performance of any agreement hereunder, to collect the rents, issues and profits of said property, reserving unto the Borrower the right, prior to any default by the Borrower in payment of any indebtedness secured hereby or in performance of any agreement hereunder, to collect and retain such rents, issues and profits as they become due and payable. Upon any such default, the Beneficiary may at any time without notice, either in person, by agent, or by a receiver to be appointed by a court, and without regard to the adequacy of any security for the indebtedness hereby secured, enter upon and

take possession of said property or any part thereof, in its own name sue for or otherwise collect such rents, issues and profits, including those past due and unpaid, and apply the same, less costs and expenses of operation and collection, including reasonable attorney's fees. Upon any indebtedness secured hereby, and in such order as the Beneficiary may determine. The entering upon and taking possession of said property, the collection of such rents, issues and profits and the application thereof as aforesaid, shall not cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice.

(11) That upon default by the Borrower in payment of any indebtedness secured hereby or in performance of any agreement hereunder. The Beneficiary may declare all sums secured hereby immediately due and payable by delivery to the Trustee of written declaration of default and demand for sale and of written notice of default and of election to cause to be sold said property which notice the Trustee shall cause to be filed for record. The Beneficiary also shall deposit with Trustee this Deed, said note and all documents evidencing expenditures secured hereby.

After the lapse of such time as may then be required by law following the recordation of said notice of default, and notice of sale having been given as then required by law, the Trustee, without demand on the Borrower, shall sell said property at the time and place 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, payable at time of sale. The Trustee may postpone sale of all or any portion of said 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 fixed by the preceding postponement. Trustee shall deliver to such purchaser its deed conveying the property so sold, but without any covenant or warranty, express or implied. The recitals in such deed of any matters or facts shall be conclusive proof of the truthfulness thereof. Any person, including the Borrower, Trustee, or the Beneficiary as hereinafter defined, may purchase at such sale.

After deducting all costs, fees and expenses of the Trustee and of this Trust, including cost of evidence of title in connection with sale, the Trustee shall apply the proceeds of sale to payment of all sums expended under the terms hereof, not then repaid, with accrued interest at the amount allowed by law in effect at the date hereof, all other sums then secured hereby, and the remainder, if any, to the person or persons legally entitled thereto.

(12) The Beneficiary, or any successor in ownership of any indebtedness secured hereby, may from time to time, by instrument in writing, substitute a successor or successors to any Trustee named herein or acting hereunder, which instrument, executed by the Beneficiary and duly acknowledged and recorded in the office of the recorder of the county or counties where said property is situated, shall be conclusive proof of proper substitution of such successor Trustee or Trustees, who shall, without conveyance from the Trustee predecessor, succeed to all its title, estate, rights, powers and duties. Said instrument must contain the name of the original Borrower, Trustee, and the Beneficiary hereunder, the book and page where this Deed is recorded and the name and address of the new Trustee.

(13) That this Deed applies to, inures to the benefit of, and binds all parties hereto, their heirs, legatees, devisees, administrators, executors, successors, and assigns. The term Beneficiary shall mean the owner and holder, including pledgees, of the note secured hereby whether or not named as the Beneficiary herein in this Deed, whenever the context so requires, the masculine gender includes the feminine and/or neuter, and the singular number includes the plural.

(14) That Trustee accepts this Trust when this Deed, duly executed and acknowledged, is made a public record as provided by law. The Trustee is not obligated to notify any party hereto of pending sale under any other Deed of Trust or of any action or proceeding in which the Borrower, Beneficiary or Trustee shall be a party unless brought by Trustee.

DO NOT RECORD

REQUEST FOR FULL RECONVEYANCE

To be used only when note has been paid:

To _____ Title Company, Trustee: Dated

The undersigned is the legal owner and holder of all indebtedness secured by the within Deed of Trust. All sums secured by said Deed of Trust have been fully paid and satisfied; and you are hereby requested and directed, on payment to you of any sums owing to you under the terms of said Deed of Trust, to cancel all evidences of indebtedness, secured by said Deed of Trust, delivered to you herewith together with said Deed of Trust, and to reconvey, without warranty, to the parties designated by the terms of said Deed of Trust, the estate now held by you under the same.

MAIL RECONVEYANCE TO:

By _____

Do not lose or destroy this Deed of Trust OR THE NOTE which it secures. Both must be delivered to the Trustee for cancellation before reconveyance will be made.

EXHIBIT "H" HOMEBUYER WRITTEN AGREEMENT

HOME Investment Partnerships Program Homebuyer Agreement for Mortgage Assistance

NOTICE TO HOMEBUYER: This Agreement contains requirements you must fulfill in exchange for the federal assistance you are receiving through the HOME Investment Partnerships Program (HOME Program). You should read each paragraph carefully and ask questions regarding any sections you do not fully understand. This Agreement will be enforced through a 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 _____, 2023 by and between _____, an individual (herein referred to as HOMEBUYER) and the City of Fresno, a municipal corporation (herein referred to as CITY), to provide low-income homebuyer mortgage assistance through funding made available to the CITY from the United States Department of Housing and Urban Development (HUD), HOME Program. The HOME Program 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 CITY will loan the HOMEBUYER the sum of _____ (Loan), which was provided to the CITY through the HOME Program as a developer subsidy, thus providing for the construction of the house and after transfer of the completed house to the HOMEBUYER represents a direct mortgage subsidy to the HOMEBUYER. The Loan will be protected by mortgage recorded on the property. The Promissory Note and Deed of Trust will be released once the loan is paid in full.

Section 2: Affordability Period

The period of affordability for the house will be 30 years, based on the amount of the direct subsidy to the HOMEBUYER. During this thirty 30-year period of affordability, the HOMEBUYER must always maintain the house as his/her principal place of residence. The HOMEBUYER should be aware that according to HUD regulations at 24 CFR Part 92, the period of affordability does not begin until the activity is shown as completed in the HUD's Integrated Disbursement and Information System (IDIS). Therefore, the 30-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 30-year period of affordability, the Declaration of Restriction will be released.

Section 3. Loan and Interest Rate

The CITY will provide federal HOME Program funds in the form of a 30-year mortgage at 0% interest to the HOMEBUYER in the sum of _____ (\$000.00).

The HOME 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 this 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 CITY; or (2) the sale or transfer, without the CITY'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 CITY 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 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 are paramount and controlling, and they supersede any other terms and provisions hereof in conflict therewith. In the event of a foreclosure or deed in lieu of foreclosure of the first Deed of Trust, any provisions herein or any provisions in any other collateral agreement restricting the use of the property to low-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 HOME 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 30-year period of affordability 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 30-year period of affordability 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 HOME loan outstanding as of the date the house is no longer the principal place of residence of the HOMEBUYER.

Section 6. Recapture Agreement

The CITY requires that HOME 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 30-year period of affordability. If the net proceeds are not sufficient to recapture the full HOME 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 CITY may share the net proceeds. The net proceeds are the sales price minus superior loan repayment (other than HOME funds) and any closing costs.

In the event of foreclosure, the amount subject to recapture is based on the amount of net proceeds (if any) from the foreclosure sale. The net proceeds may be divided proportionally as set forth in the following mathematical formulas:

$$\frac{\text{HOME investment}}{\text{HOME investment} + \text{homeowner investment}} \times \text{Net proceeds} = \text{HOME recaptured}$$

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

Section 7. Low-Income Homebuyer

The HOMEBUYER attests, and the CITY has verified, that the HOMEBUYER qualifies as a low-income individual or household as defined in the HOME Program regulations and has a total income that does not exceed 80% of the Area Median Income for Fresno County as defined by HUD.

Section 8. Appraised Value of Housing Determined to be Modest

The CITY certifies that the property appraiser has appraised the value of the house located at _____, Fresno, California, that is subject of this Agreement is [\$ _____]. The CITY has verified that the purchase price of the house does not exceed 95% of the median purchase price of the area, as set forth in 24 CFR Part 92.254(a)(2)(iii).

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 CITY will have the right to foreclose on its mortgage lien if necessary to protect the HOME Program investment.

Section 10. Property Standards

Pursuant to the HOME Program rules, 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

By: _____
Name: Georgeanne A. White,
Title: City Manager
(Attach notary certificate of acknowledgment)

APPROVED AS TO FORM:
ANDREW JANZ
City Attorney

By: _____
Name: Tracy N. Parvanian
Title: Supervising Deputy City Attorney

ATTEST:
TODD STERMER, CMC
City Clerk

By: _____
Name:
Title: Deputy City Clerk