



COMMUNITY DEVELOPMENT COMMISSION

County of Los Angeles

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Executive Director

August 3, 2004

Honorable Board of Commissioners
Community Development Commission
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Commissioners:

**DISPOSITION AND DEVELOPMENT AGREEMENT WITH HABITAT FOR
HUMANITY-SOUTH BAY/LONG BEACH TO REHABILITATE A SINGLE-FAMILY
HOME IN CITY OF CARSON (2)
(3 Vote)**

IT IS RECOMMENDED THAT THE BOARD OF COMMISSIONERS:

1. Find that the disposition and rehabilitation of the property located at 21207 South Santa Fe Avenue, in the City of Carson, is exempt from the California Environmental Quality Act (CEQA), as described herein, because the proposed work will not have the potential for causing a significant effect on the environment.
2. Approve a Disposition and Development Agreement (DDA), presented in substantially final form, between the Community Development Commission and Habitat for Humanity-South Bay/Long Beach (the Developer), to provide for the rehabilitation and sale of a Commission-owned, single-family home located at 21207 South Santa Fe Avenue, in the City of Carson.
3. Authorize the Executive Director of the Commission to execute the DDA, and all related documents, to be effective following approval as to form by County Counsel and execution by all parties.
4. Authorize the Executive Director to sell the subject property to the Developer, at a cost of \$160,000, and to enter into a Site Purchase Loan for the full purchase price.

5. Authorize the conversion of the Site Purchase Loan into a second trust deed loan of \$65,000 for the low-income, first-time homebuyer, who will purchase the home for the appraised value of approximately \$180,000; and authorize the remaining \$95,000 in Site Purchase Loan funds to convert to a grant to the Developer to offset acquisition costs.
6. Authorize the Executive Director to subordinate the Commission's loan to the permitted construction and permanent financing, for the purposes described above.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION:

The purpose of this action is to approve a DDA, and authorize related actions between the Commission and the Developer, for rehabilitation of a single-family home to be offered for sale to a low-income, first-time homebuyer.

FISCAL IMPACT/FINANCING:

There is no impact on the County general fund. Under the proposed DDA, the Commission will sell the subject property to the Developer for \$160,000, and provide the Developer with a Site Purchase Loan of up to \$160,000. The loan will be evidenced by a Promissory Note and secured by a Deed of Trust. The Developer will rehabilitate the house at its own expense, using donated materials and volunteers for all labor.

After rehabilitation, the house will be sold to a low-income buyer for approximately \$180,000. The sales price will be determined at the time of sale by an independent, Commission-approved appraiser.

The qualified homebuyer is expected to make a \$10,000 down payment, mainly in the form of sweat equity. The homebuyer will also obtain a first mortgage loan of up to \$65,000 from the Developer. In addition, a portion of the Site Purchase Loan will convert to a second trust deed loan ("Commission Loan") equal to \$65,000, to be evidenced by a Promissory Note and secured by a Deed of Trust. The remaining portion of the Site Purchase Loan, in the amount of \$95,000, will be granted to the Developer to offset acquisition costs. The Developer will also provide the homebuyer with a non-funded third trust deed loan equal to the difference between the market value of the home and the financing provided by the down payment, the first trust deed loan, and the Commission Loan. This third trust deed loan is estimated to equal \$40,000 and will accrue no interest.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS:

On October 19, 1992, the County of Los Angeles acquired the subject property through a Trustee Deed, as the result of the forfeiture of a bail bond and subsequent Summary Judgment of the Superior Court of the State of California, County of Los Angeles, in favor

of the County. In accordance with Section 25365 of the California Government Code, which authorizes the County to quitclaim surplus property, without compensation, to certain government entities, the County conveyed title of the subject property to the Commission on October 16, 2001.

The subject property is a 798 square-foot, single-family dwelling with a detached two-car garage on a 3,013 square-foot lot. The building is in need of extensive repairs to be habitable.

The DDA will assist the Developer in the purchase and rehabilitation of the property, as a single-family, for-sale home. The home will be reserved for a family with income equal to or less than 80 percent of the area median income for the Los Angeles/Long Beach Metropolitan Statistical Area, adjusted for family size, as defined by the U.S. Department of Housing and Urban Development. The DDA will also provide secondary and/or tertiary financing to assist the qualified low-income, first-time homebuyer.

The proposed project is subject to the requirements of the Greater Avenues for Independence (GAIN) Program implemented by the County of Los Angeles, which stipulates that should the Developer require additional or replacement personnel after the effective date of this Agreement, the Developer shall give consideration for any such employment openings to participants in the County's Department of Public Social Services' Greater Avenues for Independence (GAIN) Program who meet the Developer's minimum qualifications for the open position.

ENVIRONMENTAL DOCUMENTATION:

The disposition and rehabilitation of the site are excluded from the provisions of National Environmental Policy Act, pursuant to 24 CFR, Part 58, Section 58.35(a)(3)(i), because they involve activities that will not alter existing environmental conditions. Also, the project is exempt from the provisions of CEQA pursuant to State CEQA Guidelines 15301 because it involves negligible or no expansion of use beyond what currently exists and does not have the potential for causing a significant effect on the environment.

IMPACT ON CURRENT PROGRAM:

Approval of the DDA will increase the number of affordable homes in Los Angeles County and make it possible for a low-income, first-time buyer to become a homeowner.

Respectfully submitted,

CARLOS JACKSON
Executive Director

Attachments: 2

ATTACHMENT 1

FINANCIAL ANALYSIS

21207 South Santa Fe Avenue, City of Carson

The project is comprised of one single-family, for-sale home located at 21207 South Santa Fe Avenue in the City of Carson. The home will be reserved for a qualified, low-income homebuyer whose household income does not exceed 80 percent of the area median income for the Los Angeles/Long Beach Metropolitan Statistical Area (MSA), adjusted for family size as defined by the U.S. Department of Housing and Urban Development (HUD). The following is a financial analysis of the development based on currently available data on buyer funds and sale prices. The final sales price will be determined by appraisal following construction.

Development Phase:

	<u>Total</u>	<u>Per Unit</u>
<u>Sources</u>		
Commission Acquisition Loan	\$160,000	\$160,000
Private Construction Loan	\$11,000	\$11,000
Donated Labor	\$9,000	\$9,000
TOTAL	\$180,000	\$180,000

Uses

Total Development Cost	\$180,000	\$180,000
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Permanent Phase:

Sources

Downpayment (Buyer Sweat Equity)	\$9,000	\$9,000
Downpayment (Buyer Cash)	\$1,000	\$1,000
First Trust Deed (Buyer)	\$65,000	\$65,000
Commission Loan (second trust deed loan)	\$65,000	\$65,000
Soft Third (Developer)	\$40,000	\$40,000
TOTAL	\$180,000	\$180,000

Uses

Total Development Cost	\$180,000	\$180,000
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DISPOSITION AND DEVELOPMENT AGREEMENT
for
21207 South Santa Fe Avenue
(Carson)

BY AND BETWEEN

**THE COMMUNITY DEVELOPMENT COMMISSION
OF THE COUNTY OF LOS ANGELES**

AND

HABITAT FOR HUMANITY – SOUTH BAY/LONG BEACH

Effective date of DDA _____, 2004

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DISPOSITION AND DEVELOPMENT AGREEMENT
HABITAT FOR HUMANITY – SOUTH BAY/LONG BEACH
21207 South Santa Fe Avenue

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DISPOSITION AND DEVELOPMENT AGREEMENT

THIS DISPOSITION AND DEVELOPMENT AGREEMENT ("Agreement") is made and entered into this _____ day of _____, 2004 by and between the Community Development Commission of the County of Los Angeles, a public body, corporate and politic, organized and existing under the laws of the State of California, (the "Commission") and Habitat for Humanity-South Bay/Long Beach, a California non-profit corporation, ("Developer").

100 SUBJECT OF AGREEMENT

101 PURPOSE OF AGREEMENT

The purpose of this Agreement is to provide for the disposition and rehabilitation of a single family home which will be rehabilitated under the Habitat for Humanity owner-built model of development for low-income first time home buyers, known as Qualified Buyers herein, on real property located in the City of Carson, County of Los Angeles, California (the "Project").

102 THE SITE

The Commission has acquired real property located at 21207 South Santa Fe Avenue located in the City of Carson (the "Site") for the express purpose of facilitating the development of low-income housing. The legal description of the Site is attached hereto as Attachment 1. The Assessor's Parcel Map showing the Site is attached hereto as Attachment 2.

103 THE PARTIES TO THE AGREEMENT

103.1 The Commission

The Commission is a public body, corporate and politic, exercising governmental functions and powers and organized and existing under Section 34100 et. seq. of the California Health and Safety Code. The principal office of the Commission is located at 2 Coral Circle, Monterey Park, California. The Commission may assign its interest and rights to another entity under the terms of this Agreement.

103.2 The Developer

The Developer is a California non-profit corporation. The principal office of the Developer, for purposes of this Agreement, is located at 4320 Atlantic Avenue, Suite 216, Long Beach, California.

104 PROHIBITION AGAINST CHANGE IN OWNERSHIP, MANAGEMENT AND CONTROL OF SITE

The qualifications and identity of the Developer are of particular concern to the Commission. It is because of Developer's qualifications and identity that the Commission has entered into this Agreement with Developer. No voluntary or involuntary successor in interest of the Developer shall acquire any rights or powers under this Agreement except as expressly set forth herein. The Developer shall not assign all or any part of this Agreement or any rights hereunder without the prior written approval of the Commission. All of the terms, covenants,

and conditions of this Agreement, along with all the Attachments (1 to 18) noted in this Agreement, shall be binding upon and shall inure to the mutual benefit of the Developer and the Commission and the permitted successors and assignees, if any, of the Developer and the Commission. Whenever the term "Developer" is used herein, such term shall include any other permitted successors and assignees as herein provided.

This Agreement may be terminated by the Commission if the Developer voluntarily or involuntarily transfers control or ownership of the Site except as provided in this Agreement. Any such transfers shall first be approved by the Commission. The Commission will not unreasonably withhold its approval.

105 DEFINITIONS

105.1 Intentionally Omitted

105.2 Developer

The term "Developer" shall mean the South Bay/Long Beach chapter of Habitat for Humanity, whose offices are located at 4320 Atlantic Avenue, Suite 216, Long Beach, California 90807.

105.3 Commission

The term "Commission" shall mean the Community Development Commission of the County of Los Angeles and shall include all respective officials, officers, employees, authorized representatives, successors, and assignees of the Commission.

105.4 County

The term "County" shall mean the County of Los Angeles and shall include all respective officials, employees, and officers.

105.5 Developer Improvements

"Developer Improvements" shall mean and include all entitlements, drawings, reports, permits, specific to the Site and all grading to be done on the Site, as well as all buildings, structures, fixtures, excavation, parking, landscaping, and other work, construction, alterations and improvements of whatsoever character to be created, developed, done, erected or performed around, under or over the Site pursuant to this Agreement.

105.6 Encumbrances

"Encumbrances" shall mean and include any mortgage, trust deed, encumbrance, lien or other mode of financing real estate construction and development, including but not limited to a sale and lease-back.

105.7 Governmental Restrictions

"Governmental Restrictions" shall mean and include any and all laws, statutes, ordinances, codes, rules, regulations, writs, injunctions, orders, decrees, rulings, conditions of approval, authorizations or income restrictions for income qualified households, now in force or which may hereafter be in force, of any governmental entity, agency or political subdivision, or court

of competent jurisdiction, including without limitation all applicable federal and state labor standards.

105.8 Intentionally Omitted

105.9 Losses and Liabilities

"Losses and Liabilities" shall mean and include all claims, causes of action, liabilities, losses, damages, injuries, expenses (including, without limitation, reasonable attorneys' fees and court costs), charges, penalties or costs of whatsoever character, nature and kind, whether to property or to person, and whether by direct or derivative action, known or unknown, suspected or unsuspected, latent or patent, existing or contingent.

105.10 Qualified Buyer

"Qualified Buyer" shall mean a first time home buyer with an income that does not exceed 80% of the area median income (AMI), as defined by the U.S. Department of Housing and Urban Development ("HUD") for the Los Angeles-Long Beach Metropolitan Statistical Area (MSA), adjusted for family size, and described in the Grant Deed (Attachment 9). The Developer may further restrict or target the Qualified Buyer to a lower income level but may not exceed 80% of the MSA median at the time of sale.

105.11 Intentionally Omitted

105.12 Transfer/Transferee/Transferor

"Transfer" shall mean and include any transfer, sale, assignment, lease, sublease, license, franchise, concession, operating agreement, gift, hypothecation, mortgage, pledge or encumbrance, or the like to or with any person or entity. "Transferee" as used herein shall mean and include the person or entity receiving a Transfer. "Transferor" as used herein shall mean and include the person or entity making a Transfer.

200 PROPERTY TRANSFER

In accordance with and subject to all the terms, covenants, and conditions of this Agreement, the Commission agrees to sell the Site to the Developer for the Developer to rehabilitate one home to be sold to a Qualified Buyer as described in this Agreement. The Developer shall have the sole responsibility to carry out and complete the development of the Site at the Developer's expense.

201 SALE OF THE SITE

201.1 Sales Price

The Commission agrees to sell the Site to the Developer for the total sum of ONE HUNDRED AND SIXTY THOUSAND DOLLARS (\$160,000). The sale of the Site shall be evidenced by a promissory note ("Site Promissory Note"), substantially in the form of Attachment 7, secured by a deed of trust ("Site Deed of Trust"), substantially in the form of Attachment 8, naming the Commission as Beneficiary and shall be subject to the grant deed ("Grant Deed"), substantially in the form of Attachment 9.

201.2 Site Promissory Note

The Commission agrees to payment as evidenced by the Site Promissory Note, substantially in the form of Attachment 7 for the full amount of the sales price. The Site Promissory Note shall carry a 3% simple annual interest, commencing on the date of the Grant Deed, and shall be secured by the Site Deed of Trust which shall be recorded in substantially the form of Attachment 8. The Site Promissory Note shall have a term of the lesser of; i) THREE (3) years, ii) up until termination of this Agreement in accordance with Sections 700-704 or, iii) up until the sale (close of escrow) of the Site to a Qualified Buyer.

The Site Promissory Note evidencing the Site sale to the Developer shall accrue interest until the Developer sells the Site to a Qualified Buyer. At the close of escrow to the Qualified Buyer, the principal and interest shall become due and payable to the Commission, and the Commission shall accept a promissory note from the Qualified Buyer in favor of the Commission. The Qualified Buyer's promissory note, as described in Section 306.2, the Commission's Secondary Financing, shall pay down the Commission's Site Promissory Note, including any outstanding interest thereon. This payment shall automatically amend the amount of the Site Promissory Note to reflect a zero outstanding balance.

201.3 Intentionally Omitted

202 CONVEYANCE OF TITLE AND DELIVERY OF POSSESSION

Subject to any extensions of time mutually agreed upon between the Commission and Developer, conveyance of the Site to the Developer in accordance with the provisions of Section 204 of this Agreement shall be completed within sixty (60) days of execution of this Agreement. The Commission and the Developer shall use their best efforts to perform all acts necessary to convey title in accordance with the foregoing provisions. Possession of the Site shall be delivered to Developer concurrently with conveyance of title.

203 FORM OF DEED

Commission shall convey to Developer title to the Site in the condition provided in Section 204 of this Agreement by a Grant Deed which contains use and affordability restrictions and resale controls, in substantially the form of Attachment 9, which is incorporated herein by this reference.

204 CONDITION OF TITLE

The Commission shall convey to the Developer, and the Developer shall accept from the Commission, the Site subject to (i) the terms, conditions and provisions set forth in the Grant Deed, and (ii) such recorded easements, encumbrances, covenants, assessments, leases, taxes and other title matters (the "Title Matters").

205 TITLE INSURANCE

The Title Company shall issue to the Developer a standard form policy of title insurance, insuring that, following the Developer's acquisition of the Site in accordance with this Agreement, fee title to the Site is vested in the Developer in the condition required by Section

204 of this Agreement. The Title Company shall provide the Commission with a copy of the title insurance policy.

The Commission shall be responsible for a standard form policy of title insurance only. If the Developer elects to obtain an ALTA form policy of title insurance and/or any endorsements, the Developer shall be responsible for obtaining same and shall pay for all additional premiums with respect thereto.

The Developer shall, within twenty (20) days after the date of this Agreement, deliver written notice to the Commission approving or disapproving any such Title Matters and, in the event the Developer fails to deliver such notice, any Title Matters shall be deemed approved by the Developer. In the event that the Developer timely disapproves of any Title Matter, the Commission shall have twenty (20) days (the "Title Cure Period") after receipt of the notice of such disapproval, to elect to remedy, by written notice to the Developer. The Commission may remedy such disapproval by: i) agreeing to obtain removal from title the objectionable Title Matter, or ii) by obtaining a commitment from the Title Company to issue an endorsement to protect the Developer against loss therefrom. In the event the Developer timely and reasonably disapproves of any Title Matter and the Commission does not elect during the Title Cure Period to remedy such disapproval, then the Developer may, within ten (10) days after expiration of the Title Cure Period, terminate this Agreement by written notice to the Commission and the Escrow Agent in which event neither party hereto shall have any further obligation to the other hereunder.

In the event that the Title Company advises the Commission or the Developer in writing that it is unwilling or unable to issue the standard form policy of title insurance within 30 days after the execution of this Agreement, then this Agreement may be terminated by either party hereto by written notice to the other party in which event neither party hereto shall have any further obligation to the other hereunder, provided, however, that in no event shall the Developer be permitted to terminate this Agreement pursuant to Section 704 without first giving the Commission thirty (30) days written notice of its intent to so terminate this Agreement in order to give the Commission the opportunity to provide technical assistance in obtaining a new Title Company to issue said policy.

206 TAXES AND ASSESSMENTS

Any ad valorem taxes and assessments levied or imposed for any period commencing after the conveyance of title shall be paid by Developer.

207 CONVEYANCE FREE OF POSSESSION

The Site shall be conveyed free of any possession or right of possession by any person except that of the Commission and any easements of record.

208 CONDITION OF PROPERTY

Except as set forth in this Agreement, the Developer acknowledges that the Commission makes no representation or warranty, either express or implied, with respect to the Site, its present condition or its fitness or suitability for any particular purpose. In this respect, the

Developer confirms that it is relying solely upon its investigation of the present condition of the Site and all governmental laws and ordinances which might affect its use and development. The Developer acknowledges that it is aware of all zoning and other governmental regulations, physical conditions, and other matters affecting the use and condition of the Site. To the best of its knowledge, the Commission knows of no existing conditions that would be detrimental to the development of the Site as contemplated by the parties to this Agreement.

300 USE AND DEVELOPMENT OF THE SITE

301 USE AND DEVELOPMENT OF THE SITE

The improved Site shall be rehabilitated to permit its occupancy by a household whose income does not exceed 80% of the area median income, as stipulated in section 400 of this contract. The finished improvements shall comply with the County and all applicable local government construction standards, as provided in Attachment 4.

302 DEVELOPMENT PERMITS

It is understood that Developer shall apply for and obtain all necessary and appropriate permits to carry out this Agreement. In the event that any permit cannot be reasonably obtained, either the Commission or Developer may terminate the Agreement by written notice sent to the principal office of the other party. In such event, neither the Commission nor the Developer shall have any further rights against or liability to the other under this Agreement. In the event the Site has been conveyed to Developer, the Commission at its option, may require reconveyance of the Site to the Commission, and Developer shall reconvey the Site to the Commission and pay all reasonable reconveyance costs. The Commission shall have the right of specific performance to obtain such reconveyance and any acts necessary thereto. The Commission shall notify Developer in writing of its intent to require reconveyance of the Site within thirty (30) days of the notice of termination as provided in Section 704 and Developer may require specific notice by the Commission to complete reconveyance up to ninety (90) days from the date of the Commission's notice to require reconveyance.

303 PRELIMINARY WORK BY DEVELOPER

Any preliminary work undertaken on the Site by the Developer shall be done only at the sole expense of the Developer. Copies of data, surveys, and tests obtained or made by the Developer on the Site shall be filed with the Commission. Any preliminary work by the Developer shall be undertaken only after securing any necessary permits from the appropriate governmental agencies.

The Developer shall indemnify and hold harmless, the Commission and County, and their officials, officers, employees, and representatives, and each of them (Indemnified Parties), from and against any and all losses and liabilities resulting from any injury, death, damage to person or property, or other damages including without limitation damages incurred by the Indemnified Parties respecting any work in relation to those portions of the Site so entered, arising out of any activity of the Developer or its contractors, subcontractors, agents, employees, invitees or licensees on, or relating to, such portions of the Site. Prior to entering onto any portion of the Site pursuant to this Section, the Developer shall obtain and deliver to

the Commission certificates evidencing that the insurance coverage has been obtained which satisfies the requirements set forth in Indemnification and Insurance Section 308 below, and protects against all such potential losses and liabilities and names the Commission and the County as additional insureds.

304 CONSTRUCTION PLANS, DRAWINGS AND RELATED DOCUMENTS

The Commission will provide the Developer with any and all plans which Commission has developed and/or processed, if any, during the Commission's ownership of the Site. Developer shall cause to be prepared and submit construction plans, drawings, specifications and related documents to the Commission and to the appropriate authorized representatives of the County. The Commission's primary concerns in such review of plans, drawings and specifications is to ensure that they are consistent with the County's minimum housing standards.

The Commission further reserves the right to review the plans and drawings to ensure that the materials and specifications are consistent with commonly accepted construction practices. The Commission shall incur no liability of any kind and Developer will not be relieved of any obligations by reason of Commission's approval of plans, drawings, specifications and related documents. Developer shall be responsible for obtaining all necessary approvals from regulatory agencies.

305 PREDEVELOPMENT CONSTRUCTION LOAN

The Commission is not providing funds in support of the development of infrastructure on or off the Site or for construction of homes. All improvements on the Site are at the expense of the Developer.

306 PERMANENT FINANCING

306.1 Permanent Lender

In lieu of a conventional Permanent Commitment, the Developer, acting as the Permanent Lender, may submit, for the Commission's approval, its own financing package that shall be evidenced by a promissory note secured by a deed of trust that contains appropriate "affordability restrictions" consistent with the recorded Grant Deed, substantially in the form of Attachments 14 and 15. The Commission will not unreasonably withhold its approval and hereby agrees to subordinate its interests per Section 306.2 of this Agreement to the Developer's first trust deed.

306.2 Commission's Secondary Financing

Upon completion of the Developer Improvements and provided the Developer is not in default of any of its obligations under this Agreement, the Commission will permit the Developer to apply funds which would otherwise be used to repay the Site Promissory Note (Section 201.2) to secure a second trust deed loan (such loan is hereinafter referred to as a "Commission Loan" or as the "Commission Secondary Financing"), in favor of the Commission, to a Qualified Buyer of the unit as defined in Section 400 and approved in writing by the Commission. Prior

to making the Commission Loan, the Developer shall submit to the Commission the loan application, documentation and other information and data (collectively, "Loan Information") requested by the Commission to permit the Commission to (i) verify that the proposed purchaser is a Qualified Buyer, and (ii) that the Permanent Lender has determined the credit worthiness of the purchaser; provided, however, that the Commission shall accept, in lieu of the Loan Information, copies of the loan application and other documentation and data received by the Permanent Lender in connection with its consideration of the Permanent Loan to the Qualified Buyer so long as such documentation contains the information required by the Commission to make its findings under (i) and (ii) herein above in this Section.

Concurrent with the close of escrow to the Qualified Buyer and the execution of the Qualified Buyer Promissory Note, as herein provided, the principal and interest amount due and payable under the Site Promissory Note (Attachment 7) shall be entirely forgiven. The Commission will execute a partial or full reconveyance, to be recorded, in a form acceptable to the title insurance company described in Section 306.5, and in conformance with Section 315 of this Agreement.

The Qualified Buyer Promissory Note, shall have the principal amount of the market value, as determined by a Commission approved appraisal performed at the time of sale from the Developer to the Qualified Buyer (the "Original Sales Price of the Property"), less the Qualified Buyer's downpayment (cash and sweat equity), less the amount of the first trust deed to the Qualified Buyer, but it is not to exceed Sixty-Five Thousand Dollars (\$65,000). The Commission loan to the Qualified Buyer shall be evidenced by a Qualified Buyer Promissory Note in the form of Attachment 15, in favor of the Commission and secured by a second priority deed of trust (the "Qualified Buyer Deed of Trust") in the form of Attachment 14, recorded against the fee interest in the property, in favor of the Commission, and the Qualified Buyer Loan Agreement, Attachment 13. The Commission loan shall be subordinated to the first trust deed. The Qualified Buyer's Promissory Note shall, at the option of the Executive Director of the Commission, be immediately due and payable upon the first to occur of the sale or refinance of the property.

306.3 FORM OF DEED

Developer shall convey to the Qualified Buyer title to the Site in the condition provided in Section 204 of this Agreement by grant deed.

306.4 CONDITION OF TITLE

The Developer shall convey to the Qualified Buyer, and the Qualified Buyer shall accept from the Developer, the Site subject to (i) the terms, conditions and provisions set forth in the Grant Deed, and (ii) such recorded easements, encumbrances, covenants, assessments, leases, taxes and other title matters (the "Title Matters").

306.5 TITLE INSURANCE

A title insurance company (the "Title Company") satisfactory to the Qualified Buyer and the Developer, shall issue to the Qualified Buyer a standard title insurance policy, in the full amount of the Promissory Notes, insuring that, following the Qualified Buyer's acquisition of

the Site in accordance with this Agreement, fee title to the Site is vested in the Qualified Buyer in the condition required by Section 306.4 of this Agreement. The Qualified Buyer shall deliver written notice to the Developer approving or disapproving any such Title Matters and acknowledgment of the use, affordability restrictions and resale controls set forth in the Grant Deed. The Title Company shall provide the Commission with a copy of the title insurance policy.

307 SUBMISSION OF EVIDENCE OF CONSTRUCTION CAPITAL AND MORTGAGE FINANCING

Intentionally Omitted

308 INSURANCE

Without limiting Developer's indemnifications of the Commission provided in this Agreement, Developer shall procure and maintain at its own expense during the Term the insurance described below. Such insurance shall be secured from carriers admitted in California or having a minimum rating of or equivalent to A:VIII in Best's Insurance Guide. Developer shall, concurrent with the execution of this Agreement, deliver to the Commission certificates of insurance with original endorsements evidencing the general liability and automobile insurance coverage required by this Agreement. Developer shall deliver the certificates of insurance evidencing issuance of "all risk" property insurance described in (2) below and worker's compensation insurance described in (3) below at such time that such exposures are at risk, but in no event later than the closing of the sale of the first Assisted Unit. The certificate and endorsements shall be signed by a person authorized by the insurers to bind coverage on its behalf. The Commission reserves the right to require complete certified copies of all policies at any time. Said insurance shall be in a form acceptable to the Commission and may provide for such deductibles as may be acceptable to the Commission. In the event such insurance does provide for deductibles or self-insurance, Developer agrees that it will protect the Commission, its agents, officers and employees in the same manner as these interests would have been protected had full commercial insurance been in effect. Each such certificate shall stipulate that the Commission is to be given at least thirty (30) days' written notice in advance of any modification or cancellation of any policy of insurance.

Comprehensive liability insurance, including coverage for personal injury, death, property damage and contractual liability, with a combined single limit of at least One Million Dollars (\$1,000,000) for each occurrence, Two Million Dollars (\$2,000,000 General Aggregate), including products and completed operations coverage. The Commission and its agents, officials and employees shall be named as additional insureds in each of the aforementioned insurance policies with respect to liability arising from activities performed by or on behalf of Developer, premises owned, leased or used by such persons. Said insurance shall be primary insurance with respect to the Commission. Developer shall require Developer's contractors to include the Commission and the Commission's agents, officials and employees as additional insureds on all general liability insurance covering work at the Site. If required by the Commission from time to time, Developer shall increase the limits of Developer's liability

insurance to reasonable amounts customary for owners of improvements similar to the Project. The policy shall contain a waiver of subrogation for the benefit of the Commission.

“All Risk” ISO Special Form property insurance. Coverage shall include protection for earthquake and flood if this protection is available from responsible carriers at reasonable cost. The Commission shall be the loss payee under the aforementioned policy(ies) under a standard lender’s loss payable endorsement. The amount of the property coverage shall at all times exceed the full replacement value of all improvements and fixtures on the Site and the insurer shall waive any coinsurance via an “agreement” endorsement, including without limitation builder’s risk protection during the course of construction, covering the full replacement value of real property and equipment utilized for the Project. Coverage shall extend to provide debris removal and shall provide coverage for earthquake and flood if this protection is available from responsible carriers at reasonable cost. The Commission shall be the loss payee under the aforementioned policy under a standard lender’s endorsement.

Employees of Developer, its agents and affiliates and any property management firm assigned to the Project shall be covered by Workers’ Compensation insurance in an amount and in such form as to meet all applicable requirements of the Labor Code of the State of California and with Employers Liability limits of One Million Dollars (\$1,000,000) per accident.

Combined single limit automobile liability insurance of at least Five Hundred Thousand Dollars (\$500,000) per accident for bodily injury and property damage, covering owned, nonowned and hired vehicles.

In addition to the insurance requirements set forth above, as a condition to the close of any Commission Unit Loan, the Qualified Buyer obtaining the Commission Unit Loan must have delivered to the Commission insurance certificates evidencing the insurance coverage required to be maintained by the Qualified Buyer under the the Commission Unit Deed of Trust.

No modification or waiver of the insurance requirements set forth herein shall be made without the prior written approval of the Executive Director of the Commission.

Failure on the part of Developer to procure or maintain the insurance coverage required in this Section 308 shall constitute a material breach of this Agreement pursuant to which the Commission may immediately terminate this Agreement and exercise all other rights and remedies set forth herein, at its sole discretion, and without waiving such default or limiting the rights or remedies of the Commission, procure or renew such insurance and pay any and all premiums in connection therewith and all monies so paid by the Commission shall be reimbursed by Developer to the Commission upon demand including interest thereon at the rate of ten percent (10%) per annum simple interest from the date paid by the Commission to the date reimbursed by Developer. The Commission shall have the right, at its election, to participate in and control any insurance claim adjustment or dispute with the insurance carrier. Developer’s failure to assert or delay in asserting any claim shall not diminish or impair the Commission’s rights against Developer or the insurance carrier.

309 CONSTRUCTION PERMITS

Before commencement of construction upon the Site, the Developer shall, at its own expense, secure or cause to be secured any and all permits which may be required by such construction, or work. After obtaining necessary permit approvals the Developer shall promptly begin and thereafter diligently prosecute to completion the construction of the improvements and the development of the Site.

310 RIGHTS OF ACCESS

For the purpose of assuring compliance with this Agreement, representatives of the Commission shall have the right of access to the Site without charges or fees, during normal business hours throughout the period of construction. The Developer shall furnish all facilities for inspection at the construction site, and at shops or yards, and shall not cover up any work requiring inspection until the same has been approved by the appropriate department, agency or division of the County, State or Federal Government or the appropriate public utility. If work should be covered up before being inspected, the Developer will be required to remove such portions of work as may be necessary to disclose the part in question at the expense of the Developer.

All work shall meet with the approval of the appropriate County and other regulatory agencies and shall be completed in conformity with the plans and specifications approved by and on file with the Commission.

311 LOCAL, STATE, AND FEDERAL LAW

The Developer shall carry out any and all of the construction on the Site or off the Site in conformity with all applicable federal, state, and local laws.

312 ANTI-DISCRIMINATION DURING CONSTRUCTION

The Developer, for itself and its successors and assignees, agrees that in the construction of the improvements provided for in this Agreement, that the Developer will not discriminate against any employee or applicant for employment because of age, sex, marital status, sexual preference, race, handicap, creed, ancestry, or national origin.

313 TAXES, ASSESSMENTS, ENCUMBRANCES AND LIENS

Developer shall pay when due all property taxes and assessments on the Site levied subsequent to conveyance of title to the Site. Developer shall not place or allow to be placed on the Site or any part thereof, any mortgage, trust deed, or encumbrance not authorized by this Agreement.

Developer shall remove or have removed any levy or attachment made on all or any portion of the Site or assure the satisfaction thereof within a reasonable time. Alternatively, Developer shall have the right to protest the levy if a bond is posted in an amount equal to the contested levy. Nothing herein contained shall be deemed to prohibit Developer from contesting the validity or amounts of any tax assessment, encumbrance, or lien, nor to limit the remedies available to Developer in respect thereto.

314 RIGHT TO SATISFY LIENS ON THE SITE AFTER TITLE PASSES

In the event of default hereunder, after the conveyance of title and prior to the completion of construction, and after Developer has had a reasonable time as provided in Sections 701 and 702.4 hereof to challenge, cure, or satisfy any liens or encumbrances on the Site, the Commission shall have the right to satisfy any such liens or encumbrances provided, however, that nothing in this Agreement shall require Developer to pay or make provision for the payment of any tax, assessment, lien, or charge so long as Developer in good faith shall contest the validity or amount thereof, and so long as such delay in payment shall not subject the Site to forfeiture or sale.

315 CERTIFICATE OF COMPLETION

Promptly after satisfactory completion of all Developer Improvements upon the Site, the Commission shall furnish Developer with a Certificate of Completion upon written request by Developer. The Commission shall not unreasonably withhold any such certificate. Such certificate shall be conclusive determination of satisfactory completion of the construction required by this Agreement upon the Site and of full compliance with the terms hereof with respect to the Site. A reconveyance shall be issued by the Commission to be recorded with payment toward the Site Promissory Note by the Commission's Secondary Financing as described in Section 306.2.

A Certificate of Completion for the entire Developer Improvement shall be in such form as to permit it to be recorded in the Recorder's Office of Los Angeles County. A full reconveyance, and the final Certificate of Completion shall be recorded.

If the Commission refuses or fails to furnish a Certificate of Completion after written request from Developer, the Commission shall, within thirty (30) days of the written request, provide Developer with a written statement of the reasons the Commission refused or failed to furnish such a certificate. If the reason for such refusal is confined to the immediate availability of specific items of materials or landscaping, the Commission will issue its Certificate of Completion upon the posting of a bond by Developer with the Commission in an amount representing a fair value of the work not yet completed. If the Commission shall fail to provide said written statement within thirty (30) days, Developer shall be deemed entitled to the Certificate of Completion.

Such Certificate of Completion shall not constitute evidence of compliance with or satisfaction of any obligation of Developer to any holder of a mortgage, or any insurer of a mortgage, securing money loaned to finance the improvements, or any part thereof.

400 COVENANTS OF DEVELOPER

401.1 AFFORDABILITY RESTRICTIONS

The Developer shall incorporate into each Grant Deed to a Qualified Buyer those covenants and restrictions included in the Grant Deed to the Developer, in order to ensure continued

affordability for a period(s) of twenty (20) years. All Grant Deeds and Promissory Notes shall note as a part of their title that the property is subject to "Resale Restrictions".

The covenants and restrictions to be included in the Grant Deed to the Qualified Buyer shall include the following language:

1. At the time of purchase the Buyer must be an eligible Qualified Buyer. Qualified Buyer is a household earning at or less than EIGHTY PERCENT (80%) of the median income for the Los Angeles/Long Beach Metropolitan Statistical area, adjusted for household size and periodically revised by HUD.
2. Buyer must occupy the property as his/her principal place of residence. Buyer shall be considered as occupying the property if Buyer is living in the unit for at least ten (10) months out of each calendar year. The Commission may grant a temporary waiver of this occupancy requirement for good cause at its sole discretion. Buyer shall not lease the property for more than two months during any twelve month period and shall not lease the property without providing the Commission a copy of the lease. Any lease in violation of this Grant Deed is prohibited.
3. In the event the Qualified Buyer intends to sell, transfer, assign, lease, or vacate the property, the Qualified Buyer shall promptly notify the Commission and the Developer, in writing at the addresses set forth herein or any new address used by the Commission or the Developer, of such intent. Said notice from Buyer shall be sent by certified mail, return receipt requested, to the address specified in the DDA or later used by the Commission or the Developer.
4. Any transfer within the first twenty (20) years of the Qualified Buyer's ownership of the Unit will be subject to the terms and provisions of the Commission's Secondary Financing. "Transfer" means any sale, assignment, or transfer voluntary or involuntary, of any interest in the property, including, but not limited to, a fee simple interest, a joint tenancy interest, a life estate, a leasehold interest, or an interest evidenced by a land contract by which possession of the property is transferred and Qualified Buyer retains title. Any transfer which does not comply with all the provisions of this Grant Deed is prohibited.
5. Buyer shall provide all information and documentation requested by the Commission in monitoring occupancy and ownership of the home, for the term of affordability.

401.2 INTENTIONALLY OMITTED

401.3 APPRECIATION SHARE REQUIREMENT FOR TRANSFER

In the event that the Commission's Secondary Financing Promissory Note becomes due and payable, the Qualified Buyer shall pay to the Commission the Note Amount, plus the percentage of the Net Appreciation (as that term is defined below), specified in the table

below for the date upon which the Note has become due and payable (the "Due Date"). "Net Appreciation" is defined as the Fair Market Value (or sales price if an arms-length sale) of the Property as of the Due Date minus the sum of (i) the Original Sales Price of the Property (as defined in Section 306.2 of this Agreement), (ii) the value of any capital improvements made by the Qualified Buyer and pre-approved by the Commission ("Eligible Capital Improvements"), if any, and (iii) customary closing costs paid by the Qualified Buyer in connection with the sale of the Property ("Eligible Closing Costs"). The term "Commission Percentage" as used in the table below is the ratio of the original Principal Sum of the Qualified Buyer Promissory Note divided by the Original Sales Price of the Property.

APPRECIATION SHARE

APPRECIATION SHARE

Due Date Prior to the End of:	Percentage of Net Appreciation:
Year 1	50% X Commission Percentage
Year 2	47.5% X Commission Percentage
Year 3	45% X Commission Percentage
Year 4	42.5% X Commission Percentage
Year 5	40% X Commission Percentage
Year 6	37.5% X Commission Percentage
Year 7	35% X Commission Percentage
Year 8	32.5% X Commission Percentage
Year 9	30% X Commission Percentage
Year 10	27.5% X Commission Percentage
Year 11	25% X Commission Percentage
Year 12	22.5% X Commission Percentage
Year 13	20% X Commission Percentage
Year 14	17.5% X Commission Percentage
Year 15	15% X Commission Percentage
Year 16	12.5% X Commission Percentage
Year 17	10% X Commission Percentage
Year 18	7.5% X Commission Percentage
Year 19	5% X Commission Percentage
Year 20	2.5% X Commission Percentage

However, the amount due to the Commission from the Qualified Buyer shall not exceed the amount remaining after subtracting from the Fair Market Value (or sales price) of the Property as of the Due Date the sum of (i) the original principal amount of the First Lien, (ii) the Qualified Buyer's original [cash and sweat equity] downpayment, (iii) the value of

Eligible Capital Improvements, if any, (iv) Eligible Closing Costs, and (v) the Recapture amount, if any.

The amount if any, specified in the last column of the above table shall constitute contingent deferred interest on the Note.

When the net proceeds are insufficient to repay both the Note and the Qualified Buyer's investment, the Qualified Buyer shall receive the full amount of Qualified Buyer's investment and the balance of the net proceeds shall be paid to the Commission. "Net proceeds" is defined as the sales price minus First Lien repayments through escrow and eligible closing costs. Qualified Buyer's investment is defined as the following costs if paid by Qualified Buyer: downpayment, payments to the principal balance, and the cost of eligible improvements made to the Property after purchase.

401.4 EFFECTS AND DURATION OF COVENANTS

The covenants respecting affordability standards contained in this shall be for twenty (20) years from the date of recordation of transfer of the property to a qualified low-income person as specified in the Grant Deed. The covenants against discrimination set forth in Sections 401.5 and 401.6 shall run with the land and remain in effect in perpetuity. The covenants established in this Disposition and Development Agreement shall, without regard to technical classification and designation, be binding for the benefit and in favor of the Commission, its successors and assigns of the County, and any successor in interest to the Property or any part thereof. The Developer shall include in each grant deed conveying title to a Unit, the covenants restricting future sales of the Unit to persons and at sales prices satisfying the affordability standards specified in Sections 401.1, 401.2, 401.3, as amended, of this Disposition and Development Agreement and the covenants against discrimination set forth in Sections 401.5 and 401.6 of this Disposition and Development Agreement, and provisions specifying the duration of each of said covenants.

The Commission is deemed the beneficiary of the terms and provisions of this Disposition and Development Agreement and of the covenants running with the land for and in its own rights and for the purposes of protecting the interests of the community and other parties, public or private, in whose favor and for whose benefit this Disposition and Development Agreement and the covenants have been provided. This Disposition and Development Agreement and the covenants shall run in favor of the Commission and benefit the Property and each and every portion thereof. The Commission shall have the right, if the covenants are breached, to exercise all rights and remedies and to maintain any actions or suits at law or in equity or other proper proceedings to enforce the curing of such breaches to which it or any other beneficiaries of this Disposition and Development Agreement and the covenants may be entitled.

401.5 OBLIGATION TO REFRAIN FROM DISCRIMINATION

The Developer covenants by and for himself and any and all successors in interest that there shall be no discrimination against or segregation of any person or group of persons on account of race, color, creed, religion, sex or sexual orientation, age, medical condition, marital status, ancestry, or national origin in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the Property, nor shall the Developer himself or any person claiming under or through him establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use, or occupancy of tenants, lessees, subtenants, sublessees, or vendees of the Property. The foregoing covenants shall run with the land.

401.6 FORM OF NONDISCRIMINATION AND NONSEGREGATION CLAUSES

The Developer shall refrain from restricting the sale, of the Property or any portion thereof on the basis of race, color, creed, religion, sex or sexual orientation, age, medical condition, marital status, ancestry, or national origin of any person. All such deeds, leases, or contracts shall contain or be subject to substantially the following nondiscrimination or nonsegregation clauses:

1. In deeds: "The grantee herein covenants by and for himself or herself, his or her heirs, executors, administrators and assigns, and all persons claiming under or through them, that there shall be no discrimination against or segregation of any person or group of persons on account of race, color, creed, religion, sex or sexual orientation, age, medical condition, marital status, ancestry, or national origin in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the premises herein conveyed, nor shall the grantee himself or herself, or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use, or occupancy of tenants, lessees, subtenants, sublessees, or vendees in the premises herein conveyed. The foregoing covenants shall run with the land."
2. In contracts: "There shall be no discrimination against or segregation of any person or group of persons on account of race, color, creed, religion, sex or sexual orientation, age, medical condition, marital status, ancestry, or national origin in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the premises, nor shall the transferee himself or herself, or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use, or occupancy of tenants, lessees, subtenants, sublessees, or vendees of the land."

402 ASBESTOS REMEDIATION

The Developer is required to test the site for asbestos containing materials (ACM), as evidenced by an asbestos survey report from a qualified consultant, which is to be submitted to the Commission no later than 60 days after the date of this Agreement. If ACM is identified, then the removal, disposal, and/or handling of the materials shall be conducted by a certified asbestos contractor in accordance with applicable regulations at the developer's expense. (subject to any reimbursement it may be able to obtain from third parties)

403 HAZARDOUS MATERIALS

Developer represents and warrants that it has not deposited "Hazardous Materials" (as defined below) in, on or upon the Site and Developer covenants that it shall not deposit or permit the deposit of Hazardous Materials in, on or upon the Site or the Project. Developer further covenants to remove or remediate, at its expense (subject to any reimbursement it may be able to obtain from third parties) any Hazardous Materials located in, on or upon the Site or the Project as of the date hereof or which are deposited in, on or upon the Site or the Project from and after the date hereof and during Developer's ownership of the Site or the Project, including any asbestos, lead-based paint and any other Hazardous Materials located in the Project, to the extent required by and in accordance with the requirements of all Applicable Governmental Restrictions, including, without limitation, all applicable environmental laws. The foregoing shall not be construed or understood to prohibit Developer from allowing Hazardous Materials to be brought upon the Project so long as they are materials which are customary to the normal course of business in the operation of a well-designed housing facility and so long as such materials are used, stored and disposed of in accordance with all Applicable Governmental Restrictions. Except with respect to any claims solely caused by the Commission, Developer shall indemnify, defend and hold the Commission and its members, directors, agents, officers and employees harmless from and against any Claims arising directly or indirectly out of the presence of Hazardous Materials in, on or upon the Site or the Project, existing as of the date hereof or deposited (or claimed to have been deposited) in, on or upon the Site or the Project from and after the date hereof and during Developer's ownership of the Site or the Project, including without limitation any Claims arising out of any deposits of Hazardous Materials described in (i) and (ii) hereinabove or out of Developer's failure to remove or remediate all such Hazardous Materials in, on or upon the Site and the Project, as required above. Except with respect to any claims solely caused by the Commission, Developer hereby releases and forever discharges the Commission and its agents, officials and representatives from all present and future claims, demands, suits, legal and administrative proceedings and from all losses and liabilities arising out of or in any way connected with Developer's ownership of the Site, operation of the Project, or any condition of environmental contamination in, on, under, upon or around the Site, or the existence of Hazardous Materials in any state in, on, under, upon or around the Site, and in connection with such release and waiver Developer is familiar with and hereby waives the provisions of Section 1542 of the California Civil Code which provides as follows: "A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS FAVOR AT THE TIME OF EXECUTING THE RELEASE WHICH IF KNOWN BY HIM MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH THE DEBTOR."

For purposes of this Agreement, the term "Hazardous Materials" means, without limitation, gasoline, petroleum products, explosives, radioactive materials, hazardous materials, hazardous wastes, hazardous or toxic substances, polychlorinated biphenyls or related or similar materials, asbestos or any other substance or material as may now or hereafter be defined as a hazardous or toxic substance by any federal, state or local environmental law, ordinance, rule or regulation, including, without limitation, (i) the Comprehensive

Environmental Response, Compensation and Liability Act of 1980, as amended by the Superfund Amendments and Reauthorization Act (42 U.S.C. Section 9601 et seq.), (ii) the Federal Water Pollution Control Act (33 U.S.C. Section 1251 et seq.), (iii) the Clean Air Act (42 U.S.C. Section 7401 et seq.), (iv) the Resource Conservation and Recovery Act, as amended by the Hazardous and Solid Waste Amendments of 1984 (42 U.S.C. Section 6902 et seq.), (v) the Toxic Substances Control Act (15 U.S.C. Section 2601-2629), (vi) the Hazardous Materials Transportation Act (49 U.S.C. Section 5101 et seq.), (vii) the Carpenter-Presley-Tanner Hazardous Substance Account Act (CA Health & Safety Code Section 25300 et seq.), (viii) the Hazardous Waste Control Law (CA Health & Safety Code Section 25100, et seq.), (ix) the Porter-Cologne Water Quality Control Act (CA Water Code Section 13000 et seq.), (x) the Safe Drinking Water and Toxic Enforcement Act of 1986, (xi) the Hazardous Materials Release Response Plans and Inventory (CA Health & Safety Code Section 25500 et seq.), (xii) the Air Resources Law (CA Health & Safety Code Section 39000 et seq.), or (xiii) in any of the regulations adopted and publications promulgated pursuant to the foregoing.

In the event that archeological resources are exposed during Project construction, all earth disturbing work within the Site must be temporarily suspended or redirected until a professional archaeologist has evaluated the nature and significance of the find. After the find has been appropriately mitigated, work in the area may resume.

500 GENERAL PROVISIONS

501 NOTICES, DEMANDS, AND COMMUNICATIONS BETWEEN THE PARTIES

Written notices, demands, and communications between the Commission and Developer shall be sufficiently given if dispatched by registered or certified mail, postage prepaid, return receipt requested, to the principal offices of the Commission or Developer as set forth in Sections 103.1 and 103.2 of this Agreement and communications may be sent in the same manner to such other addresses as either party may from time to time designate by mail as provided in this Agreement. Copies of all notices and demands to the Developer shall also be sent to the President of Developer. The Developer shall provide the Commission with the current name and address of the President from time to time as changes occur.

502 TERM AND EXTENSION OF TIME

The term of this Agreement shall begin upon the date of execution by the Commission and, if no Deed has transferred title to the Site to the Developer, this Agreement shall run for sixty (60) days from the date of execution at which time this Agreement shall expire. The Commission, by its Executive Director, may extend this Agreement for an additional period, but this extension shall be granted on behalf of the Commission only upon the submission of satisfactory evidence of reasonable progress in the implementation of all activities described in Sections 300 through 315 above. If the Commission's Executive Director determines in his sole discretion that the Developer has unreasonably delayed implementation, no request for extension shall be granted to the Developer.

In the event that title to the Site has passed to the Developer, this Agreement shall remain in effect until a Qualified Buyer has retained title and has occupied the Site for twenty (20) years.

503 CONFLICT OF INTEREST

No member, official, or employee of the Commission shall have any personal interest, direct or indirect, in this Agreement, nor shall any such member, official, or employee participate in any decision relating to the Agreement which affects his personal interest or the interests of any corporation, partnership, or association in which he is directly or indirectly, interested.

504 NON-LIABILITY OF COMMISSION OFFICIALS AND EMPLOYEES.

No member, official, or employee of the Commission shall be personally liable in any manner to Developer or any successor in interest, in the event of any default or breach by the Commission or for any amount which may become due to Developer or any successor or on any obligations under the terms of this Agreement.

505 INTENTIONALLY OMITTED

506 INTENTIONALLY OMITTED

507 INTENTIONALLY OMITTED

508 INTENTIONALLY OMITTED

600 COMMISSION REQUIREMENTS

The Developer shall comply with the provisions set forth on Attachment "17" to this Agreement.

700 DEFAULTS AND REMEDIES

701 DEFAULTS - GENERAL

Subject to the extensions of time set forth in Section 502 of this Agreement, failure or delay by either party to perform any term or provision of this Agreement constitutes an event of default under this Agreement. A party claiming a default (claimant) shall give written notice of default to the other party, specifying the default complained of and may terminate this Agreement upon thirty (30) days' written notice of default, if such default is not cured.

Except as otherwise expressly provided in this Agreement, the claimant shall not institute proceedings against the other party nor terminate this Agreement if the other party within five (5) days from receipt of such notice, immediately, with due diligence, commences to cure, correct, or remedy such failure or delay and shall complete such cure, correction or remedy within thirty (30) days from the date of receipt of such notice of default, or if the default cannot reasonably be cured within thirty (30) days after notice is given, but the party reasonably commences to cure the default within the five (5) day period and diligently and in good faith continues to cure the default to completion of the cure.

702 LEGAL ACTIONS

702.1 Institution of Legal Actions

In addition to any other rights or remedies, either party may institute legal action to cure, correct, or remedy any default, to recover damages for any default, or to obtain any other remedy consistent with the purpose of this Agreement. Such legal actions must be instituted in the Superior Court of the County of Los Angeles, State of California.

702.2 Applicable Law

The laws of the State of California shall govern the interpretation and enforcement of this Agreement.

702.3 Acceptance of Service of Process

In the event that any legal action is commenced by Developer against the Commission, service of process of the Commission shall be made by personal service upon the Executive Director or in such other manner as may be provided by law.

In the event that any legal action is commenced by the Commission against Developer, service of process on Developer shall be made by personal service upon one of the officers authorized to accept service of process for Developer and shall be valid whether made within or without the State of California, or service of process on Developer shall be made in such other manner as may be provided by law.

702.4 Remedies for Default After Passage of Title and Prior to Completion of Construction

The Commission shall have the additional right, at its option, to enter the Site, without charges or fees, and to cure any default at the expense of the Developer, if after conveyance of title to the Site and prior to issuance of a Certificate of Completion, except for causes, as mutually determined by the Developer and Commission, that are beyond the control of Developer, Developer shall:

- a. Fail to proceed with the construction of the improvements as required by this Agreement for a period of sixty (60) days after written notice thereof from the Commission.
- b. Abandon or substantially suspend construction of the improvements required by this Agreement for a period of thirty (30) days after written notice thereof from the Commission.
- c. Transfer, or suffer any involuntary transfer of the Site, or any part thereof, in violation of this Agreement.

The right to enter and cure default shall be subject to and be limited by and shall not defeat, render invalid, or limit: (1) any mortgage or deed of trust permitted by this Agreement; and (2) any rights or interest provided in this Agreement for the protection of the holders of such mortgages or deeds of trust.

703 PLANS, DRAWINGS AND DOCUMENTS ASSIGNED TO COMMISSION

If Developer defaults under any provision of this Agreement after conveyance of title, and such default is not cured as provided herein, final construction drawings, final landscaping plans, and finished grading and parking plans, or such other plans and drawings as have been prepared for the rehabilitation of the Site to date of the default, shall become and be the

property of the Commission. Developer shall deliver to the Commission reproducible copies of any and all such plans, and shall assign all rights it holds in such plans to the Commission. In such event, Commission or Developer may use such plans to complete the development or for any other development initiated by the Commission.

In the event that any of the drawings, plans or documents referred to in Section 304 above are to be prepared or secured by Developer from subcontractors, all such subcontracts with subcontractors shall provide for assignment to Commission in the event of default by Developer in conformance with the above provisions. In the event that said subcontracts do not include said assignment provisions, Developer shall indemnify Commission for any damages incurred as a result of its reliance on the assignment provisions of Section 703 herein and shall reimburse Commission for any and all costs or expenses necessary to secure the drawings, plans, or documents from the subcontractors.

704 TERMINATION

If, prior to the transfer of the Site to the Developer, the Developer is unable to fulfill its responsibilities under this Agreement for any reason whatsoever, including circumstances beyond its control, the Commission may terminate this Agreement in whole or in part in the same manner as for default hereof as specified in Section 701 herein. In addition, prior to the transfer of title, either party to this Agreement may terminate this Agreement without cause by giving five (5) days written notice to the other party. After transfer of title of the Site, except as otherwise provided herein, this Agreement may only be canceled with the mutual consent of the parties hereto or their successors in interest.

705 INTENTIONALLY OMITTED

706 INTENTIONALLY OMITTED

800 ENTIRE AGREEMENT, WAIVER, AND AMENDMENTS

This Agreement is executed in two (2) duplicate originals, each of which is deemed to be an original. This Agreement includes pages 1 through 23 and Attachments 1 through 19 which constitute the entire understanding and agreement of the parties. This Agreement integrates all of the terms and conditions mentioned herein or incidental hereto, and supersedes all negotiations or previous agreements between the parties with respect to all or any part of the subject matter hereof.

All waivers of the provisions of this Agreement must be in writing and signed by the appropriate authorities of the Commission and Developer and all amendments hereto must be in writing signed by the appropriate authorities of the Commission and Developer. In any circumstances where under this Agreement either party is required to approve or disapprove any matter, approval shall not be unreasonably withheld.

Should any part, term portion or provision of this Agreement, or the application thereof to any person or circumstance be held to be illegal, invalid or in conflict with any applicable Governmental Restrictions, or otherwise be rendered unenforceable or ineffectual, the validity of

the remaining parts, terms, portions or provisions, or the application thereof to other persons or circumstances, shall be deemed severable and the same shall remain enforceable and valid to the fullest extent permitted by law.

900 WARRANTY OF AUTHORITY

The undersigned signatory for the Developer personally covenants, warrants, and guarantees that he has the power and authority to execute this Agreement upon the terms and conditions stated herein.

IN WITNESS WHEREOF, by their duly authorized officers, the Community Development Commission of the County of Los Angeles and Habitat for Humanity – South Bay/Long Beach have signed this Agreement as of the dates set below their signatures.

"Commission"

COMMUNITY DEVELOPMENT COMMISSION
OF THE COUNTY OF LOS ANGELES

"Developer"

HABITAT FOR HUMANITY
SOUTH BAY/LONG BEACH
A CALIFORNIA NON-PROFIT
CORPORATION

BY: _____
CARLOS JACKSON
EXECUTIVE DIRECTOR

BY: _____
ERIN RANK
PRESIDENT AND CEO

APPROVED AS TO FORM:
office of the COUNTY COUNSEL

BY: _____
DEPUTY

ATTACHMENT 1
LEGAL DESCRIPTION

The land referred to in this Attachment is situated in the State of California, County of Los Angeles, and is described as follows:

LOT 1567 OF TRACT 7644, IN THE CITY OF CARSON, AS PER MAP RECORDED IN BOOK 84, PAGES 47 AND 48 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

ATTACHMENT 2

ASSESSOR'S PARCEL MAP

ATTACHMENT 3

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ATTACHMENT 4

STANDARD SPECIFICATIONS (FOR REHAB. CODE WORK ONLY)

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DEMOLITION, CLEARING, GRUBBING AND CLEANING

- 1.00 Demolition of items to be removed or replaced shall be done in a safe, orderly manner without damage to other portions of the property or adjacent properties. Any resulting damage or loss shall be corrected at Developer's sole expense. Developer shall cap plumbing as necessary.
- 1.01 Debris shall not be allowed to accumulate during the course of construction.
- 1.02 Developer shall remove trees and plant materials, with Owner's approval, from areas to be cleared. Developer shall maintain protection of trees and plant materials, which are to remain until completion of work.
- ***1.03 *The interior of the dwelling when occupied shall be HEPA vacuumed and left in a livable condition daily. Final cleaning of HEPA vacuum and TSP wet wash shall be performed on all interior surfaces of the dwelling. All carpet shall be HEPA vacuumed. CDC authorized inspector must be present during the final cleaning process to certify procedure. A white glove inspection shall be performed by the CDC inspector prior to release or final payment.***

EARTHWORK

- 2.00 Developer shall not place footings and foundations on earth fill. Developer shall fill excess cuts under footings and foundations with concrete and under slabs with tamped gravel. Developer shall excavate for footings in neat and accurately cut trenches to depths and grades shown on drawings. In the absence of drawings, code requirements shall govern. The owner, if required, shall furnish soil reports, unless otherwise specified.

CONCRETE

- 3.00 The minimum ultimate compressive strength of concrete at 28 days shall govern its usage.
- a. 2,000 psi: All footings, piers and foundation walls, flat work such as sidewalks, driveways, supported stairs, landings and slabs on grade. The exception will be where soil is expansive.
- 3.01 Interior floor slabs on grade shall be 3-1/2 inches minimum thickness with steel trowel finish. Base course shall be compacted, level and covered with a .004 inch minimum thickness polyethylene membrane.
- 3.02 Exterior concrete slabs shall be 3-1/2 inches minimum thickness with a float and light broom finish. Exterior concrete flat work and garage floors shall be sloped for drainage.
- 3.03 Exterior slabs shall be scored and shall be provided with expansion joints at 10 foot o.c. to prevent cracking.
- 3.04 Where concrete porches, steps and other concrete work is in contact with wood members, metal flashing or solid sheathing and 15-lb. felt shall be installed. Treated wood shall be used.

MASONRY

- 4.00 Solid masonry shall be laid in full bed and head joints.
- 4.01 Hollow masonry shall be laid with mortar applied to bed and head joints of face shells except that the first course shall be laid in full mortar bed.
- 4.02 Foundation walls and piers supporting wood frame construction shall extend a minimum of 6 inches above finish grade.
- 4.03 Exterior piers, if hollow masonry, shall have all cells filled with concrete grout. Height above grade shall not exceed three times the least dimension unless reinforced. Design and construction of all piers shall comply with the requirements of the Uniform Building Code.

***Revised 5/98**

- 4.04 All masonry and uniform masonry veneer shall be supported on masonry, concrete or steel. All masonry construction including reinforced masonry shall comply with all applicable codes and shall have prior design approval by the Agency.
- 4.05 Masonry chimneys shall be properly reinforced and anchored to building frame (Interior chimney excluded).

DAMP PROOFING AND WATER PROOFING

- 5.00 Basements and habitable spaces below grade shall be designed and constructed so as to be adequately protected at all points against moisture penetration by means of an approved coating or membrane.
- 5.01 Suitable access curbs shall be provided at all crawl holes to eliminate flooding under floors due to surface run-off.

STRUCTURAL STEEL

- 6.00 Design and fabrication of structural steel shall be in accordance with A.I.S.C. specifications.
- 6.01 Bearing plates, 1/4 inch minimum thickness, shall be installed where beams or girders rest on masonry and shall be bed in at least 1/4 inch mortar.
- 6.02 Columns supporting wood beams or girders shall have a suitable column cap installed. The column cap shall be anchored to the beam and column. The column base shall be securely anchored with full bearing on concrete or masonry.

GUTTERS AND DOWNSPOUTS

- 7.00 Metal gutters and downspouts shall be at least 26 ga. galvanized sheet metal, .027 inch aluminum or .025 inch copper. All exposed gutters and downspouts shall be prepared and painted with a suitable primer and with at least two coats of durable exterior grade paint.
- 7.01 Gutter shall be sloped to downspout with supports at 4 feet o.c. maximum.
- 7.02 Connections at corners and splices of metal gutters shall have suitable watertight joints.
- 7.03 Install strainers at head of downspout when connected to an underground drain.
- 7.04 Downspouts shall be fastened at top and bottom and at each 6-foot intervals. Downspouts shall be directed to an underground drain or onto suitable splashblocks and drained away from structure.

FLASHING

- 7.05 Exposed or applied flashing will be 26 ga. galvanized sheet metal or .025 inch copper.
- 7.06 All exposed galvanized sheet metal shall be primed and painted with an approved metallic, corrosion-resistant paint.
- 7.07 Heads, jambs and sills of new openings shall be suitably flashed and caulked.
- 7.08 Pipes projecting through roof shall be flashed with factory-made roof jacks and shall have joints sealed with mastic.

CARPENTRY

FRAMING

- 8.00 All structural framing lumber shall be construction grade or better.
- 8.01 No wood shall be in contact with earth or within 6 inches of finish grade.
- 8.02 Minimum bearing for joists framing into masonry shall be 3 inches. Joist framing into masonry shall be preservative treated at all bearing points.
- 8.03 Studs shall be continuous without splicing and shall be sufficiently anchored to sill and top plates.
- 8.04 Top plates shall be double 2 x 4's. Plates shall be lapped at corners and lapped at principal intersecting partitions. Splices in lower member of top plate shall occur over studs, and in upper member at least 4 feet away from splice in lower member.
- 8.05 Reinforce top plates when cut more than one-half their width with 1/8 inch thick by 12 inch by 1-1/2 inch wide steel straps.

SUBFLOORING, UNDERLAYMENT AND SHEATHING

- 8.06 Plywood subflooring shall be plyscore or grade CDX or better; minimum thickness shall be 3/4 inch where joists are spaced at 16" o.c. and all edges shall be continuously supported.
- 8.07 Minimum thickness for subfloor boards supporting hardwood strip flooring shall be 3/4 inch; minimum width shall be 6 inches.
- 8.08 Minimum thickness of underlayment for resilient flooring shall be 3/8 inch for plywood and 1/8 inch for tempered hardboard. Plywood shall be underlayment grade or better. Exterior grade approved for moisture areas, such as bathrooms, kitchens and laundry rooms. Use of particle board is prohibited.
- 8.09 Subfloor boards used as base for adhesive-applied resilient flooring and ceramic tile shall have minimum thickness of 3/4 inches, and shall be ACX exterior plywood unless a separate underlayment is provided.
- 8.10 Exterior grade plywood shall be used where exposed to weather or where necessary for structural purpose.

STAIRS

- 8.11 Design and construction of stairways and exits shall conform with the provisions of the Los Angeles County Uniform Building Code.
- 8.12 Wood stairs shall be hardwood or vertical grain kiln-dried softwood.
- 8.13 Finish lumber shall be kiln-dried, free from tool marks and defects and shall be of a species suitable for its intended use.
- 8.14 Stringers shall have solid bearing top and bottom. Top stringer shall have not less than 4 inches end bearing or be adequately anchored to header. Exterior stair shall bear upon top of a slab or on a bottom step constructed of concrete and treated with a preservative at all contact points.
- 8.15 When distance between stringer exceeds two feet, six inches, (2' - 6") a center stringer shall be installed. 2-inch treads shall be installed of suitable material.

ROOFING

- 9.00 Roofing installations shall be in accordance with the Uniform Building Code, Chapter 32 and as per recommendations of manufacturer. New roofs shall be guaranteed for 5 years with 10-year life expectancy.
- 9.01 Each bundle of asphalt shingles shall be delivered to job site with seals unbroken and labels intact. Labeling shall indicate compliance with Underwriters Laboratories, Inc., 220 fiberglass seal, tab class C label.
- 9.02 Roof underlay shall not be less than 15 lbs. asphalt-saturated felt.
- 9.03 Roll roofing to be a minimum of 90# mineral surface cap sheet and must bear a class "C" Underwriters Label. One (1) 90# cap sheet shall be installed over two layers of 15# felt paper, saturated with at least 20# of hot-mopped tar between layers. Base sheet to be well nailed with approved galvanized nails.
- 9.04 A suitable starting course providing double thickness at eaves shall be used for all shingle applications.
- 9.05 Wood shingles and wood shakes shall extend one inch beyond roof sheathing at eaves line and rake edge.
- 9.06 At the juncture of the roof and vertical surfaces, flashing and counter flashing shall be provided. Perimeter edges of all existing roofs shall be protected with metal edging when re-roofing.
- 9.07 Old roof covering shall be removed when 3 layers exist. Inspection approval is required prior to installation of new roofing.

WINDOWS AND GLAZING

- 10.00 Glass shall be at least "B" grade, double strength for areas up to 12 square feet or shall be as recommended by manufacturer for the specific use. All bathroom windows shall be glazed with obscure glass. When specified to be made easily operable, plane edges, replace sash cords and weights or install spring model sash balances, as necessary. Replace all missing or cracked glass panes. Replace broken sash locks suitable for the type of application.

Aluminum Window Installation

Provide headers, trimmers and flashing, patch and paint adjacent wall surfaces to match existing. All aluminum windows shall be Mill Finish, International, Hi-Lite, or equal.

- 10.01 Installation of windows shall comply with the recommendations of the manufacturers. Hardware shall be installed and a suitable means of locking shall be provided.
- 10.02 Glass set in wood shall be secured in place with springs or glazing points, and sealed with the appropriate glazing compound. All wood shall be primed and painted, and face-puttied. In doors, glass shall be bedded in putty and secured with stops.
- 10.03 Glass set in metal and glazing clips shall be back-puttied or set in neoprene glazing bed with putty appropriate for purpose.
- 10.04 At completion of work, leave glass whole, free from cracks, rattles and clean. Glass with frosted or etched finish shall be cleaned within 24 hours after setting.
- 10.05 Screen cloth shall be size 16x16 or 18x14 squares per inch, aluminum or fiberglass mesh. Screens shall be tight fitting, and shall be easily removable. New screens shall be full bound aluminum frame design.

INTERIOR AND EXTERIOR FINISH

- 11.00 Where wall coverings are specified, the contractors estimate shall include the cost to install new molding, trim, base and paint for new drywall.
- 11.01 A framing inspection is required before wall or ceiling covering is replaced. On all rooms that have new wall and ceiling covering installed with drywall, plaster or paneling, the estimate shall include price to install new molding, trim, base and painting.
- 11.02 All existing molding is to be removed and plaster grounds installed.
- 11.03 Install plaster rings on all electrical outlets, or reset outlet boxes to new surface level.
- 11.04 All new interior wall coverings shall include painting, except pre-finished paneling or wall covering.
- 11.05 Minimum thickness, maximum support spacing, applications and nailing for wall finish materials shall be in accordance with recommendations of manufacturer of acceptable standards.
- 11.06 Walls and ceilings shall be finished level and corners shall be plumb and straight.
- 11.07 Wall finish in shower compartments, around bathtubs or in other areas susceptible to moisture, shall be waterproof material. Corner joints at bathtub, top edge of wainscot and at intersections with other materials shall be sealed with white Dap tub caulking.
- 11.08 Plaster material shall be standard commercial brand. Mix and application shall be in accordance with trade specifications.
- 11.09 Install suitable plaster grounds of required plaster thickness at openings and at intersection of walls and floor.
- 11.10 Internal angles shall be reinforced with expanded metal lath or cornerite having not less than 2 inch legs, or of woven or welded-wire fabric of equivalent strength. External angles shall be protected with corner bead.
- 11.11 For gypsum or fiber lath, reinforce corners of all openings with strips of metal lath (approximately 6 x 8 inches) install at 45 degrees.
- 11.12 Perforated lath supported clips shall not be used for ceiling installations.
- 11.13 Gypsum lath shall not be used as a base for Portland cement plaster.

DRYWALL, HARDBOARD, & PLYWOOD

- 11.14 Gypsum drywall shall be installed with all external corners protected with metal corner bead. All drywall installed shall be taped, puttied, sanded and textured to an even surface.
- 11.15 Minimum thickness for gypsum dry wall applied directly to framing members shall be 1/2 inch.
- 11.16 Minimum thickness for hardboard shall be 1/8 inch over solid backing, and 1/4 inch thickness over open framing with supports spaced not more than 16 inches o.c.
- 11.17 Minimum thickness of plywood applied directly to wall framing members shall be 3/8 inch.
- 11.18 Maximum spacing of supports for 1/2-inch fiberboard shall be 16 inches o.c. For 3/4-inch fiberboard, maximum support spacing shall be 24 inches o.c. Minimum thickness of fiberboard applied directly to wall framing members shall be 1/2 inch and shall be covered with 15# felt.
- 11.19 Provide solid backing for all edges of panel wall-finish materials. Submit samples to Owner for selection prior to purchase.

EXTERIOR FINISHES

- 11.20 Building paper shall be installed over studs or sheathing of all exterior walls housing habitable areas.
- 11.21 Butt joints of siding shall occur over studs; joints in adjacent pieces shall be staggered.
- 11.22 When repair or replacement of exterior siding is indicated, replace with siding to match existing. Prime and paint to blend with existing surroundings.
- 11.23 Plywood siding shall be exterior grade and shall bear an approved label.
- 11.24 All new exterior woodwork, doors, windows, frames, fascia, trim, etc. shall be primed and painted.

STUCCO

- 11.25 Stucco shall be applied, set, fogged, damp-cured and finished as per the Los Angeles Uniform Building Code, Chapter 47, and in accordance with acceptable standards and workmanship.
- 11.26 Stucco shall not be applied when the temperature is below 40 degrees Fahrenheit or when temperature is not expected to remain at 40 degrees or higher until initial set.
- 11.27 Metal lath for stucco shall be galvanized.
- 11.28 Three-coat stucco application shall be used over wood frame construction. Two-coat application may be used over masonry surfaces.
- 11.29 Minimum thickness of hand applied two-coat stucco work shall be 5/8 inch. Minimum thickness of machine applied work and hand applied three-coat work shall be 7/8 inch.
- 11.30 Stucco shall be clean and sound after all related work has been completed.
- 11.31 Pointing around set work and trim, and repairing of damaged sections shall be performed in an acceptable manner. Pointing and repairs shall match existing work in texture and color.
- 11.32 When structure is to have lath and stucco over existing siding, the contractor is required to remove all door and window casings, and replace with 7/8 inch metal trim milcore or stucco mold. The estimate shall include price for replacement of existing vents, access doors and installation of new vents, to provide minimum ventilation to underfloor and attic areas. When exterior wall covering is altered or replaced, contractor shall exercise care to insure that new trim at doors and windows is installed so that existing screens and screen doors fit properly or install new screens and screen door.
- 11.33 Note: A surface inspection is required after sandblasting and before application of color coat.
- 11.34 Color coat shall be applied in sufficient quantity for full coverage and uniform color. The Owner shall select surface texture and color.
- 11.35 Upon completion of interior or exterior plastering or painting, all residues are to be thoroughly removed from doors, windows, frames, screens and other areas affected. All windows are to be cleaned prior to final inspection. All aluminum shall be protected from discoloration.

CABINETS AND MILLWORK

DOORS

- 12.00 Exterior wood doors shall be solid construction and shall not be less than 1-3/4 inches in thickness the exception being service and garage passage doors may be 1-3/8 inches.
- 12.01 Overhead garage doors may be wood or metal of one-piece construction and shall be installed with all new heavy duty hinges, springs and all hardware, unless otherwise specified.
- 12.02 Exterior doors shall be weatherproofed by installing ridged weatherstripping and a suitable watertight threshold with drip seal.
- 12.03 Interior passage and closet doors shall not be less than 1-3/8 inches in thickness, hollow core masonite, unless indicated otherwise on drawings or work write-up.
- 12.04 All interior doors shall be hinged for removal.
- 12.05 All door installations shall include new hinges, locksets, latches, threshold, door stop and all necessary trim. Door shall fit opening and operate properly. Include repair, patching and painting of all areas affected by the installation.
- 12.06 DOORS AND LOCKSETS
- a. ENTRY DOOR - 1 3/4" solid core, masonite, three 3 1/2" x 3 1/2" butt hinges, Schlage model #F51N-PLY-626 entry lock, B160-626 deadbolt no substitution.
 - b. PASSAGE DOOR - 1 3/8" hollow core, masonite, two 3 1/2" x 3 1/2" butt hinges, Schlage model #F10N-PLY 605 X 626 no substitution.
 - c. BATHROOM DOOR - 1 3/8" hollow core, masonite, two 3 1/2" x 3 1/2" but hinges, Schlage model #F40N-605 X 626, no substitution.
 - d. SCREEN DOOR - Heavy duty aluminum frame, mill finish "Valencia" style or equal, with latch set and pneumatic door closer.
 - e. COMBINATION DOOR - "Bel Air" flush type Arizona, or equal. 1 3/8" thick, two 3 1/2" x 3 1/2" but hinges or 1 3/4" thick, three 3 1/2" butt hinges. Schlage model #F51N-PLY-626, no substitution. All doors shall be primed and painted. See painting specifications.

CABINETS AND COUNTERTOPS

- 12.07 Construction and installation of wood and metal cabinets shall be in accordance with Southern California Association of cabinet manufacturers (S.C.A.C.M.) acceptable standards. All cabinets shall be shop fabricated casework. Use of particle board prohibited unless fully bound. All necessary hardware and complete installation shall be a part of the contract.
- 12.08 Minimum gauge of steel for metal cabinets and grade of wood for wood cabinet work shall be suitable for its intended use.
- 12.09 Cabinet shelves shall be not less than 5-ply 3/4-inch plywood or 3/4-inch pine shelving. Hinged doors shall be 5-ply 3/4-inch plywood with edges banded, or lipped and sanded smooth.
- 12.10 Minimum depth of wall shelves shall be 11 inches. Minimum depth of base cabinets shall be 24 inches.
- 12.11 Shelving shall be securely supported against warping and sagging. Provide intermediate supports for shelves over 4 feet long.
- 12.12 Countertop finish shall be waterproof stain-resistant material. Countertop installation shall be suitable for its intended use.

- 12.13 A 4-inch minimum backsplash shall be provided where countertop abuts walls or built-in cabinet work.
12.14 All edges including sink and surface units shall have suitable protective edging installed.
- 12.15 Cabinets shall be erected straight, level and plumb, and securely anchored in place. Scribe and closely fit cabinets to adjacent work. Provide necessary backing and anchors for securing trim and cabinet work in place.

TRIM

- 12.16 Finish lumber shall be dressed free of tool marks and objectionable defects. Grade shall be suitable for its intended use.
- 12.17 Replacement and installation of new trim or molding shall match existing in size and profile or otherwise be reasonably appropriate upon finished installation.

CARPETING AND FLOORING

- 13.00 Floor framing and subfloor construction shall comply with Section 8 of these specifications.
- 13.01 Installation of carpet shall be over Bonded Urethane pad of 9/16-inch thickness. All carpet material shall be FHA approved with a face weight minimum of 38 oz. Samples shall be submitted to Owner for selection. The Owner will retain a cut sample of the color and pile selected and shall initial and date the sample for the contractor to retain.

RESILIENT FLOORING

- 13.02 Surfaces to receive resilient flooring shall be clean, dry, smooth, even and without defects. Underlayment is required over wood flooring.
- 13.03 Vinyl composition tile shall not be less than 1/8 inch minimum thickness and 12"x12" square. Linoleum shall not be less than 3/32 inch thick with wearing surface not less than 3/64 inch thick.
- 13.04 Apply adhesive and lay flooring in accordance with manufacturer's standard specifications.
- 13.05 For installation of resilient flooring on slab-on-grab, adequate precautions shall be taken to protect against moisture penetration.
- 13.06 Provide and install new base shoe molding, at all wall and cabinet abutments, unless otherwise specified.
- 13.07 After floors have set sufficiently, clean with recommended neutral cleanser. Upon completion, leave floors and base clean, smooth and free from buckles, cracks, and projecting edges.
- 13.08 Existing floor covering shall be removed when necessary, if not specified. Provide underlayment of plywood or tempered masonite when subflooring is in such a condition to warrant. Underlayment in bathrooms, kitchens and laundry rooms shall be of water-resistant (see Section 8 of these specifications) materials and is to be installed under toilets and standing tubs. 15# felt shall be installed between underlayment and subflooring.
- 13.09 VINYL SHEET GOODS- "Castilian", "Kentile", "Spring", "Congoleum", "Pasemake", "Armstrong", or equal.
- 13.10 VINYL COMPOSITION TILE - Tile "Azrock", "Armstrong", "Embossed Excelon", or equal.
- 13.11 Cove, if specified, shall be formed integrally of matching sheet material.
- 13.12 Adhesives: As recommended by manufacturer.
- 13.13 Leveling compound and crack filler: As manufactured by Aetna Manufacturing Company for concrete floors, or equal.

Samples: Submit a complete range of colors and types for the Owner's selection. The Owner shall retain one of each color or type selected. All material placed in the building shall match such samples. Substitution of floor coverings must be cleared with Agency and Owner before installation. All old molding is to be removed and new molding is to be installed and finish applied to surface.

CERAMIC TILE

- 14.00 Mosaic, Franciscan, Huntington, or equal. Submit a complete range of colors and types for the Owner's selection. The Owner shall retain one of each color or type selected. All materials placed in the building shall match such samples.
- 14.01 Adhesive, primer, caulking compound and prepared grout, when used shall be as recommended by the manufacturer of the tile and shall be furnished with the tile. Application and installation shall be in accordance with manufacturer's standard specifications.
- 14.02 Cement plaster application over wood frame construction shall be three-coat work. Two-coat double-up work may be used over masonry bases. Scratch coat and browncoat (setting bed) shall have minimum thickness 3/4 inch total. Minimum thickness of skim coat, 1/8 inch.
- 14.03 Ceramic floor tile installation shall have setting bed not less than 1-1/4 inches. Subfloor shall be covered with 15# felt to resist moisture.
- 14.04 Floor tile operations shall wait until wall tile setting has been completed when both are to be applied in same space.
- 14.05 Damp cure after grouting approximately three days. No foot traffic shall be permitted over finished floors less than 48 hours immediately after installation.
- 14.06 Upon completion, all tile floor and wall surfaces shall be thoroughly cleaned in such a manner as not to damage the glazed surfaces.
- 14.07 Protect finished work while plastering or grinding is in progress.
- 14.08 Provide shower curtain rod if no enclosure is being installed.
- 14.09 Ceramic tile shall be applied over waterproof cement surfaces or moisture resistant drywall only.

ACOUSTICAL WORK AND INSULATION

- 15.00 Acoustical plaster material shall be high quality standard commercial brands and shall be installed in accordance with manufacturer's specifications.
- 15.01 Priming of surfaces and application of acoustical plaster material shall be in strict accordance with specifications of the manufacturer.
- 15.02 Adhesive, if used, shall be special non-staining waterproof type that is resistant to alkaline solutions.
- 15.03 On uneven surfaces, acoustical paneling material shall be mechanically fastened to leveling strips. (Inspection and approval will be required prior to installation).
- 15.04 Acoustical material to be installed over plaster shall not be applied until plastering is completed and thoroughly dry.

INSULATION

- 15.05 Thermal insulation materials shall be delivered to the job site with seals unbroken and labels intact.

- 15.06 Blow-in or pour-in type insulation shall be installed in attic space if roof slope is less than 3 to 12 and shall meet R-30 minimum standards.
- 15.07 Insulation materials shall not readily absorb or retain moisture and shall be incombustible and shall not attract insects or vermin.
- 15.08 When exterior wall studding is exposed Batt type insulation shall be installed and shall meet R-11 minimum standards.

ROUGH AND FINISH HARDWARE

- 16.00 All hardware (rough and finish) shall be of name brands and fully suitable for the intended purpose.
- 16.01 Finish hardware shall fit perfectly, be uniform in color and free from imperfections affecting serviceability or marring appearance.
- 16.02 The installation of finish hardware shall be performed in a workmanlike manner in accordance with the standards of the relevant trade.
- 16.03 In existing structures, new hardware shall match existing. A suitable lock set and latch shall be installed on each door.
- 16.04 Doors provided for openings to a bathroom or toilet compartment shall be provided with suitable privacy lockset.
- 16.05 Window units shall have suitable means of locking.
- 16.06 Installation of finish hardware shall not occur until completed finishing of surface.
- 16.07 Provide bumpers for all doors where hardware or door will strike a finished wall or fixed equipment.

PAINTING

- a. Prohibited Use of Lead-Base Paints. Effective January 1, 1972, the use of paint containing more than 1- percent lead by weight (calculated as lead metal) in the total non-volatile content of liquid paints is prohibited on HUD projects in accordance with Paragraph B.
- b. Applicability. All new construction and rehabilitation of HUD assisted, owned, and mortgage-insured residential properties come under this restriction. The maintenance of low-rent public housing also is covered by this restriction. The prohibition applied to all exposed interior surfaces and to all portions of exterior elements and surfaces readily accessible to children--decks, stairs, porches, railings, doors, windows, etc. Concealed work such as structural steel is excluded.

In public housing, in HUD owned properties and in rehabilitation work, any old lead-based paint remaining on walls and ceilings shall be removed or completely concealed with a suitable covering such as drywall, hardboard, plywood, etc., before these surfaces are redecorated.
- 17.00 All paints and other coating shall be standard commercial brands with a history of satisfactory use under similar conditions. Note: A surface preparation inspection is required before painting on either new or old work.
- 17.01 All paint materials shall be delivered to site in manufacturer's sealed containers. The paint or coating selected shall be designed for and recommended by the manufacturer for the specific use proposed. If it should be necessary in order to give good coverage because of surface condition or paint colors, it is the obligation of the contractor to apply sufficient coats to obtain complete coverage.
- 17.02 All surfaces to be finished shall be clean, smooth, and free of foreign material, holes, cracks or irregularities and must be dry to the touch, except for specific instructed applications. Existing paint that

has chipped and peeled shall be removed, patched or sanded to match existing surfaces before new paint is applied, and all bare spots shall be primed and/or sealed.

- 17.03 If interior painting is indicated, repair all cracks in walls and ceiling of all rooms being repainted. Use proper type of patching material for areas being repaired. Prime cracked areas prior to painting. When painting of walls and ceilings of a room is specified, including painting requirement for plaster and drywall, this shall include all trim, windows, doors, frames, cabinets and closets. All new doors, windows, frames, and trim shall be painted even if not specifically indicated.
- 17.04 Application of paint or other coating shall be in strict accordance with manufacturer's directions.
- 17.05 Finish hardware shall be removed during painting operations or otherwise protected.
- 17.06 Finish coat in kitchens, service porches, and bathrooms shall provide a durable and washable semi-gloss surface.
- 17.07 If exterior painting is required by these specifications, caulk all exterior doors and window frames completely. Remove all loose, deteriorated and cracked putty on windows and prime and re-putty before painting. When painting of exterior trim is specified, this shall include doors, windows, all frames, eaves, soffits, porches and all appendages.
- 17.08 Each coat of paint shall be well brushed or rolled on, worked out evenly and allowed to dry before subsequent coat is applied. Spray painting shall be allowed only by permission of governing authority.
- 17.09 Paint application shall consist of two coats on old work and three coats on new work, except as specified otherwise in work write-up. The top and bottom edges of interior doors shall receive one coat; exterior doors two coats.
- 17.10 Finished work shall be uniform color, smooth and free from defects. Edges where paint adjoins other materials or colors shall be sharp and clean, without overlapping.
- 17.11 All joints and corners of gypsum wall board and ceilings shall be taped, troweled with topping (two coats), and smoothly sanded. Walls and ceilings shall be textured except kitchens and bathroom, which shall be sanded for smooth finish.

PLUMBING

- 18.00 Plumbing equipment, fixtures and materials shall comply with and be installed in accordance with the Los Angeles County Uniform Plumbing Code.
- 18.01 Backfill and compact all trenches with earth free of rocks, boulders and debris, or moist sand.
- 18.02 Piping shall be installed without damage to structural members. See Section 8.06 of these specifications.
- 18.03 All fixture installation and replacement shall include price to cover traps, vents, faucets, connection to hot and cold water and drainage systems and all trim necessary to mount fixture in an approved manner and include repair of damaged areas exposed or affected by the installation.
- 18.04 All plumbing is to be concealed except where typically exposed. Permission to expose plumbing must be obtained from Owner and Agency prior to installation.
- 18.05 A double compartment kitchen sink is specified for replacement or new installation unless otherwise specified.
- 18.06 Contractor shall investigate all piping under a proposed addition and include price to cover replacement if required.
- 18.07 Water heaters shall be glass lined, complete with controls, and with a ten-year tank warranty. Install energy efficient blanket around all heaters.

- 18.08 Water heater relocation or replacement shall meet code requirements for vent assembly, combustion air, gas and water connections and valves. All of these parts must be properly supported. Damage to a relocated heater shall be at contractor's expense. Install seismic straps on all heaters.
- 18.09 Gas piping, valves and fittings shall be in accordance with the requirements of the County of Los Angeles Uniform Plumbing Code.
- 18.10 Any plumbing fixture damaged during temporary removal and replacement shall be replaced at contractor's expense.

HEATING AND VENTILATION

- 19.00 Installation of heating and ventilation equipment, accessories, and appurtenances, shall comply with the published accepted standards of relevant professional associations. Labeling and listing of equipment by Underwriters Laboratories, Inc., is accepted as conforming with design standards.
- 19.01 Provide wall thermostat, complete vent assembly, roof flashing, and gas piping, for new heaters. Repair, patching and painting of all areas affected, shall be in an approved manner, and shall match existing surroundings. Owner and contractor shall determine location of furnace.
- 19.02 Thermostat wiring to be concealed within wall. Wall heaters are to be installed within walls. If walls are not of sufficient depth, they shall be furred out as necessary and measured from rear of existing wall depth.
- 19.01 A wall furnace is to be vented through roof. A through wall furnace is considered to be vented through the wall or direct vent type.

ELECTRICAL

- 20.00 Electrical materials, fixtures, equipment and appurtenances shall comply with the applicable standards of Underwriters Laboratories, Inc.
- 20.01 Installation shall comply with the National Electrical Code, current edition.
- 20.02 When the description of work requires a new electrical service, all existing circuits shall be tested, repaired and balanced as required. All new loads, outlets, lights, etc., shall be on additional circuits, unless Agency approval prior to bid opening is obtained. All existing service panels, subpanels, etc. shall be removed and all circuits reconnected to the new service. Repair affected areas to the condition of adjacent surfaces.
- 20.03 Where existing services subpanels, etc., which will be removed are in enclosures that are not integral parts of the design of the structure, the enclosures shall be removed and affected areas repaired to the condition of adjacent surfaces. All new services shall be of recessed type with all conduit concealed inside of walls.
- 20.04 Where additional outlets, loads, etc., are specified the contractor shall be responsible for an electrical service of adequate capacity to serve the new and existing loads.
- 20.05 All new electrical services shall be installed at location recommended by serving utility.
- 20.06 When specification calls for removal of non-complying wiring, it shall be removed in its entirety. This is to include boxes, lights, old panels, etc., and to include repair, patching and painting of all area affected-walls, ceiling, etc. All new wiring shall be concealed within walls and ceilings, unless approval of Agency is obtained prior to installation.
- 20.07 On installation of new electrical fixtures or replacement of existing fixtures, they shall be energized and operable.

- 20.08 All cutting of surfaces required to perform electrical work shall be repaired and brought back to the existing condition of adjacent work at the completion of the job.
- 20.09 The contractor shall guarantee all work furnished and installed under this section to be free from defects in materials and workmanship for a period of one full year from the date of final acceptance of the work.

PEST CONTROL

- 21.00 Concrete porch floors, entrance platforms, planters, screens, fences and other appurtenances installed under contract, shall be separated from main structures or suitably protected against entrance of termites.
- 21.01 Soil treatment, under contract, against infestation shall be guaranteed effective for a period of not less than five years from date of treatment.
- 21.02 Lumber required to be treated against damage by decay shall bear the official grade mark and stamp of the association of independent inspection agency grading the species.

EXTERIOR PAVING AND SITE IMPROVEMENT

- 22.00 Work within the open space of each property shall provide for:
- a. Immediate diversion of water away from buildings and drainage from the lot.
 - b. Prevention of soil saturation detrimental to structures and lot use.
- 22.01 Natural site assets such as existing trees, shrubs, ground cover, shall be preserved and protected wherever practicable.
- 22.02 Concrete slabs supported directly on the ground shall be a minimum of 3 1/2 inches thick, shall have expansion joint at the public walk or curb and at garage or carport slab; shall have expansion joints at approximate 10 foot intervals; shall be finished to provide smooth surface true to cross section and grade; and shall be adequately cured for a period of three days.
- 22.03 Minimum width for main walk shall be 3 feet, and 3 feet for service walk.
- 22.04 Driveway pavement shall be 4 inch thick concrete, and meet the 2000 PSI minimum per Section 3.01 of these specifications, unless otherwise specified. Finish shall be by lightly brooming after final troweling.
- 22.05 Exterior pavement and concrete garage floor shall be sloped for drainage.
- 22.06 6"x6"x #10x #10 welded wire mesh over 2 inches of sand base shall be used in all concrete slabs and flat work where area is identified as expansive soil.

:bc/standard specifications

ATTACHMENT 5

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ATTACHMENT 6
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ATTACHMENT 7

AMENDED PROMISSORY NOTE

WITH USE, AFFORDABILITY RESTRICTIONS, AND RESALE CONTROLS

\$160,000 (SALE OF SITE)

FOR VALUE RECEIVED, the undersigned, HABITAT FOR HUMANITY-SOUTH BAY/LONG BEACH, a California non-profit corporation ("Borrower"), promises to pay to the order of the COMMUNITY DEVELOPMENT COMMISSION OF THE COUNTY OF LOS ANGELES, a public body, corporate and politic (the "Commission") at 2 Coral Circle, Monterey Park, California 91755-7425, or such other place as Commission may from time to time designate in writing, the principal sum of ONE-HUNDRED SIXTY THOUSAND DOLLARS (\$160,000) in accordance with the terms and conditions of that certain Disposition and Development Agreement dated _____, 2004, by and between Borrower and the Commission (the "DDA"), in the manner hereinafter specified, until paid in full.

1. Interest. Interest shall accrue on the outstanding principal balance of this Note at the rate of THREE percent (3%) simple interest per annum, provided, that in the event this Note is not paid when due, whether at maturity or by acceleration this Note shall thereafter bear interest on the outstanding principal balance of this Note at the "Default Rate" set forth in Paragraph 6 below. Interest shall be computed on the basis of actual number of days elapsed and a 360-day year.

2. Deed of Trust. This Note is secured by a deed of trust ("Deed of Trust") recorded against the real property as described in Exhibit A (Legal Description) of said Deed of Trust herewith, encumbering Borrower's fee interest in the Property.

3. Payment of Loan. This Loan shall accrue interest until such time as the Development Improvements are completed and ownership is conveyed to the qualified buyer of the completed house. The Commission shall accept as payment on the loan and payoff of loan, including the outstanding interest; cash and/or evidence of assumption of the Qualified Buyer Promissory Note as defined in Section 306.2 of the DDA. In accordance with Section 306.2 of the DDA, the principal amount of the Qualified Buyer Promissory Note shall not exceed Sixty-Five Thousand Dollars (\$65,000). The Commission loan to the qualified buyer shall be in substantial form of second mortgages, which will not require debt service, as described in Section 306.2 of the DDA as Commission's Secondary Financing.

In the event the Borrower is unable to proceed to completion of the development, the Borrower shall pay to the Commission the entire outstanding principal and interest amount of this Note upon that date which is the earlier to occur of: (i) three (3) years from the date of this Note, or (ii) the termination of the DDA in accordance with its expressed terms and conditions.

4. Application of Payments. All payments received by the Commission shall be applied first, to the payment of unpaid interest and second to the payment of principal.

5. Prepayment. Borrower shall have the right to prepay this Note in full or in part, without payment of any fee therefor, at any time, upon ten (10) days prior written notice to Commission.

6. Default Interest. If any amount due under this Note is not timely paid and remains past due for a period of ten (10) days, then the full amount shall be due and payable, without notice or demand by the Commission or other holder, and thereafter, interest shall accrue on the outstanding principal amount and unpaid accrued interest of this Note at the lesser of: (i) ten percent (10%) per annum or (ii) the highest lawful rate which may be applicable to amounts advanced under this Note, payable from the date such amounts became due and payable (the "Default Rate") until such amounts are paid. Borrower agrees that an amount equal to the accrual of interest at the Default Rate is a reasonable estimate of the damage to the Commission or other holder in the event of late payment under this Note.

7. Event of Default; Acceleration. Upon the occurrence of any default or an unpermitted assignment as set forth in the DDA, subject to any applicable notice requirements and cure periods provided by the DDA, or upon the occurrence of any Event of Default as set forth in the Deed of Trust, or if Borrower breaches any provision of this Note, the Commission may, at its option, without further notice to Borrower, declare the entire unpaid principal balance of this Note to be immediately due and payable, and the Commission may proceed to exercise any or all of its rights or remedies under this Note and the Deed of Trust at law or in equity. Overdue principal and unpaid accrued interest shall bear interest at the Default Rate until payment to the Commission by Borrower of all unpaid principal and reimbursement to the Commission for all costs incurred in connection with the enforcement of this Note as provided below.

8. Attorneys' Fees and Collection Charges. In the event of the occurrence of a default under this Note or the occurrence of an Event of Default under the Deed of Trust, in addition to principal and interest accruing at the Default Rate, if any, the Commission shall be entitled to collect all costs of collection, including but not limited to reasonable attorneys' fees, incurred in connection with the protection or realization of collateral or in connection with the Commission's collection efforts under this Note, whether or not suit on this Note or any foreclosure proceeding with respect to the collateral is commenced. All such costs and expenses shall be payable on demand and until paid shall also be secured by the Deed of Trust, and shall bear interest at the Default Rate as provided in this Note.

9. No Waiver by Commission. Failure of Commission or other holder hereof to exercise any right or remedy hereunder shall not constitute a waiver of any future or other default. No acceptance of a past due installment or indulgence granted from time to time shall be construed to be a waiver of the right to insist upon prompt payment thereafter or to impose interest at the Default Rate retroactively or prospectively, or to preclude the exercise of any other rights which Commission may have.

10. Notices. Notices under this Note shall be given in accordance with applicable statutory requirements. If there are no statutory requirements in effect, notices, demands, requests, elections, approvals, disapprovals, consents or other communications given under this Note shall be in writing and shall be given by personal delivery, mail or telegram and addressed as follows:

If to Borrower:

Habitat for Humanity – South Bay/Long Beach
4320 Atlantic Ave., Suite 216
Long Beach, CA 90807

If to the Commission:

Community Development Commission of the
County of Los Angeles
2 Coral Circle
Monterey Park, CA 91755-7425
Attention: Director of Housing Development and Preservation

With a copy to:

Office of the County Counsel
Kenneth Hahn Hall of Administration, Room 648
500 West Temple Street
Los Angeles, CA 90012
Attention: Eric Young, Principal Deputy

Formal notices, demands, and communications between the Commission and the Borrower shall be sufficiently given if (i) dispatched by registered or certified mail, postage prepaid, return receipt requested, (ii) personal delivery, or (iii) U. S. Postal Service Express Mail, Federal Express, or another like courier service, to the principal offices of the Commission and the Borrower, as set forth above. Any such notices shall be deemed received upon the earlier of actual receipt, delivery to the courier service, or forty-eight (48) hours after deposit in the mail (in the case of delivery via registered or certified mail), as required herein above. The person and the place to which notices are to be mailed may be changed by either party by notice to the other in accordance with this Section.

11. Usury. It is the intention of Borrower and the Commission to conform strictly to the usury laws that are applicable to this Note. This Note and any other agreements between Borrower and the Commission are hereby expressly limited so that in no contingency or event whatsoever shall the amount paid or agreed to be paid to the Commission or the holder hereof exceed the maximum amount permissible under applicable usury laws. If under any circumstances fulfillment of any provision of this Note, the Deed of Trust, or any other agreement between Borrower and the Commission shall involve exceeding the limit of validity prescribed by the law, then the obligation to be fulfilled shall be reduced to the limit of such validity. All sums paid or agreed to be paid to the Commission or the holder, to the extent

permitted by applicable law, and to the extent necessary to preclude exceeding the limit of validity prescribed by law, shall be amortized, prorated, and allocated and spread from the date of disbursement of the proceeds of this Note until payment in full of this Note so that the actual rate of interest on account of such indebtedness is uniform throughout the term hereof.

12. Amendments. Amendments to this Note may not be made orally, but only by an agreement in writing, signed by the party against whom such amendment is sought to be enforced.

13. Waiver by Borrower. Borrower agrees that it will still be liable for repayment of this Note, even if the holder hereof does not follow all otherwise required procedures (including presentment, protest, demand, diligence, notice of dishonor and of nonpayment), which requirements are hereby waived.

14. Governing Law. This Note shall be governed by, construed and enforced in accordance with the laws of the State of California.

15. Restrictive Covenants Notice. This Note incorporates the provisions of Section 101 of the Grant Deed which states: It is expressly made a condition that the conveyed property be used exclusively for affordable housing for low-income persons, a public purpose, for a minimum period of twenty (20) continuous years of use from the date of recordation of each transfer of the property to a low income person; that if said property ceases to be used exclusively for affordable housing as the public purpose and in the manner stated below, during the twenty (20) year "Affordability Period," said event shall constitute an event of default.

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

HABITAT FOR HUMANITY-SOUTH BAY/LONG BEACH
a California non-profit corporation

By: _____
ERIN RANK, President and CEO

County of Los Angles)
(California Government Code Section 6106))
)

AND WHEN RECORDED, MAIL TO:)
Community Development Commission)
2 Coral Circle)
Monterey Park, California 91755-7425)
Att: Housing Dev. & Pres.)

=====SPACE ABOVE FOR RECORDER'S USE=====

\$160,000

**AMENDED DEED OF TRUST
WITH USE, AFFORDABILITY RESTRICTIONS AND RESALE CONTROLS**

THIS DEED OF TRUST is made this _____ day of _____, 2004, among the Trustor, Habitat for Humanity-South Bay/Long Beach (herein "Trustor"), and North American Title Company (herein "Trustee"), and the Beneficiary, Community Development Commission of the County of Los Angeles (herein "Commission"), whose address is 2 Coral Circle, Monterey Park, California 91755-7425.

TRUSTOR, for good and valuable consideration and in consideration of the indebtedness herein recited and the trust herein created, irrevocably grants and conveys to Trustee, and its successors and assigns, in trust, with power of sale, the property described in Attachment "A" to this document (herein "Property") located in the County of Los Angeles, State of California:

TOGETHER with all the improvements now and hereafter erected on the Property, and all easements, rights, appurtenances and rents and income received from the Property (subject, however, to the rights and authorities given herein to Commission to collect and apply such rents), all of which shall be deemed to be and remain part of the Property covered by this Deed of Trust; and all of the foregoing, together with said Property are hereinafter collectively referred to as the "Property";

TO SECURE to Commission the repayment of the indebtedness evidenced by Trustor's promissory note between Trustor and Commission dated _____, 2004, and extensions and renewals thereof (herein "Note"), in the principal sum of ONE HUNDRED SIXTY THOUSAND Dollars (\$160,000.), (with interest thereon, fully deferred with the total indebtedness), if not sooner paid, due and payable on the ____ day of _____, 2006; the payment of all other sums, with interest thereon, advanced in accordance herewith to protect the security of this Deed of Trust; and the performance of every covenant and agreement of Trustor herein contained in the Note and contained in the Grant Deed of the Property.

Trustor covenants that Trustor is lawfully seized of the estate hereby conveyed and has the right to grant and convey the Property, and that the Trustor is unencumbered in relation to this Property except for encumbrances of record. Trustor covenants that Trustor warrants and

will defend generally the title to the Property against all claims and demands, subject to encumbrances of record.

UNIFORM COVENANTS

Trustor and Commission covenant and agree as follows:

1. Funds for Taxes and Insurance.

To protect the security of this Deed of Trust, Trustor agrees to pay, at least ten (10) days before delinquency, all taxes and assessments affecting said Property, including assessments when due, all encumbrances, charges and liens, with interest, on said Property or any part thereof, which appear to be prior or superior hereto; and all costs, fees and expenses of this Trust.

Should Trustor fail to make any payment or to do any act as herein provided, then Beneficiary or Trustee, without obligation to do so and without notice to or demand upon Trustor and without releasing Trustor 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, Beneficiary or 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 Beneficiary or 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 reasonable fees.

2. Prior Mortgagees and Deeds of Trust; Charges, Liens.

Trustor shall perform all of Trustor's obligations under any mortgage, deed of trust or other security agreement with a lien which has priority over this Deed of Trust, including Trustor's covenants to make payments when due. Trustor shall pay or cause to be paid all taxes, assessments and other charges, fines and impositions attributable to the Property which may attain a priority over this Deed of Trust, and leasehold payments.

3. Hazard Insurance.

Trustor shall keep the improvement(s) now existing or hereinafter erected on the Property insured against loss by fire, hazards included within the terms "extended coverage", and such other hazards as Commission may require and in such amounts and for such periods as Commission may require.

All insurance policies and renewals thereof shall be in a form acceptable to Commission and shall include a standard mortgage clause in favor of and in a form acceptable to Commission. Commission has 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, Trustor shall give prompt notice to the insurance carrier and Commission. Commission may make proof of loss if not made promptly by Trustor.

If Property is abandoned by Trustor, or if Trustor fails to respond to Commission within thirty (30) days from the date notice is mailed by Commission to Trustor that the insurance carrier offers to settle a claim for insurance benefits, Commission is authorized to collect and apply the insurance proceeds at Commission's option either to restoration or repair of the Property or to the sums secured by this Deed of Trust.

4. Preservation and Maintenance of Property, Condominium, Cooperatives, Planned Unit Developments. The Trustor shall maintain the housing in compliance with the Housing Quality Standards, set by HUD, 24 CFR § 982.401 and the County Housing Code for the duration of occupancy. Trustor will keep the Property in good repair and shall not commit waste or permit impairment or deterioration of the Property. If this Deed of Trust is on a unit in a condominium or planned unit development, Trustor shall perform all of Trustor's obligations under the declaration of covenants, conditions and restrictions creating or governing the condominium or planned unit development, the bylaws and regulations of the condominium or planned unit development, and constituent documents.

5. Protection of Commission Security.

If Trustor fails to perform the covenants and agreements contained in this Deed of Trust, or if any action or proceeding is commenced which materially affects Commission's interest in the Property, then Commission, at Commission's option, upon notice to Trustor, may make such appearances, disburse such sums including reasonable attorneys' fees, and take such action as is necessary to protect Commission's interest.

Any amounts disbursed by Commission pursuant to this paragraph, with interest thereon, at the default rate of TEN PERCENT (10%) simple interest per year, will become additional indebtedness of Trustor secured by this Deed of Trust. Unless Trustor and Commission agree to other terms of payment, such amounts will be payable forthwith upon notice from Commission to Trustor requesting payment thereof. Nothing contained in this paragraph will require Commission to incur any expense or take any action hereunder.

6. Inspection.

Commission may make or cause to be made reasonable entries upon and inspections of the Property, provided that Commission will give the Trustor notice prior to any such inspection, specifying reasonable cause there for related to Commission's interest in the Property.

7. Condemnation.

The proceeds of any award of 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 Commission 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.

8. Trustor Not Released: Forbearance by Commission Not a Waiver.

Extension of the time for payment or modification of amortization of the sums secured by this Deed of Trust granted by Commission to any successor in interest of Trustor shall not

operate to release, in any manner, the liability of the original Trustor and Trustor's successors in interest. Commission 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 by reason of any demand made by the original Trustor and Trustor's successors in interest. Any forbearance by Commission in exercising any right or remedy hereunder, or otherwise afforded by applicable law, shall not be a waiver of or preclude the exercise of any such right or remedy.

9. Successors and Assigns 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 assigns of Commission and Trustor, subject to the provisions of paragraph 16 hereof. All covenants and agreements of Trustor shall be joint and several.

10. Notice.

Except for any notice required under applicable law to be given in another manner:

- (a) any notice to Trustor provided for in this Deed of Trust shall be given by delivering it or by mailing such notice by certified mail, addressed to Trustor at the Property address or such other address as Trustor may designate by notice to Commission as provided herein; and,
- (b) any notice to Commission will be given by certified mail, return receipt requested, to Commission's address stated herein or to such other address as Commission may designate by notice to Trustor as provided herein.

Any Notice provided for in this Deed of Trust shall be deemed to have been given to Trustor or Commission 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. In the event that any provision or clause of this Deed of Trust or 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 "attorneys' fees" include all sums to the extent not prohibited by applicable law or limited herein.

12. Trustor's Copy.

Trustor shall be furnished a conformed copy of the Note and this Deed of Trust at the time of execution or after recordation hereof.

13. Transfer.

In the event of transfer, sale, or foreclosure of the Property, Commission may transfer the Note, in full, and create a new Deed of Trust, only when the new trustor is a qualified low-income buyer ("Qualified Buyer") as defined in the Grant Deed.

NON-UNIFORM COVENANTS

Trustor and Commission further covenants and agree as follows:

14. Acceleration, Remedies.

Upon Trustor's breach of any covenants or agreements of Trustor in this Deed of Trust or Grant Deed for the Property, including the covenants to pay when due any sums secured by this Deed of Trust, Commission, prior to acceleration, shall give notice to Trustor as provided in paragraph 10 hereof specifying:

- (a) the breach:
- (b) the action required to cure such breach
- (c) a date, not less than ten (10) days from the date the notice is mailed to Trustor, by which such breach must be cured and,
- (d) 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 Trustor 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 Borrower to acceleration and sale.

If the breach is not cured on or before the time specified in the notice, Commission, at Commission'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. Commission shall be entitled to collect all reasonable costs and expenses incurred in pursuing the remedies provided in this paragraph 14, including but not limited to, reasonable attorneys' fees.

If Commission invokes the power of sale, Commission shall execute or cause Trustee to execute a written notice of the occurrence of an event of default and of Commission'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. Commission or Trustee shall mail copies of such notice in the manner prescribed by applicable law. Trustee shall give public notice of sale to the persons and in the manner prescribed by law. After the lapse of such time as may required by applicable law, Trustee, without demand on 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.

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. Commission or Commission's designee may purchase the Property at any sale.

Trustee shall deliver to the purchaser 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. 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 attorneys' 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 or persons legally entitled thereto.

15. Trustor's Right to Reinstate.

Notwithstanding Commission's acceleration of the sums secured by this Deed of Trust due to Trustor's breach, Trustor shall have the right to have any proceedings begun by Commission to enforce this Deed of Trust discontinued at any time prior to five (5) days before the 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) Trustor pays Commission all sums which would be then due under this Deed of Trust and the Note had no acceleration occurred;
- (b) Trustor cures all breaches of any other covenants or agreements of Trustor contained in this Deed of Trust;
- (c) Trustor pays all reasonable expenses incurred by Commission and Trustee in enforcing the covenants and agreements of Trustor contained in this Deed of Trust and in enforcing remedies as provided in paragraph 16 hereof, including, but not limited to, reasonable attorneys' fees; and,
- (d) Trustor takes such action as Commission may reasonably require to assure that the lien of this Deed of Trust, Commission's interest in the Property and Trustor's obligation to pay the sums secured by this Deed of Trust shall continue unimpaired.

Upon such payment and cure by Trustor, this Deed of Trust and the obligations secured hereby shall remain in full force and effect as if no acceleration had occurred.

16. Assignment of Rents; Appointment of Receiver; Commission in Possession.

As additional security hereunder, Trustor hereby assigns to Commission the rents and income of the Property, provided that Trustor shall, prior to acceleration under paragraph 16 hereof or abandonment of the Property, have the right to collect and retain such rents and income as they become due and payable.

Upon acceleration under paragraph 14 hereof or abandonment of the Property, Commission, in person, by agent or by judicially appointed receiver shall be entitled to enter upon, take possession of and manage the Property and to collect the rents and income of the Property including those past due. All rents collected by Commission or the receiver shall be applied first to payment of the cost of management of the Property and collection of rents, including, but not limited to, receiver's fees, premiums on receiver's bonds and reasonable attorneys' fees, and then to the sums secured by this Deed of Trust. Commission and the receiver shall be liable to account only for those rents and income actually received.

17. Reconveyance.

Upon payment of all sums secured by this Deed of Trust, Commission shall request Trustee to reconvey the Property and will 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. Subordination.

Commission and Trustor acknowledge and agree that this Security Instrument is subject and subordinate in all respects to the liens, terms, covenants and conditions of the First Deed of Trust and to all advances heretofore made or which may hereafter be made pursuant to the First Deed of Trust including all sums advanced for the purpose of (a) protecting or further securing the lien of the First Deed of Trust, curing defaults by the Trustor under the First Deed of Trust or for any other purpose expressly permitted by the First Deed of Trust or (b) constructing, renovating, repairing, furnishing, fixturing or equipping the Property. 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- or moderate-income households or otherwise restricting the Borrower's ability to sell the Property shall have no further force or effect on subsequent owners or purchasers of the Property. Any person, including his successors or assigns (other than the Borrower or a related entity of the Borrower), receiving title to the property through a foreclosure or deed in lieu of foreclosure of the First Deed of Trust shall receive title to the Property free and clear from such restrictions.

Further, if the Senior Lien Holder acquires title to the Property pursuant to a deed in lieu of foreclosure, the lien of this Security Instrument shall automatically terminate upon the Senior Lien Holder's acquisition of title, provided that (i) Commission has been given written notice of a default under the First Deed of Trust and (ii) the Commission shall not have cured the default under the First Deed of Trust, or diligently pursued curing the default as determined by the Senior Lien Holder, within 60-day period provided in such notice sent to the Commission.

19. Substitute Trustee.

Commission, at Commission's option, may from time to time appoint a successor trustee to any Trustee appointment hereunder by an instrument executed and acknowledged by Commission and recorded in the office of the Recorder of the county where the Property is located. The instrument shall contain the name of the original lender, Trustee and Trustor, 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, power 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.

20. Request for Notices.

Trustor requests that copies of the notice of sale be sent to Trustor's address at 4320 Atlantic Ave., Suite 216, Long Beach, California 90807.

21. Statement of Obligation.

Commission may charge a fee not to exceed Sixty Dollars (\$60.00) for furnishing the statement of obligation as provided by Section 2943 of the Civil Code of California.

22. Foreclosure by Holder of Senior Deed of Trust.

This Deed of Trust is subordinate to any first deed of trust or mortgage on the Property made by or held by an institutional lender or investor. Any party, and its successors and assigns, receiving title to the Property through a trustee's sale, a judicial foreclosure sale or deed in lieu of foreclosure of such deed of trust or mortgage, and any conveyance or transfer thereafter, shall receive title free and clear of the provisions of this Deed of Trust and any and all affordability restrictions.

**REQUEST FOR NOTICE OF DEFAULT
AND FORECLOSURE UNDER SUPERIOR
MORTGAGES OR DEEDS OF TRUST**

Commission request that copies of notices of foreclosure from the holder of any lien which has priority over this Deed of Trust be sent to Commission's address, as set forth on page 1 of this Deed of Trust, as provided by Section 2924b of the Civil Code of California.

23. Restrictive Covenants Notice. This Deed incorporates the provisions of Section 101 of the Grant Deed which states: It is expressly made a condition herein that the subject property be used exclusively for affordable housing for low-income persons, as described in the grant deed (Grant Deed) hereby made a part of this Trust Deed, a public purpose, for a minimum period of twenty (20) continuous years of use from the date of recordation of each transfer of the property to a low-income person; that if said property ceases to be used exclusively for affordable housing as the public purpose during the twenty (20) year "Affordability Period," said event shall constitute an event of default.

IN WITNESS WHEREOF, Trustor has executed this Deed of Trust.

Date:

TRUSTOR

STATE OF CALIFORNIA)
)ss:
COUNTY OF LOS ANGELES)

On _____, 2_____, before me, the undersigned Notary Public in and for the State of California, County of Los Angeles, personally appeared _____ personally known to me or proven to me on the basis of satisfactory evidence to be the person who executed the within and foregoing instrument, and acknowledged to me that they executed same as their free and voluntary act and deed for the uses and purposes therein set forth.

WITNESS my hand and official seal on the date last above written.

(Seal) Notary Public

STATE OF CALIFORNIA)
)ss:
COUNTY OF LOS ANGELES)

On _____, 2_____, before me, the undersigned Notary Public in and for the State of California, County of Los Angeles, personally appeared _____ personally known to me or proven to me on the basis of satisfactory evidence to be the person who executed the within and foregoing instrument, and acknowledged to me that they executed same as their free and voluntary act and deed for the uses and purposes therein set forth.

WITNESS my hand and official seal on the date last above written.

(Seal) Notary Public

Exhibit "A"

LEGAL DESCRIPTION

The land referred to in this Attachment is situated in the State of California, County of Los Angeles, and is described as follows:

LOT 1567 OF TRACT 7644, IN THE CITY OF CARSON, AS PER MAP RECORDED IN BOOK 84, PAGES 47 AND 48 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

FREE RECORDING REQUESTED BY:
Community Development Commission
of the County of Los Angeles
(California Government Code Section 6106)

AFTER RECORDING, MAIL TO:
Habitat for Humanity – South Bay/Long Beach
4320 Atlantic Ave., Suite 216
Long Beach, CA 90807
Att: Executive Director

SPACE ABOVE THIS LINE FOR RECORDER'S USE ONLY

GRANT DEED
WITH USE, AFFORDABILITY RESTRICTIONS AND RESALE CONTROLS

The COMMUNITY DEVELOPMENT COMMISSION of the COUNTY OF LOS ANGELES, a body corporate and politic (Commission or Grantor), does hereby grant to HABITAT FOR HUMANITY – SOUTH BAY/LONGBEACH, a non-profit corporation (Grantee) all that real property in the City of Carson, County of Los Angeles, State of California, described in Exhibit "A."

100 TITLE

The Title to the Property is conveyed pursuant hereto subject to recorded liens, encumbrances, covenants, encroachments, assessments, easements, and taxes, except as are consistent with this Grant Deed.

101 RESTRICTIVE COVENANTS AS PART OF CONVEYANCE

It is expressly made a condition herein that the conveyed property be used exclusively for affordable housing for low income persons, a public purpose, for a minimum period of twenty (20) continuous years of use from the date of recordation of each transfer of the property to a low-income person; that if said property ceases to be used exclusively for affordable housing as the public purpose and in a manner stated below during the twenty (20) year "Affordability Period," said event shall constitute an event of default.

The following shall further define and memorialize the covenants, conditions and restrictions to carry out the public purpose concerning the sales price, the use of Property, income restrictions, conveyance and transfer of this Property during the Affordability Period.

200 GENERAL AFFORDABILITY COVENANT AND TERM

This property shall have a minimum "Affordability Period" of twenty (20) continuous years of use by the same grantee noted above and any sale or transfer shall start said Affordability Period over to any new qualified low-income homebuyer(s).

If, however, any successor in interest remains in continuous occupancy in their property and has not transferred title for a twenty (20) year period, all restrictions under the Affordability Covenant, shall have no further force and effect. The Commission shall release any and all interest as the public purpose will have been served and the conditions, covenants and restrictions related to the public purpose of Affordable Housing shall be removed from this Grant Deed and the property by the Commission.

201 ASSIGNMENT OF AFFORDABILITY

The Grantee shall sell the Property to a Low-Income Household (defined below) and shall cause to have recorded, a Grant Deed and Promissory Note secured by a Deed of Trust that contains notices and describes these Affordability Restrictions contained herein.

202 LOW-INCOME AND QUALIFIED BUYER

For the purposes of this Grant Deed, a Qualified Buyer shall mean a "Low-Income Household" that is defined as a household with an income that does not exceed 80 percent of the median household income for the Los Angeles-Long Beach Metropolitan Statistical Area (MSA), adjusted for household size and determined by the U.S. Department of Housing and Urban Development ("HUD"). .

203 USE AND RESALE RESTRICTIONS

Uses

The Grantee covenants and agrees for itself, its successors and assigns, that the Grantee, its successors and assigns, shall devote the Site solely for use as a single family home to be sold to and occupied by a Qualified Buyer at a sales price affordable to the Qualified Buyer.

203.1 AFFORDABILITY RESTRICTIONS

The Grantee shall incorporate into each Grant Deed to a Qualified Buyer those covenants and restrictions included in the amended Grant Deed to the Grantee, in order to ensure continued affordability for a period(s) of twenty (20) years. All Grant Deeds and Promissory Notes shall note as a part of their title that the property is subject to " Resale Restrictions."

The covenants and restrictions to be included in the Grant Deed to the Qualified Buyer shall include the following language:

1. At the time of purchase the Buyer must be an eligible Qualified Buyer. Qualified Buyer is a household with an income that does not exceed EIGHTY PERCENT (80%) of

the median income for the Los Angeles/Long Beach Metropolitan Statistical area, adjusted for household size and determined by HUD.

2. Buyer must occupy the property as his/her principal place of residence. Buyer shall be considered as occupying the property if Buyer is living in the unit for at least ten (10) months out of each calendar year. The Commission may grant a temporary waiver of this occupancy requirement for good cause at its sole discretion. Buyer shall not lease the property for more than two months during any twelve month period and shall not lease the property without providing the Commission a copy of the lease. Any lease in violation of this Grant Deed is prohibited.

3. In the event the Qualified Buyer intends to sell, transfer, assign, lease, or vacate the property, the Qualified Buyer shall promptly notify the Commission and the Grantee, in writing at the addresses set forth in the Disposition and Development Agreement dated _____, 2004, between Grantee and the Commission ("DDA") or any new address used by the Commission or the Grantee, of such intent. Said notice from Buyer shall be sent by certified mail, return receipt requested, to the address specified in the DDA or later used by the Commission or the Grantee.

4. Any transfer within the first twenty (20) years of the Qualified Buyer's ownership of the Unit will be subject to the terms and provisions of the Commission's Secondary Financing. "Transfer" means any sale, assignment, or transfer voluntary or involuntary, of any interest in the property, including, but not limited to, a fee simple interest, a joint tenancy interest, a life estate, a leasehold interest, or an interest evidenced by a land contract by which possession of the property is transferred and Buyer retains title. Any transfer which does not comply with all the provisions of this Grant Deed is prohibited.

5. Buyer shall provide all information and documentation requested by the Commission in monitoring occupancy and ownership of the home, for the term of affordability.

SECTION 203.2 INTENTIONALLY OMITTED

SECTION 203.3 APPRECIATION SHARE REQUIREMENT FOR TRANSFER

In the event that the Commission's Secondary Financing Promissory Note becomes due and payable, the Qualified Buyer shall pay to the Commission the Note Amount, plus the percentage of the Net Appreciation (as that term is defined below), specified in the table below for the date upon which the Note has become due and payable (the "Due Date"). "Net Appreciation" is defined as the Fair Market Value (or sales price if an arms-length sale) of the Property as of the Due Date minus the sum of (i) the Original Sales Price of the Property (as defined in Section 306.2 of that certain Disposition and Development Agreement dated _____, 2004, by and between Grantee and the Commission [the "DDA"].) (ii) the value of any capital improvements made by the Qualified Buyer and pre-approved by the Commission ("Eligible Capital Improvements"), if any, and (iii) customary closing costs paid by the Qualified Buyer in connection with the sale of the Property ("Eligible Closing Costs"). The term "Commission Percentage" as used in the table below is the ratio of the original Principal Sum

of the Qualified Buyer Promissory Note (as defined in Section 306.2 of the DDA) divided by the Original Sales Price of the Property.

APPRECIATION SHARE

Due Date Prior to the End of:	Percentage of Net Appreciation:
Year 1	50% X Commission Percentage
Year 2	47.5% X Commission Percentage
Year 3	45% X Commission Percentage
Year 4	42.5% X Commission Percentage
Year 5	40% X Commission Percentage
Year 6	37.5% X Commission Percentage
Year 7	35% X Commission Percentage
Year 8	32.5% X Commission Percentage
Year 9	30% X Commission Percentage
Year 10	27.5% X Commission Percentage
Year 11	25% X Commission Percentage
Year 12	22.5% X Commission Percentage
Year 13	20% X Commission Percentage
Year 14	17.5% X Commission Percentage
Year 15	15% X Commission Percentage
Year 16	12.5% X Commission Percentage
Year 17	10% X Commission Percentage
Year 18	7.5% X Commission Percentage
Year 19	5% X Commission Percentage
Year 20	2.5% X Commission Percentage

However, the amount due to the Commission from the Qualified Buyer shall not exceed the amount remaining after subtracting from the Fair Market Value (or sales price) of the Property as of the Due Date the sum of (i) the original principal amount of the First Lien, (ii) the Qualified Buyer’s original [cash and sweat equity] downpayment, (iii) the value of Eligible Capital Improvements, if any, (iv) Eligible Closing Costs, and (v) the Recapture amount, if any.

The amount, if any, specified in the last column of the above table shall constitute contingent deferred interest on the Note.

When the net proceeds are insufficient to repay both the Note and the Qualified Buyer’s investment, the Qualified Buyer shall receive the full amount of Qualified Buyer’s investment and the balance of the net proceeds shall be paid to the Commission. “Net proceeds” is defined as the sales price minus First Lien repayments through escrow and eligible closing costs. “Qualified Buyer’s investment” is defined as the following costs if paid by Qualified Buyer:

downpayment, payments to the principal balance, and the cost of eligible improvements made to the Property after purchase.

SECTION 203.4 EFFECTS AND DURATION OF COVENANTS

The covenants respecting affordability standards contained in this Grant Deed shall be for twenty (20) years from the date of recordation of the transfer of the property to a qualified low-income person as specified in the DDA. The covenants against discrimination set forth in Sections 203.5 and 203.6 shall run with the land and remain in effect in perpetuity. The covenants established in this Grant Deed shall, without regard to technical classification and designation, be binding for the benefit and in favor of the Commission, its successors and assigns of the County, and any successor in interest to the Site or any part thereof. The Grantee shall include in each grant deed conveying title to a Unit, the covenants restricting future sales of the Unit to persons and at sales prices satisfying the affordability standards specified in Sections 203.1, as amended, of this Grant Deed and the covenants against discrimination set forth in Sections 203.5 and 203.6 of this Grant Deed, and provisions specifying the duration of each of said covenants.

The Commission is deemed the beneficiary of the terms and provisions of this Grant Deed and of the covenants running with the land for and in its own rights and for the purposes of protecting the interests of the community and other parties, public or private, in whose favor and for whose benefit this Grant Deed and the covenants running with the land have been provided. This Grant Deed and the covenants shall run in favor of the Commission and benefit the Site and each and every portion thereof. The Commission shall have the right, if this Grant Deed or the covenants are breached, to exercise all rights and remedies and to maintain any actions or suits at law or in equity or other proper proceedings to enforce the curing of such breaches to which it or any other beneficiaries of this Grant Deed and the covenants may be entitled. The covenants required by Sections 203.1 through 203.6 of this Grant Deed shall also be equitable servitudes upon the Site and each part thereof and shall bind each and every person having any interest in the Site or part thereof, whether such interest is fee, easement, leasehold, beneficial or otherwise, and each successor or assign of such person having any such interest in the Site or part thereof.

203.5 OBLIGATION TO REFRAIN FROM DISCRIMINATION

The Grantee covenants by and for himself and any and all successors in interest that there shall be no discrimination against or segregation of any person or group of persons on account of race, color, creed, religion, sex or sexual orientation, age, medical condition, marital status, ancestry, or national origin in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the Site, nor shall the Grantee himself or any person claiming under or through him establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use, or occupancy of tenants, lessees, subtenants, sublessees, or vendees of the Site. The foregoing covenants shall run with the land.

203.6 FORM OF NONDISCRIMINATION AND NONSEGREGATION CLAUSES

The Grantee shall refrain from restricting the sale, of the Site or any portion thereof on the basis of race, color, creed, religion, sex or sexual orientation, age, medical condition, marital

status, ancestry, or national origin of any person. All such deeds, leases, or contracts shall contain or be subject to substantially the following nondiscrimination or nonsegregation clauses:

1. In deeds: "The grantee herein covenants by and for himself or herself, his or her heirs, executors, administrators and assigns, and all persons claiming under or through them, that there shall be no discrimination against or segregation of any person or group of persons on account of race, color, creed, religion, sex or sexual orientation, age, medical condition, marital status, ancestry, or national origin in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the premises herein conveyed, nor shall the grantee himself or herself, or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use, or occupancy of tenants, lessees, subtenants, sublessees, or vendees in the premises herein conveyed. The foregoing covenants shall run with the land."

2. In contracts: "There shall be no discrimination against or segregation of any person or group of persons on account of race, color, creed, religion, sex or sexual orientation, age, medical condition, marital status, ancestry, or national origin in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the premises, nor shall the transferee himself or herself, or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use, or occupancy of tenants, lessees, subtenants, sublessees, or vendees of the land."

204 DEFAULT

A party claiming a default (claimant) shall give written notice of default to the other party, specifying the default complained of and may take action to correct the default. The claimant shall not institute proceedings against the other party if the other party within five (5) days from receipt of such notice, immediately, with due diligence, commences to cure, correct, or remedy such failure or delay and shall complete such cure, correction or remedy within thirty (30) days from the date of receipt of such notice of default, or if the default cannot reasonably be cured within thirty (30) days after notice is given, but the party reasonably commences to cure the default within the five (5) day period and diligently and in good faith continues to cure the default to completion of the cure.

In addition to any other rights or remedies, either party may institute legal action to cure, correct, or remedy any default, to recover damages for any default, or to obtain any other remedy consistent with the purpose of this Grant Deed. Such legal actions must be instituted in the Superior Court of the County of Los Angeles, State of California.

The laws of the State of California shall govern the interpretation and enforcement of this Grant Deed.

In the event that any legal action is commenced by the Grantee or the Commission against Grantee, service of process on Grantee shall be made by personal service and shall be valid whether made within or without the State of California, or service of process on Grantee shall be made in such other manner as may be provided by law.

Commission or its assigns shall have the additional right, at its option, to enter the Property, without charges or fees, and to cure any default at the expense of the Grantee, except for causes, as mutually determined by the Grantee and the Commission, that are beyond the control of Grantee. "Default", for the purposes of this Grant Deed, and shall constitute any of the following items caused by the Grantee:

1. Failure to maintain the improvements and the Property to the minimum Housing Standards of the County of Los Angeles and maintain the improvements on the Property, keep the Property free from any accumulation of debris, waste materials, and maintain all landscaping in a healthy condition. Grantee shall have thirty (30) days to reasonably commence to cure the default and diligently and in good faith continue to cure the default to completion of the cure after written notice thereof from the County of Los Angeles or the Commission or its assigns.
2. Abandons or substantially suspends living at the Property as required by this Grant Deed for a period of thirty (30) days after written notice thereof from the Commission or its assigns.
3. Transfer, or suffer any involuntary transfer of the Property, or any part thereof, in violation of this Grant Deed.

The right to enter and cure default shall be subject to and be limited by and shall not defeat, render invalid, or limit: (1) any mortgage or deed of trust permitted by this Grant Deed; and (2) any rights or interest provided in this Grant Deed for the protection of the holders of such mortgages or deeds of trust consistent with the Affordable Sales Price.

The Grantee shall reimburse the Commission or its assigns for all costs and expenses incurred, including but not limited to: (1) salaries of personnel used in connection with the management of the Property, or part thereof, and less any income derived in connection with such management of the Property; (2) all taxes, assessments, and any utility charges with respect to the Site or such charges, if paid, or (3) any payments made or payments due on any encumbrances or liens existing on the Property or part thereof or to discharge or prevent from attaching or being made any subsequent encumbrances or liens due to obligations, defaults, or acts of the Grantee, its successors or transferees, and expenditures made or obligations incurred with respect to the repairing, maintaining or completion of any improvements on the Property, or part thereof.

The Grantee shall pay any and all costs required to cure a default including the transfer of property to the Commission or its assigns, or a Qualified Buyer.

In addition to any other rights or remedies, either party may institute legal action to cure, correct, or remedy any default, to recover damages for any default, or to obtain any other remedy consistent with the purpose of this Grant Deed. Such legal actions must be instituted in the Superior Court of the County of Los Angeles, State of California.

205 INTENTIONALLY OMITTED

206 INTENTIONALLY OMITTED

207 OTHER AGREEMENTS

The Grantee covenants that he or she has not, and will not, execute any other agreement which is contradictory to or in opposition to these provisions hereof, and that, in any event, this Grant Deed is controlling as to the rights and obligations of the Grantee and the use, occupancy, transfer, sales price and sale of the Property.

208 BINDING FOR THE BENEFIT OF THE COMMISSION

All covenants contained in this Grant Deed shall be construed as covenants running with the land and shall be binding for the benefit of the Commission and the County of Los Angeles and such covenants and restriction shall be in force and effect, without regard to whether the Grantor, the Commission or the County is owner or has an interest in the Property. Only the Commission, its successor or a Court Order may remove a covenant from the Property. The Grantor, the Commission and the County of Los Angeles, in the event of any breach of any such covenant, shall have the right to exercise all the rights and remedies, and to maintain any action at law or suits in equity or other property proceedings to enforce the curing of such breach.

300 Intentionally Omitted

400 NOTICES

Notices under this Grant Deed shall be given in accordance with applicable statutory requirements. If there are no statutory requirements in effect, notices, demands, requests, elections, approvals, disapproval's, consents or other communications given under this Grant Deed shall be in writing and shall be given by personal delivery, mail or telegram and addressed as follows:

If to Grantee:

Habitat for Humanity – South Bay/Long Beach
4320 Atlantic Ave., Suite 216
Long Beach, CA 90807

If to the Grantor or Commission:

Community Development Commission
County of Los Angeles
2 Coral Circle
Monterey Park, CA 91755
Housing Development and Preservation Div.

With a copy to:

Office of the County Counsel
Kenneth Hahn Hall of Administration,
Rm. 648
500 W. Temple St.
Los Angeles, CA 90012

IN WITNESS WHEREOF, the Grantor and Grantee have caused this instrument to be executed on their behalf by their respective officers thereunto duly authorized, this ___ day of _____, _____.

COMMUNITY DEVELOPMENT COMMISSION
OF THE COUNTY OF LOS ANGELES
“GRANTOR”

HABITAT FOR HUMANITY –
SOUTH BAY/LONG BEACH
“GRANTEE”

By _____
CARLOS JACKSON, Executive Director

By: _____
ERIN RANK, President and CEO

APPROVED AS TO FORM

Office of the COUNTY COUNSEL

By: _____
Deputy

STATE OF CALIFORNIA)
)ss:
COUNTY OF LOS ANGELES)

On _____, 2_____, before me, the undersigned Notary Public in and for the State of California, County of Los Angeles, personally appeared _____ personally known to me or proven to me on the basis of satisfactory evidence to be the person who executed the within and foregoing instrument, and acknowledged to me that they executed same as their free and voluntary act and deed for the uses and purposes therein set forth.

WITNESS my hand and official seal on the date last above written.

(Seal) Notary Public

STATE OF CALIFORNIA)
)ss:
COUNTY OF LOS ANGELES)

On _____, 2_____, before me, the undersigned Notary Public in and for the State of California, County of Los Angeles, personally appeared _____ personally known to me or proven to me on the basis of satisfactory evidence to be the person who executed the within and foregoing instrument, and acknowledged to me that they executed same as their free and voluntary act and deed for the uses and purposes therein set forth.

WITNESS my hand and official seal on the date last above written.

(Seal) Notary Public

EXHIBIT A

LEGAL DESCRIPTION

The land referred to in this Attachment is situated in the State of California, County of Los Angeles, and is described as follows:

LOT 1567 OF TRACT 7644, IN THE CITY OF CARSON, AS PER MAP RECORDED IN BOOK 84, PAGES 47 AND 48 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

ATTACHMENT 10

INTENTIONALLY LEFT BLANK

ATTACHMENT 11

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ATTACHMENT 12
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Recording Requested by:
Community Development Commission
County of Los Angeles
2 Coral Circle
Monterey Park, CA 91755
(California Government Code Section 6106)

When Recorded, Mail to:

Community Development Commission
County of Los Angeles
2 Coral Circle
Monterey Park, CA 91755
Attn: Housing Development & Preservation

-----SPACE ABOVE FOR RECORDER'S USE-----

**COMMUNITY DEVELOPMENT COMMISSION
OF THE COUNTY OF LOS ANGELES
LOAN AGREEMENT
SECOND TRUST DEED ASSISTANCE PROGRAM**

THIS LOAN AGREEMENT (the "Agreement") is made this _____ day of _____, 200__ by and between _____, ("Qualified Buyer") and the COMMUNITY DEVELOPMENT COMMISSION OF THE COUNTY OF LOS ANGELES (the "Commission").

RECITALS

A. Qualified Buyer has entered into an agreement (the "Purchase Agreement") to purchase a single family home, located at 21207 S. Santa Fe Ave., Carson, California 90810, and as said certain real property is more particularly described in Exhibit "A" attached hereto and incorporated herein (the "Property").

B. Qualified Buyer requires financial assistance to purchase the Property and would not be able to purchase the Property without such assistance. Qualified Buyer is a person or a member of a family of low-income whose income does not exceed 80% of the annual median income for the Los Angeles/Long Beach Metropolitan Statistical Area, adjusted for family size, as those terms are defined by the U.S. Department of Housing and Urban Development (HUD).

C. Qualified Buyer has represented to the Commission that Qualified Buyer and

Qualified Buyer's immediate family intend to reside in the Property as the family's principal residence at all times throughout the term of this Agreement.

D. The Commission desires to assist persons and families of low-income ("Eligible Persons and Families") to purchase residential Property and to increase, improve and preserve low-to moderate-income housing available at affordable housing cost within the territorial jurisdiction of the Commission. Repayment of any funds is required in the event the use of the housing does not continuously comply with the terms of this Agreement for the specified time.

E. To promote these goals the Commission is providing a Second Trust Deed Assistance Program (the "Program"), under which the Commission may provide a subsidy not exceeding Sixty Five Thousand Dollars (\$65,000) to Eligible Persons and Families toward the purchase price of a single family home. The Commission intends that the subsidy provided in the form of secondary financing loan secured by a deed of trust is to assist first time homebuyers who are Eligible Persons and Families to purchase residential Property for owner occupancy.

F. The Commission wishes to lend and Qualified Buyer wishes to borrow Program funds in the form of a secondary or tertiary financing loan secured by a deed of trust to assist Qualified Buyer to purchase the Property pursuant to the Program and subject to the terms and conditions set forth herein.

NOW, THEREFORE, for good and valuable consideration the parties agree as follows:

1. The foregoing recitals are true and correct
2. **Commission Loan.** The Commission shall loan to Qualified Buyer (the "Commission Loan") the amount of _____, (_____) (the "Note Amount") subject to the conditions and restrictions set forth herein and those set forth in the Promissory Note, Commission's Deed of Trust, and the Disclosure Statement (as those terms are hereinafter defined) for the Program. At such time, Qualified Buyer shall execute, as MAKER, and deliver to the Commission a promissory note in favor of the Commission as Holder, in the principal amount of the Commission Loan at zero percent (0%) interest, substantially in the form of Exhibit "B" attached hereto and incorporated herein by this reference (the "Note" or "Promissory Note"). Qualified Buyer shall also execute and deliver to the Commission a second deed of trust which shall secure the Note, in the form of Exhibit "C" attached hereto and incorporated herein by this reference (the "Commission Deed of Trust".)
3. **Notice to Commission.** Qualified Buyer agrees to notify the Commission or Administrator not less than thirty (30) days prior to (i) the sale of the Property, (ii) the transfer, including, without limitation, lease, exchange or other disposition of any interest in the Property, (iii) any refinancing of any lien to which the lien of the Commission Deed of Trust is subordinate (the "First Lien") or (iv) the close of a probate estate following the death of Qualified Buyer (unless Qualified Buyer is more than one person and one or more of the other people comprising Qualified

Buyer survives), in which case a notification should be made by the legal representative of Qualified Buyer.

4. Acceleration. The Commission Loan shall become due and immediately payable upon the occurrence of any one of the following events: (i) sale or transfer of the Property, including, without limitation, lease, exchange or other disposition of the Property or any interest therein whether voluntary or involuntary, (ii) the refinancing of the First Lien for a loan amount in excess of the then current loan balance secured by the First Lien, (iii) such time, if ever, when Qualified Buyer is no longer an occupant of the Property pursuant to Recital C. of this Agreement or is in default of any other obligation under this Agreement, (iv) the close of a probate estate following the death of Qualified Buyer (unless Qualified Buyer is more than one person and one or more of the other people comprising Qualified Buyer survives), (v) Qualified Buyer defaults on the Promissory Note, (vi) Qualified Buyer defaults on the Commission Deed of Trust. At the request of Qualified Buyer, the Commission may, in its sole and absolute discretion, in writing waive the requirements of this Section 4 and defer repayment and/or extend the term of the Commission Loan.

The Commission Loan will be totally forgiven on the 20th Anniversary of the date of the Promissory Note.

5. Intentionally Omitted.

6. Appreciation Share Requirement For Transfer. In the event that the Commission Loan becomes due and payable pursuant to section 3 of this Agreement, the Qualified Buyer shall pay to the Commission the Note Amount, plus the percentage of the Net Appreciation (as that term is defined below), specified in the table below for the date upon which the Note has become due and payable (the "Due Date"). "Net Appreciation" is defined as the Fair Market Value (or sales price if an arms-length sale) of the Property as of the Due Date minus the sum of (i) the Original Sales Price of the Property (as determined by a Commission approved appraisal performed at the time that the Qualified Buyer first purchased the Property). (ii) the value of any capital improvements made by the Qualified Buyer and pre-approved by the Commission ("Eligible Capital Improvements"), if any, and (iii) customary closing costs paid by the Qualified Buyer in connection with the sale of the Property ("Eligible Closing Costs"). The term "Commission Percentage" as used in the table below is the ratio of the original Principal Sum of the Commission Loan divided by the Original Sales Price of the Property.

APPRECIATION SHARE

Due Date Prior to the End of:	Percentage of Net Appreciation:
Year 1	50% X Commission Percentage
Year 2	47.5% X Commission Percentage
Year 3	45% X Commission Percentage
Year 4	42.5% X Commission Percentage
Year 5	40% X Commission Percentage
Year 6	37.5% X Commission Percentage
Year 7	35% X Commission Percentage

Year 8	32.5% X Commission Percentage
Year 9	30% X Commission Percentage
Year 10	27.5% X Commission Percentage
Year 11	25% X Commission Percentage
Year 12	22.5% X Commission Percentage
Year 13	20% X Commission Percentage
Year 14	17.5% X Commission Percentage
Year 15	15% X Commission Percentage
Year 16	12.5% X Commission Percentage
Year 17	10% X Commission Percentage
Year 18	7.5% X Commission Percentage
Year 19	5% X Commission Percentage
Year 20	2.5% X Commission Percentage

However, the amount due to the Commission from the Qualified Buyer shall not exceed the amount remaining after subtracting from the Fair Market Value (or sales price) of the Property as of the Due Date the sum of (i) the original principal amount of the First Lien, (ii) the Qualified Buyer's original [cash and sweat equity] downpayment, (iii) the value of Eligible Capital Improvements, if any, (iv) Eligible Closing Costs, and (v) the Recapture Amount, if any.

The amount, if any, specified in the last column of the above table shall constitute contingent deferred interest on the Commission Loan.

When the net proceeds are insufficient to repay both the Commission Loan and the Qualified Buyer's investment, the Qualified Buyer shall receive the full amount of Qualified Buyer's investment and the balance of the net proceeds shall be paid to the Commission. "Net proceeds" is defined as the sales price minus First Lien repayments through escrow and eligible closing costs. "Qualified Buyer's investment" is defined as the following costs. "Qualified Buyer's investment" is defined as the following costs if paid by Qualified Buyer: downpayment, payments to the principal balance, and the cost of eligible improvements made to the Property after purchase.

7. Income Information. Qualified Buyer has submitted an eligibility verification form to the Commission prior to execution of this Agreement. Qualified Buyer represents, warrants, and declares under penalty of perjury to the Commission that all information Qualified Buyer has provided and will provide in the future to the Commission is and will be true, correct and complete. Qualified Buyer acknowledges that the Commission is relying upon Qualified Buyer's representations that Qualified Buyer is an Eligible Person or Family, and Commission would not have entered into this Agreement if Qualified Buyer did not so qualify. Area median income for Los Angeles County is adjusted for family size and is periodically determined by the U.S Department of Housing and Urban Development ("HUD"). Current income limits based on family size are shown below:

Family Size	Income	Family Size	Income
1	\$39,500	5	\$60,900
2	\$45,100	6	\$65,400

3	\$50,800	7	\$69,900
4	\$56,400	8	\$74,400

(Note: These figures will be updated annually according to HUD)

8. First Time Homebuyer. Qualified Buyer represents and warrants to the Commission that neither Qualified Buyer nor any of Qualified Buyer's immediate family residing in the Property has, or has had, a ownership interest in a principal residence at any time during all or any part of the three (3) years immediately prior to the date of this Agreement.

9. Intentionally Omitted.

10. Loan Servicing. The Commission will administer the loan, but may contract with a private lender to originate and service the Commission Loan.

11. Qualified Buyer Financing. Qualified Buyer shall obtain first mortgage financing for the purchase of the Property from a reputable institutional lender or Habitat for Humanity South Bay/Long Beach as approved by the Commission (the "Lender").

SUBORDINATION:

The Commission will not subordinate to any refinancing of the first trust deed unless it is expressly for the purpose of reducing monthly payments or to obtain financing for maintenance or repair of the Property/approved by the Commission.

In the event the Qualified Buyer desires to refinance for reasons other than those shown above, and requires the Commission to subordinate its interests, a request may be made of the Executive Director of the Commission. The Commission will respond to such requests within a period of 30 days. However the Commission's failure to respond to any such request shall not be construed as consent to subordinate its interests.

Any First Lien on the Property held by the Lender shall be prior and superior to the Commission Deed of Trust. Thus, any party, its successors and assigns receiving title to the Property through a trustee's sale, judicial foreclosure sale, or deed in lieu of foreclosure, or upon assignment of the First Deed of Trust to HUD, and any conveyance or transfer thereafter, shall receive title free and clear of the Commission Deed of Trust.

Notwithstanding anything to the contrary contained herein, the rights of the Commission to apply hazard insurance proceeds or a condemnation award shall be subject to the rights of the first mortgage holder to collect such proceeds.

Qualified Buyer agrees that the order of recording in the escrow for the purchase of the Property by the Qualified Buyer shall occur as follows: 1) the First Lien; 2) the Commission Deed of Trust.

The Qualified Buyer shall cause a Request for Notice to be recorded on the Property subsequent to the recordation of the First Lien deed of trust or mortgage requesting a statutory notice of default as set forth in the California Civil Code. Such notice shall be sent to:

Community Development Commission of the County of Los Angeles
2 Coral Circle
Monterey Park, CA 91755
Attention: Director Housing Development & Preservation

12. Insurance. Qualified Buyer shall maintain, during the term of the Commission Loan, an all-risk Property insurance policy insuring the Property in an amount equal to the full replacement value of the structures on the Property. The policy shall name the Commission as loss payee and shall contain a statement of obligation on behalf of the carrier to notify the Commission of any material change, cancellation or termination of coverage at least thirty (30) days in advance of the effective date of such material change, cancellation or termination. Qualified Buyer shall transmit a copy of the certificate of insurance and loss payee endorsement to Commission within thirty (30) days of the effective date of this Agreement, and Qualified Buyer shall annually transmit to Commission a copy of the certificate of insurance and a loss payee endorsement, signed by an authorized agent of the insurance carrier setting forth the general provisions of coverage. The copy of the certificate of insurance and loss payee endorsement shall be transmitted to Commission as follows:

Community Development Commission of the County of Los Angeles
2 Coral Circle
Monterey Park, CA 91755
Attention: Director Housing Development & Preservation

Any certificate of insurance must be in a form, content, and with companies approved by Commission.

13. Defaults.

A. Non-Monetary Default

Failure or delay by Qualified Buyer to perform any term or provision of this Agreement, except for a monetary default, which is not cured within thirty (30) days after receipt of notice from the other party constitutes a default under this Agreement; provided, however, if any such default is of the nature requiring more than thirty (30) days to cure, the defaulting party shall avoid default hereunder by commencing to promptly cure within such thirty (30) day period, and thereafter diligently pursuing such cure to completion. The party who so fails or delays must immediately commence to cure, correct, or remedy such failure or delay, and shall complete such cure, correction or remedy with diligence.

The injured party shall give written notice of default to the party in default, specifying the

default complained of by the injured party. Except as required to protect against further damages, the injured party may not institute proceedings against the party in default until thirty (30) days after giving such notice. Failure or delay in giving such notice shall not constitute a waiver of any default, nor shall it change the time of default.

B. Monetary Default

Notwithstanding the foregoing, the Maker's failure or delay to make any timely payment of principal or interest when due shall constitute a monetary default herein and in such event Commission may seek any legal remedy to enforce its rights under this Deed of Trust.

C. Holder's Rights in the Event of Default

IN THE EVENT QUALIFIED BUYER IS IN DEFAULT OF THIS AGREEMENT BY FRAUDULENTLY OR INTENTIONALLY MISREPRESENTING THE INCOME INFORMATION SUBMITTED TO THE HOLDER PURSUANT TO SECTION 7 OF THIS AGREEMENT OR FAILING TO OCCUPY THE PROPERTY PURSUANT TO PARAGRAPH C OF THIS AGREEMENT AND DOES NOT DILIGENTLY PURSUE CURE OF SUCH DEFAULT BY LISTING THE PROPERTY FOR SALE AND ACCEPTING ANY OFFER TO PURCHASE THE PROPERTY FOR FAIR MARKET VALUE AS ESTABLISHED IN A MANNER CONSISTENT WITH SECTION 5 HEREIN, THE PARTIES AGREE THAT THE HOLDER WILL SUSTAIN DAMAGES BY REASON THEREOF WHICH WOULD BE UNCERTAIN. QUALIFIED BUYER AND HOLDER FURTHER AGREE THAT THE AMOUNTS CALCULATED AS HEREINAFTER SET FORTH SHALL BE PAID AND DELIVERED TO THE HOLDER AS LIQUIDATED DAMAGES. SUCH DAMAGES WOULD INVOLVE SUCH VARIABLE FACTORS AS THE FRUSTRATION OF THE PROGRAM OBJECTIVES AND THE LOSS OF PROGRAM FUNDS AVAILABLE TO ASSIST ELIGIBLE PERSONS AND FAMILIES PURSUANT TO THE PROGRAM RESULTING IN DAMAGE AND LOSS TO THE HOLDER. IT IS IMPRACTICABLE AND EXTREMELY DIFFICULT TO FIX THE AMOUNT OF SUCH DAMAGES TO THE HOLDER, BUT THE PARTIES ARE OF THE OPINION, UPON THE BASIS OF ALL INFORMATION AVAILABLE TO THEM, THAT SUCH DAMAGES WOULD APPROXIMATELY EQUAL THE AMOUNT SPECIFIED FOR "YEAR 1" IN THE APPRECIATION SHARE TABLE SHOWN IN SECTION 6 OF THIS AGREEMENT. THE PARTIES AGREE THAT SUCH LIQUIDATED AND AGREED DAMAGES SHALL BE PAID IN LIEU OF (AND NOT IN ADDITION TO) THE AMOUNT TO BE PAID PURSUANT TO THE AMOUNT SHOWN IN THE SECTION 6 APPRECIATION SHARE TABLE AND THAT SUCH LIQUIDATED AND AGREED DAMAGES SHALL BE DUE AND PAYABLE TO THE HOLDER SIXTY(60) DAYS AFTER THE OCCURRENCE OF A DEFAULT SPECIFIED HEREIN THAT IS NOT SOONER CURED, BUT NO LATER THAN REPAYMENT OF THE NOTE.

THE QUALIFIED BUYER AND THE HOLDER SPECIFICALLY ACKNOWLEDGE THIS LIQUIDATED DAMAGES PROVISION BY THEIR SIGNATURES BELOW:

QUALIFIED BUYER

HOLDER

14. **Non-Waiver.** Failure to exercise any right the Commission may have or be entitled to, in the event of default hereunder, shall not constitute a waiver of such right or any other right in the event of a subsequent default.

15. **Documents.** Qualified Buyer is aware that the Commission has prepared certain documents to implement the Program and secure repayment of the Commission Loan. Qualified Buyer has reviewed and agrees to execute the following documents in substantially the form as attached hereto prior to receiving the Commission Loan, and any other documents reasonably required by the Commission or a participating entity to complete the transaction contemplated herein:

- (a) Promissory Note
- (b) Deed of Trust
- (c) Loan Agreement

Qualified Buyer agrees and acknowledges that the Commission Deed of Trust and this Loan Agreement shall be recorded against the Property with the County Recorder of the County of Los Angeles and shall appear of record with respect to and as encumbrances against the Property.

16. **Further Assurances.** The Qualified Buyer shall execute any additional documents consistent with the terms of this Agreement, including documents in recordable form, as the Commission shall from time to time find necessary or appropriate to effectuate its purposes in entering into this Agreement and making the Commission Loan.

17. **Governing Law.** The Qualified Buyer hereby agrees to comply with all ordinances, rules, and regulations of the Commission and the County of Los Angeles (the "County"). Nothing in this Agreement is intended to be, nor shall it be deemed to be, a waiver of any County ordinance, rule, or regulation. This Agreement shall be governed by the laws of the State of California. Any legal action brought under this Agreement must be instituted in the Superior Court of the County of Los Angeles, State of California, in an appropriate superior court in that county, or in the Federal District Court in the Central District of California.

18. **Amendment of Agreement.** No modification, rescission, waiver, release or amendment of any provision of this Agreement shall be made except by a written agreement executed by the Qualified Buyer and County.

19. **Commission May Assign.** Commission may, at its option, assign its right to receive repayment of the Commission Loan proceeds without obtaining the consent of the Qualified Buyer.

20. **Qualified Buyer Assignment Prohibited.** In no event shall Qualified Buyer assign or transfer any portion of this Agreement without the prior express written consent of the Commission, which consent may be given or withheld in the Commission's sole discretion. No

assumption of the Commission Loan shall be permitted at any time. This section shall not affect or diminish the Commission's right to assign all or any portion of its rights to the proceeds of the Commission Loan hereunder.

21. **Relationship of Qualified Buyer and Agency.** The relationship of Qualified Buyer and Commission pursuant to this Agreement is that of debtor and creditor and shall not be, or be construed to be a joint venture, equity venture, partnership, or other relationship.

22. **Notices.** Any notices, requests or approvals given under this Agreement from one party to another may be personally delivered or deposited with the United States Postal Service for mailing, postage prepaid, registered or certified mail, return receipt requested to the following address:

To Qualified Buyer: _____
 21207 S. Santa Fe Ave.
 Carson, CA 90810

To Commission: Community Development Commission of the County of Los Angeles
 2 Coral Circle
 Monterey Park, CA 91755
 Attention: Director Housing Development & Preservation

Either party may change its address for notice by giving written notice thereof to the other party.

23. **Attorneys' Fees and Costs.** In the event that any action is instituted to enforce payment or performance under this Agreement, the parties agree that the non-prevailing party shall be responsible for and shall pay all costs and all attorneys' fees incurred by such prevailing party in enforcing this Agreement.

24. **Entire Agreement.** This Agreement, together with all attachments hereto, constitutes the entire understanding and agreement of the parties. This Agreement integrates all of the terms and conditions mentioned herein or incidental thereto, and supersedes all prior negotiations, discussions and previous agreements between the Commission and the Qualified Buyer concerning all or any part of the subject matter of this Agreement.

IN WITNESS WHEREOF, the parties have executed this Agreement on the date first above written.

"QUALIFIED BUYER"

By: _____

Printed Name: _____

By: _____

Printed Name: _____

COMMUNITY DEVELOPMENT COMMISSION
OF THE COUNTY OF LOS ANGELES

By: _____

CARLOS JACKSON,
Executive Director

Exhibit "A"

LOT 1567 OF TRACT 7644, IN THE CITY OF CARSON, AS PER MAP
RECORDED IN BOOK 84, PAGES 47 AND 48 OF MAPS, IN THE OFFICE OF
THE COUNTY RECORDER OF SAID COUNTY.

Exhibit "B"

PROMISSORY NOTE

Exhibit "C"

COMMISSION DEED OF TRUST

Recording Requested by:
Community Development Commission
of the County of Los Angeles
2 Coral Circle
Monterey Park, CA 91755

When Recorded, Mail to:
Community Development Commission
of the County of Los Angeles
2 Coral Circle
Monterey Park, CA 91755
Attn: Director of Housing Development and Preservation

=====SPACE ABOVE FOR RECORDER'S USE=====

DEED OF TRUST

(Second Deed of Trust)

THIS DEED OF TRUST is made this ___ day of _____ 200___, among the Trustor, _____(herein "Trustor"), and Chicago Title Company (herein "Trustee"), and the Beneficiary, the Community Development Commission of the County of Los Angeles (herein "Commission"), whose address is 2 Coral Circle, Monterey Park, California 91755.

TRUSTOR, for good and valuable consideration and in consideration of the indebtedness herein recited and the trust herein created, irrevocably grants and conveys to Trustee, in trust, with power of sale, the following described Property (herein the "Property") located in the County of Los Angeles, State of California:

which has the address of **21207 S. Santa Fe Ave., Carson, California 90810** (herein "Property Address") and legally described as follows:

LOT 1567 OF TRACT 7644, IN THE CITY OF CARSON, AS PER MAP RECORDED IN BOOK 84, PAGES 47 AND 48 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

TOGETHER with all the improvements now and hereafter erected on the Property, and all easements, rights, appurtenances and rents and income received from the Property (subject, however, to the rights and authorities given herein to the Commission to collect and apply such rents), all of which shall be deemed to be and remain part of the Property covered by this Deed of Trust; and all of the foregoing, together with said Property (or the leasehold estate if this Deed of Trust is on a leasehold) are hereinafter collectively referred to as the "Property";

The Deed of Trust secures performance of the Trustor, of the Trustor's covenants and agreements under the Loan Agreement dated _____, 200__ by and between Trustor and the Commission (herein "Loan Agreement"); to secure to the Commission the repayment of the indebtedness evidenced by Trustor's promissory note between Trustor and the Commission dated _____, 200__, and extensions and renewals thereof (herein "Note"), in the principal sum of Sixty Five Thousand Dollars (\$65,000.00), (with interest thereon, fully deferred with the total indebtedness), if not sooner paid, due and payable on the ___ day of _____, _____; the payment of all other sums, with interest thereon, advanced in accordance herewith to protect the security of this Deed of Trust; and the performance of every covenant and agreement of Trustor herein contained in the Note and the Loan Agreement.

Trustor covenants that Trustor is lawfully seized of the estate hereby conveyed and has the right to grant and convey the Property, and that the Trustor is unencumbered except for encumbrances of record. Trustor covenants that Trustor warrants and will defend generally the title to the Property against all claims and demands, subject to encumbrances of record.

UNIFORM COVENANTS

Trustor and the Commission covenant and agree as follows:

1. Funds for Taxes and Insurance. To protect the security of this Deed of Trust, Trustor agrees 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, and all costs, fees and expenses of this Trust.

Should Trustor fail to make any payment or to do any act as herein provided, then Beneficiary or Trustee, without obligation to do so and without notice to or demand upon Trustor and without releasing Trustor 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, Beneficiary or 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 Beneficiary or 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.

2. Prior Mortgagees and Deeds of Trust; Charges, Liens. Trustor shall perform all of Trustor's obligations under any mortgage, deed of trust or other security agreement with a lien which has priority over this Deed of Trust, including Trustor's covenants to make payments when due. Trustor shall pay or cause to be paid all taxes, assessments and other charges, fines and impositions attributable to the Property.

3. Hazard Insurance. Trustor shall keep the improvement(s) now existing or hereinafter erected on the Property insured against loss by fire, hazards included within the terms

"extended coverage", and such other hazards as the Commission may require and in such amounts and for such periods as the Commission may require.

All insurance policies and renewals thereof shall be in a form acceptable to the Commission and shall include a standard mortgage clause in favor of and in a form acceptable to the Commission. The Commission has 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, Trustor shall give prompt notice to the insurance carrier and the Commission. The Commission may make proof of loss if not made promptly by Trustor.

If Property is abandoned by Trustor, or if Trustor fails to respond to the Commission within thirty (30) days from the date notice is mailed by the Commission to Trustor that the insurance carrier offers to settle a claim for insurance benefits, the Commission is authorized to collect and apply the insurance proceeds at the Commission's option either to restoration or repair of the Property or to the sums secured by this Deed of Trust.

4. Preservation and Maintenance of Property. The Trustor shall maintain the housing in compliance with the Housing Quality Standards designated by the Commission from time to time and the County Housing Code for the duration of occupancy. Trustor will keep the Property in good repair and shall not commit waste or permit impairment or deterioration of the Property. If this Deed of Trust is on a unit in a condominium or planned unit development, Trustor shall perform all of Trustor's obligations under the declaration of covenants, conditions and restrictions creating or governing the condominium or planned unit development, the bylaws and regulations of the condominium or planned unit development, and constituent documents.

5. Protection of the Commission Security. If Trustor 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 Commission's interest in the Property, then the Commission, at the Commission's option, upon notice to Trustor, may make such appearances, disburse such sums including reasonable attorneys' fees, and take such action as is necessary to protect the Commission's interest.

Any amounts disbursed by the Commission pursuant to this paragraph, with interest thereon, at the default rate (5%), will become additional indebtedness of Trustor secured by this Deed of Trust. Unless Trustor and the Commission agree to other terms of payment, such amounts will be payable upon notice from the Commission to Trustor requesting payment thereof. Nothing contained in this paragraph will require the Commission to incur any expense or take any action hereunder.

6. Inspection. The Commission may make or cause to be made reasonable entries upon and inspections of the Property, provided that the Commission will give the Trustor notice prior to any such inspection, specifying reasonable cause therefor related to the Commission's interest in the Property.

7. **Condemnation.** The proceeds of any award of 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 Commission 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.

8. **Trustor Not Released: Forbearance by the Commission Not a Waiver.** Extension of the time for payment or modification of amortization of the sums secured by this Deed of Trust granted by the Commission to any successor in interest of Trustor shall not operate to release, in any manner, the liability of the original Trustor and Trustor's successors in interest. The Commission 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 by reason of any demand made by the original Trustor and Trustor's successors in interest. Any forbearance by the Commission in exercising any right or remedy hereunder, or otherwise afforded by applicable law, shall not be a waiver of or preclude the exercise of any such right or remedy.

9. **Successors and Assigns 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 assigns of the Commission and Trustor. All covenants and agreements of Trustor shall be joint and several.

10. **Notice.** Except for any notice required under applicable law to be given in another manner:

- (a) any notice to Trustor provided for in this Deed of Trust shall be given by delivering it or by mailing such notice by certified mail, addressed to Trustor at the Property address or such other address as Trustor may designate by notice to the Commission as provided herein; and,
- (b) The Commission will be given by certified mail any notice to mail, return receipt requested, to the Commission's address stated herein or to such other address as the Commission may designate by notice to Trustor as provided herein.

Any Notice provided for in this Deed of Trust shall be deemed to have been given to Trustor or the Commission when given in the manner designated herein.

11. **Governing Law, Severability.** The state of California 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. In the event that any provision or clause of this Deed of Trust or 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 "attorneys' fees" include all sums to the extent not prohibited by applicable law or limited herein.

12. Trustor's Copy. Trustor shall be furnished a conformed copy of the Note and this Deed of Trust at the time of execution or after recordation hereof.

13. Intentionally Omitted

14. Intentionally Omitted

15. Appreciation Share Requirement For Transfer. In the event that the Note becomes due and payable pursuant to section 3 of the Loan Agreement, the Trustor shall pay to the Commission the Note Amount, plus the percentage of the Net Appreciation (as that term is defined below), specified in the table below for the date upon which the Note has become due and payable (the "Due Date"). "Net Appreciation" is defined as the Fair Market Value (or sales price if an arms-length sale) of the Property as of the Due Date minus the sum of (i) the Original Sales Price of the Property (as determined by a Commission approved appraisal performed at the time that the Trustor first purchased the Property.) (ii) the value of any capital improvements made by the Trustor and pre-approved by the Commission ("Eligible Capital Improvements"), if any, and (iii) customary closing costs paid by the Trustor in connection with the sale of the Property ("Eligible Closing Costs"). The term "Commission Percentage" as used in the table below is the ratio of the original Principal Sum of the Commission Note divided by the Original Sales Price of the Property.

APPRECIATION SHARE

Due Date Prior to the End of:	Percentage of Net Appreciation:
Year 1	50% X Commission Percentage
Year 2	47.5% X Commission Percentage
Year 3	45% X Commission Percentage
Year 4	42.5% X Commission Percentage
Year 5	40% X Commission Percentage
Year 6	37.5% X Commission Percentage
Year 7	35% X Commission Percentage
Year 8	32.5% X Commission Percentage
Year 9	30% X Commission Percentage
Year 10	27.5% X Commission Percentage
Year 11	25% X Commission Percentage
Year 12	22.5% X Commission Percentage
Year 13	20% X Commission Percentage
Year 14	17.5% X Commission Percentage
Year 15	15% X Commission Percentage
Year 16	12.5% X Commission Percentage

Year 17	10% X Commission Percentage
Year 18	7.5% X Commission Percentage
Year 19	5% X Commission Percentage
Year 20	2.5% X Commission Percentage

However, the amount due to the Commission from the Trustor shall not exceed the amount remaining after subtracting from the Fair Market Value (or sales price) of the Property as of the Due Date the sum of (i) the original principal amount of the First Lien, (ii) the Trustor's original [cash and sweat equity] downpayment, (iii) the value of Eligible Capital Improvements, if any, (iv) Eligible Closing Costs, and (v) the Recapture amount, if any.

The amount if any, specified in the last column of the above table shall constitute contingent deferred interest on the Note.

When the net proceeds are insufficient to repay both the Note and the Trustor's investment, the Trustor shall receive the full amount of Trustor's investment and the balance of the net proceeds shall be paid to the Commission. "Net proceeds" is defined as the sales price minus First Lien repayments through escrow and eligible closing costs. Trustor's investment is defined as the following costs if paid by Qualified Buyer: downpayment, payments to the principal balance, and the cost of eligible improvements made to the Property after purchase.

Trustors and the Commission further covenant and agree as follows:

16. Acceleration, Remedies. Upon Trustor's breach of any covenants or agreements of Trustor in this Deed of Trust, including the covenants to pay when due any sums secured by this Deed of Trust, the Commission, prior to acceleration, shall give notice to Trustor as provided in Section 10 hereof specifying:

- (a) the breach:
- (b) the action required to cure such breach
- (c) a date, not less than ten (10) days from the date the notice is mailed to Trustor, by which such breach must be cured and,
- (d) 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 Trustor 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 Borrower

to acceleration and sale.

If the breach is not cured on or before the time specified in the notice, the Commission, at the Commission'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 Commission shall be entitled to collect all reasonable costs and expenses incurred in pursuing the remedies provided in this Section 16, including but not limited to, reasonable attorneys' fees.

The Note Loan shall become due and immediately payable upon the occurrence of any one of the following events: (i) sale or transfer of the Property, including, without limitation, lease, exchange or other disposition of the Property or any interest therein whether voluntary or involuntary, (ii) the refinancing of the First Lien for a loan amount in excess of the then current loan balance secured by the First Lien, (iii) such time, if ever, when Trustor is no longer an occupant of the Property or is in default of any other obligation under this Agreement, (iv) the close of a probate estate following the death of Trustor (unless Trustor is more than one person and one or more of the other people comprising Trustor survives), (v) Trustor defaults on the Promissory Note, (vi) Trustor defaults on the Commission Deed of Trust. At the request of Trustor the Commission may, in its sole and absolute discretion, in writing waive the requirements of this Section 16 and defer repayment and/or extend the term of the Note.

This Note will be totally forgiven on the 20th Anniversary of the move-in date.

17. Defaults.

A. Non-Monetary Default

Failure or delay by Maker to perform any term or provision of this Deed of Trust, except for monetary default, which is not cured within thirty (30) days after receipt of notice from the other party constitutes a default under this Deed of Trust; provided, however, if any such default is of the nature requiring more than thirty (30) days to cure, the defaulting party shall avoid default hereunder by commencing to promptly cure within such thirty (30) day period, and thereafter diligently pursuing such cure to completion. The party who so fails or delays must immediately commence to cure, correct, or remedy such failure or delay, and shall complete such cure, correction or remedy with diligence.

The injured party shall give written notice of default to the party in default, specifying the default complained of by the injured party. Except as required to protect against further damages, the injured party may not institute proceedings against the party in default until thirty (30) days after giving such notice. Failure or delay in giving such notice shall not constitute a waiver of any default, nor shall it change the time of default.

B. Monetary Default

Notwithstanding the foregoing, the Maker's failure or delay to make any timely payment of

principal or interest when due shall constitute a monetary default herein and in such event Commission may seek any legal remedy to enforce its rights under this Deed of Trust.

C. Holder's Rights in the Event of Default

IN THE EVENT TRUSTOR IS IN DEFAULT OF THIS DEED OF TRUST BY FRAUDULENTLY OR INTENTIONALLY MISREPRESENTING THE INCOME INFORMATION SUBMITTED TO THE HOLDER PURSUANT TO SECTION 7 OF THE UNIT LOAN AGREEMENT OR FAILING TO OCCUPY THE PROPERTY PURSUANT TO PARAGRAPH C OF THE UNIT LOAN AGREEMENT AND DOES NOT DILIGENTLY PURSUE CURE OF SUCH DEFAULT BY LISTING THE PROPERTY FOR SALE AND ACCEPTING ANY OFFER TO PURCHASE THE PROPERTY FOR FAIR MARKET VALUE AS ESTABLISHED IN A MANNER CONSISTENT WITH SECTION HEREIN, THE PARTIES AGREE THAT THE HOLDER WILL SUSTAIN DAMAGES BY REASON THEREOF WHICH WOULD BE UNCERTAIN. TRUSTOR AND HOLDER FURTHER AGREE THAT THE AMOUNTS CALCULATED AS HEREINAFTER SET FORTH SHALL BE PAID AND DELIVERED TO THE HOLDER AS LIQUIDATED DAMAGES. SUCH DAMAGES WOULD INVOLVE SUCH VARIABLE FACTORS AS THE FRUSTRATION OF THE PROGRAM OBJECTIVES AND THE LOSS OF PROGRAM FUNDS AVAILABLE TO ASSIST ELIGIBLE PERSON AND FAMILIES PURSUANT TO THE PROGRAM RESULTING IN DAMAGE AND LOSS TO THE HOLDER. IT IS IMPRACTICABLE AND EXTREMELY DIFFICULT TO FIX THE AMOUNT OF SUCH DAMAGES TO THE HOLDER, BUT THE PARTIES ARE OF THE OPINION, UPON THE BASIS OF ALL INFORMATION AVAILABLE TO THEM, THAT SUCH DAMAGES WOULD APPROXIMATELY EQUAL THE AMOUNT SPECIFIED FOR "YEAR 1" IN THE SECTION 15 APRECIATION SHARE TABLE OF THIS DEED. THE PARTIES AGREE THAT SUCH LIQUIDATED AND AGREED DAMAGES SHALL BE PAID IN LIEU OF (AND NOT IN ADDITION TO) THE AMOUNT TO BE PAID PURSUANT TO SECTION 15 AND THAT SUCH LIQUIDATED AND AGREED DAMAGES SHALL BE DUE AND PAYABLE TO THE HOLDER SIXTY (60) DAYS AFTER THE OCCURRENCE OF A DEFAULT SPECIFIED HEREIN THAT IS NOT SOONER CURED, BUT NO LATER THAN REPAYMENT OF THE NOTE.

THE TRUSTOR AND THE HOLDER SPECIFICALLY ACKNOWLEDGE THIS LIQUIDATED DAMAGES PROVISION BY THEIR SIGNATURES BELOW:

TRUSTOR

HOLDER

18. Trustor's Right to Reinstate. Notwithstanding the Commission's acceleration of the sums secured by this Deed of Trust due to Trustor's breach, Trustor shall have the right to have any proceedings begun by the Commission to enforce this Deed of Trust discontinued at any time prior to five (5) days before the 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) Trustor pays the Commission all sums which would

then be due under this Deed of Trust, and the Note had no acceleration occurred;

- (b) Trustor cures all breaches of any other covenants or agreements of Trustor contained in this Deed of Trust;
- (c) Trustor pays all reasonable expenses incurred by the Commission and Trustee in enforcing the covenants and agreements of Trustor continued in this Deed of Trust and in enforcing remedies as provided in paragraph 16 hereof, including, but not limited to, reasonable attorneys' fees and;
- (d) Trustor takes such action as the Commission may reasonably require to assure that the lien of this Deed of Trust, the Commission's interest in the Property and Trustor's obligation to pay the sums secured by this Deed of Trust shall continue unimpaired.

Upon such payment and cure by Trustor, this Deed of Trust and the obligations secured hereby shall remain in full force and effect as if no acceleration had occurred.

19. Assignment of Rents; Appointment of Receiver; the Commission in Possession.

As additional security hereunder, Trustor hereby assigns to the Commission the rents and income of the Property, provided that Trustor shall, prior to acceleration under paragraph 16 hereof or abandonment of the Property, have the right to collect and retain such rents and income as they become due and payable.

Upon acceleration under paragraph 16 hereof or abandonment of the Property, the Commission, in person, by agent or by judicially appointed receiver shall be entitled to enter upon, take possession of and manage the Property and to collect the rents and income of the Property including those past due. All rents collected by the Commission or the receiver shall be applied first to payment of the cost of management of the Property and collection of rents, including, but not limited to, receiver's fees, premiums on receiver's bonds and reasonable attorneys' fees, and then to the sums secured by this Deed of Trust. The Commission and the receiver shall be liable to account only for those rents and income actually received.

20. Reconveyance. Upon payment of all sums secured by this Deed of Trust, the Commission shall request Trustee to reconvey the Property and will 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.

21. Subordination. The Commission and Trustor acknowledge and agree that this Deed of Trust is subject and subordinate in all respects to the liens, terms, covenants and conditions of the First Deed of Trust and to all advances heretofore made or which may hereafter be made pursuant to the First Deed of Trust including all sums advanced for the purpose of (a) protecting or further securing the lien of the First Deed of Trust, curing defaults by the Trustor under the First Deed of Trust or for any other purpose expressly permitted by the First Deed of Trust or (b) constructing, renovating, repairing, furnishing, fixturing or equipping the Property. 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, or upon assignment of the First Deed of Trust to HUD, any provisions herein or any provisions in any other collateral agreement restricting the use of the Property to low- or moderate-income households or otherwise restricting the Trustor's ability to sell the Property shall have no further force or effect on subsequent owners or purchasers of the Property. Any person, including his successors or assigns (other than the Trustor or a related entity of the Trustor), 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.

Further, if the Senior Lien Holder acquires title to the Property pursuant to a deed in lieu of foreclosure, the lien of this Deed of Trust shall automatically terminate upon the Senior Lien Holder's acquisition of title.

22. Substitute Trustee. The Commission, at the Commission's option, may from time to time appoint a successor trustee to any Trustee appointment hereunder by an instrument executed and acknowledged by the Commission and recorded in the office of the Recorder of the county where the Property is located. The instrument shall contain the name of the original lender, Trustee and Trustor, 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, power 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.

23. Request for Notices. Trustor requests that copies of the notice of sale be sent to Trustor's address which is the Property Address.

24. Statement of Obligation. The Commission may charge a fee not to exceed Sixty Dollars (\$60.00) for furnishing the statement of obligation as provided by Section 2943 of the Civil Code of California.

25. Warranties of Trustor. Trustor warrants to the Commission as follows:

- (a) That Trustor is a first-time home buyer; that is, he or she has not owned a home within the three-year (3 year) period immediately preceding the date of this Deed of Trust; and,
- (b) That Trustor's annual gross income does not exceed eighty percent (80%) of the median income for the Los Angeles/Long Beach Metropolitan Statistical

Area, as adjusted for household size, and as defined and periodically adjusted by the U.S. Department of Housing and Urban Development ("HUD") or any successor entity, on the later of:

- (1) the date of initial occupancy of the Property; or,
 - (2) the date of the recordation of this Deed of Trust.
- (c) That for so long as Trustor owns the Property, Borrower will reside in the Property as Trustor's principal place of residence. Trustor agrees not to sublet, lease or rent out the Property during the term of this Deed of Trust.

26. Foreclosure by Holder of Senior Deed of Trust. This Deed of Trust is subordinate to any first deed of trust or mortgage on the Property made by or held by an institutional lender or investor. Any party, and its successors and assigns, receiving title to the Property through a trustee's sale, a judicial foreclosure sale or deed in lieu of foreclosure of such deed of trust or mortgage, and any conveyance, including assignment of the First Deed of Trust to HUD, or transfer thereafter, shall receive title free and clear of the provisions of this Deed of Trust and any and all affordability restrictions.

Note: Deed restriction must terminate upon acceptance of a Deed in Lieu of foreclosure or foreclosure of the first mortgage.

The deed restriction may not reattach to the Property upon resale of the Property.

**REQUEST FOR NOTICE OF DEFAULT AND FORECLOSURE UNDER SUPERIOR
MORTGAGES OR DEEDS OF TRUST**

The Commission will request that copies of any notice of default and any notice of sale under any deed of trust or mortgage which has priority over this Deed of Trust from the holder of any lien which has priority over this Deed of Trust be sent to the Commission's address as set forth on page 1 of this Deed of Trust, as provided by Section 2924(b) of the Civil Code of California.

IN WITNESS WHEREOF, Trustor has executed this Deed of Trust.

“TRUSTOR”

By: _____

Name: _____

By: _____

Name: _____

**Community Development Commission of the
County of Los Angeles**

PROMISSORY NOTE

FOR SECOND TRUST DEED ASSISTANCE PROGRAM

THIS NOTE CONTAINS AFFORDABILITY RESTRICTIONS

\$ _____ (Commission Loan)

_____, 200__

FOR VALUE RECEIVED, the undersigned ("Maker") promises to pay to the Community Development Commission of the County of Los Angeles ("Holder") address at 2 Coral Circle, Monterey Park, CA 91755, or at such other address as may direct from time to time in writing, the principal sum of _____ (the "Note Amount"). All sums hereunder shall be payable in lawful money of the United States of America.

1. Loan Agreement.

This Promissory Note is made and delivered pursuant to and in implementation of that certain Loan Agreement entered into by and between the Holder and the Maker dated, _____, 200__ (the "Agreement"), a copy of which is on file as a public record with the Holder and is incorporated herein by reference; encumbering Maker's fee interest in certain Property ("Property") more particularly described in the Agreement. The Maker acknowledges that, but for the execution of this Promissory Note, the Holder would not enter into the Agreement or make the loan contemplated therein. Unless definitions of terms have been expressly set out at length herein, each term shall have the same definition as set forth in the Agreement.

2. Deed of Trust

This Promissory Note is secured by a Second Deed of Trust dated _____, 200__ ("Deed of Trust") of even date herewith executed by Maker's as Trustor in favor of Holder as Trustee encumbered by Maker's fee interest in the Property.

3. No Interest Bearing.

This Note shall not bear interest, except for contingent deferred interest as provided in Section 6.

4. Time of Payment.

All Amounts due hereunder and under the Agreement shall become immediately due and payable to the Holder by the Maker upon the occurrence of any one of the following events:(i) sale or

transfer of the Property, including, without limitation, lease, exchange or other disposition of the Property or any interest therein whether voluntary or involuntary, (ii) the refinancing of the First Lien on the Property for a loan amount in excess of the then current loan balance secured by the First Lien, (iii) such time, if ever, when Maker is no longer an occupant of the Property or is in default of any other obligation under the Agreement, (iv) the close of a probate estate following the death of Maker (unless Maker is more than one person and one or more of the other people comprising Maker survives), (v) Maker defaults on this Promissory Note, (vi) Maker defaults on the Deed of Trust. At the request of Maker, the Holder may, in its sole and absolute discretion, in writing waive the requirements of this Section 4 and defer repayment and/or extend the term of the Promissory Note. All repayments shall be deposited into the Holder's account for Bond Defeasance Fees.

This Promissory Note will be totally forgiven on the 20th Anniversary of the Date of this Note.

5. Intentionally Omitted

6. Appreciation Share Requirement For Transfer.

In the event that this Promissory Note becomes due and payable pursuant to section 8, Maker shall pay to the Holder the Note Amount, plus the percentage of the Net Appreciation (as that term is defined below), specified in the table below for the date upon which the Note has become due and payable (the "Due Date"). "Net Appreciation" is defined as the Fair Market Value (or sales price if an arms-length sale) of the Property as of the Due Date minus the sum of (i) the Original Sales Price of the Property (as determined by a Commission approved appraisal performed at the time that the Maker first purchased the Property.) (ii) the value of any capital improvements made by the Maker and pre-approved by the Commission ("Eligible Capital Improvements"), if any, and (iii) customary closing costs paid by the Maker in connection with the sale of the Property ("Eligible Closing Costs"). The term "Commission Percentage" as used in the table below is the ratio of the original Principal Sum of the Promissory Note divided by the Original Sales Price of the Property.

APPRECIATION SHARE

Due Date Prior to the End of:	Percentage of Net Appreciation:
Year 1	50% X Commission Percentage
Year 2	47.5% X Commission Percentage
Year 3	45% X Commission Percentage
Year 4	42.5% X Commission Percentage
Year 5	40% X Commission Percentage
Year 6	37.5% X Commission Percentage
Year 7	35% X Commission Percentage
Year 8	32.5% X Commission Percentage
Year 9	30% X Commission Percentage
Year 10	27.5% X Commission Percentage
Year 11	25% X Commission Percentage
Year 12	22.5% X Commission Percentage

Year 13	20% X Commission Percentage
Year 14	17.5% X Commission Percentage
Year 15	15% X Commission Percentage
Year 16	12.5% X Commission Percentage
Year 17	10% X Commission Percentage
Year 18	7.5% X Commission Percentage
Year 19	5% X Commission Percentage
Year 20	2.5% X Commission Percentage

However, the amount due to the Holder from the Maker shall not exceed the amount remaining after subtracting from the Fair Market Value (or sales price) of the Property as of the Due Date the sum of (i) the original principal amount of the First Lien, (ii) the Maker's original [cash and sweat equity] downpayment, (iii) the value of Eligible Capital Improvements, if any, (iv) Eligible Closing Costs, and (v) the Recapture Amount, if any.

The amount, if any, specified in the last column of Appreciation Share table shall constitute contingent deferred interest on this Promissory Note.

When the net proceeds are insufficient to repay both this Promissory Note and the Maker's investment, the Maker shall receive the full amount of Maker's investment and the balance of the net proceeds shall be paid to the Holder. "Net proceeds" is defined as the sales price minus First Lien repayments through escrow and eligible closing costs. "Maker's investment" is defined as the following costs. "Maker's investment" is defined as the following costs if paid by Maker: downpayment, payments to the principal balance, and the cost of eligible improvements made to the Property after purchase.

7. Prepayment of Note.

Maker may prepay this Promissory Note to Holder, in whole or in part, at any time, provided that any prepayment must be in the full amount specified for the respective year of such prepayment by Section 6 herein.

8. Defaults.

A. Non-Monetary Default

Failure or delay by Maker to perform any term or provision of this Promissory Note, except a monetary default, which is not cured within thirty (30) days after receipt of notice from the other party constitutes a default under this Promissory Note; provided, however, if any such default is of the nature requiring more than thirty (30) days to cure, the defaulting party shall avoid default hereunder by commencing to promptly cure within such thirty (30) day period, and thereafter diligently pursuing such cure to completion. The party who so fails or delays must immediately commence to cure, correct, or remedy such failure or delay, and shall complete such cure, correction or remedy with diligence.

The injured party shall give written notice of default to the party in default, specifying the default

complained of by the injured party. Except as required to protect against further damages, the injured party may not institute proceedings against the party in default until thirty (30) days after giving such notice. Failure or delay in giving such notice shall not constitute a waiver of any default, nor shall it change the time of default.

B. Monetary Default

Notwithstanding the foregoing, the Maker's failure or delay to make any timely payment of principal or interest when due shall constitute a monetary default herein and in such event Commission may seek any legal remedy to enforce its rights under this Deed of Trust.

C. Holder's Rights in the Event of Default

IN THE EVENT MAKER IS IN DEFAULT OF THIS PROMISSORY NOTE BY FRAUDULENTLY OR INTENTIONALLY MISREPRESENTING THE INCOME INFORMATION SUBMITTED TO THE HOLDER PURSUANT TO SECTION 7 OF THE UNIT LOAN AGREEMENT OR FAILING TO OCCUPY THE PROPERTY PURSUANT TO PARAGRAPH C OF THE UNIT LOAN AGREEMENT AND DOES NOT DILIGENTLY PURSUE CURE OF SUCH DEFAULT BY LISTING THE PROPERTY FOR SALE AND ACCEPTING ANY OFFER TO PURCHASE THE PROPERTY FOR FAIR MARKET VALUE AS ESTABLISHED IN A MANNER CONSISTENT WITH SECTION HEREIN, THE PARTIES AGREE THAT THE HOLDER WILL SUSTAIN DAMAGES BY REASON THEREOF WHICH WOULD BE UNCERTAIN. MAKER AND HOLDER FURTHER AGREE THAT THE AMOUNTS CALCULATED AS HEREINAFTER SET FORTH SHALL BE PAID AND DELIVERED TO THE HOLDER AS LIQUIDATED DAMAGES. SUCH DAMAGES WOULD INVOLVE SUCH VARIABLE FACTORS AS THE FRUSTRATION OF THE PROGRAM OBJECTIVES AND THE LOSS OF PROGRAM FUNDS AVAILABLE TO ASSIST ELIGIBLE PERSON AND FAMILIES PURSUANT TO THE PROGRAM RESULTING IN DAMAGE AND LOSS TO THE HOLDER. IT IS IMPRACTICABLE AND EXTREMELY DIFFICULT TO FIX THE AMOUNT OF SUCH DAMAGES TO THE HOLDER, BUT THE PARTIES ARE OF THE OPINION, UPON THE BASIS OF ALL INFORMATION AVAILABLE TO THEM, THAT SUCH DAMAGES WOULD APPROXIMATELY EQUAL THE AMOUNT SPECIFIED FOR "YEAR 1" IN THE APPRECIATION SHARE TABLE SHOWN IN SECTION 6 OF THIS NOTE. THE PARTIES AGREE THAT SUCH LIQUIDATED AND AGREED DAMAGES SHALL BE PAID IN LIEU OF (AND NOT IN ADDITION TO) THE AMOUNT TO BE PAID PURSUANT TO SECTION 6 OF THIS NOTE AND THAT SUCH LIQUIDATED AND AGREED DAMAGES SHALL BE DUE AND PAYABLE TO THE HOLDER SIXTY(60) DAYS AFTER THE OCCURRENCE OF A DEFAULT SPECIFIED HEREIN THAT IS NOT SOONER CURED, BUT NO LATER THAN REPAYMENT OF THE NOTE.

THE MAKER AND THE HOLDER SPECIFICALLY ACKNOWLEDGE THIS LIQUIDATED DAMAGES PROVISION BY THEIR SIGNATURES BELOW:

MAKER

HOLDER

9. Holder May Assign.

Holder may, at its option, assign its right to receive payment under this Promissory Note without necessity of obtaining the consent of the Maker.

10. Maker Assignment Prohibited.

In no event shall Maker assign or transfer any portion of this Promissory Note, the Note Amount and/or the Agreement without the prior express written consent of the Holder. This consent may be given or withheld in the Holder's sole discretion. This Section 10 shall not affect or diminish the Holder's right to assign all or any portion of its rights to the loan proceeds hereunder.

11. Joint and Several.

The undersigned, if more than one, shall be jointly and severally liable hereunder.

12. Attorney's Fees and Costs.

In the event that any action is instituted to enforce payment under this Promissory Note, the parties agree that the nonprevailing party shall be responsible for and shall pay to the prevailing party all reasonable court costs and attorney's fees incurred in enforcing this Promissory Note.

13. Amendments.

This Promissory Note may not be modified or amended except by an instrument in writing expressing such intention executed by the parties sought to be bound thereby, which writing must be so firmly attached to this Promissory Note so as to become a permanent part thereof.

14. Maker's Waivers.

Maker waives any rights to require the Holder to: (a) demand payment of amounts due (known as "presentment"), (b) give notice that amounts due have not been paid (Known as "notice of dishonor"), and (c) obtain an official certification of nonpayment (known as "protest").

15. Notice.

Any notice that must be given to Holder under this Promissory Note shall be given by personal delivery or by mailing it by certified mail addressed to Holder at 2 Coral Circle, Monterey Park, CA 91755, or such other address as Holder shall direct from time to time in writing. Failure or delay in giving any notice required hereunder shall not constitute a waiver of any default or late payment, nor shall it change the time for any default or payment. Any notice to Holder shall be given by certified mail at the address stated above.

16. Successors Bound.

This Promissory Note shall be binding upon the parties hereto and their respective heirs, successors and

assigns. Holder includes any heir, successor or assign of Holder.

IN WITNESS WHEREOF, Maker has executed this Promissory Note.

"MAKER"

By: _____

Name: _____

By: _____

Name: _____

"HOLDER"

By: _____

CARLOS JACKSON,
Executive Director

ATTACHMENT 16
ASSUMPTION OF RISK, RELEASE FROM LIABILITY
AND AGREEMENT FOR WORK PROJECTS

1. I, _____, acknowledge that I have voluntarily applied to Habitat for Humanity-South Bay/Long Beach to participate in construction and other activities at locations in the State of California. I expect no remuneration and will not accept any remuneration for my work.

2. **I AM AWARE THAT CONSTRUCTION IS A HAZARDOUS ACTIVITY. I AM VOLUNTARILY PARTICIPATING IN THE ACTIVITIES OF CONSTRUCTION WITH THE KNOWLEDGE OF THE DANGER INVOLVED. I HEREBY AGREE TO ASSUME ANY AND ALL RISKS OF INJURY OR DEATH, AND VERIFY THIS STATEMENT BY PLACING MY INITIALS HERE: _____.**

3. As consideration for my being permitted by Habitat for Humanity-South Bay/Long Beach and any of its affiliated organizations to participate in these activities and use their tools and facilities, I hereby agree that I, my assignees, my heirs, distributees, guardians, and legal representatives will not make a claim against, sue or attach the property of Habitat for Humanity-South Bay/Long Beach or any of their affiliated organizations or the suppliers of any of the tools or equipment that I will use in these activities, for injury or damage resulting from the negligence or other acts, howsoever caused, by any employee, agent, contractor of, or other participant in Habitat for Humanity-South Bay/Long Beach activities. I hereby release, indemnify, and hold harmless Habitat for Humanity-South Bay/Long Beach and any of its affiliated organizations and the Community Development Commission of the County of Los Angeles from all actions, claims, or demands that I, my assignees, my heirs, distributees, guardians, and legal representatives now have or may hereafter have for injury or damage resulting from my participation in any Habitat for Humanity-South Bay/Long Beach activities.

4. **I HAVE CAREFULLY READ THIS ASSUMPTION OF RISK, RELEASE OF LIABILITY, AND RELEASE AGREEMENT AND I FULLY UNDERSTAND ITS CONTENTS. I AM AWARE THAT THIS IS A RELEASE OF LIABILITY AND A CONTRACT BETWEEN MYSELF AND HABITAT FOR HUMANITY-SOUTH BAY/LONG BEACH, THE COMMUNITY DEVELOPMENT COMMISSION OF THE COUNTY OF LOS ANGELES AND ANY OF THEIR AFFILIATED ORGANIZATIONS (INDEMNIFIED PARTIES). MATERIAL ADHERENT TO INDEMNIFIED PARTIES TO ALLOW ME TO PARTICIPATE IN THIS ACTIVITY. I AM SIGNING THE DOCUMENT OF MY OWN FREE WILL.**

Executed at _____, California, on _____ (date).

Participant's Signature

Social Security Number of Participant

DECLARATION OF WITNESS: I certify that the person who signed above acknowledged in my presence that he/she had read and fully understood the meaning and consequences of the foregoing assumption of risk, release of liability, and agreement, and signed it in my presence.

Witness' Signature

ATTACHMENT 17 TO DISPOSITION AND DEVELOPMENT AGREEMENT

COMMISSION REQUIREMENTS

The Borrower agrees to comply with the following Commission requirements:

1. Termination for Improper Consideration

The Commission may, by written notice to the Borrower, immediately terminate the right of the Borrower to proceed under this Agreement if it is found that consideration, in any form, was offered or given by Borrower, either directly or through an intermediary, to any the Commission officer, employee or agent with the intent of securing this Agreement or securing favorable treatment with respect to the award, amendment or extension of this Agreement or the making of any determinations with respect to the Borrower's performance pursuant to this Agreement. In the event of such termination, the Commission shall be entitled to pursue the same remedies against the Borrower as it could pursue in the event of default by the Borrower.

The Borrower shall immediately report any attempt by a Commission officer or employee to solicit such improper consideration. The report shall be made either to the Commission's Executive Director or his designee.

Among other items, such improper consideration may take the form of cash, discounts, service, the provision of travel or entertainment, or tangible gifts.

2. Confidentiality of Reports

The Borrower shall keep confidential all reports, information and data received, prepared or assembled pursuant to performance hereunder. Such information shall not be made available to any person, firm, corporation or entity without the prior written consent of the Commission.

3. Intentionally Omitted

4. Borrower's Warranty of Adherence to the Commission's Child Support Compliance Program

Borrower acknowledges that the Commission has established a goal of ensuring that all individuals who benefit financially from the Commission through contract, are in compliance with their court-ordered child, family and spousal support obligations in order to mitigate the economic burden otherwise imposed upon Los Angeles County and its taxpayers.

Without limiting Borrower's duty under this Agreement to comply with all applicable provisions of law, Borrower warrants that it is now in compliance and shall during the term of this Agreement maintain compliance with employment and wage reporting requirements as required by the Federal Social Security Act (42 USC Section 653a) and California Unemployment Insurance Code Section 1088.5, and shall implement all lawfully served Wage and Earnings Withholding Orders or District Attorney Notices of Wage and Earnings Assignment for Child or Spousal Support, pursuant to Code of Civil Procedure Section 706.031 and Family Code Section 5246(b).

5. Termination For Breach of Warranty to Maintain Compliance With the Commission's Child Support Compliance Program

Failure of Borrower to maintain compliance with the requirements set forth in Paragraph 4, "Borrower's Warranty of Adherence to the Commission's Child Support Compliance Program" shall constitute a default by Borrower under this Agreement. Without limiting the rights and remedies available to the Commission under any other provision of this Agreement, failure to cure such default within ninety (90) days of notice by the Los Angeles County Child Support Services Department (CSSD) shall be grounds upon which the Commission Board of Commissioners may terminate this Agreement.

6. Post Most Wanted Delinquent Parents List

Borrower acknowledges that the Commission places a high priority on the enforcement of child support laws and the apprehension of child support evaders. Borrower understands that it is the Commission's policy to encourage Borrowers to voluntarily post an entitled "L.A.'s Most Wanted: Delinquent Parents" poster in a prominent position at Borrower's place of business. CSSD will supply Borrower with the poster to be used.

7. Independent Contractor

This Agreement does not, is not intended to, nor shall it be construed to create the relationship of agent, employee or joint venture between the Commission and the Borrower.

8. Drug-Free Workplace Act of the State of California

Borrower certifies under penalty of perjury under the laws of the State of California that the Borrower will comply with the requirements of the Drug-Free Workplace Act of 1990.

9. Compliance with Laws

The Borrower agrees to be bound by applicable federal, state and local laws, regulations, and directives as they pertain to the performance of this Agreement. If the compensation under this Agreement is in excess of \$100,000 then Borrower shall comply with applicable standards, orders, or requirements issued under section 306 of the Clean Air Act (42 U.S.C. 18579h), section 508 of the Clean Water Act (33 U.S.C. 1368), Executive Order 11738, and Environmental Protection Agency Regulations (40 CFR part 15).

The Borrower must obtain and present all relevant state and local insurance, training and licensing pursuant to services required within this Agreement.

Borrower shall comply with the following laws:

10. Civil Rights Act of 1964, Title VI (Non-discrimination in Federally Assisted Programs)

Borrower shall comply with the Civil Rights Act of 1964 Title VI which provides that no person shall, on the grounds of race, color, or national origin, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving federal financial assistance.

11. Section 109 of the Housing and Community Development Act of 1974

Borrower shall comply with Section 109 of the Housing and Community Development Act of 1974 which states that no person in the United States shall, on the grounds of race, color, national origin, or sex be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity funded in whole or in part with funds made available under this title.

12. Age Discrimination Act of 1975 and Section 504 of the Rehabilitation Act of 1973

Borrower shall comply with the Age Discrimination Act of 1975 and section 504 of the Rehabilitation Act of 1973, which require that no person in the United States shall be excluded from participating in, denied the benefits of, or subject to discrimination under this Agreement on the basis of age or with respect to an otherwise qualified disabled individual.

13. Executive Order 11246 and 11375, Equal Opportunity in Employment (Non-discrimination in Employment by Government Contractors and Subcontractors)

Borrower shall comply with Executive Order 11246 and 11375, Equal Opportunity in Employment which requires that during the performance of this Agreement, the Borrower will not discriminate against any employee or applicant for employment because of race, color, religion, sex or national origin. The Borrower will take affirmative action to ensure that applicants are employed, and that employees are treated fairly during employment, without regard to their race, color, religion, sex or

national origin. Such action shall include, but not be limited to the following: employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The Borrower agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by the contracting officer setting forth the provisions of the non-discrimination clause.

The Borrower will, in all solicitations or advertisements for employees placed by or on behalf of the Borrower, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex or national origin.

The Borrower will send to each labor union or representative of workers with which he has a collective bargaining Agreement or other contract or understanding, a notice to be provided by the agency of the Borrower's commitments under Section 202 of Executive Order No. 11246 of September 24, 1965, and shall post copies of the notice in conspicuous places available to employees and applicants for employment. The Borrower will comply with all provisions of Executive Order No. 11246 of September 24, 1965, and of the rules, regulations and relevant orders of the Secretary of Labor.

The Borrower will furnish all information and reports required by the Executive Order and by the rules, regulations and orders of the Secretary of Labor, or pursuant thereto, and will permit access to its books, records, and accounts by the Commission and the Secretary of Labor for purposes of investigation to ascertain compliance with such rules, regulations and orders.

In the event of Borrower's noncompliance with the non-discrimination clauses of this Agreement or with any of such rules, regulations or orders, this Agreement may be canceled, terminated or suspended in whole or in part and the Borrower may be declared ineligible for further Government contracts in accordance with procedures authorized in the Executive Orders and such other sanctions may be imposed and remedies invoked as provided in the Executive Order or by rule, regulation or order of the Secretary of Labor, or as otherwise provided by law.

The Borrower will include the provisions of these paragraphs in every subcontract or purchase order unless exempted by rules, regulations, or orders of the Secretary of Labor issued pursuant to Section 204 of the Executive Order No. 11246 of September 24, 1965, that such provisions will be binding upon each subcontractor or vendor. The Borrower will take such actions with respect to any subcontract or purchase order as the Commission may direct as a means of enforcing such provisions including sanctions for noncompliance, provided however, that in the event the Borrower becomes involved in, or is threatened with litigation by a subcontractor or vendor as a result of such direction by the Commission, the

Borrower may request the United States to enter into such litigation to protect the interests of the United States.

14. Notice to Employees Regarding the Federal Earned Income Credit

Borrower shall notify its employees, and shall require each subcontractor to notify its employees, that they may be eligible for the Federal Earned Income Credit under the federal income tax laws. Such notice shall be provided in accordance with the requirements set forth in Internal Revenue Service Notice 1015.

15. Use of Recycled-Content Paper Products

Borrower agrees to use recycled-content paper to the maximum extent possible on the Project to reduce the amount of solid waste deposited at the County landfills.

16. Intentionally Omitted

17. Greater Avenues for Independence (GAIN) Program

Should Borrower require additional or replacement personnel after the effective date of this Agreement, Borrower shall give consideration for any such employment openings to participants in the County's Department of Public Social Services' Greater Avenues for Independence (GAIN) Program who meet Borrower's minimum qualifications for the open position. The Borrower shall contact the County's GAIN Division at (626) 927-5354 for a list of GAIN participants by job category.

18. Barriers For the Disabled

The Project shall be developed to comply with all applicable federal, state and local requirements for access for disabled persons.

19. Lead-Based Paint

Borrower and its contractors and subcontractors shall not use lead-based paint in construction or maintenance of the Project. Borrower shall cause this provision to be incorporated in all contracts and subcontracts for work performed on the Site which involve the application of paint.

20. Notice To Employees Regarding The Safely Surrendered Baby Law

Borrower shall notify and provide to its employees, and shall require each subcontractor to notify and provide to its employees, a fact sheet regarding the Safely Surrendered Baby Law, its implementation in Los Angeles County, and where and how to safely surrender a baby. The fact sheet is set forth in

Attachment 19, the “Baby Law Fact Sheet” of this Agreement and is also available on the Internet at www.babysafela.org for printing purposes.

21. Borrower’s Acknowledgment of the Commission’s Commitment To The Safely Surrendered Baby Law

Borrower acknowledges that the Commission places a high priority on the implementation of the Safely Surrendered Baby Law. Borrower understands that it is the Commission’s policy to encourage all Commission Borrowers to voluntarily post the “Safely Surrendered Baby Law” poster in a prominent position at the Borrower’s place of business. Borrower will also encourage its Subcontractors, if any, to post this poster in a prominent position in the Subcontractor’s place of business. The Department of Children and Family Services of the County of Los Angeles will supply Borrower with the poster to be used.

ATTACHMENT 18
LOBBYIST CERTIFICATION
(County and Federal)

COUNTY LOBBYIST CODE CHAPTER 2.160

County Ordinance No. 93-0031

CERTIFICATION

Name of Firm: _____

Address: _____

State: _____ Zip Code: _____ Telephone Number: ()

Acting on behalf of the above named firm, as its Authorized Official, I make the following Certification to the County of Los Angeles and the Community Development Commission, County of Los Angeles.

It is understood that each person/entity/firm who applies for a Community Development Commission contract, and as part of that process, shall certify that they are familiar with the requirements of the Los Angeles County Code, Chapter 2.160 (Los Angeles County Ordinance 93-0031) and;

That all persons/entities/firms acting on behalf of the above named firm have and will comply with the County Code, and;

That any person/entity/firm who seeks a contract with the Community Development Commission shall be disqualified therefrom and denied the contract and, shall be liable in civil action, if any lobbyist, lobbying firm, lobbyist employer or any other person or entity acting on behalf of the named firm fails to comply with the provisions of the County Code.

This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into contract with the Los Angeles County and the Community Development Commission, County of Los Angeles.

AUTHORIZED OFFICIAL

(Contractor/Subcontractor)

By: _____
(Signature)

(Date)

(Title)

ATTACHMENT 19 TO DISPOSITION AND DEVELOPMENT AGREEMENT

BABY LAW FACT SHEET

PLEASE SEE ATTACHMENTS FOLLOWING THIS PAGE

No shame.

No blame.

No names.

**Newborns can be safely given up
at any Los Angeles County
hospital emergency room or fire station.**



In Los Angeles County:

1-877-BABY SAFE

1-877-222-9723

www.babysafela.org



State of California
Gray Davis, Governor

Health and Human Services Agency
Grantland Johnson, Secretary

Department of Social Services
Rita Saenz, Director



Los Angeles County Board of Supervisors

Gloria Molina, Supervisor, First District
Yvonne Brathwaite Burke, Supervisor, Second District
Zev Yaroslavsky, Supervisor, Third District
Don Knabe, Supervisor, Fourth District
Michael D. Antonovich, Supervisor, Fifth District

This initiative is also supported by First 5 LA and INFO LINE of Los Angeles.

What is the Safely Surrendered Baby Law?

California's Safely Surrendered Baby Law allows parents to give up their baby confidentially. As long as the baby has not been abused or neglected, parents may give up their newborn without fear of arrest or prosecution.

How does it work?

A distressed parent who is unable or unwilling to care for a baby can legally, confidentially and safely give up a baby within three days of birth. The baby must be handed to an employee at a Los Angeles County emergency room or fire station. As long as the child shows no signs of abuse or neglect, no name or other information is required. In case the parent changes his or her mind at a later date and wants the baby back, workers will use bracelets to help connect them to each other. One bracelet will be placed on the baby, and a matching bracelet will be given to the parent.

What if a parent wants the baby back?

Parents who change their minds can begin the process of reclaiming their newborns within 14 days. These parents should call the Los Angeles County Department of Children and Family Services at 1-800-540-4000.

Can only a parent bring in the baby?

In most cases, a parent will bring in the baby. The law allows other people to bring in the baby if they have legal custody.

Does the parent have to call before bringing in the baby?

No. A parent can bring in a baby anytime, 24 hours a day, 7 days a week so long as the parent gives the baby to someone who works at the hospital or fire station.

Does a parent have to tell anything to the people taking the baby?

No. However, hospital personnel will ask the parent to fill out a questionnaire designed to gather important medical history information, which is very useful in caring for the child. Although encouraged, filling out the questionnaire is not required.

What happens to the baby?

The baby will be examined and given medical treatment, if needed. Then the baby will be placed in a pre-adoptive home.

What happens to the parent?

Once the parent(s) has safely turned over the baby, they are free to go.

Why is California doing this?

The purpose of the Safely Surrendered Baby Law is to protect babies from being abandoned by their parents and potentially being hurt or killed. You may have heard tragic stories of babies left in dumpsters or public bathrooms. The parents who committed these acts may have been under severe emotional distress. The mothers may have hidden their pregnancies, fearful of what would happen if their families found out. Because they were afraid and had nowhere to turn for help, they abandoned their infants. Abandoning a baby puts the child in extreme danger. It is also illegal. Too often, it results in the baby's death. Because of the Safely Surrendered Baby Law, this tragedy doesn't ever have to happen in California again.

A baby's story

At 8:30 a.m. on Thursday, July 25, 2002, a healthy newborn baby was brought to St. Bernardine Medical Center in San Bernardino under the provisions of the California Safely Surrendered Baby Law. As the law states, the baby's mother did not have to identify herself. When the baby was brought to the emergency room, he was examined by a pediatrician, who determined that the baby was healthy and doing fine. He was placed with a loving family while the adoption process was started.

Every baby deserves a chance for a healthy life. If someone you know is considering abandoning a newborn, let her know there are other options.

It is best that women seek help to receive proper medical care and counseling while they are pregnant. But at the same time, we want to assure parents who choose not to keep their baby that they will not go to jail if they deliver their babies to safe hands in any Los Angeles County hospital ER or fire station.

Sin pena. Sin culpa. Sin peligro.

**Los recién nacidos pueden ser entregados
en forma segura en la sala de emergencia de
cualquier hospital o en un cuartel de bomberos
del Condado de Los Angeles.**



En el Condado de Los Angeles:

1-877-BABY SAFE

1-877-222-9723

www.babysafela.org



Estado de California
Gray Davis, Gobernador

Agencia de Salud y Servicios Humanos
(Health and Human Services Agency)
Grantland Johnson, Secretario

Departamento de Servicios Sociales
(Department of Social Services)
Rita Saenz, Directora



Consejo de Supervisores del Condado de Los Angeles

Gloria Molina, Supervisora, Primer Distrito

Yvonne Brathwaite Burke, Supervisora, Segundo Distrito

Zev Yaroslavsky, Supervisor, Tercer Distrito

Don Knabe, Supervisor, Cuarto Distrito

Michael D. Antonovich, Supervisor, Quinto Distrito

Esta Iniciativa tambien esta apollada por First 5 LA y INFO LINE de Los Angeles.

¿Qué es la Ley de Entrega de Bebés Sin Peligro?

La Ley de Entrega de Bebés Sin Peligro de California permite a los padres entregar a su recién nacido confidencialmente. Siempre que el bebé no haya sufrido abuso ni negligencia, padres pueden entregar a su recién nacido sin temor a ser arrestados o procesados.

¿Cómo funciona?

El padre/madre con dificultades que no pueda o no quiera cuidar de su recién nacido puede entregarlo en forma legal, confidencial y segura, dentro de los tres días del nacimiento. El bebé debe ser entregado a un empleado de una sala de emergencias o de un cuartel de bomberos del Condado de Los Angeles. Siempre que el bebé no presente signos de abuso o negligencia, no será necesario suministrar nombres ni información alguna. Si el padre/madre cambia de opinión posteriormente y desea recuperar a su bebé, los trabajadores utilizarán brazaletes para poder vincularlos. El bebé llevará un brazalete y el padre/madre recibirá un brazalete igual.

¿Qué pasa si el padre/madre desea recuperar a su bebé?

Los padres que cambien de opinión pueden empezar el proceso de reclamar a su recién nacido dentro de los 14 días. Estos padres deberán llamar al Departamento de Servicios para Niños y Familias (Department of Children and Family Services) del Condado de Los Angeles, al 1-800-540-4000.

¿Sólo los padres podrán llevar al recién nacido?

En la mayoría de los casos, los padres son los que llevan al bebé. La ley permite que otras personas lleven al bebé si tienen la custodia legal del menor.

¿Los padres deben llamar antes de llevar al bebé?

No. El padre/madre puede llevar a su bebé en cualquier momento, las 24 horas del día, los 7 días de la semana, mientras que entregue a su bebé a un empleado del hospital o de un cuartel de bomberos.

¿Es necesario que el padre/madre diga algo a las personas que reciben al bebé?

No. Sin embargo, el personal del hospital le pedirá que llene un cuestionario con la finalidad de recabar antecedentes médicos importantes, que resultan de gran utilidad para los cuidados que recibirá el bebé. Es recomendado llenar este cuestionario, pero no es obligatorio hacerlo.

¿Qué ocurrirá con el bebé?

El bebé será examinado y, de ser necesario, recibirá tratamiento médico. Luego el bebé se entregará a un hogar preadoptivo.

¿Qué pasará con el padre/madre?

Una vez que los padres hayan entregado a su bebé en forma segura, serán libres de irse.

¿Por qué California hace esto?

La finalidad de la Ley de Entrega de Bebés Sin Peligro es proteger a los bebés del abandono por parte de sus padres y de la posibilidad de que mueran o sufran daños. Usted probablemente haya escuchado historias trágicas sobre bebés abandonados en basureros o en baños públicos. Es posible que los padres que cometieron estos actos hayan estado atravesando dificultades emocionales graves. Las madres pueden haber ocultado su embarazo, por temor a lo que pasaría si sus familias se enteraran. Abandonaron a sus recién nacidos porque tenían miedo y no tenían adonde recurrir para obtener ayuda. El abandono de un recién nacido lo pone en una situación de peligro extremo. Además es ilegal. Muy a menudo el abandono provoca la muerte del bebé. Ahora, gracias a la Ley de Entrega de Bebés Sin Peligro, esta tragedia ya no debe suceder nunca más en California.

Historia de un bebé

A las 8:30 a.m. del jueves 25 de julio de 2002, se entregó un bebé recién nacido saludable en el St. Bernardine Medical Center en San Bernardino, en virtud de las disposiciones de la Ley de Entrega de Bebés Sin Peligro. Como lo establece la ley, la madre del bebé no se tuvo que identificar. Cuando el bebé llegó a la sala de emergencias, un pediatra lo revisó y determinó que el bebé estaba saludable y no tenía problemas. El bebé fue ubicado con una buena familia, mientras se iniciaban los trámites de adopción.

Cada recién nacido merece una oportunidad de tener una vida saludable. Si alguien que usted conoce está pensando en abandonar a un recién nacido, infórmele qué otras opciones tiene.

Es mejor que las mujeres busquen ayuda para recibir atención médica y asesoramiento adecuado durante el embarazo. Pero al mismo tiempo, queremos asegurarles a los padres que optan por no quedarse con su bebé que no irán a la cárcel si dejan a sus bebés en buenas manos en cualquier sala de emergencia de un hospital o en un cuartel de bomberos del Condado de Los Angeles.