



**Sean Rogan**  
Executive Director

**HOUSING AUTHORITY  
of the County of Los Angeles**

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**Gloria Molina**  
**Mark Ridley-Thomas**  
**Zev Yaroslavsky**  
**Don Knabe**  
**Michael D. Antonovich**  
Commissioners

August 31, 2010

The Honorable Board of Commissioners  
Housing Authority of the  
County of Los Angeles  
383 Kenneth Hahn Hall of Administration  
500 West Temple Street  
Los Angeles, California 90012

Dear Commissioners:

**APPROVE AMENDMENTS TO THE DISPOSITION AND DEVELOPMENT AGREEMENTS FOR  
THE MAPLE GLEN DEVELOPMENT IN UNINCORPORATED SOUTH WHITTIER AND THE OLIVE  
GLEN DEVELOPMENT IN UNINCORPORATED LA PUENTE  
(DISTRICT 1) (3 VOTES)**

**SUBJECT**

This letter recommends approval of Amendments to the Disposition and Development Agreements for two single family for-sale developments: Maple Glen, located at 13832 Utica St, and 12112 and 12127 Ramsey Drive in unincorporated South Whittier; and Olive Glen, located at 135 S. 3rd Street in unincorporated La Puente. The proposed Amendments will increase the number of assisted units at Maple Glen from 16 to 25 and reduce the number of assisted units at Olive Glen from 14 to six. Concurrently, the amount of City of Industry Redevelopment Housing Set-Aside (Industry) funds for Maple Glen will increase by \$900,000, while the Industry funds for Olive Glen will decrease by \$800,000. This letter relates to another item on the agenda for the Board of Commissioners of the Community Development Commission, to replace Community Development Block Grant funds previously approved for these projects with HOME Investment Partnership Program funds.

**IT IS RECOMMENDED THAT YOUR BOARD:**

1. Approve Amendment No. 1 to the Disposition and Development Agreement (DDA) between the Housing Authority of the County of Los Angeles (Housing Authority) and Maple Glen, LLC for the Maple Glen development located at 13832 Utica St, and 12112 and 12127 Ramsey Drive in unincorporated South Whittier, in order to increase the total number of homes from 31 to 34, increase the number of affordable homeownership units from 16 to 25 units, and increase the City of Industry Redevelopment Housing Set-Aside (Industry) funding by \$900,000, from \$1,600,000 to \$2,500,000.

**ADOPTED**

BOARD OF COMMISSIONERS  
HOUSING AUTHORITY

2-H August 31, 2010

SACHI A. HAMAI  
EXECUTIVE OFFICER

2. Approve Amendment No. 2 to the DDA between the Housing Authority and Olive Glen, LLC for the Olive Glen development located at 135 S. 3rd Street in unincorporated La Puente, in order to reduce the number of affordable homeownership units from 14 to six units, and reduce the Industry loan by \$800,000, from \$1,400,000 to \$600,000.
3. Authorize the Executive Director to incorporate up to \$900,000 in Industry funds into the Housing Authority's approved Fiscal Year 2010-2011 budget.
4. Authorize the Executive Director to execute amendments and all related documents to the DDA, necessary to complete the secondary financing of the homes, to be effective following approval as to form by County Counsel and execution by all parties.

### **PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION**

The purpose of these actions is to amend the DDAs for the Maple Glen and Olive Glen developments in order to increase affordable homeownership opportunities at Maple Glen, while reducing the number of affordable homeownership units at Olive Glen.

Both developments (Maple Glen, LLC and Olive Glen, LLC) are owned by Abell Helou Homes and are located within the First Supervisorial District. Maple Glen is currently under construction and conducting sales, while Olive Glen will not begin construction until early 2011. The total number of affordable units among the two developments will increase from 30 to 31 units. The projects will continue to comply with the conditions set forth in Conditional Use Permit No. 03-151-(1) and Conditional Use Permit No. 02-304-(1).

These actions will increase homeownership opportunities for qualified homebuyers at Maple Glen, where sales interest has been high, and avoid the risk of unsold inventory at Olive Glen.

### **FISCAL IMPACT/FINANCING**

There is no impact on the County general fund.

The estimated value of the 34-unit Maple Glen development is \$13,770,000, based on the market price of \$405,000 per home. Sales of the nine market rate homes will generate revenue of \$3,645,000. Qualified buyers of the 25 assisted units are expected to contribute another \$7,625,000 through estimated average first mortgages of \$305,000.

The estimated value of the 26-unit Olive Glen development is \$10,530,000, based on the market price of \$405,000 per home. The number of market rate homes has been increased from 12 to 20 and is expected to generate revenue of \$8,100,000. Qualified buyers of the six assisted units are expected to contribute another \$1,830,000 through estimated average first mortgages of \$305,000.

For both developments, the Housing Authority will provide qualified buyers with secondary mortgages consisting of up to \$100,000 per home, as well as 45-year zero interest deferred payment loans, evidenced by a Loan Agreement and Promissory Note, and secured by a subordinated Deed of Trust in favor of the Housing Authority; the entire principal amount, plus a pro rata share of equity appreciation, will become due 45 years from the date of the Note.

A Financial Analysis for each project is attached.

### **FACTS AND PROVISIONS/LEGAL REQUIREMENTS**

On February 8, 2006, the Housing Authority entered into a DDA with Maple Glen, LLC to help finance the sale of 31 single family homes, of which 16 would be set-aside for low-income homebuyers.

On March 16, 2006, the Housing Authority entered into DDA with Olive Glen, LLC to help finance the sale of 26 single family homes, of which 14 would be set-aside for low-income homebuyers.

In consideration of the current housing market, Housing Authority staff re-evaluated the pace of sales and affordability mix for both developments. Maple Glen is currently under construction and conducting sales, while Olive Glen will not begin construction until early 2011. In view of this, Housing Authority staff recommends amending the existing DDAs to reduce the number of assisted units at Olive Glen from 14 to six and to increase the number of assisted units at Maple Glen from 16 to 25 (increasing the total number of homes at Maple Glen from 31 to 34). Concurrently, the funding for Olive Glen will decrease by \$800,000, while the funding for Maple Glen will increase by \$900,000.

Maple Glen is located at 13832 Utica St, and 12112 and 12127 Ramsey Drive in unincorporated South Whittier. The 3.5-acre site is currently under construction. Twenty-five homes receiving homebuyer assistance will be set aside for qualified first-time homebuyers with household incomes that do not exceed 80% of the Area Median Income. The remaining nine homes will be unsubsidized market rate units. All homes will be approximately 1,558–1,837 square feet in size and have four bedrooms, two-and-one-half bathrooms, and a two-car attached garage.

Olive Glen is located at 135 S. 3rd Street in unincorporated La Puente. Land improvements on the 2.64-acre site have been completed, and construction is expected to begin in early 2011. Six homes receiving homebuyer assistance will be set aside for qualified first-time homebuyers with household incomes that do not exceed 80% of the Area Median Income, as defined by the U.S. Department of Housing and Urban Development (HUD) for the Los Angeles-Long Beach Metropolitan Statistical Area. The remaining 20 homes will be unsubsidized market rate units. All homes will be approximately 1,558 – 1,837 square feet in size and have four bedrooms, two-and-one-half bathrooms, and a two-car attached garage.

### **ENVIRONMENTAL DOCUMENTATION**

An Environmental Assessment (EA) was prepared for the Maple Glen project pursuant to the requirements of the National Environmental Policy Act (NEPA) of 1969. Based on the conclusions and findings of the EA, a Finding of No Significant Impact was approved by the Certifying Officer of the Community Development Commission on November 12, 2002. Following the required public and agency comment period, HUD issued a Release of Funds for the project on November 30, 2002. Two subsequent amended Environmental Assessments have been prepared reflecting changes to the project scope. The amended Environmental Assessments did not identify any additional environmental impacts. Therefore, the original Finding of No Significant Impact and Release of Funds still apply.

Pursuant to California Environmental Quality Act (CEQA) requirements and consistent with the

CEQA Guidelines, the Board of Commissioners of the Housing Authority considered and approved the Environmental Assessment/Mitigated Negative Declaration (EA/MND), the first amended Environmental Assessment, and the Mitigation and Monitoring Plan (MMP) for this project on January 31, 2006. The second amended Environmental Assessment did not identify any additional environmental impacts from this project and does not require Housing Authority approval.

An EA was prepared for the Olive Glen project pursuant to the requirements of the NEPA. Based on the conclusions and findings of the EA, a Finding of No Significant Impact was approved by the Certifying Officer Community Development Commission on November 12, 2002. Following the required public and agency comment period, the U.S. Department of Housing and Urban Development issued a Release of Funds for the project on November 30, 2002. A subsequent amended Environmental Assessment was prepared reflecting changes to the project scope. The amended Environmental Assessment did not identify any additional environmental impacts. Therefore, the original Finding of No Significant Impact and Release of Funds still apply.

Pursuant to the requirements of CEQA, and consistent with the CEQA Guidelines, the Board of Supervisors of the County of Los Angeles considered and approved the EA/MND, amended EA, and MMP on September 14, 2004. The Housing Authority considered and approved the EA/MND, amended EA, and MMP as Responsible Agency on March 14, 2006.

**IMPACT ON CURRENT SERVICES (OR PROJECTS)**

The recommended actions will reduce the risk of unsold inventory, while also promoting homeownership opportunities for qualified buyers in the County of Los Angeles.

Respectfully submitted,



SEAN ROGAN  
Executive Director

SR:jr

Enclosures

## Maple Glen Financial Analysis

13832 Utica St, 12112 and 12127 Ramsey Drive in unincorporated South Whittier

The project consists of 34 single family for-sale units in the unincorporated South Whittier area. Twenty-five units will be reserved for families with household income not exceeding 80% Area Median Income for the Los Angeles/Long Beach Metropolitan Statistical Area, adjusted for family size. Nineteen units will receive Industry secondary financing assistance and six units will receive HOME secondary financing assistance.

<b>Construction Phase</b>	<b>Total</b>	<b>Per</b>	<b>Unit</b>
<u>Uses</u>		Market Rate	Affordable
	34	9	25
<b>Total Value</b>	<b>13,770,000</b>	<b>405,000</b>	<b>405,000</b>
<u>Sources</u>			
Industry (land)	1,201,811	35,347	35,347
HOME (land)	293,981	8,647	8,647
Construction Loan	8,683,168	255,387	255,387
Cost of Sales	612,340	18,010	18,010
Deferred Equity	2,978,700	87,609	87,609
<b>Total Value</b>	<b>13,770,000</b>	<b>405,000</b>	<b>405,000</b>
<b>Permanent Phase</b>	<b>Total</b>	<b>Per</b>	<b>Unit</b>
<u>Uses</u>		Market Rate	Affordable
	34	9	25
<b>Total Value</b>	<b>13,770,000</b>	<b>405,000</b>	<b>405,000</b>
<u>Sources</u>			
Buyer Funds	11,270,000	405,000	305,000
Secondary Financing	2,500,000		100,000
<b>Total Value</b>	<b>13,770,000</b>	<b>405,000</b>	<b>405,000</b>

## Olive Glen Financial Analysis

135 S. 3<sup>rd</sup> Street in unincorporated La Puente

The project consists of 26 single family for-sale units in unincorporated La Puente area. Six units will be reserved for families with household income not exceeding 80% Area Median Income for the Los Angeles/Long Beach Metropolitan Statistical Area, adjusted for family size. These units will receive HOME secondary financing assistance.

<b>Construction Phase</b>	<b>Total</b>	<b>Per</b>	<b>Unit</b>
<u>Uses</u>		Market Rate	Affordable
	26	20	6
<b>Total Value</b>	<b>10,530,000</b>	<b>405,000</b>	<b>405,000</b>
<u>Sources</u>			
Industry (land)	40,017	1,539	1,539
HOME (land)	559,983	21,538	21,538
Construction Loan	7,190,439	276,555	276,555
Cost of Sales	572,325	22,013	22,013
Deferred Equity	2,167,236	83,355	83,355
<b>Total Value</b>	<b>10,530,000</b>	<b>405,000</b>	<b>405,000</b>
<b>Permanent Phase</b>	<b>Total</b>	<b>Per</b>	<b>Unit</b>
<u>Uses</u>		Market Rate	Affordable
	26	20	6
<b>Total Value</b>	<b>10,530,000</b>	<b>405,000</b>	<b>405,000</b>
<u>Sources</u>			
Buyer Funds	9,930,000	405,000	305,000
Industry (land)	40,017		6,670
HOME (land)	559,983		93,330
<b>Total Value</b>	<b>10,530,000</b>	<b>405,000</b>	<b>405,000</b>

**DISPOSITION AND DEVELOPMENT AGREEMENT  
BETWEEN  
THE HOUSING AUTHORITY OF THE COUNTY OF LOS ANGELES  
AND  
MAPLE GLEN, LLC**

**AMENDMENT NO. 1**

This Amendment No. 1 (the "Amendment") to the Disposition and Development Agreement ("Agreement") is made and entered into this \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_ by and between the HOUSING AUTHORITY OF THE COUNTY OF LOS ANGELES, a public body, corporate and politic, (the "HACOLA"), and MAPLE GLEN, LLC, a California Limited Liability Company, ("Developer").

WHEREAS, at its meeting of January 31, 2006, the Board of Commissioners of HACOLA authorized the Executive Director to enter into an Agreement for a thirty one (31) unit project; and

WHEREAS, on February 8, 2006, HACOLA and the Developer executed the Agreement to provide up to ONE MILLION SIX HUNDRED THOUSAND DOLLARS (\$1,600,000) in land acquisition and development funds (\$1,306,019 in City of Industry Redevelopment Housing Set-Aside funds and \$293,981 in Community Development Block Grant funds) for the conversion into secondary financing assistance for sixteen qualified buyers, and subject to the additional conditions set forth therein; and

WHEREAS, HACOLA and the Developer desire to increase the amount of total units from thirty-one (31) to thirty-four (34); and

WHEREAS, HACOLA and the Developer desire to increase the amount of Assisted Units from sixteen (16) to twenty-five (25); and

WHEREAS, HACOLA desires to increase the City of Industry Redevelopment Housing Set-Aside funds from ONE HUNDRED FOUR THOUSAND TWO HUNDRED EIGHT (104,208) to ONE MILLION FOUR THOUSAND TWO HUNDRED EIGHT (\$1,004,208) for the nine (9) additional Assisted Units; and

WHEREAS, HACOLA desires to exchange the sum of TWO HUNDRED NINETY THREE THOUSAND NINE HUNDRED EIGHT ONE ( \$293,981) of Community Development Block Grant ("CDBG") funds with TWO HUNDRED NINETY THREE THOUSAND NINE HUNDRED EIGHT ONE (\$293,981) of HOME Investment Partnerships Program (HOME) funds; and





or other reasons) than the other units in the Project which are not Assisted Units (the “Non-Assisted Units”). The Non-Assisted Units, which consist of nine (9) of the total thirty-four (34) units on the Site, shall be unsubsidized and sold at market value.

4. Section 5.1 shall be amended to include the below, following the last sentence:

“Qualified Buyer” for the Assisted Units shall mean first-time homebuyers whose household incomes are no more than 80% of Area Median Income as defined by HUD, or any successor or entity designated under state law as responsible for establishing such definition.

5. Section 5.7, paragraph 1, shall be amended to include the below, following the last sentence:

Except for the HOME Assisted Units, where the maximum Sales Price is determined by HUD, maximum purchase price limits are issued by HUD on an annual basis, and it shall be the responsibility of the Developer to verify that the Sales Price does not exceed the limits at the time of sale.

6. Section 11 shall be deleted: (“Agreement to Pay Attorneys’ Fees and Expenses”).

7. Exhibit E (“Financing Assumptions”) to the Agreement shall be amended as set forth in Amended Exhibit E, attached hereto and incorporated herein by this reference.

8. Exhibit F (“Land Acquisition Promissory Note”) to the Agreement shall be amended as set forth in Amended Exhibit F, attached hereto and incorporated herein by this reference.

9. Exhibit H (“Schedule of Performance”) to the Agreement shall be amended as set forth in Amended Exhibit H, attached hereto and incorporated herein by this reference.

10. Exhibit K (“HACOLA Secondary Financing Note”) to the Agreement shall be amended as set forth in Amended Exhibit K, attached hereto and incorporated herein by this reference.

11. Exhibit L (“HACOLA Secondary Financing Deed of Trust”) to the Agreement shall be amended as set forth in Amended Exhibit L, attached hereto and incorporated herein by this reference.

12. Exhibit M (“Tertiary Financing Note”) to the Agreement shall be amended as set forth in Amended Exhibit M, attached hereto and incorporated herein by this reference.

13. Exhibit N (“Tertiary Financing Deed of Trust”) to the Agreement shall be amended as set forth in Amended Exhibit N, attached hereto and incorporated herein by this reference.

14. Agreement shall be amended to include Exhibit Q (“Buyer’s HOME Loan Agreement”)

15. Agreement shall be amended to include Exhibit R (“HACOLA Requirements”)

16. Agreement shall be amended to include Exhibit S (“CDC Requirements”)

17. Agreement shall be amended to include Exhibit T (“Affirmative Marketing Requirements”)

18. All other terms and conditions of this Agreement shall remain unchanged and in full force and effect.

IN WITNESS WHEREOF, the duly authorized officers of the parties hereto have authorized this Amendment and are executing this Amendment as of the day, month and year first above written.

**HACOLA:**  
HOUSING AUTHORITY OF THE  
COUNTY OF LOS ANGELES

By \_\_\_\_\_  
SEAN ROGAN, Executive Director

Date \_\_\_\_\_

APPROVED AS TO FORM:  
ANDREA SHERIDAN ORDIN,  
County Counsel

By \_\_\_\_\_  
Deputy

**DEVELOPER:**  
MAPLE GLEN, LLC  
a California limited liability company

By: \_\_\_\_\_  
JOHN ABELL, President

Date \_\_\_\_\_

AMENDED EXHIBIT "E"  
FINANCING ASSUMPTIONS

## FINANCIAL ANALYSIS

### Maple Glen

13832 Utica St, 12112 and 12127 Ramsey Drive in unincorporated South Whittier

The project consists of thirty-four (34) single family for-sale units in the unincorporated South Whittier area. Twenty-five (25) units will be reserved for families with household income not exceeding 80 percent of the area median income (AMI) for the Los Angeles/Long Beach Metropolitan Statistical Area (MSA), adjusted for family size. Nineteen (19) units will receive Industry secondary financing assistance and six (6) units will receive HOME secondary financing assistance.

<b>Construction Phase</b>	<b>Total</b>	<b>Per</b>	<b>Unit</b>
<u>Uses</u>		Market Rate	Affordable
	34	9	25
<b>Total Value</b>	<b>13,770,003</b>	<b>405,000</b>	<b>405,000</b>
<u>Sources</u>			
Industry (land)	1,201,811	35,347	35,347
HOME (land)	293,981	8,647	8,647
Construction Loan	8,683,168	255,387	255,387
Cost of Sales	612,340	18,010	18,010
Deferred Equity	2,978,700	87,609	87,609
<b>Total Value</b>	<b>13,770,000</b>	<b>405,000</b>	<b>405,000</b>
<b>Permanent Phase</b>	<b>Total</b>	<b>Per</b>	<b>Unit</b>
<u>Uses</u>		Market Rate	Affordable
	34	9	25
<b>Total Value</b>	<b>13,770,003</b>	<b>405,000</b>	<b>405,000</b>
<u>Sources</u>			
Buyer Funds	11,270,000	405,000	305,000
Industry (land)	1,201,811		48,072
HOME (land)	293,981		11,759
Industry (assistance)	104,208		4,168
Additional Industry	900,000		36,000
<b>Total Value</b>	<b>13,770,000</b>	<b>405,000</b>	<b>405,000</b>

AMENDED EXHIBIT "F"  
LAND ACQUISITION PROMISSORY NOTE

AMENDED and RESTATED  
LAND ACQUISITION PROMISSORY NOTE  
(PROJECT NO. YY1147)

NOTICE: This Note requires payment of the principal and interest if certain events occur.

\$1,495,792

August \_\_\_\_\_, 2010

For value received, the undersigned, Maple Glen, LLC, a California limited liability corporation ("**Borrower**") whose principal address is set forth hereinbelow, promises to pay to the order of the HOUSING AUTHORITY OF THE COUNTY OF LOS ANGELES, a public body corporate and politic ("**Authority**") at 2 Coral Circle, Monterey Park, California 91755-7425 (or to such designee and/or at such other address as the Authority may from time to time designate in writing), the principal sum of ONE MILLION FOUR HUNDRED NINETY FIVE THOUSAND SEVEN HUNDRED NINETY TWO DOLLARS (\$1,495,792) [\$1,201,811 of City of Industry and \$293,981 of HOME funds] (the "**Loan**"), or such amount as may be advanced hereunder, plus accrued and unpaid interest as provided hereinbelow, and all other charges due hereunder, in accordance with the terms and conditions of that certain Disposition and Development Agreement dated as of February 8, 2006, entered into between Borrower and the Authority (the "**Agreement**"), and the terms and conditions of this Promissory Note (this "**Note**"). As set forth in greater detail in the Agreement, the purpose of the Loan is to provide Borrower financing in connection with a housing project ("**Project**" or "**Assisted Units**") on a site more particularly described in the Agreement ("**Site**"). Capitalized terms used herein but not otherwise defined herein shall have the meanings set forth for such terms in the Agreement.

1. Interest.

1.1 Basic Interest. Provided that Borrower is in compliance with the Schedule of Performance and the Assisted Units are completed and sold to Qualified Buyers pursuant to the Agreement by the date specified in the Schedule of Performance, the Authority waives interest under this Note. If Borrower does not complete and sell all of the Assisted Units pursuant to the Agreement by the date specified in the Schedule of Performance, and, subject to Section 1.3 below, the disbursed and unpaid principal balance of this Note shall accrue interest at the rate of three percent (3%) per annum, simple interest ("**Basic Rate**") commencing on the date of the close of the Escrow, and ending on the date when all sums are paid, as provided herein. Interest shall be computed on the basis of actual number of days elapsed and a 365-day year.

1.2 Payment Dates and Amounts. Principal plus interest shall be due and payable eighteen (18) months from the date of this Note. Provided no Event of Default (as set forth in Section 9 below) or other event of acceleration under this Note or the Agreement has occurred, Borrower shall repay this Note as follows: (i) upon an Assisted Unit Close of Escrow pursuant to the terms of the Agreement, an amount equal to the HACOLA Assistance Amount for such Assisted Unit sold to a Qualified Buyer (the "**Assisted Unit Repayment Amount**"), which Assisted Unit

Repayment Amount shall be paid via a credit to Borrower from the Authority against the outstanding amounts owed under this Note upon the recordation of a HACOLA Secondary Financing Deed of Trust against such Assisted Unit; (ii) upon an Assisted Unit Close of Escrow pursuant to the terms of the Agreement, an amount, in addition to the amounts due under clause (i), equal to fifty percent (50%) of any deferred payment assistance provided to any Qualified Buyers by any public or non-profit lender other than the Authority in excess of the average Permanent Loan anticipated to be obtained by the Qualified Buyers as shown on Exhibit "E" to the Agreement (the "**Additional Assistance Repayment Amount**").

1.3 Default Rate. Any amounts (including but not limited to amounts of principal and interest on the Loan) which Borrower does not pay when due under the terms of the Agreement or this Note shall bear interest at the rate of ten percent (10%) per annum, simple interest ("**Default Rate**"), from the date due until the date paid.

1.4 Intentionally Omitted.

1.5 Assignment. In addition to the payments provided in Section 1.2 above, Borrower shall pay to the Authority towards (but not to exceed) any outstanding amounts associated with the Loan, no later than the date of close of escrow or other consummation of any Assignment, the Applicable Percentage of the Net Proceeds of such Assignment;

"**Applicable Percentage**" shall mean fifty percent (50%); provided, however, that the term Applicable Percentage shall mean one hundred percent (100%) with respect to a payment on the Loan attributable in whole or in part to a condemnation of, or event of damage, destruction or casualty with respect to, the Site, the Project or any portion of either.

"**Assignment**" means any voluntary or involuntary conveyance, disposition, assignment, taking, casualty, encumbrance (other than the Senior Construction Loan or limited partner contributions, the proceeds of which are used solely for initial development of the Project), sublease, sale (other than the sale of individual Units to members of the home-buying public pursuant to the terms of the Agreement), license, concession, management agreement, operating agreement, transfer or similar transaction with respect to any direct or indirect interest or economic benefit of any person or entity in connection with the Project or the use or occupancy of the Site including, without limitation, any Transfer by Borrower of all or any portion of its rights under or interest in the Project or the Site, any change of ownership or control of Borrower, any condemnation or taking of the Site or the Project or any portion thereof, any event of damage to or destruction of the Site or the Project, any foreclosure of Borrower's interest in the Project or the Site, whether by judicial proceedings, or by virtue of any power contained in a deed of trust, indenture or other instrument creating a lien against the Site or the Project, or any assignment of Borrower's estate in the Project or the Site through, or in lieu of, foreclosure or other appropriate and bona fide proceedings in the nature thereof; provided, however, that the term "Assignment" as used herein shall not include bona fide transfers of an ownership interest in Borrower to any Affiliate of Borrower, so long as the consideration paid to the selling partner, member or shareholder on account of such transfer does not exceed the actual amount paid by such partner, member or shareholder for its ownership interest plus reimbursement for any out-of-pocket expenses



incurred by such partner, member or shareholder in connection with its acquisition of such ownership interest.

“**Net Proceeds**” of an Assignment shall mean (1) the proceeds received, directly or indirectly, by Borrower or any Affiliate or constituent member or partner, or majority shareholder, of Borrower or any Affiliate as a result of such Assignment, including, without limitation, cash, the amount of any monetary lien or encumbrance assumed or taken subject to by the assignee, the fair market value of any noncash consideration, including the present value of any promissory note received as part of the proceeds of such Assignment (such present value to be determined based upon a discount rate reasonably satisfactory to Authority), the entire condemnation award or compensation payable to Borrower or any Affiliate or constituent member or partner, or majority shareholder, of Borrower or any Affiliate in connection with a condemnation or taking in eminent domain of any part of the Site or the Project or any interest therein, all insurance proceeds or awards payable to Borrower or any Affiliate or constituent member or partner or majority shareholder of Borrower or any Affiliate in connection with any damage to or destruction of the Site or the Project or any part thereof not used for project restoration; less (2) the sum of (i) the actual, documented and reasonable expenses of effecting such Assignment, including reasonable brokerage commissions, title insurance premiums, documentary transfer taxes, and reasonable attorneys’ fees, in each case actually paid in connection with the Assignment (provided that no deduction shall be allowed for payments to an Affiliate of the person or entity making the Assignment which are in excess of the amount that would be paid for the same or equivalent services in an arms’ length transaction between unrelated parties acting reasonably), and (ii) the amount of any proceeds of the Assignment paid (excluding voluntary payments) towards the then-outstanding balance of the Senior Construction Financing. Notwithstanding anything above to the contrary, the permissible deductions for purposes of calculating the Net Proceeds of an Assignment shall not include any foreign, U.S., state or local income taxes, franchise taxes, or other taxes based on income.

2. Acceleration.

Notwithstanding the payment terms set forth in Section 1 above, upon the occurrence of any "Event of Default" as set forth in Section 9 below, the entire outstanding principal balance of this Note, together with any outstanding interest and other amounts payable hereunder, may, at the election of the Authority and upon notice to Borrower thereof become immediately due and payable without presentment, demand, protest or other notices of any kind, all of which are hereby waived by Borrower.

3. Prepayment; Application of Payments.

At any time after the disbursement of the Loan proceeds, Borrower may prepay all or a portion of the unpaid principal amount of the Loan and accrued interest and any other sums outstanding without penalty. All payments, including any prepayments or funds received upon acceleration pursuant to Section 2 above, shall be applied first toward any outstanding costs of collection or other amounts (excluding Loan principal or interest thereon) due under this Note or the Agreement, then toward outstanding interest accrued at the Default Rate, if any, then toward

outstanding interest accrued at the Basic Rate, if any, and finally toward the remaining principal balance under the Note.

4. Security and Source of Payment.

Borrower's obligations under this Note and the Agreement shall, at all times during which any amount remains outstanding, be secured by the Land Acquisition Deed of Trust ("**Deed of Trust**") of even date herewith, and of which the Authority is the beneficiary, recorded against Borrower's fee interest in the Site and the Project (collectively, the "**Property**"). The security interest in the Property granted to the Authority pursuant to the Deed of Trust shall be subordinate only to the Permitted Senior Encumbrances. Except to the extent any Event of Default hereunder results directly or indirectly from any fraud or intentional or willful misconduct or material misrepresentation by Borrower in connection with this Note, the Agreement or the Loan, the Loan is a nonrecourse obligation of Borrower and, in the event of the occurrence of an Event of Default, the Authority's only recourse under the Deed of Trust shall be against the Property, the proceeds thereof, the rents and other income arising from its use and occupancy as provided in the Deed of Trust, and any other collateral given to the Authority as security for repayment of the Loan.

5. Obligation of Borrower Unconditional.

The obligation of Borrower to repay the Loan and all accrued interest thereon and all other sums due thereunder shall be absolute and unconditional, and until such time as all of the outstanding principal of, interest on and all other sums due under, this Note shall have been fully paid, Borrower agrees that it: (a) will use the funds solely for the purposes set forth herein; and (b) will not terminate or suspend any payment or obligations under this Note, the Agreement, or any other document executed hereunder or in connection herewith for any cause, including without limitation, any acts or circumstances that may constitute failure of consideration, commercial frustration of purpose, or any duty, liability or obligation arising out of or in connection with this Note, the Agreement or any document executed hereunder or in connection herewith.

6. Purpose of Loan.

The purpose of the Loan is to evidence and secure repayment of the Loan and to ensure that the affordability and habitability of the Project is maintained in accordance with the terms of the Agreement.

7. Covenants of Borrower.

As additional consideration for the making of the Loan by the Authority, Borrower covenants as follows:

7.1 Compliance with Agreement and Deed of Trust. Borrower shall comply with all of its obligations under the Agreement and the Deed of Trust. Any amounts payable by Borrower under the Agreement or the Deed of Trust (other than amounts also payable hereunder) shall be deemed added to the principal amount of the Loan payable hereunder.

7.2 Other Loans. Borrower shall comply with all monetary and nonmonetary covenants associated with any loan secured by an interest in the Site or the Project. Borrower shall provide to the Authority a copy of any notice of default within five business days after receiving any notice of a default or alleged default of such covenants by Borrower, and Borrower shall promptly cure any such default and cooperate in permitting the Authority, to the extent the Authority in its sole discretion elects to do so, to cure or assist in curing the default. Any cost or expenditure incurred by the Authority in providing or assisting in such a cure shall be added to the outstanding principal amount of the Loan.

8. Assignment of this Note.

This Note shall be assignable by Borrower only if Borrower obtains the prior express written consent of the Authority, which consent may be withheld by the Authority in its sole discretion. Notwithstanding anything to the contrary in this Note, no purported assignment of this Note or the Loan shall be effective if such assignment would violate the terms, conditions and restrictions of any Applicable Governmental Restrictions. The Authority's consent to such assignment shall be expressly conditioned upon (i) the assignee's execution of such documents as required by the Authority in its sole discretion, including, without limitation, any and all documents deemed necessary by the Authority to provide for said assignee's assumption of all of the obligations of Borrower hereunder and under the Agreement, the Deed of Trust and all other documents executed in connection therewith, and (ii) the Authority's approval of the financial and credit worthiness of such proposed assignee and the assignee's ability to perform all of the Borrower's obligations under this Note and the Agreement and any of the other documents executed in connection herewith.

9. Events of Default and Remedies.

A. Borrower Events of Default. The occurrence of any of the following shall, after the giving of any notice and the expiration of any applicable cure period described therein, constitute an event of default by Borrower hereunder ("**Event of Default**"):

(1) The failure of Borrower to pay or perform any monetary covenant or obligation hereunder or under the terms of the Deed of Trust or the Agreement;

(2) The failure of Borrower to perform any non-monetary covenant or obligation hereunder or under the Deed of Trust or the Agreement, without curing such failure within thirty (30) days after receipt of written notice of such default from the Authority (or from any party authorized by the Authority to deliver such notice as identified by the Authority in writing to Borrower) specifying the nature of the event or deficiency giving rise to the default and the action required to cure such deficiency; provided, however, that if any default with respect to a non-monetary obligation is such that it cannot be cured within a 30-day period, such default shall not constitute an Event of Default if Borrower commences the cure within said 30-day period and diligently prosecutes such cure to completion thereafter with the cure completed in any event within 180 days after the notice. Notwithstanding anything herein to the contrary,

the herein described notice cure periods shall not apply to any Event of Default described in Sections 9(A)(3) through 9(A)(8) below;

(3) The material falsity of any representation or breach of any warranty or covenant made by Borrower under the terms of this Note, the Agreement or the Deed of Trust;

(4) Borrower or any constituent member or partner, or majority shareholder, of Borrower shall (a) apply for or consent to the appointment of a receiver, trustee, liquidator or custodian or the like of its property, (b) fail to pay or admit in writing its inability to pay its debts generally as they become due, (c) make a general assignment for the benefit of creditors, (d) be adjudicated a bankrupt or insolvent or (e) commence a voluntary case under the Federal bankruptcy laws of the United States of America or file a voluntary petition that is not withdrawn within ten (10) days of the filing thereof or answer seeking an arrangement with creditors or an order for relief or seeking to take advantage of any insolvency law or file an answer admitting the material allegations of a petition filed against it in any bankruptcy or insolvency proceeding;

(5) If without the application, approval or consent of Borrower, a proceeding shall be instituted in any court of competent jurisdiction, under any law relating to bankruptcy, in respect of Borrower or any constituent member or partner or majority shareholder of Borrower, for an order for relief or an adjudication in bankruptcy, a composition or arrangement with creditors, a readjustment of debts, the appointment of a trustee, receiver, liquidator or custodian or the like of Borrower or of all or any substantial part of Borrower's assets, or other like relief in respect thereof under any bankruptcy or insolvency law, and, if such proceeding is being contested by Borrower, in good faith, the same shall (a) result in the entry of an order for relief or any such adjudication or appointment, or (b) continue undismissed, or pending and unstayed, for any period of ninety (90) consecutive days;

(6) Failure to sell all of the Assisted Units in the Project to Qualified Buyers pursuant to this Agreement within six (6) months following Completion of the Project;

(7) Borrower shall suffer or attempt to effect a Transfer, in violation of Section 9 or Section 27 of the Agreement;

(8) Borrower shall be in default under the terms of any Construction Loan or any other secured obligation secured by the Site or unsecured obligation relating to the Project, unless the default is cured within the cure period, if any, applicable thereto under the terms of the obligation which is in default.

B. Authority Remedies. Upon the occurrence of an Event of Default hereunder, the Authority may, in its sole discretion, take any one or more of the following actions:

(1) By notice to Borrower, except in the case of a default by Borrower under Section 9(A)(3) through (8) above in which event no notice shall be required, declare the entire then unpaid principal balance of the Loan immediately due and payable, and the same shall become due and payable without further demand, protest or further notice of any kind, all of which are hereby expressly waived by Borrower. Upon such declaration, outstanding principal

and (to the extent permitted by law) interest and any other sums outstanding in connection with the Loan shall thereafter bear interest at the Default Rate, payable from the date of such declaration until paid in full;

(2) Subject to the nonrecourse provisions of Section 4 above, take any and all actions and do any and all things which are allowed, permitted or provided by law, in equity or by statute (including the remedy of specific performance), in the sole discretion of the Authority, to collect the amounts then due and thereafter to become due hereunder, to exercise its rights under the Deed of Trust, and to enforce performance and observance of any obligation, agreement or covenant of the Borrower under this Note, the Agreement or under any other document executed in connection herewith or therewith;

(3) Subject to the nonrecourse provisions of Section 4 above, upon the occurrence of an Event of Default, which is occasioned by Borrower's failure to pay money, whether under this Note or the Agreement, the Authority may, but shall not be obligated to, make such payment. If such payment is made by the Authority, Borrower shall deposit with the Authority, upon written demand therefore, such sum plus interest at the Default Rate. The Event of Default with respect to which any such payment has been made by the Authority shall not be deemed cured until such repayment has been made by Borrower. Until repaid, such amounts shall be secured by the Deed of Trust;

(4) Subject to the nonrecourse provisions of Section 4 above, upon the occurrence of an Event of Default described in Section 9(A)(4) or 9(A)(5) hereof, the Authority shall be entitled and empowered by intervention in such proceedings or otherwise to file and prove a claim for the whole amount owing and unpaid on the Loan and, in the case of commencement of any judicial proceedings, to file such proof of claim and other papers or documents as may be necessary or advisable in the judgment of the Authority and its counsel to protect the interests of the Authority and to collect and receive any monies or other property in satisfaction of its claim.

(5) If the Event of Default occurs subsequent to the close of the Escrow but prior to the commencement by the Borrower of the construction of the Project, the Borrower, at the demand of the Authority, shall make the following payments to the Authority which shall be deemed to fully discharge this Note: (i) any sums disbursed to Borrower under this Note; (ii) all interest accruing on (A) this Note from the date of the close of the Escrow; and (B) sums described in (i) above from the date(s) of disbursement; (iii) all other charges, fees and expenses due under this Note; and (iv) all consequential damages in any way arising from or relating to the Event of Default and/or the resulting reconveyance of the Site to the Authority, including, without limitation, lost opportunity costs, any difference between the Loan and any sum required to be expended by the Authority in connection with the development of the Site by another Borrower and other like costs; and

(6) pursue any and all other remedies available to the Authority at law or in equity

C. No Remedy Exclusive. No remedy herein conferred upon or reserved to the Authority is intended to be exclusive of any other available remedy or remedies, but each such remedy shall be cumulative and shall be in addition to every other remedy given under this Note or now or hereafter existing at law or in equity or by statute; and may be exercised in such number, at such times and in such order as the Authority may determine in its sole discretion. No delay or omission to exercise any right or power upon the occurrence of any Event of Default hereunder shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient by the Authority. In order to entitle the Authority to exercise any right or remedy reserved to it under this Note, no notice shall be required except as expressly provided herein.

D. Authority Default and Borrower Remedies. Upon fault or failure of the Authority to meet any of its obligations under this Note without curing such failure within thirty (30) days after receipt of written notice of such failure from Borrower specifying the nature of the event or deficiency giving rise to the default and the action required to cure such deficiency, Borrower may, as its sole and exclusive remedies:

(1) Demand and obtain payment from the Authority of any sums due to or for the benefit of Borrower pursuant to the express terms of this Note;

(2) Bring an action in equitable relief seeking the specific performance by the Authority of the terms and conditions of this Note or seeking to enjoin any act by the Authority which is prohibited hereunder; and

(3) Bring an action for declaratory relief seeking judicial determination of the meaning of any provision of this Note.

Without limiting the generality of the foregoing, Borrower shall in no event be entitled to, and hereby waives, any right to seek indirect or consequential damages of any kind or nature from the Authority arising out of or in connection with this Note, and in connection with such waiver Borrower 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."

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Borrower's Initials

10. Conflict of Interest; No Individual Liability.

No official or employee of the Authority shall have any personal interest, direct or indirect, in this Note, nor shall any official or employee of the Authority participate in any decision relating to this Note which affects such official's or employee's pecuniary interest in any corporation, partnership or association in which such official or employee is directly or indirectly interested.

No official or employee of the Authority shall be personally liable in the event of a breach of this Note by the Authority.

11. Amendments, Changes and Modifications.

This Note may not be amended, changed, modified, or altered without the prior written consent of the parties hereto.

12. Notices.

All 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, facsimile, certified mail (return receipt requested), or overnight guaranteed delivery service and faxed or addressed as follows:

If to Authority:           Housing Authority of the County of Los Angeles  
2 Coral Circle  
Monterey Park, California 91755-7425  
Attn: Executive Director  
Fax No. (323) 890-8576

With a copy to:           Housing Authority of the County of Los Angeles  
2 Coral Circle  
Monterey Park, California 91755-7425  
Attn: Director of Housing Development and Preservation  
Fax No. (323) 890-8576

If to Borrower:           Maple Glen, LLC  
148 W. Orange St.  
Covina, CA 91723  
Attention: John Abell  
Fax No. (626) 332-86190

Notices shall be effective upon receipt, if given by personal delivery; upon receipt, if faxed, provided there is written confirmation of receipt (except that if received after 5 p.m., notice shall be deemed received on the next business day) or the earlier of (i) three (3) business days after deposit with United States Mail, or (ii) the date of actual receipt as evidenced by the return receipt, if delivered by certified mail; or (iii) one (1) day after deposit with the delivery service, if delivered by overnight guaranteed delivery service. Each party shall promptly notify the other party of any change(s) of address to which notice shall be sent pursuant to this Note.

13. Severability.

The invalidity or unenforceability of any one or more provisions of this Note will in no way affect any other provision.

14. Interpretation.

Whenever the context requires, all words used in the singular will be construed to have been used in the plural, and vice versa, and each gender will include any other gender. The captions of the paragraphs of this Note are for convenience only and do not define or limit any terms or provisions. Time is of the essence in the performance of this Note by Borrower. Each Party has been represented by counsel in the negotiation of this Note, and it shall not be interpreted in favor of or against any Party on account of relative responsibilities in drafting. Notwithstanding any other provision of this Note, nothing in this Note shall be deemed to require Borrower to pay interest in excess of the amount allowed by any applicable usury law or other legal limitation on interest, and the terms hereof and of this Note shall be interpreted to require in each instance the lesser of (i) the amount stated in this Note; and (ii) the maximum applicable legal limit. Defined terms not otherwise defined herein shall have the meaning assigned to them by the Agreement.

15. No Waiver; Consents.

Any waiver by the Authority must be in writing and will not be construed as a continuing waiver. No waiver will be implied from any delay or failure by the Authority to take action on account of any default of Borrower. Consent by the Authority to any act or omission by Borrower will not be construed as consent to any other or subsequent act or omission or to waive the requirement for the Authority's consent to be obtained in any future or other instance.

16. Governing Law.

This Note shall be governed by the laws of the State of California.

17. Representations, Warranties and Additional Covenants of Borrower.

Borrower hereby represents, warrants and covenants to the Authority that:

A. Organization and Standing. Borrower is a California legal entity as described in the Transaction Summary set forth in the Agreement, duly formed, qualified to operate in California and validly existing and in good standing under all applicable laws, and has all requisite power and authority to enter into and perform its obligations under this Note, the Agreement, the Deed of Trust, and all other documents executed in connection herewith.

B. Enforceability. This Note and all other instruments to be executed by Borrower in connection with the Loan constitute the legal, valid and binding obligation of Borrower, without joinder of any other party.

C. Authorization and Consents. The execution, delivery and performance of this Note and all other instruments to be executed in connection herewith is consistent with the operating agreement, partnership agreement or articles and bylaws governing Borrower and have been duly authorized by all necessary action of Borrower's members, partners, directors, officers and shareholders.



D. Due and Valid Execution. This Note and all other instruments to be executed in connection herewith, will, as of the date of their execution, have been duly and validly executed by Borrower.

E. Licenses. Borrower will obtain and maintain all material licenses, permits, consents and approvals required by all applicable governmental authorities to own and operate the Project.

F. Litigation and Compliance. To Borrower's current actual knowledge, there are no suits, other proceedings or investigations pending or threatened against, or affecting the business or the properties of Borrower (other than those as have been previously disclosed in writing to the Authority) which could impair its ability to perform its obligations under this Note, nor is Borrower in violation of any laws or ordinances which could materially impair Borrower's ability to perform its obligations under this Note.

G. Default. There are no facts now in existence which would, with the giving of notice or the lapse of time, or both, constitute an "Event of Default" hereunder, as described in Section 9.

H. No Violations. The execution and delivery of this Note, the Agreement and all other documents executed or given thereunder, and the performances hereunder and thereunder by Borrower, as applicable, will not constitute a breach of or default under any instrument or agreement to which Borrower may be a party nor will the same constitute a breach of or violate any law or governmental regulation.

18. Approvals.

With respect to those matters set forth hereinabove providing for the Authority's approval, consent or determination, such approval, consent or determination may be given or withheld at the Authority's sole and absolute discretion, unless otherwise expressly stated in this Note.

Any review or approval of any matter by the Authority or any Authority official or employee under this Note shall be solely for the benefit of the Authority, and neither Borrower nor any other person shall rely upon such review or approval as an indication of the wisdom, soundness, safety, appropriateness, or presence or absence of any matter. Without limiting the generality of the foregoing, Borrower and not the Authority shall be solely responsible for assuring compliance with laws, the suitability of the Site for the Project, the adequacy of the plans, and the safety of the Project construction site, the completed Project, and the operation thereof.

19. Good Faith and Fair Dealing.

The Authority and Borrower agree to perform all of their obligations and the actions required of each hereunder in good faith and in accordance with fair dealing.

20. Waiver.

Borrower agrees that it will still be liable for repayment of this Note, subject to the nonrecourse provision of Section 4 above, even if the holder hereof does not follow the procedures of presentment, protest, demand, diligence, notice of dishonor and of nonpayment, which requirements are hereby waived. Failure of the Authority 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, or to preclude the exercise of, the right to insist upon prompt payment thereafter or to impose late charges retroactively or prospectively, or to waive or preclude the exercise of any other rights which the Authority may have.

*[Signatures on following page]*

IN WITNESS WHEREOF, Borrower has executed this Promissory Note.

**BORROWER:**

Maple Glen, LLC  
a California limited liability company

By: \_\_\_\_\_  
JOHN ABELL, President

Date \_\_\_\_\_

AMENDED EXHIBIT "H"  
SCHEDULE OF PERFORMANCE

SCHEDULE OF PERFORMANCE  
Maple Glen

<u>ACTION</u>	<u>DATE</u>
1. <u>Execution and Delivery of Agreement by Developer.</u> The Developer shall execute and deliver this Agreement to HACOLA.	Complete.
2. <u>Execution of Agreement by Commission.</u> The Board of Commissioners shall authorize execution of this Agreement. HACOLA will deliver a copy of the executed Agreement to the Developer.	Complete.
3. <u>Submission of Final Construction Plans, Drawings, Landscaping Plans, and Contract.</u> The Developer shall prepare and submit to HACOLA for review and approval Final Construction Plans, Drawings, Final Landscaping Plans, and a Construction Contract for the Site's development.	Completed June 14, 2007 & August 16, 2007
4. <u>Approval – Final Construction Plans, Drawings, Landscaping Plans, and Contract.</u> HACOLA shall approve or disapprove the Developer's Final Construction Plans, Drawings, Landscaping Plans, and Construction Contract for the Site.	
<u>Phase I</u>	Complete.
<u>Phase II</u>	Complete.
<u>Phase III</u>	Complete.
<u>Phase IV</u>	Complete.
<u>Phase V</u>	Complete.
5. <u>Submission of Certificates of Insurance.</u> The Developer shall furnish to HACOLA appropriate certificates of insurance policies.	Complete.
6. <u>Governmental Permits.</u> The Developer	Completed June 14, 2007 & June 21, 2007

<p>shall obtain any and all permits required by the County or any other governmental agency.</p>	
<p style="text-align: right;"><u>Phase I</u></p>	<p>Complete.</p>
<p style="text-align: right;"><u>Phase II</u></p>	<p>Complete.</p>
<p style="text-align: right;"><u>Phase III</u></p>	<p>Complete.</p>
<p style="text-align: right;"><u>Phase IV</u></p>	<p>Within 30 days after approval of the Final Construction Plans, Drawings, and Landscaping Plans.</p>
<p style="text-align: right;"><u>Phase V</u></p>	<p>Within 30 days after approval of the Final Construction Plans, Drawings, and Landscaping Plans.</p>
<p>7. <u>Signage Installation.</u> HACOLA shall approve or disapprove the Developer’s signage.</p>	<p>Completed on August 11, 2008.</p>
<p>8. <u>Submission of Security Plan and Marketing Plan.</u> The Developer shall submit to HACOLA, in a form acceptable to HACOLA, a plan for the security of the Site during and after construction, and a plan for the marketing and sale of the Assisted Unit, to include a resume for the marketing/sales agent and Affirmative Marketing form HUD-935.2B.</p>	<p>Complete.</p>
<p>9. <u>Commencement of Construction.</u> The Developer shall commence vertical construction of the project.</p>	
<p style="text-align: right;"><u>Phase I</u></p>	<p>Complete.</p>
<p style="text-align: right;"><u>Phase II</u></p>	<p>Complete.</p>
<p style="text-align: right;"><u>Phase III</u></p>	<p>Complete.</p>
<p style="text-align: right;"><u>Phase IV</u></p>	<p>Commencement of construction shall not be later than 30 days after the date set for obtaining Governmental Permits.</p>
<p style="text-align: right;"><u>Phase V</u></p>	<p>Commencement of construction shall not be later than 30 days after the date set for obtaining Governmental Permits.</p>
<p>10. <u>Commencement of Developer Framing.</u> The Developer shall commence construction of the framing.</p>	
<p style="text-align: right;"><u>Phase I</u></p>	<p>Complete.</p>
<p style="text-align: right;"><u>Phase II</u></p>	<p>Complete.</p>

<p>11. <u>Commencement of Roof Sheathing.</u> The Developer shall commence construction of the Roof.</p>	<p><u>Phase III</u> Complete. <u>Phase IV</u> Within 60 days of commencement of construction. <u>Phase V</u> Within 60 days of commencement of construction.</p>
<p>12. <u>Mechanical, Electrical, Plumbing.</u> The Developer shall commence Building Dept. inspections of mechanical, electrical and plumbing.</p>	<p><u>Phase I</u> Complete. <u>Phase II</u> Complete. <u>Phase III</u> Complete. <u>Phase IV</u> Within 30 days of framing completion. <u>Phase V</u> Within 30 days of framing completion.</p>
<p>13. <u>Installation of Drywall.</u> The Developer shall commence installation of the Drywall.</p>	<p><u>Phase I</u> Complete. <u>Phase II</u> Complete. <u>Phase III</u> Complete. <u>Phase IV</u> Within 120 days of commencement of construction. <u>Phase V</u> Within 120 days of commencement of construction.</p>
<p>14. <u>Installation of Cabinets and Doors.</u> The Developer shall commence installation of the Developer Cabinets and Doors.</p>	<p><u>Phase I</u> Complete. <u>Phase II</u> Complete. <u>Phase III</u> Complete. <u>Phase IV</u> Within 130 days of commencement of construction. <u>Phase V</u> Within 130 days of commencement of construction.</p>
<p>14. <u>Installation of Cabinets and Doors.</u> The Developer shall commence installation of the Developer Cabinets and Doors.</p>	<p><u>Phase I</u> Complete. <u>Phase II</u> Complete. <u>Phase III</u> Complete. <u>Phase IV</u> Within 150 days of drywall installation. <u>Phase V</u> Within 150 days of drywall installation.</p>

<p>15. <u>Identification of Qualified Homebuyers.</u> Developer shall identify qualified homebuyers for the Assisted Units. HACOLA shall approve or disapprove the homebuyers for the Assisted Units.</p>	<p><u>Phase I</u> Complete.  <u>Phase II</u> Complete.  <u>Phase III</u> Complete.  <u>Phase IV</u> 30 days prior to Developer Construction Completion.  <u>Phase V</u> 30 days prior to Developer Construction Completion.</p>
<p>16. <u>Completion of Construction.</u> Developer shall complete vertical construction of the project.</p>	<p><u>Phase I</u> Complete.  <u>Phase II</u> Complete.  <u>Phase III</u> Complete.  <u>Phase IV</u> Not later than 240 days after Construction Commencement.  <u>Phase V</u> Not later than 240 days after Construction Commencement.</p>
<p>17. <u>Issuance of Certificate of Completion.</u> HACOLA shall furnish the Developer with a Certificate of Completion.</p>	<p><u>Phase I</u> Complete.  <u>Phase II</u> Complete.  <u>Phase III</u> Complete.  <u>Phase IV</u> Within 30 days after Construction Completion.  <u>Phase V</u> Within 30 days after Construction Completion.</p>
<p>18. <u>Sale of Assisted Unit to a Qualified Buyer.</u> Developer shall complete close of escrow of the Assisted Unit to a Qualified Homebuyer.</p>	<p><u>Phase I</u> Complete.  <u>Phase II</u> Complete.  <u>Phase III</u> Within 90 after the Issuance of Certificate of Occupancy.  <u>Phase IV</u> Within 90 after the Issuance of Certificate of Occupancy.  <u>Phase V</u> Within 90 after the Issuance of Certificate of Occupancy.</p>



AMENDED EXHIBIT “K”  
HACOLA SECONDARY FINANCING NOTE

**NOTICE: This Note requires payment of the principal and contingent interest if certain events occur, and is subject to use, affordability and resale restrictions.**

**PROMISSORY NOTE**

(Second Note - Industry Fund Project No. YY1147-\_\_\_\_)  
(Second Note – HOME Fund Project No. HEXXXX-\_\_\_\_)

\_\_\_\_\_, 20\_\_\_\_\_, \_\_\_\_\_,  
California

Property Address: \_\_\_\_\_

FOR VALUE RECEIVED, the undersigned, \_\_\_\_\_ hereafter called “Borrower,” hereby jointly and severally promise to pay to THE HOUSING AUTHORITY OF COUNTY OF LOS ANGELES, a body corporate and politic, hereafter called “Lender,” or to Lender’s order, at such place as Lender may designate, lawful money of the United States of America in the amounts hereafter set forth. This Note shall not bear interest, except for the contingent deferred interest and default interest as provided below.

1. DEFINITIONS. The following definitions shall apply throughout this Note:

(A) Appraiser. An appraiser who is a MAI member of the American Institute of Real Estate Appraiser or a SRPA member of the Society of Real Estate Appraisers (or in case such professional designations are modified or discontinued, the most nearly equivalent successor designations.)

(B) Original Sales Price. Borrower’s original purchase price for the Property, namely \_\_\_\_\_ (\$\_\_\_\_\_).

(C) Principal Sum. The original principal amount of this Note, namely \_\_\_\_\_ (\$\_\_\_\_\_).

(D) Property. The real property at the address stated above, as legally described in the Deed of Trust executed concurrently with this Note.

(E) Sale or Transfer. The term “Sale or Transfer” shall include any sale, conveyance, lease, encumbrance, or alienation by Borrower of the Property, or any interest therein; the execution by Borrower of any contract of sale with respect to the Property, or any interest therein; the grant by Borrower of an option to purchase the Property, or any interest therein; the encumbrance of title to the Property by any lien or charge (other than the existing first lien encumbering the Property, or a refinancing thereof approved in writing by Lender), voluntary or involuntary, contractual or statutory, without the prior written consent of Lender; or any other

transfer by Borrower of the Property, or any portion thereof or interest therein, whether voluntary or involuntary. If Borrower is a corporation, partnership, association, trust, or other like legal entity, the terms "Sale or Transfer" shall include the sale, conveyance, alienation or transfer of any beneficial interest in the Borrower.

(F) Sales Price. The term "Sales Price" shall mean an amount equal to the purchase price paid for the Property upon a sale thereof in an arms-length transaction, including the fair market value of any non-cash consideration and the amount of any existing financing that the purchaser of the Property assumes or takes subject to.

(G) Fair Market Value. The term "Fair Market Value" means the fair market value of the Property determined in accordance with Section 3 or 5, as applicable.

(H) This Date. \_\_\_\_\_, 20\_\_\_\_, which shall be the same as the date of the Deed of Trust executed concurrently by Borrower in favor of Lender.

2. TIME OF PAYMENT. All sums due under this Note shall be due and payable in full on the first to occur of the following dates (the "Due Date"): (i) the date of the first Sale or Transfer of the Property; (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) the close of a probate estate following the death of Borrower (unless Borrower is more than one person and one or more of the other people comprising Borrower survives); and (iv) the date on which Lender accelerates all sums due under this Note as a result of a "default" by Borrower under Section 5 hereof and the expiration of any applicable cure periods. If no Due Date has previously occurred, then the entire Principal Sum shall be due and payable forty-five (45) years from the date of this Note.

3. AMOUNT OF PAYMENT. Upon the Due Date, Borrower shall pay to Lender an amount reasonably calculated by Lender as being the sum of (i) the Principal Sum, plus (ii) the percentage of the Net Appreciation (as that term is defined below), specified in the table below for the year in which the Due Date occurs. "Net Appreciation" is defined as the Sales Price (or Fair Market Value, under the circumstances described below) of the Property as of the Due Date minus the sum of (i) the Original Sales Price of the Property; (ii) the value of any capital improvements made by the Borrower and pre-approved by Lender ("Eligible Capital Improvements"), if any; (iii) customary closing costs paid by the Borrower in connection with the sale of the Property ("Eligible Closing Costs"); and (iv) the amount of any recapture liability of the Borrower under Section 143(m) of the Internal Revenue Code (the "Recapture Amount"). The term "HACOLA Percentage" as used in the table below is the ratio of the original Principal Sum of the Note divided by the Original Sales Price of the Property. In the event that the Due Date is triggered by an event other than sale of the entire Property to an unrelated third-party in a bona fide, arms length transaction, the determination of Net Appreciation will be made utilizing the Fair Market Value of the Property; provided that where Borrower and Lender are unable to agree upon the Fair Market Value, the determination thereof (subject to Section 5) will be made by an Appraiser selected by Lender. Borrower and Lender shall each pay one-half (1/2) of the cost of the appraisal of the Property prepared by the Appraiser selected by Lender. Borrower's share of the cost of the appraisal shall be an additional obligation which, together with other

sums payable hereunder, shall be secured by the deed of trust securing this Note (the “Deed of Trust”).

*As otherwise described in this Section 3, Borrower will be required to pay Lender on the Due Date the Principal Sum plus any amount equal to the applicable percentage (as shown in the table below) of the Net Appreciation (as defined above).*

Notwithstanding anything to the contrary in this Section 3, the amount due to Lender from the Borrower shall not exceed the amount remaining after subtracting from the Fair Market Value (or Sales Price, as applicable) of the Property as of the Due Date the sum of (i) the original principal amount of the first lien secured by the Property, (ii) the Borrower’s original down payment, (iii) the value of Eligible Capital Improvements, if any, (iv) Eligible Closing Costs, and (v) the Recapture Amount, if any.

**APPRECIATION SHARE**

DUE DURING YEAR	PERCENTAGE OF NET APPRECIATION	
1	50.00%	X HACOLA PERCENTAGE =
2	48.89%	X HACOLA PERCENTAGE =
3	47.78%	X HACOLA PERCENTAGE =
4	46.67%	X HACOLA PERCENTAGE =
5	45.56%	X HACOLA PERCENTAGE =
6	44.45%	X HACOLA PERCENTAGE =
7	43.34%	X HACOLA PERCENTAGE =
8	42.23%	X HACOLA PERCENTAGE =
9	41.12%	X HACOLA PERCENTAGE =
10	40.01%	X HACOLA PERCENTAGE =
11	38.90%	X HACOLA PERCENTAGE =
12	37.79%	X HACOLA PERCENTAGE =
13	36.68%	X HACOLA PERCENTAGE =
14	35.57%	X HACOLA PERCENTAGE =
15	34.46%	X HACOLA PERCENTAGE =
16	33.35%	X HACOLA PERCENTAGE =
17	32.24%	X HACOLA PERCENTAGE =
18	31.13%	X HACOLA PERCENTAGE =
19	30.02%	X HACOLA PERCENTAGE =
20	28.91%	X HACOLA PERCENTAGE =
21	27.80%	X HACOLA PERCENTAGE =
22	26.69%	X HACOLA PERCENTAGE =
23	25.28%	X HACOLA PERCENTAGE =
24	24.47%	X HACOLA PERCENTAGE =
25	23.36%	X HACOLA PERCENTAGE =
26	22.25%	X HACOLA PERCENTAGE =
27	21.14%	X HACOLA PERCENTAGE =
28	20.03%	X HACOLA PERCENTAGE =
29	18.92%	X HACOLA PERCENTAGE =

30	17.81%	X HACOLA PERCENTAGE =
31	16.70%	X HACOLA PERCENTAGE =
32	15.59%	X HACOLA PERCENTAGE =
33	14.48%	X HACOLA PERCENTAGE =
34	13.37%	X HACOLA PERCENTAGE =
35	12.26%	X HACOLA PERCENTAGE =
36	11.15%	X HACOLA PERCENTAGE =
37	10.04%	X HACOLA PERCENTAGE =
38	8.93%	X HACOLA PERCENTAGE =
39	7.82%	X HACOLA PERCENTAGE =
40	6.71%	X HACOLA PERCENTAGE =
41	5.60%	X HACOLA PERCENTAGE =
42	4.49%	X HACOLA PERCENTAGE =
43	3.38%	X HACOLA PERCENTAGE =
44	2.27%	X HACOLA PERCENTAGE =
45	1.16%	X HACOLA PERCENTAGE =

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

When the net proceeds are insufficient to repay both this Note and the Borrower’s investment in the Property, the Borrower shall receive the full amount of Borrower’s investment and the balance of the net proceeds shall be paid to Lender. “Net proceeds” is defined as the Sales Price minus first lien repayments through escrow and Eligible Closing Costs. “Borrower’s investment” is defined as the following costs, if paid by Borrower: down payment, payments to reduce the Principal Sum, and the cost of Eligible Capital Improvements made to the Property after purchase.

4. RIGHT OF FIRST REFUSAL (ROFR). Notwithstanding anything to the contrary in this Note, in the event the Borrower should choose to effect a Sale or Transfer of the Property, the Lender shall, in any and all circumstances, have a Right of First Refusal (“ROFR”). The ROFR shall provide the Lender the first right to purchase the Property at the Fair Market Value, which shall be determined in accordance with the procedure set forth in Section 3. The Sales Price to the Lender shall be the Fair Market Value so determined, less the Principal Sum due under this Note and the percentage of Net Appreciation, as set forth in the tables provided in Section 3. The Lender shall have twenty (20) days following receipt of Borrower’s written offer of the ROFR to accept or reject such offer by serving Borrower with written notice of Lender’s decision. If Lender rejects the ROFR offer or fails to accept or reject the ROFR offer within such twenty (20) day period, then such failure or rejection shall be deemed an irrevocable rejection of the ROFR offer and the ROFR offer shall expire and be of no further force or effect, and Borrower shall thereafter have the right to effect a Sale or Transfer of the Property to any third party, which shall trigger the Net Appreciation requirement and other payments to Lender under Section 3.

If Lender accepts in writing the ROFR offer within the twenty (20) day period following Borrower’s service of the ROFR offer, then within twenty (20) days after Lender’s acceptance of

the ROFR a sales escrow shall be opened and closed as soon as practical but not later than sixty (60) calendar days after receipt of Borrower's notice of intent to transfer. Funds will be disbursed upon closing of escrow. Borrower and Lender shall execute a purchase and sale agreement in standard form acceptable to the Lender. If the Lender exercises its option to purchase yet does not close escrow within the sixty (60) day period, the ROFR shall automatically terminate. However, if escrow does not close for reasons beyond the Lender's control, then the ROFR will not terminate.

5. DEFAULTS AND LENDER'S REMEDIES. Each of the following shall be a "default" under this Note:

- (A) Borrower's failure or delay to make any timely payment of principal or interest when due under this Note, or satisfy any other monetary obligation under this Note or the Deed of Trust (this Note and the Deed of Trust collectively, the "Loan Documents");
- (B) Borrower's failure or delay in performing any other term or provision of this Note;
- (C) Borrower's failure to occupy the Property in accordance with the nondiscrimination and affordability restrictions set forth in the Deed of Trust, which, as more particularly provided therein, restrict occupancy of the Property to lower income persons having household incomes no greater than 80 percent of area median income as determined from time to time by the U.S. Department of Housing and Urban Development (HUD);
- (D) Borrower's failure or delay in performing any term or provision (not otherwise described in (A) through (C) above) of the Loan Documents;
- (E) Borrower's default under its obligations to the holder of any other lien or encumbrance recorded against the Property;
- (F) Borrower becomes insolvent or the subject of any bankruptcy or other voluntary or involuntary proceeding for the adjustment of debtor-creditor relationships, and in the case of any involuntary proceeding, such proceeding is not dismissed within ninety (90) days;
- (G) Borrower intentionally or fraudulently misrepresented income information submitted to Lender under the Loan Documents, or any application materials provided to Lender in connection therewith.

Upon the occurrence of a "default," the Lender, prior to acceleration, shall give notice to Borrower as provided in Section 15 (the "Notice") hereof specifying:

- (a) the default;
- (b) the action required to cure such default, if curable;
- (c) a date, not less than ten (10) days from the date the Notice is mailed to Borrower, by which such default must be cured (provided that with respect to any default described in items

(B), (D) and (E), Borrower shall be given thirty (30) days from the date the Notice is mailed to Borrower to cure such default; provided further, however, if any such default is reasonably curable, but requires more than thirty (30) days to cure, Borrower shall be given such longer period if, immediately after Borrower's receipt of the Notice, Borrower commences to promptly cure such default and thereafter diligently pursues such cure to completion (in any event within 120 days); and

(d) that failure to cure such breach on or before the date specified in the Notice may result in acceleration of the sums due under this Note and a sale of the Property.

The Notice shall further inform Borrower of the right to reinstate after acceleration and the right to bring a court action to assert the nonexistence of a default or any other defense of Borrower to acceleration and sale.

If the default is not cured on or before the time specified in the Notice, the Lender, at its option, may declare all of the sums due under this Note to be immediately due and payable without further demand and may invoke under its Deed of Trust the power of sale and any other remedies permitted by applicable law. As otherwise provided in Section 9 hereof, Lender shall be entitled to collect all reasonable costs and expenses incurred in pursuing the remedies provided in this Section 5, including but not limited to, reasonable attorneys' fees.

NOTWITHSTANDING ANYTHING TO THE CONTRARY IN THIS SECTION 5, IN THE EVENT BORROWER IS IN DEFAULT OF THIS NOTE UNDER ITEMS (C) AND (G) ABOVE (AND IN THE CASE OF (C), BORROWER DOES NOT DILIGENTLY PURSUE CURE OF SUCH DEFAULT BY LISTING THE PROPERTY FOR SALE AND ACCEPTING ANY OFFER TO PURCHASE THE PROPERTY AT OR IN EXCESS OF THE FAIR MARKET VALUE DETERMINED BY LENDER IN ACCORDANCE WITH THIS SECTION 5), THE PARTIES AGREE THAT THE LENDER WILL SUSTAIN DAMAGES BY REASON THEREOF WHICH WOULD BE UNCERTAIN. BORROWER AND LENDER FURTHER AGREE THAT THE AMOUNTS CALCULATED AS HEREINAFTER SET FORTH SHALL BE PAID AND DELIVERED TO THE LENDER 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 LENDER. IT IS IMPRACTICABLE AND EXTREMELY DIFFICULT TO FIX THE AMOUNT OF SUCH DAMAGES TO THE LENDER, 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 NET APPRECIATION TABLE SHOWN IN SECTION 3 OF THIS NOTE. THE PARTIES AGREE THAT SUCH LIQUIDATED AND AGREED DAMAGES SHALL BE PAID IN LIEU OF (AND NOT IN ADDITION TO) THE NET APPRECIATION PERCENTAGE AMOUNTS TO BE PAID PURSUANT TO SECTION 3 OF THIS NOTE (BUT THAT SUCH LIQUIDATED DAMAGES SHALL IN ANY EVENT BE IN ADDITION TO THE AMOUNT OF THE PRINCIPAL SUM WHICH IS DUE AND PAYABLE AS A RESULT OF SUCH DEFAULT, AND SHALL IN NO WAY IMPAIR LENDER'S RIGHTS TO EXERCISE A POWER OF

SALE OR FORECLOSE UNDER THE DEED OF TRUST IN ORDER TO COLLECT THE PRINCIPAL SUM AND ANY OTHER SUMS PAYABLE HEREUNDER) AND THAT SUCH LIQUIDATED AND AGREED DAMAGES SHALL BE DUE AND PAYABLE TO THE LENDER SIXTY (60) DAYS AFTER THE OCCURRENCE OF A DEFAULT SPECIFIED HEREIN THAT IS NOT SOONER CURED, BUT NO LATER THAN REPAYMENT OF THE NOTE.

BORROWER SPECIFICALLY ACKNOWLEDGES THIS LIQUIDATED DAMAGES PROVISION BY ITS INITIALS BELOW:

\_\_\_\_\_  
BORROWER

\_\_\_\_\_  
BORROWER

6. PREPAYMENT. Borrower shall have the right at any time to repay this Note, provided that any prepayment must be in full and not in part. The amount payable in full by Borrower shall be the sum of (i) the Principal Sum, and (ii) the applicable Net Appreciation Percentage payment described in Section 3 above.

7. SECURITY. This Note is secured by the Deed of Trust of even date herewith.

8. JOINT AND SEVERAL. The undersigned, if more than one, shall be jointly and severally liable hereunder.

9. ATTORNEYS FEES. If any default is made hereunder, Borrower further promises to pay reasonable attorney fees and costs and expenses incurred by the Lender in connection with any such default or any other action or other proceeding brought to enforce any of the provisions of this Note. The Lender's right to such fees shall not be limited to or by its representation by staff counsel, and such representation shall be valued at customary and reasonable rates for private sector legal services.

10. TIME. Time is of the essence herein.

11. AMENDMENTS. This Note may not be modified or amended except by an instrument in writing executed by the parties to be bound thereby.

12. SEVERABILITY. The covenants of this Note are severable. Invalidation of any covenant or any part thereof by law, judgment, or court order shall not affect any other covenants.

13. PLACE OF PAYMENT. Borrower will make payment of all amounts due to Lender under this Note to Lender at 2 Coral Circle, Monterey Park, California 91755, or such other address as Lender may designate in writing to Borrower.



14. **BORROWER'S WAIVERS.** Borrower waives any rights to require the Lender to do certain things. Those things are: (A) to demand payment of amounts due (known as “presentment”); (B) to give notice that amounts due have not been paid (known as “notice of dishonor”); and (C) to obtain an official certification of nonpayment (known as a “protest”).

15. **GIVING OF NOTICE.** Any notice given to Borrower under this Note shall be given by personally delivering it or by mailing it certified mail, postage prepaid, return receipt requested, addressed to Borrower at the address specified below. A notice will be delivered or mailed to Borrower at a different address if Borrower gives the Lender written notice of Borrower's different address. Any notice given to the Lender under this Note shall be given by personal delivery or by mailing it certified mail, postage prepaid, return receipt requested, to the address stated specified below. A notice will be mailed to the Lender at a different address if Borrower is given a written notice of that different address.

If to Lender:                   Housing Authority of the County of Los Angeles  
  2 Coral Circle  
  Monterey Park, California 91755-7425  
  Attn: Executive Director

With a copy to:               Housing Authority of the County of Los Angeles  
  2 Coral Circle  
  Monterey Park, California 91755-7425  
  Attn: Director of Housing Development and Preservation

If to Borrower:               To the Property address stated on Page 1 above.

16. **DEFAULT INTEREST.** In the event that any amounts which Borrower is obligated to pay Lender under the terms of this Note are not paid when due, such amounts shall thereafter bear interest at an annual rate of five percent (5%) (the “Default Rate”).

17. **LENDER MAY ASSIGN.** Lender may, at its option, assign its right to receive payment under this Note without necessity of obtaining the consent of the Borrower.

18. **BORROWER ASSIGNMENT PROHIBITED.** In no event shall Borrower assign or transfer any portion of this Note without the prior express written consent of the Lender. This consent may be given or withheld in the Lender’s sole discretion. This Section 18 shall not affect or diminish the Lender’s right to assign all or any portion of its rights to the loan proceeds hereunder.

19. **PROPERTY MAINTENANCE.** Borrower hereby agrees to the following property maintenance terms and that failure to comply with these terms will constitute nonmonetary default to the loan.

(i) There shall be at least two covered parking spaces designated for each single-family residence. The required parking spaces shall be maintained continuously available for vehicular parking only and shall not be used for storage, automobile repair, or any other unauthorized use;

(ii) The wall, gate, landscaping, and irrigation system located within the front yard shall be continuously and properly maintained in good condition and replaced as necessary;

(iii) All structures, walls and fences open to public view shall remain free of extraneous markings, drawings, or signage. These shall include any of the above that do not directly relate to the use of the property, or that do not provide pertinent information about the premises. The only exceptions shall be seasonal decorations or signage provided under the auspices of a civic or non-profit organization; and

(iv) In the event any such extraneous markings occur, they shall be removed or covered within 24 hours of such occurrence, weather permitting. Paint utilized in covering such markings shall be of a color that matches, as closely as possible the color of the adjacent surfaces.

20. SUCCESSORS BOUND. This Note shall be binding upon the parties hereto and their respective heirs, devisees, successors and assigns. Lender includes any successor or assign of Lender.

IN WITNESS WHEREOF, the undersigned have executed this instrument as of the date first written above.

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BORROWER

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BORROWER

AMENDED EXHIBIT "L"

HACOLA SECONDARY FINANCING DEED OF TRUST

OFFICIAL BUSINESS

Document entitled to free recording per Govt. Code Section 6103.

Recording Requested by and When Recorded Mail To:

COMMUNITY DEVELOPMENT COMMISSION OF THE COUNTY OF LOS ANGELES 2 Coral Circle Monterey Park, CA 91755-7425 Attn.: Director of Housing Development and Preservation

(SPACE ABOVE LINE FOR RECORDER'S USE)

THIS DEED OF TRUST INCLUDES USE, AFFORDABILITY AND RESALE RESTRICTIONS

DEED OF TRUST

(Second Deed of Trust on For-Sale Unit - Industry Fund Project No. YY1147- \_\_\_) (Second Deed of Trust on For-Sale Unit - HOME Fund Project No. HEXXXX-\_\_\_)

This DEED OF TRUST is made this \_\_\_ day of \_\_\_, 200\_, by and among (Buyer(s)) \_\_\_ (herein, "Trustor"), \_\_\_ (Title Company) (herein "Trustee"), and the HOUSING AUTHORITY OF THE COUNTY OF LOS ANGELES, a public body corporate and politic (herein "Beneficiary"), 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 located in the County of Los Angeles, State of California, which has the address of:

\_\_\_, California (herein "Property Address"); and legally described in Exhibit "A" attached hereto;

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 Beneficiary 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 herein collectively referred to as the "Property".

The Deed of Trust secures performance of all of Trustor's covenants and agreements by and between Trustor and Beneficiary and the Promissory Note in the principal sum of \$\_\_\_\_\_ Dollars (\$\_\_\_\_\_) (herein "Note") executed by Trustor in favor of Beneficiary dated \_\_\_\_\_, 200\_\_ and extensions and renewals thereof, and the payment of all other sums, with interest thereon, advanced in accordance herewith to protect the security of this Deed of Trust.

Trustor covenants that Trustor is lawfully seized of the estate hereby conveyed and has the right to grant and convey the Property, and that 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 covenants and agrees 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 the Property, including but not limited to assessments on appurtenant water stock, when due, and all encumbrances, charges and liens, with interest, on the Property or any part thereof.
2. **PRIOR MORTGAGEES AND DEEDS OF TRUST; CHARGES; LIENS.** Trustor shall perform all of Trustor's obligations under any mortgage, deed of trust, CC&Rs or other lien or encumbrance on the Property. Trustor shall pay or cause to be paid all taxes, assessments and other charges, rents, 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 Beneficiary may require and in such amounts and for such periods as Beneficiary may require.

All insurance policies and renewals thereof shall be in a form acceptable to Beneficiary and shall include a standard mortgage clause in favor of and in a form acceptable to Beneficiary. Beneficiary 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 Beneficiary. Beneficiary may make proof of loss if not made promptly by Trustor.

If the Property is abandoned by Trustor, or if Trustor fails to respond to Beneficiary within thirty (30) days from the date notice is mailed by Beneficiary to Trustor that the insurance carrier

offers to settle a claim for insurance benefits, Beneficiary is authorized to collect and apply the insurance proceeds at Beneficiary'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.** Trustor shall maintain the housing in compliance with the Housing Quality Standards designated by Beneficiary 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 BENEFICIARY 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 Beneficiary's interest in the Property, then Beneficiary, at Beneficiary'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 Beneficiary's interest.

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

6. **INSPECTION.** Beneficiary may make or cause to be made reasonable entries upon and inspections of the Property, provided that Beneficiary will give Trustor notice prior to any such inspection, specifying reasonable cause therefor related to Beneficiary'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 Beneficiary 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 BENEFICIARY NOT WAIVER.** Extension of the time for payment or modification of amortization of the sums secured by this Deed of Trust granted by Beneficiary 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. Beneficiary 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 Beneficiary 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 the respective successors and assigns of Beneficiary 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, return receipt requested, addressed to Trustor at the Property address or such other address as Trustor may designate by notice to Beneficiary as provided herein; and,
- (b) any notice to Beneficiary will be given by certified mail, return receipt requested, to Beneficiary's address as set forth below or to such other address as Beneficiary may designate by notice to Trustor as provided herein.

To Beneficiary:           Housing Authority of the County of Los Angeles  
                                  2 Coral Circle  
                                  Monterey Park, California 91755-7425  
                                  Attn: Executive Director

With a copy to:           Housing Authority of the County of Los Angeles  
                                  2 Coral Circle  
                                  Monterey Park, California 91755-7425  
                                  Attn: Director of Housing Development and Preservation

Any Notice provided for in this Deed of Trust shall be deemed to have been given to Trustor or Beneficiary 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. RIGHT OF FIRST REFUSAL (ROFR). In the event Trustor should choose to sell or transfer the Property, the Beneficiary shall, in any and all circumstances, retain the Right of First Refusal (“ROFR”) as provided in Section 4 of the Note.

14. ACCELERATION AND APPRECIATION SHARE DUE ON TRANSFER OR OTHER CREDIT. On the Due Date (as defined in the Note) and in accordance with the tables set forth in Section 3 of the Note, Trustor shall pay to Beneficiary the outstanding principal amount of the Note, plus the percentage of the Net Appreciation (as that term is defined in the Note). As more particularly described in the Note, the Due Date occurs on the earliest of the following: (i) the date of the first sale, transfer or encumbrance of the Property; (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) 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); and (iv) the date on which Beneficiary accelerates all sums due under the Note as a result of a default by Trustor.

15. ACCELERATION, REMEDIES. Upon Trustor’s default of any covenants or agreements of Trustor in this Deed of Trust, including the covenants to pay when due any sums due under the Note and secured by this Deed of Trust, Beneficiary, prior to acceleration, shall give notice to Trustor as provided in Section 10 (the “Notice”) hereof specifying:

- (a) the default;
- (b) the action required to cure such default;
- (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 (provided that with respect to any default described in items (B), (D) and (E), Trustor shall be given thirty (30) days from the date the Notice is mailed to Trustor to cure such default; provided further, however, if any such default requires more than thirty (30) days to cure, Trustor shall be given such longer period if, immediately after Trustor’s receipt of the Notice, Trustor commences to promptly cure such default and thereafter diligently pursues such cure to completion ) in any event within 120 days from the date of the Notice); 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 Trustor to acceleration and sale.

If the default is not cured on or before the time specified in the Notice, Beneficiary, at Beneficiary’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 by the Trustor, foreclosure and/or any other remedies permitted by applicable law. Beneficiary shall be entitled to collect all reasonable costs and expenses incurred in pursuing the remedies provided in this Section 15, including but not limited to, reasonable attorneys’ fees.



16. DEFAULTS.

Each of the following shall be a “default” under this Deed of Trust:

- (a) Trustor’s failure or delay to make any timely payment of principal or interest when due under the Note, or satisfy any other monetary obligation under the Note, or this Deed of Trust (collectively, the “Loan Documents”);
- (b) Trustor’s failure or delay in performing any other term or provision of the Note;
- (c) Trustor’s sale, transfer or encumbrance of the Property, except in full accordance with the Note and this Deed of Trust;
- (d) Trustor’s failure or delay in performing any term or provision (not otherwise described in (a) through (c) above) of the Loan Documents;
- (e) Trustor’s default under its obligations to the holder of the First Deed of Trust recorded against the Property;
- (f) Trustor becomes insolvent or the subject of any bankruptcy or other voluntary or involuntary proceeding for the adjustment of debtor-creditor relationships, and in the case of any involuntary proceeding, such proceeding is not dismissed within ninety (90) days; and
- (g) Trustor intentionally or fraudulently misrepresented income information submitted to Beneficiary under the Loan Documents, or any application and supporting information provided to Beneficiary in connection therewith.

17. TRUSTOR’S RIGHT TO REINSTATE. Notwithstanding Beneficiary’s acceleration of the sums secured by this Deed of Trust due to Trustor’s default, Trustor shall have the right to have any proceedings begun by Beneficiary 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 Beneficiary 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; and/or the Note;
- (c) Trustor pays all reasonable expenses incurred by Beneficiary and Trustor in enforcing the covenants and agreements of Trustor contained in this Deed of Trust and in enforcing remedies as provided in paragraph 15 hereof, including, but not limited to, reasonable attorneys’ fees; and

- (d) Trustor takes such action as Beneficiary may reasonably require to assure that the lien of this Deed of Trust, Beneficiary'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. The parties hereby acknowledge that no cure or reinstatement opportunity shall apply in the event of a sale, transfer or encumbrance of the Property not in conformity with the requirements of the Note and this Deed of Trust, unless the sale, transfer or encumbrance is canceled by mutual agreement of the parties thereto within 15 days of Beneficiary's obtaining knowledge thereof.

18. **ASSIGNMENT OF RENTS; APPOINTMENT OF RECEIVER; BENEFICIARY IN POSSESSION; POWER OF SALE.** As additional security hereunder, Trustor hereby assigns to Beneficiary the rents and income of the Property, provided that Trustor shall, prior to acceleration under Section 15 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 Section 15 hereof or abandonment of the Property, Beneficiary, 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 Beneficiary 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. Beneficiary and the receiver shall be liable to account only for those rents and income actually received.

Following acceleration under Section 15 hereof, and after the giving of such notices and the lapse of such time as may then be required by law following the recordation of a notice of default, and notice of sale having been given as then required by law, Trustee, without demand on Trustor, shall sell the Property at the time and place fixed by it in said notice of sale, either as a whole or in separate parcels, and in such order as it may determine, at public auction to the highest bidder for cash in lawful money of the United States, payable at time of sale. Trustee may postpone sale of all or any portion of the Property by public announcement at such time and place of sale, and from time to time thereafter may postpone such sale by public announcement at the time fixed by the preceding postponement. Trustee shall deliver to such purchaser its deed conveying the Property so sold, but without any covenant or warranty, express or implied. The recitals in such deed of any matters or facts shall be conclusive proof of the truthfulness thereof. Any person, including Trustor, Trustee or Beneficiary, may purchase at such sale.

After deducting all costs, fees and expenses of Trustee, including cost of evidence of title in connection with sale, Trustee shall apply the proceeds of sale to payment of: first, all sums expended by the Beneficiary under the terms hereof or under the Note, not then repaid, with accrued interest; second, all other sums then secured hereby; and the remainder, if any, to the person or persons legally entitled thereto.

19. RECONVEYANCE. Upon payment of all sums secured by this Deed of Trust, Beneficiary shall request Trustor to reconvey the Property and will surrender this Deed of Trust and the Note evidencing indebtedness secured by this Deed of Trust to Trustor. Trustor 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.

20. SUBORDINATION. Beneficiary 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 recorded against the Property (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 protecting or further securing the lien of the First Deed of Trust, curing defaults by Trustor under the First Deed of Trust or for any other purpose expressly permitted by the First Deed of Trust. 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 lower 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 Trustor or a related entity of 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 holder of the First Deed of Trust 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.

In connection with the subordination provided in this Section 20, Beneficiary specifically finds and determines that an economically feasible alternative method of financing, refinancing, or assisting the units or parcels on substantially comparable terms and conditions, but without subordination, is not reasonably available.

21. SUBSTITUTE TRUSTEE. Beneficiary, at Beneficiary's option, may from time to time appoint a successor Trustee to any Trustee appointment hereunder by an instrument executed and acknowledged by Beneficiary 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, Trustor and Trustee, 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 Trustee herein and by applicable law. This procedure for substitution of Trustee shall govern to the exclusion of all other provisions for substitution.

22. REQUEST FOR NOTICES. Trustor requests that copies of the notice of sale be sent to Trustor's address which is the Property address.

23. STATEMENT OF OBLIGATION. Beneficiary 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.

24. WARRANTIES OF TRUSTOR. Trustor represents, warrants and covenants to Beneficiary as follows:

- (a) That Trustor's annual household gross income does not exceed eighty percent (80%) of the Area Median Income (as defined below), on the later of:
  - (1) the date Trustor's initial occupancy of the Property; or
  - (2) the date of the recordation of this Deed of Trust.
- (b) That for so long as Trustor owns the Property (or 45 years from the date hereof, whichever period is shorter), Trustor will reside in the Property as Trustor's principal place of residence.

"Area Median Income" shall mean the median income for the Los Angeles/Long Beach area, adjusted for household size, and as defined and periodically adjusted by the United States Department of Housing and Urban Development (HUD), or any successor entity designated under state law as responsible for establishing such area median income.

25. NONDISCRIMINATION. Trustor covenants by and for itself, its successors 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, religion, sex, marital status, national origin or ancestry in the sale, lease, sublease, transfer, use, , tenure, or enjoyment of the Property, nor shall Trustor itself or any person claiming under or through Trustor, 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 Property.

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 Trustor'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 its restrictions.

27. PROPERTY MAINTENANCE. Trustor hereby agrees to the following property maintenance terms and that failure to comply with these terms will constitute nonmonetary default to the loan.

- (i) There shall be at least two covered parking spaces designated for each single-family residence. The required parking spaces shall be maintained continuously available for

vehicular parking only and shall not be used for storage, automobile repair, or any other unauthorized use;

- (ii) The wall, gate, landscaping, and irrigation system located within the front yard shall be continuously and properly maintained in good condition and replaced as necessary;
- (iii) All structures, walls and fences open to public view shall remain free of extraneous markings, drawings, or signage. These shall include any of the above that do not directly relate to the use of the property, or that do not provide pertinent information about the premises. The only exceptions shall be seasonal decorations or signage provided under the auspices of a civic or non-profit organization; and
- (iv) In the event, any such extraneous markings occur, they shall be removed or covered within 24 hours of such occurrence, weather permitting. Paint utilized in covering such markings shall be of a color that matches, as closely as possible the color of the adjacent surfaces.

Note: The restrictions imposed by this Deed of Trust must terminate upon acceptance of a Deed in Lieu of foreclosure or foreclosure of the first mortgage, and may not reattach to the Property upon resale of the Property.

Date: \_\_\_\_\_

\_\_\_\_\_  
Trustor

Date: \_\_\_\_\_

\_\_\_\_\_  
Trustor

Exhibit A  
Legal Description

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

Beneficiary requests 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 Beneficiary’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.

Date: \_\_\_\_\_ \_\_\_\_\_  
Trustor

Date: \_\_\_\_\_ \_\_\_\_\_  
Trustor

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

STATE OF CALIFORNIA                )  
  ) ss  
COUNTY OF LOS ANGELES        )

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

WITNESS my hand and official seal.

\_\_\_\_\_

( SEAL)

AMENDED EXHIBIT "M"  
TERTIARY FINANCING NOTE



**NOTICE: This Note requires payment of the principal and contingent interest if certain events occur, and is subject to use, affordability and resale restrictions.**

**PROMISSORY NOTE**

(Third Note - Industry Fund Project No. YY1147- \_\_\_\_)

(Third Note – HOME Fund Project No. HEXXXX-\_\_\_\_)

\_\_\_\_\_, 20\_\_\_\_\_, \_\_\_\_\_, California

Property Address: \_\_\_\_\_

FOR VALUE RECEIVED, the undersigned, \_\_\_\_\_ hereafter called “Borrower,” hereby jointly and severally promise to pay to THE HOUSING AUTHORITY OF COUNTY OF LOS ANGELES, a body corporate and politic, hereafter called “Lender,” or to Lender’s order, at such place as Lender may designate lawful money of the United States of America in the amounts hereafter set forth. This Note shall not bear interest, except for the contingent deferred interest and default interest as provided below.

1. DEFINITIONS. The following definitions shall apply throughout this Note:

(A) Appraiser. An appraiser who is a MAI member of the American Institute of Real Estate Appraiser or a SRPA member of the Society of Real Estate Appraisers (or in case such professional designations are modified or discontinued, the most nearly equivalent successor designations.)

(B) Original Sales Price. Borrower’s original purchase price for the Property, namely \_\_\_\_\_ (\$\_\_\_\_\_).

(C) Principal Sum. The original principal amount of this Note, namely \_\_\_\_\_ (\$\_\_\_\_\_).

(E) Property. The real property at the address stated above, as legally described in the Deed of Trust executed concurrently with this Note.

(E) Sale or Transfer. The term “Sale or Transfer” shall include any sale, conveyance, lease, encumbrance, or alienation by Borrower of the Property, or any interest therein; the execution by Borrower of any contract of sale with respect to the Property, or any interest therein; the grant by Borrower of an option to purchase the Property, or any interest therein; the encumbrance of title to the Property by any lien or charge (other than the existing first lien encumbering the Property, or a refinancing thereof approved in writing by Lender), voluntary or involuntary, contractual or statutory, without the prior written consent of Lender; or any other transfer by Borrower of the Property, or any portion thereof or interest therein, whether voluntary

or involuntary. If Borrower is a corporation, partnership, association, trust, or other like legal entity, the terms "Sale or Transfer" shall include the sale, conveyance, alienation or transfer of any beneficial interest in the Borrower.

(F) Sales Price. The term "Sales Price" shall mean an amount equal to the purchase price paid for the Property upon a sale thereof in an arms-length transaction, including the fair market value of any non-cash consideration and the amount of any existing financing that the purchaser of the Property assumes or takes subject to.

(G) Fair Market Value. The term "Fair Market Value" means the fair market value of the Property determined in accordance with Section 3 or 5, as applicable.

(H) This Date. \_\_\_\_\_, 20\_\_\_\_, which shall be the same as the date of the Deed of Trust executed concurrently by Borrower in favor of Lender.

2. TIME OF PAYMENT. All sums due under this Note shall be due and payable in full on the first to occur of the following dates (the "Due Date"): (i) the date of the first Sale or Transfer of the Property; (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) the close of a probate estate following the death of Borrower (unless Borrower is more than one person and one or more of the other people comprising Borrower survives); and (iv) the date on which Lender accelerates all sums due under this Note as a result of a "default" by Borrower under Section 5 hereof and the expiration of any applicable cure periods. If no Due Date has previously occurred, then the entire Principal Sum shall be due and payable forty-five (45) years from the date of this Note.

3. AMOUNT OF PAYMENT. Upon the Due Date, Borrower shall pay to Lender an amount reasonably calculated by Lender as being the sum of (i) the Principal Sum, plus (ii) the percentage of the Net Appreciation (as that term is defined below), specified in the table below for the year in which the Due Date occurs. "Net Appreciation" is defined as the Sales Price (or Fair Market Value, under the circumstances described below) of the Property as of the Due Date minus the sum of (i) the Original Sales Price of the Property; (ii) the value of any capital improvements made by the Borrower and pre-approved by Lender ("Eligible Capital Improvements"), if any; (iii) customary closing costs paid by the Borrower in connection with the sale of the Property ("Eligible Closing Costs"); and (iv) the amount of any recapture liability of the Borrower under Section 143(m) of the Internal Revenue Code (the "Recapture Amount"). The term "HACOLA Percentage" as used in the table below is the ratio of the original Principal Sum of the Note divided by the Original Sales Price of the Property. In the event that the Due Date is triggered by an event other than sale of the entire Property to an unrelated third-party in a bona fide, arms length transaction, the determination of Net Appreciation will be made utilizing the Fair Market Value of the Property; provided that where Borrower and Lender are unable to agree upon the Fair Market Value, the determination thereof (subject to Section 5) will be made by an Appraiser selected by Lender. Borrower and Lender shall each pay one-half (1/2) of the cost of the appraisal of the Property prepared by the Appraiser selected by Lender. Borrower's share of the cost of the appraisal shall be an additional obligation which, together with other sums payable hereunder, shall be secured by the deed of trust securing this Note (the "Deed of Trust").

*As otherwise described in this Section 3, Borrower will be required to pay Lender on the Due Date the Principal Sum plus any amount equal to the applicable percentage (as shown in the table below) of the Net Appreciation (as defined above).*

Notwithstanding anything to the contrary in this Section 3, the amount due to Lender from the Borrower shall not exceed the amount remaining after subtracting from the Fair Market Value (or Sales Price, as applicable) of the Property as of the Due Date the sum of (i) the original principal amount of the first lien secured by the Property, (ii) the Borrower's original down payment, (iii) the value of Eligible Capital Improvements, if any, (iv) Eligible Closing Costs, and (v) the Recapture Amount, if any.

**APPRECIATION SHARE**

DUE DURING YEAR	PERCENTAGE OF NET APPRECIATION	
1	50.00%	X HACOLA PERCENTAGE =
2	48.89%	X HACOLA PERCENTAGE =
3	47.78%	X HACOLA PERCENTAGE =
4	46.67%	X HACOLA PERCENTAGE =
5	45.56%	X HACOLA PERCENTAGE =
6	44.45%	X HACOLA PERCENTAGE =
7	43.34%	X HACOLA PERCENTAGE =
8	42.23%	X HACOLA PERCENTAGE =
9	41.12%	X HACOLA PERCENTAGE =
10	40.01%	X HACOLA PERCENTAGE =
11	38.90%	X HACOLA PERCENTAGE =
12	37.79%	X HACOLA PERCENTAGE =
13	36.68%	X HACOLA PERCENTAGE =
14	35.57%	X HACOLA PERCENTAGE =
15	34.46%	X HACOLA PERCENTAGE =
16	33.35%	X HACOLA PERCENTAGE =
17	32.24%	X HACOLA PERCENTAGE =
18	31.13%	X HACOLA PERCENTAGE =
19	30.02%	X HACOLA PERCENTAGE =
20	28.91%	X HACOLA PERCENTAGE =
21	27.80%	X HACOLA PERCENTAGE =
22	26.69%	X HACOLA PERCENTAGE =
23	25.28%	X HACOLA PERCENTAGE =
24	24.47%	X HACOLA PERCENTAGE =
25	23.36%	X HACOLA PERCENTAGE =
26	22.25%	X HACOLA PERCENTAGE =
27	21.14%	X HACOLA PERCENTAGE =
28	20.03%	X HACOLA PERCENTAGE =
29	18.92%	X HACOLA PERCENTAGE =
30	17.81%	X HACOLA PERCENTAGE =
31	16.70%	X HACOLA PERCENTAGE =
32	15.59%	X HACOLA PERCENTAGE =
33	14.48%	X HACOLA PERCENTAGE =
34	13.37%	X HACOLA PERCENTAGE =
35	12.26%	X HACOLA PERCENTAGE =
36	11.15%	X HACOLA PERCENTAGE =
37	10.04%	X HACOLA PERCENTAGE =
38	8.93%	X HACOLA PERCENTAGE =
39	7.82%	X HACOLA PERCENTAGE =
40	6.71%	X HACOLA PERCENTAGE =
41	5.60%	X HACOLA PERCENTAGE =
42	4.49%	X HACOLA PERCENTAGE =

43	3.38%	X HACOLA PERCENTAGE =
44	2.27%	X HACOLA PERCENTAGE =
45	1.16%	X HACOLA PERCENTAGE =

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

When the net proceeds are insufficient to repay both this Note and the Borrower’s investment in the Property, the Borrower shall receive the full amount of Borrower’s investment and the balance of the net proceeds shall be paid to Lender. “Net proceeds” is defined as the Sales Price minus first lien repayments through escrow and Eligible Closing Costs. “Borrower’s investment” is defined as the following costs, if paid by Borrower: down payment, payments to reduce the Principal Sum, and the cost of Eligible Capital Improvements made to the Property after purchase.

4. RIGHT OF FIRST REFUSAL (ROFR). Notwithstanding anything to the contrary in this Note, in the event the Borrower should choose to effect a Sale or Transfer of the Property, the Lender shall, in any and all circumstances, have a Right of First Refusal (“ROFR”). The ROFR shall provide the Lender the first right to purchase the Property at the Fair Market Value, which shall be determined in accordance with the procedure set forth in Section 3. The Sales Price to the Lender shall be the Fair Market Value so determined, less the Principal Sum due under this Note and the percentage of Net Appreciation, as set forth in the tables provided in Section 3. The Lender shall have twenty (20) days following receipt of Borrower’s written offer of the ROFR to accept or reject such offer by serving Borrower with written notice of Lender’s decision. If Lender rejects the ROFR offer or fails to accept or reject the ROFR offer within such twenty (20) day period, then such failure or rejection shall be deemed an irrevocable rejection of the ROFR offer and the ROFR offer shall expire and be of no further force or effect, and Borrower shall thereafter have the right to effect a Sale or Transfer of the Property to any third party, which shall trigger the Net Appreciation requirement and other payments to Lender under Section 3.

If Lender accepts in writing the ROFR offer within the twenty (20) day period following Borrower’s service of the ROFR offer, then within twenty (20) days after Lender’s acceptance of the ROFR a sales escrow shall be opened and closed as soon as practical but not later than sixty (60) calendar days after receipt of Borrower’s notice of intent to transfer. Funds will be disbursed upon closing of escrow. Borrower and Lender shall execute a purchase and sale agreement in standard form acceptable to the Lender. If the Lender exercises its option to purchase yet does not close escrow within the sixty (60) day period, the ROFR shall automatically terminate. However, if escrow does not close for reasons beyond the Lender’s control, then the ROFR will not terminate.

5. DEFAULTS AND LENDER’S REMEDIES. Each of the following shall be a “default” under this Note:

(A) Borrower’s failure or delay to make any timely payment of principal or interest when due under this Note, or satisfy any other monetary obligation under this Note or the Deed of Trust (this Note and the Deed of Trust collectively, the “Loan Documents”);

- (B) Borrower's failure or delay in performing any other term or provision of this Note;
- (C) Borrower's failure to occupy the Property in accordance with the nondiscrimination and affordability restrictions set forth in the Deed of Trust, which, as more particularly provided therein, restrict occupancy of the Property to lower income persons having household incomes no greater than 80 percent of area median income as determined from time to time by the U.S. Department of Housing and Urban Development (HUD);
- (D) Borrower's failure or delay in performing any term or provision (not otherwise described in (A) through (C) above) of the Loan Documents;
- (E) Borrower's default under its obligations to the holder of any other lien or encumbrance recorded against the Property;
- (F) Borrower becomes insolvent or the subject of any bankruptcy or other voluntary or involuntary proceeding for the adjustment of debtor-creditor relationships, and in the case of any involuntary proceeding, such proceeding is not dismissed within ninety (90) days;
- (G) Borrower intentionally or fraudulently misrepresented income information submitted to Lender under the Loan Documents, or any application materials provided to Lender in connection therewith.

Upon the occurrence of a "default," the Lender, prior to acceleration, shall give notice to Borrower as provided in Section 15 (the "Notice") hereof specifying:

- (a) the default;
- (b) the action required to cure such default, if curable;
- (c) a date, not less than ten (10) days from the date the Notice is mailed to Borrower, by which such default must be cured (provided that with respect to any default described in items (B), (D) and (E), Borrower shall be given thirty (30) days from the date the Notice is mailed to Borrower to cure such default; provided further, however, if any such default is reasonably curable, but requires more than thirty (30) days to cure, Borrower shall be given such longer period if, immediately after Borrower's receipt of the Notice, Borrower commences to promptly cure such default and thereafter diligently pursues such cure to completion (in any event within 120 days); and
- (d) that failure to cure such breach on or before the date specified in the Notice may result in acceleration of the sums due under this Note and a sale of the Property.

The Notice shall further inform Borrower of the right to reinstate after acceleration and the right to bring a court action to assert the nonexistence of a default or any other defense of Borrower to acceleration and sale.

If the default is not cured on or before the time specified in the Notice, the Lender, at its option, may declare all of the sums due under this Note to be immediately due and payable without further demand and may invoke under its Deed of Trust the power of sale and any other remedies permitted by applicable law. As otherwise provided in Section 9 hereof, Lender shall be entitled to collect all reasonable costs and expenses incurred in pursuing the remedies provided in this Section 5, including but not limited to, reasonable attorneys' fees.

NOTWITHSTANDING ANYTHING TO THE CONTRARY IN THIS SECTION 5, IN THE EVENT BORROWER IS IN DEFAULT OF THIS NOTE UNDER ITEMS (C) AND (G) ABOVE (AND IN THE CASE OF (C), BORROWER DOES NOT DILIGENTLY PURSUE CURE OF SUCH DEFAULT BY LISTING THE PROPERTY FOR SALE AND ACCEPTING ANY OFFER TO PURCHASE THE PROPERTY AT OR IN EXCESS OF THE FAIR MARKET VALUE DETERMINED BY LENDER IN ACCORDANCE WITH THIS SECTION 5), THE PARTIES AGREE THAT THE LENDER WILL SUSTAIN DAMAGES BY REASON THEREOF WHICH WOULD BE UNCERTAIN. BORROWER AND LENDER FURTHER AGREE THAT THE AMOUNTS CALCULATED AS HEREINAFTER SET FORTH SHALL BE PAID AND DELIVERED TO THE LENDER 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 LENDER. IT IS IMPRACTICABLE AND EXTREMELY DIFFICULT TO FIX THE AMOUNT OF SUCH DAMAGES TO THE LENDER, 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 NET APPRECIATION TABLE SHOWN IN SECTION 3 OF THIS NOTE. THE PARTIES AGREE THAT SUCH LIQUIDATED AND AGREED DAMAGES SHALL BE PAID IN LIEU OF (AND NOT IN ADDITION TO) THE NET APPRECIATION PERCENTAGE AMOUNTS TO BE PAID PURSUANT TO SECTION 3 OF THIS NOTE (BUT THAT SUCH LIQUIDATED DAMAGES SHALL IN ANY EVENT BE IN ADDITION TO THE AMOUNT OF THE PRINCIPAL SUM WHICH IS DUE AND PAYABLE AS A RESULT OF SUCH DEFAULT, AND SHALL IN NO WAY IMPAIR LENDER'S RIGHTS TO EXERCISE A POWER OF SALE OR FORECLOSE UNDER THE DEED OF TRUST IN ORDER TO COLLECT THE PRINCIPAL SUM AND ANY OTHER SUMS PAYABLE HEREUNDER) AND THAT SUCH LIQUIDATED AND AGREED DAMAGES SHALL BE DUE AND PAYABLE TO THE LENDER SIXTY (60) DAYS AFTER THE OCCURRENCE OF A DEFAULT SPECIFIED HEREIN THAT IS NOT SOONER CURED, BUT NO LATER THAN REPAYMENT OF THE NOTE.

BORROWER SPECIFICALLY ACKNOWLEDGES THIS LIQUIDATED DAMAGES PROVISION BY ITS INITIALS BELOW:

\_\_\_\_\_  
BORROWER

\_\_\_\_\_  
BORROWER

6. PREPAYMENT. Borrower shall have the right at any time to repay this Note, provided that any prepayment must be in full and not in part. The amount payable in full by Borrower shall be the sum of (i) the Principal Sum, and (ii) the applicable Net Appreciation Percentage payment described in Section 3 above.
7. SECURITY. This Note is secured by the Deed of Trust of even date herewith.
8. JOINT AND SEVERAL. The undersigned, if more than one, shall be jointly and severally liable hereunder.
9. ATTORNEYS FEES. If any default is made hereunder, Borrower further promises to pay reasonable attorney fees and costs and expenses incurred by the Lender in connection with any such default or any other action or other proceeding brought to enforce any of the provisions of this Note. The Lender's right to such fees shall not be limited to or by its representation by staff counsel, and such representation shall be valued at customary and reasonable rates for private sector legal services.
10. TIME. Time is of the essence herein.
11. AMENDMENTS. This Note may not be modified or amended except by an instrument in writing executed by the parties to be bound thereby.
12. SEVERABILITY. The covenants of this Note are severable. Invalidation of any covenant or any part thereof by law, judgment, or court order shall not affect any other covenants.
13. PLACE OF PAYMENT. Borrower will make payment of all amounts due to Lender under this Note to Lender at 2 Coral Circle, Monterey Park, California 91755, or such other address as Lender may designate in writing to Borrower.
14. BORROWER'S WAIVERS. Borrower waives any rights to require the Lender to do certain things. Those things are: (A) to demand payment of amounts due (known as "presentment"); (B) to give notice that amounts due have not been paid (known as "notice of dishonor"); and (C) to obtain an official certification of nonpayment (known as a "protest").
15. GIVING OF NOTICE. Any notice given to Borrower under this Note shall be given by personally delivering it or by mailing it certified mail, postage prepaid, return receipt requested, addressed to Borrower at the address specified below. A notice will be delivered or mailed to Borrower at a different address if Borrower gives the Lender written notice of Borrower's different address. Any notice given to the Lender under this Note shall be given by personal delivery or by mailing it certified mail, postage prepaid, return receipt requested, to the address stated specified below. A notice will be mailed to the Lender at a different address if Borrower is given a written notice of that different address.

If to Lender:                   Housing Authority of the County of Los Angeles  
  2 Coral Circle



Monterey Park, California 91755-7425  
Attn: Executive Director

With a copy to: Housing Authority of the County of Los Angeles  
2 Coral Circle  
Monterey Park, California 91755-7425  
Attn: Director of Housing Development and Preservation

If to Borrower: To the Property address stated on Page 1 above.

16. **DEFAULT INTEREST.** In the event that any amounts which Borrower is obligated to pay Lender under the terms of this Note are not paid when due, such amounts shall thereafter bear interest at an annual rate of five percent (5%) (the “Default Rate”).

17. **LENDER MAY ASSIGN.** Lender may, at its option, assign its right to receive payment under this Note without necessity of obtaining the consent of the Borrower.

18. **BORROWER ASSIGNMENT PROHIBITED.** In no event shall Borrower assign or transfer any portion of this Note without the prior express written consent of the Lender. This consent may be given or withheld in the Lender’s sole discretion. This Section 18 shall not affect or diminish the Lender’s right to assign all or any portion of its rights to the loan proceeds hereunder.

19. **PROPERTY MAINTENANCE.** Borrower hereby agrees to the following property maintenance terms and that failure to comply with these terms will constitute nonmonetary default to the loan.

(i) There shall be at least two covered parking spaces designated for each single-family residence. The required parking spaces shall be maintained continuously available for vehicular parking only and shall not be used for storage, automobile repair, or any other unauthorized use;

(ii) The wall, gate, landscaping, and irrigation system located within the front yard shall be continuously and properly maintained in good condition and replaced as necessary;

(iii) All structures, walls and fences open to public view shall remain free of extraneous markings, drawings, or signage. These shall include any of the above that do not directly relate to the use of the property, or that do not provide pertinent information about the premises. The only exceptions shall be seasonal decorations or signage provided under the auspices of a civic or non-profit organization; and

(iv) In the event any such extraneous markings occur, they shall be removed or covered within 24 hours of such occurrence, weather permitting. Paint utilized in covering such markings shall be of a color that matches, as closely as possible the color of the adjacent surfaces.

20. SUCCESSORS BOUND. This Note shall be binding upon the parties hereto and their respective heirs, devisees, successors and assigns. Lender includes any successor or assign of Lender.

IN WITNESS WHEREOF, the undersigned have executed this instrument as of the date first written above.

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BORROWER

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BORROWER

AMENDED EXHIBIT "N"  
TERTIARY FINANCING DEED OF TRUST

OFFICIAL BUSINESS

Document entitled to free recording per Govt. Code Section 6103.

Recording Requested by and When Recorded Mail To:

COMMUNITY DEVELOPMENT COMMISSION OF THE COUNTY OF LOS ANGELES 2 Coral Circle Monterey Park, CA 91755-7425 Attn.: Director of Housing Development and Preservation

(SPACE ABOVE LINE FOR RECORDER'S USE)

THIS DEED OF TRUST INCLUDES USE, AFFORDABILITY AND RESALE RESTRICTIONS

DEED OF TRUST

(Third Deed of Trust on For-Sale Unit - Industry Fund Project No. YY1147- \_\_\_) (Third Deed of Trust on For-Sale Unit - HOME Fund Project No. HEXXXX-\_\_\_)

This DEED OF TRUST is made this \_\_\_ day of \_\_\_, 200\_, by and among (Buyer(s)) (herein, "Trustor"), (Title Company) (herein "Trustee"), and the HOUSING AUTHORITY OF THE COUNTY OF LOS ANGELES, a public body corporate and politic (herein "Beneficiary"), 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 located in the County of Los Angeles, State of California, which has the address of:

\_\_\_\_\_, California (herein "Property Address"); and legally described in Exhibit "A" attached hereto;

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 Beneficiary 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 herein collectively referred to as the "Property".

The Deed of Trust secures performance of all of Trustor's covenants and agreements by and between Trustor and Beneficiary and the Promissory Note in the principal sum of \$\_\_\_\_\_ Dollars (\$\_\_\_\_\_) (herein "Note") executed by Trustor in favor of Beneficiary dated \_\_\_\_\_, 200\_\_ and extensions and renewals thereof, and the payment of all other sums, with interest thereon, advanced in accordance herewith to protect the security of this Deed of Trust.

Trustor covenants that Trustor is lawfully seized of the estate hereby conveyed and has the right to grant and convey the Property, and that 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 covenants and agrees 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 the Property, including but not limited to assessments on appurtenant water stock, when due, and all encumbrances, charges and liens, with interest, on the Property or any part thereof.
2. **PRIOR MORTGAGEES AND DEEDS OF TRUST; CHARGES; LIENS.** Trustor shall perform all of Trustor's obligations under any mortgage, deed of trust, CC&Rs or other lien or encumbrance on the Property. Trustor shall pay or cause to be paid all taxes, assessments and other charges, rents, 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 Beneficiary may require and in such amounts and for such periods as Beneficiary may require.

All insurance policies and renewals thereof shall be in a form acceptable to Beneficiary and shall include a standard mortgage clause in favor of and in a form acceptable to Beneficiary. Beneficiary 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 Beneficiary. Beneficiary may make proof of loss if not made promptly by Trustor.

If the Property is abandoned by Trustor, or if Trustor fails to respond to Beneficiary within thirty (30) days from the date notice is mailed by Beneficiary to Trustor that the insurance carrier

offers to settle a claim for insurance benefits, Beneficiary is authorized to collect and apply the insurance proceeds at Beneficiary'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.** Trustor shall maintain the housing in compliance with the Housing Quality Standards designated by Beneficiary 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 BENEFICIARY 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 Beneficiary's interest in the Property, then Beneficiary, at Beneficiary'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 Beneficiary's interest.

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

6. **INSPECTION.** Beneficiary may make or cause to be made reasonable entries upon and inspections of the Property, provided that Beneficiary will give Trustor notice prior to any such inspection, specifying reasonable cause therefor related to Beneficiary'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 Beneficiary 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 BENEFICIARY NOT WAIVER.** Extension of the time for payment or modification of amortization of the sums secured by this Deed of Trust granted by Beneficiary 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. Beneficiary 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 Beneficiary 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 the respective successors and assigns of Beneficiary 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, return receipt requested, addressed to Trustor at the Property address or such other address as Trustor may designate by notice to Beneficiary as provided herein; and,
- (b) any notice to Beneficiary will be given by certified mail, return receipt requested, to Beneficiary's address as set forth below or to such other address as Beneficiary may designate by notice to Trustor as provided herein.

To Beneficiary:           Housing Authority of the County of Los Angeles  
                                  2 Coral Circle  
                                  Monterey Park, California 91755-7425  
                                  Attn: Executive Director

With a copy to:           Housing Authority of the County of Los Angeles  
                                  2 Coral Circle  
                                  Monterey Park, California 91755-7425  
                                  Attn: Director of Housing Development and Preservation

Any Notice provided for in this Deed of Trust shall be deemed to have been given to Trustor or Beneficiary 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. RIGHT OF FIRST REFUSAL (ROFR). In the event Trustor should choose to sell or transfer the Property, the Beneficiary shall, in any and all circumstances, retain the Right of First Refusal (“ROFR”) as provided in Section 4 of the Note.

14. ACCELERATION AND APPRECIATION SHARE DUE ON TRANSFER OR OTHER CREDIT. On the Due Date (as defined in the Note) and in accordance with the tables set forth in Section 3 of the Note, Trustor shall pay to Beneficiary the outstanding principal amount of the Note, plus the percentage of the Net Appreciation (as that term is defined in the Note). As more particularly described in the Note, the Due Date occurs on the earliest of the following: (i) the date of the first sale, transfer or encumbrance of the Property; (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) 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); and (iv) the date on which Beneficiary accelerates all sums due under the Note as a result of a default by Trustor.

15. ACCELERATION, REMEDIES. Upon Trustor’s default of any covenants or agreements of Trustor in this Deed of Trust, including the covenants to pay when due any sums due under the Note and secured by this Deed of Trust, Beneficiary, prior to acceleration, shall give notice to Trustor as provided in Section 10 (the “Notice”) hereof specifying:

- (a) the default;
- (b) the action required to cure such default;
- (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 (provided that with respect to any default described in items (B), (D) and (E), Trustor shall be given thirty (30) days from the date the Notice is mailed to Trustor to cure such default; provided further, however, if any such default requires more than thirty (30) days to cure, Trustor shall be given such longer period if, immediately after Trustor’s receipt of the Notice, Trustor commences to promptly cure such default and thereafter diligently pursues such cure to completion ) in any event within 120 days from the date of the Notice); 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 Trustor to acceleration and sale.

If the default is not cured on or before the time specified in the Notice, Beneficiary, at Beneficiary’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 by the Trustor, foreclosure and/or any other remedies permitted by applicable law. Beneficiary shall be entitled to collect all reasonable costs and expenses incurred in pursuing the remedies provided in this Section 15, including but not limited to, reasonable attorneys’ fees.



16. DEFAULTS.

Each of the following shall be a “default” under this Deed of Trust:

- (a) Trustor’s failure or delay to make any timely payment of principal or interest when due under the Note, or satisfy any other monetary obligation under the Note, or this Deed of Trust (collectively, the “Loan Documents”);
- (b) Trustor’s failure or delay in performing any other term or provision of the Note;
- (c) Trustor’s sale, transfer or encumbrance of the Property, except in full accordance with the Note and this Deed of Trust;
- (d) Trustor’s failure or delay in performing any term or provision (not otherwise described in (a) through (c) above) of the Loan Documents;
- (e) Trustor’s default under its obligations to the holder of the First Deed of Trust recorded against the Property;
- (f) Trustor becomes insolvent or the subject of any bankruptcy or other voluntary or involuntary proceeding for the adjustment of debtor-creditor relationships, and in the case of any involuntary proceeding, such proceeding is not dismissed within ninety (90) days; and
- (g) Trustor intentionally or fraudulently misrepresented income information submitted to Beneficiary under the Loan Documents, or any application and supporting information provided to Beneficiary in connection therewith.

17. TRUSTOR’S RIGHT TO REINSTATE. Notwithstanding Beneficiary’s acceleration of the sums secured by this Deed of Trust due to Trustor’s default, Trustor shall have the right to have any proceedings begun by Beneficiary 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 Beneficiary 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; and/or the Note;
- (c) Trustor pays all reasonable expenses incurred by Beneficiary and Trustor in enforcing the covenants and agreements of Trustor continued in this Deed of Trust and in enforcing remedies as provided in paragraph 15 hereof, including, but not limited to, reasonable attorneys’ fees; and

- (d) Trustor takes such action as Beneficiary may reasonably require to assure that the lien of this Deed of Trust, Beneficiary'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. The parties hereby acknowledge that no cure or reinstatement opportunity shall apply in the event of a sale, transfer or encumbrance of the Property not in conformity with the requirements of the Note and this Deed of Trust, unless the sale, transfer or encumbrance is canceled by mutual agreement of the parties thereto within 15 days of Beneficiary's obtaining knowledge thereof.

18. **ASSIGNMENT OF RENTS; APPOINTMENT OF RECEIVER; BENEFICIARY IN POSSESSION; POWER OF SALE.** As additional security hereunder, Trustor hereby assigns to Beneficiary the rents and income of the Property, provided that Trustor shall, prior to acceleration under Section 15 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 Section 15 hereof or abandonment of the Property, Beneficiary, 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 Beneficiary 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. Beneficiary and the receiver shall be liable to account only for those rents and income actually received.

Following acceleration under Section 15 hereof, and after the giving of such notices and the lapse of such time as may then be required by law following the recordation of a notice of default, and notice of sale having been given as then required by law, Trustee, without demand on Trustor, shall sell the Property at the time and place fixed by it in said notice of sale, either as a whole or in separate parcels, and in such order as it may determine, at public auction to the highest bidder for cash in lawful money of the United States, payable at time of sale. Trustee may postpone sale of all or any portion of the Property by public announcement at such time and place of sale, and from time to time thereafter may postpone such sale by public announcement at the time fixed by the preceding postponement. Trustee shall deliver to such purchaser its deed conveying the Property so sold, but without any covenant or warranty, express or implied. The recitals in such deed of any matters or facts shall be conclusive proof of the truthfulness thereof. Any person, including Trustor, Trustee or Beneficiary, may purchase at such sale.

After deducting all costs, fees and expenses of Trustee, including cost of evidence of title in connection with sale, Trustee shall apply the proceeds of sale to payment of: first, all sums expended by the Beneficiary under the terms hereof or under the Note, not then repaid, with accrued interest; second, all other sums then secured hereby; and the remainder, if any, to the person or persons legally entitled thereto.

19. RECONVEYANCE. Upon payment of all sums secured by this Deed of Trust, Beneficiary shall request Trustor to reconvey the Property and will surrender this Deed of Trust and the Note evidencing indebtedness secured by this Deed of Trust to Trustor. Trustor 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.

20. SUBORDINATION. Beneficiary 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 recorded against the Property (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 protecting or further securing the lien of the First Deed of Trust, curing defaults by Trustor under the First Deed of Trust or for any other purpose expressly permitted by the First Deed of Trust. 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 lower 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 Trustor or a related entity of 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 holder of the First Deed of Trust 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.

In connection with the subordination provided in this Section 20, Beneficiary specifically finds and determines that an economically feasible alternative method of financing, refinancing, or assisting the units or parcels on substantially comparable terms and conditions, but without subordination, is not reasonably available.

21. SUBSTITUTE TRUSTEE. Beneficiary, at Beneficiary's option, may from time to time appoint a successor Trustee to any Trustee appointment hereunder by an instrument executed and acknowledged by Beneficiary 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, Trustor and Trustee, 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 Trustee herein and by applicable law. This procedure for substitution of Trustee shall govern to the exclusion of all other provisions for substitution.

22. REQUEST FOR NOTICES. Trustor requests that copies of the notice of sale be sent to Trustor's address which is the Property address.

23. STATEMENT OF OBLIGATION. Beneficiary 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.

24. WARRANTIES OF TRUSTOR. Trustor represents, warrants and covenants to Beneficiary as follows:

- (a) That Trustor's annual household gross income does not exceed eighty percent (80%) of the Area Median Income (as defined below), on the later of:
  - (1) the date Trustor's initial occupancy of the Property; or
  - (2) the date of the recordation of this Deed of Trust.
- (b) That for so long as Trustor owns the Property (or 45 years from the date hereof, whichever period is shorter), Trustor will reside in the Property as Trustor's principal place of residence.

"Area Median Income" shall mean the median income for the Los Angeles/Long Beach area, adjusted for household size, and as defined and periodically adjusted by the United States Department of Housing and Urban Development (HUD), or any successor entity designated under state law as responsible for establishing such area median income.

25. NONDISCRIMINATION. Trustor covenants by and for itself, its successors 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, religion, sex, marital status, national origin or ancestry in the sale, lease, sublease, transfer, use, , tenure, or enjoyment of the Property, nor shall Trustor itself or any person claiming under or through Trustor, 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 Property.

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 Trustor'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 its restrictions.

27. PROPERTY MAINTENANCE. Trustor hereby agrees to the following property maintenance terms and that failure to comply with these terms will constitute nonmonetary default to the loan.

- (i) There shall be at least two covered parking spaces designated for each single-family residence. The required parking spaces shall be maintained continuously available for

vehicular parking only and shall not be used for storage, automobile repair, or any other unauthorized use;

- (ii) The wall, gate, landscaping, and irrigation system located within the front yard shall be continuously and properly maintained in good condition and replaced as necessary;
- (iii) All structures, walls and fences open to public view shall remain free of extraneous markings, drawings, or signage. These shall include any of the above that do not directly relate to the use of the property, or that do not provide pertinent information about the premises. The only exceptions shall be seasonal decorations or signage provided under the auspices of a civic or non-profit organization; and
- (iv) In the event, any such extraneous markings occur, they shall be removed or covered within 24 hours of such occurrence, weather permitting. Paint utilized in covering such markings shall be of a color that matches, as closely as possible the color of the adjacent surfaces.

Note: The restrictions imposed by this Deed of Trust must terminate upon acceptance of a Deed in Lieu of foreclosure or foreclosure of the first mortgage, and may not reattach to the Property upon resale of the Property.

Date: \_\_\_\_\_  
Trustor

Date: \_\_\_\_\_  
Trustor

Exhibit A  
Legal Description

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

Beneficiary requests 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 Beneficiary’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.

Date: \_\_\_\_\_  
\_\_\_\_\_  
Trustor

Date: \_\_\_\_\_  
\_\_\_\_\_  
Trustor

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

STATE OF CALIFORNIA         )  
) ss  
 COUNTY OF LOS ANGELES    )

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

WITNESS my hand and official seal.

\_\_\_\_\_

( SEAL)

EXHIBIT "Q"  
BUYER'S HOME LOAN AGREEMENT



EXHIBIT "R"  
HACOLA REQUIREMENTS

The Borrower agrees to comply with the following HACOLA requirements:

1. Termination for Improper Consideration

HACOLA 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 HACOLA 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, HACOLA 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 HACOLA officer or employee to solicit such improper consideration. The report shall be made either to HACOLA'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 HACOLA.

3. HACOLA's Quality Assurance Plan

HACOLA will evaluate Borrower's performance under this Agreement on not less than an annual basis. Such evaluation will include assessing Borrower's compliance with all contract terms and performance standards. Borrower deficiencies which HACOLA determines are severe or continuing and that may place performance of the Agreement in jeopardy, if not corrected, will be reported to the Board of Commissioners. The report will include improvement/corrective action measures taken by HACOLA and Borrower. If improvement does not occur consistent with the corrective measure, HACOLA may terminate this Agreement or seek other remedies as specified in this Agreement.

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

Borrower acknowledges that HACOLA has established a goal of ensuring that all individuals who benefit financially from HACOLA 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 the taxpayers of the County of Los Angeles.

As required by HACOLA's Child Support Compliance Program and 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 CSSD 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 HACOLA'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 HACOLA's Child Support Compliance Program" shall constitute a default by Borrower under this Agreement. Without limiting the rights and remedies available to HACOLA under any other provision of this Agreement, failure Borrower to cure such default within 90 calendar days of written notice shall be grounds upon which HACOLA may terminate this Agreement pursuant to said paragraph 4 and pursue debarment of Borrower, pursuant to HACOLA policy.

6. 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 HACOLA and the Borrower.

7. 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.

8. 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:

9. Civil Rights Act of 1964, Title VI (Non-discrimination in Federally HACOLA 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.

10. 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.

11. 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.

12. 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 national origin, ancestry, age, marital status, or disability. 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 HACOLA 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 HACOLA 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 HACOLA, the Borrower may request the United States to enter into such litigation to protect the interests of the United States.

13. 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.

14. 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.

15. Borrower Responsibility and Debarment

- A. A responsible Borrower is a Borrower who has demonstrated the attribute of trustworthiness, as well as quality, fitness, capacity and experience to satisfactorily perform the contract. It is the policy of HACOLA to conduct business only with responsible Borrowers.
- B. The Borrower is hereby notified that if HACOLA acquires information concerning the performance of the Borrower on this or other contracts which indicates that the Borrower is not responsible, HACOLA may, in addition to other remedies provided in the contract, debar the Borrower from bidding on HACOLA

contracts for a specified period of time not to exceed 3 years, and terminate any or all existing contracts the Borrower may have with HACOLA.

- C. HACOLA may debar a Borrower if the Board of Commissioners finds, in its discretion, that the Borrower has done any of the following: (1) violated any term of a contract with the County, the Commission or HACOLA, (2) committed any act or omission which negatively reflects on the Borrower's quality, fitness or capacity to perform a contract with the County, the Commission or HACOLA or any other public entity, or engaged in a pattern or practice which negatively reflects on same, (3) committed an act or offense which indicates a lack of business integrity or business honesty, or (4) made or submitted a false claim against the County, the Commission or HACOLA or any other public entity.
- D. If there is evidence that the Borrower may be subject to debarment, HACOLA will notify the Borrower in writing of the evidence which is the basis for the proposed debarment and will advise the Borrower of the scheduled date for a debarment hearing before the Contractor Hearing Board.

The Contractor Hearing Board will conduct a hearing where evidence on the proposed debarment is presented. The Borrower and/or the Borrower's representative shall be given an opportunity to submit evidence at that hearing. After the hearing, the Contractor Hearing Board shall prepare a proposed decision, which shall contain a recommendation regarding whether the Borrower should be debarred, and, if so, the appropriate length of time of the debarment. If the Borrower fails to avail itself of the opportunity to submit evidence to the Contractor Hearing Board, the Borrower may be deemed to have waived all rights of appeal.

After consideration of any objections, or if no objections are submitted, a record of the hearing, the proposed decision and any other recommendation of the Contract Hearing Board shall be presented to the Board of Commissioners. The Board of Commissioners shall have the right to modify, deny or adopt the proposed decision and recommendation of the Hearing Board.

If a Borrower has been debarred for a period longer than five years, that Borrower may, after the debarment has been in effect for at least five years, submit a written request for review of the debarment determination to reduce the period of debarment or terminate the debarment. HACOLA may, in its discretion, reduce the period of debarment or terminate the debarment if it finds that the Borrower has adequately demonstrated one or more of the following: (1) elimination of the grounds for which the debarment was imposed; (2) a bona fide change in ownership or management; (3) material evidence discovered after debarment was imposed; or (4) any other reason that is in the best interests of HACOLA.

The Contractor Hearing Board will consider a request for review of the debarment determination only where (1) the Borrower has been debarred for a period longer than five years; (2) the debarment has been in effect for at least five years; and (3) the request is in writing, states one or more of the ground for reduction of the

debarment period or termination of the debarment, and includes supporting documentation. Upon receiving an appropriate request, the Contractor Hearing Board will provide notice of the hearing on the request. At the hearing, the Contractor Hearing Board shall conduct a hearing where evidence on the proposed reduction of debarment period or termination of debarment is presented. This hearing shall be conducted and the request for review decided by the Contractor Hearing Board pursuant to the same procedures as for a debarment Hearing.

The Contractor Hearing Board's proposed decision shall contain a recommendation on the request to reduce the period of debarment or terminate the debarment. The Contractor Hearing Board shall present its proposed decision and recommendation to the Board of Commissioners. The Board of Commissioners shall have the right to modify, deny or adopt the proposed decision and recommendation of the Contractor Hearing Board.

These terms shall also apply to subcontractors and subconsultants of County, HACOLA, or Commission contractors, consultants, vendors and agencies.

16. Consideration of GAIN/GROW Participants for Employment

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 or General Relief Opportunity for Work (GROW) Program who meet Borrower's minimum qualifications for the open position. The Borrower shall contact the County's GAIN/GROW Division at (626) 927-5354 for a list of GAIN/GROW participants by job category.

17. Barriers For the Disabled

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

18. 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.

19. 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 herein and is also available on the Internet at [www.babysafela.org](http://www.babysafela.org) for printing purposes.

20. Borrower's Acknowledgment of HACOLA's Commitment To The Safely Surrendered Baby Law

Borrower acknowledges that HACOLA places a high priority on the implementation of the Safely Surrendered Baby Law. Borrower understands that it is HACOLA's policy to encourage all HACOLA 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.

21. Compliance With Jury Service Program.

- A. Unless Borrower has demonstrated to HACOLA satisfaction either that Borrower is not a "Contractor" as defined under the Jury Service Program or that Borrower qualifies for an exception to the Jury Service Program, Borrower shall have and adhere to a written policy that provides that its Employees shall receive from the Borrower, on an annual basis, no less than five days of regular pay for actual jury service. The policy may provide that Employees deposit any fees received for such jury service with the Borrower or that the Borrower deduct from the Employee's regular pay the fees received for jury service.
- B. For purposes of this Section, "Contractor" means a person, partnership, corporation or other entity which has a contract with HACOLA or a subcontract with a HACOLA contractor and has received or will receive an aggregate sum of \$50,000 or more in any 12-month period under one or more HACOLA contracts or subcontracts. "Employee" means any California resident who is a full time employee of Borrower. "Full time" means 40 hours or more worked per week, or a lesser number of hours if: 1) the lesser number is a recognized industry standard as determined by HACOLA, or 2) Borrower has a long-standing practice that defines the lesser number of hours as full-time. Full-time employees providing short-term, temporary services of 90 days or less within a 12-month period are not considered full-time for purposes of the Jury Service Program. If Borrower uses any subcontractor to perform services for HACOLA under the Contract, the subcontractor shall also be subject to the provisions of this Section. The provisions of this Section shall be inserted into any such subcontract Contract and a copy of the Jury Service Program shall be attached to the Contract.
- C. If the Borrower is not required to comply with the Jury Service Program when the Contract commences, Borrower shall have a continuing obligation to review the applicability of its "exception status" from the Jury Service Program, and Borrower shall immediately notify HACOLA if Borrower at any time either comes within the Jury Service Program's definition of "Contractor" or if Borrower no longer qualifies for an exception to the Program. In either event, Borrower shall immediately implement a written policy consistent with the Jury Service Program. HACOLA may also require, at any time during the Contract and at its sole discretion, that Borrower demonstrate to HACOLA's satisfaction that Borrower either continues to remain outside of the Jury



Service Program's definition of "Contractor" and/or that Borrower continues to qualify for an exception to the Program.

- D. Borrower's violation of this Section of the contract may constitute a material breach of the Contract. In the event of such material breach, HACOLA may, in its sole discretion, terminate the Contract and/or bar Borrower from the award of future HACOLA contracts for a period of time consistent with the seriousness of the breach.

22. Borrower's Charitable Activities Compliance

The Supervision of Trustees and Fundraisers for Charitable Purposes Act regulates entities receiving or raising charitable contributions. The "Nonprofit Integrity Act of 2004" (SB 1262, Chapter 919) increased Charitable Purposes Act requirements. By requiring Borrowers to complete the "Charitable Contributions Certificate" form included, HACOLA seeks to ensure that all HACOLA borrowers that receive or raise charitable contributions comply with California law in order to protect HACOLA and its taxpayers. A Borrower that received or raises charitable contributions without complying with its obligations under California law commits a material breach subjecting it to either contract termination or debarment proceedings, or both.

# **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](http://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.

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**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.**

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***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](http://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 brazaletes y el padre/madre recibirá un brazaletes 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.

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**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.**

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*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.*



## CHARITABLE CONTRIBUTIONS CERTIFICATION

\_\_\_\_\_  
Company Name

\_\_\_\_\_  
Address

\_\_\_\_\_  
Internal Revenue Service Employer Identification Number

\_\_\_\_\_  
California Registry of Charitable Trusts "CT" number (if applicable)

The Nonprofit Integrity Act (SB 1262, Chapter 919) added requirements to California's Supervision of Trustees and Fundraisers for Charitable Purposes Act, which regulates those receiving and raising charitable contributions.

### CERTIFICATION

**YES NO**

Proposer or Contractor has examined its activities and determined that it does not now receive or raise charitable contributions regulated under California's Supervision of Trustees and Fundraisers for Charitable Purposes Act. If Proposer engages in activities subjecting it to those laws during the term of a Community Development Commission (CDC) and/or Housing Authority contract, it will timely comply with them and provide the CDC and/or Housing Authority a copy of its initial registration with the California State Attorney General's Registry of Charitable Trusts when filed.

( ) ( )

### OR

**YES NO**

Proposer of Contractor is registered with the California Registry of Charitable Trusts under the CT number listed above and is in compliance with its registration and reporting requirements under California law. Attached is a copy of its most recent filing with the Registry of Charitable Trusts as required by Title 11 California Code of Regulations, sections 300-301 and Government Code sections 12585-12586.

( ) ( )

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Name and Title (please type or print)

EXHIBIT "S"  
CDC REQUIREMENTS

## COMMISSION REQUIREMENTS

The Borrower agrees to comply with the following Commission requirements:

1. Termination for Improper Consideration

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 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, 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 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 Commission.

3. Commission's Quality Assurance Plan

Commission will evaluate Borrower's performance under this Agreement on not less than an annual basis. Such evaluation will include assessing Borrower's compliance with all contract terms and performance standards. Borrower deficiencies which Commission determines are severe or continuing and that may place performance of the Agreement in jeopardy, if not corrected, will be reported to the Board of Commissioners. The report will include improvement/corrective action measures taken by Commission and Borrower. If improvement does not occur consistent with the corrective measure, Commission may terminate this Agreement or seek other remedies as specified in this Agreement.

4. Borrower's Warranty of Adherence to 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 the taxpayers of the County of Los Angeles County.



As required by the Commission's Child Support Compliance Program and 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 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 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 90 calendar days of written notice shall be grounds upon which the Commission may terminate this Agreement pursuant to said paragraph 4 and pursue debarment of Borrower, pursuant to Commission policy.

6. Post Most Wanted Delinquent Parents List

Borrower acknowledges that the County places a high priority on the enforcement of child support laws and the apprehension of child support evaders. Borrower understands that it is County's and Commission's policy to strongly encourage all Borrowers to voluntarily post an entitled "L.A.'s Most Wanted: Delinquent Parents" poster in a prominent position at Contractor's place of business. The Child Support Services Department (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, national origin, age, ancestry, marital status, or disability. 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 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 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 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 in order to reduce the amount of solid waste deposited at the County landfills.

16. Borrower Responsibility and Debarment

- A. A responsible Borrower is a Borrower who has demonstrated the attribute of trustworthiness, as well as quality, fitness, capacity and experience to satisfactorily perform the contract. It is the policy of the Commission to conduct business only with responsible Borrowers.
- B. The Borrower is hereby notified that if the Commission acquires information concerning the performance of the Borrower on this or other contracts which indicates that the Borrower is not responsible, the Commission may, in addition to other remedies provided in the contract, debar the Borrower from bidding on Commission contracts for a specified period of time not to exceed 3 years, and terminate any or all existing contracts the Borrower may have with the Commission.
- C. Commission may debar a Borrower if the Board of Commissioners finds, in its discretion, that the Borrower has done any of the following: (1) violated any term of a contract with the County, the Commission or the Housing Authority of the County of Los Angeles (HACOLA), (2) committed any act or omission which negatively reflects on the Borrower's quality, fitness or capacity to perform a contract with the County, the Commission or HACOLA or any other public entity, or engaged in a pattern or practice which negatively reflects on same, (3) committed an act or offense which indicates a lack of business integrity or business honesty, or (4) made or submitted a false claim against the County, the Commission or HACOLA or any other public entity.
- D. If there is evidence that the Borrower may be subject to debarment, Commission will notify the Borrower in writing of the evidence which is the basis for the proposed debarment and will advise the Borrower of the scheduled date for a debarment hearing before the Contractor Hearing Board.
- E. The Contractor Hearing Board will conduct a hearing where evidence on the proposed debarment is presented. The Borrower and/or the Borrower's representative shall be given an opportunity to submit evidence at that hearing. After the hearing, the Contractor Hearing Board shall prepare a proposed decision, which shall contain a recommendation regarding whether the Borrower should be debarred, and, if so, the appropriate length of time of the debarment. If the Borrower fails to avail itself of the opportunity to submit evidence to the Contractor Hearing Board, the Borrower may be deemed to have waived all rights of appeal.
- F. After consideration of any objections, or if no objections are submitted, a record of the hearing, the proposed decision and any other recommendation of the Contract Hearing Board shall be presented to the Board of Commissioners. The Board of Commissioners shall have the right to modify, deny or adopt the proposed decision and recommendation of the Hearing Board.
- G. If a Borrower has been debarred for a period longer than five years, that Borrower may, after the debarment has been in effect for at least five years, submit a written request for review of the debarment determination to reduce the period of debarment or terminate the debarment. The Commission may, in its discretion, reduce the period of debarment or

terminate the debarment if it finds that the Borrower has adequately demonstrated one or more of the following: (1) elimination of the grounds for which the debarment was imposed; (2) a bona fide change in ownership or management; (3) material evidence discovered after debarment was imposed; or (4) any other reason that is in the best interests of the Commission.

- H. The Contractor Hearing Board will consider a request for review of the debarment determination only where (1) the Borrower has been debarred for a period longer than five years; (2) the debarment has been in effect for at least five years; and (3) the request is in writing, states one or more of the ground for reduction of the debarment period or termination of the debarment, and includes supporting documentation. Upon receiving an appropriate request, the Contractor Hearing Board will provide notice of the hearing on the request. At the hearing, the Contractor Hearing Board shall conduct a hearing where evidence on the proposed reduction of debarment period or termination of debarment is presented. This hearing shall be conducted and the request for review decided by the Contractor Hearing Board pursuant to the same procedures as for a debarment Hearing.

The Contractor Hearing Board's proposed decision shall contain a recommendation on the request to reduce the period of debarment or terminate the debarment. The Contractor Hearing Board shall present its proposed decision and recommendation to the Board of Commissioners. The Board of Commissioners shall have the right to modify, deny or adopt the proposed decision and recommendation of the Contractor Hearing Board.

- I. These terms shall also apply to subcontractors and subconsultants of County, HACOLA, or Commission contractors, consultants, vendors and agencies.

17. Section 3 of the Housing and Community Development Act of 1968, as Amended

- A. The work to be performed under this Agreement is subject to the requirements of Section 3 of the Housing and Urban Development Act of 1968, as amended, 12 U.S.C. 1701u (Section 3). The purpose of Section 3 is to ensure that employment and other economic opportunities generated by HUD assistance or HUD-assisted projects covered by Section 3, shall, to the greatest extent feasible, be directed to low-and very low-income persons, particularly persons who are recipients of HUD assistance for housing.
- B. The parties to this Agreement agree to comply with HUD's regulations in 24 CFR Part 135, which implement Section 3. As evidenced by their execution of this Agreement, the parties to this Agreement certify that they are under no contractual or other impediment that would prevent them from complying with the Part 135 regulations.
- C. The Borrower agrees to send to each labor organization or representative of workers with which the Borrower has a collective bargaining Agreement or other understanding, if any, a notice advising the labor organization or workers' representative of the Borrower's commitments under this Section 3 clause, and will post copies of the notice in conspicuous places at the work site where both employees and applicants for training and employment positions can see the notice. The notice shall describe the Section 3

preference, shall set forth minimum number and job titles subject to hire, availability of apprenticeship and training positions, the qualifications for each; and the name and location of the person(s) taking applications for each of the positions; and the anticipated date the work shall begin.

- D. The Borrower agrees to include this Section 3 clause in every subcontract subject to compliance with regulations in 24 CFR Part 135, and agrees to take appropriate action, as provided in an applicable provision of the subcontract or in this Section 3 clause, upon a finding that the subcontractor is in violation of the regulations in 24 CFR Part 135. The Borrower will not subcontract with any subcontractor where the Borrower has notice or knowledge that the subcontractor has been found in violation of the regulations in 24 CFR Part 135.
- E. The Borrower will certify that any vacant employment positions, including training positions, that are filled (1) after the Borrower is selected but before the Agreement is executed, and (2) with persons other than those to whom the regulations of 24 CFR part 135 require employment opportunities to be directed, were not filled to circumvent the Borrower's obligations under 24 CFR Part 135.
- F. Noncompliance with HUD's regulations in 24 CFR Part 135 may result in sanctions, termination of this Agreement for default, and debarment or suspension from future HUD assisted contracts.
- G. With respect to work performed in connection with Section 3 covered Indian housing assistance, section 7(b) of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450e) also applies to the work to be performed under this Agreement. Section 7(b) requires that to the greatest extent feasible (i) preference and opportunities for training and employment shall be given to Indians, and (ii) preference in the award of contracts and subcontracts shall be given to Indian organizations and Indian-owned Economic Enterprises. Parties to this Agreement that are subject to the provisions of Section 3 and section 7(b) agree to comply with Section 3 to the maximum extent feasible, but not in derogation of compliance with section 7(b).

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 of this Amendment No. 1 and is also available on the Internet at [www.babysafela.org](http://www.babysafela.org) for printing purposes.

21. Borrower's Acknowledgment of 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.

22. Lobbyist Ordinances

Federal Lobbyist Requirements: Borrower is prohibited by the Department of Interior and Related Agencies Appropriations Act, known as the Byrd Amendments, and HUD's 24 CFR Part 87, from using federally appropriated funds for the purpose of influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, loan or cooperative Agreement, and any extension, continuation, renewal, amendment or modification of said documents.

Borrower must certify in writing on the Federal Lobbyist Requirements Certification form that they are familiar with the Federal Lobbyist Requirements and that all persons and/or subcontractors acting on behalf of the Borrower will comply with the Lobbyist Requirements.

Failure on the part of the Borrower or persons/subcontractors acting on behalf of the Borrower to fully comply with the Federal Lobbyist Requirements may be subject to civil penalties.

23. Compliance With Jury Service Program.

- A. Unless Borrower has demonstrated to the Commission satisfaction either that Borrower is not a "Contractor" as defined under the Jury Service Program or that Borrower qualifies for an exception to the Jury Service Program, Borrower shall have and adhere to a written policy that provides that its Employees shall receive from the Borrower, on an annual basis, no less than five days of regular pay for actual jury service. The policy may provide that Employees deposit any fees received for such jury service with the Borrower or that the Borrower deduct from the Employee's regular pay the fees received for jury service.

- B. For purposes of this Section, “Contractor” means a person, partnership, corporation or other entity which has a contract with the County or a subcontract with a County contractor and has received or will receive an aggregate sum of \$50,000 or more in any 12-month period under one or more County contracts or subcontracts. “Employee” means any California resident who is a full time employee of Borrower. “Full time” means 40 hours or more worked per week, or a lesser number of hours if: 1) the lesser number is a recognized industry standard as determined by the County, or 2) Borrower has a long-standing practice that defines the lesser number of hours as full-time. Full-time employees providing short-term, temporary services of 90 days or less within a 12-month period are not considered full-time for purposes of the Jury Service Program. If Borrower uses any subcontractor to perform services for the County under the Contract, the subcontractor shall also be subject to the provisions of this Section. The provisions of this Section shall be inserted into any such subcontract Contract and a copy of the Jury Service Program shall be attached to the Contract.
- C. If the Borrower is not required to comply with the Jury Service Program when the Contract commences, Borrower shall have a continuing obligation to review the applicability of its “exception status” from the Jury Service Program, and Borrower shall immediately notify County if Borrower at any time either comes within the Jury Service Program’s definition of “Contractor” or if Borrower no longer qualifies for an exception to the Program. In either event, Borrower shall immediately implement a written policy consistent with the Jury Service Program. The County may also require, at any time during the Contract and at its sole discretion, that Borrower demonstrate to the County’s satisfaction that Borrower either continues to remain outside of the Jury Service Program’s definition of “Contractor” and/or that Borrower continues to qualify for an exception to the Program.
- D. Borrower’s violation of this Section of the contract may constitute a material breach of the Contract. In the event of such material breach, County may, in its sole discretion, terminate the Contract and/or bar Borrower from the award of future County contracts for a period of time consistent with the seriousness of the breach.

24. Borrower’s Charitable Activities Compliance

The Supervision of Trustees and Fundraisers For Charitable Purposes Act regulates entities receiving or raising charitable contributions. The “Nonprofit Integrity Act of 2004” (SB 1262, Chapter 919) increased Charitable Purposes Act requirements. By requiring Borrowers to complete the “Charitable Contributions Certificate” form, the Commission seeks to ensure that all Commission borrowers that receive or raise charitable contributions comply with California law in order to protect the Commission and its taxpayers. A Borrower that received or raises charitable contributions without complying with its obligations under California law commits a material breach subjecting it to either contract termination or debarment proceedings, or both.



EXHIBIT “T”  
AFFIRMATIVE MARKETING REQUIREMENTS

**LOS ANGELES COUNTY  
COMMUNITY DEVELOPMENT COMMISSION  
AND  
HOUSING AUTHORITY  
AFFIRMATIVE MARKETING  
(HOMEOWNERSHIP)**

In accordance with the California Fair Employment and Housing Act and the policy of the Los Angeles County Community Development Commission (Commission), and the Los Angeles County Housing Authority (Housing Authority), property owners or their designees must adhere to the following affirmative marketing guidelines in order to create awareness for the general public and certain community groups as to the availability of units designated for lower and/or moderate-income.

**APPLICABILITY**

Property owners or their designees are required to provide an affirmative marketing plan and procedures for all developments with designated units. Procedures to be used must identify how persons in the housing market area who are not likely to apply for the housing without special outreach shall be informed and made aware of available affordable housing opportunities. The Commission has identified two groups as least likely to apply without special outreach efforts, namely, African-American and Hispanic persons.

**THE AFFIRMATIVE MARKETING PLAN**

The Property Owner or designee's Affirmative Marketing Plan shall consist of a written marketing strategy designed to provide information and to attract eligible persons in the housing market area to the available units without regard to race, color, national origin, sex, religion, marital and familial status, handicap (disability), sexual orientation, ancestry or source of income. It shall describe initial advertising, outreach (community contacts) and other marketing activities, which will inform potential buyers of the availability of the units. It shall also outline an outreach program which includes special measures designed to attract those groups identified as least likely to apply without special outreach efforts, (because of existing neighborhood racial or ethnic patterns, location of housing or other factors) and other efforts designed to attract persons from the total eligible population.

The Property Owner must do the following:

1. Insert Equal Housing Opportunity logotype, statement or slogan on all written outreach tools (i.e. signs, advertisements, brochures, direct mail solicitations, press releases, etc.)
2. Display prominently the Fair Housing poster at the leasing office and project site from the beginning of construction through occupancy. (24 CFR 110.10). This poster must be at a minimum 11 inches by 14 inches (24 CFR 110.25).
3. The Developer is required to offer the buyer a list of home entrance, interior routes of travel, kitchen, and bathroom modifications that would make the home accessible to persons with disabilities. The Developer must indicate at what point in the construction process the buyer must notify the developer that the features are desired. These

modifications are to be made at the buyer's expense. A list to be used during the sales period must be included in the plan.

4. In addition to the above, the Affirmative Fair Housing Marketing Plan shall outline:
  - a. Commercial Media to be used (i.e., community newspapers and non-English language newspapers, radio, television, billboards, religious or local real estate publications, etc.).
  - b. Marketing efforts to be used (i.e., brochures, letters, handouts, direct mail, signs, etc.)
  - c. Community Contacts to supplement formal communications media for the purpose of soliciting group(s) least likely to purchase the available housing without special outreach efforts. They should be individuals or organizations (i.e., service agencies, community organizations, places of worship, etc) that have direct and frequent contact with those identified as least likely to apply. The contacts should also be chosen on the basis of their positions of influence within the general community and the particular target group. The Property Owner must agree to establish and maintain contact with the identified contacts.
  - d. Specify means to assure that information regarding the availability of accessible/adaptable for-sale units reaches eligible individuals with disabilities will be disseminated to increase effectiveness of outreach and communications (e.g., Telecommunications Devices for the Deaf (TTY), materials on tape or in Braille, accessible locations for activities and meetings, etc.)
  - e. State that access to all sales offices for the project, as well as the offices of any first trust deed lenders for the project will be accessible to persons with disabilities as required by the American with Disabilities Act.
  - f. The written Affirmative Fair Housing Marketing Plan for each project shall be accompanied by a completed Affirmative Fair Housing Marketing Plan Summary (attached).

### **BUYER SELECTION**

1. The Property Owner or designee shall maintain records of all prospective homebuyer applicants, including their race, ethnicity and gender, reasons for denial of application, placement on a waiting list, etc.
2. The Property Owner or designee shall also provide for the selection of applicants from a written waiting list in the chronological order of their application, insofar as is practicable, and provide prompt written notification to any rejected applicants of the grounds for any rejection.
3. The Property Owner or designee must certify that it has affirmatively furthered fair housing.

## Affirmative Fair Housing Marketing Plan Summary (HOMEOWNERSHIP)

1a. Applicant's Name, Address (including city, state & zip code) & phone number	1b. Project's Name, Location (including city, and zip code)	
1c. Number of Units	1d. Sales Price Range From \$ To \$	1e. Type of Housing <input type="checkbox"/> Development <input type="checkbox"/> Scattered Site
1f. Approximate Starting Dates (mm/dd/yyyy) Advertising _____ Occupancy _____	1g. Housing Market Area	
1i. Sales Agent's Name & Address (including city, state & zip code) & phone number		
1h. Census Tract		

2. Type of Affirmative Marketing Area (check all that apply)

White (non-minority) Area                       Minority Area

Mixed Area (with \_\_\_\_\_% minority residents)

3. Direction of Marketing Activity (indicate which group(s) in the housing market area are least likely to apply for the housing because of its location and other factors without special outreach efforts)

White     Hispanic or Latino     American Indian or Alaskan Native     Asian

Black or African American     Native Hawaiian or Other Pacific Islander     Families with Children

Persons with Disabilities     Other (e.g., specific ethnic group, religion): \_\_\_\_\_

4a. Marketing Program: Commercial Media (Check the type of media to be used to advertise the availability of this housing)

Newspaper/Publications     Radio     TV     Billboards     Other (specify)

<i>Name of Newspaper, Radio or TV Station</i>	<i>Racial/Ethnic Identification of Readers/Audience</i>	<i>Size/Duration of Advertising</i>

4b. Marketing Program: Brochures, Signs, and HUD's Fair Housing Poster

(1) Will brochures, letters, or handouts be used to advertise?  Yes  No If "Yes", attach a copy or submit when available.

(2) For project site sign, indicate sign size \_\_\_\_\_x\_\_\_\_\_; Logo type size \_\_\_\_\_x\_\_\_\_\_. Attach a photograph of project sign or submit when available.

(3) HUD's Fair Housing Poster must be conspicuously displayed wherever rentals take place. Fair Housing Posters will be displayed in the:

Sales Office     Real Estate Office     Model Unit     Other (specify) \_\_\_\_\_

**Affirmative Fair Housing Marketing Plan Summary**

4c. Community Contacts. To further inform the group(s) least likely to apply about the availability of the housing, the applicant agrees to establish and maintain contact with the groups/organizations listed below that are located in the housing market area. If more space is needed, attach an additional sheet. Notify the Commission or Housing Authority of any changes in this list. Attach a copy of correspondence to be mailed to these groups/organizations. (Provide all requested information.)

Name of Group or Organization	Racial/Ethnic Identification	Approximate Date (mm/dd/yyyy)	Person Contacted or to be Contacted
Address & Phone Number	Method of Contract	Indicate the specific function the Group / Organization will undertake in implementing the marketing program	

5. Reserved

6. Experience and Staff Instructions (See instructions)

6a. Staff has affirmative marketing experience  Yes  No

6b. On separate sheets, indicate training to be provided to staff on Federal, State and local fair housing laws and regulations, as well as this AFHM Plan. Attach a copy of the instructions to staff regarding fair housing.

7. Additional Considerations. Attach additional sheets as needed.

8. Changes and Revisions. By signing this form, the applicant agrees to assume full responsibility for the plan's implementation and, after appropriate consultation with the Commission or Housing Authority, to change any part of the plan covering the homeownership project to ensure continued compliance with the Commission or Housing Authority Affirmative Marketing requirements.

Signature of person submitting this Plan & Date of Submission (mm/dd/yyyy)

Name (type or print)

Title & Name of Company

## **Instructions**

The Affirmative Fair Housing Marketing Plan requires that each applicant subject to these requirements carry out an affirmative program to attract prospective buyers of all minority and non-minority groups in the housing market area regardless of race, color, national origin, sex, religion, marital and familial status, handicap (disability), sexual orientation, ancestry or source of income. These groups include White, members of minority groups, i.e., Black, American Indian/Alaskan Native, Hispanic or Latino, Asian, Native Hawaiian or Other Pacific Islander, person with disabilities, families with children, or persons with different religious affiliations in the housing market area who may be subject to housing discrimination on the basis of race, color, national origin, sex, religion, marital and familial status, handicap (disability), sexual orientation, ancestry or source of income. The applicant shall describe on this form the activities it proposes to carry out during advance marketing, where applicable, and the initial rent-up period. The affirmative marketing program also should ensure that any group(s) of persons normally **not** likely to purchase the housing without special outreach efforts know about the housing, feel welcome to apply and have the opportunity to rent.

**Part 1 – Applicant and Project Identification.** The applicant may obtain Census Tract location information, item 1h, from local planning agencies, public libraries and other sources of census data. For item 1f, specify approximate starting date of marketing activities to the groups targeted for special outreach and the anticipated date of initial occupancy. Item 1i is to be completed only if the applicant is not to implement the plan on its own.

**Part 2 – Type of Affirmative Marketing Plan.** Applicants for multifamily projects are to submit a marketing plan which describes the marketing program for the particular project or subdivision. The plan should also indicate the racial composition of the housing market area in which the housing will be (is) located. Scattered site builders are to submit individual annual plans based on the racial composition of each type of census tract. For example, if a builder plans to construct units in both minority and non-minority census tracts, separate plans shall be submitted for all of the housing proposed for both types.

**Part 3 – Direction of Marketing Activity.** Considering factors such as the price of housing, the racial/ethnic characteristics of the neighborhood in which housing is (or is to be) located, the population within the housing market area, or the disability or familial status of the eligible population, public transportation routes, etc., indicate which group(s) you believe are least likely to apply without special outreach efforts.

**Part 4 – Marketing Program.** The applicant shall describe the marketing program to be used to attract all segments of the eligible population, especially those groups designated in the Plan as least likely to apply without special outreach efforts. The applicant shall state: the type of media to be used, the names of newspapers/call letters of radio or TV stations; the identity of the circulation or audience of the media identified in the Plan (e.g., White, Black or African American, Hispanic or Latino, Asian, American Indian/Alaskan Native, Native Hawaiian or Other Pacific Islander, persons with disabilities, families with children, and religious affiliation) and the size or duration of newspaper advertising or length and frequency of broadcast advertising. Community contacts include individuals or organizations that are well known in the project area or the locality and that can influence persons within groups considered least likely to apply. Such contacts may include, but need not be limited to: neighborhood, minority and

women's organizations, faith-based or other community based organizations, labor unions, employers, public and private agencies, disability advocates, and individuals who are connected with these organizations and/or are well-known in the community.

**Part 5 – Reserved**

**Part 6 – Experience and Staff Instructions.**

- a. Indicate whether the applicant has previous experience in marketing housing to group(s) identified as least likely to apply for the housing without special outreach efforts.
- b. Describe the instructions and training given to sales staff. This guidance to staff must include information regarding Federal, State and local fair housing laws and this Plan. Copies of any written materials should be submitted with the Plan, if such materials are available.

**Part 7 – Additional considerations.** In this section describe other efforts not previously mentioned which are planned to attract persons in either those groups already identified in the Plan as least likely to purchase the housing without special outreach efforts.

**Part 8 –** The applicant's authorized agent signs and dates the Plan. By signing the Plan, the applicant assumes full responsibility for its implementation. The Commission or Housing Authority may at any time monitor the implementation of the Plan and request modification in its format or content, where the Commission or Housing Authority deems necessary.

**Notice of Intent to Begin Marketing.** No later than 90 days prior to the initiation of marketing activities, the applicant with an approved Plan shall submit written notice of intent to begin marketing. The notification is required by the Affirmative Fair Housing Marketing Plan Compliance requirements.

**Affirmative Fair Housing Marketing  
Certification**

**Project Name:** \_\_\_\_\_

**Address:** \_\_\_\_\_

I, the undersigned, on behalf of \_\_\_\_\_ hereby certify under penalty of perjury that the marketing efforts for the above-named project is or have been conducted in complete adherence to the Affirmative Marketing Plan dated \_\_\_\_\_ as previously accepted and approved by the Los Angeles County Community Development Commission/Housing Authority.

\_\_\_\_\_  
Signature of Property Owner or Designee

(Name) \_\_\_\_\_

(Title) \_\_\_\_\_

(Date) \_\_\_\_\_



**DISPOSITION AND DEVELOPMENT AGREEMENT  
BETWEEN  
THE HOUSING AUTHORITY OF THE COUNTY OF LOS ANGELES  
AND  
OLIVE GLEN, LLC**

**AMENDMENT NO. 2**

This Amendment No. 2 (the "Amendment") to the Disposition and Development Agreement ("Agreement") is made and entered into this \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_ by and between the HOUSING AUTHORITY OF THE COUNTY OF LOS ANGELES, a public body, corporate and politic, (the "HACOLA"), and OLIVE GLEN, LLC, a California Limited Liability Company, ("Developer").

WHEREAS, at its meeting of March 14, 2006, the Board of Commissioners of HACOLA authorized the Executive Director to enter into an Agreement for a 26-unit project; and

WHEREAS, on March 16, 2006, HACOLA and the Developer executed the Agreement to provide to provide ONE MILLION FOUR HUNDRED THOUSAND DOLLARS (\$1,400,000) in land acquisition and development funds (\$840,017 in City of Industry Redevelopment Housing Set-Aside funds and \$559,983 in Community Development Block Grant funds) for the conversion into secondary financing assistance for fourteen (14) qualified buyers, and subject to the additional conditions set forth therein; and

WHEREAS, HACOLA and the Developer desire to decrease the amount of Assisted Units from fourteen (14) to six (6); and

WHEREAS, HACOLA desires to reduce the City of Industry Redevelopment Housing Set-Aside funds from EIGHT HUNDRED FORTY THOUSAND SEVENTEEN DOLLARS (\$840,017) to FORTY THOUSAND SEVENTEEN DOLLARS (\$40,017); and

WHEREAS, HACOLA desires to exchange the sum of FIVE HUNDRED FIFTY NINE THOUSAND NINE HUNDRED EIGHTY THREE DOLLARS (\$559,983) of Community Development Block Grant ("CDBG") funds with FIVE HUNDRED FIFTY NINE THOUSAND NINE HUNDRED EIGHTY THREE DOLLARS (\$559,983) of HOME Investment Partnerships Program (HOME) funds; and

WHEREAS, the funds will be administered by HACOLA in accordance with an authorization approved by the Board of Supervisors and the Board of Commissioners on December 20, 2005; and

WHEREAS, HACOLA and the Developer desire to amend the Agreement as set forth herein;

NOW, THEREFORE, in consideration of the foregoing recitals, which hereby deemed a contractual part hereof, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledges, HACOLA and Developer hereby covenant and agree to amend the Agreement as follows:

1. Transaction Summary shall be amended as follows:

- a. Amend Affordability: Market Rate (20)  
Low Income (6)  
Total (26)
- b. Include Use of funds: 45-year subordinated shared appreciation loans to unit buyers.
- c. Include Term of Affordability: 45 years
- d. Amend Allocation:

City of Industry Funds	
Acquisition	\$40,017
Buyer Assistance	\$0
HOME Funds	
Acquisition	\$559,983
Maximum Total Loan	\$600,000
Maximum Loan Per Assisted Unit	\$100,000

2. Section B of Recitals shall be amended as follows:

WHEREAS, upon completion of the Project, Developer intends to sell Twenty Six (26) Units in the Project. Six (6) of the Units (the “Assisted Units”), will be sold only to Qualified Buyers and will be partially financed by HACOLA Secondary Financing Loans to be made by HACOLA pursuant to the terms of this Agreement to benefit both Developer, HACOLA by increasing the marketability of the Project and providing affordable housing opportunities for Low-Income Households as specified herein and in the Transaction Summary above.

3. Section 1.1, Land Acquisition Loan, shall be amended as follows:

HACOLA agrees, subject to the terms and conditions of this Agreement, to convey the Site to the Developer for the purchase price of SIX HUNDRED THOUSAND DOLLARS (\$600,000) (“**Purchase Price**”), and Developer agrees to acquire the Site. Developer shall pay the Purchase Price by delivering an executed Promissory Note, payable to HACOLA, in the original principal amount of SIX HUNDRED THOUSAND DOLLARS (\$600,000) (the “**Land Acquisition Loan**”), in the form set forth on “Exhibit F” attached hereto (the “**Land Acquisition**”).

**Promissory Note**”), and an executed and acknowledged second priority deed of trust securing repayment of the Land Acquisition Promissory Note, in the form attached hereto as “Exhibit G (the “Land Acquisition Deed of Trust”) to Escrow Holder prior to the close of the Escrow. The remaining funds needed to complete the development of the Project of the Site will come from other funds obtained by the Developer as described in Section 3.1.3.

4. Section 3.1.1.1, Developer's Title Policy, shall be amended as follows:

As a condition to the close of the Escrow, North American Title Company (the **“Title Company”**) shall be in a position to issue to the Developer an ALTA standard form policy of title insurance, in the amount of SIX HUNDRED THOUSAND DOLLARS (\$600,000) (the **“Developer’s Title Policy”**), insuring that, upon the closing of the Escrow, fee title to the Site is vested in the Developer. The Title Company shall provide HACOLA with a copy of the Developer's Title Policy.

5. Section 3.1.3.1, Construction Financing, paragraph 2, sentence one, shall be amended as follows:

The Construction Commitment shall provide that: (i) the documents evidencing the Senior Construction Financing will provide that any proceeds from fire or extended coverage insurance shall be used for repair or rebuilding of the Project financed or to be financed by the Senior Construction Financing, provided such proceeds are sufficient to so repair the Developer Improvements and not to repay the outstanding balance of the Senior Construction Financing; (ii) the Senior Construction Financing will have a term of at least twelve (12) months, but no longer than the period during which the Developer is obligated under this Agreement and the Schedule of Performance to complete and sell all Twenty Six (26) Units in the Project; (iii) the Senior Construction Financing shall be consistent with the terms and provisions of this Agreement and, to the extent not inconsistent with this Agreement, the Senior Construction Financing may be subject to the Senior Construction Lender’s usual and customary commercial terms and conditions; (iv) the documents evidencing the Senior Construction Financing will provide for a third party disbursement agent, selected by the Senior Construction Lender, that will monitor the progress of the development of the Project, and will control the disbursement of the Senior Construction Financing based on such progress; and (v) the Senior Construction Financing is for the sole purpose of providing funds to develop the Project.

6. Section 5.1, Restriction to Qualified Buyers, paragraph 1 shall be amended to include the below language, following the last sentence:

The Non-Assisted Units, shall consist of twenty (20) of the total twenty-six (26) units on the Site, and shall be sold at the market value.

“Qualified Buyer” for the Assisted Units shall mean first-time homebuyers whose household incomes are no more than 80% of Area Median Income as defined by HUD, or and successor or entity designated under state law as responsible for establishing such definition.

8. Section 5.7, Sales Prices; Developer Reimbursement, paragraph 1, shall be amended to include the below, following the last sentence:

Except for the HOME Assisted Units, where the maximum Sales Price is determined by HUD, maximum purchase price limits are issued by HUD on an annual basis, and it shall be the responsibility of the Developer to verify that the Sales Price does not exceed the limits at the time of sale.

9. Section 11, Agreement to Pay Attorneys' Fees and Expenses shall be deleted in its entirety.
10. Exhibit E ("Financing Assumptions") to the Agreement shall be amended as set forth in Amended Exhibit E, attached hereto and incorporated herein by this reference.
11. Exhibit F ("Land Acquisition Promissory Note") to the Agreement shall be amended as set forth in Amended Exhibit F, attached hereto and incorporated herein by this reference.
12. Exhibit G ("Deed of Trust") to the Agreement shall be amended as set forth in Amended Exhibit G, attached hereto and incorporated herein by this reference.
13. Exhibit H ("Schedule of Performance") to the Agreement shall be amended as set forth in Amended Exhibit H, attached hereto and incorporated herein by this reference.
14. Exhibit K ("HACOLA Secondary Financing Note") to the Agreement shall be amended as set forth in Amended Exhibit K, attached hereto and incorporated herein by this reference.
15. Exhibit L ("HACOLA Secondary Financing Deed of Trust") to the Agreement shall be amended as set forth in Amended Exhibit L, attached hereto and incorporated herein by this reference.
16. Exhibit M ("Tertiary Financing Note") to the Agreement shall be amended as set forth in Amended Exhibit M, attached hereto and incorporated herein by this reference.
17. Exhibit N ("Tertiary Financing Deed of Trust") to the Agreement shall be amended as set forth in Amended Exhibit N, attached hereto and incorporated herein by this reference.
18. Agreement shall be amended to include Exhibit Q ("HOME Loan Agreement")
19. Agreement shall be amended to include Exhibit R ("HACOLA Requirements")
20. Agreement shall be amended to include Exhibit R ("CDC Requirements")
21. Agreement shall be amended to include Exhibit S ("Affirmative Marketing Requirements")
22. All undefined terms when used herein shall have the same respective meanings as set forth in the Agreement unless expressly provided otherwise in this Amendment.

23. Each of the signatories for the Lessor personally covenant, warrant and guarantee that each of them, jointly and severally, have the power and authority to execute this Amendment upon the terms and conditions stated herein and each agrees to indemnify and hold harmless HACOLA from all damages, costs, and expenses, which result from a breach of this representation.
24. In the event of a conflict between the terms and conditions of this Amendment and the terms and conditions of the Agreement, the terms and conditions of this Amendment shall prevail. All other terms and conditions contained in the Agreement as hereby amended, are ratified and shall remain in full force and effect.

*[Signatures on following page]*

IN WITNESS WHEREOF, the duly authorized officers of the parties hereto have authorized this Amendment and are executing this Amendment as of the day, month and year first above written.

**HACOLA:**  
HOUSING AUTHORITY OF THE  
COUNTY OF LOS ANGELES

By \_\_\_\_\_  
SEAN ROGAN, Executive Director

Date \_\_\_\_\_

APPROVED AS TO FORM:

ANDREA SHERIDAN ORDIN,  
County Counsel

By \_\_\_\_\_  
Deputy

**DEVELOPER:**  
OLIVE GLEN, LLC  
a California limited liability company

By: \_\_\_\_\_  
JOHN ABELL, President

Date \_\_\_\_\_

AMENDED EXHIBIT "E"  
FINANCING ASSUMPTIONS

## FINANCIAL ANALYSIS

Olive Glen  
135 S. 3<sup>rd</sup> Street in unincorporated La Puente

The project consists of 26 single family for-sale units in unincorporated La Puente area. Six units will be reserved for families with household income not exceeding 80% Area Median Income for the Los Angeles/Long Beach Metropolitan Statistical Area, adjusted for family size. These units will receive HOME secondary financing assistance.

Construction Phase	Total	Per	Unit
<u>Uses</u>		Market Rate	Affordable
	26	20	6
<b>Total Value</b>	<b>10,530,000</b>	<b>405,000</b>	<b>405,000</b>
<u>Sources</u>			
Industry (land)	40,017	1,539	1,539
HOME (land)	559,983	21,538	21,538
Construction Loan	7,190,439	276,555	276,555
Cost of Sales	572,325	22,013	22,013
Deferred Equity	2,167,236	83,355	83,355
<b>Total Value</b>	<b>10,530,000</b>	<b>405,000</b>	<b>405,000</b>
Permanent Phase	Total	Per	Unit
<u>Uses</u>		Market Rate	Affordable
	26	20	6
<b>Total Value</b>	<b>10,530,000</b>	<b>405,000</b>	<b>405,000</b>
<u>Sources</u>			
Buyer Funds	9,930,000	405,000	305,000
Industry (land)	40,017		6,670
HOME (land)	559,983		93,330
<b>Total Value</b>	<b>10,530,000</b>	<b>405,000</b>	<b>405,000</b>



AMENDED EXHIBIT "F"  
LAND ACQUISITION PROMISSORY NOTE

AMENDED and RESTATED  
LAND ACQUISITION PROMISSORY NOTE  
(PROJECT NO. YY1160)

NOTICE: This Note requires payment of the principal and interest if certain events occur.

\$600,000

August \_\_\_\_\_, 2010

For value received, the undersigned, Olive Glen, LLC, a California limited liability corporation ("**Borrower**") whose principal address is set forth hereinbelow, promises to pay to the order of the HOUSING AUTHORITY OF THE COUNTY OF LOS ANGELES, a public body corporate and politic ("**Authority**") at 2 Coral Circle, Monterey Park, California 91755-7425 (or to such designee and/or at such other address as the Authority may from time to time designate in writing), the principal sum of SIX HUNDRED THOUSAND DOLLARS (\$600,000) [\$40,017 of City of Industry and \$559,983 of HOME funds] (the "**Loan**"), or such amount as may be advanced hereunder, plus accrued and unpaid interest as provided hereinbelow, and all other charges due hereunder, in accordance with the terms and conditions of that certain Disposition and Development Agreement dated as of March 16, 2006, entered into between Borrower and the Authority (the "**Agreement**"), and the terms and conditions of this Promissory Note (this "**Note**"). As set forth in greater detail in the Agreement, the purpose of the Loan is to provide Borrower financing in connection with a housing project ("**Project**" or "**Assisted Units**") on a site more particularly described in the Agreement ("**Site**"). Capitalized terms used herein but not otherwise defined herein shall have the meanings set forth for such terms in the Agreement.

1. Interest.

1.1 Basic Interest. Provided that Borrower is in compliance with the Schedule of Performance and the Assisted Units are completed and sold to Qualified Buyers pursuant to the Agreement by the date specified in the Schedule of Performance, the Authority waives interest under this Note. If Borrower does not complete and sell all of the Assisted Units pursuant to the Agreement by the date specified in the Schedule of Performance, and, subject to Section 1.3 below, the disbursed and unpaid principal balance of this Note shall accrue interest at the rate of three percent (3%) per annum, simple interest ("**Basic Rate**") commencing on the date of the close of the Escrow, and ending on the date when all sums are paid, as provided herein. Interest shall be computed on the basis of actual number of days elapsed and a 365-day year.

1.2 Payment Dates and Amounts. Principal plus interest shall be due and payable eighteen (18) months from the date of this Note. Provided no Event of Default (as set forth in Section 9 below) or other event of acceleration under this Note or the Agreement has occurred, Borrower shall repay this Note as follows: (i) upon an Assisted Unit Close of Escrow pursuant to the terms of the Agreement, an amount equal to the HACOLA Assistance Amount for such Assisted Unit sold to a Qualified Buyer (the "**Assisted Unit Repayment Amount**"), which Assisted Unit Repayment Amount shall be paid via a credit to Borrower from the Authority against the

outstanding amounts owed under this Note upon the recordation of a HACOLA Secondary Financing Deed of Trust against such Assisted Unit; (ii) upon an Assisted Unit Close of Escrow pursuant to the terms of the Agreement, an amount, in addition to the amounts due under clause (i), equal to fifty percent (50%) of any deferred payment assistance provided to any Qualified Buyers by any public or non-profit lender other than the Authority in excess of the average Permanent Loan anticipated to be obtained by the Qualified Buyers as shown on Exhibit "E" to the Agreement (the "**Additional Assistance Repayment Amount**").

1.3 Default Rate. Any amounts (including but not limited to amounts of principal and interest on the Loan) which Borrower does not pay when due under the terms of the Agreement or this Note shall bear interest at the rate of ten percent (10%) per annum, simple interest ("**Default Rate**"), from the date due until the date paid.

1.4 Intentionally Omitted.

1.5 Assignment. In addition to the payments provided in Section 1.2 above, Borrower shall pay to the Authority towards (but not to exceed) any outstanding amounts associated with the Loan, no later than the date of close of escrow or other consummation of any Assignment, the Applicable Percentage of the Net Proceeds of such Assignment;

"**Applicable Percentage**" shall mean fifty percent (50%); provided, however, that the term Applicable Percentage shall mean one hundred percent (100%) with respect to a payment on the Loan attributable in whole or in part to a condemnation of, or event of damage, destruction or casualty with respect to, the Site, the Project or any portion of either.

"**Assignment**" means any voluntary or involuntary conveyance, disposition, assignment, taking, casualty, encumbrance (other than the Senior Construction Loan or limited partner contributions, the proceeds of which are used solely for initial development of the Project), sublease, sale (other than the sale of individual Units to members of the home-buying public pursuant to the terms of the Agreement), license, concession, management agreement, operating agreement, transfer or similar transaction with respect to any direct or indirect interest or economic benefit of any person or entity in connection with the Project or the use or occupancy of the Site including, without limitation, any Transfer by Borrower of all or any portion of its rights under or interest in the Project or the Site, any change of ownership or control of Borrower, any condemnation or taking of the Site or the Project or any portion thereof, any event of damage to or destruction of the Site or the Project, any foreclosure of Borrower's interest in the Project or the Site, whether by judicial proceedings, or by virtue of any power contained in a deed of trust, indenture or other instrument creating a lien against the Site or the Project, or any assignment of Borrower's estate in the Project or the Site through, or in lieu of, foreclosure or other appropriate and bona fide proceedings in the nature thereof; provided, however, that the term "Assignment" as used herein shall not include bona fide transfers of an ownership interest in Borrower to any Affiliate of Borrower, so long as the consideration paid to the selling partner, member or shareholder on account of such transfer does not exceed the actual amount paid by such partner, member or shareholder for its ownership interest plus reimbursement for any out-of-pocket expenses incurred by such partner, member or shareholder in connection with its acquisition of such ownership interest.

“**Net Proceeds**” of an Assignment shall mean (1) the proceeds received, directly or indirectly, by Borrower or any Affiliate or constituent member or partner, or majority shareholder, of Borrower or any Affiliate as a result of such Assignment, including, without limitation, cash, the amount of any monetary lien or encumbrance assumed or taken subject to by the assignee, the fair market value of any noncash consideration, including the present value of any promissory note received as part of the proceeds of such Assignment (such present value to be determined based upon a discount rate reasonably satisfactory to Authority), the entire condemnation award or compensation payable to Borrower or any Affiliate or constituent member or partner, or majority shareholder, of Borrower or any Affiliate in connection with a condemnation or taking in eminent domain of any part of the Site or the Project or any interest therein, all insurance proceeds or awards payable to Borrower or any Affiliate or constituent member or partner or majority shareholder of Borrower or any Affiliate in connection with any damage to or destruction of the Site or the Project or any part thereof not used for project restoration; less (2) the sum of (i) the actual, documented and reasonable expenses of effecting such Assignment, including reasonable brokerage commissions, title insurance premiums, documentary transfer taxes, and reasonable attorneys’ fees, in each case actually paid in connection with the Assignment (provided that no deduction shall be allowed for payments to an Affiliate of the person or entity making the Assignment which are in excess of the amount that would be paid for the same or equivalent services in an arms’ length transaction between unrelated parties acting reasonably), and (ii) the amount of any proceeds of the Assignment paid (excluding voluntary payments) towards the then-outstanding balance of the Senior Construction Financing. Notwithstanding anything above to the contrary, the permissible deductions for purposes of calculating the Net Proceeds of an Assignment shall not include any foreign, U.S., state or local income taxes, franchise taxes, or other taxes based on income.

2. Acceleration.

Notwithstanding the payment terms set forth in Section 1 above, upon the occurrence of any "Event of Default" as set forth in Section 9 below, the entire outstanding principal balance of this Note, together with any outstanding interest and other amounts payable hereunder, may, at the election of the Authority and upon notice to Borrower thereof become immediately due and payable without presentment, demand, protest or other notices of any kind, all of which are hereby waived by Borrower.

3. Prepayment; Application of Payments.

At any time after the disbursement of the Loan proceeds, Borrower may prepay all or a portion of the unpaid principal amount of the Loan and accrued interest and any other sums outstanding without penalty. All payments, including any prepayments or funds received upon acceleration pursuant to Section 2 above, shall be applied first toward any outstanding costs of collection or other amounts (excluding Loan principal or interest thereon) due under this Note or the Agreement, then toward outstanding interest accrued at the Default Rate, if any, then toward outstanding interest accrued at the Basic Rate, if any, and finally toward the remaining principal balance under the Note.

4. Security and Source of Payment.

Borrower's obligations under this Note and the Agreement shall, at all times during which any amount remains outstanding, be secured by the Land Acquisition Deed of Trust (“**Deed of Trust**”) of even date herewith, and of which the Authority is the beneficiary, recorded against Borrower's fee interest in the Site and the Project (collectively, the "**Property**"). The security interest in the Property granted to the Authority pursuant to the Deed of Trust shall be subordinate only to the Permitted Senior Encumbrances. Except to the extent any Event of Default hereunder results directly or indirectly from any fraud or intentional or willful misconduct or material misrepresentation by Borrower in connection with this Note, the Agreement or the Loan, the Loan is a nonrecourse obligation of Borrower and, in the event of the occurrence of an Event of Default, the Authority's only recourse under the Deed of Trust shall be against the Property, the proceeds thereof, the rents and other income arising from its use and occupancy as provided in the Deed of Trust, and any other collateral given to the Authority as security for repayment of the Loan.

5. Obligation of Borrower Unconditional.

The obligation of Borrower to repay the Loan and all accrued interest thereon and all other sums due thereunder shall be absolute and unconditional, and until such time as all of the outstanding principal of, interest on and all other sums due under, this Note shall have been fully paid, Borrower agrees that it: (a) will use the funds solely for the purposes set forth herein; and (b) will not terminate or suspend any payment or obligations under this Note, the Agreement, or any other document executed hereunder or in connection herewith for any cause, including without limitation, any acts or circumstances that may constitute failure of consideration, commercial frustration of purpose, or any duty, liability or obligation arising out of or in connection with this Note, the Agreement or any document executed hereunder or in connection herewith.

6. Purpose of Loan.

The purpose of the Loan is to evidence and secure repayment of the Loan and to ensure that the affordability and habitability of the Project is maintained in accordance with the terms of the Agreement.

7. Covenants of Borrower.

As additional consideration for the making of the Loan by the Authority, Borrower covenants as follows:

7.1 Compliance with Agreement and Deed of Trust. Borrower shall comply with all of its obligations under the Agreement and the Deed of Trust. Any amounts payable by Borrower under the Agreement or the Deed of Trust (other than amounts also payable hereunder) shall be deemed added to the principal amount of the Loan payable hereunder.

7.2 Other Loans. Borrower shall comply with all monetary and nonmonetary covenants associated with any loan secured by an interest in the Site or the Project. Borrower

shall provide to the Authority a copy of any notice of default within five business days after receiving any notice of a default or alleged default of such covenants by Borrower, and Borrower shall promptly cure any such default and cooperate in permitting the Authority, to the extent the Authority in its sole discretion elects to do so, to cure or assist in curing the default. Any cost or expenditure incurred by the Authority in providing or assisting in such a cure shall be added to the outstanding principal amount of the Loan.

8. Assignment of this Note.

This Note shall be assignable by Borrower only if Borrower obtains the prior express written consent of the Authority, which consent may be withheld by the Authority in its sole discretion. Notwithstanding anything to the contrary in this Note, no purported assignment of this Note or the Loan shall be effective if such assignment would violate the terms, conditions and restrictions of any Applicable Governmental Restrictions. The Authority's consent to such assignment shall be expressly conditioned upon (i) the assignee's execution of such documents as required by the Authority in its sole discretion, including, without limitation, any and all documents deemed necessary by the Authority to provide for said assignee's assumption of all of the obligations of Borrower hereunder and under the Agreement, the Deed of Trust and all other documents executed in connection therewith, and (ii) the Authority's approval of the financial and credit worthiness of such proposed assignee and the assignee's ability to perform all of the Borrower's obligations under this Note and the Agreement and any of the other documents executed in connection herewith.

9. Events of Default and Remedies.

A. Borrower Events of Default. The occurrence of any of the following shall, after the giving of any notice and the expiration of any applicable cure period described therein, constitute an event of default by Borrower hereunder ("**Event of Default**"):

(1) The failure of Borrower to pay or perform any monetary covenant or obligation hereunder or under the terms of the Deed of Trust or the Agreement;

(2) The failure of Borrower to perform any non-monetary covenant or obligation hereunder or under the Deed of Trust or the Agreement, without curing such failure within thirty (30) days after receipt of written notice of such default from the Authority (or from any party authorized by the Authority to deliver such notice as identified by the Authority in writing to Borrower) specifying the nature of the event or deficiency giving rise to the default and the action required to cure such deficiency; provided, however, that if any default with respect to a non-monetary obligation is such that it cannot be cured within a 30-day period, such default shall not constitute an Event of Default if Borrower commences the cure within said 30-day period and diligently prosecutes such cure to completion thereafter with the cure completed in any event within 180 days after the notice. Notwithstanding anything herein to the contrary, the herein described notice cure periods shall not apply to any Event of Default described in Sections 9(A)(3) through 9(A)(8) below;

(3) The material falsity of any representation or breach of any warranty or covenant made by Borrower under the terms of this Note, the Agreement or the Deed of Trust;

(4) Borrower or any constituent member or partner, or majority shareholder, of Borrower shall (a) apply for or consent to the appointment of a receiver, trustee, liquidator or custodian or the like of its property, (b) fail to pay or admit in writing its inability to pay its debts generally as they become due, (c) make a general assignment for the benefit of creditors, (d) be adjudicated a bankrupt or insolvent or (e) commence a voluntary case under the Federal bankruptcy laws of the United States of America or file a voluntary petition that is not withdrawn within ten (10) days of the filing thereof or answer seeking an arrangement with creditors or an order for relief or seeking to take advantage of any insolvency law or file an answer admitting the material allegations of a petition filed against it in any bankruptcy or insolvency proceeding;

(5) If without the application, approval or consent of Borrower, a proceeding shall be instituted in any court of competent jurisdiction, under any law relating to bankruptcy, in respect of Borrower or any constituent member or partner or majority shareholder of Borrower, for an order for relief or an adjudication in bankruptcy, a composition or arrangement with creditors, a readjustment of debts, the appointment of a trustee, receiver, liquidator or custodian or the like of Borrower or of all or any substantial part of Borrower's assets, or other like relief in respect thereof under any bankruptcy or insolvency law, and, if such proceeding is being contested by Borrower, in good faith, the same shall (a) result in the entry of an order for relief or any such adjudication or appointment, or (b) continue undismissed, or pending and unstayed, for any period of ninety (90) consecutive days;

(6) Failure to sell all of the Assisted Units in the Project to Qualified Buyers pursuant to this Agreement within six (6) months following Completion of the Project;

(7) Borrower shall suffer or attempt to effect a Transfer, in violation of Section 9 or Section 27 of the Agreement;

(8) Borrower shall be in default under the terms of any Construction Loan or any other secured obligation secured by the Site or unsecured obligation relating to the Project, unless the default is cured within the cure period, if any, applicable thereto under the terms of the obligation which is in default.

B. Authority Remedies. Upon the occurrence of an Event of Default hereunder, the Authority may, in its sole discretion, take any one or more of the following actions:

(1) By notice to Borrower, except in the case of a default by Borrower under Section 9(A)(3) through (8) above in which event no notice shall be required, declare the entire then unpaid principal balance of the Loan immediately due and payable, and the same shall become due and payable without further demand, protest or further notice of any kind, all of which are hereby expressly waived by Borrower. Upon such declaration, outstanding principal and (to the extent permitted by law) interest and any other sums outstanding in connection with the Loan shall thereafter bear interest at the Default Rate, payable from the date of such declaration until paid in full;

(2) Subject to the nonrecourse provisions of Section 4 above, take any and all actions and do any and all things which are allowed, permitted or provided by law, in equity or by statute (including the remedy of specific performance), in the sole discretion of the Authority, to collect the amounts then due and thereafter to become due hereunder, to exercise its rights under the Deed of Trust, and to enforce performance and observance of any obligation, agreement or covenant of the Borrower under this Note, the Agreement or under any other document executed in connection herewith or therewith;

(3) Subject to the nonrecourse provisions of Section 4 above, upon the occurrence of an Event of Default, which is occasioned by Borrower's failure to pay money, whether under this Note or the Agreement, the Authority may, but shall not be obligated to, make such payment. If such payment is made by the Authority, Borrower shall deposit with the Authority, upon written demand therefore, such sum plus interest at the Default Rate. The Event of Default with respect to which any such payment has been made by the Authority shall not be deemed cured until such repayment has been made by Borrower. Until repaid, such amounts shall be secured by the Deed of Trust;

(4) Subject to the nonrecourse provisions of Section 4 above, upon the occurrence of an Event of Default described in Section 9(A)(4) or 9(A)(5) hereof, the Authority shall be entitled and empowered by intervention in such proceedings or otherwise to file and prove a claim for the whole amount owing and unpaid on the Loan and, in the case of commencement of any judicial proceedings, to file such proof of claim and other papers or documents as may be necessary or advisable in the judgment of the Authority and its counsel to protect the interests of the Authority and to collect and receive any monies or other property in satisfaction of its claim.

(5) If the Event of Default occurs subsequent to the close of the Escrow but prior to the commencement by the Borrower of the construction of the Project, the Borrower, at the demand of the Authority, shall make the following payments to the Authority which shall be deemed to fully discharge this Note: (i) any sums disbursed to Borrower under this Note; (ii) all interest accruing on (A) this Note from the date of the close of the Escrow; and (B) sums described in (i) above from the date(s) of disbursement; (iii) all other charges, fees and expenses due under this Note; and (iv) all consequential damages in any way arising from or relating to the Event of Default and/or the resulting reconveyance of the Site to the Authority, including, without limitation, lost opportunity costs, any difference between the Loan and any sum required to be expended by the Authority in connection with the development of the Site by another Borrower and other like costs; and

(6) pursue any and all other remedies available to the Authority at law or in equity

C. No Remedy Exclusive. No remedy herein conferred upon or reserved to the Authority is intended to be exclusive of any other available remedy or remedies, but each such remedy shall be cumulative and shall be in addition to every other remedy given under this Note or now or hereafter existing at law or in equity or by statute; and may be exercised in such



number, at such times and in such order as the Authority may determine in its sole discretion. No delay or omission to exercise any right or power upon the occurrence of any Event of Default hereunder shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient by the Authority. In order to entitle the Authority to exercise any right or remedy reserved to it under this Note, no notice shall be required except as expressly provided herein.

D. Authority Default and Borrower Remedies. Upon fault or failure of the Authority to meet any of its obligations under this Note without curing such failure within thirty (30) days after receipt of written notice of such failure from Borrower specifying the nature of the event or deficiency giving rise to the default and the action required to cure such deficiency, Borrower may, as its sole and exclusive remedies:

(1) Demand and obtain payment from the Authority of any sums due to or for the benefit of Borrower pursuant to the express terms of this Note;

(2) Bring an action in equitable relief seeking the specific performance by the Authority of the terms and conditions of this Note or seeking to enjoin any act by the Authority which is prohibited hereunder; and

(3) Bring an action for declaratory relief seeking judicial determination of the meaning of any provision of this Note.

Without limiting the generality of the foregoing, Borrower shall in no event be entitled to, and hereby waives, any right to seek indirect or consequential damages of any kind or nature from the Authority arising out of or in connection with this Note, and in connection with such waiver Borrower 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."

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Borrower's Initials

10. Conflict of Interest; No Individual Liability.

No official or employee of the Authority shall have any personal interest, direct or indirect, in this Note, nor shall any official or employee of the Authority participate in any decision relating to this Note which affects such official's or employee's pecuniary interest in any corporation, partnership or association in which such official or employee is directly or indirectly interested. No official or employee of the Authority shall be personally liable in the event of a breach of this Note by the Authority.

11. Amendments, Changes and Modifications.

This Note may not be amended, changed, modified, or altered without the prior written consent of the parties hereto.

12. Notices.

All 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, facsimile, certified mail (return receipt requested), or overnight guaranteed delivery service and faxed or addressed as follows:

If to Authority:           Housing Authority of the County of Los Angeles  
2 Coral Circle  
Monterey Park, California 91755-7425  
Attn: Executive Director  
Fax No. (323) 890-8576

With a copy to:           Housing Authority of the County of Los Angeles  
2 Coral Circle  
Monterey Park, California 91755-7425  
Attn: Director of Housing Development and Preservation  
Fax No. (323) 890-8576

If to Borrower:           Olive Glen, LLC  
148 W. Orange St.  
Covina, CA 91723  
Attention: John Abell  
Fax No. (626) 332-86190

Notices shall be effective upon receipt, if given by personal delivery; upon receipt, if faxed, provided there is written confirmation of receipt (except that if received after 5 p.m., notice shall be deemed received on the next business day) or the earlier of (i) three (3) business days after deposit with United States Mail, or (ii) the date of actual receipt as evidenced by the return receipt, if delivered by certified mail; or (iii) one (1) day after deposit with the delivery service, if delivered by overnight guaranteed delivery service. Each party shall promptly notify the other party of any change(s) of address to which notice shall be sent pursuant to this Note.

13. Severability.

The invalidity or unenforceability of any one or more provisions of this Note will in no way affect any other provision.

14. Interpretation.

Whenever the context requires, all words used in the singular will be construed to have been used in the plural, and vice versa, and each gender will include any other gender. The captions of the paragraphs of this Note are for convenience only and do not define or limit any terms or

provisions. Time is of the essence in the performance of this Note by Borrower. Each Party has been represented by counsel in the negotiation of this Note, and it shall not be interpreted in favor of or against any Party on account of relative responsibilities in drafting. Notwithstanding any other provision of this Note, nothing in this Note shall be deemed to require Borrower to pay interest in excess of the amount allowed by any applicable usury law or other legal limitation on interest, and the terms hereof and of this Note shall be interpreted to require in each instance the lesser of (i) the amount stated in this Note; and (ii) the maximum applicable legal limit. Defined terms not otherwise defined herein shall have the meaning assigned to them by the Agreement.

15. No Waiver; Consents.

Any waiver by the Authority must be in writing and will not be construed as a continuing waiver. No waiver will be implied from any delay or failure by the Authority to take action on account of any default of Borrower. Consent by the Authority to any act or omission by Borrower will not be construed as consent to any other or subsequent act or omission or to waive the requirement for the Authority's consent to be obtained in any future or other instance.

16. Governing Law.

This Note shall be governed by the laws of the State of California.

17. Representations, Warranties and Additional Covenants of Borrower.

Borrower hereby represents, warrants and covenants to the Authority that:

A. Organization and Standing. Borrower is a California legal entity as described in the Transaction Summary set forth in the Agreement, duly formed, qualified to operate in California and validly existing and in good standing under all applicable laws, and has all requisite power and authority to enter into and perform its obligations under this Note, the Agreement, the Deed of Trust, and all other documents executed in connection herewith.

B. Enforceability. This Note and all other instruments to be executed by Borrower in connection with the Loan constitute the legal, valid and binding obligation of Borrower, without joinder of any other party.

C. Authorization and Consents. The execution, delivery and performance of this Note and all other instruments to be executed in connection herewith is consistent with the operating agreement, partnership agreement or articles and bylaws governing Borrower and have been duly authorized by all necessary action of Borrower's members, partners, directors, officers and shareholders.

D. Due and Valid Execution. This Note and all other instruments to be executed in connection herewith, will, as of the date of their execution, have been duly and validly executed by Borrower.

E. Licenses. Borrower will obtain and maintain all material licenses, permits, consents and approvals required by all applicable governmental authorities to own and operate the Project.

F. Litigation and Compliance. To Borrower's current actual knowledge, there are no suits, other proceedings or investigations pending or threatened against, or affecting the business or the properties of Borrower (other than those as have been previously disclosed in writing to the Authority) which could impair its ability to perform its obligations under this Note, nor is Borrower in violation of any laws or ordinances which could materially impair Borrower's ability to perform its obligations under this Note.

G. Default. There are no facts now in existence which would, with the giving of notice or the lapse of time, or both, constitute an "Event of Default" hereunder, as described in Section 9.

H. No Violations. The execution and delivery of this Note, the Agreement and all other documents executed or given thereunder, and the performances hereunder and thereunder by Borrower, as applicable, will not constitute a breach of or default under any instrument or agreement to which Borrower may be a party nor will the same constitute a breach of or violate any law or governmental regulation.

18. Approvals.

With respect to those matters set forth hereinabove providing for the Authority's approval, consent or determination, such approval, consent or determination may be given or withheld at the Authority's sole and absolute discretion, unless otherwise expressly stated in this Note.

Any review or approval of any matter by the Authority or any Authority official or employee under this Note shall be solely for the benefit of the Authority, and neither Borrower nor any other person shall rely upon such review or approval as an indication of the wisdom, soundness, safety, appropriateness, or presence or absence of any matter. Without limiting the generality of the foregoing, Borrower and not the Authority shall be solely responsible for assuring compliance with laws, the suitability of the Site for the Project, the adequacy of the plans, and the safety of the Project construction site, the completed Project, and the operation thereof.

19. Good Faith and Fair Dealing.

The Authority and Borrower agree to perform all of their obligations and the actions required of each hereunder in good faith and in accordance with fair dealing.

20. Waiver.

Borrower agrees that it will still be liable for repayment of this Note, subject to the nonrecourse provision of Section 4 above, even if the holder hereof does not follow the procedures of presentment, protest, demand, diligence, notice of dishonor and of nonpayment, which requirements are hereby waived. Failure of the Authority 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, or to preclude the exercise of, the right to insist upon prompt payment thereafter or to impose late charges retroactively or prospectively, or to waive or preclude the exercise of any other rights which the Authority may have.

*[Signatures on following page]*

IN WITNESS WHEREOF, Borrower has executed this Promissory Note.

**BORROWER:**

Olive Glen, LLC  
a California limited liability company

By: \_\_\_\_\_  
JOHN ABELL, President

Date \_\_\_\_\_

AMENDED EXHIBIT "G"

DEED OF TRUST

OFFICIAL BUSINESS

Document entitled to free  
recording per Govt. Code  
Section 6103.

Recording Requested by and  
When Recorded Mail To:

HOUSING AUTHORITY OF THE  
COUNTY OF LOS ANGELES  
2 Coral Circle  
Monterey Park, CA 91755-7425  
Attn.: Director of Housing  
Development and Preservation

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Above Space For Recorder's Use Only

AMENDED and RESTATED  
DEED OF TRUST, ASSIGNMENT OF RENTS,  
SECURITY AGREEMENT AND FIXTURE FILING  
(PROJECT NO. YY1160)

THIS DEED OF TRUST, ASSIGNMENT OF RENTS, SECURITY AGREEMENT AND FIXTURE FILING ("**Deed of Trust**") is made as of August \_\_\_\_\_, 2010, by and between OLIVE GLEN, LLC, a California limited liability company ("**Trustor**") whose address is 148 West Orange Street, Covina, CA 91723, North American Title Company ("**Trustee**"); and the HOUSING AUTHORITY OF THE COUNTY OF LOS ANGELES, a public body corporate and politic ("**Beneficiary**").

R E C I T A L S

A. Beneficiary is making a loan to Trustor in the original principal amount of SIX HUNDRED THOUSAND DOLLARS (\$600,000) (the "**Loan**") pursuant to that certain Disposition and Development Agreement (the "**Agreement**") entered into by Trustor and Beneficiary and dated as of March 16, 2006. The Loan is evidenced by a promissory note of even date herewith executed by Trustor (the "**Note**") in the principal amount of the Loan. Any capitalized terms used herein but not otherwise defined herein shall have the meanings set forth for such terms in the Agreement.

B. Trustor intends to use the Loan for the purpose of developing the housing development described in the Agreement (the "**Project**"). The Project will be developed on a site legally described on Attachment "1" to this Deed of Trust (the "**Property**").

NOW THEREFORE, in consideration of the Loan, Trustor hereby irrevocably grants, conveys, transfers and assigns to Trustee, its successors and assigns, in trust, with power of sale and right of entry and possession, as provided below all of its present and future estate, right, title



and interest in and to the Property, together with all right, title and interest of Trustor therein and in and to, and grants to Beneficiary a security interest in the following:

(A) All development rights, air rights, water, water rights, and water stock relating to the Property.

(B) All present and future structures, buildings, improvements, appurtenances and fixtures of any kind on the Property, including but not limited to all apparatus, attached equipment and appliances used in connection with the operation or occupancy of the Property, such as heating and air-conditioning systems and facilities used to provide any utility services, ventilation, vehicular cleaning, storage or other services on the Property, and all signage, carpeting and floor coverings, partitions, generators, screens, awnings, boilers, furnaces, pipes, plumbing, vacuum systems, brushes, blowers, cleaning, call and sprinkler systems, fire extinguishing apparatus and equipment, water tanks, heating, ventilating, air conditioning and air cooling equipment, and gas and electric machinery and equipment, it being intended and agreed that all such items will be conclusively considered to be a part of the Property conveyed by this Deed of Trust, whether or not attached or affixed to the Property.

(C) All appurtenances of the Property and all rights of Trustor in and to any streets, roads or public places, easements or rights of way, relating to the Property.

(D) All of the rents, royalties, profits and income related to the Property, to the extent not prohibited by any applicable law.

(E) All proceeds and claims arising on account of any damage to or taking of the Property and all causes of action and recoveries for any loss or diminution in value of the Property.

(F) All existing and future goods, inventory, equipment and all other personal property of any nature whatsoever now or hereafter located on the Property which are now or in the future owned by Trustor and used in the operation or occupancy of the Property or in any construction on the Property but which are not effectively made real property under Clause (B) above, including but not limited to all appliances, furniture and furnishings, building service equipment, and building materials, supplies, equipment, machinery, plumbing and plumbing material and supplies, concrete, lumber, hardware, electrical wiring and electrical material and supplies, roofing material and supplies, doors, paint, drywall, insulation, cabinets, ceramic material and supplies, flooring, attached appliances, fencing, landscaping and all other materials, supplies and property of every kind and nature.

(G) All present and future accounts, general intangibles, chattel paper, contract rights, deposit accounts, instruments and documents as those terms are defined in the California Uniform Commercial Code, now or hereafter relating or arising with respect to the Property and/or the use thereof or any improvements thereto, including without limitation: (i) all rights to the payment of money, including escrow proceeds arising out of the sale or other disposition of all or any portion of the estate of Trustor upon the Property now or hereafter existing thereon; (ii) all plans, specifications and drawings relating to the development of the Property and/or any

construction thereon; (iii) all use permits, licenses, occupancy permits, construction and building permits, and all other permits and approvals required by any governmental or quasi-governmental authority in connection with the development, construction, use, occupancy or operation of the Property; (iv) any and all agreements relating to the development, construction, use, occupancy and/or operation of the Property between Trustor and any contractor, subcontractor, project manager or supervisor, architect, engineer, laborer or supplier of materials; (v) all lease or rental agreements; (vi) all names under which the Property is now or hereafter operated or known and all rights to carry on business under any such names or any variant thereof; (vii) all trademarks relating to the Property and/or the development, construction, use, occupancy or operation thereof; (viii) all goodwill relating to the Property and/or the development, construction, use, occupancy or operation thereof; (ix) all reserves, deferred payments, deposits, refunds, cost savings, bonds, insurance policies and payments of any kind relating to the Property; (x) all loan commitments issued to Trustor in connection with any sale or financing of the Property; (xi) all funds deposited with Beneficiary by Trustor, and all accounts of Trustor with Beneficiary, including all accounts containing security deposits and prepaid rents paid to Trustor in connection with any leases of the Property, and all proceeds thereof; and (xii) all supplements, modifications and amendments to the foregoing.

(H) All of the right, title and interest of Trustor in and to all sales contracts of any nature whatsoever now or hereafter executed covering any portion of the Property, together with all deposits or other payments made in connection therewith.

(I) All of the right, title and interest of Trustor in and to any construction contracts, plans and specifications, building permits, and all other documents necessary for completion of the improvements on the Property.

(J) All water stock relating to the Property, all shares of stock or other evidence of ownership of any part of the Property that is owned by Trustor in common with others, and all documents of membership in any owner's or members' association or similar group having responsibility for managing or operating any part of the Property.

Trustor does hereby covenant with Trustee and Beneficiary, that Trustor has good right to bargain, sell and convey Trustor's interest in the Property in manner and form as above written; and Trustor warrants and will defend same to Beneficiary, forever, against all lawful claims and demands whatsoever except as stated above.

THIS DEED OF TRUST IS FOR THE PURPOSE OF SECURING:

(1) performance of each agreement of Trustor herein contained or incorporated herein by reference;

(2) payment of the indebtedness (including, without limitation, interest thereon) evidenced by the Note, and any extension or renewal or modification thereof;

(3) performance of each agreement of Trustor contained in the Agreement, or any other document entered into by Trustor in connection therewith, and any extension, renewal or modification of the Agreement or such other documents;

TO PROTECT THE SECURITY OF THIS DEED OF TRUST, TRUSTOR HEREBY COVENANTS AND AGREES AS FOLLOWS:

1. Payment of Secured Obligations. To pay when due (a) the principal of, and the interest on, the indebtedness evidenced by the Note, (b) charges, fees and all other sums as provided in the Agreement, and (c) the principal of, and interest on, any future advances secured by this Deed of Trust.

2. Maintenance, Repair, Alterations. To keep the Property in good condition and repair; to complete promptly and in a good and workmanlike manner all buildings and other improvements to be constructed on the Property, including specifically all buildings and improvements described in the Agreement, and promptly restore in like manner any structure that may be damaged or destroyed thereon; to pay when due all claims for labor performed and materials furnished therefor, to comply with all laws, ordinances, regulations, covenants, conditions and restrictions now or hereafter affecting the Property or any part thereof or requiring any alterations or improvements thereon; not to commit or permit any waste or deterioration of the Property; to keep and maintain abutting grounds, sidewalks, roads, parking and landscape areas in good and neat order and repair; not to commit, suffer or permit, to the extent Trustor is able by the exercise of commercially reasonable best efforts, any act to be done in or upon the Property in violation of any law, ordinance or regulation.

3. Insurance. To provide, maintain at its expense and deliver to Beneficiary at all times until payment in full of all obligations secured hereby, insurance as required by the Agreement or the Note. In the event of any loss or damage, Trustor shall give immediate notice thereof to Beneficiary, and Beneficiary may thereupon make proof of such loss or damage, if the same is not promptly made by Trustor. Trustor and Beneficiary hereby agree to cooperate in making any adjustment and compromise of any loss covered by the aforementioned insurance policies upon the Property, and Trustor authorizes and empowers Beneficiary, at its option, to collect and receive the proceeds, and endorse checks and drafts issued therefor. Beneficiary agrees that in the event of any loss covered by insurance policies on the Property subject to this Deed of Trust, provided there is not then existing any material default (or such existing default will be cured by the proceeds of such insurance) in the observance or performance of any of the covenants and agreements contained herein or in the Note or any future notes secured hereby, or in any other agreement with or for the benefit of the Beneficiary in connection with any indebtedness secured hereby, the proceeds of such insurance shall be used for the repair or restoration of the Property and will be disbursed in accordance with such protective terms and conditions as Beneficiary may reasonably impose.

Trustor hereby fully assigns to Beneficiary all current and future claims it may have under any policy of insurance related to the Property or the Project, regardless of whether such insurance was required to be maintained under the Agreement. Any and all unexpired

insurance shall inure to the benefit of and pass to the purchaser of the Property at any foreclosure sale, or any Trustee's sale held pursuant hereto.

Further, Beneficiary may at any time in its sole discretion require Trustor to submit satisfactory evidence of insurance policies obtained pursuant to this Paragraph 3 and of Trustor's compliance with all the provisions of said policies.

4. Lawsuits. To appear in and defend, or otherwise take such action therein as the Beneficiary and Trustee or either of them may deem advisable with respect to, any action or proceeding affecting the security for the Loan in which Beneficiary or Trustee may appear.

5. Beneficiary Statement. To pay all charges for all court costs and expenses which Beneficiary may elect to advance in order to keep unimpaired, protect, and preserve the title thereto; and to pay for any statement provided for by law in effect at the date hereof regarding the obligations secured hereby, any amount demanded by the Beneficiary not to exceed the maximum allowed by law at the time when said statement is demanded.

6. Condemnation. That all judgments, awards of damages and settlements, hereafter made as a result of or in lieu of any condemnation or other proceedings for public use of, or for any damage to, the Property or the improvements thereon, are hereby assigned to Beneficiary. If (i) Trustor is not then in material default hereunder (or such default will be cured with the proceeds from the foregoing), and (ii) the taking is a partial taking, all proceeds thereof shall be applied to restoring the Property, if practicable, as reasonably determined by Beneficiary. In the event (i) Trustor is then in material default hereunder (and such default will not be cured with the proceeds of the foregoing), (ii) the taking is a total taking, or (iii) the taking is a partial taking and Beneficiary has reasonably determined that restoration of the Property is not practicable, the proceeds shall be paid to Beneficiary to the extent of those monies due and owing under the Note, this Deed of Trust, future notes or future deeds of trust, and Beneficiary is hereby authorized to receive such monies. Trustor agrees to execute such further assignments of any such award, judgment or settlement which may be received by Trustor. Subject to any prior rights of creditors under the Senior Construction Financing (as defined in the Agreement), Beneficiary may apply any and all such sums to the indebtedness secured hereby in such manner as it elects or, at its option, the entire amount so received by it or any part thereof may be released. Neither the application nor the release of any such sums shall cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice.

7. Permitted Acts of Beneficiary. That without affecting the liability of any person, including Trustor (other than any person released pursuant hereto), for the payment of any indebtedness secured hereby, Beneficiary is authorized and empowered as follows: Beneficiary may at any time, and from time to time, either before or after the maturity of the obligations secured hereby, and without notice (a) release any person liable for the payment of any of the indebtedness, (b) make any agreement extending the time or otherwise altering the terms of payment of any of the indebtedness, (c) accept additional security therefor of any kind, or (d) release any property, real or personal, securing the indebtedness.

8. Reconveyance of Property. That upon written request of Beneficiary stating that all sums secured hereby have been paid, and upon surrender of this Deed of Trust and the Note to Trustee for cancellation and retention, and upon payment of its fees, Trustee shall reconvey, without warranty, the Property then held hereunder. The recitals in such reconveyance of any matters of fact shall be conclusive proof of the truthfulness thereof. The grantee in such reconveyance may be described as "the person or persons legally entitled thereto." Notwithstanding any other provisions hereof, from time to time, Beneficiary shall execute and record a partial reconveyance, releasing portions of the Property from the lien or charge of this Deed of Trust on a Unit by Unit basis upon the occurrence of the following terms and conditions:

a. For each Non-Assisted Unit, Beneficiary's receipt of an estimated closing statement for the Non-Assisted Unit to be released.

b. For each Assisted Unit, Beneficiary's receipt of the applicable Assisted Unit Repayment Amount and the applicable Additional Assistance Repayment Amount, if any, for the Assisted Unit to be released.

c. Beneficiary's receipt, with interest, of any amounts expended by Beneficiary to protect the security of this Deed of Trust including, without limitation, any amounts expended for keeping senior encumbrances current, payment of taxes or attorneys' fees.

d. No Event of Default has occurred hereunder or under the Note or the Agreement.

Upon delivery to Beneficiary of proof satisfactory to Beneficiary that a portion of the Property has been or is about to be dedicated or conveyed to and accepted by a public entity, Beneficiary shall execute and record a partial reconveyance, releasing such portion of the Property from the lien or charge of this Deed of Trust.

9. Default and Trustee's Sale. That upon the occurrence of an "Event of Default" under this Deed of Trust (as defined in Section 18 below) Beneficiary may declare all principal remaining unpaid, all interest then earned and remaining unpaid, and all sums other than principal or interest secured hereby, immediately due and payable (and thenceforth at the option of the Beneficiary and except as otherwise prohibited by law, the entire balance of the unpaid principal shall thereafter bear interest at the Default Rate of interest per annum set forth in the Note until paid) and may proceed to exercise the power of sale granted by this Deed of Trust by delivery to Trustee of written declaration of default and demand for sale and of written notice of default and of election to cause to be sold said Property, which notice Trustee shall cause to be filed for record. Beneficiary also shall deposit with Trustee this Deed of Trust, the Note and all documents evidencing expenditures secured hereby.

After the lapse of such time as may then be required by law following the recordation of said notice of default, and notice of sale having been given as then required by law, Trustee, without demand on Trustor, shall sell the Property at the time and place fixed by it in said notice of sale, either as a whole or in separate parcels, and in such order as it may determine, at public auction to the highest bidder for cash in lawful money of the United States, payable at time of

sale. Trustee may postpone sale of all or any portion of the Property by public announcement at such time and place of sale, and from time to time thereafter may postpone such sale by public announcement at the time fixed by the preceding postponement. Trustee shall deliver to such purchaser its deed conveying the Property so sold, but without any covenant or warranty, express or implied. The recitals in such deed of any matters or facts shall be conclusive proof of the truthfulness thereof. Any person, including Trustor, Trustee or Beneficiary, may purchase at such sale.

After deducting all costs, fees and expenses of Trustee, including cost of evidence of title in connection with sale, Trustee shall apply the proceeds of sale to payment of: first, all sums expended by the Beneficiary under the terms hereof or under the Note, not then repaid, with accrued interest at the Default Rate; second, all other sums then secured hereby; and the remainder, if any, to the person or persons legally entitled thereto.

10. Substitute Trustees. Beneficiary, or any successor in ownership of any indebtedness secured hereby, may from time to time, by instrument in writing, substitute a successor or successors to any Trustee named herein or acting hereunder, which instrument, executed by the Beneficiary and duly acknowledged and recorded in the Office of the Recorder of the County of Los Angeles, and by otherwise complying with the provisions of California Civil Code Section 2934a, or any successor section, shall be conclusive proof of proper substitution of such successor Trustee or Trustees, who shall, without conveyance from the Trustee predecessor, succeed to all its title, estate, right, powers and duties. Said instrument must contain the name of the original Trustor, Trustee and Beneficiary hereunder, the book and page where this Deed of Trust is recorded and the name and address of the new Trustee.

11. Successors Bound. That this Deed of Trust applies to, inures to the benefit of, and binds all parties hereto, their heirs, legatees, devisees, administrators, executors, successors, assigns, trustees and receivers. In this Deed of Trust, whenever the context so requires, the masculine gender includes the feminine and/or neuter, and the singular number includes the plural.

12. Evidence of Title. That if, because of any default hereunder, or because of the filing or contemplated filing of any legal proceedings affecting the Property, Beneficiary deems it necessary to obtain an additional evidence of title or to cure any defect in title, Beneficiary may procure such evidence or cure such defect, pay the cost thereof, and shall have an immediate claim against Trustor therefor, together with a lien upon the Property for the amount so paid, with interest at the Default Rate. Beneficiary is further authorized to require an appraisal of the Property at any time that Beneficiary may reasonably request.

13. Default in Other Instruments; Bankruptcy. That default in the terms of any other instrument securing the debt secured hereby, and/or the filing or other commencement of any bankruptcy or insolvency proceedings including any assignment for the benefit of creditors or other proceedings intended to liquidate or rehabilitate, by, for or against Trustor shall after any applicable notice and cure period, constitute an Event of Default under this Deed of Trust.

14. Statute of Limitations. That the pleading of any statute of limitations as a defense to any and all obligations secured by this Deed of Trust is hereby waived by the Trustor, to the full extent permissible by law.

15. Severability. That the invalidity of any one or more covenants, phrases, clauses, sentences, paragraphs or sections of this Deed of Trust shall not affect the remaining portions of this Deed of Trust or any part hereof, and this Deed of Trust shall be constructed as if such invalid covenants, phrases, sentences, paragraphs or sections, if any, had not been inserted herein.

16. Order of Application. That if the indebtedness secured hereby is now or hereafter becomes further secured by a security agreement, deed of trust, pledge, contract of guaranty or other additional securities, Beneficiary may to the full extent allowed by law, at its option, exhaust any one or more of said securities as well as the security hereunder, either concurrently or independently and in such order as it may determine, and may apply the proceeds received upon the indebtedness secured hereby without affecting the status of, or waiving any right to exhaust all or any other security including the security thereunder and without waiving any breach or default in any right or power, whether exercised hereunder or contained herein, or in any such other security.

17. Covenants of Trustor.

(a) Audit by State and Federal Agencies. In the event the Loan is subjected to audit, monitoring or other inspections by appropriate state and federal agencies, Trustor shall comply with such inspections and pay, on behalf of itself and Beneficiary, the full amount of the cost to the inspecting agency of such inspections (unless such inspection and any resulting liability arises solely from the gross negligence or willful misconduct of Beneficiary).

(b) Program Evaluation and Review Trustor shall allow Beneficiary's authorized personnel to inspect and monitor its facilities and program operations as they relate to the Project or the Agreement, including the interview of Trustor's staff, tenants, and other program participants, as reasonably required by Beneficiary during the term of the Loan.

18. Default. The Trustor shall be in default under this Deed of Trust upon any of the following events which, if not cured within the applicable cure period provided, if any, shall constitute an event of default hereunder ("**Event of Default**"):

a. The failure of Trustor to pay or perform any monetary covenant or obligation hereunder or under the terms of the Note or the Agreement;

b. The failure of Trustor to perform any non-monetary covenant or obligation hereunder or under the Note or the Agreement, without curing such failure within thirty (30) days after receipt of written notice of such default from Beneficiary (or from any party authorized by Beneficiary to deliver such notice as identified by Beneficiary in writing to

Trustor) specifying the nature of the event or deficiency giving rise to the default and the action required to cure such deficiency, provided, however, that if any default with respect to a non-monetary obligation is such that it cannot be cured within a 30-day period, such default shall not constitute an Event of Default if Trustor commences the cure within said 30-day period and diligently prosecutes such cure to completion thereafter with the cure completed in any event within 180 days after the notice. Notwithstanding anything herein to the contrary, the herein described notice requirements and cure periods shall not apply to any Event of Default described in subsection (a) or in subsections (c) through (h) of this Section 18;

c. The material falsity of any representation or breach of any warranty or covenant made by Trustor under the terms of this Deed of Trust, the Note, the Agreement or any other document executed in connection therewith;

d. Trustor or any constituent member or partner, or majority shareholder, of Trustor shall (a) apply for or consent to the appointment of a receiver, trustee, liquidator or custodian or the like of its property, (b) fail to pay or admit in writing its inability to pay its debts generally as they become due, (c) make a general assignment for the benefit of creditors, (d) be adjudicated a bankrupt or insolvent or (e) commence a voluntary case under the Federal bankruptcy laws of the United States of America or file a voluntary petition that is not withdrawn within ten (10) days of the filing thereof or answer seeking an arrangement with creditors or an order for relief or seeking to take advantage of any insolvency law or file an answer admitting the material allegations of a petition filed against it in any bankruptcy or insolvency proceeding;

e. If, without the application, approval or consent of Trustor, a proceeding shall be instituted in any court of competent jurisdiction, under any law relating to bankruptcy, in respect of Trustor or any constituent member or partner, or majority shareholder, of Trustor, for an order for relief or an adjudication in bankruptcy, a composition or arrangement with creditors, a readjustment of debts, the appointment of a trustee, receiver, liquidator or custodian or the like of Trustor or of all or any substantial part of Trustor's assets, or other like relief in respect thereof under any bankruptcy or insolvency law, and, if such proceeding is being contested by Trustor, in good faith, the same shall (a) result in the entry of an order for relief or any such adjudication or appointment, or (b) continue undismissed, or pending and unstayed, for any period of ninety (90) consecutive days;

f. Trustor shall suffer or attempt to effect a "Transfer" (as defined in Section 33 below) other than in full compliance with the terms of this Deed of Trust (or otherwise in violation of Section 9 or 27 of the Agreement);

g. Trustor shall be in default under any Construction Loan (as defined in the Agreement) or any other secured obligation secured by the Property or unsecured obligation relating to the Project, unless the default is cured or waived within the cure period, if any, applicable thereto under the terms of the obligation which is in default; or

h. Failure to sell all of the Assisted Units in the Project to Qualified Buyers pursuant to the Agreement within six (6) months following Completion of the Project.



19. Acceleration. The entire principal and all accrued and unpaid interest on the Note shall be due and payable as therein set forth; provided, however, that the entire balance of the outstanding principal and all accrued and unpaid interest on the Note, together with any outstanding interest and other amounts payable thereunder, shall, at the election of Beneficiary and upon notice to Trustor thereof (except in the case of default described in Section 18 (c) or (d) , in which case no notice shall be required), become immediately due and payable upon any Event of Default as set forth in the Note, without presentment, demand, protest or other notice of any kind, all of which are hereby waived by Trustor.

20. Breach by Trustor, Cure by Beneficiary or Trustee. In the event of Trustor's failure to comply with any or all of the promises and agreements set forth in this Deed of Trust or to make any payment or to do any act as provided in this Deed of Trust, then Beneficiary or Trustee, but 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 in its sole judgment may deem necessary to protect the security hereof (including, without limitation, to procure insurance and pay the premiums therefor; to pay unpaid water rents, sewer service charges, and other governmental or municipal charges and rates, and all or any part of the unpaid taxes, assessments, and reassessments, if in its judgment the same are just and valid; to pay the cost of appraisals, reappraisals, and extensions of title; to enter or have its agents enter upon the Property whenever reasonably necessary for the purpose of inspecting the Property or making repairs or installations as it deems necessary to preserve the Property or to protect the same from vandalism, without thereby becoming liable as a trespasser or mortgagee or beneficiary in possession, and to pay for such repairs and installations). Beneficiary and Trustee are hereby authorized to enter upon the Property for such purposes; to appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee; to 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, to pay necessary expenses, employ counsel of its choice and pay the reasonable fees of such counsel. Trustor agrees to pay immediately and without demand all sums so expended by Beneficiary or Trustee, with interest from the date of expenditure at the amount allowed by law in effect at the date hereof, and that Beneficiary shall have a lien upon the Property for the sums so expended and such interest thereon.

21. Security Agreement. That all property covered by this Deed of Trust be deemed to constitute real property or interests in real property to the maximum extent permitted under applicable law. To the extent that any tangible property, equipment or other property covered by this Deed of Trust constitutes personal property, such personal property shall constitute additional security. This Deed of Trust shall create in Beneficiary a security interest in such personal property and shall in respect thereof constitute a security agreement (the "Security Agreement"). Beneficiary shall be entitled to all of the rights and remedies in respect of any personal property included in the Property covered by this Deed of Trust afforded a secured party under the Uniform Commercial Code and other applicable law. At Beneficiary's request Trustor will at any time and from time to time furnish Beneficiary for filing financing statements signed by Trustor in form satisfactory to Beneficiary. Trustor acknowledges and agrees that thirty (30) days' notice as to the time, place and date of any proposed sale of any personal

property shall be deemed reasonable for all purposes. Trustor agrees that the Security Agreement created hereby shall survive the termination or reconveyance of this Deed of Trust unless Beneficiary executes documentation expressly terminating the Security Agreement.

22. Assumption of Liability. Except as provided in Section 33, the assumption of liability for the payment of the indebtedness hereby secured, by any successor in interest to Trustor in the Property (in the event Beneficiary elects not to accelerate the repayment of the Loan pursuant to any transfer or disposition of the Property by operation of law or otherwise) shall not release Trustor from any liability Trustor has hereunder or under the Note or the Agreement for the payment of such indebtedness or any sums advanced under and secured by this Deed of Trust. Any forbearance or indulgence of Beneficiary, or extensions of time for the payment of all or any part of the indebtedness secured hereby, or the release of a part of the Property from the lien of this Deed of Trust, for, or without, payment of a consideration, shall not in any manner diminish or reduce the liability of Trustor (subject to the nonrecourse provisions of Section 27) for the payment of the indebtedness now or hereafter secured hereby; and that any payments made upon the said indebtedness shall be deemed to have been made on behalf and for the benefit of all parties obligated to pay the same. The acceptance of payments in excess of the installments provided to be paid upon the Note or the consideration paid for any such release shall not alter or diminish the obligation of Trustor to thereafter make payments in the amounts and on the dates provided therein, until the same are fully paid.

23. Future Advances. That upon the request of the Trustor or its successor in ownership of the Property, Beneficiary may, at its option, at any time before full payment of the Note secured hereby, make further advances to the Trustor or its successors in ownership, and the same, with interest and late charges as permitted by law, shall be secured by this Deed of Trust; and provided further that if Beneficiary, at its option, shall make a further advance or advances as aforesaid, the Trustor or its successors in ownership agree to execute and deliver to Beneficiary a note to evidence the same, payable on or before the maturity of the indebtedness under the Note secured hereby and bearing such other terms as Beneficiary shall require.

Trustor further acknowledges and agrees: that this Deed of Trust is intended to, and shall, secure not only the original indebtedness under the Note, but any and all future advances made by Beneficiary to Trustor; that this Deed of Trust shall secure any unpaid balances of advances made with respect to the Property; that Beneficiary shall have the benefit of all statutes now existing or henceforth enacted to assure repayment of any such future advances plus interest thereon; that to secure the payment of said original indebtedness and future advances Beneficiary shall also have a lien upon all other personal property and securities now or hereafter in its possession belonging to Trustor; that all rights, powers and remedies conferred upon Beneficiary herein are in addition to each and every other right which Beneficiary has hereunder; that all rights, powers and remedies conferred upon Beneficiary in equity or by law may be enforced concurrently therewith; that Beneficiary shall be subrogated to the rights and seniority of any prior lien paid or released by reason of the application thereon of any of the proceeds hereof, and that each and all of the covenants, agreements, and provisions hereof shall bind the respective heirs, executors, administrators, successors, and assigns of Trustor and Beneficiary herein, and all others who subsequently acquire any right, title, or interest in the Property, or to this Deed of Trust and the indebtedness secured hereby.

24. Captions. That the captions of the sections of this Deed of Trust are for convenience only and shall not be considered in resolving questions of interpretation or construction.

25. Estoppel Certificates. That Trustor shall from time to time at Beneficiary's request furnish Beneficiary or any person designated by Beneficiary, a certified statement in form reasonably satisfactory to Beneficiary confirming as of the date of the certificate the unpaid principal balance and accrued interest on the Note and stating that Trustor is not in default hereunder (or describing any default), and stating that Trustor has no defense, right of set off or counterclaim in the payment of the indebtedness, or any part thereof, or the observance or performance of any obligation (or describing any such defense, set off or counterclaim). Any purchaser or assignee of the Note or this Deed of Trust or any interest therein may rely on such certificate.

26. Books and Records. That Trustor and all subsequent owners of the Property, if any, shall keep and maintain full and correct books and records showing in detail the earnings and expenses of the Property and shall permit Beneficiary at no expense to Trustor or its representatives to examine such books and records and all supporting data and vouchers, from time to time at reasonable times, on request, at Trustor's offices or at another mutually agreed upon location.

27. Obligation Nonrecourse. Except to the extent any Event of Default hereunder results directly or indirectly from any fraud or intentional or willful misconduct or material misrepresentation by Borrower in connection with the Loan, the Loan is a nonrecourse obligation of Trustor and in the event of the occurrence of an Event of Default, Beneficiary's only recourse under this Deed of Trust shall be against the Property, the proceeds thereof, the rents and other income arising from its use and occupancy as provided in the Deed of Trust, and any other collateral given to Beneficiary as security for repayment of the Loan.

28. Fixture Filing. This Deed of Trust is also a fixture filing with respect to the personal property which is or is to become fixtures on the Property, and is to be recorded in the real property records of Los Angeles County, California. The information required in connection with the fixture filing is as follows:

- A. Lender: Housing Authority of the County of Los Angeles  
2 Coral Circle  
Monterey Park, California 91755
- B. Debtor: Olive Glen, LLC  
148 W. Orange Street  
Covina, California 91723
- C. Debtor's Taxpayer Identification Number: 37-1514408

29. Assignment of Rents. All of the existing and future rents, royalties, income, and profits of the Property that arise from its use or occupancy are hereby absolutely and presently assigned to Beneficiary. However, until Trustor is in default under this Deed of Trust, Trustor will have a license to collect and receive those rents, royalties, income and profits. Upon any Event of Default by Trustor, Beneficiary may terminate Trustor's license in its discretion, at any time, without notice to Trustor, and may thereafter collect the rents, royalties, income and profits itself or by an agent or receiver. No action taken by Beneficiary to collect any rents, royalties, income or profits will make Beneficiary a "mortgagee-in-possession" of the Property, unless Beneficiary personally or by agent enters into actual possession of the Property. Possession by a court-appointed receiver will not be considered possession by Beneficiary. All rents, royalties, income and profits collected by Beneficiary or a receiver will be applied first to pay all expenses of collection, and then to the payment of all costs of operation and management of the Property, and then to the payment of the indebtedness and obligations secured by the Deed of Trust in whatever order Beneficiary directs in its absolute discretion and without regard to the adequacy of its security. If required by Beneficiary, each lease or occupancy agreement affecting any of the Property must provide, in a manner approved by Beneficiary, that the tenant will recognize as its lessor any person succeeding to the interest of Trustor upon any foreclosure of this Deed of Trust. The expenses (including receivers' fees, if any, compensation to any agent appointed by Beneficiary, counsel fees, costs and compensation to any agent appointed by Beneficiary, and disbursements) incurred in taking possession and making such collection, shall be deemed a portion of the expense of this trust. The entering upon and taking possession of the Property, and/or the collection of such rents, issues and profits and the application thereof as aforesaid, shall not cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice. Beneficiary may exercise any one or more of the remedies in this section without waiving its right to exercise any such remedies again or for the first time in the future. The foregoing shall be subject to the provisions of applicable law.

30. Applicable Law. This Deed of Trust shall be governed by, and construed in accordance with, the laws of the State of California.

31. Approvals. With respect to those matters set forth hereinabove providing for the Beneficiary's approval, consent or determination, such approval, consent or determination may be given or withheld at the Beneficiary's sole and absolute discretion, unless otherwise expressly stated in this Deed of Trust.

32. Good Faith and Fair Dealing. The Beneficiary and Trustor agree to perform all of their obligations and the actions required of each hereunder in good faith and in accordance with fair dealing.

33. Assignment of Interest.

Without the prior written approval of the Beneficiary, which approval the Beneficiary may withhold in its sole and absolute discretion, Trustor shall not (i) sell, encumber, assign or otherwise transfer (collectively, “**Transfer**”) all or any portion of its interest in the Site or the Project, (ii) permit the Transfer of greater than forty-nine percent (49%) of its ownership and/or control, in the aggregate, taking all transfers into account on a cumulative basis, or (iii) Transfer any of its rights or obligations under this Deed of Trust. Trustor hereby agrees that any purported Transfer not approved by Beneficiary as required herein shall be ipso facto null and void, and no voluntary or involuntary successor to any interest of Trustor under such a proscribed Transfer shall acquire any rights pursuant to this Deed of Trust.

At any time Trustor desires to effect a Transfer hereunder, Trustor shall notify Beneficiary in writing (the “**Transfer Notice**”) and, except with respect to a sale of a Unit in the Project in accordance with the Agreement, shall submit to Beneficiary for its prior written approval (i) all proposed agreements and documents (collectively, the “**Transfer Documents**”) memorializing, facilitating, evidencing and/or relating to the circumstances surrounding such proposed Transfer, and (ii) a certificate setting forth representations and warranties by Trustor and the proposed transferee to Beneficiary sufficient to establish and insure that all requirements of this Section 33 have been and will be met. No Transfer Documents shall be approved by Beneficiary unless they expressly provide for the assumption by the proposed transferee of all of Trustor’s obligations hereunder. The Transfer Notice shall include a request that Beneficiary consent to the proposed Transfer. Beneficiary agrees to make its decision on Trustor’s request for consent to such Transfer, as promptly as possible, and, in any event, not later than thirty (30) days after Beneficiary receives the last of the items required by this Section 33. In the event Beneficiary consents to a proposed Transfer, then such Transfer shall not be effective unless and until Beneficiary receives copies of all executed and binding Transfer Documents which Transfer Documents shall conform with the proposed Transfer Documents originally submitted by Trustor to Beneficiary. Upon the effectiveness of any such Transfer, Trustor shall be released from its obligations hereunder only if the written Beneficiary consent expressly provides such a release. Except as expressly provided herein to the contrary, all Trustor obligations hereunder shall run with the land and be binding on successors and assigns.

Notwithstanding anything in this Deed of Trust which may be or appear to be to the contrary, Trustor agrees that it shall not be permitted to make any Transfer, whether or not Beneficiary’s consent is required therefor and even if Beneficiary has consented thereto, if there exists an Event of Default under this Deed of Trust at the time the Transfer Notice is tendered to Beneficiary or at any time thereafter until such Transfer is to be effective.

The provisions of this Section 33 shall apply to each successive Transfer and proposed transferee in the same manner as initially applicable to Trustor under the terms set forth herein.

The prohibitions against Transfer contained in this Section 33 shall not apply subsequent to the issuance of the Certificate of Completion with respect to the sale of the Units constructed upon the Site, provided such sales are in accordance with the terms of the Agreement. The prohibitions against Transfer contained in this Section 33 shall not be deemed to prevent the granting of easements or permits to facilitate the development of the Site or to prohibit or restrict the sale of any part or parts of the Project in accordance with the Agreement.

34. Subordination. Provided no Event of Default has occurred hereunder or under the Note or the Agreement, Beneficiary will subordinate, on terms reasonably acceptable to Beneficiary and to the lender under the Senior Construction Financing, the lien of this Deed of Trust to the lien or charge created by a deed of trust (“**Senior Deed of Trust**”) which satisfies the following requirements:

a. The Senior Deed of Trust will secure a construction loan obtained by Trustor from a Qualified Financial Institution not affiliated with Trustor. As used herein, “Qualified Financial Institution” means a bank, savings bank, pension fund, insurance company or other institutional entity which is licensed to do business in California and is duly established and in the business of financing the size and type of development contemplated hereunder and which, in the sole opinion of Beneficiary, has a sufficient net worth, liquidity position and credit rating to meet the contemplated financing.

b. The principal amount of the construction loan shall not be more than \$6,582,456, the proceeds of which are used exclusively to improve the Property, or to pay off indebtedness incurred by Trustor to improve the Property; provided, however, that Beneficiary will not be obligated to so subordinate if such lien, mortgage or deed of trust secures any obligation or indebtedness not related to development of the Property or construction of the Units or if such lien, mortgage or deed of trust contains any provision making it a default thereunder if Trustor or any other party defaults in any obligation not related to the development of the Property or construction of the Units (i.e., a cross-default provision).

c. The term is at least twelve (12) months, but no longer than the period during which the Trustor is obligated under the Agreement and the Schedule of Performance (as defined in the Agreement) to complete and sell all twenty–six (26) Units in the Project.

d. The other terms are consistent with the Agreement and are not in excess of those generally commercially available for the Property.

35. Affordability Requirements. Trustor agrees to develop the property and sell all units as per the Agreement. Six (6) units shall be sold to families with household income not exceeding 80 percent of the area median income for the Los Angeles/Long Beach Metropolitan Statistical Area, adjusted for family size. The trustor shall sell the six (6) homes to low income households. The trustor shall sell the remaining twenty (20) units at market rate, with no income restriction.

IN WITNESS WHEREOF, the undersigned have executed this Deed of Trust as of the date first above written.

TRUSTOR:

OLIVE GLEN, LLC,  
a California limited liability company

By: \_\_\_\_\_  
JOHN ABELL, President

BENEFICIARY:

HOUSING AUTHORITY OF THE COUNTY OF LOS  
ANGELES, a public body corporate and politic

By: \_\_\_\_\_  
SEAN ROGAN, Executive Director

APPROVED AS TO FORM:

ANDREA SHERIDAN ORDIN,  
County Counsel

By \_\_\_\_\_  
Deputy





**ATTACHMENT 1**  
**LEGAL DESCRIPTION**

TENTATIVE TRACT MAP NO. 53982, BEING A SUBDIVISION OF:

**PARCEL 1:**

THAT SAID PORTION OF LOT 2 OF TRACT NO. 605, IN THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 15 PAGE 89 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT IN THE SOUTHEASTERLY LINE OF SAID LOT 2 DISTANT SOUTH 39° 56' WEST 317 FEET FROM THE MOST EASTERLY CORNER OF SAID LOT 2; THENCE PARALLEL WITH THE NORTHEASTERLY LINE OF SAID LOT 2, NORTH 50° 04' WEST 233.50 FEET; THENCE PARALLEL WITH SAID SOUTHEASTERLY LINE, SOUTH 39° 56' WEST 290.56 FEET TO THE SOUTHERLY LINE OF SAID LOT 2, THENCE NORTH 89° 16' EAST 312.59 FEET TO AN ANGLE POINT IN SAID SOUTHERLY LINE, THENCE NORTH 39° 56' EAST 72.76 FEET TO THE POINT OF BEGINNING. SAID PROPERTY IS SHOWN AS PART OF PARCEL A ON LICENSED SURVEYOR'S MAP RECORDED IN BOOK 26 PAGE 6 OF RECORD SURVEYS.

EXCEPT THEREFROM THAT PORTION DEEDED TO THE COUNTY OF LOS ANGELES FOR 3<sup>RD</sup> AVENUE BY DEED RECORDED SEPTEMBER 27, 1978 AS INSTRUMENT NO. 78-1073762, OF OFFICIAL RECORDS.

ALSO EXCEPT THAT PORTION DEEDED TO THE COUNTY OF LOS ANGELES FOR WORKMAN MILL ROAD BY DEED RECORDED APRIL 10, 1985 AS INSTRUMENT NO. 85-400791, OFFICIAL RECORDS.

ALSO EXCEPT THEREFROM THE RIGHT TO EXTRACT ORES AND METALS AND THE RIGHT OF WAY OVER SAID LAND FOR THE REMOVAL OF THE SAME, AS RESERVED IN DEED BETWEEN WILLIAM WORKMAN AND JOHN ROWLAND SR RECORDED IN BOOK 10 PAGE 39 OF DEEDS.

**PARCEL 2:**

THAT PORTION OF LOT 2 OF TRACT NO. 605, IN THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 15 PAGE 89 OF MAPS, IN THE OFFICE OF THE COUNTY OF RECORDER OF SAID COUNTY.

BEGINNING AT A POINT IN THE SOUTHEASTERLY LINE OF SAID LOT 2, DISTANT THEREON SOUTH 39° 56' WEST 317.00 FEET FROM THE MOST EASTERLY CORNER OF SAID LOT; THENCE PARALLEL WITH THE NORTHEASTERLY LINE OF SAID LOT, NORTH 50°04' 00" WEST 233.50 FEET TO THE TRUE POINT OF BEGINNING;

THENCE CONTINUING PARALLEL WITH THE NORTHEASTERLY LINE OF SAID LOT, NORTH 50° 04' 00" WEST 126.00 FEET; THENCE PARALLEL WITH SAID SOUTHEASTERLY LINE, SOUTH 39° 56' 00" WEST 402.69 FEET; MORE OR LESS, TO THE SOUTHERLY BOUNDARY OF SAID LOT, THENCE ALONG SAID SOUTHERLY BOUNDARY, NORTH 88° 16' 00" EAST 168.67 FEET, MORE OR LESS, TO A LINE PARALLEL WITH THE SOUTHEASTERLY LINE OF SAID LOT AND PASSES THROUGH THE TRUE OINT OF BEGINNING, THENCE ALONG SAID LAST MENTIONED PARALLEL LINE, NORTH 39 ° 56' 00" EAST 290.56 FEET, MORE OR LESS, TO THE TRUE POINT OF BEGINNING.

EXCEPTING THEREFROM THE PRECIOUS METALS AND ORES THEREOF AS EXCEPTED IN THE PARTITION BETWEEN JOHN ROWLAND SR. AND WILLIAM WORKMAN BY DEED RECORDED IN BOOK 10 PAGE 39 OF DEEDS, SUBJECT TO COVENANTS, CONDITIONS, AND RESTRICTIONS, RESERVATIONS, RIGHTS, RIGHTS OF WAY AND EASEMENTS OF RECORD.

PARCEL 3:

THAT PORTION OF LOT 1 OF BLOCK 9 OF TRACT NO. 1343, AS SHOWN ON MAP FILED IN BOOK 20, PAGES 10 AND 11 OF MAPS, IN THE OFFICE OF THE REGISTRAR-RECORDER OF THE COUNTY OF LOS ANGELES, WHICH LIES WITHIN THAT CERTAIN PARCEL OF LAND DESCRIBED IN DEED TO CLEMENT KING COLE ET AL, RECORDED AS DOCUMENT NO. 2285 ON FEBRUARY 17, 1960, IN BOOK D752, PAGE 622 OF OFFICIAL RECORDS, IN THE OFFICE OF SAID REGISTRAR-RECORDER.

EXCEPT THEREFROM THE "PRECIOUS METALS AND ORES THEREOF" AS EXCEPTED FROM THE PARTITION BETWEEN WILLIAM WORKMAN AND JOHN ROWLAND, JR., IN THE PARTITION DEED RECORDED JUNE 25, 1968, IN BOOK 10, PAGE 39 OF DEEDS.

ALSO EXCEPT THEREFROM ALL OIL, GAS, MINERALS IN AND UNDER SAID LAND, AS RESERVED BY CROSS LAND COMPANY, A CORPORATION, IN DEED RECORDED JANUARY 30, 1923 IN BOOK 1416, PAGE 334, OFFICIAL RECORDS, AND AS GRANTED TO FRANK H. COLE, A MARRIED WOMAN, AS HER SOLE AND SEPARATE PROPERTY, IN DEED RECORDED AUGUST 11, 1942, IN BOOK 19488, PAGE 179, OFFICIAL RECORDS.

AMENDED EXHIBIT “H”

SCHEDULE OF PERFORMANCE

SCHEDULE OF PERFORMANCE  
Olive Glen

<u>ACTION</u>	<u>DATE</u>
1. <u>Execution and Delivery of Agreement by Developer.</u> The Developer shall execute and deliver this Agreement to HACOLA.	Completed.
2. <u>Execution of Agreement by Commission.</u> The Board of Commissioners shall authorize execution of this Agreement. HACOLA will deliver a copy of the executed Agreement to the Developer.	Completed.
3. <u>Submission of Final Construction Plans, Drawings, Landscaping Plans, and Contract.</u> The Developer shall prepare and submit to HACOLA for review and approval Final Construction Plans, Drawings, Final Landscaping Plans, and a Construction Contract for the Site's development.	Completed June 14, 2007 & August 16, 2007.
4. <u>Approval – Final Construction Plans, Drawings, Landscaping Plans, and Contract.</u> HACOLA shall approve or disapprove the Developer's Final Construction Plans, Drawings, Landscaping Plans, and Construction Contract for the Site.	
<u>Phase I</u>	Within 30 days after receipts thereof by the Commission.
<u>Phase II</u>	Within 30 days after receipts thereof by the Commission.
<u>Phase III</u>	Within 30 days after receipts thereof by the Commission.
5. <u>Submission of Certificates of Insurance.</u> The Developer shall furnish to HACOLA appropriate certificates of insurance policies.	Complete.
6. <u>Governmental Permits.</u> The Developer	

<p>shall obtain any and all permits required by the County or any other governmental agency.</p>	
<p style="text-align: right;"><u>Phase I</u></p>	<p>Within in 60 days after approval of the Commission of the Final Construction Plans, Drawings, Landscaping Plans, and Contract.</p>
<p style="text-align: right;"><u>Phase II</u></p>	<p>Within in 180 days after approval of the Commission of the Final Construction Plans, Drawings, Landscaping Plans, and Contract.</p>
<p style="text-align: right;"><u>Phase III</u></p>	<p>Within in 300 days after approval of the Commission of the Final Construction Plans, Drawings, Landscaping Plans, and Contract.</p>
<p>7. <u>Signage Installation.</u> HACOLA shall approve or disapprove the Developer’s signage.</p>	<p>Prior to the date set forth herein for the commencement of Phase I Construction.</p>
<p>8. <u>Submission of Security Plan and Marketing Plan.</u> The Developer shall submit to HACOLA, in a form acceptable to HACOLA, a plan for the security of the Site during and after construction, and a plan for the marketing and sale of the Assisted Unit, to include a resume for the marketing/sales agent and Affirmative Marketing form HUD-935.2B.</p>	<p>Complete.</p>
<p>9. <u>Construction of Model(s).</u> The Developer shall construct a model home of the project for purposes of sales.</p>	<p>In conjunction to the date set forth herein for the commencement of Phase I Construction.</p>
<p>10. <u>Commencement of Construction.</u> The Developer shall commence vertical construction of the project.</p>	
<p style="text-align: right;"><u>Phase I</u></p>	<p>Commencement of construction shall not be later than 30 days after the date set for obtaining Governmental Permits.</p>
<p style="text-align: right;"><u>Phase II</u></p>	<p>Commencement of construction shall not be later than 30 days after the date set for obtaining Governmental Permits.</p>
<p style="text-align: right;"><u>Phase III</u></p>	<p>Commencement of construction shall not be later than 30 days after the date set for obtaining Governmental Permits.</p>

<p>11. <u>Commencement of Developer Framing.</u> The Developer shall commence construction of the framing.</p> <p style="text-align: right;"><u>Phase I</u></p> <p style="text-align: right;"><u>Phase II</u></p> <p style="text-align: right;"><u>Phase III</u></p>	<p>Within 60 days of commencement of construction.</p> <p>Within 60 days of commencement of construction.</p> <p>Within 60 days of commencement of construction.</p>
<p>12. <u>Commencement of Roof Sheathing.</u> The Developer shall commence construction of the Roof.</p> <p style="text-align: right;"><u>Phase I</u></p> <p style="text-align: right;"><u>Phase II</u></p> <p style="text-align: right;"><u>Phase III</u></p>	<p>Within 30 days of framing completion.</p> <p>Within 30 days of framing completion.</p> <p>Within 30 days of framing completion.</p>
<p>13. <u>Mechanical, Electrical, Plumbing.</u> The Developer shall commence inspections of mechanical, electrical and plumbing.</p> <p style="text-align: right;"><u>Phase I</u></p> <p style="text-align: right;"><u>Phase II</u></p> <p style="text-align: right;"><u>Phase III</u></p>	<p>Within 120 days of commencement of construction.</p> <p>Within 120 days of commencement of construction.</p> <p>Within 120 days of commencement of construction.</p>
<p>14. <u>Installation of Drywall.</u> The Developer shall commence construction of the Drywall.</p> <p style="text-align: right;"><u>Phase I</u></p> <p style="text-align: right;"><u>Phase II</u></p> <p style="text-align: right;"><u>Phase III</u></p>	<p>Within 130 days of commencement of construction.</p> <p>Within 130 days of commencement of construction.</p> <p>Within 130 days of commencement of construction.</p>
<p>15. <u>Installation of Cabinets and Doors.</u> The Developer shall commence installation of the Developer Cabinets and Doors.</p> <p style="text-align: right;"><u>Phase I</u></p> <p style="text-align: right;"><u>Phase II</u></p> <p style="text-align: right;"><u>Phase III</u></p>	<p>Within 150 days of drywall installation.</p> <p>Within 150 days of drywall installation.</p> <p>Within 150 days of drywall installation.</p>
<p>16. <u>Identification of Qualified</u></p>	

<p><u>Homebuyers.</u> Developer shall identify qualified homebuyers for the Assisted Units.</p>	<p><u>Phase I</u> 30 days prior to Developer Construction Completion.</p> <p><u>Phase II</u> 30 days prior to Developer Construction Completion.</p> <p><u>Phase III</u> 30 days prior to Developer Construction Completion.</p>
<p>17. <u>Completion of Construction.</u> Developer shall complete vertical construction of the project.</p>	<p><u>Phase I</u> Not later than 24 days after Construction Commencement.</p> <p><u>Phase II</u> Not later than 240 days after Construction Commencement.</p> <p><u>Phase III</u> Not later than 240 days after Construction Commencement.</p>
<p>18. <u>Issuance of Certificate of Completion.</u> HACOLA shall furnish the Developer with a Certificate of Completion.</p>	<p><u>Phase I</u> Within 30 days after Construction Completion.</p> <p><u>Phase II</u> Within 30 days after Construction Completion.</p> <p><u>Phase III</u> Within 30 days after Construction Completion.</p>
<p>19. <u>Sale of Assisted Unit to a Qualified Buyer.</u> Developer shall complete close of escrow of the Assisted Unit to a Qualified Homebuyer.</p>	<p><u>Phase I</u> Within 30 after the Issuance of Certificate of Occupancy.</p> <p><u>Phase II</u> Within 30 after the Issuance of Certificate of Occupancy.</p> <p><u>Phase III</u> Within 30 after the Issuance of Certificate of Occupancy.</p>

AMENDED EXHIBIT “K”  
HACOLA SECONDARY FINANCING NOTE



**NOTICE: This Note requires payment of the principal and contingent interest if certain events occur, and is subject to use, affordability and resale restrictions.**

**PROMISSORY NOTE**

(Second Note - Industry Fund Project No. YY1147-\_\_\_\_)  
(Second Note – HOME Fund Project No. HEXXXX-\_\_\_\_)

\_\_\_\_\_, 20\_\_\_\_\_, \_\_\_\_\_,  
California

Property Address: \_\_\_\_\_

FOR VALUE RECEIVED, the undersigned, \_\_\_\_\_ hereafter called “Borrower,” hereby jointly and severally promise to pay to THE HOUSING AUTHORITY OF COUNTY OF LOS ANGELES, a body corporate and politic, hereafter called “Lender,” or to Lender’s order, at such place as Lender may designate, lawful money of the United States of America in the amounts hereafter set forth. This Note shall not bear interest, except for the contingent deferred interest and default interest as provided below.

1. DEFINITIONS. The following definitions shall apply throughout this Note:

(A) Appraiser. An appraiser who is a MAI member of the American Institute of Real Estate Appraiser or a SRPA member of the Society of Real Estate Appraisers (or in case such professional designations are modified or discontinued, the most nearly equivalent successor designations.)

(B) Original Sales Price. Borrower’s original purchase price for the Property, namely \_\_\_\_\_ (\$\_\_\_\_\_).

(C) Principal Sum. The original principal amount of this Note, namely \_\_\_\_\_ (\$\_\_\_\_\_).

(D) Property. The real property at the address stated above, as legally described in the Deed of Trust executed concurrently with this Note.

(E) Sale or Transfer. The term “Sale or Transfer” shall include any sale, conveyance, lease, encumbrance, or alienation by Borrower of the Property, or any interest therein; the execution by Borrower of any contract of sale with respect to the Property, or any interest therein; the grant by Borrower of an option to purchase the Property, or any interest therein; the encumbrance of title to the Property by any lien or charge (other than the existing first lien encumbering the Property, or a refinancing thereof approved in writing by Lender), voluntary or involuntary, contractual or statutory, without the prior written consent of Lender; or any other

transfer by Borrower of the Property, or any portion thereof or interest therein, whether voluntary or involuntary. If Borrower is a corporation, partnership, association, trust, or other like legal entity, the terms "Sale or Transfer" shall include the sale, conveyance, alienation or transfer of any beneficial interest in the Borrower.

(F) Sales Price. The term "Sales Price" shall mean an amount equal to the purchase price paid for the Property upon a sale thereof in an arms-length transaction, including the fair market value of any non-cash consideration and the amount of any existing financing that the purchaser of the Property assumes or takes subject to.

(G) Fair Market Value. The term "Fair Market Value" means the fair market value of the Property determined in accordance with Section 3 or 5, as applicable.

(H) This Date. \_\_\_\_\_, 20\_\_\_\_, which shall be the same as the date of the Deed of Trust executed concurrently by Borrower in favor of Lender.

2. TIME OF PAYMENT. All sums due under this Note shall be due and payable in full on the first to occur of the following dates (the "Due Date"): (i) the date of the first Sale or Transfer of the Property; (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) the close of a probate estate following the death of Borrower (unless Borrower is more than one person and one or more of the other people comprising Borrower survives); and (iv) the date on which Lender accelerates all sums due under this Note as a result of a "default" by Borrower under Section 5 hereof and the expiration of any applicable cure periods. If no Due Date has previously occurred, then the entire Principal Sum shall be due and payable forty-five (45) years from the date of this Note.

3. AMOUNT OF PAYMENT. Upon the Due Date, Borrower shall pay to Lender an amount reasonably calculated by Lender as being the sum of (i) the Principal Sum, plus (ii) the percentage of the Net Appreciation (as that term is defined below), specified in the table below for the year in which the Due Date occurs. "Net Appreciation" is defined as the Sales Price (or Fair Market Value, under the circumstances described below) of the Property as of the Due Date minus the sum of (i) the Original Sales Price of the Property; (ii) the value of any capital improvements made by the Borrower and pre-approved by Lender ("Eligible Capital Improvements"), if any; (iii) customary closing costs paid by the Borrower in connection with the sale of the Property ("Eligible Closing Costs"); and (iv) the amount of any recapture liability of the Borrower under Section 143(m) of the Internal Revenue Code (the "Recapture Amount"). The term "HACOLA Percentage" as used in the table below is the ratio of the original Principal Sum of the Note divided by the Original Sales Price of the Property. In the event that the Due Date is triggered by an event other than sale of the entire Property to an unrelated third-party in a bona fide, arms length transaction, the determination of Net Appreciation will be made utilizing the Fair Market Value of the Property; provided that where Borrower and Lender are unable to agree upon the Fair Market Value, the determination thereof (subject to Section 5) will be made by an Appraiser selected by Lender. Borrower and Lender shall each pay one-half (1/2) of the cost of the appraisal of the Property prepared by the Appraiser selected by Lender. Borrower's share of the cost of the appraisal shall be an additional obligation which, together with other

sums payable hereunder, shall be secured by the deed of trust securing this Note (the “Deed of Trust”).

*As otherwise described in this Section 3, Borrower will be required to pay Lender on the Due Date the Principal Sum plus any amount equal to the applicable percentage (as shown in the table below) of the Net Appreciation (as defined above).*

Notwithstanding anything to the contrary in this Section 3, the amount due to Lender from the Borrower shall not exceed the amount remaining after subtracting from the Fair Market Value (or Sales Price, as applicable) of the Property as of the Due Date the sum of (i) the original principal amount of the first lien secured by the Property, (ii) the Borrower’s original down payment, (iii) the value of Eligible Capital Improvements, if any, (iv) Eligible Closing Costs, and (v) the Recapture Amount, if any.

**APPRECIATION SHARE**

DUE DURING YEAR	PERCENTAGE OF NET APPRECIATION	
1	50.00%	X HACOLA PERCENTAGE =
2	48.89%	X HACOLA PERCENTAGE =
3	47.78%	X HACOLA PERCENTAGE =
4	46.67%	X HACOLA PERCENTAGE =
5	45.56%	X HACOLA PERCENTAGE =
6	44.45%	X HACOLA PERCENTAGE =
7	43.34%	X HACOLA PERCENTAGE =
8	42.23%	X HACOLA PERCENTAGE =
9	41.12%	X HACOLA PERCENTAGE =
10	40.01%	X HACOLA PERCENTAGE =
11	38.90%	X HACOLA PERCENTAGE =
12	37.79%	X HACOLA PERCENTAGE =
13	36.68%	X HACOLA PERCENTAGE =
14	35.57%	X HACOLA PERCENTAGE =
15	34.46%	X HACOLA PERCENTAGE =
16	33.35%	X HACOLA PERCENTAGE =
17	32.24%	X HACOLA PERCENTAGE =
18	31.13%	X HACOLA PERCENTAGE =
19	30.02%	X HACOLA PERCENTAGE =
20	28.91%	X HACOLA PERCENTAGE =
21	27.80%	X HACOLA PERCENTAGE =
22	26.69%	X HACOLA PERCENTAGE =
23	25.28%	X HACOLA PERCENTAGE =
24	24.47%	X HACOLA PERCENTAGE =
25	23.36%	X HACOLA PERCENTAGE =
26	22.25%	X HACOLA PERCENTAGE =
27	21.14%	X HACOLA PERCENTAGE =
28	20.03%	X HACOLA PERCENTAGE =
29	18.92%	X HACOLA PERCENTAGE =
30	17.81%	X HACOLA PERCENTAGE =
31	16.70%	X HACOLA PERCENTAGE =
32	15.59%	X HACOLA PERCENTAGE =
33	14.48%	X HACOLA PERCENTAGE =
34	13.37%	X HACOLA PERCENTAGE =
35	12.26%	X HACOLA PERCENTAGE =
36	11.15%	X HACOLA PERCENTAGE =
37	10.04%	X HACOLA PERCENTAGE =
38	8.93%	X HACOLA PERCENTAGE =
39	7.82%	X HACOLA PERCENTAGE =
40	6.71%	X HACOLA PERCENTAGE =
41	5.60%	X HACOLA PERCENTAGE =
42	4.49%	X HACOLA PERCENTAGE =

43	3.38%	X HACOLA PERCENTAGE =
44	2.27%	X HACOLA PERCENTAGE =
45	1.16%	X HACOLA PERCENTAGE =

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

When the net proceeds are insufficient to repay both this Note and the Borrower’s investment in the Property, the Borrower shall receive the full amount of Borrower’s investment and the balance of the net proceeds shall be paid to Lender. “Net proceeds” is defined as the Sales Price minus first lien repayments through escrow and Eligible Closing Costs. “Borrower’s investment” is defined as the following costs, if paid by Borrower: down payment, payments to reduce the Principal Sum, and the cost of Eligible Capital Improvements made to the Property after purchase.

4. RIGHT OF FIRST REFUSAL (ROFR). Notwithstanding anything to the contrary in this Note, in the event the Borrower should choose to effect a Sale or Transfer of the Property, the Lender shall, in any and all circumstances, have a Right of First Refusal (“ROFR”). The ROFR shall provide the Lender the first right to purchase the Property at the Fair Market Value, which shall be determined in accordance with the procedure set forth in Section 3. The Sales Price to the Lender shall be the Fair Market Value so determined, less the Principal Sum due under this Note and the percentage of Net Appreciation, as set forth in the tables provided in Section 3. The Lender shall have twenty (20) days following receipt of Borrower’s written offer of the ROFR to accept or reject such offer by serving Borrower with written notice of Lender’s decision. If Lender rejects the ROFR offer or fails to accept or reject the ROFR offer within such twenty (20) day period, then such failure or rejection shall be deemed an irrevocable rejection of the ROFR offer and the ROFR offer shall expire and be of no further force or effect, and Borrower shall thereafter have the right to effect a Sale or Transfer of the Property to any third party, which shall trigger the Net Appreciation requirement and other payments to Lender under Section 3.

If Lender accepts in writing the ROFR offer within the twenty (20) day period following Borrower’s service of the ROFR offer, then within twenty (20) days after Lender’s acceptance of the ROFR a sales escrow shall be opened and closed as soon as practical but not later than sixty (60) calendar days after receipt of Borrower’s notice of intent to transfer. Funds will be disbursed upon closing of escrow. Borrower and Lender shall execute a purchase and sale agreement in standard form acceptable to the Lender. If the Lender exercises its option to purchase yet does not close escrow within the sixty (60) day period, the ROFR shall automatically terminate. However, if escrow does not close for reasons beyond the Lender’s control, then the ROFR will not terminate.

5. DEFAULTS AND LENDER’S REMEDIES. Each of the following shall be a “default” under this Note:

- (A) Borrower's failure or delay to make any timely payment of principal or interest when due under this Note, or satisfy any other monetary obligation under this Note or the Deed of Trust (this Note and the Deed of Trust collectively, the "Loan Documents");
- (B) Borrower's failure or delay in performing any other term or provision of this Note;
- (C) Borrower's failure to occupy the Property in accordance with the nondiscrimination and affordability restrictions set forth in the Deed of Trust, which, as more particularly provided therein, restrict occupancy of the Property to lower income persons having household incomes no greater than 80 percent of area median income as determined from time to time by the U.S. Department of Housing and Urban Development (HUD);
- (D) Borrower's failure or delay in performing any term or provision (not otherwise described in (A) through (C) above) of the Loan Documents;
- (E) Borrower's default under its obligations to the holder of any other lien or encumbrance recorded against the Property;
- (F) Borrower becomes insolvent or the subject of any bankruptcy or other voluntary or involuntary proceeding for the adjustment of debtor-creditor relationships, and in the case of any involuntary proceeding, such proceeding is not dismissed within ninety (90) days;
- (G) Borrower intentionally or fraudulently misrepresented income information submitted to Lender under the Loan Documents, or any application materials provided to Lender in connection therewith.

Upon the occurrence of a "default," the Lender, prior to acceleration, shall give notice to Borrower as provided in Section 15 (the "Notice") hereof specifying:

- (a) the default;
- (b) the action required to cure such default, if curable;
- (c) a date, not less than ten (10) days from the date the Notice is mailed to Borrower, by which such default must be cured (provided that with respect to any default described in items (B), (D) and (E), Borrower shall be given thirty (30) days from the date the Notice is mailed to Borrower to cure such default; provided further, however, if any such default is reasonably curable, but requires more than thirty (30) days to cure, Borrower shall be given such longer period if, immediately after Borrower's receipt of the Notice, Borrower commences to promptly cure such default and thereafter diligently pursues such cure to completion (in any event within 120 days); and
- (d) that failure to cure such breach on or before the date specified in the Notice may result in acceleration of the sums due under this Note and a sale of the Property.

The Notice shall further inform Borrower of the right to reinstate after acceleration and the right to bring a court action to assert the nonexistence of a default or any other defense of Borrower to acceleration and sale.

If the default is not cured on or before the time specified in the Notice, the Lender, at its option, may declare all of the sums due under this Note to be immediately due and payable without further demand and may invoke under its Deed of Trust the power of sale and any other remedies permitted by applicable law. As otherwise provided in Section 9 hereof, Lender shall be entitled to collect all reasonable costs and expenses incurred in pursuing the remedies provided in this Section 5, including but not limited to, reasonable attorneys' fees.

NOTWITHSTANDING ANYTHING TO THE CONTRARY IN THIS SECTION 5, IN THE EVENT BORROWER IS IN DEFAULT OF THIS NOTE UNDER ITEMS (C) AND (G) ABOVE (AND IN THE CASE OF (C), BORROWER DOES NOT DILIGENTLY PURSUE CURE OF SUCH DEFAULT BY LISTING THE PROPERTY FOR SALE AND ACCEPTING ANY OFFER TO PURCHASE THE PROPERTY AT OR IN EXCESS OF THE FAIR MARKET VALUE DETERMINED BY LENDER IN ACCORDANCE WITH THIS SECTION 5), THE PARTIES AGREE THAT THE LENDER WILL SUSTAIN DAMAGES BY REASON THEREOF WHICH WOULD BE UNCERTAIN. BORROWER AND LENDER FURTHER AGREE THAT THE AMOUNTS CALCULATED AS HEREINAFTER SET FORTH SHALL BE PAID AND DELIVERED TO THE LENDER 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 LENDER. IT IS IMPRACTICABLE AND EXTREMELY DIFFICULT TO FIX THE AMOUNT OF SUCH DAMAGES TO THE LENDER, 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 NET APPRECIATION TABLE SHOWN IN SECTION 3 OF THIS NOTE. THE PARTIES AGREE THAT SUCH LIQUIDATED AND AGREED DAMAGES SHALL BE PAID IN LIEU OF (AND NOT IN ADDITION TO) THE NET APPRECIATION PERCENTAGE AMOUNTS TO BE PAID PURSUANT TO SECTION 3 OF THIS NOTE (BUT THAT SUCH LIQUIDATED DAMAGES SHALL IN ANY EVENT BE IN ADDITION TO THE AMOUNT OF THE PRINCIPAL SUM WHICH IS DUE AND PAYABLE AS A RESULT OF SUCH DEFAULT, AND SHALL IN NO WAY IMPAIR LENDER'S RIGHTS TO EXERCISE A POWER OF SALE OR FORECLOSE UNDER THE DEED OF TRUST IN ORDER TO COLLECT THE PRINCIPAL SUM AND ANY OTHER SUMS PAYABLE HEREUNDER) AND THAT SUCH LIQUIDATED AND AGREED DAMAGES SHALL BE DUE AND PAYABLE TO THE LENDER SIXTY (60) DAYS AFTER THE OCCURRENCE OF A DEFAULT SPECIFIED HEREIN THAT IS NOT SOONER CURED, BUT NO LATER THAN REPAYMENT OF THE NOTE.

BORROWER SPECIFICALLY ACKNOWLEDGES THIS LIQUIDATED DAMAGES PROVISION BY ITS INITIALS BELOW:

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BORROWER

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BORROWER

6. PREPAYMENT. Borrower shall have the right at any time to repay this Note, provided that any prepayment must be in full and not in part. The amount payable in full by Borrower shall be the sum of (i) the Principal Sum, and (ii) the applicable Net Appreciation Percentage payment described in Section 3 above.

7. SECURITY. This Note is secured by the Deed of Trust of even date herewith.

8. JOINT AND SEVERAL. The undersigned, if more than one, shall be jointly and severally liable hereunder.

9. ATTORNEYS FEES. If any default is made hereunder, Borrower further promises to pay reasonable attorney fees and costs and expenses incurred by the Lender in connection with any such default or any other action or other proceeding brought to enforce any of the provisions of this Note. The Lender's right to such fees shall not be limited to or by its representation by staff counsel, and such representation shall be valued at customary and reasonable rates for private sector legal services.

10. TIME. Time is of the essence herein.

11. AMENDMENTS. This Note may not be modified or amended except by an instrument in writing executed by the parties to be bound thereby.

12. SEVERABILITY. The covenants of this Note are severable. Invalidation of any covenant or any part thereof by law, judgment, or court order shall not affect any other covenants.

13. PLACE OF PAYMENT. Borrower will make payment of all amounts due to Lender under this Note to Lender at 2 Coral Circle, Monterey Park, California 91755, or such other address as Lender may designate in writing to Borrower.

14. BORROWER'S WAIVERS. Borrower waives any rights to require the Lender to do certain things. Those things are: (A) to demand payment of amounts due (known as "presentment"); (B) to give notice that amounts due have not been paid (known as "notice of dishonor"); and (C) to obtain an official certification of nonpayment (known as a "protest").

15. GIVING OF NOTICE. Any notice given to Borrower under this Note shall be given by personally delivering it or by mailing it certified mail, postage prepaid, return receipt requested, addressed to Borrower at the address specified below. A notice will be delivered or mailed to Borrower at a different address if Borrower gives the Lender written notice of Borrower's different address. Any notice given to the Lender under this Note shall be given by personal delivery or by mailing it certified mail, postage prepaid, return receipt requested, to the address



stated specified below. A notice will be mailed to the Lender at a different address if Borrower is given a written notice of that different address.

If to Lender:           Housing Authority of the County of Los Angeles  
2 Coral Circle  
Monterey Park, California 91755-7425  
Attn: Executive Director

With a copy to:       Housing Authority of the County of Los Angeles  
2 Coral Circle  
Monterey Park, California 91755-7425  
Attn: Director of Housing Development and Preservation

If to Borrower:       To the Property address stated on Page 1 above.

16.    **DEFAULT INTEREST.** In the event that any amounts which Borrower is obligated to pay Lender under the terms of this Note are not paid when due, such amounts shall thereafter bear interest at an annual rate of five percent (5%) (the “Default Rate”).

17.    **LENDER MAY ASSIGN.** Lender may, at its option, assign its right to receive payment under this Note without necessity of obtaining the consent of the Borrower.

18.    **BORROWER ASSIGNMENT PROHIBITED.** In no event shall Borrower assign or transfer any portion of this Note without the prior express written consent of the Lender. This consent may be given or withheld in the Lender’s sole discretion. This Section 18 shall not affect or diminish the Lender’s right to assign all or any portion of its rights to the loan proceeds hereunder.

19.    **PROPERTY MAINTENANCE.** Borrower hereby agrees to the following property maintenance terms and that failure to comply with these terms will constitute nonmonetary default to the loan.

(i) There shall be at least two covered parking spaces designated for each single-family residence. The required parking spaces shall be maintained continuously available for vehicular parking only and shall not be used for storage, automobile repair, or any other unauthorized use;

(ii) The wall, gate, landscaping, and irrigation system located within the front yard shall be continuously and properly maintained in good condition and replaced as necessary;

(iii) All structures, walls and fences open to public view shall remain free of extraneous markings, drawings, or signage. These shall include any of the above that do not directly relate to the use of the property, or that do not provide pertinent information about the premises. The only exceptions shall be seasonal decorations or signage provided under the auspices of a civic or non-profit organization; and

(iv) In the event any such extraneous markings occur, they shall be removed or covered within 24 hours of such occurrence, weather permitting. Paint utilized in covering such markings shall be of a color that matches, as closely as possible the color of the adjacent surfaces.

20. **SUCCESSORS BOUND.** This Note shall be binding upon the parties hereto and their respective heirs, devisees, successors and assigns. Lender includes any successor or assign of Lender.

IN WITNESS WHEREOF, the undersigned have executed this instrument as of the date first written above.

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**BORROWER**

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**BORROWER**

AMENDED EXHIBIT “L”

HACOLA SECONDARY FINANCING DEED OF TRUST

OFFICIAL BUSINESS

Document entitled to free recording per Govt. Code Section 6103.

Recording Requested by and When Recorded Mail To:

HOUSING AUTHORITY OF THE COUNTY OF LOS ANGELES  
2 Coral Circle  
Monterey Park, CA 91755-7425  
Attn.: Director of Housing  
Development and Preservation

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(SPACE ABOVE LINE FOR RECORDER'S USE)

THIS DEED OF TRUST INCLUDES USE, AFFORDABILITY AND RESALE RESTRICTIONS

**DEED OF TRUST**

(Second Deed of Trust on For-Sale Unit - Industry Fund Project No. YY-1147-\_\_\_\_)  
(Second Deed of Trust on For-Sale Unit – HOME Fund Project No. HEXXXX-\_\_\_\_)

This DEED OF TRUST is made this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, by and among \_\_\_\_\_ (Buyer(s) \_\_\_\_\_ (herein, “Trustor”), \_\_\_\_\_ (Title Company) \_\_\_\_\_ (herein “Trustee”), and the HOUSING AUTHORITY OF THE COUNTY OF LOS ANGELES, a public body corporate and politic (herein “Beneficiary”), 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 located in the County of Los Angeles, State of California, which has the address of:

\_\_\_\_\_, California (herein “Property Address”); and legally described in Exhibit “A” attached hereto;

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 Beneficiary 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 herein collectively referred to as the "Property".

The Deed of Trust secures performance of all of Trustor's covenants and agreements by and between Trustor and Beneficiary and the Promissory Note in the principal sum of \$\_\_\_\_\_ Dollars (\$\_\_\_\_\_) (herein "Note") executed by Trustor in favor of Beneficiary dated \_\_\_\_\_, 20 \_\_\_\_ and extensions and renewals thereof, and the payment of all other sums, with interest thereon, advanced in accordance herewith to protect the security of this Deed of Trust.

Trustor covenants that Trustor is lawfully seized of the estate hereby conveyed and has the right to grant and convey the Property, and that 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 covenants and agrees 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 the Property, including but not limited to assessments on appurtenant water stock, when due, and all encumbrances, charges and liens, with interest, on the Property or any part thereof.
2. **PRIOR MORTGAGEES AND DEEDS OF TRUST; CHARGES; LIENS.** Trustor shall perform all of Trustor's obligations under any mortgage, deed of trust, CC&Rs or other lien or encumbrance on the Property. Trustor shall pay or cause to be paid all taxes, assessments and other charges, rents, 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 Beneficiary may require and in such amounts and for such periods as Beneficiary may require.

All insurance policies and renewals thereof shall be in a form acceptable to Beneficiary and shall include a standard mortgage clause in favor of and in a form acceptable to Beneficiary. Beneficiary 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 Beneficiary. Beneficiary may make proof of loss if not made promptly by Trustor.

If the Property is abandoned by Trustor, or if Trustor fails to respond to Beneficiary within thirty (30) days from the date notice is mailed by Beneficiary to Trustor that the insurance carrier

offers to settle a claim for insurance benefits, Beneficiary is authorized to collect and apply the insurance proceeds at Beneficiary'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.** Trustor shall maintain the housing in compliance with the Housing Quality Standards designated by Beneficiary 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 BENEFICIARY 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 Beneficiary's interest in the Property, then Beneficiary, at Beneficiary'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 Beneficiary's interest.

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

6. **INSPECTION.** Beneficiary may make or cause to be made reasonable entries upon and inspections of the Property, provided that Beneficiary will give Trustor notice prior to any such inspection, specifying reasonable cause therefor related to Beneficiary'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 Beneficiary 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 BENEFICIARY NOT WAIVER.** Extension of the time for payment or modification of amortization of the sums secured by this Deed of Trust granted by Beneficiary 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. Beneficiary 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 Beneficiary 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 the respective successors and assigns of Beneficiary 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, return receipt requested, addressed to Trustor at the Property address or such other address as Trustor may designate by notice to Beneficiary as provided herein; and,
- (b) any notice to Beneficiary will be given by certified mail, return receipt requested, to Beneficiary's address as set forth below or to such other address as Beneficiary may designate by notice to Trustor as provided herein.

To Beneficiary:           Housing Authority of the County of Los Angeles  
                                  2 Coral Circle  
                                  Monterey Park, California 91755-7425  
                                  Attn: Executive Director

With a copy to:           Housing Authority of the County of Los Angeles  
                                  2 Coral Circle  
                                  Monterey Park, California 91755-7425  
                                  Attn: Director of Housing Development and Preservation

Any Notice provided for in this Deed of Trust shall be deemed to have been given to Trustor or Beneficiary 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. RIGHT OF FIRST REFUSAL (ROFR). In the event Trustor should choose to sell or transfer the Property, the Beneficiary shall, in any and all circumstances, retain the Right of First Refusal (“ROFR”) as provided in Section 4 of the Note.

14. ACCELERATION AND APPRECIATION SHARE DUE ON TRANSFER OR OTHER CREDIT. On the Due Date (as defined in the Note) and in accordance with the tables set forth in Section 3 of the Note, Trustor shall pay to Beneficiary the outstanding principal amount of the Note, plus the percentage of the Net Appreciation (as that term is defined in the Note). As more particularly described in the Note, the Due Date occurs on the earliest of the following: (i) the date of the first sale, transfer or encumbrance of the Property; (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) 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); and (iv) the date on which Beneficiary accelerates all sums due under the Note as a result of a default by Trustor.

15. ACCELERATION, REMEDIES. Upon Trustor’s default of any covenants or agreements of Trustor in this Deed of Trust, including the covenants to pay when due any sums due under the Note and secured by this Deed of Trust, Beneficiary, prior to acceleration, shall give notice to Trustor as provided in Section 10 (the “Notice”) hereof specifying:

- (a) the default;
- (b) the action required to cure such default;
- (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 (provided that with respect to any default described in items (B), (D) and (E), Trustor shall be given thirty (30) days from the date the Notice is mailed to Trustor to cure such default; provided further, however, if any such default requires more than thirty (30) days to cure, Trustor shall be given such longer period if, immediately after Trustor’s receipt of the Notice, Trustor commences to promptly cure such default and thereafter diligently pursues such cure to completion ) in any event within 120 days from the date of the Notice); 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 Trustor to acceleration and sale.

If the default is not cured on or before the time specified in the Notice, Beneficiary, at Beneficiary’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 by the Trustor, foreclosure and/or any other remedies permitted by applicable law. Beneficiary shall be entitled to collect all reasonable costs and expenses incurred in pursuing the remedies provided in this Section 15, including but not limited to, reasonable attorneys’ fees.



16. DEFAULTS.

Each of the following shall be a “default” under this Deed of Trust:

- (a) Trustor’s failure or delay to make any timely payment of principal or interest when due under the Note, or satisfy any other monetary obligation under the Note, or this Deed of Trust (collectively, the “Loan Documents”);
- (b) Trustor’s failure or delay in performing any other term or provision of the Note;
- (c) Trustor’s sale, transfer or encumbrance of the Property, except in full accordance with the Note and this Deed of Trust;
- (d) Trustor’s failure or delay in performing any term or provision (not otherwise described in (a) through (c) above) of the Loan Documents;
- (e) Trustor’s default under its obligations to the holder of the First Deed of Trust recorded against the Property;
- (f) Trustor becomes insolvent or the subject of any bankruptcy or other voluntary or involuntary proceeding for the adjustment of debtor-creditor relationships, and in the case of any involuntary proceeding, such proceeding is not dismissed within ninety (90) days; and
- (g) Trustor intentionally or fraudulently misrepresented income information submitted to Beneficiary under the Loan Documents, or any application and supporting information provided to Beneficiary in connection therewith.

17. TRUSTOR’S RIGHT TO REINSTATE. Notwithstanding Beneficiary’s acceleration of the sums secured by this Deed of Trust due to Trustor’s default, Trustor shall have the right to have any proceedings begun by Beneficiary 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 Beneficiary 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; and/or the Note;
- (c) Trustor pays all reasonable expenses incurred by Beneficiary and Trustor in enforcing the covenants and agreements of Trustor contained in this Deed of Trust and in enforcing remedies as provided in paragraph 15 hereof, including, but not limited to, reasonable attorneys’ fees; and

- (d) Trustor takes such action as Beneficiary may reasonably require to assure that the lien of this Deed of Trust, Beneficiary'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. The parties hereby acknowledge that no cure or reinstatement opportunity shall apply in the event of a sale, transfer or encumbrance of the Property not in conformity with the requirements of the Note and this Deed of Trust, unless the sale, transfer or encumbrance is canceled by mutual agreement of the parties thereto within 15 days of Beneficiary's obtaining knowledge thereof.

18. **ASSIGNMENT OF RENTS; APPOINTMENT OF RECEIVER; BENEFICIARY IN POSSESSION; POWER OF SALE.** As additional security hereunder, Trustor hereby assigns to Beneficiary the rents and income of the Property, provided that Trustor shall, prior to acceleration under Section 15 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 Section 15 hereof or abandonment of the Property, Beneficiary, 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 Beneficiary 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. Beneficiary and the receiver shall be liable to account only for those rents and income actually received.

Following acceleration under Section 15 hereof, and after the giving of such notices and the lapse of such time as may then be required by law following the recordation of a notice of default, and notice of sale having been given as then required by law, Trustee, without demand on Trustor, shall sell the Property at the time and place fixed by it in said notice of sale, either as a whole or in separate parcels, and in such order as it may determine, at public auction to the highest bidder for cash in lawful money of the United States, payable at time of sale. Trustee may postpone sale of all or any portion of the Property by public announcement at such time and place of sale, and from time to time thereafter may postpone such sale by public announcement at the time fixed by the preceding postponement. Trustee shall deliver to such purchaser its deed conveying the Property so sold, but without any covenant or warranty, express or implied. The recitals in such deed of any matters or facts shall be conclusive proof of the truthfulness thereof. Any person, including Trustor, Trustee or Beneficiary, may purchase at such sale.

After deducting all costs, fees and expenses of Trustee, including cost of evidence of title in connection with sale, Trustee shall apply the proceeds of sale to payment of: first, all sums expended by the Beneficiary under the terms hereof or under the Note, not then repaid, with accrued interest; second, all other sums then secured hereby; and the remainder, if any, to the person or persons legally entitled thereto.

19. RECONVEYANCE. Upon payment of all sums secured by this Deed of Trust, Beneficiary shall request Trustor to reconvey the Property and will surrender this Deed of Trust and the Note evidencing indebtedness secured by this Deed of Trust to Trustor. Trustor 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.

20. SUBORDINATION. Beneficiary 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 recorded against the Property (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 protecting or further securing the lien of the First Deed of Trust, curing defaults by Trustor under the First Deed of Trust or for any other purpose expressly permitted by the First Deed of Trust. 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 lower 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 Trustor or a related entity of 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 holder of the First Deed of Trust 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.

In connection with the subordination provided in this Section 20, Beneficiary specifically finds and determines that an economically feasible alternative method of financing, refinancing, or assisting the units or parcels on substantially comparable terms and conditions, but without subordination, is not reasonably available.

21. SUBSTITUTE TRUSTEE. Beneficiary, at Beneficiary's option, may from time to time appoint a successor Trustee to any Trustee appointment hereunder by an instrument executed and acknowledged by Beneficiary 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, Trustor and Trustee, 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 Trustee herein and by applicable law. This procedure for substitution of Trustee shall govern to the exclusion of all other provisions for substitution.

22. REQUEST FOR NOTICES. Trustor requests that copies of the notice of sale be sent to Trustor's address which is the Property address.

23. STATEMENT OF OBLIGATION. Beneficiary 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.

24. WARRANTIES OF TRUSTOR. Trustor represents, warrants and covenants to Beneficiary as follows:

- (a) That Trustor's annual household gross income does not exceed eighty percent (80%) of the Area Median Income (as defined below), on the later of:
  - (1) the date Trustor's initial occupancy of the Property; or
  - (2) the date of the recordation of this Deed of Trust.
- (b) That for so long as Trustor owns the Property (or 45 years from the date hereof, whichever period is shorter), Trustor will reside in the Property as Trustor's principal place of residence.

"Area Median Income" shall mean the median income for the Los Angeles/Long Beach area, adjusted for household size, and as defined and periodically adjusted by the United States Department of Housing and Urban Development (HUD), or any successor entity designated under state law as responsible for establishing such area median income.

25. NONDISCRIMINATION. Trustor covenants by and for itself, its successors 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, religion, sex, marital status, national origin or ancestry in the sale, lease, sublease, transfer, use, , tenure, or enjoyment of the Property, nor shall Trustor itself or any person claiming under or through Trustor, 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 Property.

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 Trustor'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 its restrictions.

27. PROPERTY MAINTENANCE. Trustor hereby agrees to the following property maintenance terms and that failure to comply with these terms will constitute nonmonetary default to the loan.

- (i) There shall be at least two covered parking spaces designated for each single-family residence. The required parking spaces shall be maintained continuously available for

vehicular parking only and shall not be used for storage, automobile repair, or any other unauthorized use;

- (ii) The wall, gate, landscaping, and irrigation system located within the front yard shall be continuously and properly maintained in good condition and replaced as necessary;
- (iii) All structures, walls and fences open to public view shall remain free of extraneous markings, drawings, or signage. These shall include any of the above that do not directly relate to the use of the property, or that do not provide pertinent information about the premises. The only exceptions shall be seasonal decorations or signage provided under the auspices of a civic or non-profit organization; and
- (iv) In the event, any such extraneous markings occur, they shall be removed or covered within 24 hours of such occurrence, weather permitting. Paint utilized in covering such markings shall be of a color that matches, as closely as possible the color of the adjacent surfaces.

Note: The restrictions imposed by this Deed of Trust must terminate upon acceptance of a Deed in Lieu of foreclosure or foreclosure of the first mortgage, and may not reattach to the Property upon resale of the Property.

Date: \_\_\_\_\_

\_\_\_\_\_  
Trustor

Date: \_\_\_\_\_

\_\_\_\_\_  
Trustor

Exhibit A  
Legal Description

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

Beneficiary requests 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 Beneficiary'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.

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

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

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

WITNESS my hand and official seal.

\_\_\_\_\_ (SEAL)  
 Signature

AMENDED EXHIBIT "M"  
TERTIARY FINANCING NOTE



**NOTICE: This Note requires payment of the principal and contingent interest if certain events occur, and is subject to use, affordability and resale restrictions.**

**PROMISSORY NOTE**

(Third Note - Industry Fund Project No. YY1147- \_\_\_\_)

(Third Note - HOME Fund Project No. HEXXXX-\_\_\_\_)

\_\_\_\_\_, 20\_\_\_\_\_, \_\_\_\_\_,  
California

Property Address: \_\_\_\_\_

FOR VALUE RECEIVED, the undersigned, \_\_\_\_\_ hereafter called “Borrower,” hereby jointly and severally promise to pay to THE HOUSING AUTHORITY OF COUNTY OF LOS ANGELES, a body corporate and politic, hereafter called “Lender,” or to Lender’s order, at such place as Lender may designate lawful money of the United States of America in the amounts hereafter set forth. This Note shall not bear interest, except for the contingent deferred interest and default interest as provided below.

1. DEFINITIONS. The following definitions shall apply throughout this Note:

(A) Appraiser. An appraiser who is a MAI member of the American Institute of Real Estate Appraiser or a SRPA member of the Society of Real Estate Appraisers (or in case such professional designations are modified or discontinued, the most nearly equivalent successor designations.)

(B) Original Sales Price. Borrower’s original purchase price for the Property, namely \_\_\_\_\_ (\$\_\_\_\_\_).

(C) Principal Sum. The original principal amount of this Note, namely \_\_\_\_\_ (\$\_\_\_\_\_).

(E) Property. The real property at the address stated above, as legally described in the Deed of Trust executed concurrently with this Note.

(E) Sale or Transfer. The term “Sale or Transfer” shall include any sale, conveyance, lease, encumbrance, or alienation by Borrower of the Property, or any interest therein; the execution by Borrower of any contract of sale with respect to the Property, or any interest therein; the grant by Borrower of an option to purchase the Property, or any interest therein; the encumbrance of title to the Property by any lien or charge (other than the existing first lien encumbering the Property, or a refinancing thereof approved in writing by Lender), voluntary or involuntary, contractual or statutory, without the prior written consent of Lender; or any other

transfer by Borrower of the Property, or any portion thereof or interest therein, whether voluntary or involuntary. If Borrower is a corporation, partnership, association, trust, or other like legal entity, the terms "Sale or Transfer" shall include the sale, conveyance, alienation or transfer of any beneficial interest in the Borrower.

(F) Sales Price. The term "Sales Price" shall mean an amount equal to the purchase price paid for the Property upon a sale thereof in an arms-length transaction, including the fair market value of any non-cash consideration and the amount of any existing financing that the purchaser of the Property assumes or takes subject to.

(G) Fair Market Value. The term "Fair Market Value" means the fair market value of the Property determined in accordance with Section 3 or 5, as applicable.

(H) This Date. \_\_\_\_\_, 20\_\_\_\_, which shall be the same as the date of the Deed of Trust executed concurrently by Borrower in favor of Lender.

2. TIME OF PAYMENT. All sums due under this Note shall be due and payable in full on the first to occur of the following dates (the "Due Date"): (i) the date of the first Sale or Transfer of the Property; (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) the close of a probate estate following the death of Borrower (unless Borrower is more than one person and one or more of the other people comprising Borrower survives); and (iv) the date on which Lender accelerates all sums due under this Note as a result of a "default" by Borrower under Section 5 hereof and the expiration of any applicable cure periods. If no Due Date has previously occurred, then the entire Principal Sum shall be due and payable forty-five (45) years from the date of this Note.

3. AMOUNT OF PAYMENT. Upon the Due Date, Borrower shall pay to Lender an amount reasonably calculated by Lender as being the sum of (i) the Principal Sum, plus (ii) the percentage of the Net Appreciation (as that term is defined below), specified in the table below for the year in which the Due Date occurs. "Net Appreciation" is defined as the Sales Price (or Fair Market Value, under the circumstances described below) of the Property as of the Due Date minus the sum of (i) the Original Sales Price of the Property; (ii) the value of any capital improvements made by the Borrower and pre-approved by Lender ("Eligible Capital Improvements"), if any; (iii) customary closing costs paid by the Borrower in connection with the sale of the Property ("Eligible Closing Costs"); and (iv) the amount of any recapture liability of the Borrower under Section 143(m) of the Internal Revenue Code (the "Recapture Amount"). The term "HACOLA Percentage" as used in the table below is the ratio of the original Principal Sum of the Note divided by the Original Sales Price of the Property. In the event that the Due Date is triggered by an event other than sale of the entire Property to an unrelated third-party in a bona fide, arms length transaction, the determination of Net Appreciation will be made utilizing the Fair Market Value of the Property; provided that where Borrower and Lender are unable to agree upon the Fair Market Value, the determination thereof (subject to Section 5) will be made by an Appraiser selected by Lender. Borrower and Lender shall each pay one-half (1/2) of the cost of the appraisal of the Property prepared by the Appraiser selected by Lender. Borrower's share of the cost of the appraisal shall be an additional obligation which, together with other

sums payable hereunder, shall be secured by the deed of trust securing this Note (the “Deed of Trust”).

*As otherwise described in this Section 3, Borrower will be required to pay Lender on the Due Date the Principal Sum plus any amount equal to the applicable percentage (as shown in the table below) of the Net Appreciation (as defined above).*

Notwithstanding anything to the contrary in this Section 3, the amount due to Lender from the Borrower shall not exceed the amount remaining after subtracting from the Fair Market Value (or Sales Price, as applicable) of the Property as of the Due Date the sum of (i) the original principal amount of the first lien secured by the Property, (ii) the Borrower’s original down payment, (iii) the value of Eligible Capital Improvements, if any, (iv) Eligible Closing Costs, and (v) the Recapture Amount, if any.

**APPRECIATION SHARE**

DUE DURING YEAR	PERCENTAGE OF NET APPRECIATION	
1	50.00%	X HACOLA PERCENTAGE =
2	48.89%	X HACOLA PERCENTAGE =
3	47.78%	X HACOLA PERCENTAGE =
4	46.67%	X HACOLA PERCENTAGE =
5	45.56%	X HACOLA PERCENTAGE =
6	44.45%	X HACOLA PERCENTAGE =
7	43.34%	X HACOLA PERCENTAGE =
8	42.23%	X HACOLA PERCENTAGE =
9	41.12%	X HACOLA PERCENTAGE =
10	40.01%	X HACOLA PERCENTAGE =
11	38.90%	X HACOLA PERCENTAGE =
12	37.79%	X HACOLA PERCENTAGE =
13	36.68%	X HACOLA PERCENTAGE =
14	35.57%	X HACOLA PERCENTAGE =
15	34.46%	X HACOLA PERCENTAGE =
16	33.35%	X HACOLA PERCENTAGE =
17	32.24%	X HACOLA PERCENTAGE =
18	31.13%	X HACOLA PERCENTAGE =
19	30.02%	X HACOLA PERCENTAGE =
20	28.91%	X HACOLA PERCENTAGE =
21	27.80%	X HACOLA PERCENTAGE =
22	26.69%	X HACOLA PERCENTAGE =
23	25.28%	X HACOLA PERCENTAGE =
24	24.47%	X HACOLA PERCENTAGE =
25	23.36%	X HACOLA PERCENTAGE =
26	22.25%	X HACOLA PERCENTAGE =
27	21.14%	X HACOLA PERCENTAGE =
28	20.03%	X HACOLA PERCENTAGE =
29	18.92%	X HACOLA PERCENTAGE =
30	17.81%	X HACOLA PERCENTAGE =
31	16.70%	X HACOLA PERCENTAGE =
32	15.59%	X HACOLA PERCENTAGE =
33	14.48%	X HACOLA PERCENTAGE =
34	13.37%	X HACOLA PERCENTAGE =
35	12.26%	X HACOLA PERCENTAGE =
36	11.15%	X HACOLA PERCENTAGE =
37	10.04%	X HACOLA PERCENTAGE =
38	8.93%	X HACOLA PERCENTAGE =
39	7.82%	X HACOLA PERCENTAGE =
40	6.71%	X HACOLA PERCENTAGE =
41	5.60%	X HACOLA PERCENTAGE =
42	4.49%	X HACOLA PERCENTAGE =

43	3.38%	X HACOLA PERCENTAGE =
44	2.27%	X HACOLA PERCENTAGE =
45	1.16%	X HACOLA PERCENTAGE =

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

When the net proceeds are insufficient to repay both this Note and the Borrower’s investment in the Property, the Borrower shall receive the full amount of Borrower’s investment and the balance of the net proceeds shall be paid to Lender. “Net proceeds” is defined as the Sales Price minus first lien repayments through escrow and Eligible Closing Costs. “Borrower’s investment” is defined as the following costs, if paid by Borrower: down payment, payments to reduce the Principal Sum, and the cost of Eligible Capital Improvements made to the Property after purchase.

4. RIGHT OF FIRST REFUSAL (ROFR). Notwithstanding anything to the contrary in this Note, in the event the Borrower should choose to effect a Sale or Transfer of the Property, the Lender shall, in any and all circumstances, have a Right of First Refusal (“ROFR”). The ROFR shall provide the Lender the first right to purchase the Property at the Fair Market Value, which shall be determined in accordance with the procedure set forth in Section 3. The Sales Price to the Lender shall be the Fair Market Value so determined, less the Principal Sum due under this Note and the percentage of Net Appreciation, as set forth in the tables provided in Section 3. The Lender shall have twenty (20) days following receipt of Borrower’s written offer of the ROFR to accept or reject such offer by serving Borrower with written notice of Lender’s decision. If Lender rejects the ROFR offer or fails to accept or reject the ROFR offer within such twenty (20) day period, then such failure or rejection shall be deemed an irrevocable rejection of the ROFR offer and the ROFR offer shall expire and be of no further force or effect, and Borrower shall thereafter have the right to effect a Sale or Transfer of the Property to any third party, which shall trigger the Net Appreciation requirement and other payments to Lender under Section 3.

If Lender accepts in writing the ROFR offer within the twenty (20) day period following Borrower’s service of the ROFR offer, then within twenty (20) days after Lender’s acceptance of the ROFR a sales escrow shall be opened and closed as soon as practical but not later than sixty (60) calendar days after receipt of Borrower’s notice of intent to transfer. Funds will be disbursed upon closing of escrow. Borrower and Lender shall execute a purchase and sale agreement in standard form acceptable to the Lender. If the Lender exercises its option to purchase yet does not close escrow within the sixty (60) day period, the ROFR shall automatically terminate. However, if escrow does not close for reasons beyond the Lender’s control, then the ROFR will not terminate.

5. DEFAULTS AND LENDER’S REMEDIES. Each of the following shall be a “default” under this Note:

- (A) Borrower's failure or delay to make any timely payment of principal or interest when due under this Note, or satisfy any other monetary obligation under this Note or the Deed of Trust (this Note and the Deed of Trust collectively, the "Loan Documents");
- (B) Borrower's failure or delay in performing any other term or provision of this Note;
- (C) Borrower's failure to occupy the Property in accordance with the nondiscrimination and affordability restrictions set forth in the Deed of Trust, which, as more particularly provided therein, restrict occupancy of the Property to lower income persons having household incomes no greater than 80 percent of area median income as determined from time to time by the U.S. Department of Housing and Urban Development (HUD);
- (D) Borrower's failure or delay in performing any term or provision (not otherwise described in (A) through (C) above) of the Loan Documents;
- (E) Borrower's default under its obligations to the holder of any other lien or encumbrance recorded against the Property;
- (F) Borrower becomes insolvent or the subject of any bankruptcy or other voluntary or involuntary proceeding for the adjustment of debtor-creditor relationships, and in the case of any involuntary proceeding, such proceeding is not dismissed within ninety (90) days;
- (G) Borrower intentionally or fraudulently misrepresented income information submitted to Lender under the Loan Documents, or any application materials provided to Lender in connection therewith.

Upon the occurrence of a "default," the Lender, prior to acceleration, shall give notice to Borrower as provided in Section 15 (the "Notice") hereof specifying:

- (a) the default;
- (b) the action required to cure such default, if curable;
- (c) a date, not less than ten (10) days from the date the Notice is mailed to Borrower, by which such default must be cured (provided that with respect to any default described in items (B), (D) and (E), Borrower shall be given thirty (30) days from the date the Notice is mailed to Borrower to cure such default; provided further, however, if any such default is reasonably curable, but requires more than thirty (30) days to cure, Borrower shall be given such longer period if, immediately after Borrower's receipt of the Notice, Borrower commences to promptly cure such default and thereafter diligently pursues such cure to completion (in any event within 120 days); and
- (d) that failure to cure such breach on or before the date specified in the Notice may result in acceleration of the sums due under this Note and a sale of the Property.

The Notice shall further inform Borrower of the right to reinstate after acceleration and the right to bring a court action to assert the nonexistence of a default or any other defense of Borrower to acceleration and sale.

If the default is not cured on or before the time specified in the Notice, the Lender, at its option, may declare all of the sums due under this Note to be immediately due and payable without further demand and may invoke under its Deed of Trust the power of sale and any other remedies permitted by applicable law. As otherwise provided in Section 9 hereof, Lender shall be entitled to collect all reasonable costs and expenses incurred in pursuing the remedies provided in this Section 5, including but not limited to, reasonable attorneys' fees.

NOTWITHSTANDING ANYTHING TO THE CONTRARY IN THIS SECTION 5, IN THE EVENT BORROWER IS IN DEFAULT OF THIS NOTE UNDER ITEMS (C) AND (G) ABOVE (AND IN THE CASE OF (C), BORROWER DOES NOT DILIGENTLY PURSUE CURE OF SUCH DEFAULT BY LISTING THE PROPERTY FOR SALE AND ACCEPTING ANY OFFER TO PURCHASE THE PROPERTY AT OR IN EXCESS OF THE FAIR MARKET VALUE DETERMINED BY LENDER IN ACCORDANCE WITH THIS SECTION 5), THE PARTIES AGREE THAT THE LENDER WILL SUSTAIN DAMAGES BY REASON THEREOF WHICH WOULD BE UNCERTAIN. BORROWER AND LENDER FURTHER AGREE THAT THE AMOUNTS CALCULATED AS HEREINAFTER SET FORTH SHALL BE PAID AND DELIVERED TO THE LENDER 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 LENDER. IT IS IMPRACTICABLE AND EXTREMELY DIFFICULT TO FIX THE AMOUNT OF SUCH DAMAGES TO THE LENDER, 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 NET APPRECIATION TABLE SHOWN IN SECTION 3 OF THIS NOTE. THE PARTIES AGREE THAT SUCH LIQUIDATED AND AGREED DAMAGES SHALL BE PAID IN LIEU OF (AND NOT IN ADDITION TO) THE NET APPRECIATION PERCENTAGE AMOUNTS TO BE PAID PURSUANT TO SECTION 3 OF THIS NOTE (BUT THAT SUCH LIQUIDATED DAMAGES SHALL IN ANY EVENT BE IN ADDITION TO THE AMOUNT OF THE PRINCIPAL SUM WHICH IS DUE AND PAYABLE AS A RESULT OF SUCH DEFAULT, AND SHALL IN NO WAY IMPAIR LENDER'S RIGHTS TO EXERCISE A POWER OF SALE OR FORECLOSE UNDER THE DEED OF TRUST IN ORDER TO COLLECT THE PRINCIPAL SUM AND ANY OTHER SUMS PAYABLE HEREUNDER) AND THAT SUCH LIQUIDATED AND AGREED DAMAGES SHALL BE DUE AND PAYABLE TO THE LENDER SIXTY (60) DAYS AFTER THE OCCURRENCE OF A DEFAULT SPECIFIED HEREIN THAT IS NOT SOONER CURED, BUT NO LATER THAN REPAYMENT OF THE NOTE.

BORROWER SPECIFICALLY ACKNOWLEDGES THIS LIQUIDATED DAMAGES PROVISION BY ITS INITIALS BELOW:

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BORROWER

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BORROWER

6. PREPAYMENT. Borrower shall have the right at any time to repay this Note, provided that any prepayment must be in full and not in part. The amount payable in full by Borrower shall be the sum of (i) the Principal Sum, and (ii) the applicable Net Appreciation Percentage payment described in Section 3 above.
7. SECURITY. This Note is secured by the Deed of Trust of even date herewith.
8. JOINT AND SEVERAL. The undersigned, if more than one, shall be jointly and severally liable hereunder.
9. ATTORNEYS FEES. If any default is made hereunder, Borrower further promises to pay reasonable attorney fees and costs and expenses incurred by the Lender in connection with any such default or any other action or other proceeding brought to enforce any of the provisions of this Note. The Lender's right to such fees shall not be limited to or by its representation by staff counsel, and such representation shall be valued at customary and reasonable rates for private sector legal services.
10. TIME. Time is of the essence herein.
11. AMENDMENTS. This Note may not be modified or amended except by an instrument in writing executed by the parties to be bound thereby.
12. SEVERABILITY. The covenants of this Note are severable. Invalidation of any covenant or any part thereof by law, judgment, or court order shall not affect any other covenants.
13. PLACE OF PAYMENT. Borrower will make payment of all amounts due to Lender under this Note to Lender at 2 Coral Circle, Monterey Park, California 91755, or such other address as Lender may designate in writing to Borrower.
14. BORROWER'S WAIVERS. Borrower waives any rights to require the Lender to do certain things. Those things are: (A) to demand payment of amounts due (known as "presentment"); (B) to give notice that amounts due have not been paid (known as "notice of dishonor"); and (C) to obtain an official certification of nonpayment (known as a "protest").
15. GIVING OF NOTICE. Any notice given to Borrower under this Note shall be given by personally delivering it or by mailing it certified mail, postage prepaid, return receipt requested, addressed to Borrower at the address specified below. A notice will be delivered or mailed to Borrower at a different address if Borrower gives the Lender written notice of Borrower's different address. Any notice given to the Lender under this Note shall be given by personal delivery or by mailing it certified mail, postage prepaid, return receipt requested, to the address



stated specified below. A notice will be mailed to the Lender at a different address if Borrower is given a written notice of that different address.

If to Lender:           Housing Authority of the County of Los Angeles  
2 Coral Circle  
Monterey Park, California 91755-7425  
Attn: Executive Director

With a copy to:       Housing Authority of the County of Los Angeles  
2 Coral Circle  
Monterey Park, California 91755-7425  
Attn: Director of Housing Development and Preservation

If to Borrower:       To the Property address stated on Page 1 above.

16.    **DEFAULT INTEREST.** In the event that any amounts which Borrower is obligated to pay Lender under the terms of this Note are not paid when due, such amounts shall thereafter bear interest at an annual rate of five percent (5%) (the “Default Rate”).

17.    **LENDER MAY ASSIGN.** Lender may, at its option, assign its right to receive payment under this Note without necessity of obtaining the consent of the Borrower.

18.    **BORROWER ASSIGNMENT PROHIBITED.** In no event shall Borrower assign or transfer any portion of this Note without the prior express written consent of the Lender. This consent may be given or withheld in the Lender’s sole discretion. This Section 18 shall not affect or diminish the Lender’s right to assign all or any portion of its rights to the loan proceeds hereunder.

19.    **PROPERTY MAINTENANCE.** Borrower hereby agrees to the following property maintenance terms and that failure to comply with these terms will constitute nonmonetary default to the loan.

(i) There shall be at least two covered parking spaces designated for each single-family residence. The required parking spaces shall be maintained continuously available for vehicular parking only and shall not be used for storage, automobile repair, or any other unauthorized use;

(ii) The wall, gate, landscaping, and irrigation system located within the front yard shall be continuously and properly maintained in good condition and replaced as necessary;

(iii) All structures, walls and fences open to public view shall remain free of extraneous markings, drawings, or signage. These shall include any of the above that do not directly relate to the use of the property, or that do not provide pertinent information about the premises. The only exceptions shall be seasonal decorations or signage provided under the auspices of a civic or non-profit organization; and

(iv) In the event any such extraneous markings occur, they shall be removed or covered within 24 hours of such occurrence, weather permitting. Paint utilized in covering such markings shall be of a color that matches, as closely as possible the color of the adjacent surfaces.

20. **SUCCESSORS BOUND.** This Note shall be binding upon the parties hereto and their respective heirs, devisees, successors and assigns. Lender includes any successor or assign of Lender.

IN WITNESS WHEREOF, the undersigned have executed this instrument as of the date first written above.

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**BORROWER**

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**BORROWER**

AMENDED EXHIBIT "N"  
TERTIARY FINANCING DEED OF TRUST

OFFICIAL BUSINESS

Document entitled to free recording per Govt. Code Section 6103.

Recording Requested by and When Recorded Mail To:

HOUSING AUTHORITY OF THE COUNTY OF LOS ANGELES  
2 Coral Circle  
Monterey Park, CA 91755-7425  
Attn.: Director of Housing  
Development and Preservation

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(SPACE ABOVE LINE FOR RECORDER'S USE)

THIS DEED OF TRUST INCLUDES USE, AFFORDABILITY AND RESALE RESTRICTIONS

**DEED OF TRUST**

(Third Deed of Trust on For-Sale Unit - Industry Fund Project No. YY1147- \_\_\_)  
(Third Deed of Trust on For-Sale Unit -HOME Fund Project No. HEXXXX-\_\_\_)

This DEED OF TRUST is made this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, by and among (Buyer(s))\_\_\_\_\_ (herein, "Trustor"), \_\_\_\_\_ (Title Company) (herein "Trustee"), and the HOUSING AUTHORITY OF THE COUNTY OF LOS ANGELES, a public body corporate and politic (herein "Beneficiary"), 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 located in the County of Los Angeles, State of California, which has the address of:

\_\_\_\_\_, California (herein "Property Address"); and legally described in Exhibit "A" attached hereto;

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 Beneficiary 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 herein collectively referred to as the "Property".

The Deed of Trust secures performance of all of Trustor's covenants and agreements by and between Trustor and Beneficiary and the Promissory Note in the principal sum of \$\_\_\_\_\_ Dollars (\$\_\_\_\_\_) (herein "Note") executed by Trustor in favor of Beneficiary dated \_\_\_\_\_, 20\_\_\_\_ and extensions and renewals thereof, and the payment of all other sums, with interest thereon, advanced in accordance herewith to protect the security of this Deed of Trust.

Trustor covenants that Trustor is lawfully seized of the estate hereby conveyed and has the right to grant and convey the Property, and that 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 covenants and agrees 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 the Property, including but not limited to assessments on appurtenant water stock, when due, and all encumbrances, charges and liens, with interest, on the Property or any part thereof.
2. **PRIOR MORTGAGEES AND DEEDS OF TRUST; CHARGES; LIENS.** Trustor shall perform all of Trustor's obligations under any mortgage, deed of trust, CC&Rs or other lien or encumbrance on the Property. Trustor shall pay or cause to be paid all taxes, assessments and other charges, rents, 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 Beneficiary may require and in such amounts and for such periods as Beneficiary may require.

All insurance policies and renewals thereof shall be in a form acceptable to Beneficiary and shall include a standard mortgage clause in favor of and in a form acceptable to Beneficiary. Beneficiary 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 Beneficiary. Beneficiary may make proof of loss if not made promptly by Trustor.

If the Property is abandoned by Trustor, or if Trustor fails to respond to Beneficiary within thirty (30) days from the date notice is mailed by Beneficiary to Trustor that the insurance carrier

offers to settle a claim for insurance benefits, Beneficiary is authorized to collect and apply the insurance proceeds at Beneficiary'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.** Trustor shall maintain the housing in compliance with the Housing Quality Standards designated by Beneficiary 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 BENEFICIARY 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 Beneficiary's interest in the Property, then Beneficiary, at Beneficiary'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 Beneficiary's interest.

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

6. **INSPECTION.** Beneficiary may make or cause to be made reasonable entries upon and inspections of the Property, provided that Beneficiary will give Trustor notice prior to any such inspection, specifying reasonable cause therefor related to Beneficiary'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 Beneficiary 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 BENEFICIARY NOT WAIVER.** Extension of the time for payment or modification of amortization of the sums secured by this Deed of Trust granted by Beneficiary 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. Beneficiary 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 Beneficiary 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 the respective successors and assigns of Beneficiary 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, return receipt requested, addressed to Trustor at the Property address or such other address as Trustor may designate by notice to Beneficiary as provided herein; and,
- (b) any notice to Beneficiary will be given by certified mail, return receipt requested, to Beneficiary's address as set forth below or to such other address as Beneficiary may designate by notice to Trustor as provided herein.

To Beneficiary:           Housing Authority of the County of Los Angeles  
                                  2 Coral Circle  
                                  Monterey Park, California 91755-7425  
                                  Attn: Executive Director

With a copy to:           Housing Authority of the County of Los Angeles  
                                  2 Coral Circle  
                                  Monterey Park, California 91755-7425  
                                  Attn: Director of Housing Development and Preservation

Any Notice provided for in this Deed of Trust shall be deemed to have been given to Trustor or Beneficiary 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. RIGHT OF FIRST REFUSAL (ROFR). In the event Trustor should choose to sell or transfer the Property, the Beneficiary shall, in any and all circumstances, retain the Right of First Refusal (“ROFR”) as provided in Section 4 of the Note.

14. ACCELERATION AND APPRECIATION SHARE DUE ON TRANSFER OR OTHER CREDIT. On the Due Date (as defined in the Note) and in accordance with the tables set forth in Section 3 of the Note, Trustor shall pay to Beneficiary the outstanding principal amount of the Note, plus the percentage of the Net Appreciation (as that term is defined in the Note). As more particularly described in the Note, the Due Date occurs on the earliest of the following: (i) the date of the first sale, transfer or encumbrance of the Property; (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) 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); and (iv) the date on which Beneficiary accelerates all sums due under the Note as a result of a default by Trustor.

15. ACCELERATION, REMEDIES. Upon Trustor’s default of any covenants or agreements of Trustor in this Deed of Trust, including the covenants to pay when due any sums due under the Note and secured by this Deed of Trust, Beneficiary, prior to acceleration, shall give notice to Trustor as provided in Section 10 (the “Notice”) hereof specifying:

- (a) the default;
- (b) the action required to cure such default;
- (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 (provided that with respect to any default described in items (B), (D) and (E), Trustor shall be given thirty (30) days from the date the Notice is mailed to Trustor to cure such default; provided further, however, if any such default requires more than thirty (30) days to cure, Trustor shall be given such longer period if, immediately after Trustor’s receipt of the Notice, Trustor commences to promptly cure such default and thereafter diligently pursues such cure to completion ) in any event within 120 days from the date of the Notice); 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 Trustor to acceleration and sale.

If the default is not cured on or before the time specified in the Notice, Beneficiary, at Beneficiary’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 by the Trustor, foreclosure and/or any other remedies permitted by applicable law. Beneficiary shall be entitled to collect all reasonable costs and expenses incurred in pursuing the remedies provided in this Section 15, including but not limited to, reasonable attorneys’ fees.



16. DEFAULTS.

Each of the following shall be a “default” under this Deed of Trust:

- (a) Trustor’s failure or delay to make any timely payment of principal or interest when due under the Note, or satisfy any other monetary obligation under the Note, or this Deed of Trust (collectively, the “Loan Documents”);
- (b) Trustor’s failure or delay in performing any other term or provision of the Note;
- (c) Trustor’s sale, transfer or encumbrance of the Property, except in full accordance with the Note and this Deed of Trust;
- (d) Trustor’s failure or delay in performing any term or provision (not otherwise described in (a) through (c) above) of the Loan Documents;
- (e) Trustor’s default under its obligations to the holder of the First Deed of Trust recorded against the Property;
- (f) Trustor becomes insolvent or the subject of any bankruptcy or other voluntary or involuntary proceeding for the adjustment of debtor-creditor relationships, and in the case of any involuntary proceeding, such proceeding is not dismissed within ninety (90) days; and
- (g) Trustor intentionally or fraudulently misrepresented income information submitted to Beneficiary under the Loan Documents, or any application and supporting information provided to Beneficiary in connection therewith.

17. TRUSTOR’S RIGHT TO REINSTATE. Notwithstanding Beneficiary’s acceleration of the sums secured by this Deed of Trust due to Trustor’s default, Trustor shall have the right to have any proceedings begun by Beneficiary 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 Beneficiary 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; and/or the Note;
- (c) Trustor pays all reasonable expenses incurred by Beneficiary and Trustor in enforcing the covenants and agreements of Trustor contained in this Deed of Trust and in enforcing remedies as provided in paragraph 15 hereof, including, but not limited to, reasonable attorneys’ fees; and

- (d) Trustor takes such action as Beneficiary may reasonably require to assure that the lien of this Deed of Trust, Beneficiary'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. The parties hereby acknowledge that no cure or reinstatement opportunity shall apply in the event of a sale, transfer or encumbrance of the Property not in conformity with the requirements of the Note and this Deed of Trust, unless the sale, transfer or encumbrance is canceled by mutual agreement of the parties thereto within 15 days of Beneficiary's obtaining knowledge thereof.

18. **ASSIGNMENT OF RENTS; APPOINTMENT OF RECEIVER; BENEFICIARY IN POSSESSION; POWER OF SALE.** As additional security hereunder, Trustor hereby assigns to Beneficiary the rents and income of the Property, provided that Trustor shall, prior to acceleration under Section 15 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 Section 15 hereof or abandonment of the Property, Beneficiary, 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 Beneficiary 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. Beneficiary and the receiver shall be liable to account only for those rents and income actually received.

Following acceleration under Section 15 hereof, and after the giving of such notices and the lapse of such time as may then be required by law following the recordation of a notice of default, and notice of sale having been given as then required by law, Trustee, without demand on Trustor, shall sell the Property at the time and place fixed by it in said notice of sale, either as a whole or in separate parcels, and in such order as it may determine, at public auction to the highest bidder for cash in lawful money of the United States, payable at time of sale. Trustee may postpone sale of all or any portion of the Property by public announcement at such time and place of sale, and from time to time thereafter may postpone such sale by public announcement at the time fixed by the preceding postponement. Trustee shall deliver to such purchaser its deed conveying the Property so sold, but without any covenant or warranty, express or implied. The recitals in such deed of any matters or facts shall be conclusive proof of the truthfulness thereof. Any person, including Trustor, Trustee or Beneficiary, may purchase at such sale.

After deducting all costs, fees and expenses of Trustee, including cost of evidence of title in connection with sale, Trustee shall apply the proceeds of sale to payment of: first, all sums expended by the Beneficiary under the terms hereof or under the Note, not then repaid, with accrued interest; second, all other sums then secured hereby; and the remainder, if any, to the person or persons legally entitled thereto.

19. RECONVEYANCE. Upon payment of all sums secured by this Deed of Trust, Beneficiary shall request Trustor to reconvey the Property and will surrender this Deed of Trust and the Note evidencing indebtedness secured by this Deed of Trust to Trustor. Trustor 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.

20. SUBORDINATION. Beneficiary 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 recorded against the Property (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 protecting or further securing the lien of the First Deed of Trust, curing defaults by Trustor under the First Deed of Trust or for any other purpose expressly permitted by the First Deed of Trust. 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 lower 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 Trustor or a related entity of 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 holder of the First Deed of Trust 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.

In connection with the subordination provided in this Section 20, Beneficiary specifically finds and determines that an economically feasible alternative method of financing, refinancing, or assisting the units or parcels on substantially comparable terms and conditions, but without subordination, is not reasonably available.

21. SUBSTITUTE TRUSTEE. Beneficiary, at Beneficiary's option, may from time to time appoint a successor Trustee to any Trustee appointment hereunder by an instrument executed and acknowledged by Beneficiary 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, Trustor and Trustee, 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 Trustee herein and by applicable law. This procedure for substitution of Trustee shall govern to the exclusion of all other provisions for substitution.

22. REQUEST FOR NOTICES. Trustor requests that copies of the notice of sale be sent to Trustor's address which is the Property address.

23. STATEMENT OF OBLIGATION. Beneficiary 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.

24. WARRANTIES OF TRUSTOR. Trustor represents, warrants and covenants to Beneficiary as follows:

- (a) That Trustor's annual household gross income does not exceed eighty percent (80%) of the Area Median Income (as defined below), on the later of:
  - (1) the date Trustor's initial occupancy of the Property; or
  - (2) the date of the recordation of this Deed of Trust.
- (b) That for so long as Trustor owns the Property (or 45 years from the date hereof, whichever period is shorter), Trustor will reside in the Property as Trustor's principal place of residence.

"Area Median Income" shall mean the median income for the Los Angeles/Long Beach area, adjusted for household size, and as defined and periodically adjusted by the United States Department of Housing and Urban Development (HUD), or any successor entity designated under state law as responsible for establishing such area median income.

25. NONDISCRIMINATION. Trustor covenants by and for itself, its successors 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, religion, sex, marital status, national origin or ancestry in the sale, lease, sublease, transfer, use, , tenure, or enjoyment of the Property, nor shall Trustor itself or any person claiming under or through Trustor, 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 Property.

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 Trustor'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 its restrictions.

27. PROPERTY MAINTENANCE. Trustor hereby agrees to the following property maintenance terms and that failure to comply with these terms will constitute nonmonetary default to the loan.

- (i) There shall be at least two covered parking spaces designated for each single-family residence. The required parking spaces shall be maintained continuously available for

vehicular parking only and shall not be used for storage, automobile repair, or any other unauthorized use;

- (ii) The wall, gate, landscaping, and irrigation system located within the front yard shall be continuously and properly maintained in good condition and replaced as necessary;
- (iii) All structures, walls and fences open to public view shall remain free of extraneous markings, drawings, or signage. These shall include any of the above that do not directly relate to the use of the property, or that do not provide pertinent information about the premises. The only exceptions shall be seasonal decorations or signage provided under the auspices of a civic or non-profit organization; and
- (iv) In the event, any such extraneous markings occur, they shall be removed or covered within 24 hours of such occurrence, weather permitting. Paint utilized in covering such markings shall be of a color that matches, as closely as possible the color of the adjacent surfaces.

Note: The restrictions imposed by this Deed of Trust must terminate upon acceptance of a Deed in Lieu of foreclosure or foreclosure of the first mortgage, and may not reattach to the Property upon resale of the Property.

Date: \_\_\_\_\_  
Trustor

Date: \_\_\_\_\_  
Trustor

Exhibit A  
Legal Description



EXHIBIT "Q"  
HOME LOAN AGREEMENT



Recording Requested by:

Community Development Commission  
County of Los Angeles  
2 Coral Circle  
Monterey Park, CA 91755

When Recorded, Mail to:

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

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SPACE ABOVE FOR RECORDER'S USE

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

(Project No. HEXXXX)

THIS LOAN AGREEMENT (the "Agreement") is made this \_\_\_\_\_ day of \_\_\_\_\_, 2007 by and between \_\_\_\_\_, ("Participant" or "Maker") and the COMMUNITY DEVELOPMENT COMMISSION OF THE COUNTY OF LOS ANGELES (the "Commission" or "Holder").

**RECITALS**

**A.** Participant has entered into an agreement (the "Purchase Agreement") to purchase a single family home, located at \_\_\_\_\_, Los Angeles County, California, \_\_\_\_\_ and as said certain real Property is more particularly described in Exhibit "A" attached hereto and incorporated herein (the "Property").

**B.** Participant requires financial assistance to purchase the Property and would not be able to purchase the Property without such assistance. Participant is a person or a member of a family of low income who currently earns between 60% and 80% of the current annual median income for the Los Angeles County area, adjusted for family size, as those terms are defined by the Department of Housing and Urban Development (HUD).

**C.** Participant has represented to the Commission that Participant and Participant'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. All uses of HOME Investment Partnership Program (HOME) funds under the *Olive Glen – Amendment No. 2*

terms of this Agreement shall be in accordance with requirements of HOME regulations, as applicable. Repayment of any HOME funds is required in the event the use of the housing does not continuously comply with the terms of the 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 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 homebuyers who are Eligible Persons and Families to purchase residential Property for owner occupancy.

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

**G.** The Commission may, at its discretion, hire an Administrator (the "Administrator") to administer the Program.

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

**1. Commission Loan.** The Commission shall loan to Participant (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 Deed of Trust, and the Disclosure Statement (as those terms are hereinafter defined) for the Program. The Commission Loan shall be paid to the seller of the Property (the "Seller") by the Commission through deposit of the Commission Loan proceeds into escrow with \_\_\_\_\_, the "Escrow Agent") (Escrow No. \_\_\_\_\_). The Commission or Administrator shall direct the Escrow Agent to apply the proceeds of the Commission Loan on behalf of Participant to the purchase price of the Property, and, at Participant's election, to the costs of closing, escrow fees, recording fees, loan points and fees, and/or document fees directly associated with the purchase of the Property. At such time, Participant shall execute, as maker, and deliver to the Commission or Administrator 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"). Participant 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".)

**2. Notice to Commission.** Participant 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 Participant (unless Participant is more than one person and one or more of the other people comprising Participant survives), in which case a notification should be made by the legal representative of Participant.

**3. 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 plus costs of refinancing, (iii) such time, if ever, when Participant is no longer an occupant of the Property pursuant to Section 4 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 Participant (unless Participant is more than one person and one or more of the other people comprising Participant survives), (v) Participant defaults on the Promissory Note, (vi) Participant defaults on the Commission Deed of Trust. At the request of Participant, the Commission may, in its sole and absolute discretion, in writing waive the requirements of this Section 3 and defer repayment and/or extend the term of the Commission Loan.

The Commission Loan will be totally forgiven on the 30th Anniversary of the Date of this Agreement.

**4. Right of First Refusal (ROFR).** In the event the Participant should choose to sell or transfer the Property, the Commission shall, in any and all circumstances, retain the Right of First Refusal (“ROFR”). The ROFR shall provide the Commission the first right to purchase the Property at the Fair Market Value. The Commission shall appoint a Certified Independent Appraiser to conduct an appraisal of the Property, at Participant's Expense to determine the Fair Market Value of the Property. Participant agrees that in such event, the sale price to the Commission shall be the Fair Market Value determined by such appraisal, less Commission Loan and Appreciation Share Requirement amount. The Commission shall have twenty (20) days following receipt of Participant's written Offer of the ROFR to accept or reject such offer by serving Participant with written notice of Commission decision. If Commission rejects the ROFR Offer or fails to accept or reject the ROFR within twenty (20) day period, then such failure or rejection shall be deemed an irrevocable rejection of ROFR Offer and the ROFR Offer shall expire and be of no further force or effect, and Participant shall thereafter have the right to sell the Property to any third party. A sale to a third party or an exercise of the ROFR shall trigger the Appreciation Share Requirement as set out in this Agreement and Promissory Note.

If Commission accepts in writing the ROFR Offer within the Twenty (20) day period following Participant's service of the ROFR Offer, then within (20) days after Commission acceptance of the ROFR a Sales Escrow shall be opened and closed as soon as practical but the closing shall not occur later than sixty (60) calendar days after receipt of Participant's notice of intent to transfer. Funds will be disbursed upon closing of escrow. Trustor and Commission shall execute a purchase and sale agreement in standard form acceptable to the Commission. If the Commission exercises its option to purchase yet does not close escrow within the sixty (60) day period, the ROFR shall automatically terminate. However, if escrow does not close for reasons beyond the Commission's control, the ROFR will not terminate.

**5. Appreciation Share Requirement For Transfer.** In the event that the Commission Loan becomes due and payable pursuant to section 3 of this Agreement, the Participant shall pay to the Commission an amount equal to the sum of (i) the Principal Sum, plus (ii) the percentage of the Net Appreciation (as that term is defined below), specified in the table below for the year in which the Due Date occurs. “Net Appreciation” is defined as the Sales Price (or Fair Market Value, under the circumstances described below) of the Property as of the Due Date minus the sum of (i) the Original Sales Price of the Property; (ii) the value of any capital improvements made by the Participant and pre-approved by Commission (“Eligible Capital

Improvements”), if any; (iii) customary closing costs paid by the Participant in connection with the sale of the Property (“Eligible Closing Costs”); and (iv) the amount of any recapture liability of the Participant under Section 143(m) of the Internal Revenue Code (the “Recapture Amount”). The term “Commission Percentage” as used in the table below is the ratio of the original Principal Sum of the Note divided by the Original Sales Price of the Property. In the event that the Due Date is triggered by an event other than a conveyance of the Participant’s fee interest in the Property to an unrelated third-party in a bona fide, arms length transaction, the determination of Net Appreciation will be made utilizing the Fair Market Value of the Property; provided that where Participant and Commission are unable to agree upon the Fair Market Value, the determination thereof (subject to Section 5) will be made by an Appraiser selected by Commission. Participant and Commission shall each pay one-half (1/2) of the cost of the appraisal of the Property prepared by the Appraiser selected by Participant. Participant’s share of the cost of the appraisal shall be an additional obligation which, together with other sums payable hereunder, shall be secured by the deed of trust securing this Note (the “Deed of Trust”).

*As described in this Section 5, Participant will be required to pay Commission on the Due Date the Principal Sum plus any amount equal to the applicable percentage (as shown in the table below) of the Net Appreciation (as defined above).*

Notwithstanding anything to the contrary in this Section 5, the amount due to Commission from the Participant shall not exceed the amount remaining after subtracting from the Fair Market Value (or Sales Price, as applicable) of the Property as of the Due Date the sum of (i) the original principal amount of the first lien secured by the Property, (ii) the Participant’s original downpayment, (iii) the value of Eligible Capital Improvements, if any, (iv) Eligible Closing Costs, and (v) the Recapture Amount, if any.

**APPRECIATION SHARE**

DUE DURING YEAR	PERCENTAGE OF NET APPRECIATION	
1	50.00%	X HACOLA PERCENTAGE =
2	48.89%	X HACOLA PERCENTAGE =
3	47.78%	X HACOLA PERCENTAGE =
4	46.67%	X HACOLA PERCENTAGE =
5	45.56%	X HACOLA PERCENTAGE =
6	44.45%	X HACOLA PERCENTAGE =
7	43.34%	X HACOLA PERCENTAGE =
8	42.23%	X HACOLA PERCENTAGE =
9	41.12%	X HACOLA PERCENTAGE =
10	40.01%	X HACOLA PERCENTAGE =
11	38.90%	X HACOLA PERCENTAGE =
12	37.79%	X HACOLA PERCENTAGE =
13	36.68%	X HACOLA PERCENTAGE =
14	35.57%	X HACOLA PERCENTAGE =
15	34.46%	X HACOLA PERCENTAGE =
16	33.35%	X HACOLA PERCENTAGE =
17	32.24%	X HACOLA PERCENTAGE =
18	31.13%	X HACOLA PERCENTAGE =

19	30.02%	X HACOLA PERCENTAGE =
20	28.91%	X HACOLA PERCENTAGE =
21	27.80%	X HACOLA PERCENTAGE =
22	26.69%	X HACOLA PERCENTAGE =
23	25.28%	X HACOLA PERCENTAGE =
24	24.47%	X HACOLA PERCENTAGE =
25	23.36%	X HACOLA PERCENTAGE =
26	22.25%	X HACOLA PERCENTAGE =
27	21.14%	X HACOLA PERCENTAGE =
28	20.03%	X HACOLA PERCENTAGE =
29	18.92%	X HACOLA PERCENTAGE =
30	17.81%	X HACOLA PERCENTAGE =
31	16.70%	X HACOLA PERCENTAGE =
32	15.59%	X HACOLA PERCENTAGE =
33	14.48%	X HACOLA PERCENTAGE =
34	13.37%	X HACOLA PERCENTAGE =
35	12.26%	X HACOLA PERCENTAGE =
36	11.15%	X HACOLA PERCENTAGE =
37	10.04%	X HACOLA PERCENTAGE =
38	8.93%	X HACOLA PERCENTAGE =
39	7.82%	X HACOLA PERCENTAGE =
40	6.71%	X HACOLA PERCENTAGE =
41	5.60%	X HACOLA PERCENTAGE =
42	4.49%	X HACOLA PERCENTAGE =
43	3.38%	X HACOLA PERCENTAGE =
44	2.27%	X HACOLA PERCENTAGE =
45	1.16%	X HACOLA PERCENTAGE =

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

When the net proceeds are insufficient to repay both this Note and the Participant’s investment in the Property, the Participant shall receive the full amount of Participant’s investment and the balance of the net proceeds shall be paid to Lender. “Net proceeds” is defined as the Sales Price minus first lien repayments through escrow and Eligible Closing Costs. “Participant’s investment” is defined as the following costs, if paid by Participant: downpayment, payments to reduce the Principal Sum, and the cost of Eligible Capital Improvements made to the Property after purchase.

In the event there is a Commission Tertiary Trust Deed on the Property, “Net Appreciation” remains as defined in this section.

**6. Income Information.** Participant has submitted an eligibility verification form to the Commission prior to execution of this Agreement. Participant represents, warrants, and declares under penalty of perjury to the Commission that all information Participant has provided and will provide in the future to the Commission is and will be true, correct and complete. Participant acknowledges that the Commission is relying upon Participant's representations that Participant is an Eligible Person or Family, and Commission would not have entered into this Agreement if

Participant 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:

<u>Family Size</u>	<u>Income</u>	<u>Family Size</u>	<u>Income</u>
1	\$46,400	5	\$71,550
2	\$53,000	6	\$76,850
3	\$59,650	7	\$82,150
4	\$66,250	8	\$87,450

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

**7. First Time Homebuyer.** Participant represents and warrants to the Commission that neither Participant nor any of Participant'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 funding of the Commission Loan.

**8. Eligible Property.** The Property is eligible pursuant to the Program as a single-family home, a condominium, or townhome located within the unincorporated Los Angeles County and/or designated Participating Cities.

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

**10. Participant Financing.** Participant shall obtain first mortgage financing for the purchase of the Property from a reputable institutional lender 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 Participant 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.

Participant agrees it shall instruct the escrow holder for the acquisition of the Property by the Participant that the order of recording in the escrow for the purchase of the Property by the Participant shall occur as follows: 1) the First Lien; 2) the Commission Deed of Trust.

The Participant 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 of Housing Development & Preservation

**11. Insurance.** Participant 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. Participant 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 Participant 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 of Housing Development & Preservation

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

**12. Defaults.**

**A. Non-Monetary Default**

Failure or delay by Maker to perform any term or provision of this Agreement 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.

C. Holder's Rights in the Event of Default

IN THE EVENT MAKER IS IN DEFAULT OF THIS AGREEMENT BY FRAUDULENTLY OR INTENTIONALLY MISREPRESENTING THE INCOME INFORMATION SUBMITTED TO THE HOLDER PURSUANT TO SECTION 6 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 AT OR IN EXCESS OF THE FAIR MARKET VALUE AS ESTABLISHED IN A MANNER CONSISTENT WITH SECTION 4 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 5 OF THIS AGREEMENT. THE PARTIES AGREE THAT SUCH LIQUIDATED AND AGREED DAMAGES SHALL BE PAID IN LIEU OF (AND NOT IN ADDITION TO) THE NET APPRECIATION PERCENTAGE AMOUNTS TO BE PAID PURSUANT TO THE AMOUNT SHOWN IN SECTION 5 OF THIS AGREEMENT (BUT THAT SUCH LIQUIDATED DAMAGES SHALL IN ANY EVENT BE IN ADDITION TO THE AMOUNT OF THE PRINCIPAL SUM WHICH IS DUE AND PAYABLE AS A RESULT OF SUCH DEFAULT, AND SHALL IN NO WAY IMPAIR HOLDER'S RIGHTS TO EXERCISE A POWER OF SALE OR FORECLOSE UNDER THE DEED OF TRUST IN ORDER TO COLLECT THE PRINCIPAL SUM AND ANY OTHER SUMS PAYABLE HEREUNDER) 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

**13. 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.

**14. Documents.** Participant is aware that the Commission has prepared certain documents to implement the Program and secure repayment of the Commission Loan. Participant 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) Commission Deed of Trust
- (c) Deed of Trust Rider

Participant 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.

**15. Further Assurances.** The Participant 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.

**16. Governing Law.** The Participant 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.

**17. 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 Participant and County.

**18. 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 Participant.

**19. Participant Assignment Prohibited.** In no event shall Participant 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.

**20. Relationship of Participant and Agency.** The relationship of Participant 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.

**21. 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 Participant:

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.

**22. Attorneys' Fees and Costs.** In the event that any action is instituted to enforce payment or performance under this Agreement, the parties agree 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.

**23. Participant Cooperation.** The Participant shall provide all information and documentation requested by the Commission in monitoring occupancy and ownership of the home, for the term of affordability.

**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 Participant concerning all or any part of the subject matter of this Agreement.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year written below.

"PARTICIPANT"

Date: \_\_\_\_\_

By: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Date: \_\_\_\_\_

By: \_\_\_\_\_

Printed Name: \_\_\_\_\_

"COMMUNITY DEVELOPMENT COMMISSION"  
OF THE COUNTY OF LOS ANGELES

Date: \_\_\_\_\_

By: \_\_\_\_\_

SEAN ROGAN,  
Executive Director

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

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

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

WITNESS my hand and official seal.

\_\_\_\_\_  
Signature

(SEAL)

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

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

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

WITNESS my hand and official seal.

\_\_\_\_\_  
Signature

(SEAL)

**EXHIBIT "A"**

Real property in the unincorporated area of the County of Los Angeles, State of California,  
described as follows:

EXHIBIT "R"  
HACOLA REQUIREMENTS

The Borrower agrees to comply with the following HACOLA requirements:

1. Termination for Improper Consideration

HACOLA 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 HACOLA 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, HACOLA 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 HACOLA officer or employee to solicit such improper consideration. The report shall be made either to HACOLA'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 HACOLA.

3. HACOLA's Quality Assurance Plan

HACOLA will evaluate Borrower's performance under this Agreement on not less than an annual basis. Such evaluation will include assessing Borrower's compliance with all contract terms and performance standards. Borrower deficiencies which HACOLA determines are severe or continuing and that may place performance of the Agreement in jeopardy, if not corrected, will be reported to the Board of Commissioners. The report will include improvement/corrective action measures taken by HACOLA and Borrower. If improvement does not occur consistent with the corrective measure, HACOLA may terminate this Agreement or seek other remedies as specified in this Agreement.

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

Borrower acknowledges that HACOLA has established a goal of ensuring that all individuals who benefit financially from HACOLA 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 the taxpayers of the County of Los Angeles.



As required by HACOLA's Child Support Compliance Program and 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 CSSD 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 HACOLA'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 HACOLA's Child Support Compliance Program" shall constitute a default by Borrower under this Agreement. Without limiting the rights and remedies available to HACOLA under any other provision of this Agreement, failure Borrower to cure such default within 90 calendar days of written notice shall be grounds upon which HACOLA may terminate this Agreement pursuant to said paragraph 4 and pursue debarment of Borrower, pursuant to HACOLA policy.

6. 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 HACOLA and the Borrower.

7. 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.

8. 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:

9. Civil Rights Act of 1964, Title VI (Non-discrimination in Federally HACOLA 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.

10. 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.

11. 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.

12. 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 national origin, ancestry, age, marital status, or disability. 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 HACOLA 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 HACOLA 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 HACOLA, the Borrower may request the United States to enter into such litigation to protect the interests of the United States.

13. 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.

14. 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.

15. Borrower Responsibility and Debarment

- A. A responsible Borrower is a Borrower who has demonstrated the attribute of trustworthiness, as well as quality, fitness, capacity and experience to satisfactorily perform the contract. It is the policy of HACOLA to conduct business only with responsible Borrowers.
- B. The Borrower is hereby notified that if HACOLA acquires information concerning the performance of the Borrower on this or other contracts which indicates that the Borrower is not responsible, HACOLA may, in addition to other remedies provided in the contract, debar the Borrower from bidding on HACOLA

contracts for a specified period of time not to exceed 3 years, and terminate any or all existing contracts the Borrower may have with HACOLA.

- C. HACOLA may debar a Borrower if the Board of Commissioners finds, in its discretion, that the Borrower has done any of the following: (1) violated any term of a contract with the County, the Commission or HACOLA, (2) committed any act or omission which negatively reflects on the Borrower's quality, fitness or capacity to perform a contract with the County, the Commission or HACOLA or any other public entity, or engaged in a pattern or practice which negatively reflects on same, (3) committed an act or offense which indicates a lack of business integrity or business honesty, or (4) made or submitted a false claim against the County, the Commission or HACOLA or any other public entity.
- D. If there is evidence that the Borrower may be subject to debarment, HACOLA will notify the Borrower in writing of the evidence which is the basis for the proposed debarment and will advise the Borrower of the scheduled date for a debarment hearing before the Contractor Hearing Board.

The Contractor Hearing Board will conduct a hearing where evidence on the proposed debarment is presented. The Borrower and/or the Borrower's representative shall be given an opportunity to submit evidence at that hearing. After the hearing, the Contractor Hearing Board shall prepare a proposed decision, which shall contain a recommendation regarding whether the Borrower should be debarred, and, if so, the appropriate length of time of the debarment. If the Borrower fails to avail itself of the opportunity to submit evidence to the Contractor Hearing Board, the Borrower may be deemed to have waived all rights of appeal.

After consideration of any objections, or if no objections are submitted, a record of the hearing, the proposed decision and any other recommendation of the Contract Hearing Board shall be presented to the Board of Commissioners. The Board of Commissioners shall have the right to modify, deny or adopt the proposed decision and recommendation of the Hearing Board.

If a Borrower has been debarred for a period longer than five years, that Borrower may, after the debarment has been in effect for at least five years, submit a written request for review of the debarment determination to reduce the period of debarment or terminate the debarment. HACOLA may, in its discretion, reduce the period of debarment or terminate the debarment if it finds that the Borrower has adequately demonstrated one or more of the following: (1) elimination of the grounds for which the debarment was imposed; (2) a bona fide change in ownership or management; (3) material evidence discovered after debarment was imposed; or (4) any other reason that is in the best interests of HACOLA.

The Contractor Hearing Board will consider a request for review of the debarment determination only where (1) the Borrower has been debarred for a period longer than five years; (2) the debarment has been in effect for at least five years; and (3) the request is in writing, states one or more of the ground for reduction of the

debarment period or termination of the debarment, and includes supporting documentation. Upon receiving an appropriate request, the Contractor Hearing Board will provide notice of the hearing on the request. At the hearing, the Contractor Hearing Board shall conduct a hearing where evidence on the proposed reduction of debarment period or termination of debarment is presented. This hearing shall be conducted and the request for review decided by the Contractor Hearing Board pursuant to the same procedures as for a debarment Hearing.

The Contractor Hearing Board's proposed decision shall contain a recommendation on the request to reduce the period of debarment or terminate the debarment. The Contractor Hearing Board shall present its proposed decision and recommendation to the Board of Commissioners. The Board of Commissioners shall have the right to modify, deny or adopt the proposed decision and recommendation of the Contractor Hearing Board.

These terms shall also apply to subcontractors and subconsultants of County, HACOLA, or Commission contractors, consultants, vendors and agencies.

16. Consideration of GAIN/GROW Participants for Employment

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 or General Relief Opportunity for Work (GROW) Program who meet Borrower's minimum qualifications for the open position. The Borrower shall contact the County's GAIN/GROW Division at (626) 927-5354 for a list of GAIN/GROW participants by job category.

17. Barriers For the Disabled

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

18. 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.

19. 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 herein and is also available on the Internet at [www.babysafela.org](http://www.babysafela.org) for printing purposes.

20. Borrower's Acknowledgment of HACOLA's Commitment To The Safely Surrendered Baby Law

Borrower acknowledges that HACOLA places a high priority on the implementation of the Safely Surrendered Baby Law. Borrower understands that it is HACOLA's policy to encourage all HACOLA 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.

21. Compliance With Jury Service Program.

- A. Unless Borrower has demonstrated to HACOLA satisfaction either that Borrower is not a "Contractor" as defined under the Jury Service Program or that Borrower qualifies for an exception to the Jury Service Program, Borrower shall have and adhere to a written policy that provides that its Employees shall receive from the Borrower, on an annual basis, no less than five days of regular pay for actual jury service. The policy may provide that Employees deposit any fees received for such jury service with the Borrower or that the Borrower deduct from the Employee's regular pay the fees received for jury service.
- B. For purposes of this Section, "Contractor" means a person, partnership, corporation or other entity which has a contract with HACOLA or a subcontract with a HACOLA contractor and has received or will receive an aggregate sum of \$50,000 or more in any 12-month period under one or more HACOLA contracts or subcontracts. "Employee" means any California resident who is a full time employee of Borrower. "Full time" means 40 hours or more worked per week, or a lesser number of hours if: 1) the lesser number is a recognized industry standard as determined by HACOLA, or 2) Borrower has a long-standing practice that defines the lesser number of hours as full-time. Full-time employees providing short-term, temporary services of 90 days or less within a 12-month period are not considered full-time for purposes of the Jury Service Program. If Borrower uses any subcontractor to perform services for HACOLA under the Contract, the subcontractor shall also be subject to the provisions of this Section. The provisions of this Section shall be inserted into any such subcontract Contract and a copy of the Jury Service Program shall be attached to the Contract.
- C. If the Borrower is not required to comply with the Jury Service Program when the Contract commences, Borrower shall have a continuing obligation to review the applicability of its "exception status" from the Jury Service Program, and Borrower shall immediately notify HACOLA if Borrower at any time either comes within the Jury Service Program's definition of "Contractor" or if Borrower no longer qualifies for an exception to the Program. In either event, Borrower shall immediately implement a written policy consistent with the Jury Service Program. HACOLA may also require, at any time during the Contract and at its sole discretion, that Borrower demonstrate to HACOLA's satisfaction that Borrower either continues to remain outside of the Jury

Service Program's definition of "Contractor" and/or that Borrower continues to qualify for an exception to the Program.

- D. Borrower's violation of this Section of the contract may constitute a material breach of the Contract. In the event of such material breach, HACOLA may, in its sole discretion, terminate the Contract and/or bar Borrower from the award of future HACOLA contracts for a period of time consistent with the seriousness of the breach.

22. Borrower's Charitable Activities Compliance

The Supervision of Trustees and Fundraisers for Charitable Purposes Act regulates entities receiving or raising charitable contributions. The "Nonprofit Integrity Act of 2004" (SB 1262, Chapter 919) increased Charitable Purposes Act requirements. By requiring Borrowers to complete the "Charitable Contributions Certificate" form included, HACOLA seeks to ensure that all HACOLA borrowers that receive or raise charitable contributions comply with California law in order to protect HACOLA and its taxpayers. A Borrower that received or raises charitable contributions without complying with its obligations under California law commits a material breach subjecting it to either contract termination or debarment proceedings, or both.

# **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](http://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.

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**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.**

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***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](http://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 brazaletes y el padre/madre recibirá un brazaletes 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.

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**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.**

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*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.*



## CHARITABLE CONTRIBUTIONS CERTIFICATION

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Company Name

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Address

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Internal Revenue Service Employer Identification Number

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California Registry of Charitable Trusts "CT" number (if applicable)

The Nonprofit Integrity Act (SB 1262, Chapter 919) added requirements to California's Supervision of Trustees and Fundraisers for Charitable Purposes Act, which regulates those receiving and raising charitable contributions.

### CERTIFICATION

**YES NO**

Proposer or Contractor has examined its activities and determined that it does not now receive or raise charitable contributions regulated under California's Supervision of Trustees and Fundraisers for Charitable Purposes Act. If Proposer engages in activities subjecting it to those laws during the term of a Community Development Commission (CDC) and/or Housing Authority contract, it will timely comply with them and provide the CDC and/or Housing Authority a copy of its initial registration with the California State Attorney General's Registry of Charitable Trusts when filed.

( ) ( )

### OR

**YES NO**

Proposer of Contractor is registered with the California Registry of Charitable Trusts under the CT number listed above and is in compliance with its registration and reporting requirements under California law. Attached is a copy of its most recent filing with the Registry of Charitable Trusts as required by Title 11 California Code of Regulations, sections 300-301 and Government Code sections 12585-12586.

( ) ( )

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Signature

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Date

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Name and Title (please type or print)

EXHIBIT "S"  
CDC REQUIREMENTS

The Borrower agrees to comply with the following Commission requirements:

1. Termination for Improper Consideration

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 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, 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 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 Commission.

3. Commission's Quality Assurance Plan

Commission will evaluate Borrower's performance under this Agreement on not less than an annual basis. Such evaluation will include assessing Borrower's compliance with all contract terms and performance standards. Borrower deficiencies which Commission determines are severe or continuing and that may place performance of the Agreement in jeopardy, if not corrected, will be reported to the Board of Commissioners. The report will include improvement/corrective action measures taken by Commission and Borrower. If improvement does not occur consistent with the corrective measure, Commission may terminate this Agreement or seek other remedies as specified in this Agreement.

4. Borrower's Warranty of Adherence to 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 the taxpayers of the County of Los Angeles County.

As required by the Commission's Child Support Compliance Program and 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 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 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 90 calendar days of written notice shall be grounds upon which the Commission may terminate this Agreement pursuant to said paragraph 4 and pursue debarment of Borrower, pursuant to Commission policy.

6. Post Most Wanted Delinquent Parents List

Borrower acknowledges that the County places a high priority on the enforcement of child support laws and the apprehension of child support evaders. Borrower understands that it is County's and Commission's policy to strongly encourage all Borrowers to voluntarily post an entitled "L.A.'s Most Wanted: Delinquent Parents" poster in a prominent position at Contractor's place of business. The Child Support Services Department (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, national origin, age, ancestry, marital status, or disability. 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 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 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 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 in order to reduce the amount of solid waste deposited at the County landfills.

16. Borrower Responsibility and Debarment

A. A responsible Borrower is a Borrower who has demonstrated the attribute of trustworthiness, as well as quality, fitness, capacity and experience to

satisfactorily perform the contract. It is the policy of the Commission to conduct business only with responsible Borrowers.

- B. The Borrower is hereby notified that if the Commission acquires information concerning the performance of the Borrower on this or other contracts which indicates that the Borrower is not responsible, the Commission may, in addition to other remedies provided in the contract, debar the Borrower from bidding on Commission contracts for a specified period of time not to exceed 3 years, and terminate any or all existing contracts the Borrower may have with the Commission.
- C. Commission may debar a Borrower if the Board of Commissioners finds, in its discretion, that the Borrower has done any of the following: (1) violated any term of a contract with the County, the Commission or the Housing Authority of the County of Los Angeles (HACOLA), (2) committed any act or omission which negatively reflects on the Borrower's quality, fitness or capacity to perform a contract with the County, the Commission or HACOLA or any other public entity, or engaged in a pattern or practice which negatively reflects on same, (3) committed an act or offense which indicates a lack of business integrity or business honesty, or (4) made or submitted a false claim against the County, the Commission or HACOLA or any other public entity.
- D. If there is evidence that the Borrower may be subject to debarment, Commission will notify the Borrower in writing of the evidence which is the basis for the proposed debarment and will advise the Borrower of the scheduled date for a debarment hearing before the Contractor Hearing Board.
- E. The Contractor Hearing Board will conduct a hearing where evidence on the proposed debarment is presented. The Borrower and/or the Borrower's representative shall be given an opportunity to submit evidence at that hearing. After the hearing, the Contractor Hearing Board shall prepare a proposed decision, which shall contain a recommendation regarding whether the Borrower should be debarred, and, if so, the appropriate length of time of the debarment. If the Borrower fails to avail itself of the opportunity to submit evidence to the Contractor Hearing Board, the Borrower may be deemed to have waived all rights of appeal.
- F. After consideration of any objections, or if no objections are submitted, a record of the hearing, the proposed decision and any other recommendation of the Contract Hearing Board shall be presented to the Board of Commissioners. The Board of Commissioners shall have the right to modify, deny or adopt the proposed decision and recommendation of the Hearing Board.
- G. If a Borrower has been debarred for a period longer than five years, that Borrower may, after the debarment has been in effect for at least five years, submit a written request for review of the debarment determination to reduce the period of debarment or terminate the debarment. The Commission may, in its discretion, reduce the period of debarment or terminate the debarment if it finds that the

Borrower has adequately demonstrated one or more of the following: (1) elimination of the grounds for which the debarment was imposed; (2) a bona fide change in ownership or management; (3) material evidence discovered after debarment was imposed; or (4) any other reason that is in the best interests of the Commission.

- H. The Contractor Hearing Board will consider a request for review of the debarment determination only where (1) the Borrower has been debarred for a period longer than five years; (2) the debarment has been in effect for at least five years; and (3) the request is in writing, states one or more of the ground for reduction of the debarment period or termination of the debarment, and includes supporting documentation. Upon receiving an appropriate request, the Contractor Hearing Board will provide notice of the hearing on the request. At the hearing, the Contractor Hearing Board shall conduct a hearing where evidence on the proposed reduction of debarment period or termination of debarment is presented. This hearing shall be conducted and the request for review decided by the Contractor Hearing Board pursuant to the same procedures as for a debarment Hearing.

The Contractor Hearing Board's proposed decision shall contain a recommendation on the request to reduce the period of debarment or terminate the debarment. The Contractor Hearing Board shall present its proposed decision and recommendation to the Board of Commissioners. The Board of Commissioners shall have the right to modify, deny or adopt the proposed decision and recommendation of the Contractor Hearing Board.

- I. These terms shall also apply to subcontractors and subconsultants of County, HACOLA, or Commission contractors, consultants, vendors and agencies.

17. Section 3 of the Housing and Community Development Act of 1968, as Amended

- A. The work to be performed under this Agreement is subject to the requirements of Section 3 of the Housing and Urban Development Act of 1968, as amended, 12 U.S.C. 1701u (Section 3). The purpose of Section 3 is to ensure that employment and other economic opportunities generated by HUD assistance or HUD-assisted projects covered by Section 3, shall, to the greatest extent feasible, be directed to low-and very low-income persons, particularly persons who are recipients of HUD assistance for housing.
- B. The parties to this Agreement agree to comply with HUD's regulations in 24 CFR Part 135, which implement Section 3. As evidenced by their execution of this Agreement, the parties to this Agreement certify that they are under no contractual or other impediment that would prevent them from complying with the Part 135 regulations.
- C. The Borrower agrees to send to each labor organization or representative of workers with which the Borrower has a collective bargaining Agreement or other understanding, if any, a notice advising the labor organization or workers' representative of the Borrower's commitments under this Section 3 clause, and will post copies of the notice in conspicuous places at the work site where both employees and applicants for training and

employment positions can see the notice. The notice shall describe the Section 3 preference, shall set forth minimum number and job titles subject to hire, availability of apprenticeship and training positions, the qualifications for each; and the name and location of the person(s) taking applications for each of the positions; and the anticipated date the work shall begin.

- D. The Borrower agrees to include this Section 3 clause in every subcontract subject to compliance with regulations in 24 CFR Part 135, and agrees to take appropriate action, as provided in an applicable provision of the subcontract or in this Section 3 clause, upon a finding that the subcontractor is in violation of the regulations in 24 CFR Part 135. The Borrower will not subcontract with any subcontractor where the Borrower has notice or knowledge that the subcontractor has been found in violation of the regulations in 24 CFR Part 135.
- E. The Borrower will certify that any vacant employment positions, including training positions, that are filled (1) after the Borrower is selected but before the Agreement is executed, and (2) with persons other than those to whom the regulations of 24 CFR part 135 require employment opportunities to be directed, were not filled to circumvent the Borrower's obligations under 24 CFR Part 135.
- F. Noncompliance with HUD's regulations in 24 CFR Part 135 may result in sanctions, termination of this Agreement for default, and debarment or suspension from future HUD assisted contracts.
- G. With respect to work performed in connection with Section 3 covered Indian housing assistance, section 7(b) of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450e) also applies to the work to be performed under this Agreement. Section 7(b) requires that to the greatest extent feasible (i) preference and opportunities for training and employment shall be given to Indians, and (ii) preference in the award of contracts and subcontracts shall be given to Indian organizations and Indian-owned Economic Enterprises. Parties to this Agreement that are subject to the provisions of Section 3 and section 7(b) agree to comply with Section 3 to the maximum extent feasible, but not in derogation of compliance with section 7(b).

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 attached to this Agreement and is also available on the Internet at [www.babysafela.org](http://www.babysafela.org) for printing purposes.

21. Borrower's Acknowledgment of 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.

22. Lobbyist Ordinances

Federal Lobbyist Requirements: Borrower is prohibited by the Department of Interior and Related Agencies Appropriations Act, known as the Byrd Amendments, and HUD's 24 CFR Part 87, from using federally appropriated funds for the purpose of influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, loan or cooperative Agreement, and any extension, continuation, renewal, amendment or modification of said documents.

Borrower must certify in writing on the Federal Lobbyist Requirements Certification form that they are familiar with the Federal Lobbyist Requirements and that all persons and/or subcontractors acting on behalf of the Borrower will comply with the Lobbyist Requirements.

Failure on the part of the Borrower or persons/subcontractors acting on behalf of the Borrower to fully comply with the Federal Lobbyist Requirements may be subject to civil penalties.

23. Compliance With Jury Service Program.

- A. Unless Borrower has demonstrated to the Commission satisfaction either that Borrower is not a "Contractor" as defined under the Jury Service Program or that Borrower qualifies for an exception to the Jury Service Program, Borrower shall have and adhere to a written policy that provides that its Employees shall receive from the Borrower, on an annual basis, no less than five days of regular pay for actual jury service. The policy may provide that Employees deposit any fees received for such jury service with the Borrower or that the Borrower deduct from the Employee's regular pay the fees received for jury service.

- B. For purposes of this Section, “Contractor” means a person, partnership, corporation or other entity which has a contract with the County or a subcontract with a County contractor and has received or will receive an aggregate sum of \$50,000 or more in any 12-month period under one or more County contracts or subcontracts. “Employee” means any California resident who is a full time employee of Borrower. “Full time” means 40 hours or more worked per week, or a lesser number of hours if: 1) the lesser number is a recognized industry standard as determined by the County, or 2) Borrower has a long-standing practice that defines the lesser number of hours as full-time. Full-time employees providing short-term, temporary services of 90 days or less within a 12-month period are not considered full-time for purposes of the Jury Service Program. If Borrower uses any subcontractor to perform services for the County under the Contract, the subcontractor shall also be subject to the provisions of this Section. The provisions of this Section shall be inserted into any such subcontract Contract and a copy of the Jury Service Program shall be attached to the Contract.
- C. If the Borrower is not required to comply with the Jury Service Program when the Contract commences, Borrower shall have a continuing obligation to review the applicability of its “exception status” from the Jury Service Program, and Borrower shall immediately notify County if Borrower at any time either comes within the Jury Service Program’s definition of “Contractor” or if Borrower no longer qualifies for an exception to the Program. In either event, Borrower shall immediately implement a written policy consistent with the Jury Service Program. The County may also require, at any time during the Contract and at its sole discretion, that Borrower demonstrate to the County’s satisfaction that Borrower either continues to remain outside of the Jury Service Program’s definition of “Contractor” and/or that Borrower continues to qualify for an exception to the Program.
- D. Borrower’s violation of this Section of the contract may constitute a material breach of the Contract. In the event of such material breach, County may, in its sole discretion, terminate the Contract and/or bar Borrower from the award of future County contracts for a period of time consistent with the seriousness of the breach.

24. Borrower’s Charitable Activities Compliance

The Supervision of Trustees and Fundraisers For Charitable Purposes Act regulates entities receiving or raising charitable contributions. The “Nonprofit Integrity Act of 2004” (SB 1262, Chapter 919) increased Charitable Purposes Act requirements. By requiring Borrowers to complete the “Charitable Contributions Certificate” form included, the Commission seeks to ensure that all Commission borrowers that receive or raise charitable contributions comply with California law in order to protect the Commission and its taxpayers. A Borrower that received or raises charitable contributions without complying with its obligations under California law commits a material breach subjecting it to either contract termination or debarment proceedings, or both.

EXHIBIT "T"  
AFFIRMATIVE MARKETING REQUIREMENTS

**LOS ANGELES COUNTY  
COMMUNITY DEVELOPMENT COMMISSION  
AND  
HOUSING AUTHORITY  
AFFIRMATIVE MARKETING  
(HOMEOWNERSHIP)**

In accordance with the California Fair Employment and Housing Act and the policy of the Los Angeles County Community Development Commission (Commission), and the Los Angeles County Housing Authority (Housing Authority), property owners or their designees must adhere to the following affirmative marketing guidelines in order to create awareness for the general public and certain community groups as to the availability of units designated for lower and/or moderate-income.

**APPLICABILITY**

Property owners or their designees are required to provide an affirmative marketing plan and procedures for all developments with designated units. Procedures to be used must identify how persons in the housing market area who are not likely to apply for the housing without special outreach shall be informed and made aware of available affordable housing opportunities. The Commission has identified two groups as least likely to apply without special outreach efforts, namely, African-American and Hispanic persons.

**THE AFFIRMATIVE MARKETING PLAN**

The Property Owner or designee's Affirmative Marketing Plan shall consist of a written marketing strategy designed to provide information and to attract eligible persons in the housing market area to the available units without regard to race, color, national origin, sex, religion, marital and familial status, handicap (disability), sexual orientation, ancestry or source of income. It shall describe initial advertising, outreach (community contacts) and other marketing activities, which will inform potential buyers of the availability of the units. It shall also outline an outreach program which includes special measures designed to attract those groups identified as least likely to apply without special outreach efforts, (because of existing neighborhood racial or ethnic patterns, location of housing or other factors) and other efforts designed to attract persons from the total eligible population.

The Property Owner must do the following:

1. Insert Equal Housing Opportunity logotype, statement or slogan on all written outreach tools (i.e. signs, advertisements, brochures, direct mail solicitations, press releases, etc.)
2. Display prominently the Fair Housing poster at the leasing office and project site from the beginning of construction through occupancy. (24 CFR 110.10). This poster must be at a minimum 11 inches by 14 inches (24 CFR 110.25).
3. The Developer is required to offer the buyer a list of home entrance, interior routes of travel, kitchen, and bathroom modifications that would make the home accessible to persons with disabilities. The Developer must indicate at what point in the construction process the buyer must notify the developer that the features are desired. These



modifications are to be made at the buyer's expense. A list to be used during the sales period must be included in the plan.

4. In addition to the above, the Affirmative Fair Housing Marketing Plan shall outline:
  - a. Commercial Media to be used (i.e., community newspapers and non-English language newspapers, radio, television, billboards, religious or local real estate publications, etc.).
  - b. Marketing efforts to be used (i.e., brochures, letters, handouts, direct mail, signs, etc.)
  - c. Community Contacts to supplement formal communications media for the purpose of soliciting group(s) least likely to purchase the available housing without special outreach efforts. They should be individuals or organizations (i.e., service agencies, community organizations, places of worship, etc) that have direct and frequent contact with those identified as least likely to apply. The contacts should also be chosen on the basis of their positions of influence within the general community and the particular target group. The Property Owner must agree to establish and maintain contact with the identified contacts.
  - d. Specify means to assure that information regarding the availability of accessible/adaptable for-sale units reaches eligible individuals with disabilities will be disseminated to increase effectiveness of outreach and communications (e.g., Telecommunications Devices for the Deaf (TTY), materials on tape or in Braille, accessible locations for activities and meetings, etc.)
  - e. State that access to all sales offices for the project, as well as the offices of any first trust deed lenders for the project will be accessible to persons with disabilities as required by the American with Disabilities Act.
  - f. The written Affirmative Fair Housing Marketing Plan for each project shall be accompanied by a completed Affirmative Fair Housing Marketing Plan Summary (attached).

### **BUYER SELECTION**

1. The Property Owner or designee shall maintain records of all prospective homebuyer applicants, including their race, ethnicity and gender, reasons for denial of application, placement on a waiting list, etc.
2. The Property Owner or designee shall also provide for the selection of applicants from a written waiting list in the chronological order of their application, insofar as is practicable, and provide prompt written notification to any rejected applicants of the grounds for any rejection.
3. The Property Owner or designee must certify that it has affirmatively furthered fair housing.

## Affirmative Fair Housing Marketing Plan Summary (HOMEOWNERSHIP)

1a. Applicant's Name, Address (including city, state & zip code) & phone number	1b. Project's Name, Location (including city, and zip code)	
1c. Number of Units	1d. Sales Price Range From \$ To \$	1e. Type of Housing <input type="checkbox"/> Development <input type="checkbox"/> Scattered Site
1f. Approximate Starting Dates (mm/dd/yyyy) Advertising _____ Occupancy _____	1g. Housing Market Area	
1i. Sales Agent's Name & Address (including city, state & zip code) & phone number		
1h. Census Tract		

2. Type of Affirmative Marketing Area (check all that apply)

White (non-minority) Area                       Minority Area

Mixed Area (with \_\_\_\_\_% minority residents)

3. Direction of Marketing Activity (indicate which group(s) in the housing market area are least likely to apply for the housing because of its location and other factors without special outreach efforts)

White     Hispanic or Latino     American Indian or Alaskan Native     Asian

Black or African American     Native Hawaiian or Other Pacific Islander     Families with Children

Persons with Disabilities     Other (e.g., specific ethnic group, religion): \_\_\_\_\_

4a. Marketing Program: Commercial Media (Check the type of media to be used to advertise the availability of this housing)

Newspaper/Publications     Radio     TV     Billboards     Other (specify)

<i>Name of Newspaper, Radio or TV Station</i>	<i>Racial/Ethnic Identification of Readers/Audience</i>	<i>Size/Duration of Advertising</i>

4b. Marketing Program: Brochures, Signs, and HUD's Fair Housing Poster

(1) Will brochures, letters, or handouts be used to advertise?  Yes  No If "Yes", attach a copy or submit when available.

(2) For project site sign, indicate sign size \_\_\_\_\_x\_\_\_\_\_; Logo type size \_\_\_\_\_x\_\_\_\_\_. Attach a photograph of project sign or submit when available.

(3) HUD's Fair Housing Poster must be conspicuously displayed wherever rentals take place. Fair Housing Posters will be displayed in the:

Sales Office     Real Estate Office     Model Unit     Other (specify) \_\_\_\_\_

**Affirmative Fair Housing Marketing Plan Summary**

4c. Community Contacts. To further inform the group(s) least likely to apply about the availability of the housing, the applicant agrees to establish and maintain contact with the groups/organizations listed below that are located in the housing market area. If more space is needed, attach an additional sheet. Notify the Commission or Housing Authority of any changes in this list. Attach a copy of correspondence to be mailed to these groups/organizations. (Provide all requested information.)

Name of Group or Organization	Racial/Ethnic Identification	Approximate Date (mm/dd/yyyy)	Person Contacted or to be Contacted
Address & Phone Number	Method of Contract	Indicate the specific function the Group / Organization will undertake in implementing the marketing program	

5. Reserved

6. Experience and Staff Instructions (See instructions)

6a. Staff has affirmative marketing experience  Yes  No

6b. On separate sheets, indicate training to be provided to staff on Federal, State and local fair housing laws and regulations, as well as this AFHM Plan. Attach a copy of the instructions to staff regarding fair housing.

7. Additional Considerations. Attach additional sheets as needed.

8. Changes and Revisions. By signing this form, the applicant agrees to assume full responsibility for the plan's implementation and, after appropriate consultation with the Commission or Housing Authority, to change any part of the plan covering the homeownership project to ensure continued compliance with the Commission or Housing Authority Affirmative Marketing requirements.

Signature of person submitting this Plan & Date of Submission (mm/dd/yyyy)

Name (type or print)

Title & Name of Company

## **Instructions**

The Affirmative Fair Housing Marketing Plan requires that each applicant subject to these requirements carry out an affirmative program to attract prospective buyers of all minority and non-minority groups in the housing market area regardless of race, color, national origin, sex, religion, marital and familial status, handicap (disability), sexual orientation, ancestry or source of income. These groups include White, members of minority groups, i.e., Black, American Indian/Alaskan Native, Hispanic or Latino, Asian, Native Hawaiian or Other Pacific Islander, person with disabilities, families with children, or persons with different religious affiliations in the housing market area who may be subject to housing discrimination on the basis of race, color, national origin, sex, religion, marital and familial status, handicap (disability), sexual orientation, ancestry or source of income. The applicant shall describe on this form the activities it proposes to carry out during advance marketing, where applicable, and the initial rent-up period. The affirmative marketing program also should ensure that any group(s) of persons normally **not** likely to purchase the housing without special outreach efforts know about the housing, feel welcome to apply and have the opportunity to rent.

**Part 1 – Applicant and Project Identification.** The applicant may obtain Census Tract location information, item 1h, from local planning agencies, public libraries and other sources of census data. For item 1f, specify approximate starting date of marketing activities to the groups targeted for special outreach and the anticipated date of initial occupancy. Item 1i is to be completed only if the applicant is not to implement the plan on its own.

**Part 2 – Type of Affirmative Marketing Plan.** Applicants for multifamily projects are to submit a marketing plan which describes the marketing program for the particular project or subdivision. The plan should also indicate the racial composition of the housing market area in which the housing will be (is) located. Scattered site builders are to submit individual annual plans based on the racial composition of each type of census tract. For example, if a builder plans to construct units in both minority and non-minority census tracts, separate plans shall be submitted for all of the housing proposed for both types.

**Part 3 – Direction of Marketing Activity.** Considering factors such as the price of housing, the racial/ethnic characteristics of the neighborhood in which housing is (or is to be) located, the population within the housing market area, or the disability or familial status of the eligible population, public transportation routes, etc., indicate which group(s) you believe are least likely to apply without special outreach efforts.

**Part 4 – Marketing Program.** The applicant shall describe the marketing program to be used to attract all segments of the eligible population, especially those groups designated in the Plan as least likely to apply without special outreach efforts. The applicant shall state: the type of media to be used, the names of newspapers/call letters of radio or TV stations; the identity of the circulation or audience of the media identified in the Plan (e.g., White, Black or African American, Hispanic or Latino, Asian, American Indian/Alaskan Native, Native Hawaiian or Other Pacific Islander, persons with disabilities, families with children, and religious affiliation) and the size or duration of newspaper advertising or length and frequency of broadcast advertising. Community contacts include individuals or organizations that are well known in the project area or the locality and that can influence persons within groups considered least likely to apply. Such contacts may include, but need not be limited to: neighborhood, minority and

women's organizations, faith-based or other community based organizations, labor unions, employers, public and private agencies, disability advocates, and individuals who are connected with these organizations and/or are well-known in the community.

**Part 5 – Reserved**

**Part 6 – Experience and Staff Instructions.**

- a. Indicate whether the applicant has previous experience in marketing housing to group(s) identified as least likely to apply for the housing without special outreach efforts.
- b. Describe the instructions and training given to sales staff. This guidance to staff must include information regarding Federal, State and local fair housing laws and this Plan. Copies of any written materials should be submitted with the Plan, if such materials are available.

**Part 7 – Additional considerations.** In this section describe other efforts not previously mentioned which are planned to attract persons in either those groups already identified in the Plan as least likely to purchase the housing without special outreach efforts.

**Part 8 –** The applicant's authorized agent signs and dates the Plan. By signing the Plan, the applicant assumes full responsibility for its implementation. The Commission or Housing Authority may at any time monitor the implementation of the Plan and request modification in its format or content, where the Commission or Housing Authority deems necessary.

**Notice of Intent to Begin Marketing.** No later than 90 days prior to the initiation of marketing activities, the applicant with an approved Plan shall submit written notice of intent to begin marketing. The notification is required by the Affirmative Fair Housing Marketing Plan Compliance requirements.

**Affirmative Fair Housing Marketing  
Certification**

**Project Name:** \_\_\_\_\_

**Address:** \_\_\_\_\_

I, the undersigned, on behalf of \_\_\_\_\_ hereby certify under penalty of perjury that the marketing efforts for the above-named project is or have been conducted in complete adherence to the Affirmative Marketing Plan dated \_\_\_\_\_ as previously accepted and approved by the Los Angeles County Community Development Commission/Housing Authority.

\_\_\_\_\_  
Signature of Property Owner or Designee

(Name) \_\_\_\_\_

(Title) \_\_\_\_\_

(Date) \_\_\_\_\_