

**MORENO VALLEY NEIGHBORHOOD STABILIZATION
PROGRAM**

AFFORDABLE HOUSING AGREEMENT

By and Between

**CITY OF MORENO VALLEY, CALIFORNIA
("CITY")**

and

("HOMEBUYER")

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AFFORDABLE HOUSING AGREEMENT

MORENO VALLEY NEIGHBORHOOD STABILIZATION PROGRAM

This **AFFORDABLE HOUSING AGREEMENT** (“Agreement”), dated as of _____, 201__ (the “Date of Agreement”), is made and entered into by and between _____ (“Homebuyer”) and the **CITY OF MORENO VALLEY**, a municipal corporation (“City”).

RECITALS

A. Capitalized terms used in the Agreement shall be as defined and shall have the meanings set forth in Section 1 of this Agreement.

B. Each and all attachments, Attachments No. 1 through 6, inclusive, that are attached to this Agreement are defined herein and are fully incorporated by this reference.

C. In accordance with the Housing and Economic Recovery Act of 2008 (“HERA”), the purpose of the Neighborhood Stabilization Program (“NSP”) is to provide emergency assistance for the redevelopment of Abandoned and Foreclosed homes and residential properties for the benefit of persons and families whose household income does not exceed 120% of the Riverside County median income adjusted for family size (“LMMI Households”) and thereby stabilize neighborhoods impacted by such properties, and provide long-term affordability, and increase sustainability and attractiveness of housing and neighborhoods. Funds received through the NSP may be used to carry out five eligible uses, including financing mechanisms for Foreclosed homes and residential properties; acquisitions and rehabilitations to sell, rent or redevelop Abandoned or Foreclosed homes and residential properties; establishment of land banks for Foreclosed homes; demolition of blighted structures; and redevelopment of demolished or vacant properties.

D. City desires to stabilize neighborhoods affected by foreclosure and to assist households whose “Gross Household Income” (as defined below) does not exceed 120% of area median income to purchase single-family residential property in the City and to increase, improve and preserve housing available to such persons and households at an Affordable Housing Cost.

E. The scope and requirements of the Neighborhood Stabilization Program are described in the Final Neighborhood Stabilization Program Substantial Amendment to the City of Moreno Valley’s 2008-2009 Annual Action Plan (“City Guidelines”), which instrument is deemed incorporated fully herein by this reference.

F. Homebuyer has entered into a purchase/sale agreement to acquire a single family detached home, located at _____, Moreno Valley California (“Property”), which Property is legally described in the Property Legal Description, Attachment No. 1.

G. Homebuyer requires the participation by the City in order to acquire the Property and would not be able to purchase the Property without such participation.

H. Homebuyer's Gross Household Income does not exceed one hundred twenty percent (120%) of the current annual area median income for Riverside County. Through the Program application process and by this Agreement Homebuyer has represented to City that Homebuyer intends to and will reside in the Property as Homebuyer's principal and permanent residence at all times throughout the Affordability Period.

I. In view of the City's use of NSP funds, by which the Property was acquired, and rehabilitated and will be sold to Homebuyer, and in implementation of the City Guidelines, City wishes to ensure the continued affordability of the Property throughout the Affordability Period at Affordable Housing Cost as defined below. Continued affordability is to be ensured by resale restrictions as described in the Declaration of Covenants, Conditions & Restrictions and by use of a promissory note and deed of trust.

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

Section 1. DEFINITIONS.

1.1 Definitions Track Program Guidelines. The following capitalized terms are defined in this Section 1 and as used in this Agreement track the definitions set forth in the Program Guidelines and Program Manual.

(a) **"Affordability Period"** means a fifteen (15) year period commencing upon the Date of Recordation of the Declaration.

(b) **"Affordable Housing Agreement"** means this Affordable Housing Agreement by and between City and Homebuyer.

(c) **"Affordable Housing Cost"** means a purchase price that would result in Monthly Housing Cost, as adjusted for family size appropriate for the Home, having a Front End Ratio of not less than twenty-eight percent (28%) and not more than thirty-one percent (31%) of the monthly Gross Household Income for such household and with respect to which Monthly Housing Cost, as adjusted for family size appropriate for the Home, has a Back End Ratio of not greater than forty-three percent (43%) of the Gross Household Income for such household. If compensating factors and extenuating circumstances exist, all as determined by the City at its sole discretion, the Owner(s) may qualify with a higher ratio, subject to supporting documentation and with the prior written approval by City, to be granted, derived or withheld at City's sole and absolute discretion. For purposes of calculating the Affordable Housing Cost, "adjusted for family size appropriate for the Home" means a household size which complies with the HQS Occupancy Standard.

(d) **"Applicable Equity Share Percentage"** means the following: (i) during the period commencing as of the Date of Agreement and continuing to and including the fifth (5th) anniversary of the Date of Recordation of the Declaration (the "Fifth Anniversary Date"), one hundred percent (100%); (ii) during the period commencing as of the date following the Fifth Anniversary and continuing to and including the tenth (10th) anniversary of the Date of Recordation of the Declaration (the "Tenth Anniversary Date"), fifty percent (50%); and (iii) during the period commencing as of the date following the Tenth Anniversary and continuing to the fifteenth (15th) anniversary of the Date of Recordation of the Declaration, twenty-five percent (25%).

(e) **“Applicant Affidavit”** means an affidavit or statement prepared, signed under penalty of perjury and submitted by Homebuyer as a part of his/her/their application to and participation in the Program. The Applicant Affidavit and each of the representations and warranties contained therein shall be deemed restated in this Agreement, and each such fact or informational item affirmed shall be considered an ongoing representation and warranty and if Homebuyer’s status changes, the Property becomes other than Owner-occupied, or any information provided is incorrect or requires update, then Homebuyer shall inform City and Participant in writing of any material change pertaining to any matters set forth or referenced in such Applicant Affidavit or this Agreement.

(f) **“Area Median Income”** means the median income for the County of Riverside as published from time to time by the United States Department of Housing and Urban Development (“HUD”) and, if no such figures are published by HUD, then those figures published by the California Department of Housing and Community Development (“HCD”).

(g) **“Back End Ratio”** means the total monthly household expense, which includes the payment of principal, interest, taxes, insurance and, if applicable, homeowner’s association dues, and all other debt combined.

(h) **“City”** means the City of Moreno Valley, a municipal corporation.

(i) **“City Manager”** means the City Manager of the City or his designee.

(j) **“Conforming Senior Loan”** means such loan secured by the Property as may be approved from time to time by the City Manager, upon request therefor by the Owner, as a loan to be senior to the Declaration and the City Deed of Trust. In the event the Homebuyer (or another Owner) requests that City deem a loan as a Conforming Senior Loan, such Owner shall demonstrate to the reasonable satisfaction of the City Manager that: (i) there are no defaults under the Declaration, Promissory Note or City Deed of Trust or that any defaults will be cured prior to or concurrent at the earlier of (A) the closing of a new loan, or (B) the subordination of one or more of the City Deed of Trust or the Declaration; (ii) the amounts that will be due and owing under all instruments prepared to remain as to the Property (including without limitation the City Deed of Trust) shall not exceed one hundred percent (100%) of the market value of the Property; (iii) the Owner or proposed new Owner shall have an income which does not exceed the income value allowable under the Declaration and the price will not exceed Affordable Housing Cost for the applicable income level as determined under the Declaration; and (iv) Owner pays City costs incurred in evaluating and processing such subordination including without limitation the premium for a lender’s policy of title insurance as to the City Deed of Trust consistent with the foregoing.

(k) **“Date of Recordation of the Declaration”** means the date the Declaration is recorded among the official land records of Riverside County by the Riverside County Recorder.

(l) **“Declaration of Covenants, Conditions & Restrictions”** or **“Declaration”** or **“CC&Rs”** all have the same meaning and shall mean the Declaration of Covenants, Conditions & Restrictions, Attachment No. 4, which sets forth certain covenants with respect to the use, owner-occupancy, and maintenance of the Property during the Affordability Period, which will be recorded against the Property in connection with and as a part of the requirements of this Agreement.

(m) **“Deed of Trust”** or **“City Deed of Trust”** means the deed of trust, substantially in the form of Attachment No. 3, to be executed by Homebuyer as Trustor in favor of City to be recorded as a lien in not lower than a second position against the Property securing the Promissory Note, including the principal and the Equity Share Amounts due under the Homebuyer Loan.

(n) **“Disclosure Statement”** means the Neighborhood Stabilization Program Disclosure Statement, Attachment No. 5, to be executed by the Homebuyer in accordance with the terms of this Agreement.

(o) **“Eligible Applicant”** means an LMMI Household as defined in the Neighborhood Stabilization Program who the City has determined meets the qualifications for ownership of the Home (subject to payment of the purchase price therefor).

(p) **“Equity Share Amount”** means an amount equal to the Net Sale Proceeds multiplied by the Applicable Equity Share Percentage with respect to each and every sale, full or partial transfer or conveyance, financing or additional financing, or occurrence of each and every Event of Default, which occurs during the Affordability Period. **“Equity Share Amounts”** means all of the Equity Share Amount(s) which occur during the Affordability Period.

(q) **“Escrow”** means the escrow established for the transfer of the Property from the Seller to the Homebuyer with the Escrow Agent (Escrow No. _____).

(r) **“Escrow Agent”** means _____. [escrow in connection with conveyance of title to property from Seller to Homebuyer] or such other escrow holder as City may designate for administration and recording of the Declaration and the City Deed of Trust and for the delivery of the Promissory Note.

(s) **“Escrow Holder”** means the holder of the Loan Escrow. The Escrow Holder may be the same as the Escrow Agent if the City so consents in writing.

(t) **“Event of Default”** means a default not cured within the prescribed time as defined in Section 7.1 of this Agreement.

(u) **“First Trust Deed Loan”** means the first mortgage obtained by Homebuyer from Lender, in an amount not to exceed that amount approved by the City Manager or his designee, which is a fixed-rate, fixed-payment, fully amortized (over a 30 year term), Federal Housing Administration (“FHA”) or conventional loan by an institutional lender, the proceeds of which are expended to acquire the Property.

(v) **“Front End Ratio”** means the total monthly household expense, which includes the payment of principal, interest, taxes, insurance and, if applicable, homeowner’s association dues.

(w) **“Gross Household Income”** means the income of all (i) members of Homebuyer’s household over the age of eighteen (18) and (ii) persons who will hold title to the Property. Gross Household Income shall be calculated in accordance with Title 25 California Code of Regulations §6914.

(x) **“Home”** means a single-family dwelling located on the Property as of the Date of Agreement.

(y) **“Homebuyer”** means as set forth at page 1 of this Agreement, _____ who is a party to this Agreement.

(z) **“Homebuyer Loan”** means the loan by City to Homebuyer in the amount of the Original Principal Amount, plus Equity Share Amounts, as set forth in the Promissory Note. The Homebuyer Loan shall be evidenced by the Promissory Note and secured by the City Deed of Trust, including other Homebuyer Loan Documents implementing the Program. The terms of the Homebuyer Loan are more fully set forth in Section 2 of this Agreement and the Promissory Note.

(aa) **“Homebuyer Loan Documents”** means those documents evidencing, securing, and implementing the Homebuyer Loan.

(bb) **“Homebuyer Purchase Price”** means the *original* purchase price paid by the Homebuyer to the Seller for Seller’s interest in the Home, exclusive of escrow fees, title insurance costs, broker’s commission, loan fees or any other closing or transaction costs.

(cc) **“Household”** or **“Homebuyer’s Household”** means all persons who will occupy the dwelling unit located on the Property whether it be a single family, one person living alone, two or more families living together, or any other group of related or unrelated persons who share living arrangements provided that all the terms and conditions of the Program are met.

(dd) **“HQS Occupancy Standard”** or **“HQS occupancy standard”** means the maximum number of occupants who may reside at the Property at any time during the Affordability Period, which in no event shall exceed two (2) persons per each living and sleeping area of the Property (excluding kitchen, bathroom(s), hallways, other non-living/sleeping areas.) For example, a house with two bedrooms and a living room (but no family room/den) would be limited to occupancy by six persons; a house with three bedrooms, a separate living room, and a separate family room/den would be limited to occupancy by ten persons, etc. The HQS occupancy standard is set forth in and established by United States Department of Housing and Urban Development (HUD) and as of the date of the Program Guidelines the HQS occupancy standard is two (2) persons per each living and sleeping area in a home/dwelling.

(ee) **“Lender”** means the private lender approved by the City that provides the First Trust Deed Loan or a Conforming Senior Loan and which meets the following requirements: (i) such lender must have a corporate license to do business within the State of California and to originate first mortgage loans within the State of California; (ii) such lender must have obtained a City of Moreno Valley business license; and (iii) such lender must ensure that the borrower(s) attend homebuyer education and counseling.

(ff) **“Loan Escrow”** means or **“Loan Subescrow”** means an escrow or subescrow established for the processing of the Homebuyer Loan, including without limitation the recording of the City Deed of Trust and the Declaration and the delivery of the Promissory Note.

(gg) **“LMMI Household”** means a household whose income does not exceed one hundred twenty percent (120%) of the Area Median Income.

(hh) **“Monthly Housing Cost”** means all of the following associated with ownership by an LMMI Household of the Property: (i) principal and interest payments on a mortgage loan, and any loan insurance fees associated therewith; (ii) property taxes and assessments; (iii) fire and casualty insurance covering replacement value of property improvements; and (iv) homeowner association fees, if any.

(ii) **“Net Sale Proceeds”** means the Resale Price of the Property less: (i) the amount required to discharge the lien of the First Trust Deed Loan or other Conforming Senior Loan secured by a deed of trust against the Property occupying a priority position senior to the City CC&Rs; (ii) the Owner down payment for the Property; (iii) the documented costs of any Qualified Capital Improvements; (iv) the principal portion of all payments the Owner have made on a Conforming Senior Loan; and (v) the reasonable and customary selling costs actually incurred by the Owner, including sales commissions, transfer taxes, title insurance, escrow fees, and such other customary and usual costs of sale actually incurred upon resale.

(jj) **“Note Amount”** means the total amount outstanding from time to time under the Promissory Note, including the Original Principal Amount, Equity Share Amounts and such other amounts, if any, as become due and payable under the Promissory Note.

(kk) **“Original Homebuyer Purchase Price”** means the price paid by the Homebuyer for purchase of the Home from the Seller, namely _____ Dollars (\$_____).

(ll) **“Original Principal Amount”** means the amount of One Dollar (\$1.00).

(mm) **“Owner”** means the Homebuyer and each successor owner of the Property until the full satisfaction of the Promissory Note after the end of the Affordability Period. Unless expressly set forth herein to contrary effect or the context requires otherwise, all restrictions, limitations and/or obligations of Homebuyer shall also apply to each Owner.

(nn) **“Owner-Occupant”** or **“Owner-Occupancy”** means occupancy of the Property by the original person(s) who comprise the Homebuyer. There shall be no change in persons named as Homebuyer and who are the party(ies) to the Program documents, including without limitation this Agreement, without the prior express written consent of City in his/her sole discretion.

(oo) **“Ownership Interest”** means an ownership interest in the Property, as follows:

(i) **Types of Ownership Interests.** The Low to Moderate Income Household that becomes a Homebuyer in the Program and receives a Homebuyer Loan shall own and occupy the Property. Title to the Property shall vest with Homebuyer upon concurrent closing of the First Trust Deed Loan and Homebuyer Loan and Homebuyer shall hold title in one of the following forms (A) or (B) and not in the form of (C) below:

A. **Fee simple:** Fee simple interest in Property, as Homebuyer’s

1. sole and separate property; or

2. community property;
3. joint tenants; or
4. tenants in common; or
5. as trustors and beneficiaries of a family trust,

subject to the requirements in the following subsections:

B. if the Property is to be held as an asset of a family trust established for estate planning purposes, then the Eligible Applicant shall be required as a part of the application process to submit true and correct copies of the trust agreement that evidences to the reasonable satisfaction of Participant the authority to encumber the Property with the Homebuyer Loan (and First Trust Deed Loan), including:

1. that the Eligible Applicant is/are parties to the trust agreement, the Property will be owned in fee by the trust;

2. that trustors will be the Owner-Occupants of the Property; and

3. that the Eligible Applicant has/have full power and authority to acquire the Property, to encumber the Property, to enter into the First Trust Deed Loan and Homebuyer Loan, to sign the Applicant Affidavit and all Homebuyer Loan Documents, and fully obligate the Eligible Applicant to participate in the Program.

C. *Excluded Types of Ownership/Vesting.* Ownership of the Property shall not and does not include a remainder interest, a lease with or without an option to purchase, an expectancy to inherit an interest in real property or any interest acquired upon the execution of a purchase contract.

(pp) **“Parties”** means City and Homebuyer, together.

(qq) **“Party”** means either City or Homebuyer, as the context dictates.

(rr) **“Principal Maturity Date”** means the fifteenth (15th) anniversary of the Date of the Recordation of the Declaration.

(ss) **“Program”** means the Neighborhood Stabilization Program as amended, directed, and approved by action of the City.

(tt) **“Program Guidelines”** or **“Guidelines”** have the same meaning and shall mean the City Guidelines, including any and all amendments by the City thereto and any authorized modifications by the City Manager that are within the scope of his/her authority to so modify.

(uu) **“Promissory Note”** or **“Note”** means a promissory note to be executed by Homebuyer and delivered to City. The Promissory Note shall include Homebuyer’s obligation for payment of the Original Principal Amount, Equity Share Amounts, and other amounts

as set forth in the Promissory Note; the Promissory Note shall be substantially in the form attached as Attachment No. 2.

(vv) **“Qualified Capital Improvements”** means and includes capital improvements made to the Property by Homebuyer with all required building permits. Capital improvements include such items as replacement of major items such as a complete roof replacement, all new plumbing lines, new carpet or other floor cover, a/c condenser and heating unit replacement, water heater, addition to the home, solar panels and solar water heater, but not costs for general repairs and regular maintenance.

(i) For an improvement to qualify as a Qualified Capital Improvement it must be accomplished with all applicable building permits, and

(ii) Such improvement(s) must do one or more of the following: increase the basis of the Property; add value to the Property, prolong the useful life of the Property; or adapt the Property to new uses all pursuant to the rules and regulations of the Internal Revenue Service. (See IRS Publication No. 523.).

(iii) Examples of improvements that qualify as Qualified Capital Improvements include: room additions; deck additions; installation of a swimming pool; new roof; fencing; installation of central air conditioning; installation of built in appliances; kitchen modernization; or installation of new flooring and/or wall to wall carpeting.

(iv) Qualified Capital Improvements do not include repairs which serve to maintain the Property but do not increase basis, add to its value, adapt it to new uses, or prolong its life.

A. Examples of repairs that are not Qualified Capital Improvements include, without limitation: interior painting; exterior painting; fixing gutters; repair floors, flooring, or carpeting; repair of leaks; repair of plaster, dry wall, stucco, or other interior or exterior surfaces; or replacement of broken window panes or repair of inoperable windows.

(v) A capital improvement made to the Property without a required building permit from the City will not qualify as a Qualified Capital Improvement unless and until such a permit is subsequently obtained. Homebuyer hereby acknowledges and agrees that upon learning of such improvement, City may thereafter take such enforcement action as City may deem appropriate.

(ww) **“Regulation Z Disclosure”** or **“Buyer Disclosure”** means an instrument substantially in the form of Attachment No. 7 hereto.

(xx) **“Resale Price”** means the appraised value of the Property (including all improvements thereto) as determined pursuant to an appraisal undertaken at the direction of the City (as set forth in Section 3.3(a) hereof) or, if the City elects to not undertake an appraisal, then (i) the sales price designated by the Homebuyer or Owner, as applicable, or (ii) the amount of a Conforming Senior Loan (or, at the discretion of the City Manager, another loan).

(yy) **“Sales Price”** means the price to be paid by the subsequent Buyer of the Property to Homebuyer for Homebuyer’s interest in the Property, exclusive of reasonable escrow

fees, title insurance costs, broker's commissions, loan fees or any other closing or transaction costs. In the event amounts under the Promissory Note become due and payable due to an event other than resale of the Property to a Buyer (for example due to a non-approved refinancing or default under the Homebuyer Loan), then the Sales Price shall be the appraised value of the Property as of such date of such event, as determined by a qualified independent appraiser paid for by the Homebuyer. A similar protocol will be followed for any subsequent sales or transfers. The Sales Price (or appraised value of the Property) is used in the formula for calculation of the amount of Equity Share Amounts which accrue during the Affordability Period.

(zz) **“Seller” or “Participant”** means _____ [the developer of the Home/seller of the Property].

(aaa) **“Term of the Homebuyer Loan”** means the period commencing as of the earlier of: (i) the Date of Recordation of the Declaration or (ii) the first disbursement of any portion of the Homebuyer Loan, and ending as of the repayment in full of the Homebuyer Loan following the Principal Maturity Date.

Section 2. HOMEBUYER LOAN.

2.1 Homebuyer Loan. In connection with its participation in providing for the availability of the Home to Homebuyer, City shall be deemed to have loaned the Original Principal Amount under the terms and conditions set forth herein, including the obligation to repay the Original Principal Amount and the obligation to pay Equity Share Amounts as set forth herein and those set forth in the Promissory Note, Deed of Trust, Declaration, and Disclosure Statement. The proceeds of the homebuyer assistance funds of the Homebuyer Loan shall be disbursed and paid to Seller by City through deposit of such proceeds into Escrow with the Escrow Agent. Participant shall direct the Escrow Agent to apply such proceeds on behalf of Homebuyer to the Purchase Price. Participant may, in accordance with the Program Guidelines and subject to the approval of Lender, authorize that the proceeds of the Homebuyer Loan be applied by the Escrow Agent on behalf of Homebuyer to all or a portion of any nonrecurring closing costs directly associated with the purchase of the Property, inclusive of charges and fees of Lender and Participant.

2.2 Promissory Note. Homebuyer shall execute, as maker and obligor, and deliver to City, as holder and beneficiary, a Promissory Note, substantially in the form of Attachment No. 2. The Promissory Note shall evidence both the homebuyer assistance disbursed to allow Homebuyer to acquire the Property and the Equity Share Amounts due thereunder (together, “Homebuyer Loan”). The Homebuyer Loan shall be due and payable, as follows:

(a) an Equity Share Amount shall be due and payable upon each and every sale, full or partial transfer or conveyance, financing or additional financing, or occurrence of each and every Event of Default which occurs during the Affordability Period.

(b) The Original Principal Amount shall be due and payable at the earlier to occur of: (i) occurrence of an Event of Default, or (ii) as of the Principal Maturity Date.

Upon the fifteenth (15th) anniversary of the Date of Recordation of the Declaration based on the occurrence of (a) and/or (b) in the preceding portion of this Section 2.2, then the no Equity Share Amounts shall thereafter accrue, but the amount understanding under the Promissory Note shall be immediately due and payable by Homebuyer to City.

2.3 Deed of Trust. Homebuyer shall execute and deliver to City the Deed of Trust and which shall secure the Promissory Note and the performance of the obligations set forth in this Agreement and the Declaration. The Deed of Trust shall be subordinate only to the lien securing Lender's First Trust Deed Loan and to the Declaration (and, with the express approval of the City Manager, a subsequent deed of trust securing a Conforming Senior Loan).

2.4 Notice to City. Homebuyer (or Homebuyer's heirs following the death of Homebuyer or the death of the last person who comprised the original Homebuyer to this Agreement) agrees to notify City 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 proposed refinancing of the lien of the lien securing the First Trust Deed Loan (which may be approved by City pursuant to the Guidelines); or (iv) the close of Homebuyer's probate estate. Such notice shall be accompanied by a writing setting forth in comprehensive detail the current ownership of the Property, the terms and actions proposed and the rationale for same, and shall include and be augmented, upon request therefor by City, with as much information as City shall deem necessary or convenient for purposes of implementing this Agreement, including without limitation the Declaration, the Promissory Note and the Deed of Trust.

2.5 Acceleration on Sale, Transfer, Refinancing, Failure to Occupy or Default. The Note Amount shall become due and immediately payable upon the occurrence of any one of the following "Events of Acceleration":

(a) 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, except a sale or transfer which under federal law would not, by itself, permit City to exercise a due on sale or due on encumbrance clause;

(b) any refinancing of the lien secured by the Property which has not first been expressly approved in writing by City pursuant to the Guidelines;

(c) such time if or when Homebuyer is no longer the Owner-Occupant of the Property;

(d) Homebuyer is in default of any other obligation under this Agreement; or

(e) A default, breach or the occurrence of any notice of default or notice of sale under any deed of trust secured by the Property.

At the request of Homebuyer, City may, in its sole and absolute discretion, in writing waive the requirements of this Section 2.5 and defer acceleration and repayment of the Homebuyer Loan in extenuating and hardship circumstances, such as a transfer of the Property to a trust for the benefit of Homebuyer or if Homebuyer is comprised of more than one individual, for the benefit of all individuals comprising Homebuyer. Any such waiver shall be on a case-by-case basis and shall not oblige the City to make similar, other or additional waivers.

2.5.1 Guidance as to Certain Refinancing. Owner(s) shall not refinance if the refinance includes "cash out", or the ability to obtain cash advances or other "cash out" options. Owner(s) shall be entitled to engage in the following, with the prior written consent of the City: (a)

enter into a refinancing transaction which meets all of the following requirements: (i) the transaction represents a refinancing of the fixed annual percentage rate, which is lower than the annual percentage rate of the then-current first mortgage financing; (ii) the refinancing loan bears for its entire term a fixed annual percentage rate, which is lower than the annual percentage rate of the then-current first mortgage financing; (iii) the entirety of the net proceeds (defined as gross proceeds less reasonable and customary costs of processing the refinancing loan, obtaining appraisals, and the like, but not to exceed six percent (6%) of the refinancing loan amount in any event) are used to refinance the then-current first mortgage financing, i.e. no "cash out" to Owners; (iv) the refinancing loan does not provide Owners with the ability to obtain cash advances or other "cash out" options; (v) the Deed of Trust, attached hereto, continues to occupy a recorded priority position no less than second to all other non-statutory liens and encumbrances; (vi) Owner's monthly principal and interest expenses and/or the term of the refinancing loan is reduced vis-à-vis the then-current first mortgage financing; and (vii) Owner is not in default of this Agreement, the CC&Rs, the Promissory Note or the Deed of Trust; and/or (b) enter into a refinancing transaction which does not meet all of the foregoing requirements, but to which the City has given its prior written consent; and/or (c) enter into a loan, equity line of credit or advance on loans secured by the Property that is subordinate to the CC&Rs and the Deed of Trust.

Should an Owner desire to engage in refinancing, such Owner shall at least fifteen (15) calendar days prior to the recordation of the deed of trust or mortgage submit to the City in writing the following information:

- (a) Name and address of the lender;
- (b) Terms of the loan, including, but not limited to, principal, interest, rate, term, amortization period and loan fees;
- (c) Closing date of the loan;
- (d) The outstanding balance of the loan proposed to be refinanced;
- (e) Copy of any proposed escrow instructions, loan application, or other agreements between the Owner and the lender.

(f) The City shall have fifteen (15) days commencing upon receipt of information deemed complete by the City to review and approve said information; if the material submitted is not complete and sufficient for the purposes of City's review, City's review time shall be extended to fifteen (15) days after all such complete and sufficient information has been received by City at the address set forth for City in Section 8.7 of this Agreement. Owner shall submit to the City any other written documentation reasonably requested by the City to verify the information set forth herein.

Section 3. OBLIGATION FOR EQUITY SHARE AMOUNTS; CALCULATION OF AMOUNT DUE UNDER PROMISSORY NOTE.

3.1 Calculation of Equity Share Amounts. An Equity Share Amount means an amount equal to the Net Sale Proceeds multiplied by the Applicable Equity Share Percentage with respect to each and every sale, full or partial transfer or conveyance, financing or additional financing, or occurrence of each and every Event of Default, which occurs during the Affordability Period.

3.2 Payment of Equity Share Amounts. Homebuyer (or Owner) shall pay to City an Equity Share Amount in connection with each and every sale, full or partial transfer or conveyance, financing or additional financing, or occurrence of each and every Event of Default, which occurs during the Affordability Period; payment of such Amount shall be due and payable concurrently with the occurrence of each such occurrence and upon each Event of Default.

3.3 Determination of Sales Price; Appraisal.

(a) *Upon Sale of the Property.* In the event of a proposed sale or refinancing of the Property by Homebuyer and not less than thirty (30) days after the opening of escrow in connection therewith, City may elect to appoint a certified, independent appraiser to conduct an appraisal of the Property, at Homebuyer's expense, to assist City in determining if the Sales Price is at or near the fair market value of the Property at such time. If the Sales Price is determined by the appraisal to be three percent (3%) or more below the fair market value of the Property as estimated in said appraisal, then the "Sales Price" for purposes of determining the corresponding Equity Share Amount shall be the fair market value of the Property established in said appraisal. In the event Owner fails to pay for the costs of any appraisal(s) required under this Section 3.3 (or otherwise under this Agreement), the unpaid amount(s) shall constitute a lien against the Property and shall be added to the amounts due and payable under the Promissory Note.

(b) *Upon Non-Approved Refinancing/Failure to Occupy/Default.* In the event of refinancing that is not expressly approved in writing by City pursuant to the Guidelines, or failure to occupy the Property in accordance with the Guidelines and Section 4.2 hereof, or default or breach of any provision of this Agreement or other Homebuyer Loan Documents which cause the Note Amount to become immediately due and payable, the "Sales Price" for purposes of determining the corresponding Equity Share Amount shall be determined by an appraisal of the Property. City shall appoint a certified independent appraiser to conduct an appraisal of the Property, at Homebuyer's expense. Homebuyer agrees that in such event the Equity Share Amount corresponding to such event shall be the Applicable Factor multiplied by the difference between the Homebuyer Purchase Price and "Sales Price" as established by the appraised value of the Property at the time of such non-approved refinancing, failure to occupy, or other default of this Agreement or any Homebuyer Loan Documents.

3.4 Homebuyer's Acknowledgment of Equity Share Amounts.

HOMEBUYER ACKNOWLEDGES AND AGREES THAT AN EQUITY SHARE AMOUNT SHALL BE DUE AND PAYABLE UPON A EACH AND EVERY SALE, FULL OR PARTIAL TRANSFER OR CONVEYANCE, FINANCING OR ADDITIONAL FINANCING, OR OCCURRENCE OF EACH AND EVERY EVENT OF DEFAULT WHICH OCCURS DURING THE AFFORDABILITY PERIOD.

IN ADDITION, THE ORIGINAL PRINCIPAL AMOUNT, TOGETHER WITH ANY ACCRUED AMOUNTS REMAINING UNPAID UNDER THE PROMISSORY NOTE, SHALL BE DUE AND PAYABLE AT THE EARLIER TO OCCUR OF: (i) OCCURRENCE OF AN EVENT OF DEFAULT, OR (ii) AS OF THE PRINCIPAL MATURITY DATE.

HOMEBUYER'S INITIALS: _____

Section 4. USE AND OCCUPANCY OF THE PROPERTY.

4.1 Maintenance of Property. Homebuyer shall maintain the improvements and landscaping on the Property in a manner consistent with community standards which will uphold the value of the Property and in accordance with the Declaration and applicable provisions of the City Municipal Code. Homebuyer and City shall execute and record the Declaration against the Property in the Official Records of Riverside County, California. Homebuyer also agrees to comply with any and all covenants and agreements established by any homeowner's association or other regulatory entity recognized by area property owners and to comply with all applicable federal, state and local laws.

4.2 Owner-Occupancy Requirement and Continuing Program Compliance Certification. Homebuyer shall occupy, establish, and continually use the Property as Homebuyer's principal, permanent residence within thirty (30) days after the Recordation Date and shall continuously occupy the Property as Homebuyer's principal, permanent residence thereafter throughout the Affordability Period. Homebuyer agrees to deliver to City, not less frequently than annually and not later than fifteen (15) days after written request therefor from City, written certification, under penalty of perjury, of (i) continuous owner-occupancy of the Property as Homebuyer's principal residence, and (ii) compliance with all Program requirements, during the then immediately preceding one-year period. The form of such certification shall be substantially in the form of the Annual Certification of Continued Occupancy and Program Compliance, Attachment No. 6, attached hereto.

HOMEBUYER EXPRESSLY ACKNOWLEDGES HAVING READ AND UNDERSTOOD THE REQUIREMENT OF THIS SECTION 4.2 TO CONTINUOUSLY OCCUPY THE PROPERTY AS HOMEBUYER'S PRINCIPAL, PERMANENT RESIDENCE, AND HOMEBUYER FURTHER ACKNOWLEDGES THAT FAILURE TO OCCUPY THE PROPERTY IS A DEFAULT UNDER THE DEED OF TRUST WHICH WILL RESULT IN THE PROMISSORY NOTE SECURED BY THE DEED OF TRUST BECOMING IMMEDIATELY DUE AND PAYABLE IN FULL.

HOMEBUYER'S INITIALS: _____

4.3 HQS Occupancy Standard. The maximum occupancy of the Property shall not exceed and shall meet and comply with the HQS occupancy standard.

4.4 Insurance. Homebuyer shall maintain, during the Term of the Homebuyer 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 City as loss payees and shall contain a statement of obligation on behalf of the carrier to notify City 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. Homebuyer shall transmit a copy of the certificate of insurance and loss payees endorsement to City within thirty (30) days of the effective date of this Agreement, and Homebuyer shall annually transmit to City a copy of the certificate of insurance and the loss payees 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 payees endorsement shall be transmitted to the City as follows:

City of Moreno Valley
14177 Frederick Street
P.O. Box 88005
Moreno Valley, CA 92552-0805
Attention: Neighborhood Preservation Division
Fax: (951) 413-3459

Any certificate of insurance must be in a form, content, and with companies approved by City or the City's risk manager.

Section 5. PROGRAM COMPLIANCE.

5.1 Income Information. Homebuyer has submitted an Applicant Affidavit and additional information verifying income eligibility to City and Participant prior to execution of this Agreement. Homebuyer represents, warrants, and declares under penalty of perjury to City that all information Homebuyer has provided and will provide in the future to City is and will be true, correct and complete, and that there are no material omissions or misrepresentations in such information. Homebuyer acknowledges that City is relying upon Homebuyer's representations that Homebuyer is an Eligible Household as set forth in the Guidelines, and that City would not have entered into this Agreement if Homebuyer did not so qualify.

(a) If Homebuyer willfully and knowingly makes a false statement or representation, or knowingly fails to disclose a material fact for the purpose of application to and qualifying for the Program, or, in completing certifications, affidavits, or recertification documents he/she/they will be subject to any and all legal remedies available under federal, state, and local laws, including applicable criminal and civil laws and regulations.

(i) When completing any Program document, Homebuyer shall be aware that by completing, submitting, and/or signing any Program document he/she/they is/are acknowledging that any material misstatement, material omission, or fraud, in any such document is and will be made under penalty of perjury and subject Homebuyer to legal remedies available under applicable criminal and civil statutes.

5.2 Eligible Property. The Property is eligible pursuant to the Program Guidelines as a single-family detached home located within the City.

5.3 Loan Servicing. The City may contract with a private lender or qualified consultant to originate and/or service the Homebuyer Loan. Fees may be charged and collected by the City (or other private lender or qualified consultant) for services requested by or through Homebuyer and provided during the Term of the Homebuyer Loan, such as reaffirmation of subordination, review and action on a proposed refinancing, reconveyance fees, etc. Homebuyer agrees to pay such reasonable and actual fees incurred; and payment of such fees incurred shall be and remain a condition precedent to execution and release of any document(s) requested by Homebuyer, its Lender, or other person or entity.

5.4 Homebuyer Financing. Homebuyer shall obtain his/her/their First Trust Deed Loan for the purchase of the Property from a Lender.

5.5 Homebuyer Loan Documents. Homebuyer acknowledges that City has prepared certain documents to implement the Program and to evidence and secure repayment of the Homebuyer Loan. Homebuyer has reviewed and agrees to execute this Agreement and the following documents (collectively, “Homebuyer Loan Documents”) prior to receiving the Homebuyer Loan, and any other documents reasonably required by City or a participating entity to complete the transaction contemplated herein:

- (i) Promissory Note;
- (ii) City Deed of Trust;
- (iii) Declaration of Conditions, Covenants and Restrictions;
- (iv) Disclosure Statement;
- (v) Regulation Z Disclosure; and
- (vi) Escrow Instructions.

Homebuyer acknowledges and agrees that the City Deed of Trust and the Declaration shall be recorded against the Property with the County Recorder of the County of Riverside and shall appear of record with respect to and as encumbrances to the Property. Homebuyer agrees this Agreement or a Memorandum of Agreement may also be recorded.

5.6 Subordination.

(a) In connection with adoption of the Program, City has determined that an economically feasible method of financing, refinancing or assisting Homebuyers pursuant to the Program on substantially comparable terms and conditions without subordination is not reasonably available.

The City Deed of Trust, and the Declaration, shall be subordinate to the lien/deed of trust securing the First Trust Deed Loan on the Property held by the Lender and shall not impair the rights of Lender, or Lender's assignee or successor in interest, to exercise its remedies under the First Trust Deed Loan in the event of default under the First Trust Deed Loan by Homebuyer. Such remedies under the First Trust Deed Loan include the right of foreclosure or acceptance of a deed or assignment in lieu of foreclosure, or if the mortgage is assigned to the Secretary of the United States Department of Housing and Urban Development. After such foreclosure or acceptance of a deed in lieu of foreclosure, the City Deed of Trust shall be forever terminated and shall have no further effect as to the Property or any transferee thereafter; provided, however, if the holder of the First Trust Deed Loan acquires title to the Property pursuant to a deed or assignment in lieu of foreclosure, the Deed of Trust shall automatically terminate upon such acquisition of title, provided that (i) City has been given written notice of a default under the First Trust Deed Loan, and (ii) City shall not have cured the default under such First Trust Deed Loan within the 30-day period provided in such notice sent to City. The same subordination and protocol regarding remedies shall apply to a Conforming Senior Loan.

Homebuyer agrees it shall instruct the Escrow Agent for the acquisition of the Property by the Homebuyer that the order of recording in the escrow for the purchase of the Property by the Homebuyer shall occur as follows: (1) grant deed for Property to Homebuyer; (2) Declaration; (3) deed of trust for First Trust Deed Loan; (4) Homebuyer Loan Deed of Trust; and (5) Request for Notice of Default.

City shall cause a Request for Notice to be recorded on the Property immediately subsequent to the recordation of the First Trust Deed Loan or mortgage requesting a statutory notice of default as set forth in California Civil Code Section 2924b.

(b) In the event the Homebuyer repays the Original Principal Amount prior to the Principal Maturity Date, no Event of Default has recorded and the Homebuyer is current with respect to making Equity Share Amounts, the City will subordinate its right to receive Equity Share Amounts which accrue during the remainder of Affordability Period to a new first trust deed which together with any subordinate loans as to the Property does not exceed the fair market value of the Property (or subject to the Declaration) as determined in good faith by the City Manager or his designee. The City will not otherwise subordinate the Deed of Trust. Amounts subordinated shall remain due and payable and Equity Share Amounts will continue to accrue during the Affordability Period and be payable as set forth pursuant to the terms of Section 2.2 hereof; any accrued unpaid amounts under the Promissory Note not paid prior to the Principal Maturity Date shall be immediately due and payable as of the Principal Maturity Date.

All requests for subordination (or reaffirmation of subordination) will be handled by City and shall be subject to reasonable charges to process such request(s) as City may impose pursuant to its agreement with City.

Section 6. HOMEBUYER’S INDEMNIFICATION.

Homebuyer shall defend, indemnify, and hold harmless the City and their respective officers, agents, employees, representatives and volunteers from and against any loss, liability, claim or judgment relating in any manner to the Property or this Agreement or any Homebuyer Loan Documents. Homebuyer shall remain fully obligated for the payment of taxes, liens, and assessments related to the Property. There shall be no reduction in taxes for Homebuyer, nor any transfer of responsibility to City to make such payments, by virtue of the Homebuyer Loan.

Section 7. DEFAULTS AND REMEDIES.

7.1 Defaults. Failure or delay by either Party 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 an “Event of Default” under this Agreement; provided, however, if such default is of the nature reasonably requiring more than thirty (30) days to cure, the defaulting Party shall avoid default hereunder by commencing to 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.

7.2 Non-Waiver. Failure to exercise any right City 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.

Section 8. GENERAL PROVISIONS.

8.1 Further Assurances. Homebuyer shall execute any further documents consistent with the terms of this Agreement, including documents in recordable form, as City and/or Participant shall from time to time find necessary or appropriate to effectuate its purposes in entering into this Agreement and making the Homebuyer Loan.

8.2 Governing Law. Homebuyer hereby agrees to comply with all ordinances, rules, and regulations of City. Nothing in this Agreement is intended to be, nor shall it be deemed to be, a waiver of any City 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 Riverside, State of California, or in the Federal District Court in the Central District of California.

8.3 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 Homebuyer and City.

8.4 Assignment by City. City may, at its option, assign the Promissory Note or its right to receive repayment thereunder to a non-profit entity without obtaining consent of the Homebuyer or the holder of any loan(s) secured by the Property.

8.5 Assignment and Assumption by Homebuyer Prohibited. In no event shall Homebuyer assign or transfer any portion of this Agreement (or any other Homebuyer Loan Documents) without the prior express written consent of City, which consent may be given or withheld in the City's sole and absolute discretion. No assumption of the Homebuyer Loan shall be permitted at any time. This section shall not affect or diminish City's right to assign all or any portion of its rights to the proceeds of the Homebuyer Loan hereunder.

8.6 Relationship of Homebuyer and City. The relationship of Homebuyer and City 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.

8.7 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 Homebuyer: _____

To City: City of Moreno Valley
14177 Frederick Street
P.O. Box 88005
Moreno Valley, CA 92552-0805
Attention: Neighborhood Preservation Division
Fax: (951) 413-3459

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

8.8 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.

8.9 Entire Agreement. This Agreement, together with all attachments hereto, constitutes the entire understanding and agreement of the parties, subject to the documents and agreements incorporated by reference herein. This Agreement integrates all of the terms and conditions mentioned herein or incidental thereto, and supersedes all prior negotiations, discussions and previous agreements between City and Homebuyer concerning all or any part of the subject matter of this Agreement.

[Affordable Housing Agreement continued on next page]

IN WITNESS WHEREOF, City and Homebuyer have executed this Agreement as of the day and year written below.

HOMEBUYER

Date: _____, 2010

By: _____
Printed Name: _____

Date: _____, 2010

By: _____
Printed Name: _____

CITY OF MORENO VALLEY, a municipal corporation

Date: _____, 2010

By: _____
Printed Name: _____
Title: _____

ATTACHMENT NO. 1

PROPERTY LEGAL DESCRIPTION

LOT _____ OF TRACT NO. _____, AS SHOWN ON A MAP RECORDED IN BOOK _____, PAGES _____ THROUGH _____ OF MISCELLANEOUS MAPS, RECORDS OF RIVERSIDE COUNTY, CALIFORNIA.

ALSO KNOWN AS _____, MORENO VALLEY, CALIFORNIA

APN:

ATTACHMENT NO. 2

NEIGHBORHOOD STABILIZATION PROGRAM
HOMEBUYER LOAN AND EQUITY SHARE AMOUNTS
PROMISSORY NOTE
(Promissory Note Secured By Deed of Trust)

NOTICE TO MAKER: EQUITY SHARE AMOUNTS SHALL BE DUE AND PAYABLE IF CERTAIN EVENTS OCCUR.

\$ _____

Moreno Valley, California

_____, 200__

Property Address City State Zip Code

FOR VALUE RECEIVED, the undersigned ("Maker") promises to pay to the City of Moreno Valley, a municipal corporation ("Holder") at, or at such other address as Holder may direct from time to time in writing, One Dollar (\$1.00) (the "Original Principal Amount") plus the Equity Share Amounts and such other amounts as may from time to time become due and payable hereunder (together, the "Note Amount") as hereafter more fully set forth. All sums hereunder shall be payable in lawful money of the United States of America.

1. Affordable Housing Agreement.

This promissory note ("Promissory Note") is made and delivered pursuant to and in implementation of the Affordable Housing Agreement entered into by and between the Holder and the Maker dated as of _____, 2010 ("Agreement"), a copy of which is on file as a public record with the Holder and is incorporated herein by reference. Unless definitions of terms have been expressly set out at length herein, capitalized terms used herein are as defined in the Agreement. Maker acknowledges that but for the execution of this Promissory Note, Holder would not enter into the Agreement or make the Homebuyer Loan contemplated therein.

2. Zero Interest.

No interest shall accrue on the Note Amount during the period commencing on the Recordation Date (recording date of the "Declaration" as defined below, in the Official Records of the County of Riverside) and ending on the fifteenth (15th) anniversary of such date ("Affordability Period"); however, Equity Share Amounts shall be due and payable as set forth in Section 3.1 of this Promissory Note.

Notwithstanding there is no interest charged or accruing on the original principal amount of the Homebuyer Loan disbursed, the Original Principal Amount, the amount of any and all outstanding Equity Share Amounts, and costs, charges, staff time (at the actual cost thereof) and legal fees incurred in connection with collection of amounts due and payable hereunder are and remain due pursuant to the terms of this Note.

3. Terms and Timing of Payment of Homebuyer Loan. The Homebuyer Loan shall be repaid and due upon the following:

3.1 *Payments Due Hereunder.*

a. Payment of an Equity Share Amount each and every sale, full or partial transfer or conveyance, financing or additional financing, or occurrence of each and every Event of Default which occurs during the Affordability Period.

b. The Original Principal Amount shall be due and payable at the earlier to occur of: (i) occurrence of an Event of Default, or (ii) as of the Principal Maturity Date.

c. Any other amounts which become due and payable by Maker under the Agreement shall be added to the principal amount due and owing under this Promissory Note.

d. Definitions: capitalized terms used herein shall have the meanings established therefor in the Agreement. For purposes of convenience, certain of those definitions are set forth herein (provided that in the event of conflict, the definitions set forth in the main body of the Agreement shall control):

(i) “Affordability Period” means Affordability Period” means a fifteen (15) year period commencing upon the Date of Recordation of the Declaration

(ii) “Applicable Equity Share Percentage” means the following: (i) during the period commencing as of the Date of Agreement and continuing to and including the fifth (5th) anniversary of the Date of Recordation of the Declaration (the “Fifth Anniversary Date”), one hundred percent (100%); (ii) during the period commencing as of the date following the Fifth Anniversary and continuing to and including the tenth (10th) anniversary of the Date of Recordation of the Declaration (the “Tenth Anniversary Date”), fifty percent (50%); and (iii) during the period commencing as of the date following the Tenth Anniversary and continuing to the fifteenth (15th) anniversary of the Date of Recordation of the Declaration, twenty-five percent (25%).

(iii) “City Manager” means the City Manager of the City or his designee.

(iv) “Conforming Senior Loan” means such loan secured by the Property as may be approved from time to time by the City Manager, upon request therefor by the Owner, as a loan to be senior to the Declaration and the City Deed of Trust. In the event the Homebuyer (or another Owner) requests that City deem a loan as a Conforming Senior Loan, such Owner shall demonstrate to the reasonable satisfaction of the City Manager that: (i) there are no defaults under the Declaration, Promissory Note or City Deed of Trust or that any defaults will be cured prior to or concurrent at the earlier of (A) the closing of a new loan, or (B) the subordination of one or more of the City Deed of Trust or the Declaration; (ii) the amounts that will be due and owing under all instruments prepared to remain as to the Property (including without limitation the City Deed of Trust) shall not exceed one hundred percent (100%) of the market value of the Property; (iii) the Owner or proposed new Owner shall have an income which does not exceed the income value allowable under the Declaration and the price will not exceed Affordable Housing Cost for the applicable income level as determined under the Declaration; and (iv) Owner pays City costs incurred in evaluating and processing such subordination including without limitation the premium for a lender’s policy of title insurance as to the City Deed of Trust consistent with the foregoing.

(v) “Date of Recordation of the Declaration” means the date the Declaration is recorded among the official land records of Riverside County by the Riverside County Recorder.

(vi) “Declaration of Covenants, Conditions & Restrictions” or “Declaration” or “CC&Rs” all have the same meaning and shall mean the Declaration of Covenants, Conditions & Restrictions, substantially in the form of Attachment No. 4 to the Agreement, which sets forth certain covenants with respect to the use, owner occupancy, and maintenance of the Property during the Affordability Period, which, under the Agreement, is to be recorded against the Property in connection with and as a part of the requirements of this Agreement.

(vii) “Deed of Trust” means the deed of trust securing this Promissory Note, as further defined in the Agreement.

(viii) “Equity Share Amount” means an amount equal to the Net Sale Proceeds multiplied by the Applicable Equity Share Percentage with respect to each and every sale, full or partial transfer or conveyance, financing or additional financing, or occurrence of each and every Event of Default, which occurs during the Affordability Period. “Equity Share Amounts” means all of the Equity Share Amount(s) which occur during the Affordability Period.

(ix) “First Trust Deed Loan” means the first mortgage obtained by Homebuyer from Lender, in an amount not to exceed that amount approved by the City Manager or his designee, which is a fixed-rate, fixed-payment, fully amortized (over a 30 year term), Federal Housing Administration (“FHA”) or conventional loan by an institutional lender, the proceeds of which are expended to acquire the Property.

(x) “Net Sale Proceeds” means the Resale Price of the Property less: (i) the amount required to discharge the lien of the First Trust Deed Loan or other Conforming Senior Loan secured by a deed of trust against the Property occupying a priority position senior to the City CC&Rs; (ii) the Owner down payment for the Property; (iii) the documented costs of any Qualified Capital Improvements; (iv) the principal portion of all payments the Maker has made on a Conforming Senior Loan; and (v) the reasonable and customary selling costs actually incurred by the Owner, including sales commissions, transfer taxes, title insurance, escrow fees, and such other customary and usual costs of sale actually incurred upon resale.

(xi) “Note Amount” means the total amount outstanding from time to time under this Promissory Note, including the Original Principal Amount, Equity Share Amounts and such other amounts as become due and payable under this Promissory Note.

(xii) “Owner” means the Maker and each successor owner of the Property until the full satisfaction of the Promissory Note after the end of the Affordability Period. Unless expressly set forth herein to contrary effect or the context requires otherwise, all restrictions, limitations and/or obligations of Homebuyer shall also apply to each Owner.

(xiii) “Principal Maturity Date” means the fifteenth (15th) anniversary of the Date of the Recordation of the Declaration.

(xiv) “Resale Price” or “Resale Price of the Property” means the appraised value of the Property (including all improvements thereto) as determined pursuant to an appraisal

undertaken at the direction of the City (as set forth in Section 3.3(a) of the Agreement) or, if the City elects to not undertake an appraisal, then (i) the sales price designated by the Homebuyer or Owner, as applicable, or (ii) the amount of a Conforming Senior Loan (or, at the discretion of the City Manager, another loan).

4. **Acceleration.**

Subject to the terms of Section 3 above, the whole of the Note Amount (principal and Equity Share Amounts) due under the Agreement shall become due and be immediately payable to Holder by Maker upon the occurrence of any one of the following “Events of Acceleration”:

a. Maker sells or transfers the Property, including, without limitation, lease, exchange or other disposition of the Property or any interest therein, whether voluntary or involuntary, except a sale or transfer which under federal law would not, by itself, permit the Holder to exercise a due on sale or due on encumbrance clause;

b. Maker refinances any lien or encumbrance subordinate to the City Deed of Trust (“Subordinate Lien”) which increases the amount of such subordinate loan to an amount in excess of the then current loan balance secured by such Subordinate Lien; or

c. Maker refinances any lien or encumbrance senior to the City Deed of Trust (“Senior Lien”) which increases the amount of such senior loan to an amount in excess of the then current loan balance secured by such Senior Lien; or

d. Maker fails to occupy the Property as Maker’s principal residence pursuant to Section 4.2 of the Agreement; or

e. Failure of Maker to pay when due any amounts due hereunder; or

f. A default under the City Deed of Trust or under the Agreement.

6. **Security for Note.**

This Promissory Note is secured by a second Deed of Trust of even date herewith, executed by Maker, as Trustor, in favor of Holder, as Trustee.

7. **Prepayment of Note.**

Maker may prepay this Note to Holder in full or in part. Prepayment in full will be treated in the same manner as refinancing of the Property.

8. **Holder May Assign.**

Holder may, at its option, assign this Note or its right to receive payment hereunder to a non-profit entity without obtaining the consent of Maker or the holder of the First Trust Deed Loan, or to a profit-making entity with the prior written consent of the holder of the First Trust Deed Loan.

9. **Maker Assignment Prohibited.**

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

10. **Joint and Several.**

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

11. **Attorneys' Fees and Costs.**

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

12. **Amendments.**

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

13. **Maker's Waivers.**

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

14. **Notice.**

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

15. **Successors Bound.**

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

IN WITNESS WHEREOF, Maker has executed this Promissory Note.

“MAKER”

By: _____

Dated: _____

Printed Name: _____

By: _____

Dated: _____

Printed Name: _____

ATTACHMENT NO. 3

DEED OF TRUST

**Recording Requested By and
When Recorded Mail To:**

City of Moreno Valley
14177 Frederick Street
P.O. Box 88005
Moreno Valley, CA 92552-0805
Attention: Neighborhood Preservation Division

APN: _____

(Space above Provided For Recorder)
(Exempt from Recording Fees Per Gov't Code
Section 6103)

**DEED OF TRUST WITH ASSIGNMENT OF RENTS
(Short Form)**

This **DEED OF TRUST** ("Deed of Trust"), dated as of _____, 201__, is made by and among Trustor, _____ (herein "Borrower"), _____ [title insurance company] (herein "Trustee"), and Beneficiary, City of Moreno Valley, a municipal corporation, a public body, corporate and politic organized and existing under the laws of the State of California whose address is (herein "City" or "Lender").

WITNESSETH: That Borrower grants to Trustee in trust, with power of sale, that property in the City of Moreno Valley, County of Riverside, State of California, described as:

SEE EXHIBIT "A" ATTACHED HERETO AND MADE A PART HEREOF.

together with the rents, issues and profits thereof, subject, however, to the right, power and authority hereinafter given to and conferred upon Beneficiary to collect and apply such rents, issues and profits for the purpose of securing (1) that Promissory Note more particularly described below, executed and delivered pursuant to an Affordable Housing Agreement between Borrower and Beneficiary dated as of _____, 2010 (the "Agreement"; a copy of the Agreement is on file with the Beneficiary as a public record). All capitalized terms not defined herein shall have the meanings established therefor under the Agreement unless the context requires otherwise. This Deed of Trust secures payment under that certain promissory note dated as of _____, 2010, made by Trustor in favor of Beneficiary (the "Promissory Note"), and extensions or renewals thereof, in the principal sum of One Dollar (\$1.00) plus "Equity Share Amounts" (as defined in the Agreement and described in Exhibit "B" hereto, which is incorporated herein by reference), with the balance of the indebtedness, due and payable on occurrence of an event of acceleration as defined in the Promissory Note, (2) the requirements as set forth in Exhibit "B" hereto, (3) the performance under the Agreement (including without limitation each of the CC&Rs and the Promissory Note referenced therein) and under each agreement of Borrower incorporated by reference or contained herein, and (4) payment of additional sums and interest thereon which may

hereafter be loaned to Trustor, or his/her successors or assigns, when evidenced by a promissory note or notes reciting that they are secured by this Deed of Trust.

To protect the security of this Deed of Trust, and with respect to the property above described, Trustor expressly makes each and all of the agreements, and adopts and agrees to perform and be bound by each and all of the terms and provisions set forth in subdivision A, and it is mutually agreed that each and all of the terms and provisions set forth in subdivision B of the fictitious deed of trust recorded in Riverside County on August 18, 1964 at Book 3778, commencing at Page 347 of Official Records in the office of the county recorder of Riverside County shall inure to and bind the parties hereto, with respect to the property above described. Said agreements, terms and provisions contained in said subdivisions A and B are by the within reference thereto, incorporated herein and made a part of this Deed of Trust for all purposes as fully as set forth at length herein, and Beneficiary may charge for a statement regarding the obligation secured hereby, provided the charge therefor does not exceed the maximum allowed by law.

The undersigned Borrower, requests that a copy of any notice of default and any notice of sale hereunder be mailed to him/her at his/her address hereinbefore set forth.

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

By: _____
Borrower

Printed Name: _____

By: _____
Borrower

Printed Name: _____

EXHIBIT “A” TO DEED OF TRUST

[legal description; to come]

EXHIBIT "B"

**NEIGHBORHOOD STABILIZATION PROGRAM
RIDER TO DEED OF TRUST**

**[Owner Occupancy Requirement; Annual Certificate of Continuing Compliance; Equity Share
Amounts]**

This **RIDER TO DEED OF TRUST** is attached to and made a part of that certain Deed of Trust dated as of _____, 201__, made in favor of the **City of Moreno Valley**, a municipal corporation, as Lender and executed by Borrower. The Deed of Trust and this Rider are subject to the terms and conditions of that certain Affordable Housing Agreement dated as of _____, 201__ ("Affordable Housing Agreement") on file with the Secretary of Lender as a public record and incorporated herein by reference, pursuant to which Lender has agreed to provide the Homebuyer Loan to Borrower in an original principal amount of One Dollar (\$1.00) which shall be due along with the Equity Share Amounts in accordance with the terms of that certain "Homebuyer Loan and Equity Share Amounts Promissory Note" of even date herewith made by Borrower and payable to Lender ("Promissory Note"). Borrower agrees to the provisions of this Rider in addition to those of the Deed of Trust, as if fully set forth in such Deed of Trust and which are hereby fully incorporated and made a part thereof by this reference. All terms in this Rider if not separately defined herein, shall have the meanings ascribed thereto in the Affordable Housing Agreement.

I. OWNER-OCCUPANCY REQUIREMENT.

Borrower shall occupy, establish, and use continuously the Property as Borrower's principal, permanent residence within thirty (30) days of the Recordation Date of this Deed of Trust in the Official Records of the County of Riverside and shall occupy continuously the Property as Borrower's principal, permanent residence thereafter for the Affordability Period. Borrower shall meet and continue to comply with the HQS occupancy standard for the Affordability Period. Borrower agrees to deliver to Lender, not less frequently than annually and not later than fifteen (15) days after written request therefore from Lender, written certification, under penalty of perjury, of continuous owner-occupancy of the Property as Borrower's principal residence during the then immediately preceding one-year period and certification of continuing compliance with the Program, as set forth in the Affordable Housing Agreement. (See Attachment No. 6 to Affordable Housing Agreement for sample form.)

BORROWER EXPRESSLY ACKNOWLEDGES HAVING READ AND UNDERSTOOD THE REQUIREMENT OF THIS ARTICLE I TO CONTINUOUSLY COMPLY WITH THE PROGRAM REQUIREMENTS, INCLUDING OWNER-OCCUPANCY OF THE PROPERTY AS BORROWER'S PRINCIPAL PERMANENT RESIDENCE, AND BORROWER FURTHER ACKNOWLEDGES THAT FAILURE TO OCCUPY THE PROPERTY IS A DEFAULT UNDER THIS DEED OF TRUST WHICH WILL RESULT IN THE PROMISSORY NOTE SECURED BY THIS DEED OF TRUST BECOMING IMMEDIATELY DUE AND PAYABLE IN FULL.

Borrower's Initials: _____

II. PAYMENTS DUE AND PAYABLE UNDER THE PROMISSORY NOTE.

In addition to those events set forth in II, below, the Homebuyer Loan shall be due and payable as follows: Payments Due Hereunder.

a. Payment of an Equity Share Amount each and every sale, full or partial transfer or conveyance, financing or additional financing, or occurrence of each and every Event of Default which occurs during the Affordability Period.

b. The Original Principal Amount shall be due and payable at the earlier to occur of: (i) occurrence of an Event of Default, or (ii) as of the Principal Maturity Date.

c. Any other amounts which become due and payable by Maker under the Agreement shall be added to the principal amount due and owing under the Promissory Note.

d. Definitions: capitalized terms used herein shall have the meanings established therefor in the Agreement. For purposes of convenience, certain of those definitions are set forth herein (provided that in the event of conflict, the definitions set forth in the main body of the Agreement shall control):

(i) "Affordability Period" means Affordability Period" means a fifteen (15) year period commencing upon the Date of Recordation of the Declaration

(ii) "Applicable Equity Share Percentage" means the following: (i) during the period commencing as of the Date of Agreement and continuing to and including the fifth (5th) anniversary of the Date of Recordation of the Declaration (the "Fifth Anniversary Date"), one hundred percent (100%); (ii) during the period commencing as of the date following the Fifth Anniversary and continuing to and including the tenth (10th) anniversary of the Date of Recordation of the Declaration (the "Tenth Anniversary Date"), fifty percent (50%); and (iii) during the period commencing as of the date following the Tenth Anniversary and continuing to the fifteenth (15th) anniversary of the Date of Recordation of the Declaration, twenty-five percent (25%).

(iii) "City Manager" means the City Manager of the City or his designee.

(iv) "Conforming Senior Loan" means such loan secured by the Property as may be approved from time to time by the City Manager, upon request therefor by the Owner, as a loan to be senior to the Declaration and the City Deed of Trust. In the event the Homebuyer (or another Owner) requests that City deem a loan as a Conforming Senior Loan, such Owner shall

demonstrate to the reasonable satisfaction of the City Manager that: (i) there are no defaults under the Declaration, Promissory Note or City Deed of Trust or that any defaults will be cured prior to or concurrent at the earlier of (A) the closing of a new loan, or (B) the subordination of one or more of the City Deed of Trust or the Declaration; (ii) the amounts that will be due and owing under all instruments prepared to remain as to the Property (including without limitation the City Deed of Trust) shall not exceed one hundred percent (100%) of the market value of the Property; (iii) the Owner or proposed new Owner shall have an income which does not exceed the income value allowable under the Declaration and the price will not exceed Affordable Housing Cost for the applicable income level as determined under the Declaration; and (iv) Owner pays City costs incurred in evaluating and processing such subordination including without limitation the premium for a lender's policy of title insurance as to the City Deed of Trust consistent with the foregoing.

(v) "Date of Recordation of the Declaration" means the date the Declaration is recorded among the official land records of Riverside County by the Riverside County Recorder.

(vi) "Declaration of Covenants, Conditions & Restrictions" or "Declaration" or "CC&Rs" all have the same meaning and shall mean the Declaration of Covenants, Conditions & Restrictions, substantially in the form of Attachment No. 4 to the Agreement, which sets forth certain covenants with respect to the use, owner occupancy, and maintenance of the Property during the Affordability Period, which, under the Agreement, is to be recorded against the Property in connection with and as a part of the requirements of this Agreement.

(vii) "Equity Share Amount" means an amount equal to the Net Sale Proceeds multiplied by the Applicable Equity Share Percentage with respect to each and every sale, full or partial transfer or conveyance, financing or additional financing, or occurrence of each and every Event of Default, which occurs during the Affordability Period. "Equity Share Amounts" means all of the Equity Share Amount(s) which occur during the Affordability Period.

(viii) "First Trust Deed Loan" means the first mortgage obtained by Homebuyer from Lender, in an amount not to exceed that amount approved by the City Manager or his designee, which is a fixed-rate, fixed-payment, fully amortized (over a 30 year term), Federal Housing Administration ("FHA") or conventional loan by an institutional lender, the proceeds of which are expended to acquire the Property.

(ix) "Net Sale Proceeds" means the Resale Price of the Property less: (i) the amount required to discharge the lien of the First Trust Deed Loan or other Conforming Senior Loan secured by a deed of trust against the Property occupying a priority position senior to the City CC&Rs; (ii) the Participant down payment for the Property; (iii) the documented costs of any Qualified Capital Improvements; (iv) the principal portion of all payments the Owner have made on a Conforming Senior Loan; and (v) the reasonable and customary selling costs actually incurred by the Owner, including sales commissions, transfer taxes, title insurance, escrow fees, and such other customary and usual costs of sale actually incurred upon resale.

(x) "Owner" means the Homebuyer and each successor owner of the Property until the full satisfaction of the Promissory Note after the end of the Affordability Period. Unless expressly set forth herein to contrary effect or the context requires otherwise, all restrictions, limitations and/or obligations of Homebuyer shall also apply to each Owner.

(xi) "Principal Maturity Date" means the fifteenth (15th) anniversary of the Date of the Recordation of the Declaration.

(xii) "Resale Price" or "Resale Price of the Property" means the appraised value of the Property (including all improvements thereto) as determined pursuant to an appraisal undertaken at the direction of the City (as set forth in Section 3.3(a) of the Agreement) or, if the City elects to not undertake an appraisal, then (i) the sales price designated by the Homebuyer or Owner, as applicable, or (ii) the amount of a Conforming Senior Loan (or, at the discretion of the City Manager, another loan).

III. ACCELERATION; REPAYMENT OF HOMEBUYER LOAN

A. The Homebuyer Loan shall become due and immediately payable upon the occurrence of any one of the following "Events of Acceleration": (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, except a sale or transfer which under federal law would not, by itself, permit the Lender to exercise a due on sale or due on encumbrance clause, (ii) the refinancing of the lien of this Deed of Trust or the refinancing of lien of the First Trust Deed Loan to which the lien of this Deed of Trust is subordinate, except as expressly provided for in the Affordable Housing Agreement through prior written consent of Lender's City, or (iii) such time if or when Borrower is no longer the owner-occupant of the Property pursuant to Article I, above, or (iv) Borrower is in default of any other obligation under the Affordable Housing Agreement. In the event that the Homebuyer Loan is accelerated and becomes due and payable prior to the fifteenth (15th) anniversary of Date of Recordation of the Declaration as set forth above and pursuant to the Affordable Housing Agreement, Borrower shall pay to Lender, together with the original principal amount due and remaining and all applicable Equity Share Amounts as further described herein.

EQUITY SHARE AMOUNTS (IN ADDITION TO RECOVERY OF PRINCIPAL AMOUNT): BORROWER ACKNOWLEDGES AND AGREES THAT UPON EACH AND EVERY SALE, TRANSFER, AND/OR REFINANCING AND UPON EACH AND EVERY EVENT OF ACCELERATION WHICH OCCUR PRIOR TO THE FIFTEENTH (15TH) ANNIVERSARY OF THE DATE OF RECORDATION OF THE DECLARATION, BORROWER SHALL PAY TO LENDER A EQUITY SHARE AMOUNTS AS CALCULATED PURSUANT TO THE AGREEMENT.

BORROWER

IV. SUBORDINATION.

In the event that this Deed of Trust is subordinate to a senior deed of trust in form of a bank, saving and loan association or credit union ("Senior Lien"), then remedies under such Senior Lien will include the right of foreclosure or acceptance of a deed or assignment in lieu of foreclosure, or if the mortgage is assigned to the Secretary of the United States Department of Housing and Urban Development. After such foreclosure or acceptance of a deed in lieu of foreclosure, this Deed of Trust shall be forever terminated and shall have no further effect as to the Property or any transferee thereafter; provided, however, if the holder of a Senior Lien acquires title to the Property pursuant to a deed or assignment in lieu of foreclosure, this Deed of Trust shall automatically terminate upon such acquisition of title, provided that (i) Lender has been given written notice of a default under

such Senior Lien, and (ii) Lender shall not have cured the default under such Senior Lien within the thirty (30)-day period provided in such notice sent to Lender.

Borrower agrees it shall instruct the escrow holder for the acquisition of the Property by the Borrower that the order of recording in the escrow for the purchase of the Property by the Borrower shall occur as follows: (1) grant deed for Property to Borrower; (2) Senior Lien; (3) Declaration; (4) this Deed of Trust; and (5) Request for Notice of Default.

IN WITNESS WHEREOF, Borrower has executed this Deed of Trust Rider.

By: _____

Dated: _____

Printed Name: _____

By: _____

Dated: _____

Printed Name: _____

STATE OF CALIFORNIA)
) ss
COUNTY OF _____)

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 names(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

SIGNATURE OF NOTARY PUBLIC

STATE OF CALIFORNIA)
) ss
COUNTY OF _____)

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 names(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

SIGNATURE OF NOTARY PUBLIC

STATE OF CALIFORNIA)
) ss
COUNTY OF _____)

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 names(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

SIGNATURE OF NOTARY PUBLIC

NEIGHBORHOOD STABILIZATION PROGRAM

CERTIFICATE OF ACCEPTANCE

(Appended to Deed of Trust)

This is to certify that the interest in real property conveyed by the Deed of Trust dated as of _____, 200__ from _____, Borrower, to the City of Moreno Valley, a municipal corporation ("City"), is hereby accepted by the undersigned officer or agent on behalf of the City pursuant to authority conferred by Resolution No. 01-24 of the City adopted on April 16, 2001, and the City consents to recordation thereof by its duly authorized officer.

Dated: _____

By: _____

Printed Name: _____

Title: _____

ATTACHMENT NO. 4

**DECLARATION OF COVENANTS, CONDITIONS
AND RESTRICTIONS**

**Recording Requested By and
When Recorded Mail To:**

City of Moreno Valley
14177 Frederick Street
P.O. Box 88005
Moreno Valley, CA 92552-0805
Attention: Neighborhood Preservation Division

APN: _____

(Space above Provided For Recorder)
(Exempt from Recording Fees Per Gov't Code Section 6103)

This **DECLARATION OF CONDITIONS, COVENANTS AND RESTRICTIONS** ("Declaration"), dated as of _____, 201__, is made by and between _____ ("Homebuyer") and the **CITY OF MORENO VALLEY**, a municipal corporation ("City"), with reference to the following:

RECITALS

A. Homebuyer and City have entered into a certain Affordable Housing Agreement dated of even date herewith ("Agreement"), which is incorporated herein by reference and a copy of which is on file with the City at its offices and is a public record pursuant to which City has agreed to provide financial assistance to the Homebuyer in accordance with the terms and conditions of the City's Neighborhood Stabilization Program ("Program") and Homebuyer has agreed to subject certain real property (referred to in the Agreement and referred to herein as the "Property") described in the "Legal Description of the Property" (which is attached hereto as Attachment No. 1 and incorporated herein by this reference) to certain conditions, covenants and restrictions. Capitalized terms used herein and not otherwise defined shall have the same meaning as set forth in the Agreement.

B. Homebuyer and City desire and intend to restrict the Property and the improvements thereon in accordance with this Declaration to preserve its value for the benefit of Homebuyer, the surrounding neighborhood, and the community of City.

NOW, THEREFORE, the parties hereto covenant and agree as follows:

ARTICLE I

NONDISCRIMINATION

Section 1. **Nondiscrimination.** Homebuyer 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, occupancy, tenure, or enjoyment of the Property, nor shall Homebuyer itself or any person claiming under or through it, 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.

Section 2 **Nondiscrimination Clauses.** Homebuyer, its successors and assigns, shall refrain from restricting the rental, sale or lease of the Property on the basis of race, color, religion, sex, marital status, national origin or ancestry of any person. All such deeds, leases or contracts shall contain or be subject to substantially the following nondiscrimination or nonsegregation clauses:

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

(b) In leases: “The lessee herein covenants by and for himself or herself, his or her heirs, executors, administrators and assigns, and all persons claiming under or through him or her, and this lease is made and accepted upon and subject to the following conditions:

“There shall be no discrimination against or segregation of any person or group of persons on account of race, color, religion, sex, marital status, ancestry or national origin in the leasing, subleasing, transferring, use, occupancy, tenure or enjoyment of the premises herein leased nor shall the lessee himself or herself, or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, sublessees, subtenants or vendees in the premises herein leased.”

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

The non-discrimination covenants in this Article I shall run with the Property in perpetuity.

ARTICLE II

COVENANTS AND DUTIES OF HOMEBUYER

Section 1. **Maintenance of Property.** During the Affordability Period Homebuyer has the affirmative obligation to maintain the Property in good condition and keep all exterior and interior areas in a reasonably clean and safe condition. Homebuyer shall prevent what might be considered a fire hazard or a condition dangerous to the public health, safety and general welfare; or constitute an unsightly appearance or otherwise detract from the aesthetic and property values of neighboring properties. The Property shall be maintained in a manner consistent with the standards of the City Municipal Code (“Code”) and any rules, regulations and standards adopted pursuant to the Code.

Section 2. **Yard Areas; Landscaping.** The following minimum performance standards for the maintenance of the single-family detached house, townhome, or condominium and accessways, yard areas, and landscaping under the control of Homebuyer shall be complied with, or caused to be complied with, by Homebuyer.

(a) Landscaping and yard areas visible from the public or private street(s) shall be absent of, and Homebuyer shall correct, or cause the correction of, the following conditions:

- (1) Lawns with grasses in excess of six (6) inches in height;
- (2) Dying trees, shrubbery, lawns and other plant life from lack of water, necessary maintenance, and/or due to disease;
- (3) Trees, hedges, and shrubbery grown uncontrolled without proper pruning or trimming; and
- (4) Vegetation so overgrown as to be likely to harbor rats or vermin;

(b) Remove or cause to be removed broken or discarded furniture, appliances and other household equipment stored in yard areas for period exceeding one (1) week.

(c) Remove or cause to be removed packing boxes, lumber, trash, dirt and other debris stored in yard areas for period exceeding one (1) week.

(d) Remove or cause to be removed inoperable vehicles stored in yard areas for period exceeding one (1) week.

Section 3. **Front and Side Exteriors.** Homebuyer shall at all times maintain the front exterior(s), any side exterior(s), and rear exterior(s) of the buildings on the Property in a clean, safe and presentable manner. All exterior, painted surfaces of structures on the Property shall be maintained at all times in a clean and good condition. There shall be no boarded windows for period exceeding two weeks.

Section 4. **Graffiti Removal.** All graffiti and defacement of any type, including but not limited to marks, words and pictures, shall be removed from the Property within two weeks of the time they were made and any necessary painting or repair completed within one (1) week thereafter or within two weeks after notice to Homebuyer from City, whichever is less.

Section 5. **No Nuisance.** Homebuyer shall not maintain, cause to be maintained, or allow to be maintained on or about the Property any public or private nuisance. Further, Homebuyer shall keep and cause to keep the Property free from gang or drug-related activities, other felonious criminal activity, and public or private nuisances, including without limitation, the conduct of criminal activities set forth in the nuisance abatement provisions of the Uniform Controlled Substances Act (California Health and Safety Code Sections 11570, *et seq.*) or the Street Terrorism Enforcement and Prevention Act (California Penal Code Sections 186.22 *et seq.*), or any successor statute or law.

Section 6. **Owner-Occupancy.** Homebuyer shall occupy, establish, and continually use the Property as Homebuyer's principal, permanent residence within thirty (30) days after the Recordation Date and shall continuously occupy the Property as Homebuyer's principal, permanent residence thereafter while the Homebuyer Loan remains outstanding. Homebuyer agrees to deliver to City, not less frequently than annually and not later than fifteen (15) days after written request therefor from City, written certification, under penalty of perjury, of (i) continuous owner-occupancy of the Property as Homebuyer's principal residence, and (ii) compliance with all Program requirements, during the then immediately preceding one-year period. The form of such certification shall be substantially in the form of the Annual Certification of Continued Occupancy and Program Compliance, Attachment No. 6, to the Affordable Housing Agreement.

IN CONFIRMATION OF THIS ARTICLE II BY HOMEBUYER'S INITIALS BELOW IT FULLY ACKNOWLEDGES AND AGREES THAT DURING THE TERM OF THE HOMEBUYER LOAN HOMEBUYER SHALL OCCUPY THE PROPERTY AS HOMEBUYER'S PRINCIPAL, PERMANENT RESIDENCE AND SHALL NOT RENT OR LEASE THE PROPERTY.

HOMEBUYER'S INITIALS

Section 7. **HQS Occupancy Standard.** During the Affordability Period the maximum number of occupants who may reside at the Property at any time shall in no event exceed two (2) persons per each living and sleeping area of the Property (excluding kitchen, bathroom(s), hallways, other non-living/sleeping areas.) For example, a house with two bedrooms and a living room (but no family room/den) would be limited to occupancy by six persons; a house with three bedrooms, a separate living room, and a separate family room/den would be limited to occupancy by ten persons, etc. The HQS occupancy standard is set forth in and established by United States Department of Housing and Urban Development (HUD) and as of the date of the Program Guidelines the HQS occupancy standard is two (2) persons per each living and sleeping area in a home/dwelling.

ARTICLE III

OBLIGATION TO MAINTAIN, REPAIR AND REBUILD

Section 1. **Maintenance by Homebuyer.** Homebuyer shall, at Homebuyer's sole cost and expense, maintain and repair the Property and the improvements thereon keeping the same in good condition and making all repairs as may be required by this Declaration and the Code.

Section 2. **Damage and Destruction Affecting Property Duty to Rebuild.** If all or any portion of the Property and the improvements thereon is damaged or destroyed by fire or other

casualty, it shall be the duty of Homebuyer to rebuild, repair or reconstruct the Property in a timely manner to restore it to Code compliance condition.

Section 3. **Variance in Exterior Appearance and Design.** If the Property is damaged or destroyed by casualty, Homebuyer may apply to City for approval to reconstruct, rebuild or repair the Property in a manner which will provide different exterior appearance and lot design from that which existed prior to the date of the casualty.

Section 4. **Time Limitation.** In the event of damage or destruction due to casualty, Homebuyer shall be obligated to proceed with all due diligence and commence reconstruction within two (2) months after the damage occurs and complete reconstruction within six (6) months after damage occurs or vacate and demolish within two (2) months, unless prevented by causes beyond the reasonable control of Homebuyer.

ARTICLE IV

ENFORCEMENT

Section 1. **Remedies.** Breach of the covenants contained in this Declaration may be enjoined, abated or remedied by appropriate legal proceedings.

Section 2. **Rights of City.** As a party to this Declaration, City is entitled to the following rights:

- a. City has the right, but not the obligation, to enforce all of the provisions of this Declaration.
- b. Any amendment to the Declaration shall require the written consent of City.
- c. This Declaration does not in any way infringe on the rights or duties of City to enforce any of the provisions of the Code including, but not limited to, the abatement of dangerous buildings.

Section 3. **Notice of Inspection.** Homebuyer acknowledges and agrees that City and its/their employees and agents shall have the right to enter upon the Property during normal business hours to ensure compliance with this Declaration and all applicable federal, state and local laws and regulations. City agrees to notify Homebuyer not less than forty eight (48) hours prior to City's proposed time of inspection of the Property, and agrees to attempt to obtain Homebuyer's consent to such inspection. Upon receipt of such notice, Homebuyer agrees to cooperate with City in making the Property available for inspection by City. Homebuyer acknowledges and agrees that in the event that Homebuyer fails, for any reason, to consent to such inspection, City may obtain an administrative inspection warrant or take such other legal actions as may be necessary to gain entry to and inspect the Property.

Section 4. **Cumulative Remedies.** The remedies herein provided for breach of the covenants contained in this Declaration shall be deemed cumulative, and none of such remedies shall be deemed exclusive.

Section 5. **Failure to Enforce.** The failure to enforce any of the covenants contained in this Declaration shall not constitute a waiver of the right to enforce the same thereafter.

ARTICLE V

GENERAL PROVISIONS

Section 1. **Severability.** Invalidation of any one of these covenants or restrictions by judgment or court order shall in no way affect any other provisions which shall remain in full force and effect.

Section 2. **Construction.** The provisions of this Declaration shall be liberally construed for the purpose of maintaining the Property. The article and section headings have been inserted for convenience only, and shall not be considered or referred to in resolving questions of interpretation or construction.

Section 3. **Amendments.** This Declaration may be amended only by the written agreement of Homebuyer and City.

Section 4. **Notices.** Any notice permitted or required to be delivered as provided herein to Homebuyer shall be in writing and may be delivered either personally or by first class or registered mail. If delivery is made by mail, it shall be deemed to have been delivered two (2) days after a copy of same has been deposited in the United States Mail, postage prepaid, addressed to Homebuyer. Such address may be changed from time to time by notice in writing to City, which shall be made by certified mail to City, Attention: Neighborhood Improvement Manager, and shall be effective upon receipt.

Section 5. **Term of Declaration.** Except as provided in Article I relating to nondiscrimination, the covenants, conditions and restrictions of this Declaration shall run with the Property and shall expire concurrent with the terms of the Affordable Housing Agreement and for the Affordability Period.

[Declaration continued on next page]

IN WITNESS WHEREOF, City and Homebuyer have executed this instrument.

CITY OF MORENO VALLEY, a municipal corporation

Dated: _____

By: _____

Printed Name: _____

Title: _____

HOMEBUYER

Dated: _____

By: _____

Printed Name: _____

Dated: _____

By: _____

Printed Name: _____

ATTACHMENT NO. 1

LEGAL DESCRIPTION OF PROPERTY

LOT _____ OF TRACT NO. _____, AS SHOWN ON A MAP RECORDED
IN BOOK _____, PAGES _____ THROUGH _____ OF MISCELLANEOUS MAPS,
RECORDS OF RIVERSIDE COUNTY, CALIFORNIA.

ALSO KNOWN AS: _____, MORENO VALLEY,
CALIFORNIA

APN:

STATE OF CALIFORNIA)
) ss
COUNTY OF _____)

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 names(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

SIGNATURE OF NOTARY PUBLIC

STATE OF CALIFORNIA)
) ss
COUNTY OF _____)

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 names(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

SIGNATURE OF NOTARY PUBLIC

STATE OF CALIFORNIA)
) ss
COUNTY OF _____)

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 names(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

SIGNATURE OF NOTARY PUBLIC

ATTACHMENT NO. 5

HOMEBUYER ASSISTANCE PROGRAM DISCLOSURE STATEMENT

I/we _____ (Homebuyer) understand and agree that the funding of an Homebuyer Loan under the Program is conditional on a number of factors, including, but not limited to:

- I/we must qualify for an Homebuyer Loan under the Program Guidelines, including (without limitation) my/our Gross Household Income must not exceed 120% of Riverside County area median income.
- I/we must find a single-family home within the territorial jurisdiction and boundaries of the City of Moreno Valley, which is available to me/us at Affordable Housing Cost.
- I/we must qualify for a First Trust Deed Loan (first mortgage home loan) from an institutional lender duly licensed to do business in the State of California and in accordance with the Program Guidelines.
- We have a right to cancel or rescind this Homebuyer Loan at any time prior to midnight on the third business day after the agreement between the City and me/us (the “Affordable Housing Agreement”) is signed by sending a notice of our decision to rescind or cancel the Homebuyer Loan to:

City of Moreno Valley
City Hall
14177 Frederick Street
P.O. Box 88005
Moreno Valley, California 92552-0805
Attn: Neighborhood Preservation Division

- My/our housing costs will be not less than twenty-eight percent (28%) and will not exceed thirty-one percent (31%) of my/our gross household income. My/our total monthly costs (including housing costs and all other expenses) will not exceed forty-three percent (43%) of our gross household income.

- A minimum 30-day escrow is required for all Homebuyer Loans.

I/We further understand and agree that:

- I/we will be responsible for repaying the full original principal amount disbursed under the Homebuyer Loan together with Equity Share Amounts. Payments of Equity Share Amounts shall be due at the time of each and every sale, full or partial transfer or conveyance, financing or additional financing, or occurrence of each and every Event of Default which occurs during the fifteen-year Affordability Period. Payment of the Original Principal Amount (of the Homebuyer Loan) shall be due on the fifteenth (15th) anniversary of the closing of the Homebuyer Loan. The Homebuyer Loan will be due and payable in fifteen (15) years, as more particularly set forth in the Promissory Note, or upon the earlier occurrence of any one of the following events of acceleration: (i) the sale or the transfer, including lease, exchange or other disposition of the Property or any interest therein whether voluntary or involuntary; (ii) any refinancing of a deed of trust secured by the Property, except as provided in the Guidelines and as approved in writing by City’s Program Director; or (iii) I/we no longer occupy the Property as my/our principal, permanent

residence, or (iv) I/we are in default of any obligation under that certain Affordable Housing Agreement which is a part of the Program.

- If I/we repay the original principal amount of the Homebuyer Loan, this will *not* result in release or reconveyance of the City Deed of Trust or the Declaration. The Property will remain subject to the City Deed of Trust and the Declaration and I/we will continue to accrue additional obligations to make payment of Equity Share Amounts for a fifteen-year period, which shall continue to be due and owing until paid in full.

- Upon acceleration of the Homebuyer Loan any time prior to the expiration of the Affordability Period, I/we shall pay an Equity Share Amount to City in an amount determined in accordance with the Affordable Housing Agreement.

- During the Affordability Period, I/we intend to continuously occupy the Property and I/we shall not rent or lease the Property.

- During the Affordability Period, I/we will comply with and intend to comply continuously with the HQS occupancy standard.

- An appraisal fee may be payable upon the following: (i) the Homebuyer Loan becomes due upon sale or transfer, (ii) the Property is refinanced, (iii) I/we no longer occupy the Property, or (iv) I/we am/are in default of any provision of the Affordable Housing Agreement.

- City shall not be held responsible for any costs associated with the home I/we purchase with such assistance including, but not limited to, any loan fees or charges, any charges for appraisals, any fees of or charges by City, or any escrow costs or other costs relating to the transfer of the Property.

- City cannot ensure that information provided by or on my/our behalf will be kept confidential.

- City shall not be responsible for the selection of a home, the selection of a lender providing funds assisting in the purchase of the home, any action or inaction by a Lender, providing information concerning other public or private sources of loans, or the competitiveness of the terms of the Program. I/we assume all responsibility for determining whether I/we will inform myself/ourselves as to the availability and terms of other public or private loans.

- City shall not be charged with the knowledge of the contents of the documents of my/our first trust deed loan.

- If I/we qualify to purchase another residence, the purchase of the Property and entering into the Affordable Housing Agreement is probably not a suitable investment and I/we should not enter into the Affordable Housing Agreement.

- DATED: _____, 2010 _____

Signature of Homebuyer

DATED: _____, 2010

Signature of Homebuyer

ATTACHMENT NO. 6

**NEIGHBORHOOD STABILIZATION PROGRAM
ANNUAL CERTIFICATION OF CONTINUED OCCUPANCY
AND PROGRAM COMPLIANCE**

Property Address: _____
Moreno Valley, California ("Property")

The undersigned is/are Homebuyers in City's Neighborhood Stabilization Program ("Program"). Pursuant to the Program, I/we acquired the Property with the assistance of a homebuyer mortgage loan from City ("Homebuyer Loan") I/we acknowledge and agree that pursuant to the Homebuyer Loan documents, I/we am/are required to occupy the Property continuously as my/our principal residence and to comply with Program requirements, as provided in the Affordable Housing Agreement and Homebuyer Loan documents.

I/we hereby certify, under penalty of perjury, that I/we have continuously occupied the Property as my/our principal residence during the last one-year period and that I/we presently occupy the Property as my/our principal residence. Further, I/we hereby certify, under penalty of perjury, that I/we have complied with the Program requirements set forth in the Affordable Housing Agreement and the Homebuyer Loan documents during the last one-year period.

Date: _____

By: _____

Printed Name: _____

Date: _____

By: _____

Printed Name: _____

PLEASE RETURN FULLY EXECUTED DOCUMENT TO THE FOLLOWING:

City of Moreno Valley
City Hall
14177 Frederick Street
P.O. Box 88005
Moreno Valley, California 92552-0805
Attn: Neighborhood Preservation Division

ATTACHMENT NO. 7

BUYER DISCLOSURE
Regulation Z

Creditor: **CITY OF MORENO VALLEY**
14177 Frederick Street
P.O. Box 88005
Moreno Valley, California 92552-0805

Borrower: **[NAME TO COME] and [NAME TO COME],**

Itemization of Amount Financed: You have the right to receive at this time an itemization of the Amount Financed.

I want an itemization. I do not want an itemization.

CREDITOR’S TRUTH-IN-LENDING TO CONSUMERS (FEDERAL DISCLOSURE BOX)

ANNUAL PERCENTAGE RATE*	FINANCE CHARGE	AMOUNT FINANCED	TOTAL OF PAYMENTS
The cost of my credit as a yearly rate.	The dollar amount my credit will cost me.	The amount of credit provided to me or on my behalf.	The amount I will have paid after I have made all scheduled payments of principal; this amount does NOT reflect any and all amounts payable as Equity Share Amounts.
0% simple interest*	\$0	\$1.00	\$1.00**

* **THE ANNUAL PERCENTAGE RATE** disclosed above is a fixed rate for the life of your Homebuyer Loan which applies if you do not prepay your Homebuyer Loan. If you prepay your Homebuyer Loan, zero percent (0%) simple interest per annum will be applied to your Homebuyer Loan. If you refinance your Homebuyer Loan, or if you sell or transfer the real property securing your Homebuyer Loan, the full amount of the Homebuyer Loan, together with Equity Share Amounts as provided under Section 3 of the Affordable Housing Agreement will be due. Please see Homebuyer Loan documentation for specific details.

** Due on sale, transfer, refinance, or default. *Note that the amount shown under the heading "TOTAL OF PAYMENTS" does not include any amounts which become due and payable as Equity Share Amounts.*

Your Payment Schedule Will Be (but not that Equity Share Amounts are not part of scheduled payments, although such payments will become due as to each and every sale, transfer, financing or refinancing which occurs during the approximately 15-year term of the Homebuyer Loan), and the amounts payable as Equity Share Amounts may be substantial:

<u>Number of Payments</u>	<u>Amount of Payments</u>	<u>When Payments are Due</u>
One (1) (Note: see "When Payments are Due" concerning Equity Share Amounts)	\$1.00, plus Equity Share Amounts in connection with each and every sale, transfer or refinancing which occurs during the Affordability Period (Loan Amount)	Due on (i) sale, (ii) transfer, (iii) refinance which increases the amount of any encumbrance junior or senior to the lien of the deed of trust securing the Homebuyer Loan, (iv) you are no longer an owner occupant of the Property in violation of Section 5 of the Affordable Housing Agreement, or (v) you are in default under the Affordable Housing Agreement, the Note, or the City CC&Rs (as defined in the Note).

Property Insurance: You must obtain property insurance in an amount equal to the full replacement value of the structures on the Property and name the City of Moreno Valley, a California municipal corporation, as a loss payee.

Security: You are giving a first deed of trust security interest in the real property you own which is located at [address], Moreno Valley, California 92627.

Amount of Homebuyer Loan: **[\$principal amount]**

Term of Homebuyer Loan: Due on sale, transfer, refinance or default, which expires in 15 years from the recording of the City CC&Rs (which is expected to occur at the same time as the recording of the Deed of Trust securing payment of Homebuyer Loan.

Filing Fees: \$ 0 Non-Filing Insurance: \$ 0

Prepayment: If you pay off early, you

may may not have to pay principal and accrued simple interest.

may may not have to pay a penalty equal to the Equity Share Amount.

Interest Rate: The Loan has a base interest rate that is

fixed at zero percent 0% per year*.

variable. Disclosures about the variable-rate feature were previously provided to you.

** In the event of a prepayment in full of the Homebuyer Loan, the entire balance of the Homebuyer Loan will be due and payable. In the event of refinancing, a sale or transfer of the real property securing the Homebuyer Loan, on each and every such occasion which occurs during the fifteen (15) year Affordability Period, an Equity Share Amount will be charged according to the terms of Section 3 of the Affordable Housing Agreement, and the Homebuyer Loan amount plus Equity Share Amounts will be immediately due and payable. Please see Homebuyer Loan documentation for specific details.*

Assumption: Someone buying your house

may, subject to conditions, be allowed to assume the remainder of the mortgage on the original terms, upon approval of City.

cannot assume the remainder of the mortgage on the original terms.

Demand Feature: This obligation

has a demand feature

has no demand feature

See your Homebuyer Loan documents for any additional information about the terms for the provisions of the Homebuyer Loan, and default requirements and any required repayment in full before the scheduled date.

ITEMIZATION OF THE AMOUNT FINANCED OF \$ _____

\$ 0 Amount given to you directly

\$ _____ Amount paid on your behalf

Amount paid to others on your behalf:

\$ 0 to escrow

\$ _____ to _____

\$ 0 to (other)

\$ 0 prepaid finance charge

I have carefully reviewed the Loan Disclosure, consisting of 4 pages.

Dated: _____, 2010

By: _____
[NAME TO COME]

Dated: _____, 2010

By: _____
[NAME TO COME]