



CITY OF ANAHEIM

**RESIDENTIAL REHABILITATION PROGRAM
GUIDELINES, POLICIES AND PROCEDURES FOR LOANS AND GRANTS
(RRP or PROGRAM)**

Amended and Restated August 1, 2020

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I. PROGRAM OVERVIEW.

A. Purpose.

(1) The City of Anaheim (City) is a participating jurisdiction in, and has been awarded certain funds from the United States Department of Housing and Urban Development (HUD) under Title I of the Housing and Community Development Act of 1974, as amended, Public Law 93-383, 42 U.S.C. Section 5301, *et seq.*, and the implementing regulations in 24 Code Federal Regulations 570 (CFR). Online information about CDBG is found at:

<http://www.hud.gov/offices/cpd/communitydevelopment/programs/entitlement/index.cfm>

(2) City is currently implementing a coordinated multi-year strategy and program to carry out eligible housing activities to benefit persons, households and families of low to moderate income to improve affordable housing opportunities in certain designated target areas in the community, and within the community as a whole. This multi-year strategy, as approved in the 2020-2025 City of Anaheim Consolidated Plan, includes without limitation the allocation of CDBG funds in furtherance of the CDBG Program, and is described in the annual action plan.

(3) The City Council established the Residential Rehabilitation Program (“RRP” or “Program”) to comply with the federal regulatory requirements of 24 CFR 570.202(c); to improve the quality of life for income-eligible households by assisting with necessary property repairs and improvements to existing single-family owner-occupied homes in the community, including detached houses, townhomes, condominiums, cooperatives, and owner-occupied mobilehomes, to make the homes decent, safe and attractive; to preserve the City’s housing stock; to arrest and prevent the development of blighted areas; and, to identify, alleviate and/or arrest the decline of deteriorating/deteriorated areas.

(4) These Residential Rehabilitation Program Guidelines, Policies and Procedures (together, Guidelines) summarize and describe the minimum administrative requirements for participation in the RRP by homeowners in the community and are intended to reinforce and not supplant prudent underwriting practices, when considering an owner’s application to participate in the Program by seeking and qualifying for: (i) a low-interest deferred loan (with simple interest at the rate of 3% per annum) up to a maximum of \$100,000 (a “Major Loan”), or (ii) providing for health and safety repairs and correction of code violations which, in the aggregate, do not exceed the amount of \$15,000, a loan (a “Minor Loan”) without scheduled repayment, subject to credits based upon occupancy for 10 years. In addition, for qualifying owner-occupied mobilehomes as approved by the Director in need of certain repairs, subject to the requirements and limitations of these Guidelines, grants of up to \$12,000. Major Loans and Minor Loans are collectively referred to herein as “City Loans.” Any recipient of a grant, a Major Loan, or a Minor Loan is referred to herein as a “Participant.” If an applicant is seeking a loan of less than \$15,000 and the proposed improvements include improvements not limited to emergency health and safety repairs and correction of code violations, such application will be treated as an application for a Major Loan without regard to the amount sought does not exceed \$15,000.

B. Program Eligibility of Property Owner; Applicants for a City Loan or City Grant.

(1) Owners of single-family homes, including condominiums, townhomes, detached houses, and owner-occupied mobilehomes are eligible to apply to participate in the Program and seek a City Loan.

(2) Depending upon the type of Program assistance requested, loans for rehabilitation improvements are available only to property owners whose gross household income does not exceed eighty percent (80%) (Low Income) of the area median income (AMI) adjusted for family size as published annually by the United States Department of Housing and Urban Development (HUD). The same income limitation applies with respect to candidates for grants; any grants will be limited to owner-occupied mobile homes.

(a) All persons on title to the Property, all persons residing on the Property, and all persons within the household must be included in the income verification or prove to the satisfaction of the PA and Program Manager that they do not reside in the property and do not contribute to housing costs associated with the Property.

(3) An eligible Owner must occupy the Property to be rehabilitated as their principal residence, must be of legal age, and must have the capacity to competently enter into binding contractual agreements.

(4) The vested Owner, all persons on title, of the Property shall complete and sign the Program Application.

(a) The PA will request in writing that the City obtain a preliminary report of title to the Property (or, in the case of a mobile home, evidence satisfactory to the Director showing that the PA owns a mobile home which such PA uses as the PA's sole residence); PA and Program Manager will review title including the scheduled exceptions, to evidence that ownership is vested in the Applicant/owner, that Applicant is not in default or has liens against the Property that evidence owner as ineligible for the Program.

(i) The Property cannot have an outstanding Notice of Default or Notice of Sale filed against it.

(ii) If the Applicant/owner has significant liens outside of a first or second purchase money mortgage(s), such as outstanding tax liens, liens for home repair, medical, and auto liens the Applicant is deemed ineligible for a City Loan under the Program and the application is deemed denied for a City Loan; nonetheless, depending on the physical condition of the Property and other qualifications of the Property owner, the Applicant may be considered for approval of a Program Grant, in the sole and absolute discretion of the Program Manager.

(5) Owner cannot have an ownership interest in income-producing property or assets of an amount in excess of that allowable under Title 25 Section 6914 of the California Code of Regulations, all as determined by Director or his or her designee.

(6) Trusts. Property that is part of a trust and included in a trust for estate planning purposes may be eligible for Program participation so long as all beneficiaries of the trust (other than contingent beneficiaries who receive no benefit from the trust nor have control over trust assets) income-qualify and occupy the Property as the primary residence and the City's policy regarding property held in trust is satisfied after review and approval by the Program Manager and counsel. Criteria for review of Property held in a trust include:

(a) submittal of a true copy of the fully executed trust agreement, including all amendments thereto (note: an Application will not be further reviewed or processed until copy received); and

(b) staff and counsel will review trust agreement to verify and determine the following:

(i) Property is expressly referenced to be a part of the trust property, i.e., held/owned by the trust and vesting matches the lot/book report description;

(ii) Program applicant is the trustee with power to act, and if the trustees are husband and wife, just as with property held in joint tenancy or as community property, both husband and wife, as trustees, must be signatories;

(iii) the trustee(s) must have the express power in the trust agreement to buy, sell, encumber, borrow against, and enter into contracts relating to the Property;

(iv) review the signature block and certification of trust, and prepare a correct signature block for all subsequent Program documents;

(v) the Trust provides for ownership of real property and authorizes execution of promissory notes and deeds of trust secured by the Property; and

(vi) evaluate the income/total assets eligibility of the Program applicant based on both the assets and income of the individual(s) and the trust.

(c) If a City Loan is approved and processed under the Program for an eligible Property held in trust, a lender's ALTA policy of title insurance is required as a condition to loan closing to be paid from the loan proceeds.

(7) No member of the City Council of the City of Anaheim and no other employee, official or agent of the City (or its Housing Authority or other associated entity) who exercises any policy-decision making function in connection with the Program can apply to the Program and shall not, directly or indirectly, be eligible for Program assistance.

(8) City Grants: the provision of City grants shall be limited to specific grants approved by City staff for the repair of mobile homes; participation in the grant program shall be limited to owners of coaches who reside in the coaches. The maximum amount available under the grant program shall be the lesser of (i) that amount necessary to make essential repairs necessary to render the coach safe for occupancy or (ii) Twelve Thousand Dollars (\$12,000.00). The provision of grants shall further be subject to the application of the remaining provisions of this Section 1(B).

(9) Limitation Upon Frequency: Any Participant (including a recipient of a grant, a Major Loan, or a Minor Loan) under these Guidelines may not receive an additional loan or grant under these Guidelines for a period of ten (10) years commencing as of the time the original grant or loan was made.

(10) Limitation Upon Participation in Different Aspects of the Program. No person shall receive more than one form of participation (namely, a Major Loan, Minor Loan, or grant) during any ten (10) year period.

(11) **Overriding Limitations and Constraints:** The residential rehabilitation program and these Guidelines are subject to modification, reduction, or discontinuance at any time by City, without requirement of prior notice to any applicant. City resources available for the program are limited. The City reserves the right to decline the participation of any applicant in the program.

C. Code Enforcement Referrals.

Code enforcement activities meet the national objective of benefit to low and moderate income persons on an area basis under CFR §570.208(a)(1) when carried out in deteriorated or deteriorating areas and when carried out in conjunction with public or private improvements, rehabilitation, or services that may be expected to arrest the deterioration of the area. The City carries out Code Enforcement activities in the deteriorating areas shown the Consolidated Plan and annual Action Plan and the Program will assist in alleviating and/or arresting deterioration in those areas. The properties inspected by Code Enforcement are located in residential areas where a minimum of fifty-one percent (51%) of the residents in those areas are low- and moderate-income.

D. Program Funding Source.

The primary funding source for the Program is CDBG funds provided to the City by HUD as identified in the City's Consolidated Plan and each annual Action Plan while this Program remains in effect.

E. Program Administrator.

Habitat for Humanity Orange County (HfHOC) has been selected as the Program Administer (PA) for implementation of this Program.

(1) Application, intake and verification procedures will be in accordance with these Guidelines and the established PA's policies and procedures.

(2) Program administration fee to the PA shall be limited actual, reasonable costs incurred, but in no event to exceed 20% of the loan or grant amount.

F. City Program Manager.

The Program will be supervised and implemented by the Director of Community and Economic Development (Director) and his authorized designees (together, the Program Manager).

(1) The Program implementing documents for Major Loans originated by the City will include (together, Program Loan Documents or City Loan Documents for a Major Loan):

- (a) Program Application (Exhibit A-1)
- (b) Residential Rehabilitation Major Loan Agreement (Exhibit B-1)
- (c) Promissory Note - Major Loan (Exhibit C-1)
- (d) Deed of Trust - Major Loan (Exhibit D-1)
- (e) Buyer Disclosure (Major Loan) – Regulation Z (Exhibit E-1)

- (f) Loan Disclosure Statement - Major Loan (Exhibit F-1)
 - (g) Request for Notice (Exhibit G)
 - (h) Owner/Contractor Agreement (Exhibit H)
- (2) The Program implementing documents for Minor Loans originated by the City will include (together, Program Loan Documents or City Loan Documents for Minor Loans):
- (a) Program Application (Exhibit A)
 - (b) Residential Rehabilitation Minor Loan Agreement (Exhibit B-2)
 - (c) Promissory Note – Minor Loan (Exhibit C-2)
 - (d) Deed of Trust – Minor Loan (Exhibit D-2)
 - (e) Buyer Disclosure (Minor Loan) – Minor Loan (Exhibit E-2)
 - (f) Loan Disclosure Statement – Minor Loan (Exhibit F-2)
 - (g) Request for Notice (Exhibit G)
 - (h) Owner/Contractor Agreement (Exhibit H)
- (3) The Program implementing documents for the grants issued by the City will include (Program Grant Documents or City Grant Documents):
- (a) Program Application (Exhibit A)
 - (b) Residential Rehabilitation Grant Agreement (Exhibit B-3)
 - (c) Owner/Contractor Agreement (Exhibit H)
- (4) Additional documents: if in the judgment of the Director additional documents are necessary or appropriate for the implementation of the Program, such additional documents may be required by City from time to time.

G. Program Appropriation; Funds for Improvements.

CDBG funds will be budgeted annually through the City’s Consolidated Plan and Action Plan updates and amendments, along with the City’s regular appropriation and budget process. Program funds are not guaranteed and subject to availability; in the event funds are not appropriated or otherwise have been appropriated and encumbered, then no loans or grants will be issued thereafter for the Program during the City’s applicable fiscal year.

H. Decision on Participation in the Program.

(1) The Program Manager reserves sole, reasonable discretion to, and may deny or defer action on an application for a City Loan if the Applicant does not meet all criteria of the Program.

Further, the Program Manager and PA will consult and cooperate in review of Program Applications, whether resulting in approval or disapproval of each Application.

(2) The City may deny an Application for a City Loan and/or City Grant under the Program if the Applicant has provided false or erroneous information, or made material omissions or materially misleading statements, or failed to complete the application process, or if there are any unresolved clouds on title to the Property in connection with and/or at the time of the application to the Program.

(a) Examples of clouds to title include, but are not limited to, persons named on title who have not signed the loan Application, persons named on title who are deceased, judgment(s) or other lien(s) against the Property for nonpayment of taxes of any kind, and mechanics liens filed against the Property.

II. PROPERTY ELIGIBILITY FOR REHABILITATION IMPROVEMENTS AND PROGRAM PARTICIPATION.

Following determination of the Applicant/Owner's eligibility as described above, the Applicant/Owner must demonstrate eligibility of the Property for the rehabilitation improvements in order to qualify for Program assistance. Real property will be evaluated and must meet each of the minimum requirements set forth below to be considered eligible Property.

A. Single Family Residence.

The Property must be an owner-occupied single family residence, including condominiums, townhomes, or an owner-occupied Mobilehome (registered with the State Housing and Community Development Department, and subject to the financial feasibility policy described herein), and the principal residence of the eligible Applicant/Owner.

B. Location.

(1) Subsequent to the submittal of a complete Application with all supporting documentation as received from an Applicant/Owner, compiled and reviewed by the PA, and then submitted to the City's Program Manager, each Applicant/Owner's Property and Program assistance, if any, shall be prioritized in the following order:

- (a) CDBG Target Areas
 - (i) Emergency
 - (ii) Health, Safety & Accessibility
 - (iii) Home Improvement
- (b) Citywide
 - (i) Emergency
 - (ii) Health, Safety & Accessibility

(iii) Home Improvement

C. Condition.

The Property must be in need of repairs to correct (1) emergency, (2) health, safety, and accessibility, and (3) other critical home improvements, and eligible repairs must meet the City's building and property rehabilitation standards. Types of improvements that may include: (a) aid the mobility of the physically disabled and/or elderly, (b) correct existing nonconforming local and/or state code requirements, (c) correct existing local and/or state code violations, (d) correct existing nonconforming development standards, (e) protect the structural integrity of the Property, (f) promote neighborhood safety, (g) improve energy efficiency, or (h) refurbish exterior and/or interior improvements.

D. Occupancy Standards.

The Property must be owner-occupied and must not be overcrowded. For purposes of the Program, the maximum occupancy permitted for eligible properties shall not exceed federal Housing Quality Standards ("HQS") (24 CFR 882.109). These standards require that the residence contain at least one bedroom or living/sleeping room of appropriate size for each two persons residing on the Property. Therefore, the maximum occupancy for an eligible Property shall be two persons per bedroom and living/sleeping area; and the minimum occupancy for the Property shall be one person per bedroom (unless such minimum occupancy is waived in the sole and absolute discretion of the Director.)

E. No Criminal Activity.

If a Property has been the site of repeated or ongoing drug-related arrests or arrests for other felonious criminal activity as evidenced by police records/reports, then the Property is ineligible for Program assistance unless and until the owner demonstrates that such activities have been fully abated.

III. RESIDENTIAL REHABILITATION PROGRAM ASSISTANCE THROUGH DEFERRED CITY LOANS.

A. Low Income Homeowners.

(1) Each and all applicants to the Program (Applicant) for a deferred loan or grant, as applicable, shall income-qualify as a "Low Income" household. In determining whether a household qualifies as a "Low Income" household, the Director will use the methodology as referenced in Title 25, Section 6914 of the California Code of Regulations, including without limitation with regard to consideration of assets.

(a) Subsequent to the submittal of a complete Application with all supporting documentation as received from an Applicant/Owner, compiled and reviewed by the PA, and then submitted to the City's Program Manager, all Program assistance shall be prioritized in the following order:

- (i) CDBG Target Areas
- (A) Emergency

- (B) Health, Safety & Accessibility
- (C) Home Improvement
- (ii) Citywide
 - (A) Emergency
 - (B) Health, Safety & Accessibility
 - (C) Home Improvement

B. Residential Rehabilitation Program Assistance; Low Interest, Deferred City Loans.

Under this part of the Program the City makes available to eligible Low Income single family homeowners who own single-family, owner-occupied homes (property), with annual gross income at or below 80% of the Area Median Income (AMI), home improvement loans. Annual gross income should mean the gross amount of income from all sources, including assets, for all adult household members that is anticipated to be received prospectively during the 12-month period following the date of application and before any deductions are taken, all as determined by the Director or his or her designee. A Major Loan bears an interest rate of three percent (3%) simple interest per annum with repayment deferred for a period of thirty (30) years, or accelerated upon default, all based on compliance with terms of the Program Loan Documents (each a City Loan). A Minor Loan does not bear interest, and, provided that the recipient is in compliance with all terms of the Minor Loan (including without limitation the documents entered into which evidence such Minor Loan) becomes eligible to have credits applied following commencing with the sixth (6th) anniversary of the closing of the Minor Loan, equal to twenty percent (20%) of the original principal amount of the Minor Loan, with the result that, in the case of ongoing compliance, no amount would be payable as of the tenth (10th) anniversary of the closing of the Minor Loan. No credits apply until the sixth (6th) anniversary, as described above. As with a Major Loan, in the event of a sale, the outstanding principal amount of the Minor Loan will become immediately due and payable in the event of sale, transfer, failure to maintain insurance, or other event constituting a breach.

(1) Major Loans are evidenced by a promissory note and secured by a deed of trust subordinate only to purchase money loan(s), and such loan has a 30-year term at which time the note, principal and accrued interest, shall be due in full, or repaid earlier due to default and acceleration of the Major Loan due to one or more of the following actions occurring during the 30-year term of the Major Loan:

- (a) sale or transfer of all or any part of the subject Property;
- (b) transfer of title or vesting to other than the original Applicant/owner excepting only in the case marriage or death of a spouse and further except in the case of death of both applicants and the sole heir qualifies as Low Income as determined by the Director or his or her designee and such heir intends to own and occupy the property as his/her primary personal residence;
- (c) provided however, transfer of the Property into an *inter vivos* trust for estate planning purposes by the original Participant is permissible as described above in section I.B.(6);
- (d) renting or leasing out all or any part of the Property;

(e) failure to continuously own and occupy the Property as borrower's primary, personal residence;

(f) refinancing without express prior written permission of Program Manager in his sole discretion;

(g) securing an additional loan or loans against the Property;

(h) withdrawal of cash or equity from the Property;

(i) upon default of senior lien mortgage(s) the Property;

(j) failure to pay property taxes, assessments or past due liens against the Property;

(k) failure to maintain insurance as required under the Program Loan Documents;

(l) making improvements to the Property that do not comply with applicable Uniform Codes, and local, state and federal laws and regulations, including as required obtaining building and other permits from issuance through final inspection; or

(m) other default under the Program Loan Documents.

(2) Minor Loans are evidenced by a promissory note and secured by a deed of trust subordinate only to purchase money loan(s), and such loan has a 10-year term at which time the note, principal and, if applicable accrued interest, shall be due in full, or repaid earlier due to default and acceleration of the Minor Loan due to one or more of the following actions occurring during the 10-year term of the Minor Loan:

(a) sale or transfer of all or any part of the subject Property;

(b) transfer of title or vesting to other than the original Applicant/owner excepting only in the case marriage or death of a spouse and further except in the case of death of both applicants and the sole heir qualifies as Low Income as determined by the Director or his or her designee and such heir intends to own and occupy the property as his/her primary personal residence;

(c) provided however, transfer of the Property into an *inter vivos* trust for estate planning purposes by the original Participant is permissible as described above in section I.B.(6);

(d) renting or leasing out all or any part of the Property;

(e) failure to continuously own and occupy the Property as borrower's primary, personal residence;

(f) refinancing without express prior written permission of Program Manager in his sole discretion;

(g) securing an additional loan or loans against the Property;

- (h) withdrawal of cash or equity from the Property;
- (i) upon default of senior lien mortgage(s) the Property;
- (j) failure to pay property taxes, assessments or past due liens against the Property;
- (k) failure to maintain insurance as required under the Program Loan Documents;
- (l) making improvements to the Property that do not comply with applicable Uniform Codes, and local, state and federal laws and regulations, including as required obtaining building and other permits from issuance through final inspection; or
- (m) other default under the Program Loan Documents.

C. Terms and Obligations of Major Loans.

(1) If the City approves the owner's Application for funding of the rehabilitation improvements through the deferred payment loan option of the Program, then the City may make available deferred payment loans (each a Major Loan) to an eligible Low Income owner of an eligible Property, as specifically provided below, in amounts up to One Hundred Thousand Dollars (\$100,000.00). Major Loans are only available to a qualifying Low Income owner of an eligible Property for rehabilitation of single family home satisfying the criteria herein. The Director may approve a Major Loan in excess of \$100,000.00 as determined necessary for emergency health and safety repairs and correction of code violations, in his or her sole and absolute discretion, to complete the rehabilitation of an eligible Property. Actual loan amounts shall in no event exceed the lesser of (i) the actual eligible costs of rehabilitation as described below, or (ii) such amount when added to the existing encumbrances does not exceed ninety percent (90%) of the current fair market value of the Property.

(2) The principal amount of the Major Loan shall accrue three percent (3%) simple interest per annum and will be fully deferred without repayment until the first and earlier to occur of: (i) the sale of the Property or any interest or portion thereof, (ii) refinancing of liens to which the Major Loan is subordinate for a principal amount which exceeds the lesser of (a) the original principal amount of the senior lien of record as of the date of the Major Loan or (b) the then current principal amount due under such original senior lien, (iii) Participant's failure to comply with the terms and conditions of the Major Loan Documents, (iv) other Event of Default hereunder, or (v) at the Maturity Date of the 30-year Promissory Note - Major Loan evidencing the Major Loan. In the event of default by the owner of the Property under the Major Loan Documents or any other implementing instrument thereto, default interest shall accrue from the date of default at the rate of ten percent (10%) simple interest per annum. In any event, upon (i) sale or transfer, (ii) refinancing, (iii) non-owner occupancy, (iv) other default or (v) the Maturity Date of the Major Loan Note, the entire amount of principal and accrued interest on the Major Loan shall be immediately due and payable. The Director may, but is not required to, waive loan acceleration in the event of Owner default and establish an amortization and monthly payment schedule and/or adjustment in the interest rate for repayment.

(3) Program Loans for Emergency, Health & Safety, and Home Improvements are summarized on the following table:

Target Income Group:	Low Income households < 80% of AMI as set annually by HUD
Maximum Loan Amount:	\$100,000, except on a case-by-case basis and for good cause the loan amount may exceed \$100,000 but any increase shall be reviewed and approved in the sole, absolute discretion of Anaheim through its Director
Project Location:	City-wide with a priority for CDBG target areas
Repayment:	Loans are fully deferred for a term of thirty (30) years unless owner/borrower within the 30-year term of the Major Loan: (i) sells or transfers of all or any part of the Property, (ii) transfers title, (iii) rents or leases out all or any part of the Property, (iv) fails to continuously own and occupy the Property as owner/borrower's primary, personal residence, (v) refinances the Property without express prior written permission of Program Manager in his or her sole discretion, (vi) secures additional loan or loans against the Property, (vii) withdraws cash or equity from the Property, (ix) otherwise defaults under the Program Loan Documents. Any and all repayments will be deposited into the City's CDBG account and recorded as Program Income.
Eligible Improvements include but not limited to:	Emergency repairs; lead hazard abatement; removal of architectural barriers; and the correction of code violations
Security and Loan Documents:	Each Major Loan for home improvements shall be evidenced by a Promissory Note - Major Loan secured by a Deed of Trust - Major Loan on the Property subordinate only to purchase money lien(s), with lien priority in not less than second lien priority after such purchase money loan or loans, except as third lien priority may be approved by the Program Manager in his or her sole discretion as described in the next paragraph. If the Applicant/owner already has two (vs one) purchase money liens against the Property then that in and of itself will not disqualify the Participant; provided that the Program Manager, in his or her sole discretion, may approve issuance of a Major Loan that encumbers the Property in a third lien priority.

(4) Loan to Value Ratio for Major Loans. For all Major Loans issued under the Program, the PA or Program Manager may deny an Applicant for participation in the Program if the loan-to-value (LTV) ratio of the Property currently exceeds ninety percent (90%).

(a) The LTV is based on an appraisal, or valuation analysis, or review of comparable properties and recent sales value of the Property and other debt already secured by the Property.

(b) In connection with review of the Application, the PA and City will review information regarding the valuation of the subject Property and determine if the LTV requirement is met by the Applicant, and if the LTV exceeds 90% then the Application will be denied.

(5) Major Loan Repayment. As required by the Promissory Note - Major Loan and Deed of Trust - Major Loan, the Major Loan matures and is due in full, principal and accrued interest, on the 30th anniversary of the date of such Major Loan; further, earlier repayment is due in full in the event of default and acceleration of the Major Loan in the following circumstances:

- (a) Upon sale, transfer, lease of all or any interest in the Property;
- (b) Upon transfer or change of title or vesting to the Property, except to a surviving spouse who was a co-Applicant and vested with title at application, and except in the case of marriage or death of a spouse, and except in the case of death of both applicants and the sole heir qualifies as low income and intends to own and occupy the property as his/her primary personal residence;
- (c) Refinancing not expressly approved in writing by the Program Manager;
- (d) In no circumstance shall any refinance or any new loan against the Property result in cash proceeds to owner or an equity payment to owner or ~~is~~ is for the purpose to have an equity line of credit.
- (e) Upon default of senior lien mortgage(s) the rehabilitated Property;
- (f) Failure to pay property taxes, assessments or past due liens against the Property
- (g) If the Property is not continuously owned by, and is the primary, personal residence of, the owner;
- (h) If owner rents or leases out any room or all or any part of the home or Property;
- (i) If the owner secures an additional loan or loans against the Property;
- (j) If the owner makes or causes improvements to the Property that do not comply with applicable Uniform Codes, local, state and federal laws and regulations including as required obtaining building and other permits from issuance through final inspection; or
- (k) Other default under the Program Loan Documents.
- (l) At the sole, absolute discretion of the City through the Program Manager, one exception to the full repayment requirement may be considered: An heir of a deceased loan recipient who qualifies as a Low Income household and meets all other Program requirements (as if making application to the Program at the time of the owner's death) and such heir intends to own and occupy the subject Property as the primary, personal residence must notify the City by submitting a formal letter of request with supporting documentation to assume the Major Loan in lieu of repayment. Such a request must include a factual showing by the eligible heir that a strong probability exists that title to the rehabilitated Property will vest in the heir upon the conclusion of the probate or other disposition of the deceased loan recipient's estate. In considering the above exception, the City reserves the sole and absolute right to reverse any initial decision to make such exception until the time title vests in the eligible heir and he/she/they meet all applicable Program requirements.

(6) Title Insurance. All Major Loans under the Program will require an ALTA lender's policy of title insurance related to the Property to be current as of the date of the issuance of the Major Loan.

(7) Loan Subordination. The City will consider subordinating its lien position to a refinanced purchase money mortgage only if all subordination criteria as established by the Program Manager are satisfied, including without limitation:

(a) Owner is refinancing the senior lien purchase money mortgage to reduce the interest rate and there is no increase in the outstanding principal amount of such mortgage and there shall be no equity or cash withdrawal from the refinancing.

(i) Further, at the time of refinancing the owner shall certify to City its continued compliance with all Program requirements, its continued ownership and occupancy of the home, and owner has not made or caused any improvement to the Property without first obtaining building and other Uniform Code permits, as and if applicable.

(b) If the request for refinancing and re-subordination meets all criteria, the City will provide the form of the subordination agreement related to an eligible refinancing, which shall include notice and cure rights to the City and related protections to the benefit of the City for signature by the Director on behalf of the City, and by the owner/borrower and its new lender for the refinancing.

(8) Security for Major Loan; Major Loan Documents. Every owner approved for participation shall execute all Major Loan Documents, and other instruments related to issuance of the Major Loan under the Program.

(a) The PA will facilitate execution of the Major Loan Documents by the Applicant/owner, and duly executed and as applicable notarized, the PA will forward all original documents to the Program Manager for execution by the Director and attest by the City Clerk on behalf of the City. A complete copy of the fully executed Major Loan Documents will be provided to the owner after complete execution. All original documents will be retained in Program files by the Program Manager; and, the original Promissory Note - Major Loan shall be delivered to the City Clerk for storage in the City vault.

D. Terms and Obligations of Minor Loans.

Terms and specifications of Minor Loans shall be as set forth under IIIC with respect to Major Loans, excepting for the following differences: (i) the term of a Minor Loan shall be for ten (10) years; (ii) A Minor Loan does not bear interest, and, provided that the recipient is in compliance with all terms of the Minor Loan (including without limitation the documents entered into which evidence such Minor Loan) becomes eligible to have credits applied following commencing with the sixth (6th) anniversary of the closing of the Minor Loan, equal to twenty percent (20%) of the original principal amount of the Minor Loan, with the result that, in the case of ongoing compliance, no amount would be payable as of the tenth (10th) anniversary of the closing of the Minor Loan. No credits apply until the sixth (6th) anniversary, as described above. As with a Major Loan, in the event of a sale, the outstanding principal amount of the Minor Loan will become immediately due and payable in the event of sale, transfer, failure to maintain insurance, or other event constituting a breach.

IV. RESIDENTIAL REHABILITATION PROGRAM ASSISTANCE THROUGH GRANTS FOR OWNER-OCCUPANTS OF MOBILE HOMES.

A. Program Grants for Rehabilitation Improvements of Owner-Occupied Mobilehomes.

If the City approves an Application for funding of the rehabilitation improvements of an owner-occupied mobile home through the grant option of the Program, then the City may make available Single Family Rehabilitation Grants (CDBG Program) in amounts up to Twelve Thousand Dollars (\$12,000) to qualifying Low Income (at or below 80% AMI) and Very Low Income (at or below 50% AMI) owners of Property to correct existing local and/or state code violations and finance exterior improvements to owner-occupied mobilehomes satisfying the eligibility criteria set forth in in the Table in subsection C. below (each a Grant, or City Grant, or Program Grant). Grant amounts shall be limited to the *lesser* of (i) the reasonably estimated value of the mobile home, as rehabilitated, or (ii) \$ 12,000.

(1) The Director may in his/her sole and absolute discretion approve Program grants in excess of the limits set forth above to complete essential rehabilitation of eligible owner-occupied mobile home. Except as specifically provided in the table, subsection C. below, eligible Property owners may qualify for only one grant throughout the life of the Program. Additional grant funds may, however, be made available to previous grant recipients to cover the actual costs of correcting serious code or health and safety defects as determined by the PA and Program Manager and limited to the scope of work described in the table below.

B. Eligibility for Program Grants.

Program Grants are available only to (i) owner-occupant of a mobile home (Property) qualifying as “Low Income”, i.e., gross household income does not exceed eighty percent (80%) of the area median income (AMI) and, as to certain improvements described in Table C. below, an owner-occupant qualifying as “Very Low Income”, i.e., gross household income does not exceed fifty percent (50%) of AMI; (ii) owner is in immediate need of rehabilitation improvements to eligible Property, (iii) the estimated value of the eligible Property (excluding mobilehomes), after rehabilitation, does not exceed 95% of median purchase price as established in the Consolidated Plan annual Action Plan (or such other dollar amount promulgated and approved by HUD), (iv) the eligible Property is the principal residence of the eligible owner at the time Program funds are committed to the rehabilitation and the owner meets other applicable requirements of the Program, and (v) owners satisfy the general eligibility criteria set forth herein.

C. Eligible Rehabilitation Improvements with Program Grant Funds.

The table on the following page describes the scope and type of improvements that may be eligible for funding for a Program Grant.

Type of Improvement	Description	Maximum Grant per Household	Eligible Income Group (*)	Typical Repairs	Frequency of Use
Mobilehome Repair (MBHR)	Assistance with repairs to correct immediate threats to the health and safety of homeowners, and for minor repairs. MHR grants may not be awarded more often than every <u>ten</u> (10) years unless an exception is granted by the City for emergency health and safety issues. Available to owner-occupants of single-family units.	\$12,000	Low (<80% of AMI)	Water heaters, minor plumbing, door locks, grab bars	No more than once every <u>ten</u> (10) years

(*) See current HUD Income Limits

D. Title Review.

While a demonstration of ownership and occupancy by such owner is required and necessary in connection with consideration and approval, or disapproval, of an Application by the owner of the Property, no title insurance policy is required in connection with Program Grants.

E. Document Signing for Program Grants.

For Program Grants, after the PA and Program Manager have determined that a Property is an owner-occupied mobile and is eligible and the owner has qualified and been selected for a Program Grant, then all City Grant Documents relating to provision of a Program Grant shall be presented to and executed by the Applicant/owner. The owner(s) must attend a document signing meeting for the applicable Program Grant.

F. Funds Disbursement.

Grant funds for rehabilitation improvements included within the approved scope of work shall be administered by the PA and caused to be disbursed as progress payments subject to a ten percent (10%) retention, with such retention to be released upon confirmation of satisfactory completion of the work, inspection and approval by the PA and Program Manager and by the property owner (namely, the mobile home coach owner), issuance of a Notice of Completion (which in the case of mobilehomes is not to be recorded) and submittal of lien waivers from all material suppliers and subcontractors in accordance with the requirements set forth below.

(1) The PA is responsible for arranging a job site inspection by Program Manager and submitting evidence of completed work (photos) for payment. The owner or their contractor, as designee, is also responsible to call for permit inspections. Program funds will not be disbursed for work completed without all necessary permits and required inspections, including without limitation, building permits, or which does not meet the approval or standards of the City's Building and Planning Division, applicable state and local codes, applicable permits, and these Program Guidelines.

(2) The PA and/or Program Manager will visit the job site and verify that (a) the work included for payment is satisfactorily completed and within the scope of eligible work, and (b) all necessary inspections by the City's Building Division or other responsible department or entity have been satisfactorily accomplished.

(3) Upon such determinations, the PA and Program Manager will process a Payment Authorization Form, which includes the amount of disbursement, name and address of owner and their contractor, and a description of the work completed. The owner must also approve the work completed and authorize payment.

(a) For Program grant proceeds, all checks shall be made payable to and issued to directly the contractor performing rehabilitation work at the Property, except as determined by the Program Manager in his or her sole discretion that a joint check to the owner and the contractor may be necessary.

G. Scope of Work Limitation.

Property Owners shall not contract independently with the selected contractor to concurrently perform additional work on the property beyond the scope of the final work write-up until

a Notice of Completion is issued by the PA and City and acknowledged by the Owner evidencing satisfactory completion of the improvements identified in the final work write-up and rehabilitation contract and final inspection has been obtained and approved for all outstanding building or other permits for the work. Until such Notice of Completion is issued and final inspection has been approved for the permits, an Owner shall not contract independently with any other contractor to undertake any other improvements or work on the Property during the term the selected contractor is doing work.

H. Conflict Resolution.

1. Property Owner/Contractor Disputes. In the event of any dispute between the Owner of the Property and the selected contractor concerning the contracted work, either one, or both, shall submit in writing the fact and nature of such dispute(s) to the PA and Program Manager. Within thirty (30) days of such notice, the contractor and the Owner shall either resolve the dispute or shall seek a resolution of the dispute pursuant to binding arbitration or other legal action at law or equity in accordance with the provisions of the Owner/Contractor Rehabilitation Contract.

2. Program Concerns. Complaints concerning the Residential Rehabilitation Program must be in writing and addressed to the Program Manager; the Program Manager will contact the complainant and attempt to resolve the problem. A written response will be made within thirty (30) days of receipt of a written complaint. If the complainant is not satisfied after the written response, a complaint may be filed with the Director who will schedule a meeting with the Program Manager. A written response by the City's Director will be made within fifteen (15) working days of the receipt of the complaint. Disputes between the City and the Owner that are not resolved in accordance with these procedures shall be submitted to binding arbitration in accordance with the provisions of the City Grant Documents or City Loan Documents, as applicable.

V. ONGOING TERMS AND CONDITIONS OF PROGRAM ASSISTANCE.

A. Maintenance Requirements.

Each Owner that receives a City Loan or City Grant under this Program shall maintain the Property in good repair and working order and shall make, or cause to make, all necessary and proper repairs, renewals, and replacements in order to keep the Property in a decent, safe, and sanitary condition in accordance with community standards and as set forth in the applicable Program documents and subject to the Anaheim Municipal Code, Uniform Codes and other applicable laws and regulations. Each Owner of a Property assisted through the Program shall not permit criminal activities to occur on or about the Property; shall not permit the Property to suffer material deterioration or decline, or maintain, cause to be maintained, or permit to be maintained any public or private nuisance on or about the Property.

B. Annual Certification of Owner-Occupancy and Program Compliance.

For a term of five (5) years as to City Grants and for the entire term that a City Loan remains outstanding, the subject Property shall be and shall continue to be owned in fee by and occupied as the primary residence of the Owner and his/her household and that the Owner and their Property remain in compliance with the Program under the applicable City Grant Documents and/or City Loan Documents. Participant shall be obligated to execute and deliver to City an annual certification of ownership and occupancy of the Property in a form provided by the City. Such certificate ("Certificate of Annual Compliance") shall be delivered to City by Owner by March 1 with

respect to the calendar year preceding such March 1 (or, if the period preceding the initial March 1 is a partial year, for such partial year). Such Certificate of Annual Compliance shall be in the form of Exhibit J hereto or such other form as the Director may from time to time prescribe.

C. Nondiscrimination.

There shall be no discrimination against or segregation of any person or group of persons, on account of race, color, creed, religion, sex, marital status, national origin, or ancestry, in the selection of contractors to complete the rehabilitation work financed with Program assistance, or in the sale, leasing, subleasing, transferring, use, occupancy, tenure, or enjoyment of the Property, and shall cause compliance with the HUD and State law non-discrimination and equal opportunity laws and regulations is required.

D. Compliance with Program Policies and Procedures.

Throughout the applicable term of Program assistance, each Owner shall comply with all Program requirements and procedures as set forth in these Guidelines, Policies and Procedures, and as required by the Program Manager, and as set forth in the applicable City Grant Documents and City Loan Documents.

E. No Rental or Lease of Property.

Throughout the applicable term of Program assistance, the Owner of the Property, as a participant, shall not rent or lease all or any portion of the Property, nor enter into an agreement for the rental or lease of the Property. Further, Participant shall not use the Property for short-term rental or as a vacation rental by Participant or through AirBnB, VRBO, HomeAway or other shared economy use for income or other compensation.

F. Homeowner Insurance; Hazard Coverage.

The Owner of the Property shall maintain during the 30-year term of the City Loan, and for a period of not less than five (5) years as to a City Grant: (1) an all risk (including fire insurance coverage and flood insurance, where applicable) property insurance policy insuring the Property in an amount not less than the full replacement value of the structures on the Property, and (2) comprehensive general liability insurance. The policy shall name the City of Anaheim as an additional insured/loss payee.

G. Property Taxes.

The Owner shall be and remain current on all property taxes and assessments and provide proof of payment upon request. A deferment of property taxes or property tax payment plan is acceptable as long as all required installment payments are current.

VI. ADDITIONAL REHABILITATION STANDARDS FOR PROGRAM LOANS AND GRANTS.

A. Eligible Improvements.

(1) Subject to the limitations in the tables above, respectively, for City Loans and City Grants, Program funds for are available for rehabilitation improvements that are physically attached and permanent in nature as follows:

(a) Modifications which aid the mobility of the elderly and physically disabled such as shower units with seats, lever hardware, retrofitting toilets to achieve adequate height, moving power points and light switches, ramping, reconstructing doorways, lowering sinks in kitchens and bathrooms; and

(b) Testing for the presence of lead hazards, lead-based paint and associated clearance, interim control or hazard abatement through clearance, as required, by applicable laws and regulations, including without limitation compliance with Title X of the 1992 Housing and Community Development Act, 42 U.S.C. §4800, *et seq.* and the implementing regulations that aim to take advantage of rehabilitation events as a cost-effective opportunity to reduce lead based paint (LBP) in existing housing. (See: 24 CFR Part 35, 69 FR 34271; 69 FR 40474; and, 82 FR 4166 (together, as existing and further revised from time to time, the LBP Regs.)

(c) Exterior work to help preserve or protect structures, roofing, siding (if significantly damaged), re-leveling, bracing (including earthquake bracing), repair/replacement of screens/windows, doors and door locks, structural and/or foundation damage, replacement of deteriorated attached porch and step structures;

(d) Interior work to make a structure more livable and repair/replace/restore important parts such as plumbing (i.e., re-pipe and replacement of fixtures), damaged flooring, faulty or inadequate heating/cooling systems, inoperable built-in appliances, damaged ceilings, water heaters, electrical wiring and service, painting (if walls are damaged);

(e) Weatherization and energy conservation items such as insulation, caulking, weather-stripping. Fumigation and treatment of termites and pest control;

(f) Repairs that remedy existing legal nonconforming uses such as garage conversions, previous additions that do not conform to current standards, including compliance with applicable Uniform Codes and other local and state laws and regulations, etc.;

(g) If repairs are required to address issues with lead-based paint, the amount to address such repairs shall be included within the amount of the City Loan or, if applicable, the City Grant.

B. Ineligible Improvements.

(1) Program funds in no event shall be allowed for certain rehabilitation improvements including:

(a) Installation and/or repair of recreational items such as barbecues, bathhouses, greenhouses, swimming pools, saunas, television antennas, tennis courts;

(b) Luxury items such as carpeting (other than water-damaged or carpeting that is not decent, safe or sanitary), burglar alarms, burglar protection bars, dumbwaiters, kennels, murals, flower boxes, awnings, patios, decks and storage sheds/workshops. Any freestanding appliances such as microwave ovens, refrigerators, dishwashers, and fans;

(c) New room additions, extensions of rooms, or garage conversions; or

(d) Other items deemed ineligible from time to time by the Director.

C. Priority of Improvements.

(1) Improvements will be approved and made to the Property in the following order of importance:

(a) Emergency repairs.

(i) Eligible project work is only considered an emergency if not addressing the issue will adversely impact the health and safety of the residents.

(A) Examples of emergency work includes LBP abatement if a child age six years or under has documented elevated blood lead levels, no hot running water, blocked plumbing due to deteriorated pipes, and broken or unusable furnace.

(B) Emergencies are handled on a case-by-case basis and can take precedence over Applicants on the wait list. The PA, in communication and cooperation with the Program Manager and representatives of applicable City departments, are responsible for determining if a particular housing problem is an emergency.

(b) All violations related to health/ safety standards and code violations.

(i) At a minimum, at the completion of each project, all health and safety issues and all code violations shall be corrected.

(A) The proceeds of each City Loan or City Grant, as applicable, shall be used to pay for rehabilitation work that addresses all health and safety issues and code violations, and no loan or grant can be approved that would permit a home after rehabilitation to be out of compliance with applicable codes.

a. Applicable codes include the Anaheim Municipal Code, Uniform Building Code, the National Electrical Code, the Uniform Plumbing Code, the Uniform Mechanical Code, and Chapters 5-10 of the Uniform Housing Code, ADA Section 504, and relevant sections of Title 24 that pertain to disability access.

(B) In addition to requiring that the building be brought into compliance with applicable codes, the Program requires specific additional upgrades in all projects, including: upgrade of electrical equipment grounding and bonding system; GFCI replacement in kitchen, bathroom and exterior areas; fire extinguishers; smoke detector upgrade to current Uniform Building Code; and installation of carbon monoxide detectors; and exterior painting, if needed.

(c) Repair or replacement of major systems including but not limited to roof, electrical, plumbing, and air conditioning/heating systems.

(d) Energy efficient items such as new dual glazed windows, insulation, energy efficient light fixtures, low flow toilets.

(e) Exterior and interior incipient deficiencies. An incipient deficiency exists if, at the time of inspection, it appears that the physical condition of an element in the structure may fail or deteriorate into an actual deficiency in the near future (within 1-2 years).

(f) General property improvements.

D. Accessibility Improvements.

(1) A Property occupied by disabled household member(s) qualifies for services aimed at removing architectural barriers. In cases where it is not structurally or financially feasible to bring units into full compliance with Title 24 and Section 504, limited repairs or improvements increasing overall accessibility may be undertaken provided such repairs are conducted under a plan check, permit, and inspection process by the City's Community Development Department.

(a) Examples of eligible improvements that will alleviate architectural barriers include, but are not limited to:

- (i) Grab bars
- (ii) Transitional floor coverings
- (iii) Bathtubs or showers
- (iv) Replacement of doorknobs with lever action handles
- (v) Plumbing alteration or modifications
- (vi) Ramps
- (vii) Sliding doors
- (viii) Kitchen cabinet modifications
- (ix) Widening doorways and hallways
- (x) Electrical switches and convenience outlet relocation
- (xi) Toilet alteration or modifications
- (xii) Flooring

E. Lead Hazards, Lead-Based Paint and Asbestos Requirements.

(1) As part of the Program application, Applicants/owners are provided with information about the dangers of lead hazards, and lead-based paint (LBP). Evidence of receipt of this information is maintained in the project file.

(2) The LBP requirements can have a significant impact on the final scope of work. If the housing unit in question was built prior to January 1, 1978, the LBP requirements apply.

(3) In connection with the Application process and determining whether the Application will be approved, the PA will complete the Lead Safe Housing Requirements Screening Worksheet. In addition, PA will cause the Property to be inspected including evaluation of whether there are LBP and/or asbestos issues at, on or about the improvements at the Property.

(a) Applicant shall review and execute an authorization and right of entry to the City, the PA and its inspection contractor(s) to allow for inspection of the property and to evaluate the scope of work necessary to the Property.

(b) If after inspection, LBP hazards are found, then that work will be completed as part of the loan or grant scope of work; however, due to limited Program funds and evaluation of financial feasibility, an Application may still be denied if the scope or extent of work necessary to the Property is a basis to deny the Application.

(c) If after the inspection and LBP work completed, the Application is approved then the amount of funds expended for such LBP (and as applicable asbestos) inspection, hazard abatement and clearance shall be included in the principal amount of the City Loan, or, in the sole discretion of the Program Manager, may be paired with a City Grant that conforms to Section IV. of these Guidelines.

(4) Based on the amount of subsidy provided to the project, different levels of action are required by the PA and Program Manager, as shown in the following table:

	<\$5,000	\$5,000-\$25,000	>\$25,000¹
Approach to Lead Hazard Evaluation and Reduction	Do no harm	Identify and control Lead hazards	Identify and Abate Lead Hazards
Notification	Yes	Yes	Yes
Lead Hazard Evaluation	Paint testing of surfaces to be disturbed by rehabilitation	Paint testing of surfaces to be disturbed by rehabilitation AND Risk assessment	Paint testing of surfaces to be disturbed by rehabilitation AND Risk assessment
Lead Hazard Reduction	Repair surfaces disturbed during rehabilitation, use lead-safe work	Interim controls, lead-safe work practices, clearance test of unit upon completion	Hazard abatement, lead- safe work practices, third party

¹ Lead Hazard abatement/clearance work that is estimated to exceed \$25,000 may be authorized on a case-by-case basis in the sole, absolute discretion of Anaheim through its Director.

	practices, clearance test of work site upon completion.		clearance test of unit upon completion
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(5) Any required LBP inspections (initial and clearance) will be performed by the PA’s independent, certified LBP testing firm. Risk assessor must have an inspector license and must follow most recent HUD guidelines (2012).

(a) The LBP testing will also include testing for asbestos. The cost of initial testing and clearance for both lead and asbestos will not be an out-of-pocket expense to the owner/Applicant, but if the Application is approved then such amounts will be included as part of the owner’s City Loan, or, in the sole discretion of the Program Manager, may be paired with a City Grant that conforms to Section IV. of these Guidelines.

(6) In the event that an initial clearance test fails, it will be the PA contractor’s responsibility to pay for supplemental clearance tests. The contractor engaged by the PA to address the LBP and asbestos will not be reimbursed or otherwise paid until evidence of clearance is presented to the City.

(a) LBP and asbestos inspection reports and risk assessments (as applicable) will be provided to the owner and made available to contractors as an appendix to the Work Description.

(7) If the Applicant does not proceed with the Program and LBP testing costs are incurred, then the City will reimburse the PA for the testing costs subject to submittal of complete supporting invoices and documentation from the PA and its selected independent contractor.

Amounts to address LBP issues would be incorporated into a Major Loan, Minor Loan, or, in the case of owner-occupied mobilehomes, City Grant, as applicable; the amounts to address such issues will be part of and not in addition to amounts remitted by City as loans or grants.

F. Standards for Rehabilitation of Historic Properties.

Historic homes/structures are included in the Program, but special requirements must be met under the National Environment Policy Act and the National Historic Preservation Act of 1966, as amended.

(1) RRP projects on historic structures will be submitted for review to the State of California, Office of Historic Preservation, when a structure is within a designated Historic District, identified as a Historically Significant Structure, on the list of Structures of Historical Interest or is more than 50 years old.

(a) In accordance with the 2014 State Historic Preservation Office (SHPO) guidance to the City of Anaheim, all mobile homes and any building less than 50 years in age will not be submitted for review.

(b) Under direction from SHPO, historic properties shall be rehabilitated in accordance with the most appropriate standards based on the age and architecture of the structure.

(i) The basic principle is to preserve the character of the exterior spaces and surfaces. This generally entails the submission of the Work Description to SHPO for review and comment.

VII. PROGRAM INTEREST AND APPLICATION PROCEDURES FOR CITY LOANS AND CITY GRANTS UNDER THE PROGRAM.

A. Initial Inquiry.

Interested owners may contact the PA or the City about the Program. Inquiries may also be submitted through the HfHOC website. As a first step, the PA will conduct a pre-screening via telephone or in-person as requested by the owner/prospective applicant. During the pre-screening, the owner will be asked about the annual gross income of the household, the potential repairs and scope of work necessary to the Property. The Property address will be submitted to the City for Tier 1 Environmental Clearance.

B. Initial Walk-Through.

After the pre-screening and as the second step, the PA will schedule an initial walk-through of the Property with two (2) HfHOC representatives to gather basic information and take photographs of the home, improvements, potential necessary repairs and related to and that may be eligible under the Program. The owner must provide the Right to Entry prior to HfHOC's entry on their Property.

C. Application Availability.

After the initial walk-through, if the Property and owner are determined eligible to make and complete a formal application to the Program, a Program Application will be provided to the owner of the Property, with the Application dated as of the date provided by the PA to owner. Each Applicant/owner will have 30 days to complete and return the Application with all supporting documentation. The delivery by PA to an owner of an Application, post-the initial walk-through, will start the 30-day period for the owner to complete the Application, which will establish for the owner and PA a specific 30-day period for that owner to complete and submit timely the Application. If the Application is determined by the PA to be complete, then the PA will notify the City to conduct the Tier 2 Environmental Clearance.

D. PA Program Files.

The PA shall establish a file for each Applicant and determine eligibility by reviewing income, location of subject property and scope of work and other Program criteria. Concurrently, the Program Manager will complete a valuation analysis and title search to ensure the household meets the RRP requirements.

E. Ineligibility.

If the Applicant is determined not eligible by the PA or the City, the PA will notify the interested Applicant in writing. The letter will explain with general detail why the Applicant is ineligible for the Program. The PA shall file the application in the ineligible projects folder.

F. Application to City.

Upon the PA's review and initial evaluation that the application is complete and the Applicant may be eligible to participate in the Program, then the PA will schedule an appointment for a site inspection and a more specific work write-up/cost estimate in order to prepare and present a complete application to the City of Anaheim for final review and approval (or disapproval) by the Program Manager.

G. Property Assessment.

The PA conducts a property assessment (Assessment) to document existing code violations, incipient code violations, otherwise eligible items and any requested home improvements. An explanation regarding what improvements are eligible and/or ineligible and priorities for the work to be accomplished occurs and including the file for presentation to the Program Manager. If the PA believes the Applicant may be eligible and will proceed with the Program, then a LBP inspection and testing may be requested and undertaken.

H. LBP Review.

The PA shall ensure that each home or structure at the property that was constructed prior to 1978 is tested for LBP hazards. If LBP hazards are determined to be present, lead hazard abatement work will be completed by a licensed contractor in accordance with HUD requirements. The LBP testing and hazard abatement procedure is in place to comply with the Department of Housing and Urban Development (HUD) LBP Regs, including "*Requirements for Notification, Evaluation, and Reduction of Lead-Based Paint Hazards in Federally Owned Residential Property and Housing Receiving Federal Assistance*" and any updated or supplemental brochures and information promulgated under 24 CFR Part 35. The results of the LBP testing will be included as an attachment to the Work Write-Up.

I. Work Write-Up.

For each approved application, the PA inspects the property and prepares a Work Write-up for review and approval by the owner and City.

(1) The Work Write-up prescribes the methods and materials to be used in rehabilitation and includes:

- (a) Scope of work
- (b) Construction method
- (c) Quantity
- (d) Quality
- (e) Location
- (f) Cost Estimate

(2) The Work Write-Up may include work items that are mandatory health and safety items and may not be removed from the Work Write-Up. These items are mandatory to correct health and safety violations and to preserve the value of the home.

(3) Once the Work Write-up is completed, the PA submits a complete application package with all supporting documentation to the Program Manager for approval or disapproval.

J. Approval of Application.

If the application is approved by the City, then the PA requests City staff to prepare the applicable City Loan Documents or City Grant Documents.

K. Pre-Closing Meeting.

The PA shall schedule and hold the loan closing/preconstruction meeting at a designated location with the owner.

(1) Owner executes all City Loan Documents and the owner/contractor agreement with PA; or, as applicable described in Section IV., Owner executes all City Grant Documents and the owner/contractor agreement with PA.

(2) Copies of the executed documents will be provided to owner upon execution.

(3) Applicable recordable original documents will be caused to be recorded by the City, and all other original documents will be placed in a file to be maintained by City.

(4) For City Loans, the executed Promissory Note - Major Loan (or, in the case of a Minor Loan, the executed Promissory Note – Minor) shall be delivered by the PA to the City to be stored in the City Clerk's vault.

L. Notice to Proceed.

Once documents have been fully executed, and as applicable recorded, the City will issue a Notice to Proceed for the Program Administrator to begin the rehabilitation.

M. Job Site.

The City may visit the job site and verify that the work included for payment is completed and that all necessary inspections by the Building Division regarding building permits have been satisfactorily accomplished.

(1) Payment for work will be remitted to PA under the terms of the owner/contractor agreement.

N. Project Completion.

Once a project is completed, the PA transmits invoice(s) to the City.

(1) A complete invoice includes the amount of payment, name and address of the Applicant, a description and pictures as evidence of the work completed, the date of final inspection

and the signature of the PA and signature of owner(s) each evidencing and acknowledging the completion of the work.

(2) Program Manager will review and approve or disapprove the invoice packets.

(a) Once approved, Program Manager will process invoices according to City procedures.

VIII. REQUIRED RECORD KEEPING AND FILE RETENTION.

A. PA Maintains Files.

All Applicant files and all approved homeowner files shall be maintained by PA to document the significant history of RRP activities for all projects.

(1) The PA must maintain these files for a period not less than five (5) years following completion of the work.

(a) After 5 years the project file can be submitted to the City for continued retention for a period of not less than four (4) years after complete payoff of the subject City Loan.

(2) Project Files must include at a minimum:

(a) The application and all supporting documentation related to income status and for all approved files status as Low Income household, evidence of owner-occupancy, and property information reports.

(b) Official correspondence and the rehabilitation environmental review.

(c) Inspection reports, LBP reports (including Lead Safe Housing Requirements Screening Worksheet (in the form of Exhibit K or such other format as may be designated from time to time by the Director) and if applicable, the following: LBP testing, contractor qualifications, renovation firm certification, Property Owner/Rehab Contractor Contract Addendum for Reduction of Lead Paint Hazards (in the form of Exhibit L or such other format as may be designated from time to time by the Director), LBP clearance certification, before and after photographs, work descriptions, internal estimate, bid evaluation, contractor clearances, contractor insurance, contractor business license, contractor W-9, recorded Notice of Completion.

(d) City Loan Documents, or City Grant Documents, as applicable, including the owner-contractor agreement for work of construction, logs for each and all disbursement(s), information related to and all invoices, payment releases, lien releases, notice of completion, warranties, and copies of payment checks, signed-off, finalized City Permits.

(e) Documentation on requests for demand, reconveyance, subordinations, and defaults.

IX. PROGRAM CHANGES.

At the discretion of the Director, the Program may be modified to ensure timely expenditures of Program funds and to otherwise meet the intent of assisting eligible Low and Very Low Income households.

X. PROGRAM DATABASE.

For each fiscal year, PA shall maintain a Program database containing the case number, name, address, telephone number, racial/ethnic data, census tract, block group, household size, household income, Low Income or Very Low Income status, housing cost burden percentage, year built, application date, inspection date, Work Write-ups, approval date(s), projected, estimated post-rehabilitation value, loan funds awarded, project soft costs (i.e. title, credit, asbestos/lead-based paint testing), construction contract amount, contractor payment information, contract award date, final inspection date, recordation of Notice of Completion Date, approval of completed work, and project phase (i.e. pre-construction, construction, complete).

XI. OTHER PROVISIONS.

A. Environmental Clearance.

Use of HUD CDBG funds requires all activities to be cleared per 24 CFR Part 58. The RRP is categorically excluded per 58.35(a)(3)(i) subject to 58.5 and requires a Tiered Environmental Review as follows: First Tier will cover the Program on an eligible area basis and will include clearance of coastal zones, environmental justice, air quality, noise, sole source aquifer, endangered species, wild and scenic rivers, farmlands, wetlands, and airport clear zone. The Second Tier will focus on the specific property to be rehabilitated and will cover the historic property, SHPO, floodplain, explosives, and toxic sections. Emergency repairs are not subject to SHPO concurrence.

B. Davis Bacon & Related Acts (DBRA).

Per Section 110 of the Housing and Community Development Act of 1974 – DBRA does not apply to rehabilitation of residential property designed for fewer than 8 families.

C. Section 3.

Per Section 3 regulations and the Frequently Asked Questions found at <http://portal.hud.gov/hudportal/documents/huddoc?id=11secfaqs.pdf> question 11. states “Section 3” does not include contractors or any intended beneficiary under the HUD program to which Section 3 applies, such as a homeowner or a Section 3 resident.” As such, the funds used on the Program are not subject to the Section 3 federal requirements.

D. Equal Opportunity.

Applicants and approved homeowners shall not be discriminated against on the basis of race, color, religion, sex, gender, gender identity, gender expression, sexual orientation, creed, ancestry, national or ethnic origin, age, family or marital status, handicap or disability, genetic information, or any other arbitrary basis. In addition, Applicants may not discriminate in the use, occupancy, and awarding of contracts with respect to the property to be rehabilitated with the assistance of an RRP City Loan.

E. Conflict of Interest.

No member of the governing body of HfHOC, as PA, or the City and any other official, employee, or agent of the City who exercises policy, decision-making functions or responsibilities in connection with planning and implementation of the Program shall be directly or indirectly eligible for RRP assistance. This restriction shall continue for two (2) years after an individual's relation with HfHOC or the City ends.

F. Relocation.

Relocation is not contemplated as a part of this rehabilitation activity; provided however, if an unanticipated event occurs that requires temporary relocation, and such relocation is essential to the accomplishment of rehabilitation activity and is not the responsibility of the applicant, such relocation shall be performed in compliance with the provisions of the Uniform Relocation Assistance and Real Property Acquisitions Policies Act of 1970 and Section 104(d) and may be paid for using Program funds.

G. Applicability of Federal State and Local Regulations/ Authority to Administer.

While all Program funds are subject to the requirements of these Guidelines, there may be additional special provisions and limitations depending on changing requirements of the funding source. Consequently, additional requirements not shown in these Guidelines may apply and, thus, the Housing & Community Development Director (Director) or his/her designee may amend these Guidelines from time to time to reflect changes in the requirements of the funding source for this Program as required.

EXHIBIT A-1
Program Application

APPLICATION

RESIDENTIAL REHABILITATION PROGRAM (RRP)

FOR OFFICE USE ONLY:

Date Received: _____ Received By: _____

Date Logged in File: _____ Logged in By: _____

Applicant's Name:	Birth Date:
Co-Applicant's Name:	Birth Date:
Home Address:	Phone Number:
Are you the homeowner?	If not, what is your relationship to the homeowner?
Who lives in your home? List all names, ages of all members of your household, adults and minors.	
Please describe your family:	
If you served in the military, please describe your service (years, location, position & branch):	
Do you or anyone in your house have a disability?	
Why do you need the City of Anaheim and Habitat OC's help?	
How long have you been living in your home?	

Anything else you'd like to share?



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Rev 5/10/17

HOMEOWNERS AGREEMENT

I/We, _____, certify that the information on this application is true and accurate and that I/we own in fee the property at located at _____, Anaheim, California. The City Major Loan up to \$100,000 must be repaid in full by year thirty and will carry a 3% annual simple interest rate. The City Minor Loan up to \$15,000 may be forgiven under the RRP based on certain conditions; the loan has a ten-year term. The City owner-occupied mobile home grant option of an amount up to \$12,000 ; for the City minor loan and grants - repayment is not required, except and unless one of the following events occurs during the 10-year term of the City Loan:

- Sale or transfer of all or any part of property
- Transfer of title or vesting to any person other than the original homeowner who received City Loan*
- Renting or leasing out all or any part of property; no room or any part of the property can be rented or leased out and short-term rentals are strictly prohibited (such as AirBnB, VRBO, etc.)
- Failure to continuously own and occupy property as primary residence
- Refinancing without express prior written permission of City
- Securing an additional loan or loans against the property
- Withdrawal of cash equity from the property
- Undertaking any improvements that don't comply with applicable codes
- Upon default of senior mortgage(s) or failure to pay property taxes, or past due liens
- Other defaults under the City Loan Agreement or any of the related instruments

***Regarding transfers of the property, the following transfers of the property during the 10-year term will not trigger repayment of the City Loan:**

- A transfer to a surviving joint tenant upon death
- A transfer that results in the spouse becoming new owner
- A transfer by court order upon divorce or separation to other spouse
- A transfer to a Trust when the original homeowner is and remains the beneficiary and permanent resident of the property
- **At sole discretion of City, one exception to repayment may be considered:**
 - The heir of the deceased original borrower **(who qualifies as a Low Income household, meets all other Program requirements, and intends to own and occupy the property as their primary residence)** must notify the City by submitting a formal letter of request with supporting documentation to assume the City Loan in lieu of triggering repayment upon transfer due to the death of the original borrower.

I/We understand and agree to the information stated above that presents a brief summary of the RRP Guidelines in I acknowledge I/we have received a complete copy of and had an opportunity to read the RRP Guidelines.

SIGNATURE OF APPLICANT _____

DATE _____

SIGNATURE OF APPLICANT _____

DATE _____



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REMAINING IN YOUR HOME

The Anaheim Residential Rehabilitation Program aims to transform the lives and community by helping families repair their homes. In order to ensure that our efforts accomplish this outcome, approved Participants will be required to retain ownership and occupancy of their home for a term of five (5) years as to City Grants and for the entire term that a City Loan remains outstanding, the subject property shall be and shall continue to be owned in fee by and occupied as the primary residence of the Owner and his/her household and that the Owner and their Property remain in compliance with the Program under the applicable City Grant Documents and/or City Loan Documents. In connection with receiving a City Loan under the RRP, Participants will be required to execute the following documents:

Residential Rehabilitation Loan Agreement, Promissory Note, Deed of Trust, Buyer Disclosure — Regulation Z, Loan Disclosure Statement, Request for Notice, and Owner/Contractor Agreement.

Eligible Property owners may qualify for only one grant throughout the life of the Program.

I/We understand and agree to the information stated in this Application and acknowledge that I/we received a copy of the RRP Guidelines. This RRP Application and my/our supporting materials about my/our personal financial information, income, assets, gifts and sources, along with any other information provided by me/us and the adult members of my/our household are true and correct to my/our best information and knowledge. I/we acknowledge that in this Application and I/we have not omitted material facts about my/our personal financial information. I/we acknowledge that if I/we have made a false statement or fail to disclose any material fact in my/our Application or in the various documents that I/we may sign related to this Application and the RRP that I/we will be subject to legal remedies under federal, state, and local laws.

SIGNATURE OF APPLICANT _____

DATE _____

SIGNATURE OF APPLICANT _____

DATE _____

Please use the checklist on the next page and provide verification of all household income for each adult in your household unless a fulltime student (provide proof of school registration) and/or benefits for children will be requested with the full application. Household income may include but is not limited to employment income, food stamps, child support, SSI, SSDI, pension/retirement/ Social Security and contributions from other family members or third parties whether or not they live in the home. Household members include every adult living in the home AND everyone on title of the property.

Do you receive rental income? NO YES If so, how much per month? _____

Please list any and all assets held by each adult member in the household: _____



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CHECKLIST OF REQUIRED DOCUMENTS

Please indicate with a check mark on the line if you have provided a copy.

The following is a checklist of the documentation and other items that you must enclose with your Application packet. Except for disclosure required under state or federal law, the information in your Application is considered confidential and private. Only officially designated Habitat for Humanity of Orange County staff and City of Anaheim employees assigned to administer the Program and their counsels will see your Application and related file, except as required by applicable laws. All documents submitted must show the name(s) and address(es) of the applicant(s).

- _____ Homeowner's Insurance
 _____ Mortgage Statement (most recent)
 _____ Recorded Grant Deed
 _____ Property Tax Statement (most recent)

Please indicate with a check mark in the box if you have provided a copy. Please write the household member's name in the top box to indicate who provided documents.	Applicant	Co-Applicant	Other #1	Other #2	Other #3
ID Card or Driver's License					
Passport of Birth Certificate					
DD214 or Discharge Papers (Veteran)					
Tax Return (most recent)					
W2 (most recent)					
Social Security letter					
Disability / SSI					
Retirement / Pension					
Paystubs (from the last 2 months)					
Checking Acct Statement (most recent 2 months)					
Savings Acct Statement (most recent 2 months)					
Veteran Benefit Letter					
Other:					

Optional Information:

- Race / National Origin: _____
 Ethnicity: _____
 Head of Household: Male Female
 I do not wish to furnish this information



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EXHIBIT B-1

Major Loan Rehabilitation Agreement

REHABILITATION LOAN AGREEMENT

**SINGLE-FAMILY OWNER-OCCUPIED
DEFERRED REHABILITATION LOAN
(CDBG Program—RRP; Major Loan)**

by and between

CITY OF ANAHEIM

and

Dated as of

_____, 202_

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List of Exhibits

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Exhibit B	Scope of Work
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REHABILITATION LOAN AGREEMENT

SINGLE-FAMILY OWNER-OCCUPIED DEFERRED REHABILITATION LOAN (CDBG Program; Major Loan)

This **REHABILITATION LOAN AGREEMENT, SINGLE-FAMILY OWNER-OCCUPIED DEFERRED REHABILITATION LOAN (CDBG Program; Major Loan)** (“Agreement”) is made this _____ day of _____, 202_ by and between **[insert full legal name(s) of owner/Participant and vesting of Property: such as --husband and wife as community property, husband and wife as joint tenants, a single man, a single woman, etc.]** (“Participant” or “Borrower”) and the **CITY OF ANAHEIM**, a California municipal corporation and charter city (“City”).

RECITALS

- A.** The City of Anaheim is a California municipal corporation and charter city.
- B.** The City has been awarded certain funds (“CDBG Funds”) from the United States Department of Housing and Urban Development (“HUD”) under Title I of the Housing and Community Development Act of 1974, as amended, Public Law 93-383, 42 U.S.C. Section 5301, *et seq.*, (“CDBG Program”) and the implementing regulations thereto 24 CFR 570 and (“CDBG Regulations”) and the City as a participating jurisdiction. Information about the CDBG Program and CDBG Regulations as of the Effective Date are found at: <http://www.hud.gov/offices/cpd/communitydevelopment/programs/entitlement/index.cfm>.
- C.** City is currently implementing a coordinated multi-year strategy and program to carry out eligible housing activities to benefit persons, households and families of low to moderate income to improve affordable housing opportunities in certain designated target areas in the community, and within the community as a whole. This multi-year strategy, as approved in the 2014-2019 City of Anaheim Consolidated Plan (“Consolidated Plan”), includes without limitation the allocation of CDBG Funds in furtherance and compliance with the CDBG Regulations and other applicable laws and regulations.
- D.** The City Council of the City of Anaheim (“City Council”) has approved that certain *Residential Rehabilitation Program* (“RRP” or “Program”) in furtherance of the CDBG Program and CDBG Regulations, in particular in 24 CFR 570.202(c), to improve the quality of life for qualified and eligible Low Income Households who own and occupy their single-family house, condominium, or townhome (each a “home”) by assisting with property repairs and improvements necessary to make their homes decent, safe and attractive; to preserve the City’s housing stock; to arrest and prevent the development of blighted areas; and, to identify and arrest the decline of deteriorating/deteriorated areas.
- E.** The priority of the Rehabilitation (as defined herein) and Scope of Work to be undertaken under the RRP shall be as follows: (1) LBP Assistance (defined herein); (2) emergency repairs, in particular related to health, safety and habitability of the home; (3) removal of architectural barriers; (4) correction of code violations; and (5) other rehabilitation work as authorized and approved by City in its sole discretion.

F. The City has selected as the administrator of the RRP, Habitat for Humanity of Orange County, a non-profit public benefit corporation experienced in affordable housing programs and projects (“Program Administrator” or “HfHOC” or “PA”).

G. HfHOC’s mission as a nonprofit organization includes: bringing people together to build homes, community and hope; advocacy for fair housing policies and eradication of substandard housing; excellence in home construction and volunteer experiences; collaboration; and environmental and financial sustainability of housing in the community.

H. Under the CDBG Regulations, a “subrecipient” is a nonprofit or public entity that assists the grantee to implement and administer all or part of its CDBG Program; here, in particular for HfHOC here to assist the City in administration of the RRP. City has adopted certain “Residential Rehabilitation Program Guidelines, Policies and Procedures for Loans and Grants” dated as of August 1, 2020 (the “Guidelines” or “RRP Policies or “Policies and Procedures”), a copy of which has been made available to Participant.

I. The City’s use of CDBG Funds requires all programs and activities to be cleared under 24 CFR Part 58; provided, the RRP is categorically excluded under 58.35(a)(3)(i) subject to Section 58.5 that requires a Tiered Environmental Review as follows: (1) First Tier will cover the RRP on a eligible area basis and will include clearance of coastal zones, environmental justice, air quality, noise, sole source aquifer, endangered species, wild and scenic rivers, farmlands, wetlands, and airport clear zone, (2) the Second Tier will focus on the specific property to be rehabilitated and will cover the historic property, SHPO, floodplain, explosives, and toxic sections. Emergency repairs are not subject to SHPO concurrence.

J. Under the CDBG Program, each “participant” homeowner receiving financial assistance under the RRP will apply under and shall be subject to the RRP Policies and Procedures (“Policies and Procedures”) adopted by the City Council and to be implemented by the City’s Director of Housing & Community Development and his/her authorized designees in cooperation with the Program Administrator. These Policies and Procedures align with HfHOC’s mission and include the requirement that, in addition to receiving the City Loan to undertake the Rehabilitation and Scope of Work at the home, every participant will volunteer and provide “sweat equity” by which every adult and able member of each participant household invest his/her time and labor into their home or into other homes in the Anaheim community.

K. This Agreement implements the deferred payment, loan benefit of the RRP, which is available to eligible low income owners of eligible owner-occupied single-family homes in the City whose annual gross income is below 80% of area median income (“AMI”) as established and published annually by HUD (“Low Income Households”). If at Maturity Date the Participant is in full compliance with this Agreement, the Note and Deed of Trust, then the City Loan will be forgiven as provided herein and thereunder.

L. As a Low Income Household who owns and occupies a single-family home in the City, with initial preference to homes located within CDBG-eligible target areas, Participant has applied and been approved for a fully deferred loan from the City sourced solely from CDBG Funds (“City Loan”) to undertake the Rehabilitation of the Property consistent with an approved Scope of Work (all as defined and described herein). In view of the amount of the City Loan, the City Loan to Participant is a “Major Loan” within the meaning of the RRP Policies and Procedures.

M. The City Loan is being provided by the City to Participant, in part, based on Participant's representations and information provided in his/her/their "Application" to the RRP, including without limitation that Participant's annual gross household income does not exceed the amount established by HUD for eligibility as a Low Income Household.

N. Participant is the owner of, and its principal residence is, that certain single-family home located on the real property commonly known as _____, Anaheim, California, as more particularly described in the "Legal Description" attached to this Agreement as Exhibit A and incorporated by reference ("Property").

O. Participant represents and warrants to the City, and the City has approved the City Loan to Participant under the RRP, in material reliance on the facts, financial data and other information that Participant, as "Applicant" set forth in the Application to the RRP. In this regard, Participant promises to the City the following:

- My/our Application to the RRP, including all supporting or supplemental materials and copies of personal financial information about my/our household income, assets, gifts and the sources of all income, assets, gifts provided by each and all adult members of my/our household are true and correct to my/our best information and knowledge.
- I/we did not omit any material fact about my/our personal financial information, including income, assets, gifts and the source(s) of all income, assets, gifts.
- I/we did not make any false statement or representation in my/our Application or fail to disclose a material fact to the City in seeking and receiving this City Loan or in signing and entering into this Agreement.
- I/we may be subject to legal remedies under federal, state, and local laws, will be disqualified and not eligible to continue to participate in the RRP and the City Loan will be accelerated and due in full if I/we did provide material untrue statement(s) or omission(s) of fact.
- I/we prepared my/our Application and have executed this Agreement and implementing instruments under the RRP knowing the City has relied materially on the information in our Application.

P. As a recipient of federal funds, the City is required to conform all of its housing programs funded with federal monies to Title X of the 1992 Housing and Community Development Act, 42 U.S.C. §4800, *et seq.* ("Title X") and the implementing regulations at 24 CFR Part 35 ("LBP Regs") that are aimed to take advantage of rehabilitation events as a cost-effective opportunity to reduce lead based paint ("LBP") and the associated hazards ("LBP Hazards") in existing housing. Subpart J of the LBP Regs focuses on the requirements for programs that provide assistance for housing rehabilitation, such as this Program.

Q. The City wishes to comply with Title X and the LBP Regs prior to and as a condition precedent to the provision of other or additional rehabilitation assistance under the RRP, and it is necessary to proceed first with the LBP assessment, then treatment, and clearance, if required, that will be paid for from the City Loan proceeds as a first priority.

R. The proceeds of the City Loan shall be expended, first, to cause the assessment and, if necessary, reduction and clearance, using Safe Work Practices, of any LBP and/or LBP Hazards found at the Property during inspection and assessment of the Property (together, "LBP Assistance"). Then, subject to the completion of the LBP Assistance, the Property will be improved with the balance of the Scope of Work to rehabilitate the Property, which scope has been approved by the City and in addition to the LBP Assistance is referred to together as the "Rehabilitation".

S. City wishes to loan to Participant, and Participant wishes to borrow from City, a fully deferred City Loan in second lien position, with interest at three percent (3%) simple interest per annum, subordinate only to the existing "First Lien" mortgage on the Property, to assist Participant in the Rehabilitation of the Property upon the terms and conditions set forth in this Agreement and in conformity with the Policies and Procedures.

T. If the Participant already has two (vs one) purchase money liens against the Property then that in and of itself will not disqualify the Participant, but approval of the City Loan will be and remain in the sole discretion of the Director (and his designated Program Manager), which officers have evaluated the existing second lien and determined that Participant may participate in the Program and receive this City Loan. In this instance only the City will accept a third lien position against title to the Property.

U. The terms of this Agreement are in the vital and best interest of the City and the health, safety, and welfare of its residents, and in accord with the public purposes and provisions of applicable state and local laws and requirements.

NOW, THEREFORE, the Recitals set forth above are a substantive part of this Agreement and for good and valuable consideration, the Parties agree as follows:

1. DEFINITIONS.

The following terms shall have the following meanings in this Agreement, including other terms as defined herein that may not be included below:

"Agreement" shall mean this Rehabilitation Loan Agreement.

"CDBG Funds" shall mean funds received by the City pursuant to the CDBG Program and subject to the CDBG Regulations, which may be provided to eligible owner-occupants of eligible single-family homes to pay all or part of the cost of Rehabilitation in the form of a deferred loan.

"City" shall mean the City of Anaheim, a California municipal corporation and charter city.

"City Loan" shall mean the single-family owner-occupied deferred payment rehabilitation loan by City to Participant for the Rehabilitation of the home in the amount of _____ Dollars (\$_____), or as much as is disbursed in accordance with this Agreement and the Promissory Note.

"Clearance" shall mean any and all necessary work and activities for clearance, using Safe Work Practices, of LBP and LBP Hazards at the Property pursuant to the LBP Regs.

"Contractor" shall mean the qualified, licensed and insured contractor(s), including its subcontractor(s), if any, performing the work of Rehabilitation.

“Covenants and Restrictions Period” shall mean that period commencing upon the Date of the Promissory Note evidencing the City Loan and terminating on the *earlier* to occur of (i) ten (10) years from the date of the Promissory Note (“Maturity Date”), or (ii) the occurrence of an Event of Default by Participant that causes acceleration and full repayment of the City Loan.

“Date of Agreement” shall mean the date this Agreement is executed by an authorized representative of the City.

“Deed of Trust” shall mean the deed of trust in favor of the City securing the Promissory Note evidencing the City Loan to be recorded as a encumbrance against the Property in second lien position, in substantially the form of the Deed of Trust, Rehabilitation Loan Agreement, Single-Family Owner-Occupied Deferred Rehabilitation Loan (CDBG Program, Major Loan), which is also referred to as the “Deed of Trust – Major Loan” in the form of Exhibit D, which is incorporated and attached to this Agreement.

“Director” means the City Director of Housing & Community Development or his or her designee. If there is no person holding the position of City Director of Housing & Community Development Development, Director shall mean the City Manager or his or her designee.

“Environmental Damages” is defined in Section 2.7.5(c).

“Event of Default” shall mean a default as defined in Section 3.2.2 of this Agreement.

“First Lien” means the lien securing Participant’s purchase money mortgage for the Property, which is generally a first deed of trust from an institutional lender.

“Governmental Requirements” is defined in Section 2.7.5(b).

“Guidelines” or **“Policies and Procedures”** has the meaning set forth in Recital H hereof.

“Hazardous Materials” is defined in Section 2.7.5(a).

“LBP” shall mean lead-based paint as defined in the LBP Regs.

“LBP Assistance” under this Agreement, if applicable, shall mean the financial assistance provided by City to Participant for the LBP assessment and, as applicable and performed, the reduction, treatment or clearance work for LBP and LBP Hazards using Safe Work Practices.

“LBP Hazards” shall mean lead based paint hazards as defined in the LBP Regs.

“LBP Regs” shall mean the implementing regulations to Title X of the 1992 Housing and Community Development Act, 42 U.S.C. §4800, *et seq.* promulgated by HUD. The implementing regulations to Title X are set forth in 24 CFR Part 35.

“Lender” shall mean an institutional lender as holder of the existing First Lien on the Property owned by the Participant.

“Low Income Household” shall mean a household with annual gross income below 80% of area median income for Orange County, adjusted for family size, as established, amended and

published by HUD from time to time, which shall be consistent with the definition of low income under the CDBG Program and CDBG Regulations.

“Participant” shall mean _____.

“Party” or “Parties” shall mean the City and the Participant, individually and collectively.

“Policies and Procedures” shall mean the Residential Rehabilitation Program Policies and Procedures (CDBG Funds) for the Single-Family Owner-Occupied Rehabilitation Program, including any and all amendments, and as implemented and administered by the City’s Director of Housing & Community Development(“Director”) and as and when the Director delegates parts of the administration to the Program Administrator.

“Program” or “RRP” shall mean the City’s Residential Rehabilitation Program under which the City will appropriate and provide CDBG Funds to make City Loans to eligible owner-occupants of eligible single-family homes in the form of the deferred payment loan for eligible Rehabilitation consistent with an approved Scope of Work.

“Promissory Note” or “Note” shall mean the promissory note, in substantially the form shown in Exhibit C, attached to and incorporated in this Agreement, evidencing the City Loan in the principal amount of _____ Dollars (\$ _____) or as much as is disbursed in accordance with this Agreement. The Note is secured by the Deed of Trust.

“Property” shall mean the eligible single-family home which is currently owned in fee by the Participant, and occupied as the principal residence, and commonly known as the real property, land and all improvements, located at _____, Anaheim, as more particularly described in Exhibit A.

“Reduction” shall mean any and all necessary work and activities for treatment, using Safe Work Practices, of LBP and LBP Hazards at the Property pursuant to the LBP Regs.

“Reduction and Clearance Plan” shall mean the plan of work for Reduction and Clearance pursuant to the LBP Regs.

“Rehabilitation” shall mean the rehabilitation work and improvements to the Property, including the LBP Assistance, as described in the Scope of Work, Exhibit B, attached and incorporated by this reference.

“Rehabilitation Contract” or “Rehabilitation Contracts” shall mean one or more contract(s) between Participant each Contractor for the performance of any of the work of the Rehabilitation.

“Safe Work Practices” shall mean occupant protection and work site preparation, specialized cleanup, and the prohibition of certain methods of LBP removal, as defined in the LBP Regs. Safe treatment methods include wet scraping, wet sanding, chemical stripping off site, replacing painted components, scraping with an infrared or coil-type heat gun with temperatures below 1,100°F, HEPA vacuum sanding, HEPA vacuum needle gun, and abrasive sanding with HEPA vacuum. Safe Work Practices are not required if the total area of paint surfaces being disturbed is no more than the *de minimis* exemption levels of 20 square feet on exterior surfaces, or

2 square feet in any one interior room or space, or 10 percent of the total surface area on an interior or exterior component with a small surface area (such as window sills, baseboards, and other trim).

“**Scope of Work**” shall mean the scope of work for the Rehabilitation to be undertaken and completed, as described in Exhibit B.

“**Title X**” means Title X of the 1992 Housing and Community Development Act, 42 USC §4800, *et seq.*

2. REHABILITATION OF PROPERTY.

2.1 Scope of Work. Program Administrator shall cause the Rehabilitation of the Property to be undertaken and completed, first completing the LBP Assistance and then to complete the balance of the Scope of Work, Exhibit B, which is detailed therein and has been presented to, reviewed and signed by Participant. Once Participant has signed the Scope of Work, no changes or additions shall be permitted, except as in accordance with the Program’s change order procedures. The Rehabilitation shall be undertaken and completed by qualified Contractor(s) selected by the Program Administrator in accordance with the Policies and Procedures and under one or more Rehabilitation Contracts. Reduction and Clearance, if any, shall be conducted by separate contractor(s) in conformity with the LBP Regs.

2.2 Participant and Program Administrator Rehabilitation Contract(s). Program Administrator and Participant shall enter into an owner/contractor contract to complete the Rehabilitation and if necessary the PA will enter into additional contract(s) with one or more the subcontractors under one or more contracts in form approved by City. As provided in Section 2.1, the LBP Assistance will be undertaken by PA’s selected contractor(s) in compliance with the LBP Regs separate from the owner/contractor agreement for the balance of the Rehabilitation. Participant shall not contract with any contractor independently from this Agreement and shall not undertake any of the LBP work on the Property outside of an approved contract for the Rehabilitation; provided however, except as to the LBP work, the foregoing does not preclude Participant and the adult, able member(s) of the household providing sweat equity work and volunteer hours on the approved Scope of Work and Rehabilitation of the Property as approved by the City and the Program Administrator.

2.3 City and Other Governmental Permits. Before commencement of the Rehabilitation, Participant shall, at its own expense (but City Loan proceeds are an acceptable source of funds), secure or cause to be secured any and all building permits and other necessary permits that may be required by the City or any other governmental agency affected by such Rehabilitation. It is understood that the Program Administrator shall coordinate with Participant to cause payment for any and all fees to obtain building permits and other necessary permits, but such fees may, but are not required, to be sourced from City Loan proceeds.

2.4 Cost of Rehabilitation. Subject to use of proceeds from the City Loan as provided by this Agreement, Program Administrator, at its sole cost and expense from the City Loan proceeds, shall cause the construction and completion of the Rehabilitation, and shall keep all costs within the budget for the Work Write-up and be paid for from City Loan proceeds.

2.5 Schedule of Performance. Program Administrator shall cause the Rehabilitation to commence within thirty (30) days of the Date of Agreement, subject to Participant’s execution of the implementing documents, including without limitation signing the Promissory Note and signing and

causing recordation in the Official Records the Deed of Trust. The Rehabilitation shall be diligently prosecuted to completion by Program Administrator (and other Contractor(s), if any) with an outside date of ninety (90) days of the Date of Agreement.

2.6 Entry by the City. Participant shall permit by City or Program Administrator, through their officers, agents, or employees, to enter into the Property at all reasonable times and inspect the Rehabilitation work to determine that the same is in conformity with the Scope of Work and this Agreement.

2.6.1 Participant acknowledges that City is under no obligation to supervise, inspect, or inform Participant of the progress of construction, and Participant shall not rely upon the by City or Program Administrator for any information. Any inspection by City under this Agreement is entirely for its purposes in determining whether Participant is in default under this Agreement, and is not for the purpose of determining or informing Participant of the quality or suitability of construction. Participant shall rely upon the Program Administrator (and its own supervision) for oversight and inspection of the work in determining the quality and suitability of the materials and work, and the performance of architects, contractors, subcontractors, and material suppliers.

2.7 Environmental Condition of the Property. Subject to Program Administrator causing the Property to undergo an evaluation and assessment for LBP and LBP Hazards and any Reduction and Clearance, as part of the consideration exchanged under this Agreement and as an inducement to City to provide the LBP Assistance, as applicable, as a part of the City Loan, Participant makes the following representations and warranties to City and its successors and assigns relating to the environmental condition of the Property:

2.7.1 Environmental Condition Prior to City Loan Disbursement

(a) **No Hazardous Materials.** Except as to conditions expressly disclosed in writing by Participant to Program Administrator and City prior to the Date of Agreement, Participant represents to Program Administrator and City that, to the best of its knowledge, Participant is not aware of and has not received any notice or communication from any governmental agency having jurisdiction over the Property, notifying it of the presence of Hazardous Materials or Hazardous Materials contamination in, on, or under the Property, or any portion of the Property. Participant knows of no circumstances, conditions or events that may, now or with the passage of time, give rise to any environmental claim against or affecting the Property. Participant represents that inspection reports, if any, with respect to the Property have been delivered to Program Administrator, and copies provided to the City.

(b) **No Asbestos on Property.** To the best knowledge of Participant, after due and reasonable investigation, there is not constructed, placed, deposited, stored, disposed of nor located on the Property any asbestos in any form which has become or threatens to become friable.

(c) **No Underground Tanks or Improvements on Property.** To the best knowledge of Participant, after due and reasonable investigation, no underground improvements, including but not limited to treatment or storage tanks, sumps, or water, gas or oil wells are or have ever been located on the Property.

(d) **No PCBs on Property.** To the best knowledge of Participant, after due and reasonable investigation, there is not constructed, placed, deposited, stored, disposed of nor located on the Property any poly-chlorinated biphenyls (“PCBs”) nor transformers, capacitors, ballasts, or other equipment which contains dielectric fluid containing PCB’s at levels in excess of fifty parts per million (50 ppm).

(e) **No Formaldehyde on Property.** To the best knowledge of Participant, after due and reasonable investigation, there is not constructed, placed, deposited, stored, disposed of nor located on the Property any insulating material containing area formaldehyde.

(f) **Compliance with Governmental Requirements; Necessary Permits.** Except as to code violations that are intended to be corrected as a part of the Scope of Work for the Rehabilitation with the proceeds of the City Loan, to the best knowledge of Participant, after due and reasonable investigation, the Property complies in all material respects with all Governmental Requirements; and, Participant has all permits and licenses required to be issued to it by any governmental authority on account of any or all of its activities on the Property, and is in full compliance with the terms and conditions of such permits and licenses.

(i) In this regard, as of the date of Participant’s Application to the RRP, Participant was not aware, nor has Participant become aware, and thereby represents and warrants that no unpermitted improvements or additions exist on the Property and no work was done at the Property without permit, if and as required by and in compliance with the Uniform Codes or local, state or federal laws or regulations.

(g) **No Notice of Violation or Litigation.** To the best knowledge of Participant, after due and reasonable investigation, Participant has not received notice or other communication concerning any alleged material violation of Governmental Requirements and there exists no writ, injunction, decree, order or judgment outstanding, nor any lawsuit, claim, proceeding, citation, directive, summons or investigation, pending or threatened, relating to the ownership, use, maintenance or operation of the Property.

(h) **Survival of Representations and Warranties.** The above representations and warranties shall survive the expiration or termination of this Agreement, the discharge of all other obligations owed by the Parties to each other, any transfer of title to the Property, whether by sale, foreclosure, deed in lieu of foreclosure or otherwise, close of escrow, any extinguishment of the debt, or foreclosure of the loan and shall not be affected by any investigation by or on behalf of City, or by any information which City may have or obtain.

2.7.2 Indemnification. Participant shall save, protect, pay for, defend, indemnify and hold harmless the by City and Program Administrator, and their officers, employees, representatives and agents (together, “Indemnitees”), from and against any and all liabilities, suits, actions, claims, demands, penalties, damages, including, without limitation, penalties, fines and monetary sanctions, losses, costs or expenses, including, without limitation, consultants’ fees, investigation and laboratory fees, attorneys’ fees and remedial and response costs (the foregoing are collectively referred to as “Liabilities”) which may now or in the future be incurred or suffered by the City and Program Administrator or their officers, employees, representatives or agents by reason of, resulting from, in connection with or arising in any manner whatsoever as a direct or indirect result of (i) the Participant’s ownership of all or any part of the Property, (ii) any negligent act or omission on the part of Participant, or its employees, representatives, agents, contractors or invitees, (iii) the

presence on or under, or the escape, seepage, leakage, spillage, discharge, emission or release from, or the handling, manufacture, treatment, storage, use, generation, release, refining, dumping, or disposal of or about the Property of any Hazardous Materials or Hazardous Materials contamination after the disbursement of the City Loan proceeds, (iv) the environmental condition of the Property, and (v) any Liabilities incurred after the Participant's acquisition of the Property under any Governmental Requirements relating to Hazardous Materials. This obligation shall include, but not be limited to, the burden and expense of defending all claims, suits and administrative proceedings with counsel reasonably approved by the indemnified Parties, even if such claims, suits or proceedings are groundless, false or fraudulent, and conducting all negotiations of any description, and paying and discharging, when and as the same become due, any and all judgments, penalties or other sums due against such indemnified persons. City and Program Administrator, at their sole expense, may employ additional counsel of their choice to associate with counsel representing Participant.

2.7.3 Release. Participant waives, releases and discharges forever City and Program Administrator, and their employees, officers, agents and representatives, from all present and future claims, demands, suits, legal and administrative proceedings and from all liability for damages, losses, costs, liabilities, fees and expenses, present and future, arising out of or in any way connected with the City and Program Administrator and/or the Participant's use, maintenance, ownership or operation of the Property, any Hazardous Materials on the Property, or the existence of Hazardous Materials contamination in any state on the Property, however they came to be placed there, except that arising out of the negligence or misconduct of the City or Program Administrator or their employees, officers, agents or representatives.

(a) Participant acknowledges that it is aware of and familiar with the provisions of California Civil Code Section 1542 which provides as follows:

“A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR.”

(i) As such relates to this Section 2.7, Participant waives and relinquishes all rights and benefits which it may have under California Civil Code Section 1542.

2.7.4 Duty to Prevent Hazardous Material Contamination. During the Rehabilitation and continued ownership and occupancy of the Property, Participant shall take all necessary precautions to prevent the release of any Hazardous Materials into the environment on or under the Property. Such precautions shall include compliance with all Governmental Requirements with respect to Hazardous Materials. Participant shall notify City, and provide to City a copy or copies, of any notices of violation, notices to comply, citations, inquiries, clean-up or abatement orders, cease and desist orders, reports filed pursuant to self-reporting requirements and reports filed or applications made pursuant to any Governmental Requirement relating to Hazardous Materials and underground tanks, and Participant shall report to City, as soon as possible after each incident, any unusual, potentially important incidents in the event of a release of any Hazardous Materials into the environment.

2.7.5 Definitions. For purposes of this Section 2.7:

(a) **“Hazardous Materials”** shall mean (i) any “hazardous substance” as defined by the Comprehensive Environmental Response, Compensation and Liability Act of 1980 (42 U.S.C. Section 9601, *et seq.*), as amended from time to time, and regulations promulgated thereunder; (ii) any “hazardous substance” as defined by the Carpenter-Presley-Tanner Hazardous Substance Account Act (California Health and Safety Code Sections 25300, *et seq.*), as amended from time to time, and regulations promulgated thereunder; (iii) asbestos; (iv) PCBs; (v) petroleum, oil, gasoline (refined and unrefined) and their respective by-products and constituents; and (vi) any other substance, whether in the form of a solid, liquid, gas or any other form whatsoever, which by any Governmental Requirements either requires special handling in its use, transportation, generation, collection, storage, handling, treatment or disposal, or is defined as “hazardous” or harmful to the environment.

(b) **“Governmental Requirements”** means all applicable present and future federal, state or local statutes, regulations, rules, ordinances, codes, licenses, permits, orders, approvals, plans, authorizations, concessions, franchises, and similar items, of all governmental agencies or instrumentalities of the United States, states and political subdivisions and all applicable judicial, administrative, and regulatory decrees, judgments, and orders relating to the protection of human health or the environment.

(c) **“Environmental Damages”** means all claims, judgments, damages losses, penalties, fines, liabilities (including strict liability), encumbrances, liens, costs, and expenses of investigation and defense of any claim, whether or not such claim is ultimately defeated, and of any good faith settlement or judgment, of whatever kind or nature, contingent or otherwise, matured or unmatured, foreseeable or unforeseeable, including without limitation reasonable attorneys’ fees and disbursements and consultants’ fees, any of which are incurred at any time as a result of the existence, prior to close of escrow, of Hazardous Material upon, about or beneath the Property, or migrating or threatening to migrate to or from the Property, or the existence of a violation of Governmental Requirements pertaining to the Property, regardless of whether the existence of such Hazardous Material or the violation of Governmental Requirements arose prior to the present ownership or operation of the Property.

2.8 Notice of Completion. Promptly after the completion of the Rehabilitation and upon the written request of Participant, City shall furnish Participant with a Notice of Completion, which shall be caused to be recorded by Participant against title to the Property. The recordation of a Notice of Completion shall not supersede, cancel, amend, limit or release Participant from the continued effectiveness of any obligations relating to the operation, maintenance, or use of the Property, or payment of monies, or any other obligations, except for the obligation to complete the Rehabilitation. Upon issuance of a Notice of Completion, the Rehabilitation shall be conclusively deemed to have been completed in conformity with this Agreement.

3. CDBG FUNDING.

3.1 City Loan. City shall loan to Participant the amount of _____ Dollars (\$ _____) for Rehabilitation, or as much as is disbursed by City to the Program Administrator for the purpose of paying the eligible costs of the Rehabilitation as set forth in the Scope of Work and subject to the conditions and restrictions set forth in this Agreement and those set forth in the Promissory Note.

3.1.1 Disbursement of City Loan Proceeds. The Rehabilitation shall be undertaken and monies disbursed directly to the qualified inspector(s) and contractors conducting the assessment and Reduction and Clearance pursuant to the Reduction and Clearance Plan for LBP and LBP Hazards at the Property and the balance of the Rehabilitation.

3.1.2 Receipt of LBP Informational Pamphlet and Report Regarding Inspection and Assessment. Prior to execution of this Agreement, Participant acknowledges it received the LBP informational pamphlet and the disclosure forms relating to information about LBP and LBP Hazards and the results of the evaluation for LBP and LBP Hazards at the Property. Participant represents and warrants to City and Program Administrator that all information about the Property, any information about the presence or absence or lack of knowledge about LBP and LBP Hazards at or about the Property and the condition of the Property that Participant provided to City and Program Administrator in application for and to qualify for the LBP Assistance is true and correct. Participant acknowledges that City and Program Administrator are relying and have relied upon such information as a condition to the City entering into this Agreement, and that eligibility for the Program and expenditure of CDBG Funds have been determined based on such information provided. Participant represents and warrants to City that all information Participant has provided, and will provide in the future, is and will be true, correct, and complete.

3.1.3 Participant's Cash Investment into the Rehabilitation. As required by the RRP, Participant agrees that it shall expend not less than _____ dollars (\$ _____) of its own funds to pay for part of the Rehabilitation described in the Scope of Work.

3.2 Promissory Note. Participant, as maker and borrower, shall execute and deliver to City, as holder and lender, a Promissory Note in favor of City in the full principal amount of the City Loan ("Note Amount").

3.2.1 City Loan. The Note Amount shall accrue interest at the rate of three percent (3%) simple per annum and subject to Participant's compliance with this Agreement and all implementing instruments; unless the Note Amount sooner becomes payable under the terms set forth in the Promissory Note, the full Note Amount shall be payable as of the thirtieth (30th) anniversary of the date of the Promissory Note (which thirtieth (30th) anniversary is also referred to as the "Maturity Date").

3.2.2 Acceleration of Note; Events of Default. While the City Loan will be forgiven on the Maturity Date so long as Participant performs and is not in default under this Agreement, notwithstanding the full Note Amount is due and payable by Participant and the City Loan shall be deemed accelerated in the event prior to the Maturity Date Participant does any of the following actions or inactions:

(a) Participant sells or otherwise transfers or conveys the Property or any interest in the Property or any portion of the Property whether directly or indirectly, whether involuntarily or by operation of law, except as permitted below in Section 3.2.5;

(b) Participant refinances the First Lien or any other lien to which the City Loan is subordinate for a principal amount that exceeds the then current principal amount of such lien(s) plus reasonable and customary non-recurring closing costs;

(c) Participant fails to own and occupy the Property continuously as Participant's principal residence;

(d) Participant uses the Property for vacation rental purposes with a third party, such as AirBnB or VRBO;

(e) Participant rents out any room or any part of the Property to a third party for any period of time;

(f) Participant undertakes any improvements to the Property that do not comply with all applicable Uniform Codes, laws and regulations including as required obtaining building and other permits from issuance through final inspection;

(g) Participant defaults on the senior lien mortgage(s) of Property;

(h) Participant fails to pay property taxes, assessments or past due liens against the Property; and/or

(i) Participant fails to comply with all other terms and provisions of this Agreement, the Note, and the Deed of Trust (including without limitation maintaining insurance as to the Property as required under this Agreement and the Note).

each of (a) to (i) inclusive above is an "Event of Default". If an Event of Default occurs prior to the Maturity Date, then, the Note Amount shall be due and payable in full immediately.

3.2.3 Prepayment of Note Amount. Without penalty, Participant may prepay to City the full Note Amount at any time prior to the due date of the Note Amount.

3.2.4 Participant Assignment Prohibited. In no event shall Participant assign or transfer any portion of the Promissory Note. Likewise, no assumption of the City Loan shall be permitted at any time.

3.2.5 Exceptions re Transfer. Notwithstanding the foregoing in Section 3.2.2 regarding transfers of the Property, the following transfers of interest in the Property shall not cause acceleration and require repayment of the City Loan:

(a) A transfer to a surviving joint tenant by devise, descent, or operation of law upon the death of a joint tenant.

(b) A transfer in which the transferee is a person who occupies or will occupy the Property, and one of the following is true:

(i) the transfer results in the spouse of the transferor becoming the new owner and occupant of the Property;

(ii) the transfer results from a decree of dissolution of marriage or a legal separation agreement pursuant to which the spouse becomes an owner of and occupies the Property as his/her primary personal residence;

(iii) the Property is transferred into an *inter vivos* trust under which the original, vested Participant is and remains the beneficiary and permanent occupant of the Property; or

(iv) at the sole, absolute discretion of the City through its Director, if the heir of the deceased loan recipient (original Participant) qualifies as a Low Income household and meets all other Program requirements (as if making application to the Program at the time of the owner's death) and such heir intends to own and occupy the subject Property as the primary, personal residence, then the heir must notify the City by submitting a formal letter of request with supporting documentation to assume the loan in lieu of repayment. Such a request must include a factual showing by the eligible heir that a strong probability exists that title to the Property will vest in the heir upon the conclusion of the probate or other disposition of the deceased loan recipient's estate. In considering the above exception, the City reserves the sole and absolute right to reverse any initial decision to make such exception until the time title vests in the eligible heir and he/she/they meet all applicable Program requirements.

3.2.6 Joint and Several. This Agreement is a joint and several obligation; thus, the undersigned, if more than one, shall be jointly and severally liable under this Agreement, the Promissory Note, and the Deed of Trust.

3.3 Deed of Trust. Participant shall execute and deliver to City a Deed of Trust, which shall encumber the Property, and secure the Promissory Note and the performance of the obligations set forth in this Agreement. The Deed of Trust shall be subordinate only to those documents required in connection with the purchase money lien or liens (herein referred to as the "First Lien") from institutional lenders that exist of record against the Property as of the date of Participant's Application or are otherwise permitted or approved by City as provided in this Agreement, and shall not be subordinate to the lien of any other loans, mortgages or deeds of trust, except as to the lien(s), if any, of real property taxes and assessments, and a lien, if any, expressly approved by the Director in his/her sole and absolute discretion. At the time of the approval of the City Loan, the sum of the loan(s) secured by such lien(s) plus the principal amount of the City Loan shall not exceed ninety percent (90%) of the current fair market value of the Property.

3.4 Disbursement of City Loan Proceeds. The City Loan will be disbursed directly to Program Administrator in the form of (a) periodic progress payments as Rehabilitation progresses or (b) a single lump sum, in accordance with an approved Rehabilitation Contract by and between Participant and Program Administrator (and other Contractor(s), if any), and as approved and authorized City staff. Such periodic payments shall be disbursed by checks payable directly to Program Administrator or as otherwise authorized by City staff related to progress payment invoices submitted by the Program Administrator to the City in accordance with the Policies and Procedures. Ten percent (10%) of the total contract price may be retained by City until thirty-five (35) days from the date the Notice of Completion is issued and all building and other permits have been finalized. City's obligation to disburse City Loan proceeds is expressly conditioned upon Program Administrator's continued satisfactory progress of the work of the Rehabilitation in compliance with the terms and conditions of this Agreement, and the applicable Rehabilitation Contract(s). In the event that the amount of the City Loan is not sufficient to pay the entire amount due under the Rehabilitation Contract(s), Participant acknowledges that Participant is responsible for and shall pay the additional amount from Participant's own funds. In the event that the amount of the City Loan exceeds the amount due under the Rehabilitation Contract(s), such additional amount shall be retained by City, and Participant shall be credited in the Promissory Note for such amount.

3.5 Income and Application Information. Prior to execution of this Agreement and through its Application to the RRP, Participant has submitted to Program Administrator and City certain income, other financial, ownership, and occupancy information concerning Participant and any other persons occupying the Property with Participant, whom together comprise Participant's household. The information has evidenced to Program Administrator and City that Participant and any other persons occupying the Property comprise a Low Income Household, hold fee simple title to the Property, and occupy the Property as their principal residence. Participant represents and warrants to City and Program Administrator that all information Participant has provided to City and Program Administrator in application for and to qualify for the City Loan is true and correct. Participant acknowledges that City and Program Administrator are relying and have relied upon such information in entering into this Agreement, and that eligibility for the Program and expenditure of Program funds have been determined based on such information. Participant represents and warrants to City and Program Administrator that all information Participant has provided, and will provide in the future, is and will be true, correct, and complete.

3.6 Loan Servicing. As and if necessary City, in its sole discretion, may contract with a private lender or other administrator, including an entity separate from HfHOC, to originate and/or service the City Loan. Participant authorizes City to make any and all files and documents pertaining to Participant's participation in the Program available to such lender or administrator.

3.7 Acceleration on Sale, Transfer, Refinancing, Failure to Occupy, or Default. The City Loan shall become due and immediately payable upon the occurrence of an Event of Default under Section 3.2.2., which shall also be an "Event of Acceleration".

4. USE OF PROPERTY.

4.1 Permitted Uses. For the entire period the City Loan remains outstanding: Participant covenants and agrees that Participant shall use, occupy, maintain and operate the Property as specified in this Agreement; all uses shall conform to all applicable provisions of the Anaheim Municipal Code, and other applicable local, state, and federal laws and regulations; the Property shall at no time be utilized on a transient basis, nor shall the Property or any portion of the Property ever be used as a hotel, motel, dormitory, fraternity or sorority house, rooming house, hospital, nursing home, sanitarium, rest home, short-term rental unit or for vacation rental purposes such as or comparable to AirBnB; Participant shall not maintain, cause to be maintained, or allow to be maintained on the Property any public or private nuisance; and Participant shall not convert the Property to condominium ownership. Further, if after completion of the Rehabilitation, Participant intends to make other or additional improvements to the Property then all work and improvements shall comply with applicable Uniform Codes, and other local, state and federal laws and regulations including as required obtaining building and other permits from issuance through final inspection.

4.1.1 Owner-Occupied Property. As of the Date of Agreement, Participant represents it is the owner-occupant of the Property and that the Property is and shall remain the principal residence of Participant continuously while the City Loan is outstanding.

4.1.2 Income and Monthly Affordable Housing Cost of Participant. Participant represents to City that, as of the Date of Agreement, it is a Low Income Household. Participant has been determined eligible for the City Loan under the Program due to the fact(s) that (a) its gross household income does not exceed the amount established annually by HUD for Low Income Households, and (b) Participant has met the general eligibility criteria set forth in the Policies and

Procedures. If Participant's gross household income increases during the term of the City Loan, such fact(s) shall not constitute a violation of the covenants of this Agreement; however, Participant shall continue to comply with all other covenants, restrictions, and obligations of this Agreement for the 10-year Covenants and Restrictions Period as set forth in this Agreement.

4.1.3 Compliance with Use and Occupancy Laws. Participant shall comply with all applicable federal, state and local statutes, ordinances, regulations and laws with respect to the Participant's ownership, use, maintenance, and Rehabilitation of the Property. Participant covenants that occupancy at the Property conforms and will continue to conform with, and not exceed the occupancy limits set forth in, the federal Housing Quality Standards (24 CFR 882.404) and the Policies and Procedures. These standards require that occupancy of the Property shall be limited to two persons per living and sleeping area(s), excluding the kitchen and bathroom(s), such that occupancy of one bedroom housing units shall be limited to four persons, occupancy of two bedroom housing units shall be limited to six persons, occupancy of three bedroom housing units shall be limited to eight persons, occupancy of four bedroom housing units shall be limited to ten persons, occupancy of five bedroom housing units shall be limited to twelve persons, and occupancy of six bedroom housing units shall be limited to fourteen persons. The dwelling unit shall contain a living room, kitchen area, and bathroom. Persons of opposite sex, other than husband and wife or very young children, shall not be required to occupy the same bedroom or living/sleeping room.

4.1.4 Compliance with Laws in Rehabilitation and Occupancy. The Property shall conform to, and Participant shall carry out the Rehabilitation in conformity with, all applicable laws, City zoning and development standards, building, plumbing, mechanical and electrical codes, and all other provisions of the Anaheim Municipal Code, and, as applicable, all disabled, handicapped access, or other accessibility requirements, including without limitation, as and if applicable, the Americans With Disabilities Act, 42 U.S.C. Section 12101, *et seq.*, Government Code Section 4450, *et seq.*, Government Code Section 11135, *et seq.*, and the Unruh Civil Rights Act, Civil Code Section 51, *et seq.* Participant covenants that the Rehabilitation shall be carried out to ensure that the Property is and remains (i) free from all noted health and safety defects, (ii) decent, safe and sanitary, and (iii) complies with the provisions of California Health and Safety Code §105250, *et seq.*

4.1.5 Compliance with LBP Laws. Participant covenants to ensure that Rehabilitation complies with the requirements of California Health and Safety Code §105250, *et seq.* relating to LBP and LBP Hazards as well as the requirements of Title X and the LBP Regs.

4.1.6 Compliance with Relocation Laws. The Rehabilitation shall be conducted in such a manner as to prevent, to the maximum extent feasible, any displacement of persons from the Property in accordance with applicable laws. Except as required by the LBP Regs, Participant expressly acknowledges and agrees it is fully liable and responsible for any and all costs and expenses relating to compliance with the relocation laws, pursuant to California Government Code Section 7260, *et seq.*, Title 25, California Code of Regulations Section 6000, *et seq.*, and the federal Uniform Relocation Act (URA) 42 USC 84601, *et seq.* and 49 CFR Part 24 ("Relocation Laws"), for any person occupying the Property; however, the proceeds of the City Loan may be expended toward the costs of such relocation, including, without limitation, relocation benefits paid to eligible persons, as determined by City in its sole and absolute discretion, consultant fees, attorneys' fees, and court costs arising or in any way connected with claims for relocation assistance or benefits as may be asserted by any occupant of the Property. To the extent the proceeds of the City Loan are not

sufficient to pay such relocation costs, if any, then Participant is and remains fully and financially responsible for such costs, except as required by the LBP Regs.

4.1.7 Program Compliance Certification. While the City Loan is outstanding, Participant shall comply with all applicable recordkeeping and monitoring requirements under the CDBG Regulations. Participant shall prepare and submit to City on the first June 30 following the issuance of the Notice of Completion and not later than every June 30 annually for each year the City Loan remains outstanding a Certificate of Annual Compliance, in a form provided by the Program Administrator or City staff and shall submit for review any other necessary records and documentation relating to the Property and its use and maintenance, as necessary to evidence compliance with this Agreement. A sample of this certification is appended to the Program Policies and Procedures.

(a) Participant acknowledges each certification made by Participant to City with the understanding it will be relied upon by City to determine compliance with this Agreement, the Note, the Deed of Trust and all other applicable state and local laws.

4.1.8 Failure to Comply. In the event Participant fails to submit to City all of the documentation required by this Agreement, such action or inaction shall be an Event of Default and City may seek all available remedies as set forth in this Agreement, including, without limitation, acceleration of the Promissory Note.

4.2 Non-Discrimination Covenants. Participant covenants, by and for itself, its successors and assigns, and all persons claiming under or through Participant that there shall be no discrimination against or segregation of, any person or group of persons on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the Property, nor shall the grantee or any person claiming under or through him or her, establish or permit any practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees, or vendees in the Property.

4.3 Maintenance of Property. The covenants in this Section 4.3 shall remain in effect until the City Loan is repaid in full or otherwise forgiven at the Maturity Date of the Note under the terms hereunder and thereunder. Participant shall comply with all covenants set forth in this Agreement concerning the maintenance, upkeep, and repair of the Property and shall maintain the improvements, both interior and exterior, yard areas, garage, carport, other appurtenant improvements, and landscaping on the Property in a decent, safe and sanitary condition and presentable manner consistent with community standards and which will uphold the value of the Property, and shall keep the Property free from any accumulation of debris and waste materials. Participant shall comply with any and all covenants and agreements established by any regulatory entity recognized by area property owners, if any, and Participant shall comply with all applicable federal, state and local laws concerning use, ownership, occupancy, maintenance of, and lawful activities upon the Property. Participant shall not permit criminal activities to occur on the Property, permit Property improvements to suffer deterioration or decline, or maintain, cause to be maintained or permit to be maintained any public or private nuisance on or about the Property. City, through its authorized representative, shall be permitted to enter onto the property without first obtaining an inspection warrant for the purpose of verifying compliance with this Section 4.3. If at any time

Participant fails to maintain the Property in accordance with this Agreement and such condition is not corrected within seventy-two (72) hours after written notice from City with respect to graffiti, debris, waste material, and general maintenance, or thirty (30) days after written notice from City with respect to landscaping and building improvements, maintenance of a nuisance, or other violation, then the City, in addition to whatever remedy it may have at law or at equity, shall have the right to enter upon the applicable portion of the Property and perform all acts and work necessary to protect, maintain, and preserve the improvements and landscaped areas on the Property, and to attach a lien upon the Property, or to assess the Property, in the amount of the expenditures arising from such acts and work of protection, maintenance, and preservation by City and/or costs of such cure, including a reasonable administrative charge, which amount shall be promptly paid by Participant to City upon demand. This covenant shall remain in effect for the entire term that the City Loan remains outstanding.

(a) **Interior Maintenance.** Participant shall maintain the interior of buildings, including, without limitation, carpet, drapes and paint, in clean and habitable condition.

(b) **Exterior Maintenance.** All exterior, painted surfaces shall be maintained at all times in a clean and presentable manner, free from chipping, cracking and defacing marks. All graffiti and defacement of any type, including marks, words and pictures must be removed and any necessary painting or repair completed within seventy-two (72) hours of their creation or within seventy-two (72) hours after notice to Participant. All of the walkways, driveways and alleyways, carports and/or garages, and other exterior improvements shall be maintained in a good, clean and safe condition. No exterior alterations of the buildings or landscaping shall be made without the prior consent of City.

(c) **Graffiti Removal.** All graffiti and defacement of any type, including marks, words and pictures must be removed from the Property and any necessary painting or repair completed as soon as possible after the creation of the graffiti, but in no event later than one (1) week after notice to Participant from City.

(d) **Landscaping.** All landscaping surrounding the Property shall be maintained in a manner consistent with standards of the Anaheim Municipal Code and any rules, regulations and standards which may be adopted pursuant to the Anaheim Municipal Code. In addition, the yard areas on the Property shall not contain the following: (i) lawns with grasses in excess of six (6) inches in height, (ii) trees, shrubbery, lawns, and other plant life which are dying from lack of water or other necessary maintenance, (iii) trees and shrubbery grown uncontrolled without proper pruning, (iv) vegetation so overgrown as to be likely to harbor rats or vermin, (v) dead, decayed or diseased trees, weeds and other vegetation, and (vi) inoperative irrigation system(s).

(e) **HOA Maintenance.** To the extent a homeowner's association maintains the Property in compliance with the maintenance obligations imposed by this Agreement, Participant shall not be required to duplicate efforts; provided that in the event such homeowner's association fails to maintain the Property in a condition which satisfies these requirements, Participant shall have the obligation to ensure compliance with these covenants.

4.4 Participant Inspection. To the extent permitted by law, representatives of the City shall be entitled to enter the Property, upon at least twenty-four (24) hours' notice, to monitor compliance with this Agreement. Participant agrees to cooperate with the City in making the Property available for such inspection. If for any reason the City is unable to obtain Participant's

consent to such an inspection, Participant understands and agrees that the City may obtain at Participant's expense an administrative inspection warrant or other appropriate legal order to obtain access to and search the Property. While the City Loan is outstanding Participant agrees to maintain records in a businesslike manner and to make such records available to the City upon forty-eight (48) hours' notice.

4.5 Subordination. All terms and provisions of this Agreement shall run with the land and shall be subordinate only to the First Lien for the Property and shall be secured by the Deed of Trust securing the City Loan and other financing documents which secure financing allowable under the CDBG Program and CDBG Regulations and are approved by City pursuant to this Agreement. The Director, or his/her designee, is authorized to execute such subordination agreements and/or such other documents as may be reasonably necessary to evidence subordination, provided that any subordination agreement(s) contain(s) written commitments which Director, or his/her designee, finds are reasonably designed to protect City's investment in the Event of Default, such as any of the following: (a) a right of City to cure a default on the loan prior to foreclosure; (b) a right of City to negotiate with the lender after notice of default from the lender and prior to foreclosure; (c) an agreement that if prior to foreclosure of the loan, City takes title to the Property and cures the default on the loan, the lender will not exercise any right it may have to accelerate the loan by reason of the transfer of title to City; and (d) a right of City to purchase the Property from Participant at any time after a default on the loan. City staff reserves the right to request all documents such as an appraisal and disclosure statement which it deems necessary to review subordination requests.

5. INSURANCE AND INDEMNITY.

5.1 Insurance. Participant shall maintain, during the term of the City Loan, (i) an all-risk (including fire insurance coverage and flood insurance, where applicable) property insurance policy insuring the Property in an amount not less than the full replacement value of the structures on the Property, and (ii) comprehensive general liability insurance with limits not less than _____ Dollars (\$ _____) each occurrence, combined single limit for bodily injury and property damages, including coverage for contractual liability, personal injury, premises liability, and broad form property damage. Each insurance policy required by this Agreement shall contain the following clauses:

- (a) "This insurance shall not be canceled, limited in scope or coverage, or non-renewed until after thirty (30) days prior written notice has been given to the City."
- (b) "It is agreed that any insurance maintained by the City shall apply in excess of and not contribute with insurance provided by this policy."
- (c) "The City of Anaheim and its officers, agents, employees, representatives and volunteers are added as additional insureds as respects operations and activities of, or on behalf of the named insured, performed under contract with the City."

- (d) “The City of Anaheim is added as a loss payee/mortgagee as respects physical loss or damage to the Property.” This clause is applicable to the Property insurance policy only.

Participant shall transmit a copy of the certificates of insurance and additional insured/loss payee endorsements required by this Section 5.1 to City within thirty (30) days of the Date of Agreement, and Participant shall annually transmit to City a copy of the certificate of insurance and an additional insured/loss payee endorsement, signed by an authorized agent of the insurance carrier setting forth the general provisions of coverage. The copy of the certificates of insurance and endorsements shall be transmitted to City at the address and in the manner set forth in Section 7.2 below.

5.2 Indemnification. Participant shall, at Participant’s expense, defend, indemnify, save and hold harmless City and Program Administrator, and their officers, agents, employees and representatives, as Indemnitees, from any and all losses, damages, liabilities, claims, causes of action, judgments, settlements, court costs, reasonable attorneys’ fees, and other legal expenses, costs of evidence of title, costs of evidence of value, and other expenses, or Liabilities, which they may suffer or incur arising from Participant’s performance of its obligations under this Agreement, Participant’s ownership, use, occupancy, or maintenance of the Property, both land and improvements, and/or the Rehabilitation, including without limitation, third party claims for personal injuries, including death, property damages, or claims or injuries related in any respect to LBP or LBP Hazards at or about the Property or any persons at the Property and any evaluation, assessment, treatment or clearance work which occurs at the Property, or claims for relocation assistance or benefits as may be asserted pursuant to applicable Relocation Laws, or any other claim or suit of whatever kind or nature.

6. DEFAULTS, REMEDIES AND TERMINATION.

6.1 Defaults. The defaults described in Section 3.2.2 as to the Participant, along with the failure or delay by either Party to perform any covenant, condition or provision of this Agreement to be observed or performed by such Party within the time provided in this Agreement, constitutes an Event of Default under this Agreement. The injured Party shall give written notice of default to the Party in default, specifying the default complained of by the injured Party. Failure or delay by either Party in giving such notice or asserting any of its rights or remedies as to any default shall not operate as a waiver of any default or of any such rights or remedies, or change the time of default, or deprive either such Party of its right to institute and maintain any actions or proceedings which it may deem necessary to protect, assert or enforce any such rights or remedies. The defaulting Party shall immediately commence to cure such default upon receipt of the written notice of default, and shall complete such cure within thirty (30) days from the date of the receipt of the written notice or such longer period if the nature of the default is such that more than thirty (30) days is required to cure such default, but in no event longer than sixty (60) days. If the defaulting Party cures the default within the time prescribed in this Section, the notice of default shall be deemed inoperative. Failure to cure such default within the prescribed time shall constitute an Event of Default and the injured Party may institute a legal action as expressly permitted by this Agreement.

6.2 City Right to Enforce. City shall have the right to enforce all of the provisions of this Agreement. This Agreement does not in any way infringe on the right or duties of City to enforce any of the provisions of the Anaheim Municipal Code including, but not limited to, the abatement of dangerous buildings and other nuisances. In addition to the general rights of enforcement, the City shall have the right, through their agents and employees, to enter upon any part

of the Property for the purpose of enforcing state laws and the ordinances and regulations of the City, and for maintenance and/or repair of any or all publicly owned utilities.

6.3 Attorneys' Fees. In the event that any attorney is engaged by City and Program Administrator to enforce or defend any provision of this Agreement, or as a consequence of any Event of Default, without the filing of any legal action or proceeding, then Participant shall pay to City (and Program Administrator, as applicable) immediately upon demand all attorneys' fees and costs incurred. However, in the event that any action is instituted pursuant to this Agreement, whether or not a final court judgment is entered, the Parties agree that the non-prevailing Party shall be responsible for and shall pay all costs and all attorneys' fees incurred by the prevailing Party.

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

6.5 Acceptance of Service of Process. In the event that any legal action is commenced by Participant against City, service of process on City shall be made by personal service upon City Clerk, or in such other manner as may be provided by law.

6.6 Rights and Remedies are Cumulative. Except as otherwise expressly stated in this Agreement, the rights and remedies of the Parties are cumulative, and the exercise by either Party of one or more of such rights or remedies shall not preclude the exercise by it, at the same time or different times, or any other rights or remedies for the same default or any other default by the other Party.

6.7 Rights of Termination. In addition to the remedies the Parties may have through at law or in equity, the Parties shall have the right to terminate this Agreement upon an Event of Default by the other Party. Termination shall be effective immediately upon service on the defaulting Party of a written notice of termination in accordance with the notice provisions of Section 7.2 below.

6.8 Nuisance. The result of every act or omission by which any of the covenants contained in this Agreement are violated in whole or in part is hereby declared to be and constitutes a nuisance, and every remedy allowable at law or equity against a nuisance, either public or private, shall be applicable against every such result and may be exercised by any owner or its successors in interest, without derogation of City's rights under law.

6.9 Right of Entry. To the extent permitted by law, the City has the right of entry at reasonable hours and upon and after reasonable attempts to contact Participant, to effect emergency repairs or maintenance which the Participant has failed to perform. To the extent permitted by law, subsequent to sixty (60) days written notice to Participant specifically outlining the noncompliance, the City shall have the right of entry at reasonable hours to enforce compliance with this Agreement which the Participant has failed to perform. In this regard, Participant agrees to the issuance of an administrative inspection warrant to inspect the Property as potential, alleged or actual health and safety or other code violations.

6.10 Costs of Repair. The costs borne by City of any such repairs or maintenance emergency and/or non-emergency, shall become a charge for which Participant shall be responsible; and may, if unpaid, be assessed as a lien against the Property.

6.11 Failure to Enforce. The failure to enforce any of the covenants contained in this Agreement shall not constitute a waiver of the right to enforce any and all rights thereafter.

7. GENERAL PROVISIONS.

7.1 Time. Time is of the essence in this Agreement.

7.2 Notices. Any notices, requests or approvals given under this Agreement from one Party to the other may be personally delivered, delivered by overnight courier service, or deposited with the United States Postal Service for mailing, postage prepaid, to the following addresses:

If to Participant: _____

If to City: City of Anaheim
201 South Anaheim Boulevard, Suite 1003
Anaheim, California 92805
Attention: Director of Community
Development

With a copy to: City Attorney, City of Anaheim
200 South Anaheim Boulevard
Anaheim, California 92805

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

7.3 Documents. Participant is aware that City has prepared certain documents to implement the Program and secure repayment of the City Loan. Participant has reviewed and agrees to execute all documents necessary to effectuate the City Loan and carry out the objectives of this Agreement, including without limitation the following documents prior to receiving the City Loan:

- (a) Promissory Note;
- (b) Deed of Trust;
- (c) Program Disclosure Statement;
- (d) Regulation Z Disclosure Statement; and
- (e) Request for Notice.

Participant agrees and acknowledges that the Deed of Trust and the Request for Notice shall be recorded in the Official Records, County of Orange and shall appear of record with respect to and as encumbrances to the Property.

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

7.5 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 Participant and City.

7.6 City Assignment. City may, but is not obligated, to assign its right to receive repayment of the City Loan proceeds.

7.7 Participant Assignment Prohibited. In no event shall Participant assign or transfer any portion of this Agreement. No assumption of the City Loan shall be permitted at any time.

7.8 City to File Notices. Participant irrevocably appoints, designates, and authorizes City as its agent (said agency being coupled with an interest) to file for record any notices of completion, cessation of labor, or any other notice that the City deems necessary or desirable to protect its interest under the City Loan documents.

7.9 Actions. City shall have the right to commence, appear in, or defend any action or proceeding purporting to affect the rights, duties, or liabilities of the Parties, or the disbursement of any proceeds of the City Loan.

7.10 Successors and Assigns. The terms of this Agreement shall be binding upon and inure to the benefit of the successors and assigns of the Parties; provided, however, that no assignment of Participant's rights shall be made, voluntarily or by operation of law.

7.11 Construction of Words. Except where the context otherwise requires, words imparting the singular number shall include the plural number and vice versa, words imparting persons shall include firms, associations, partnerships and corporations, and words of either gender shall include the other gender.

7.12 Partial Invalidity. If any provision of this Agreement shall be declared invalid, illegal, or unenforceable, the validity, legality, and enforceability of the remaining provisions of this Agreement shall not in any way be affected or impaired.

7.13 Approvals. Where an approval or submission is required under this Agreement, such approval or submission shall be valid for purposes of this Agreement only if made in writing. Where this Agreement requires an approval or consent of City, such approval may be given on behalf of City by the Director or his or her designee. The Director or his or her designee is authorized to take such actions as may be necessary or appropriate to implement this Agreement, including without limitation the execution of such documents or agreements as may be contemplated by this Agreement. The Director is authorized to execute amendments of this Agreement so long as such amendments do not materially increase the costs to be incurred by City or materially decrease the revenues to be received by City under this Agreement.

7.14 Limitation Upon Future Participation. Participant (and each of _____ and _____) acknowledge(s) and agree(s) that upon receipt of the initial disbursement of the Minor Loan under this Agreement, Participant (and each of _____ and _____) may not receive any additional or other grant or loan under the Program for a period of not less than ten (10) years as further set forth in the Guidelines.

7.15 Captions and Headings. Captions and headings in this Agreement are for convenience of reference only, and are not to be considered in construing the Agreement.

7.16 Entire Agreement. This Agreement constitutes the entire understanding and agreement of the Parties. This Agreement integrates all of the terms and conditions mentioned in this Agreement or incidental, and supersedes all prior negotiations, discussions and previous agreements between City and Participant concerning all or any part of the subject matter of this Agreement.

IN WITNESS WHEREOF, the Parties have executed this Rehabilitation Loan Agreement (CDBG Program, Major Loan) as of the day and year written in the first paragraph of this Agreement.

(signatures on following pages)

CITY OF ANAHEIM, a California municipal corporation and charter city

By: _____
Director of Community Development
or Authorized Designee

ATTEST:

By: _____
City Clerk

APPROVED AS TO FORM:

STRADLING YOCCA CARLSON & RAUTH

Special Counsel to the City

PARTICIPANT

By: _____
Printed Name: _____

By: _____
Printed Name: _____

EXHIBIT A
LEGAL DESCRIPTION OF PROPERTY
[To Be Inserted]

EXHIBIT B

SCOPE OF WORK OF REHABILITATION

[To Be Inserted]

EXHIBIT C

PROMISSORY NOTE

REHABILITATION LOAN AGREEMENT, SINGLE-FAMILY OWNER-OCCUPIED DEFERRED REHABILITATION LOAN (CDBG Program, Major Loan)

NOTICE TO BORROWER: THIS DOCUMENT CONTAINS PROVISIONS RESTRICTING ASSUMPTION AND IS SECURED BY A SECOND DEED OF TRUST IN RESIDENTIAL PROPERTY

Loan No. _____

\$ _____

Anaheim, California

Date: _____, 202_

FOR VALUE RECEIVED, _____ (“Borrower” or “Participant”), promises to pay to CITY OF ANAHEIM, a California municipal corporation and charter city (“Holder” or “City”), or order, at 201 South Anaheim Boulevard, Suite 1003, Anaheim, California 92805, or at such other address as Holder may direct from time to time in writing, _____ DOLLARS (\$ _____) or so much as may be disbursed by Holder to or on behalf of Borrower pursuant to this Promissory Note. The total sum of the amounts disbursed by Holder to or on behalf of Borrower for the City Loan shall constitute the “Note Amount.” All sums hereunder shall be payable in lawful money of the United States of America and all sums shall be credited first to interest then due and the balance to principal.

1. Loan Agreement. This Promissory Note is made and delivered pursuant and in reference to, and in implementation of a Rehabilitation Loan Agreement, Single-Family Owner-Occupied Deferred Rehabilitation Loan (CDBG Program, Major Loan) entered into by and between City and Participant dated as of _____ 202_ (“Loan Agreement”), a copy of which is on file with Holder. Borrower acknowledges that but for the execution of this Promissory Note, Holder would not enter into the Loan Agreement or make the City Loan to Borrower. Unless definitions of terms have been expressly set out in this Promissory Note, each term used in this Promissory Note shall have the same definition as set forth in the Loan Agreement.

a. Borrower Acknowledges and Agrees that the City Loan is subject to the terms, conditions, and restrictions of the CDBG Program and implementing CDBG Regulations all of which are fully incorporated by reference.

2. Disbursements. The Note Amount shall be disbursed pursuant to the Loan Agreement. The record of such disbursements shall be recorded from time to time by the Holder’s Housing Rehabilitation Coordinator, or its designee, on Attachment No. 1 to this Promissory Note.

3. Interest Rate. The Note Amount shall accrue interest at the rate of three percent (3%) simple per annum however upon the occurrence of an Event of Default the Note shall be accelerated and the full Note Amount shall be immediately due and payable.

4. Repayment of City Loan.

(a) *Maturity Date.* The Note Amount shall accrue interest at the rate of three percent (3%) simple interest per annum. Unless the Note is required to be earlier repaid pursuant to the terms hereof or the Borrower elects to repay the Note Amount, the Note Amount shall be payable in full by Borrower to City as of the thirtieth (30th) anniversary of the date of this Promissory Note (which thirtieth (30th) anniversary date constitutes the “Maturity Date”).

(b) *Note Amount Accelerated and Due in Full on Event of Default.* While under subdivision (a) above, the City Loan will be forgiven on the Maturity Date so long as Borrower performs and is not in default under this Promissory Note or the Agreement, notwithstanding the full Note Amount shall be due and payable by Borrower to the City and the City Loan accelerated in the Event of Default that occurs prior to the Maturity Date; in this regard an Event of Default includes any of the following actions or inactions by Borrower:

(i) Borrower sells or otherwise transfers or conveys the Property or any interest in the Property or any portion of the Property whether directly or indirectly, whether involuntarily or by operation of law, except as permitted below in Section 5;

(ii) Borrower refinances the First Lien or any other lien to which the City Loan is subordinate for a principal amount that exceeds the then current principal amount of such lien(s) plus reasonable and customary non-recurring closing costs;

(iii) Borrower fails to own and occupy the Property continuously as Participant’s principal residence;

(iv) Borrower uses the Property for short-term rental use or vacation rental purposes with a third party, such as AirBnB or VRBO;

(v) Borrower rents out any room or any part of the Property to a third party for any period of time;

(vi) Borrower undertakes any improvements to the Property that do not comply with all applicable Uniform Codes, laws and regulations including as required obtaining building and other permits from issuance through final inspection;

(vii) Borrower defaults on the senior lien mortgage(s) of Property;

(viii) Borrower fails to pay property taxes, assessments or past due liens against the Property; and/or

(ix) Borrower fails to comply with all other terms and provisions of the Agreement, this Note, and the Deed of Trust.

Each of (i) to (ix) inclusive above is an “Event of Default”; and, if an Event of Default occurs prior to the Maturity Date, then, the Note Amount shall be due and payable in full immediately.

5. Permitted Transfers. The following transfers of interest shall not cause acceleration and require repayment of the City Loan:

(a) A transfer to a surviving joint tenant by devise, descent, or operation of law upon the death of a joint tenant.

(b) A transfer in which the transferee is a person who occupies or will occupy the Property, and one of the following is true:

(i) the transfer results in the spouse of the transferor becoming the new owner of the Property;

(ii) the transfer results from a decree of dissolution of marriage or a legal separation agreement pursuant to which the spouse becomes an owner of the Property;

(iii) the Property is transferred into an inter vivos trust under which the borrower is and remains the beneficiary and occupant of the Property; or

(iv) at the sole, absolute discretion of the City through its Director, if the heir of the deceased loan recipient (original Borrower and Participant) qualifies as a Low Income household and meets all other Program requirements (as if making application to the Program at the time of the owner's death) and such heir intends to own and occupy the subject Property as the primary, personal residence, then the heir must notify the City by submitting a formal letter of request with supporting documentation to assume the loan in lieu of repayment. Such a request must include a factual showing by the eligible heir that a strong probability exists that title to the Property will vest in the heir upon the conclusion of the probate or other disposition of the deceased loan recipient's estate. In considering the above exception, the City reserves the sole and absolute right to reverse any initial decision to make such exception until the time title vests in the eligible heir and he/she/they meet all applicable Program requirements.

6. Effect of Due-on Sale Clause. Failure of Holder to exercise the option to accelerate payment as provided in Section 4 of this Promissory Note will not constitute waiver of the right to exercise this option in the event of subsequent cause for acceleration.

7. Security for Note. This Promissory Note shall be secured by that certain Rehabilitation Loan Agreement, Single-Family Owner-Occupied Deferred Rehabilitation Loan (CDBG Program, Major Loan) Deed of Trust, Loan No. _____ encumbering the Property in a second position ("Deed of Trust"), executed by Borrower as Trustor in favor of Holder as Beneficiary.

8. Prepayment of Note Amount. Without penalty, Borrower may prepay to Holder the full Note Amount at any time prior to the Maturity Date.

9. Borrower Assignment Prohibited. In no event shall Borrower assign or transfer any portion of this Promissory Note; likewise, no assumption of the City Loan shall be permitted at any time.

10. Attorneys' Fees and Costs. In the event that any attorney is engaged by Holder to enforce or defend any provision of this Note, or as a consequence of any Event of Default, with or without the filing of any legal action or proceeding, then Borrower shall pay to Holder immediately upon demand all attorneys' fees and costs incurred by Holder; and in the event that any legal action is instituted to enforce payment under this Promissory Note or under the Deed of Trustor under the

Agreement, Borrower promises to pay such sums as a court may fix for court costs and reasonable attorneys' fees.

11. Joint and Several. This Promissory Note is a joint and several obligation; thus, the undersigned, if more than one, shall be jointly and severally liable under this Promissory Note.

12. Amendments and Modifications. This Promissory Note may not be modified or amended except in writing executed by all Parties, which writing must be attached to this Promissory Note so as to become a permanent part of this Promissory Note.

13. Borrower's Waivers. Borrower waives any rights to require the Holder to: (a) demand payment of amounts due (known as "presentment"), (b) give notice that amounts due have not been paid (known as "notice of dishonor"), and (c) obtain an official certification of nonpayment (known as "protest"), as well as notice of default of a delinquency, notice of acceleration, notice of protest and nonpayment, notice of costs, expenses, or losses and interest thereon, and diligence in taking any action to collect any sums owing under the Note or proceeding against any of the rights or interests in or to property securing payment of this Note.

14. Notice. Any notice that must be given to Borrower under this Note shall be given by personal delivery or by mailing it by USPS certified mail addressed to Borrower at the address set forth in Section 7.2 of the Loan Agreement or such other address as Borrower shall direct from time to time in writing. Failure or delay in giving any notice required 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 and their respective heirs, successors and permitted assigns, if any.

16. Time of Essence. Time is of the essence with respect to every provision of this Promissory Note. This Promissory Note shall be construed and enforced in accordance with the laws of the State of California, except to the extent that federal laws preempt the laws of the State of California.

"BORROWER"

By: _____

Printed Name: _____

Dated: _____

By: _____

Printed Name: _____

Dated: _____

**ATTACHMENT NO. 1 TO
EXHIBIT C**

ACCOUNT LOG

Participant's Name: _____

Loan No. _____

LBP Assistance for LBP Work

Amount _____

Rehabilitation

Amount _____

Total Note Amount: _____

Date	Payable To	Description of Work	Debit	Balance

EXHIBIT D

DEED OF TRUST

RECORDING REQUESTED BY AND
WHEN RECORDED MAIL TO:

City of Anaheim
201 South Anaheim Boulevard, Suite 1003,
Anaheim, California 92805
Attention: Community Development Department

This document is exempt from the payment
of a recording fee pursuant to Government
Code Sections 6103 and 27383.

**DEED OF TRUST
SINGLE-FAMILY OWNER-OCCUPIED DEFERRED REHABILITATION LOAN
(CDBG PROGRAM, MAJOR LOAN)**

**NOTICE TO BORROWER
THIS DEED OF TRUST CONTAINS PROVISIONS
RESTRICTING ASSUMPTIONS**

Loan No. _____

This **DEED OF TRUST, SINGLE-FAMILY OWNER-OCCUPIED DEFERRED PAYMENT REHABILITATION LOAN (CDBG Program, Major Loan)** ("Deed of Trust") is made on _____, 202_, by _____ ("Borrower") and _____ ("Trustee"), whose address is _____ in favor of the **CITY OF ANAHEIM**, a California municipal corporation and charter city ("Lender") or Assignee, whose address is 201 South Anaheim Boulevard, Suite 1003, Anaheim, California 92805.

1. **BORROWER, IN CONSIDERATION OF THE INDEBTEDNESS RECITED AND THE TRUST CREATED, IRREVOCABLY GRANTS, TRANSFERS AND ASSIGNS** to Trustee in trust, with power of sale and right of entry and possession, all of Borrower's right, title and interest now held or hereafter acquired in and to the following: (a) all of that certain real property ("Property") located at _____, City of Anaheim, County of Orange, State of California ("Property Address"), which is more particularly described in Attachment No. 1, attached and incorporated into this Deed of Trust by this reference; and (b) all buildings, improvements and fixtures now or hereafter erected, and all appurtenances, easements, and articles of property now or hereafter affixed to, placed upon or used in connection with the Property, together with all additions to, substitutions for, changes in or replacements of the whole or any part of said articles of property; all of which are pledged and assigned, transferred, and set over onto Trustee, and for purposes of this Deed of Trust declared to be part of the realty; provided, however, that furniture and other personal property of Borrower now or hereafter situated on said real property are not intended to be included as part of the Property.

2. FOR THE PURPOSE OF SECURING:

2.1 Repayment of the indebtedness evidenced by that certain Promissory Note of the Borrower dated _____, 202____, (“Note”) in the principal amount of _____ Dollars (\$_____) (“Note Amount”), provided pursuant to that certain Rehabilitation Loan Agreement, Single-Family Owner Occupied Deferred Rehabilitation Loan (CDBG Program, Major Loan) by and between Borrower and Lender, dated as of _____, 202_ (“Loan Agreement”), together with any other amounts due according to the terms of the Note, and the Loan Agreement, and all amendments, modifications, extensions or renewals of the Note and Loan Agreement, if any. The Loan Agreement, the Note and this Deed of Trust are subject to the terms, conditions, and restrictions of the CDBG Program and the implementing CDBG Regulations, all of which are incorporated by this reference.

2.2 Payment of such additional sums, with interest, if any, due:

(a) As may hereafter be borrowed from Lender by the then record owner of the Property and evidenced by a promissory note or notes reciting that it or they are so secured and all modifications, extensions, or renewals of the Note; and

(b) As may be incurred, paid, or advanced by Lender, or as may otherwise be due to Trustee or Lender, under any provision of this Deed of Trust and any modification, extension, or renewal of this Deed of Trust; and

(c) As may otherwise be paid or advanced by Lender to protect the security or priority of this Deed of Trust.

2.3 Performance of each obligation, covenant, and agreement of Borrower contained in this Deed of Trust, the Loan Agreement, and the Note evidencing the City Loan executed by Borrower in favor of Lender, and all amendments to these documents whether set forth in this Deed of Trust or incorporated in this Deed of Trust by reference.

3. BORROWER COVENANTS:

Borrower covenants to maintain and protect the security of this Deed of Trust, to secure the full and timely performance by Borrower of each and every obligation, covenant, and agreement of Borrower under the Note and this Deed of Trust, and as additional consideration for the obligation(s) evidenced by the Note, Borrower covenants as follows:

3.1 *Title.* That Borrower is lawfully seized of the estate conveyed and has the right to grant and convey the Property, and that Borrower will warrant and defend generally the title of the Property against all claims and demands subject to any declarations, easements, or restrictions listed in the schedule of exemptions to coverage in any title insurance policy insuring Lender’s interest in the Property.

3.2 *Payment of Principal and Interest.* That Borrower shall promptly pay, when due, the principal and interest, if any, on the Note, and such other charges as are provided in the Note, and such other amounts as are provided under this Deed of Trust.

3.3 *Maintenance of the Property.* That Borrower shall, at all times prior to the repayment in full of the Note, at Borrower's sole expense: (a) keep the Property in a decent, safe, sanitary, habitable condition and repair and permit no waste of the Property; (b) not commit or suffer to be done or exist on or about the Property any condition causing the Property to become less valuable; (c) remove, demolish or structurally alter any buildings and improvements now or hereafter located on the Property; (d) repair, restore or rebuild promptly any buildings or improvements on the Property that may become damaged or be destroyed while subject to the lien of this Deed of Trust; (e) comply with all applicable laws, ordinances and governmental regulations affecting the Property or requiring any alteration or improvement of the Property, and not to suffer or permit any violations of any such law, ordinance or governmental regulation, nor of any covenant, condition or restriction affecting the Property; (f) not initiate or acquiesce in any change in any zoning or other land use or legal classification which affects any of the Property without the Lender's written consent; and (g) not alter the use of all or any part of the Property without the prior written consent of the Lender.

Borrower agrees to pay fully and discharge (or cause to be paid fully and discharged) all claims for labor done and for material and services furnished in connection with the Property, to diligently file or procure the filing of a valid notice of completion upon completion of construction of any part of the Property, diligently file or procure the filing of a notice of cessation upon the event of a cessation of labor on the work or construction on the Property for a continuous period of thirty (30) days or more, and to take all other reasonable steps to forestall the assertion of claims of lien against the Property or any part of the Property.

3.4 *Appear and Defend.* Borrower shall appear in and defend any action or proceeding purporting to affect the security of this Deed of Trust or the rights or powers of the Lender or Trustee; and to pay all costs and expenses, including cost of evidence of title and attorney's fees in a reasonable sum, in any such action or proceeding in which the Lender or Trustee may appear, and in any suit brought by the Lender to foreclose this deed.

3.5 *Payment of Taxes and Utility Charges.* Borrower shall pay, at least ten (10) days before delinquency all taxes and assessments affecting the Property, including assessments on appurtenant water stock; when due, all encumbrances, charges and liens, fines and impositions attributable to the Property, leasehold payments or ground rents, if any, and any interest on the Property or any part of the Property; all costs, fees and expenses of this trust. Borrower shall make such payments when due, directly to the payee. Borrower shall promptly furnish to Lender all notices of amounts due under this paragraph, and Borrower shall promptly furnish to Lender receipts evidencing all such payments made.

3.6 *Insurance.* To keep the Property insured with loss payable to the Lender, against loss or damage by fire (and flood, if applicable) and such other hazards, casualties and contingencies and by such companies on such forms as may be required by Lender, in Lender's sole discretion, and in the amount of the replacement cost of the Property, and to deliver the original of all such policies to the Lender, together with receipts satisfactory to the Lender evidencing payment of the premiums. All such policies shall provide that the Lender shall be given thirty (30) days advance written notice of the cancellation, expiration or termination of any such policy or any material change in the coverage afforded by it. Renewal policies and any replacement policies, together with premium receipts satisfactory to the Lender, shall be delivered to the Lender at least thirty (30) days prior to the expiration of existing policies. Neither Trustee nor the Lender shall by reason of accepting, rejecting, approving or obtaining insurance incur any liability for the existence, nonexistence, form or legal sufficiency of such insurance, or solvency of any insurer for payment of

losses. All insurance proceeds for such losses must be utilized for the repair or restoration of the insured property.

3.7 *Payments and Discharge of Liens.* Borrower will pay, when due, all claims of every kind and nature which might or could become a lien on the Property or any part of the Property; provided, however, that the following are excepted from this prohibition: (a) liens for taxes and assessments which are not delinquent although by law are given the status of a lien, and (b) such of the above claims as are, and only during the time they are, being contested by Borrower in good faith and by appropriate legal proceedings, and Borrower shall post security for the payment of these contested claims as may be requested by the Lender. Borrower shall not default in the payment or performance of any obligation secured by a lien, mortgage or deed of trust which is superior to this Deed of Trust.

4. IT IS MUTUALLY AGREED THAT:

4.1 *Application of Payments.* Unless applicable law provides otherwise, all payments received by Lender under the Note and Section 2.1 shall be applied by Lender first to interest, if any, payable on the Note and then to the principal due on the Note.

4.2 *Future Advances.* Upon request by Borrower, Lender, at Lender's option, may make future advances to Borrower. All such future advances, with interest, shall be added to and become a part of the indebtedness secured by this Deed of Trust when evidenced by promissory note(s), including amendment(s) to the Note, reciting that the Note and such note(s) are secured by this Deed of Trust.

4.3 *Disbursements to Protect Lender's Security.* All sums disbursed by Lender to protect and preserve the Property, this Deed of Trust, or Lender's security for the performance of Borrower's obligations under the Note shall be and be deemed to be an indebtedness of Borrower secured by this Deed of Trust.

4.4 *Protection of Lender's Security.* If Borrower fails to perform the covenants and agreements contained in this Deed of Trust, or if any action or proceeding is commenced which materially affects Lender's interest in the Property, including, but not limited to, eminent domain, insolvency, code enforcement, arrangements or proceedings involving a bankrupt or decedent, foreclosure of any mortgage secured by the Property or sale of the Property under a power of sale of any instrument secured by the Property, then Lender, at Lender's option, upon notice to Borrower, may make such appearance, disburse such sums and take such action as is necessary to protect Lender's interest, including, but not limited to, disbursement of reasonable attorney's fees and entry upon the Property to make repairs.

Any amounts disbursed by Lender pursuant to this Section 4.4, with interest, shall become additional indebtedness of Borrower secured by this Deed of Trust. Unless Borrower and Lender agree to other terms of payment, such amounts shall be payable upon notice from Lender to Borrower requesting payment, and shall bear interest from the date of disbursement at the highest rate permissible under applicable law. Nothing contained in this Section 4.4 shall require Lender to incur any expense or take any action.

4.5 *Inspection.* Lender or its agent may make or cause to be made reasonable entries upon and inspections of the Property. Lender shall give Borrower notice at the time of or prior to any such inspection specifying reasonable cause for the inspection

4.6 *Awards and Damages.* All judgments, awards of damages, settlements and compensation made in connection with or in lieu of (a) taking of all or any part of or any interest in the Property by or under assertion of the power of eminent domain, (b) any damage to or destruction of the Property or any part of the Property by insured casualty, and (c) any other injury or damage to all or any part of the Property, are assigned to and shall be paid to the Lender. The Lender is authorized and empowered (but not required) to collect and receive any such sums and is authorized to apply them in whole or in part upon any indebtedness or obligation secured, in such order and manner as the Lender shall determine at its option. The Lender shall be entitled to settle and adjust all claims under insurance policies provided under this Deed of Trust and may deduct and retain from the proceeds of such insurance the amount of all expenses incurred by it in connection with any such settlement or adjustment. All or any part of the amounts so collected and recovered by the Lender may be released to Borrower upon such conditions as the Lender may impose for its disposition. Application of all or any part of the amounts collected and received by the Lender or the release shall not cure or waive any default under this Deed of Trust. If the Property is abandoned by Borrower, or if, after notice by Lender to Borrower that the condemnor offers to make an award or settle a claim for damages, Borrower fails to respond to Lender within thirty (30) days after the date such notice is mailed, Lender is authorized to collect and apply the proceeds, at Lender's option, either to restoration or repair of the Property or to the sum secured by this Deed of Trust.

4.7 *Prohibition on Transfers of Interest.* With the exception of the transfers permitted in Section 4.11 below, if all or any part of the Property or any interest in the Property is sold or transferred by Borrower without Lender's prior written consent, Lender may, at Lender's option, declare all the sums secured by this Security Instrument to be immediately due and payable. If Lender exercises such option to accelerate, Lender shall mail Borrower notice of acceleration in accordance with Section 6.9. Such notices shall provide a period of not less than 30 days from the date the notice is mailed within which Borrower may pay the sums declared due. If borrower fails to pay such sums prior to the expiration of such period, Lender may, without further notice or demand on Borrower, invoke any remedies permitted by Section 5.2(a) hereof.

4.8 *Sale or Forbearance.* No sale of the Property, forbearances on the part of the Lender or extension of the time for payment of the indebtedness hereby secured shall operate to release, discharge, waive, modify, change or affect the liability of Borrower either in whole or in part.

4.9 *Lender's Rights to Release.* Without affecting the liability of any person for payment of any indebtedness hereby secured (other than any person released pursuant hereto), including without limitation any one or more endorsers or guarantors, and without affecting the lien hereof upon any of the Property not released pursuant hereto, at any time and from time to time without notice: (a) the Lender may, at its sole discretion, (i) release any person now or hereafter liable for payment of any or all such indebtedness, (ii) extend the time for or agree to alter the terms of payment of any or all of such indebtedness, and (iii) release or accept additional security for such indebtedness, or subordinate the lien or charge hereof; and (b) Trustee, acting pursuant to the written request of the Lender, may reconvey all or any part of the Property, consent to the making of any map or plot thereof, join in granting any assessment thereon, or join in any such agreement of extension or subordination.

4.10 *Reconveyance.* Upon the *earlier* to occur of (i) the Maturity Date, or (ii) an Event of Default that causes acceleration of the Note and upon and after Borrower repays the Note Amount and all sums secured by this Security Instrument in full, Lender shall request Trustee to reconvey the Property and shall surrender this Security Instrument and all notes evidencing indebtedness secured by this Security Instrument to Trustee. Trustee shall reconvey the Property without warranty and without charge to the person or persons legally entitled thereto. Such person or persons shall pay all costs of recordation, if any. The recitals in the reconveyance of any matters or facts shall be conclusive proof of the truthfulness thereof.

4.11 *Requirement of Owner-Occupancy and Permitted Transfers.* Borrower shall occupy the Property as Borrower's principal place of residence during the term of the Note and shall meet all conditions of the Loan Agreement and the Note as to ownership, occupancy, use and condition of the Property. Notwithstanding any other provision of the Note or this Deed of Trust, the following transfers shall not be deemed to be a default under the Note or this Deed of Trust:

(a) The transfer of the Property to the surviving joint tenant by devise, descent or operation of the law, on the death of a joint tenant;

(b) A transfer of the Property where the spouse becomes an owner of the property;

(c) A transfer of the Property resulting from a decree of dissolution of marriage, legal separation or from an incidental property settlement agreement by which the spouse becomes an owner of the Property; or

(d) A transfer to an *inter vivos* trust in which the Borrower is and remains the beneficiary and occupant of the property.

(e) At the sole, absolute discretion of Lender, through its Director, one exception to the full repayment requirement may be considered: An heir of the deceased original Borrower who qualifies as a Low Income household and meets all other Program requirements (as if making application to the Lender's Program at the time of the original Borrower's death) and such heir intends to own and occupy the subject Property as the primary, personal residence must notify the Lender by submitting a formal letter of request with supporting documentation to assume the City Loan in lieu of repayment. Such a request must include a factual showing by the eligible heir that a strong probability exists that title to the subject Property will vest in the heir upon the conclusion of the probate or other disposition of the deceased loan recipient's estate. In considering the above exception, the Lender reserves the sole and absolute right to reverse any initial decision to make such exception until the time title vests in the eligible heir and he/she/they meet all applicable requirements of the Program and the Loan Agreement, Note and this Deed of Trust.

5. EVENTS OF DEFAULT

5.1 *Events of Default.* Upon the occurrence of any one or more of the Events of Default defined and set forth in the Note and the Loan Agreement shall constitute a default under this Deed of Trust, including without limitation: (a) failure of the Borrower to own and occupy the Property continuously as his/her/their principal residence; (b) the occurrence of any event which, under the terms of the note and deed of trust evidencing and securing the First Lien securing

Participant's purchase money mortgage for the Property shall entitle the First Lien lender to exercise its rights or remedies.

5.2 *Acceleration and Sale.*

(a) *Acceleration.* Except as provided in Section 4.7 and 4.11, upon Borrower's breach of any covenant or agreement of Borrower in this Deed of Trust (or in the Note or the Agreement), including the covenants to pay when due any sums secured by this Deed of Trust, upon Borrower's failure to make any payment or to perform any of its obligations, covenants and agreements pursuant to the Note or the Agreement, Lender shall mail notice to Borrower as provided in Section 6.9 specifying: (1) the breach; (2) the action required to cure such breach; (3) a date, no less than thirty (30) days from the date the notice is mailed to Borrower, by which such breach must be cured; and (4) that failure to cure such breach on or before the date specified in the notice may result in acceleration of the sums secured by this Deed of Trust and sale of the Property. The notice shall further inform Borrower of the right to reinstate after acceleration and the right to bring a court action to assert the nonexistence of a default or any other defense of Borrower to acceleration and sale. If the breach is not cured on or before the date specified in the notice, Lender at Lender's option may declare all of the sums secured by this Deed of Trust to be immediately due and payable without further demand and may invoke the power of sale and any other remedies permitted by applicable law. Lender shall be entitled to collect from the Borrower, or sale proceeds, if any, all reasonable costs and expenses incurred in pursuing the remedies provided in this paragraph, including, but not limited to, reasonable attorneys' fees.

(b) *Borrower's Right to Reinstate.* Notwithstanding Lender's acceleration of the sums secured by this Deed of Trust, Borrower will have the right to have any proceedings begun by Lender to enforce this Deed of Trust discontinued at any time prior to five (5) days before sale of the Property pursuant to the power of sale contained in this Deed of Trust or at any time prior to entry of the judgment enforcing this Deed of Trust if: (1) Borrower pays Lender all sums which would be then due under this Deed of Trust and the Note, had no acceleration occurred; (2) Borrower pays all reasonable expenses incurred by Lender and Trustee in enforcing the covenants and agreements of Borrower contained in this Deed of Trust, remedies including, but not limited to, reasonable attorneys' fees; and (3) Borrower takes such action as Lender may reasonably require to assure that the lien of this Deed of Trust, Lender's interest in the Property and Borrower's obligation to pay the sums secured by this Deed of Trust shall continue unimpaired. Upon such payment and cure by Borrower, this Deed of Trust and the obligations secured hereby will remain in full force and effect as if no acceleration had occurred.

(c) *Sale.* After delivery to Trustee of a Notice of Default and Demand for Sale and after the expiration of such time and the giving of such notice of default and sale as may then be required by law, and without demand on Borrower, Trustee shall sell the Property at the time and place of sale fixed by it in said notice of sale, at public auction to the highest bidder for cash in lawful money of the United States of America, payable at time of sale. Trustee may postpone sale of all or any portion of the Property by public announcement at such time and place of sale and from time to time thereafter may postpone such sale by public announcement at the time and place fixed by the preceding postponement. Any person, including Borrower, Trustee or the Lender, may purchase at such sale. Upon such sale by Trustee, it shall deliver to such purchaser its deed conveying the Property so sold, but without any covenant or warranty expressed or implied. The recitals in such deed of any matters or facts shall be conclusive proof of their truthfulness. Upon sale by Trustee and after deducting all costs, expenses and fees of Trustee and of this Deed of Trust,

Trustee shall apply the proceeds of sale to the payment of the principal indebtedness hereby secured, whether evidenced by the Note or otherwise, or representing advances made or costs or expenses paid or incurred by the Lender under this Deed of Trust, or the secured obligations or any other instrument evidencing or securing any indebtedness hereby secured and to the payment of all other sums then secured thereby, including interest as provided in this Deed of Trust, the secured obligations or any other such instrument, in such order as the Lender shall direct; and then the remainder, if any, shall be paid to the person or persons legally entitled thereto.

(d) *Assignment of Rents; Appointment of Receiver; Lender in Possession.*

Upon acceleration under paragraph (a) of Section 5.2 hereof or abandonment of the Property, Lender (in person, by agent or by judicially appointed receiver) shall be entitled to enter upon, take possession of and manage the Property and to collect the rents of the Property (if any) including those past due. All rents collected by Lender or the receiver shall be applied first to payment of the costs of management of the Property and collection of rents including, but not limited to, receiver's fees, premiums on receiver's bonds and reasonable attorneys' fees, and then to the sums secured by this Deed of Trust. Lender and the receiver shall be liable to account only for those rents actually received. The provisions of this paragraph and paragraph (a) of Section 5.2 shall operate subject to the claims of prior lien holders.

5.3 *Exercise of Remedies; Delay.* No exercise of any right or remedy by the Lender or Trustee hereunder shall constitute a waiver of any other right or remedy contained in this Deed of Trust or provided by law, and no delay by the Lender or Trustee in exercising any such right or remedy hereunder shall operate as a waiver thereof or preclude the exercise thereof during the continuance of any default hereunder.

5.4 *Trustee Substitution.* The irrevocable power to appoint a substitute trustee or trustees hereunder is hereby expressly granted to the Lender, to be exercised at any time hereafter, without specifying any reason therefore by filing for record in the office where this Deed of Trust is recorded a deed of appointment, and said power of appointment of successor trustee or trustees may be exercised as often as and whenever the Lender deems advisable. The exercise of said power of appointment, no matter how often, shall not be deemed an exhaustion thereof, and upon recording of such deed or deeds of appointment, the trustee or trustees so appointed shall thereupon, without further act or deed of conveyance, succeed to and become fully vested with identically the same title and estate in and to the Property hereby conveyed and with all the rights, powers, trusts and duties of the predecessor in the trust hereunder, with the like effect as if originally named as trustee or as one of the trustees.

5.5 *Remedies Cumulative.* No remedy contained in this Deed of Trust or conferred upon the Lender or Trustee is intended to be exclusive of any other remedy or remedies afforded by law or by the terms hereof to the Lender or Trustee but each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity.

6. MISCELLANEOUS PROVISIONS

6.1 *Successors, Assigns, Number, Gender.* The covenants and agreements contained in this Deed of Trust shall bind, and the benefit and advantages under it shall inure to, the respective heirs, executors, administrators, successors and assigns of the Parties. Wherever used, the

singular number shall include the plural, and the plural the singular, and the use of any gender shall be applicable to all genders.

6.2 *Headings.* The headings are inserted only for convenience of reference and in no way define, limit, or describe the scope or intent of this Deed of Trust, or of any particular provision thereof, or the proper construction thereof.

6.3 *Actions on Behalf of the Lender.* Except as otherwise specifically provided in this Deed of Trust, whenever any approval, notice, direction, consent, request or other action by the Lender is required or permitted under this Deed of Trust, such action shall be in writing.

6.4 *Terms.* The words “the Lender” means the present Lender, or any future owner or holder, including pledgee of the indebtedness secured hereby.

6.5 *Obligations of Borrower.* If more than one person has executed this Deed of Trust as “Borrower,” the obligations of all such persons hereunder shall be joint and several.

6.6 *Incorporation by References.* The provisions of the CDBG Program security instruments and the documents relating to that program are incorporated by reference as though set out verbatim.

6.7 *Severability.* If any provision of this Deed of Trust shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions hereof shall not in any way be affected or impaired.

6.8 *Indemnification.* Borrower will indemnify and hold the Lender, its officers and agents harmless against any and all losses, claims, demands, penalties and liabilities which the Lender, its officers or agents may sustain or suffer by reason of anything done or omitted in good faith pursuant to or in connection with this Deed of Trust and not assert any claim against the Lender, its officers or agents by reason of any action so taken or omitted. Borrower shall, at Borrower’s expense, defend, indemnify, save and hold the Lender, its officers and agents harmless from any and all claims, demands, losses, expenses, damages (general, punitive or otherwise), causes of action (whether legal or equitable in nature) asserted by any person, firm, corporation or other entity arising out of this Deed of Trust and Borrower shall pay the Lender upon demand all claims, judgments, damages, losses or expenses (including reasonable legal expense) incurred by the Lender as a result of any legal action arising out of this Deed of Trust.

6.9 *Notice.* Except for any notice required under applicable law to be given in another manner: (a) any notice to Borrower provided for in this Deed of Trust shall be given by mailing such notice by certified mail directed to the Property Address or any other address Borrower designates by notice to Lender as provided in this Deed of Trust; and, (b) any notice to Lender shall be given by certified mail, return receipt requested, to Lender’s mailing address stated in this Deed of Trust or to such other address as Lender may designate by notice to Borrower as provided in this Deed of Trust. Any notice provided for in this Deed of Trust shall deem to have been given to Borrower or Lender when given in the manner designated in this Deed of Trust.

6.10 *Beneficiary Statement.* Lender may collect a fee for furnishing the beneficiary statement in an amount not to exceed the amount as provided by Section 2943 of the Civil Code of California.

6.11 *Use of Property.* Borrower shall not permit or suffer the use of any of the Property for any purpose other than as a single-family residential dwelling.

[Signatures on next page]

IN WITNESS WHEREOF, Borrower has executed this *Deed of Trust, Rehabilitation Loan Agreement, Single-Family Owner-Occupied Deferred Rehabilitation Loan (CDBG Program, Major Loan)* on the day and year set forth above. By signing below, Borrower agrees to the terms and conditions as set forth above.

MAILING ADDRESS FOR NOTICES:	SIGNATURE OF BORROWER(s):

(Street) _____	By: _____
_____	Printed Name: _____
(City) (State) (Zip)	By: _____ Printed Name: _____

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA)
) ss.
COUNTY OF _____)

On _____ before me, _____, Notary Public, personally appeared _____, who 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.

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

WITNESS my hand and official seal

SIGNATURE OF NOTARY PUBLIC

ATTACHMENT NO. 1 TO

EXHIBIT D

LEGAL DESCRIPTION

[To Be Inserted]

ATTACHMENT NO. 2 TO

EXHIBIT D

CERTIFICATE OF ACCEPTANCE

This is to certify that the interest in real property secured by that certain *Deed of Trust, Rehabilitation Loan Agreement, Single-Family Owner-Occupied Deferred Rehabilitation Loan (CDBG Program, Major Loan)* executed by _____ and dated as of _____, 202_ from _____, to the CITY OF ANAHEIM, a California municipal corporation and charter city, is hereby accepted by the undersigned officer or agent on behalf of the City of Anaheim. The City of Anaheim consents to recordation thereof.

CITY OF ANAHEIM, a California municipal corporation and charter city

By: _____
Director of Community
Development or Authorized Designee

ATTEST:

City Clerk

APPROVED AS TO FORM:

STRADLING YOCCA CARLSON & RAUTH

Special Counsel to the City

EXHIBIT B-2

Minor Loan Rehabilitation Agreement

REHABILITATION LOAN AGREEMENT

**SINGLE-FAMILY OWNER-OCCUPIED
DEFERRED REHABILITATION LOAN
(CDBG Program—RRP; Minor Loan)**

by and between

CITY OF ANAHEIM

and

Dated as of

_____, 202_

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REHABILITATION LOAN AGREEMENT

SINGLE-FAMILY OWNER-OCCUPIED DEFERRED REHABILITATION LOAN (CDBG Program; Minor Loan)

This **REHABILITATION LOAN AGREEMENT, SINGLE-FAMILY OWNER-OCCUPIED DEFERRED REHABILITATION LOAN (CDBG Program; Minor Loan)** (“Agreement”) is made this _____ day of _____, 202_ by and between **[insert full legal name(s) of owner/Participant and vesting of Property: such as --husband and wife as community property, husband and wife as joint tenants, a single man, a single woman, etc.]** (“Participant” or “Borrower”) and the **CITY OF ANAHEIM**, a California municipal corporation and charter city (“City”).

RECITALS

- A.** The City of Anaheim is a California municipal corporation and charter city.
- B.** The City has been awarded certain funds (“CDBG Funds”) from the United States Department of Housing and Urban Development (“HUD”) under Title I of the Housing and Community Development Act of 1974, as amended, Public Law 93-383, 42 U.S.C. Section 5301, *et seq.*, (“CDBG Program”) and the implementing regulations thereto 24 CFR 570 and (“CDBG Regulations”) and the City as a participating jurisdiction. Information about the CDBG Program and CDBG Regulations as of the Effective Date are found at: <http://www.hud.gov/offices/cpd/communitydevelopment/programs/entitlement/index.cfm>.
- C.** City is currently implementing a coordinated multi-year strategy and program to carry out eligible housing activities to benefit persons, households and families of low to moderate income to improve affordable housing opportunities in certain designated target areas in the community, and within the community as a whole. This multi-year strategy, as approved in the 2014-2019 City of Anaheim Consolidated Plan (“Consolidated Plan”), includes without limitation the allocation of CDBG Funds in furtherance and compliance with the CDBG Regulations and other applicable laws and regulations.
- D.** The City Council of the City of Anaheim (“City Council”) has approved that certain *Residential Rehabilitation Program* (“RRP” or “Program”) in furtherance of the CDBG Program and CDBG Regulations, in particular in 24 CFR 570.202(c), to improve the quality of life for qualified and eligible Low Income Households who own and occupy their single-family house, condominium, or townhome (each a “home”) by assisting with property repairs and improvements necessary to make their homes decent, safe and attractive; to preserve the City’s housing stock; to arrest and prevent the development of blighted areas; and, to identify and arrest the decline of deteriorating/deteriorated areas.
- E.** The priority of the Rehabilitation (as defined herein) and Scope of Work to be undertaken under the RRP shall be as follows: (1) LBP Assistance (defined herein); (2) emergency repairs, in particular related to health, safety and habitability of the home; (3) removal of architectural barriers; (4) correction of code violations; and (5) other rehabilitation work as authorized and approved by City in its sole discretion.

F. The City has selected as the administrator of the RRP, Habitat for Humanity of Orange County, a non-profit public benefit corporation experienced in affordable housing programs and projects (“Program Administrator” or “HfHOC” or “PA”).

G. HfHOC’s mission as a nonprofit organization includes: bringing people together to build homes, community and hope; advocacy for fair housing policies and eradication of substandard housing; excellence in home construction and volunteer experiences; collaboration; and environmental and financial sustainability of housing in the community.

H. Under the CDBG Regulations, a “subrecipient” is a nonprofit or public entity that assists the grantee to implement and administer all or part of its CDBG Program; here, in particular for HfHOC here to assist the City in administration of the RRP. City has adopted certain “Residential Rehabilitation Program Guidelines, Policies and Procedures for Loans and Grants” dated as of August 1, 2020 (the “Guidelines” or “RRP Policies or “Policies and Procedures”), a copy of which has been made available to Participant.

I. The City’s use of CDBG Funds requires all programs and activities to be cleared under 24 CFR Part 58; provided, the RRP is categorically excluded under 58.35(a)(3)(i) subject to Section 58.5 that requires a Tiered Environmental Review as follows: (1) First Tier will cover the RRP on a eligible area basis and will include clearance of coastal zones, environmental justice, air quality, noise, sole source aquifer, endangered species, wild and scenic rivers, farmlands, wetlands, and airport clear zone, (2) the Second Tier will focus on the specific property to be rehabilitated and will cover the historic property, SHPO, floodplain, explosives, and toxic sections. Emergency repairs are not subject to SHPO concurrence.

J. Under the CDBG Program, each “participant” homeowner receiving financial assistance under the RRP will apply under and shall be subject to the RRP Policies and Procedures (“Policies and Procedures”) adopted by the City Council and to be implemented by the City’s Director of Housing & Community Development and his/her authorized designees in cooperation with the Program Administrator. These Policies and Procedures align with HfHOC’s mission and include the requirement that, in addition to receiving the City Loan to undertake the Rehabilitation and Scope of Work at the home, every participant will volunteer and provide “sweat equity” by which every adult and able member of each participant household invest his/her time and labor into their home or into other homes in the Anaheim community.

K. This Agreement implements the deferred payment, loan benefit of the RRP, which is available to eligible low income owners of eligible owner-occupied single-family homes in the City whose annual gross income is below 80% of area median income (“AMI”) as established and published annually by HUD (“Low Income Households”). If at Maturity Date the Participant is in full compliance with this Agreement, the Note and Deed of Trust, then the City Loan will be forgiven as provided herein and thereunder.

L. As a Low Income Household who owns and occupies a single-family home in the City, with initial preference to homes located within CDBG-eligible target areas, Participant has applied and been approved for a fully deferred loan from the City sourced solely from CDBG Funds (“City Loan”) to undertake the Rehabilitation of the Property consistent with an approved Scope of Work (all as defined and described herein). In view of the amount of the City Loan, the City Loan to Participant is a “Minor Loan” within the meaning of the RRP Policies and Procedures.

M. The City Loan is being provided by the City to Participant, in part, based on Participant's representations and information provided in his/her/their "Application" to the RRP, including without limitation that Participant's annual gross household income does not exceed the amount established by HUD for eligibility as a Low Income Household.

N. Participant is the owner of, and its principal residence is, that certain single-family home located on the real property commonly known as _____, Anaheim, California, as more particularly described in the "Legal Description" attached to this Agreement as Exhibit A and incorporated by reference ("Property").

O. Participant represents and warrants to the City, and the City has approved the City Loan to Participant under the RRP, in material reliance on the facts, financial data and other information that Participant, as "Applicant" set forth in the Application to the RRP. In this regard, Participant promises to the City the following:

- My/our Application to the RRP, including all supporting or supplemental materials and copies of personal financial information about my/our household income, assets, gifts and the sources of all income, assets, gifts provided by each and all adult members of my/our household are true and correct to my/our best information and knowledge.
- I/we did not omit any material fact about my/our personal financial information, including income, assets, gifts and the source(s) of all income, assets, and gifts.
- I/we did not make any false statement or representation in my/our Application or fail to disclose a material fact to the City in seeking and receiving this City Loan or in signing and entering into this Agreement.
- I/we may be subject to legal remedies under federal, state, and local laws, will be disqualified and not eligible to continue to participate in the RRP and the City Loan will be accelerated and due in full if I/we did provide material untrue statement(s) or omission(s) of fact.
- I/we prepared my/our Application and have executed this Agreement and implementing instruments under the RRP knowing the City has relied materially on the information in our Application.

P. As a recipient of federal funds, the City is required to conform all of its housing programs funded with federal monies to Title X of the 1992 Housing and Community Development Act, 42 U.S.C. §4800, *et seq.* ("Title X") and the implementing regulations at 24 CFR Part 35 ("LBP Regs") that are aimed to take advantage of rehabilitation events as a cost-effective opportunity to reduce lead based paint ("LBP") and the associated hazards ("LBP Hazards") in existing housing. Subpart J of the LBP Regs focuses on the requirements for programs that provide assistance for housing rehabilitation, such as this Program.

Q. The City wishes to comply with Title X and the LBP Regs prior to and as a condition precedent to the provision of other or additional rehabilitation assistance under the RRP, and it is necessary to proceed first with the LBP assessment, then treatment, and clearance, if required, that will be paid for from the City Loan proceeds as a first priority.

R. The proceeds of the City Loan shall be expended, first, to cause the assessment and, if necessary, reduction and clearance, using Safe Work Practices, of any LBP and/or LBP Hazards found at the Property during inspection and assessment of the Property (together, “LBP Assistance”). Then, subject to the completion of the LBP Assistance, the Property will be improved with the balance of the Scope of Work to rehabilitate the Property, which scope has been approved by the City and in addition to the LBP Assistance is referred to together as the “Rehabilitation”.

S. City wishes to loan to Participant, and Participant wishes to borrow from City, a zero percent (0%) fully deferred City Loan in second lien position, subordinate only to the existing “First Lien” mortgage on the Property, to assist Participant in the Rehabilitation of the Property upon the terms and conditions set forth in this Agreement and in conformity with the Policies and Procedures.

T. If the Participant already has two (vs one) purchase money liens against the Property then that in and of itself will not disqualify the Participant, but approval of the City Loan will be and remain in the sole discretion of the Director (and his designated Program Manager), which officers have evaluated the existing second lien and determined that Participant may participate in the Program and receive this City Loan. In this instance only the City will accept a third lien position against title to the Property.

U. The terms of this Agreement are in the vital and best interest of the City and the health, safety, and welfare of its residents, and in accord with the public purposes and provisions of applicable state and local laws and requirements.

NOW, THEREFORE, the Recitals set forth above are a substantive part of this Agreement and for good and valuable consideration, the Parties agree as follows:

1. DEFINITIONS.

The following terms shall have the following meanings in this Agreement, including other terms as defined herein that may not be included below:

“**Agreement**” shall mean this Rehabilitation Loan Agreement.

“**CDBG Funds**” shall mean funds received by the City pursuant to the CDBG Program and subject to the CDBG Regulations, which may be provided to eligible owner-occupants of eligible single-family homes to pay all or part of the cost of Rehabilitation in the form of a deferred loan.

“**City**” shall mean the City of Anaheim, a California municipal corporation and charter city.

“**City Loan**” shall mean the single-family owner-occupied deferred payment rehabilitation loan by City to Participant for the Rehabilitation of the home in the amount of _____ Dollars (\$_____), or as much as is disbursed in accordance with this Agreement and the Promissory Note.

“**Clearance**” shall mean any and all necessary work and activities for clearance, using Safe Work Practices, of LBP and LBP Hazards at the Property pursuant to the LBP Regs.

“**Contractor**” shall mean the qualified, licensed and insured contractor(s), including its subcontractor(s), if any, performing the work of Rehabilitation.

“Covenants and Restrictions Period” shall mean that period commencing upon the Date of the Promissory Note evidencing the City Loan and terminating on the *earlier* to occur of (i) ten (10) years from the date of the Promissory Note (“Maturity Date”), or (ii) the occurrence of an Event of Default by Participant that causes acceleration and full repayment of the City Loan.

“Date of Agreement” shall mean the date this Agreement is executed by an authorized representative of the City.

“Deed of Trust” shall mean the deed of trust in favor of the City securing the Promissory Note evidencing the City Loan to be recorded as a encumbrance against the Property in second lien position, in substantially the form of the Deed of Trust, Rehabilitation Loan Agreement, Single-Family Owner-Occupied Deferred Rehabilitation Loan (CDBG Program, Minor Loan), which is also referred to as the “Deed of Trust – Minor Loan” in the form of Exhibit D, which is incorporated and attached to this Agreement.

“Director” means the City Director of Housing & Community Development or his or her designee. If there is no person holding the position of City Director of Housing & Community Development, Director shall mean the City Manager or his or her designee.

“Environmental Damages” is defined in Section 2.7.5(c).

“Event of Default” shall mean a default as defined in Section 3.2.2 of this Agreement.

“First Lien” means the lien securing Participant’s purchase money mortgage for the Property, which is generally a first deed of trust from an institutional lender.

“Governmental Requirements” is defined in Section 2.7.5(b).

“Guidelines” or **“Policies and Procedures”** has the meaning set forth in Recital H hereof.

“Hazardous Materials” is defined in Section 2.7.5(a).

“LBP” shall mean lead-based paint as defined in the LBP Regs.

“LBP Assistance” under this Agreement, if applicable, shall mean the financial assistance provided by City to Participant for the LBP assessment and, as applicable and performed, the reduction, treatment or clearance work for LBP and LBP Hazards using Safe Work Practices.

“LBP Hazards” shall mean lead based paint hazards as defined in the LBP Regs.

“LBP Regs” shall mean the implementing regulations to Title X of the 1992 Housing and Community Development Act, 42 U.S.C. §4800, *et seq.* promulgated by HUD. The implementing regulations to Title X are set forth in 24 CFR Part 35.

“Lender” shall mean an institutional lender as holder of the existing First Lien on the Property owned by the Participant.

“Low Income Household” shall mean a household with annual gross income below 80% of area median income for Orange County, adjusted for family size, as established, amended and

published by HUD from time to time, which shall be consistent with the definition of low income under the CDBG Program and CDBG Regulations.

“Participant” shall mean _____.

“Party” or “Parties” shall mean the City and the Participant, individually and collectively.

“Policies and Procedures” shall mean the Residential Rehabilitation Program Policies and Procedures (CDBG Funds) for the Single-Family Owner-Occupied Rehabilitation Program, including any and all amendments, and as implemented and administered by the City’s Director of Housing & Community Development (“Director”) and as and when the Director delegates parts of the administration to the Program Administrator.

“Program” or “RRP” shall mean the City’s Residential Rehabilitation Program under which the City will appropriate and provide CDBG Funds to make City Loans to eligible owner-occupants of eligible single-family homes in the form of the deferred payment loan for eligible Rehabilitation consistent with an approved Scope of Work.

“Promissory Note” or “Note” shall mean the promissory note, in substantially the form shown in Exhibit C, attached to and incorporated in this Agreement, evidencing the City Loan in the principal amount of _____ Dollars (\$ _____) or as much as is disbursed in accordance with this Agreement. The Note is secured by the Deed of Trust.

“Property” shall mean the eligible single-family home which is currently owned in fee by the Participant, and occupied as the principal residence, and commonly known as the real property, land and all improvements, located at _____, Anaheim, as more particularly described in Exhibit A.

“Reduction” shall mean any and all necessary work and activities for treatment, using Safe Work Practices, of LBP and LBP Hazards at the Property pursuant to the LBP Regs.

“Reduction and Clearance Plan” shall mean the plan of work for Reduction and Clearance pursuant to the LBP Regs.

“Rehabilitation” shall mean the rehabilitation work and improvements to the Property, including the LBP Assistance, as described in the Scope of Work, Exhibit B, attached and incorporated by this reference.

“Rehabilitation Contract” or “Rehabilitation Contracts” shall mean one or more contract(s) between Participant each Contractor for the performance of any of the work of the Rehabilitation.

“Safe Work Practices” shall mean occupant protection and work site preparation, specialized cleanup, and the prohibition of certain methods of LBP removal, as defined in the LBP Regs. Safe treatment methods include wet scraping, wet sanding, chemical stripping off site, replacing painted components, scraping with an infrared or coil-type heat gun with temperatures below 1,100°F, HEPA vacuum sanding, HEPA vacuum needle gun, and abrasive sanding with HEPA vacuum. Safe Work Practices are not required if the total area of paint surfaces being disturbed is no more than the *de minimis* exemption levels of 20 square feet on exterior surfaces, or

2 square feet in any one interior room or space, or 10 percent of the total surface area on an interior or exterior component with a small surface area (such as window sills, baseboards, and other trim).

“Scope of Work” shall mean the scope of work for the Rehabilitation to be undertaken and completed, as described in Exhibit B.

“Title X” means Title X of the 1992 Housing and Community Development Act, 42 USC §4800, *et seq.*

2. REHABILITATION OF PROPERTY.

2.1 Scope of Work. Program Administrator shall cause the Rehabilitation of the Property to be undertaken and completed, first completing the LBP Assistance and then to complete the balance of the Scope of Work, Exhibit B, which is detailed therein and has been presented to, reviewed and signed by Participant. Once Participant has signed the Scope of Work, no changes or additions shall be permitted, except as in accordance with the Program’s change order procedures. The Rehabilitation shall be undertaken and completed by qualified Contractor(s) selected by the Program Administrator in accordance with the Policies and Procedures and under one or more Rehabilitation Contracts. Reduction and Clearance, if any, shall be conducted by separate contractor(s) in conformity with the LBP Regs.

2.2 Participant and Program Administrator Rehabilitation Contract(s). Program Administrator and Participant shall enter into an owner/contractor contract to complete the Rehabilitation and if necessary the PA will enter into additional contract(s) with one or more the subcontractors under one or more contracts in form approved by City. As provided in Section 2.1, the LBP Assistance will be undertaken by PA’s selected contractor(s) in compliance with the LBP Regs separate from the owner/contractor agreement for the balance of the Rehabilitation. Participant shall not contract with any contractor independently from this Agreement and shall not undertake any of the LBP work on the Property outside of an approved contract for the Rehabilitation; provided however, except as to the LBP work, the foregoing does not preclude Participant and the adult, able member(s) of the household providing sweat equity work and volunteer hours on the approved Scope of Work and Rehabilitation of the Property as approved by the City and the Program Administrator.

2.3 City and Other Governmental Permits. Before commencement of the Rehabilitation, Participant shall, at its own expense (but City Loan proceeds are an acceptable source of funds), secure or cause to be secured any and all building permits and other necessary permits that may be required by the City or any other governmental agency affected by such Rehabilitation. It is understood that the Program Administrator shall coordinate with Participant to cause payment for any and all fees to obtain building permits and other necessary permits, but such fees may, but are not required, to be sourced from City Loan proceeds.

2.4 Cost of Rehabilitation. Subject to use of proceeds from the City Loan as provided by this Agreement, Program Administrator, at its sole cost and expense from the City Loan proceeds, shall cause the construction and completion of the Rehabilitation, and shall keep all costs within the budget for the Work Write-up and be paid for from City Loan proceeds.

2.5 Schedule of Performance. Program Administrator shall cause the Rehabilitation to commence within thirty (30) days of the Date of Agreement, subject to Participant’s execution of the implementing documents, including without limitation signing the Promissory Note and signing and

causing recordation in the Official Records the Deed of Trust. The Rehabilitation shall be diligently prosecuted to completion by Program Administrator (and other Contractor(s), if any) with an outside date of ninety (90) days of the Date of Agreement.

2.6 Entry by the City. Participant shall permit by City or Program Administrator, through their officers, agents, or employees, to enter into the Property at all reasonable times and inspect the Rehabilitation work to determine that the same is in conformity with the Scope of Work and this Agreement.

2.6.1 Participant acknowledges that City is under no obligation to supervise, inspect, or inform Participant of the progress of construction, and Participant shall not rely upon the by City or Program Administrator for any information. Any inspection by City under this Agreement is entirely for its purposes in determining whether Participant is in default under this Agreement, and is not for the purpose of determining or informing Participant of the quality or suitability of construction. Participant shall rely upon the Program Administrator (and its own supervision) for oversight and inspection of the work in determining the quality and suitability of the materials and work, and the performance of architects, contractors, subcontractors, and material suppliers.

2.7 Environmental Condition of the Property. Subject to Program Administrator causing the Property to undergo an evaluation and assessment for LBP and LBP Hazards and any Reduction and Clearance, as part of the consideration exchanged under this Agreement and as an inducement to City to provide the LBP Assistance, as applicable, as a part of the City Loan, Participant makes the following representations and warranties to City and its successors and assigns relating to the environmental condition of the Property:

2.7.1 Environmental Condition Prior to City Loan Disbursement

(a) **No Hazardous Materials.** Except as to conditions expressly disclosed in writing by Participant to Program Administrator and City prior to the Date of Agreement, Participant represents to Program Administrator and City that, to the best of its knowledge, Participant is not aware of and has not received any notice or communication from any governmental agency having jurisdiction over the Property, notifying it of the presence of Hazardous Materials or Hazardous Materials contamination in, on, or under the Property, or any portion of the Property. Participant knows of no circumstances, conditions or events that may, now or with the passage of time, give rise to any environmental claim against or affecting the Property. Participant represents that inspection reports, if any, with respect to the Property have been delivered to Program Administrator, and copies provided to the City.

(b) **No Asbestos on Property.** To the best knowledge of Participant, after due and reasonable investigation, there is not constructed, placed, deposited, stored, disposed of nor located on the Property any asbestos in any form which has become or threatens to become friable.

(c) **No Underground Tanks or Improvements on Property.** To the best knowledge of Participant, after due and reasonable investigation, no underground improvements, including but not limited to treatment or storage tanks, sumps, or water, gas or oil wells are or have ever been located on the Property.

(d) **No PCBs on Property.** To the best knowledge of Participant, after due and reasonable investigation, there is not constructed, placed, deposited, stored, disposed of nor located on the Property any poly-chlorinated biphenyls (“PCBs”) nor transformers, capacitors, ballasts, or other equipment which contains dielectric fluid containing PCB’s at levels in excess of fifty parts per million (50 ppm).

(e) **No Formaldehyde on Property.** To the best knowledge of Participant, after due and reasonable investigation, there is not constructed, placed, deposited, stored, disposed of nor located on the Property any insulating material containing area formaldehyde.

(f) **Compliance with Governmental Requirements; Necessary Permits.** Except as to code violations that are intended to be corrected as a part of the Scope of Work for the Rehabilitation with the proceeds of the City Loan, to the best knowledge of Participant, after due and reasonable investigation, the Property complies in all material respects with all Governmental Requirements; and, Participant has all permits and licenses required to be issued to it by any governmental authority on account of any or all of its activities on the Property, and is in full compliance with the terms and conditions of such permits and licenses.

(i) In this regard, as of the date of Participant’s Application to the RRP, Participant was not aware, nor has Participant become aware, and thereby represents and warrants that no unpermitted improvements or additions exist on the Property and no work was done at the Property without permit, if and as required by and in compliance with the Uniform Codes or local, state or federal laws or regulations.

(g) **No Notice of Violation or Litigation.** To the best knowledge of Participant, after due and reasonable investigation, Participant has not received notice or other communication concerning any alleged material violation of Governmental Requirements and there exists no writ, injunction, decree, order or judgment outstanding, nor any lawsuit, claim, proceeding, citation, directive, summons or investigation, pending or threatened, relating to the ownership, use, maintenance or operation of the Property.

(h) **Survival of Representations and Warranties.** The above representations and warranties shall survive the expiration or termination of this Agreement, the discharge of all other obligations owed by the Parties to each other, any transfer of title to the Property, whether by sale, foreclosure, deed in lieu of foreclosure or otherwise, close of escrow, any extinguishment of the debt, or foreclosure of the loan and shall not be affected by any investigation by or on behalf of City, or by any information which City may have or obtain.

2.7.2 Indemnification. Participant shall save, protect, pay for, defend, indemnify and hold harmless the by City and Program Administrator, and their officers, employees, representatives and agents (together, “Indemnitees”), from and against any and all liabilities, suits, actions, claims, demands, penalties, damages, including, without limitation, penalties, fines and monetary sanctions, losses, costs or expenses, including, without limitation, consultants’ fees, investigation and laboratory fees, attorneys’ fees and remedial and response costs (the foregoing are collectively referred to as “Liabilities”) which may now or in the future be incurred or suffered by the City and Program Administrator or their officers, employees, representatives or agents by reason of, resulting from, in connection with or arising in any manner whatsoever as a direct or indirect result of (i) the Participant’s ownership of all or any part of the Property, (ii) any negligent act or omission on the part of Participant, or its employees, representatives, agents, contractors or invitees, (iii) the

presence on or under, or the escape, seepage, leakage, spillage, discharge, emission or release from, or the handling, manufacture, treatment, storage, use, generation, release, refining, dumping, or disposal of or about the Property of any Hazardous Materials or Hazardous Materials contamination after the disbursement of the City Loan proceeds, (iv) the environmental condition of the Property, and (v) any Liabilities incurred after the Participant's acquisition of the Property under any Governmental Requirements relating to Hazardous Materials. This obligation shall include, but not be limited to, the burden and expense of defending all claims, suits and administrative proceedings with counsel reasonably approved by the indemnified Parties, even if such claims, suits or proceedings are groundless, false or fraudulent, and conducting all negotiations of any description, and paying and discharging, when and as the same become due, any and all judgments, penalties or other sums due against such indemnified persons. City and Program Administrator, at their sole expense, may employ additional counsel of their choice to associate with counsel representing Participant.

2.7.3 Release. Participant waives, releases and discharges forever City and Program Administrator, and their employees, officers, agents and representatives, from all present and future claims, demands, suits, legal and administrative proceedings and from all liability for damages, losses, costs, liabilities, fees and expenses, present and future, arising out of or in any way connected with the City and Program Administrator and/or the Participant's use, maintenance, ownership or operation of the Property, any Hazardous Materials on the Property, or the existence of Hazardous Materials contamination in any state on the Property, however they came to be placed there, except that arising out of the negligence or misconduct of the City or Program Administrator or their employees, officers, agents or representatives.

(a) Participant acknowledges that it is aware of and familiar with the provisions of California Civil Code Section 1542 which provides as follows:

“A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR.”

(i) As such relates to this Section 2.7, Participant waives and relinquishes all rights and benefits which it may have under California Civil Code Section 1542.

2.7.4 Duty to Prevent Hazardous Material Contamination. During the Rehabilitation and continued ownership and occupancy of the Property, Participant shall take all necessary precautions to prevent the release of any Hazardous Materials into the environment on or under the Property. Such precautions shall include compliance with all Governmental Requirements with respect to Hazardous Materials. Participant shall notify City, and provide to City a copy or copies, of any notices of violation, notices to comply, citations, inquiries, clean-up or abatement orders, cease and desist orders, reports filed pursuant to self-reporting requirements and reports filed or applications made pursuant to any Governmental Requirement relating to Hazardous Materials and underground tanks, and Participant shall report to City, as soon as possible after each incident, any unusual, potentially important incidents in the event of a release of any Hazardous Materials into the environment.

2.7.5 Definitions. For purposes of this Section 2.7:

(a) **“Hazardous Materials”** shall mean (i) any “hazardous substance” as defined by the Comprehensive Environmental Response, Compensation and Liability Act of 1980 (42 U.S.C. Section 9601, *et seq.*), as amended from time to time, and regulations promulgated thereunder; (ii) any “hazardous substance” as defined by the Carpenter-Presley-Tanner Hazardous Substance Account Act (California Health and Safety Code Sections 25300, *et seq.*), as amended from time to time, and regulations promulgated thereunder; (iii) asbestos; (iv) PCBs; (v) petroleum, oil, gasoline (refined and unrefined) and their respective by-products and constituents; and (vi) any other substance, whether in the form of a solid, liquid, gas or any other form whatsoever, which by any Governmental Requirements either requires special handling in its use, transportation, generation, collection, storage, handling, treatment or disposal, or is defined as “hazardous” or harmful to the environment.

(b) **“Governmental Requirements”** means all applicable present and future federal, state or local statutes, regulations, rules, ordinances, codes, licenses, permits, orders, approvals, plans, authorizations, concessions, franchises, and similar items, of all governmental agencies or instrumentalities of the United States, states and political subdivisions and all applicable judicial, administrative, and regulatory decrees, judgments, and orders relating to the protection of human health or the environment.

(c) **“Environmental Damages”** means all claims, judgments, damages losses, penalties, fines, liabilities (including strict liability), encumbrances, liens, costs, and expenses of investigation and defense of any claim, whether or not such claim is ultimately defeated, and of any good faith settlement or judgment, of whatever kind or nature, contingent or otherwise, matured or unmatured, foreseeable or unforeseeable, including without limitation reasonable attorneys’ fees and disbursements and consultants’ fees, any of which are incurred at any time as a result of the existence, prior to close of escrow, of Hazardous Material upon, about or beneath the Property, or migrating or threatening to migrate to or from the Property, or the existence of a violation of Governmental Requirements pertaining to the Property, regardless of whether the existence of such Hazardous Material or the violation of Governmental Requirements arose prior to the present ownership of operation of the Property.

2.8 Notice of Completion. Promptly after the completion of the Rehabilitation and upon the written request of Participant, City shall furnish Participant with a Notice of Completion, which shall be caused to be recorded by Participant against title to the Property. The recordation of a Notice of Completion shall not supersede, cancel, amend, limit or release Participant from the continued effectiveness of any obligations relating to the operation, maintenance, or use of the Property, or payment of monies, or any other obligations, except for the obligation to complete the Rehabilitation. Upon issuance of a Notice of Completion, the Rehabilitation shall be conclusively deemed to have been completed in conformity with this Agreement.

3. CDBG FUNDING.

3.1 City Loan. City shall loan to Participant the amount of _____ Dollars (\$ _____) for Rehabilitation, or as much as is disbursed by City to the Program Administrator for the purpose of paying the eligible costs of the Rehabilitation as set forth in the Scope of Work and subject to the conditions and restrictions set forth in this Agreement and those set forth in the Promissory Note.

3.1.1 Disbursement of City Loan Proceeds. The Rehabilitation shall be undertaken and monies disbursed directly to the qualified inspector(s) and contractors conducting the assessment and Reduction and Clearance pursuant to the Reduction and Clearance Plan for LBP and LBP Hazards at the Property and the balance of the Rehabilitation.

3.1.2 Receipt of LBP Informational Pamphlet and Report Regarding Inspection and Assessment. Prior to execution of this Agreement, Participant acknowledges it received the LBP informational pamphlet and the disclosure forms relating to information about LBP and LBP Hazards and the results of the evaluation for LBP and LBP Hazards at the Property. Participant represents and warrants to City and Program Administrator that all information about the Property, any information about the presence or absence or lack of knowledge about LBP and LBP Hazards at or about the Property and the condition of the Property that Participant provided to City and Program Administrator in application for and to qualify for the LBP Assistance is true and correct. Participant acknowledges that City and Program Administrator are relying and have relied upon such information as a condition to the City entering into this Agreement, and that eligibility for the Program and expenditure of CDBG Funds have been determined based on such information provided. Participant represents and warrants to City that all information Participant has provided, and will provide in the future, is and will be true, correct, and complete.

3.1.3 Participant's Cash Investment into the Rehabilitation. As required by the RRP, Participant agrees that it shall expend not less than _____ dollars (\$ _____) of its own funds to pay for part of the Rehabilitation described in the Scope of Work.

3.2 Promissory Note. Participant, as maker and borrower, shall execute and deliver to City, as holder and lender, a Promissory Note in favor of City in the full principal amount of the City Loan ("Note Amount").

3.2.1 City Loan. The Note Amount shall accrue zero percent (0%) interest and subject to Participant's compliance with this Agreement and all implementing instruments, the full Note Amount shall be forgiven, no monies due and the Promissory Note cancelled and the Deed of Trust reconveyed upon the Maturity Date, i.e., the tenth (10th) anniversary of the date of the Promissory Note.

3.2.2 Acceleration of Note; Events of Default. While the City Loan will be forgiven on the Maturity Date so long as Participant performs and is not in default under this Agreement, notwithstanding the full Note Amount is due and payable by Participant and the City Loan shall be deemed accelerated in the event prior to the Maturity Date Participant does any of the following actions or inactions:

(a) Participant sells or otherwise transfers or conveys the Property or any interest in the Property or any portion of the Property whether directly or indirectly, whether involuntarily or by operation of law, except as permitted below in Section 3.2.5;

(b) Participant refinances the First Lien or any other lien to which the City Loan is subordinate for a principal amount that exceeds the then current principal amount of such lien(s) plus reasonable and customary non-recurring closing costs;

(c) Participant fails to own and occupy the Property continuously as Participant's principal residence;

(d) Participant uses the Property for vacation rental purposes with a third party, such as AirBnB or VRBO;

(e) Participant rents out any room or any part of the Property to a third party for any period of time;

(f) Participant undertakes any improvements to the Property that do not comply with all applicable Uniform Codes, laws and regulations including as required obtaining building and other permits from issuance through final inspection;

(g) Participant defaults on the senior lien mortgage(s) of Property;

(h) Participant fails to pay property taxes, assessments or past due liens against the Property; and/or

(i) Participant fails to comply with all other terms and provisions of this Agreement, the Note, and the Deed of Trust (including without limitation maintaining insurance as to the Property as required under this Agreement and the Note).

each of (a) to (i) inclusive above is an “Event of Default”. If an Event of Default occurs prior to the Maturity Date, then, the Note Amount shall be due and payable in full immediately.

3.2.3 Prepayment of Note Amount. Without penalty, Participant may prepay to City the full Note Amount at any time prior to the due date of the Note Amount.

3.2.4 Participant Assignment Prohibited. In no event shall Participant assign or transfer any portion of the Promissory Note. Likewise, no assumption of the City Loan shall be permitted at any time.

3.2.5 Exceptions re Transfer. Notwithstanding the foregoing in Section 3.2.2 regarding transfers of the Property, the following transfers of interest in the Property shall not cause acceleration and require repayment of the City Loan:

(a) A transfer to a surviving joint tenant by devise, descent, or operation of law upon the death of a joint tenant.

(b) A transfer in which the transferee is a person who occupies or will occupy the Property, and one of the following is true:

(i) the transfer results in the spouse of the transferor becoming the new owner and occupant of the Property;

(ii) the transfer results from a decree of dissolution of marriage or a legal separation agreement pursuant to which the spouse becomes an owner of and occupies the Property as his/her primary personal residence;

(iii) the Property is transferred into an *inter vivos* trust under which the original, vested Participant is and remains the beneficiary and permanent occupant of the Property; or

(iv) at the sole, absolute discretion of the City through its Director, if the heir of the deceased loan recipient (original Participant) qualifies as a Low Income household and meets all other Program requirements (as if making application to the Program at the time of the owner's death) and such heir intends to own and occupy the subject Property as the primary, personal residence, then the heir must notify the City by submitting a formal letter of request with supporting documentation to assume the loan in lieu of repayment. Such a request must include a factual showing by the eligible heir that a strong probability exists that title to the Property will vest in the heir upon the conclusion of the probate or other disposition of the deceased loan recipient's estate. In considering the above exception, the City reserves the sole and absolute right to reverse any initial decision to make such exception until the time title vests in the eligible heir and he/she/they meet all applicable Program requirements.

3.2.6 Joint and Several. This Agreement is a joint and several obligation; thus, the undersigned, if more than one, shall be jointly and severally liable under this Agreement, the Promissory Note, and the Deed of Trust.

3.3 Deed of Trust. Participant shall execute and deliver to City a Deed of Trust, which shall encumber the Property, and secure the Promissory Note and the performance of the obligations set forth in this Agreement. The Deed of Trust shall be subordinate only to those documents required in connection with the purchase money lien or liens (herein referred to as the "First Lien") from institutional lenders that exist of record against the Property as of the date of Participant's Application or are otherwise permitted or approved by City as provided in this Agreement, and shall not be subordinate to the lien of any other loans, mortgages or deeds of trust, except as to the lien(s), if any, of real property taxes and assessments, and a lien, if any, expressly approved by the Director in his/her sole and absolute discretion. At the time of the approval of the City Loan, the sum of the loan(s) secured by such lien(s) plus the principal amount of the City Loan shall not exceed ninety percent (90%) of the current fair market value of the Property.

3.4 Disbursement of City Loan Proceeds. The City Loan will be disbursed directly to Program Administrator in the form of (a) periodic progress payments as Rehabilitation progresses or (b) a single lump sum, in accordance with an approved Rehabilitation Contract by and between Participant and Program Administrator (and other Contractor(s), if any), and as approved and authorized City staff. Such periodic payments shall be disbursed by checks payable directly to Program Administrator or as otherwise authorized by City staff related to progress payment invoices submitted by the Program Administrator to the City in accordance with the Policies and Procedures. Ten percent (10%) of the total contract price may be retained by City until thirty-five (35) days from the date the Notice of Completion is issued and all building and other permits have been finalized. City's obligation to disburse City Loan proceeds is expressly conditioned upon Program Administrator's continued satisfactory progress of the work of the Rehabilitation in compliance with the terms and conditions of this Agreement, and the applicable Rehabilitation Contract(s). In the event that the amount of the City Loan is not sufficient to pay the entire amount due under the Rehabilitation Contract(s), Participant acknowledges that Participant is responsible for and shall pay the additional amount from Participant's own funds. In the event that the amount of the City Loan exceeds the amount due under the Rehabilitation Contract(s), such additional amount shall be retained by City, and Participant shall be credited in the Promissory Note for such amount.

3.5 Income and Application Information. Prior to execution of this Agreement and through its Application to the RRP, Participant has submitted to Program Administrator and City certain income, other financial, ownership, and occupancy information concerning Participant and

any other persons occupying the Property with Participant, whom together comprise Participant's household. The information has evidenced to Program Administrator and City that Participant and any other persons occupying the Property comprise a Low Income Household, hold fee simple title to the Property, and occupy the Property as their principal residence. Participant represents and warrants to City and Program Administrator that all information Participant has provided to City and Program Administrator in application for and to qualify for the City Loan is true and correct. Participant acknowledges that City and Program Administrator are relying and have relied upon such information in entering into this Agreement, and that eligibility for the Program and expenditure of Program funds have been determined based on such information. Participant represents and warrants to City and Program Administrator that all information Participant has provided, and will provide in the future, is and will be true, correct, and complete.

3.6 Loan Servicing. As and if necessary City, in its sole discretion, may contract with a private lender or other administrator, including an entity separate from HfHOC, to originate and/or service the City Loan. Participant authorizes City to make any and all files and documents pertaining to Participant's participation in the Program available to such lender or administrator.

3.7 Acceleration on Sale, Transfer, Refinancing, Failure to Occupy, or Default. The City Loan shall become due and immediately payable upon the occurrence of an Event of Default under Section 3.2.2., which shall also be an "Event of Acceleration".

4. USE OF PROPERTY.

4.1 Permitted Uses. For the entire period the City Loan remains outstanding: Participant covenants and agrees that Participant shall use, occupy, maintain and operate the Property as specified in this Agreement; all uses shall conform to all applicable provisions of the Anaheim Municipal Code, and other applicable local, state, and federal laws and regulations; the Property shall at no time be utilized on a transient basis, nor shall the Property or any portion of the Property ever be used as a hotel, motel, dormitory, fraternity or sorority house, rooming house, hospital, nursing home, sanitarium, rest home, short-term rental unit or for vacation rental purposes such as or comparable to AirBnB; Participant shall not maintain, cause to be maintained, or allow to be maintained on the Property any public or private nuisance; and Participant shall not convert the Property to condominium ownership. Further, if after completion of the Rehabilitation, Participant intends to make other or additional improvements to the Property then all work and improvements shall comply with applicable Uniform Codes, and other local, state and federal laws and regulations including as required obtaining building and other permits from issuance through final inspection.

4.1.1 Owner-Occupied Property. As of the Date of Agreement, Participant represents it is the owner-occupant of the Property and that the Property is and shall remain the principal residence of Participant continuously while the City Loan is outstanding.

4.1.2 Income and Monthly Affordable Housing Cost of Participant. Participant represents to City that, as of the Date of Agreement, it is a Low Income Household. Participant has been determined eligible for the City Loan under the Program due to the fact(s) that (a) its gross household income does not exceed the amount established annually by HUD for Low Income Households, and (b) Participant has met the general eligibility criteria set forth in the Policies and Procedures. If Participant's gross household income increases during the term of the City Loan, such fact(s) shall not constitute a violation of the covenants of this Agreement; however, Participant shall

continue to comply with all other covenants, restrictions, and obligations of this Agreement for the 10-year Covenants and Restrictions Period as set forth in this Agreement.

4.1.3 Compliance with Use and Occupancy Laws. Participant shall comply with all applicable federal, state and local statutes, ordinances, regulations and laws with respect to the Participant's ownership, use, maintenance, and Rehabilitation of the Property. Participant covenants that occupancy at the Property conforms and will continue to conform with, and not exceed the occupancy limits set forth in, the federal Housing Quality Standards (24 CFR 882.404) and the Policies and Procedures. These standards require that occupancy of the Property shall be limited to two persons per living and sleeping area(s), excluding the kitchen and bathroom(s), such that occupancy of one bedroom housing units shall be limited to four persons, occupancy of two bedroom housing units shall be limited to six persons, occupancy of three bedroom housing units shall be limited to eight persons, occupancy of four bedroom housing units shall be limited to ten persons, occupancy of five bedroom housing units shall be limited to twelve persons, and occupancy of six bedroom housing units shall be limited to fourteen persons. The dwelling unit shall contain a living room, kitchen area, and bathroom. Persons of opposite sex, other than husband and wife or very young children, shall not be required to occupy the same bedroom or living/sleeping room.

4.1.4 Compliance with Laws in Rehabilitation and Occupancy. The Property shall conform to, and Participant shall carry out the Rehabilitation in conformity with, all applicable laws, City zoning and development standards, building, plumbing, mechanical and electrical codes, and all other provisions of the Anaheim Municipal Code, and, as applicable, all disabled, handicapped access, or other accessibility requirements, including without limitation, as and if applicable, the Americans With Disabilities Act, 42 U.S.C. Section 12101, *et seq.*, Government Code Section 4450, *et seq.*, Government Code Section 11135, *et seq.*, and the Unruh Civil Rights Act, Civil Code Section 51, *et seq.* Participant covenants that the Rehabilitation shall be carried out to ensure that the Property is and remains (i) free from all noted health and safety defects, (ii) decent, safe and sanitary, and (iii) complies with the provisions of California Health and Safety Code §105250, *et seq.*

4.1.5 Compliance with LBP Laws. Participant covenants to ensure that Rehabilitation complies with the requirements of California Health and Safety Code §105250, *et seq.* relating to LBP and LBP Hazards as well as the requirements of Title X and the LBP Regs.

4.1.6 Compliance with Relocation Laws. The Rehabilitation shall be conducted in such a manner as to prevent, to the maximum extent feasible, any displacement of persons from the Property in accordance with applicable laws. Except as required by the LBP Regs, Participant expressly acknowledges and agrees it is fully liable and responsible for any and all costs and expenses relating to compliance with the relocation laws, pursuant to California Government Code Section 7260, *et seq.*, Title 25, California Code of Regulations Section 6000, *et seq.*, and the federal Uniform Relocation Act (URA) 42 USC 84601, *et seq.* and 49 CFR Part 24 ("Relocation Laws"), for any person occupying the Property; however, the proceeds of the City Loan may be expended toward the costs of such relocation, including, without limitation, relocation benefits paid to eligible persons, as determined by City in its sole and absolute discretion, consultant fees, attorneys' fees, and court costs arising or in any way connected with claims for relocation assistance or benefits as may be asserted by any occupant of the Property. To the extent the proceeds of the City Loan are not sufficient to pay such relocation costs, if any, then Participant is and remains fully and financially responsible for such costs, except as required by the LBP Regs.

4.1.7 Program Compliance Certification. While the City Loan is outstanding, Participant shall comply with all applicable recordkeeping and monitoring requirements under the CDBG Regulations. Participant shall prepare and submit to City on the first June 30 following the issuance of the Notice of Completion and not later than every June 30 annually for each year the City Loan remains outstanding a Certification of Continuing Program Compliance, in a form provided by the Program Administrator or City staff and shall submit for review any other necessary records and documentation relating to the Property and its use and maintenance, as necessary to evidence compliance with this Agreement. A sample of this certification is appended to the Program Policies and Procedures.

(a) Participant acknowledges each certification made by Participant to City with the understanding it will be relied upon by City to determine compliance with this Agreement, the Note, the Deed of Trust and all other applicable state and local laws.

4.1.8 Failure to Comply. In the event Participant fails to submit to City all of the documentation required by this Agreement, such action or inaction shall be an Event of Default and City may seek all available remedies as set forth in this Agreement, including, without limitation, acceleration of the Promissory Note.

4.2 Non-Discrimination Covenants. Participant covenants, by and for itself, its successors and assigns, and all persons claiming under or through Participant that there shall be no discrimination against or segregation of, any person or group of persons on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the Property, nor shall the grantee or any person claiming under or through him or her, establish or permit any practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees, or vendees in the Property.

4.3 Maintenance of Property. The covenants in this Section 4.3 shall remain in effect until the City Loan is repaid in full or otherwise forgiven at the Maturity Date of the Note under the terms hereunder and thereunder. Participant shall comply with all covenants set forth in this Agreement concerning the maintenance, upkeep, and repair of the Property and shall maintain the improvements, both interior and exterior, yard areas, garage, carport, other appurtenant improvements, and landscaping on the Property in a decent, safe and sanitary condition and presentable manner consistent with community standards and which will uphold the value of the Property, and shall keep the Property free from any accumulation of debris and waste materials. Participant shall comply with any and all covenants and agreements established by any regulatory entity recognized by area property owners, if any, and Participant shall comply with all applicable federal, state and local laws concerning use, ownership, occupancy, maintenance of, and lawful activities upon the Property. Participant shall not permit criminal activities to occur on the Property, permit Property improvements to suffer deterioration or decline, or maintain, cause to be maintained or permit to be maintained any public or private nuisance on or about the Property. City, through its authorized representative, shall be permitted to enter onto the property without first obtaining an inspection warrant for the purpose of verifying compliance with this Section 4.3. If at any time Participant fails to maintain the Property in accordance with this Agreement and such condition is not corrected within seventy-two (72) hours after written notice from City with respect to graffiti, debris, waste material, and general maintenance, or thirty (30) days after written notice from City with

respect to landscaping and building improvements, maintenance of a nuisance, or other violation, then the City, in addition to whatever remedy it may have at law or at equity, shall have the right to enter upon the applicable portion of the Property and perform all acts and work necessary to protect, maintain, and preserve the improvements and landscaped areas on the Property, and to attach a lien upon the Property, or to assess the Property, in the amount of the expenditures arising from such acts and work of protection, maintenance, and preservation by City and/or costs of such cure, including a reasonable administrative charge, which amount shall be promptly paid by Participant to City upon demand. This covenant shall remain in effect for the entire term that the City Loan remains outstanding.

(a) **Interior Maintenance.** Participant shall maintain the interior of buildings, including, without limitation, carpet, drapes and paint, in clean and habitable condition.

(b) **Exterior Maintenance.** All exterior, painted surfaces shall be maintained at all times in a clean and presentable manner, free from chipping, cracking and defacing marks. All graffiti and defacement of any type, including marks, words and pictures must be removed and any necessary painting or repair completed within seventy-two (72) hours of their creation or within seventy-two (72) hours after notice to Participant. All of the walkways, driveways and alleyways, carports and/or garages, and other exterior improvements shall be maintained in a good, clean and safe condition. No exterior alterations of the buildings or landscaping shall be made without the prior consent of City.

(c) **Graffiti Removal.** All graffiti and defacement of any type, including marks, words and pictures must be removed from the Property and any necessary painting or repair completed as soon as possible after the creation of the graffiti, but in no event later than one (1) week after notice to Participant from City.

(d) **Landscaping.** All landscaping surrounding the Property shall be maintained in a manner consistent with standards of the Anaheim Municipal Code and any rules, regulations and standards which may be adopted pursuant to the Anaheim Municipal Code. In addition, the yard areas on the Property shall not contain the following: (i) lawns with grasses in excess of six (6) inches in height, (ii) trees, shrubbery, lawns, and other plant life which are dying from lack of water or other necessary maintenance, (iii) trees and shrubbery grown uncontrolled without proper pruning, (iv) vegetation so overgrown as to be likely to harbor rats or vermin, (v) dead, decayed or diseased trees, weeds and other vegetation, and (vi) inoperative irrigation system(s).

(e) **HOA Maintenance.** To the extent a homeowner's association maintains the Property in compliance with the maintenance obligations imposed by this Agreement, Participant shall not be required to duplicate efforts; provided that in the event such homeowner's association fails to maintain the Property in a condition which satisfies these requirements, Participant shall have the obligation to ensure compliance with these covenants.

4.4 Participant Inspection. To the extent permitted by law, representatives of the City shall be entitled to enter the Property, upon at least twenty-four (24) hours' notice, to monitor compliance with this Agreement. Participant agrees to cooperate with the City in making the Property available for such inspection. If for any reason the City is unable to obtain Participant's consent to such an inspection, Participant understands and agrees that the City may obtain at Participant's expense an administrative inspection warrant or other appropriate legal order to obtain access to and search the Property. While the City Loan is outstanding Participant agrees to maintain

records in a businesslike manner and to make such records available to the City upon forty-eight (48) hours' notice.

4.5 Subordination. All terms and provisions of this Agreement shall run with the land and shall be subordinate only to the First Lien for the Property and shall be secured by the Deed of Trust securing the City Loan and other financing documents which secure financing allowable under the CDBG Program and CDBG Regulations and are approved by City pursuant to this Agreement. The Director, or his/her designee, is authorized to execute such subordination agreements and/or such other documents as may be reasonably necessary to evidence subordination, provided that any subordination agreement(s) contain(s) written commitments which Director, or his/her designee, finds are reasonably designed to protect City's investment in the Event of Default, such as any of the following: (a) a right of City to cure a default on the loan prior to foreclosure; (b) a right of City to negotiate with the lender after notice of default from the lender and prior to foreclosure; (c) an agreement that if prior to foreclosure of the loan, City takes title to the Property and cures the default on the loan, the lender will not exercise any right it may have to accelerate the loan by reason of the transfer of title to City; and (d) a right of City to purchase the Property from Participant at any time after a default on the loan. City staff reserves the right to request all documents such as an appraisal and disclosure statement which it deems necessary to review subordination requests.

5. INSURANCE AND INDEMNITY.

5.1 Insurance. Participant shall maintain, during the term of the City Loan, (i) an all-risk (including fire insurance coverage and flood insurance, where applicable) property insurance policy insuring the Property in an amount not less than the full replacement value of the structures on the Property, and (ii) comprehensive general liability insurance with limits not less than _____ Dollars (\$_____) each occurrence, combined single limit for bodily injury and property damages, including coverage for contractual liability, personal injury, premises liability, and broad form property damage. Each insurance policy required by this Agreement shall contain the following clauses:

- (a) "This insurance shall not be canceled, limited in scope or coverage, or non-renewed until after thirty (30) days prior written notice has been given to the City."
- (b) "It is agreed that any insurance maintained by the City shall apply in excess of and not contribute with insurance provided by this policy."
- (c) "The City of Anaheim and its officers, agents, employees, representatives and volunteers are added as additional insureds as respects operations and activities of, or on behalf of the named insured, performed under contract with the City."
- (d) "The City of Anaheim is added as a loss payee/mortgagee as respects physical loss or damage to the Property." This clause is applicable to the Property insurance policy only.

Participant shall transmit a copy of the certificates of insurance and additional insured/loss payee endorsements required by this Section 5.1 to City within thirty (30) days of the Date of Agreement, and Participant shall annually transmit to City a copy of the certificate of insurance and an additional insured/loss payee endorsement, signed by an authorized agent of the insurance carrier setting forth the general provisions of coverage. The copy of the certificates of insurance and endorsements shall be transmitted to City at the address and in the manner set forth in Section 7.2 below.

5.2 Indemnification. Participant shall, at Participant's expense, defend, indemnify, save and hold harmless City and Program Administrator, and their officers, agents, employees and representatives, as Indemnitees, from any and all losses, damages, liabilities, claims, causes of action, judgments, settlements, court costs, reasonable attorneys' fees, and other legal expenses, costs of evidence of title, costs of evidence of value, and other expenses, or Liabilities, which they may suffer or incur arising from Participant's performance of its obligations under this Agreement, Participant's ownership, use, occupancy, or maintenance of the Property, both land and improvements, and/or the Rehabilitation, including without limitation, third party claims for personal injuries, including death, property damages, or claims or injuries related in any respect to LBP or LBP Hazards at or about the Property or any persons at the Property and any evaluation, assessment, treatment or clearance work which occurs at the Property, or claims for relocation assistance or benefits as may be asserted pursuant to applicable Relocation Laws, or any other claim or suit of whatever kind or nature.

6. DEFAULTS, REMEDIES AND TERMINATION.

6.1 Defaults. The defaults described in Section 3.2.2 as to the Participant, along with the failure or delay by either Party to perform any covenant, condition or provision of this Agreement to be observed or performed by such Party within the time provided in this Agreement, constitutes an Event of Default under this Agreement. The injured Party shall give written notice of default to the Party in default, specifying the default complained of by the injured Party. Failure or delay by either Party in giving such notice or asserting any of its rights or remedies as to any default shall not operate as a waiver of any default or of any such rights or remedies, or change the time of default, or deprive either such Party of its right to institute and maintain any actions or proceedings which it may deem necessary to protect, assert or enforce any such rights or remedies. The defaulting Party shall immediately commence to cure such default upon receipt of the written notice of default, and shall complete such cure within thirty (30) days from the date of the receipt of the written notice or such longer period if the nature of the default is such that more than thirty (30) days is required to cure such default, but in no event longer than sixty (60) days. If the defaulting Party cures the default within the time prescribed in this Section, the notice of default shall be deemed inoperative. Failure to cure such default within the prescribed time shall constitute an Event of Default and the injured Party may institute a legal action as expressly permitted by this Agreement.

6.2 City Right to Enforce. City shall have the right to enforce all of the provisions of this Agreement. This Agreement does not in any way infringe on the right or duties of City to enforce any of the provisions of the Anaheim Municipal Code including, but not limited to, the abatement of dangerous buildings and other nuisances. In addition to the general rights of enforcement, the City shall have the right, through their agents and employees, to enter upon any part of the Property for the purpose of enforcing state laws and the ordinances and regulations of the City, and for maintenance and/or repair of any or all publicly owned utilities.

6.3 Attorneys' Fees. In the event that any attorney is engaged by City and Program Administrator to enforce or defend any provision of this Agreement, or as a consequence of any Event of Default, without the filing of any legal action or proceeding, then Participant shall pay to City (and Program Administrator, as applicable) immediately upon demand all attorneys' fees and costs incurred. However, in the event that any action is instituted pursuant to this Agreement, whether or not a final court judgment is entered, the Parties agree that the non-prevailing Party shall be responsible for and shall pay all costs and all attorneys' fees incurred by the prevailing Party.

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

6.5 Acceptance of Service of Process. In the event that any legal action is commenced by Participant against City, service of process on City shall be made by personal service upon City Clerk, or in such other manner as may be provided by law.

6.6 Rights and Remedies are Cumulative. Except as otherwise expressly stated in this Agreement, the rights and remedies of the Parties are cumulative, and the exercise by either Party of one or more of such rights or remedies shall not preclude the exercise by it, at the same time or different times, or any other rights or remedies for the same default or any other default by the other Party.

6.7 Rights of Termination. In addition to the remedies the Parties may have through at law or in equity, the Parties shall have the right to terminate this Agreement upon an Event of Default by the other Party. Termination shall be effective immediately upon service on the defaulting Party of a written notice of termination in accordance with the notice provisions of Section 7.2 below.

6.8 Nuisance. The result of every act or omission by which any of the covenants contained in this Agreement are violated in whole or in part is hereby declared to be and constitutes a nuisance, and every remedy allowable at law or equity against a nuisance, either public or private, shall be applicable against every such result and may be exercised by any owner or its successors in interest, without derogation of City's rights under law.

6.9 Right of Entry. To the extent permitted by law, the City has the right of entry at reasonable hours and upon and after reasonable attempts to contact Participant, to effect emergency repairs or maintenance which the Participant has failed to perform. To the extent permitted by law, subsequent to sixty (60) days written notice to Participant specifically outlining the noncompliance, the City shall have the right of entry at reasonable hours to enforce compliance with this Agreement which the Participant has failed to perform. In this regard, Participant agrees to the issuance of an administrative inspection warrant to inspect the Property as potential, alleged or actual health and safety or other code violations.

6.10 Costs of Repair. The costs borne by City of any such repairs or maintenance emergency and/or non-emergency, shall become a charge for which Participant shall be responsible; and may, if unpaid, be assessed as a lien against the Property.

6.11 Failure to Enforce. The failure to enforce any of the covenants contained in this Agreement shall not constitute a waiver of the right to enforce any and all rights thereafter.

7. GENERAL PROVISIONS.

7.1 Time. Time is of the essence in this Agreement.

7.2 Notices. Any notices, requests or approvals given under this Agreement from one Party to the other may be personally delivered, delivered by overnight courier service, or deposited with the United States Postal Service for mailing, postage prepaid, to the following addresses:

If to Participant: _____

If to City: City of Anaheim
201 South Anaheim Boulevard, Suite 1003
Anaheim, California 92805
Attention: Director of Community
Development

With a copy to: City Attorney, City of Anaheim
200 South Anaheim Boulevard
Anaheim, California 92805

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

7.3 Documents. Participant is aware that City has prepared certain documents to implement the Program and secure repayment of the City Loan. Participant has reviewed and agrees to execute all documents necessary to effectuate the City Loan and carry out the objectives of this Agreement, including without limitation the following documents prior to receiving the City Loan:

- (a) Promissory Note;
- (b) Deed of Trust;
- (c) Program Disclosure Statement;
- (d) Regulation Z Disclosure Statement; and
- (e) Request for Notice.

Participant agrees and acknowledges that the Deed of Trust and the Request for Notice shall be recorded in the Official Records, County of Orange and shall appear of record with respect to and as encumbrances to the Property.

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

7.5 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 Participant and City.

7.6 City Assignment. City may, but is not obligated, to assign its right to receive repayment of the City Loan proceeds.

7.7 Participant Assignment Prohibited. In no event shall Participant assign or transfer any portion of this Agreement. No assumption of the City Loan shall be permitted at any time.

7.8 City to File Notices. Participant irrevocably appoints, designates, and authorizes City as its agent (said agency being coupled with an interest) to file for record any notices of completion, cessation of labor, or any other notice that the City deems necessary or desirable to protect its interest under the City Loan documents.

7.9 Actions. City shall have the right to commence, appear in, or defend any action or proceeding purporting to affect the rights, duties, or liabilities of the Parties, or the disbursement of any proceeds of the City Loan.

7.10 Successors and Assigns. The terms of this Agreement shall be binding upon and inure to the benefit of the successors and assigns of the Parties; provided, however, that no assignment of Participant's rights shall be made, voluntarily or by operation of law.

7.11 Construction of Words. Except where the context otherwise requires, words imparting the singular number shall include the plural number and vice versa, words imparting persons shall include firms, associations, partnerships and corporations, and words of either gender shall include the other gender.

7.12 Partial Invalidity. If any provision of this Agreement shall be declared invalid, illegal, or unenforceable, the validity, legality, and enforceability of the remaining provisions of this Agreement shall not in any way be affected or impaired.

7.13 Approvals. Where an approval or submission is required under this Agreement, such approval or submission shall be valid for purposes of this Agreement only if made in writing. Where this Agreement requires an approval or consent of City, such approval may be given on behalf of City by the Director or his or her designee. The Director or his or her designee is authorized to take such actions as may be necessary or appropriate to implement this Agreement, including without limitation the execution of such documents or agreements as may be contemplated by this Agreement. The Director is authorized to execute amendments of this Agreement so long as such amendments do not materially increase the costs to be incurred by City or materially decrease the revenues to be received by City under this Agreement.

7.14 Captions and Headings. Captions and headings in this Agreement are for convenience of reference only, and are not to be considered in construing the Agreement.

7.15 Entire Agreement. This Agreement constitutes the entire understanding and agreement of the Parties. This Agreement integrates all of the terms and conditions mentioned in this Agreement or incidental, and supersedes all prior negotiations, discussions and previous agreements between City and Participant concerning all or any part of the subject matter of this Agreement.

IN WITNESS WHEREOF, the Parties have executed this Rehabilitation Loan Agreement (CDBG Program, Minor Loan) as of the day and year written in the first paragraph of this Agreement.

PARTICIPANT

By: _____
Printed Name: _____

By: _____
Printed Name: _____

CITY OF ANAHEIM, a California municipal corporation

By: _____
Director of Community Development
or Authorized Designee

ATTEST:

By: _____
City Clerk

APPROVED AS TO FORM:

STRADLING YOCCA CARLSON & RAUTH

Special Counsel to the City

EXHIBIT A
LEGAL DESCRIPTION OF PROPERTY
[To Be Inserted]

EXHIBIT B

SCOPE OF WORK OF REHABILITATION

[To Be Inserted]

EXHIBIT C

PROMISSORY NOTE

**REHABILITATION LOAN AGREEMENT, SINGLE-FAMILY OWNER-OCCUPIED
DEFERRED REHABILITATION LOAN (CDBG Program, Minor Loan)**

**NOTICE TO BORROWER:
THIS DOCUMENT CONTAINS PROVISIONS RESTRICTING ASSUMPTION
AND IS SECURED BY A SECOND DEED OF TRUST
IN RESIDENTIAL PROPERTY**

Loan No. _____

\$ _____

Anaheim, California

Date: _____, 202_

FOR VALUE RECEIVED, _____ (“Borrower” or “Participant”), promises to pay to **CITY OF ANAHEIM**, a California municipal corporation and charter city (“Holder” or “City”), or order, at 201 South Anaheim Boulevard, Suite 1003, Anaheim, California 92805, or at such other address as Holder may direct from time to time in writing, _____ DOLLARS (\$ _____) or so much as may be disbursed by Holder to or on behalf of Borrower pursuant to this Promissory Note. The total sum of the amounts disbursed by Holder to or on behalf of Borrower for the City Loan shall constitute the “Note Amount.” All sums hereunder shall be payable in lawful money of the United States of America and all sums shall be credited first to interest then due and the balance to principal.

1. Loan Agreement. This Promissory Note is made and delivered pursuant and in reference to, and in implementation of a *Rehabilitation Loan Agreement, Single-Family Owner-Occupied Deferred Rehabilitation Loan (CDBG Program, Minor Loan)* entered into by and between City and Participant dated as of _____ 202_ (“Loan Agreement”), a copy of which is on file with Holder. Borrower acknowledges that but for the execution of this Promissory Note, Holder would not enter into the Loan Agreement or make the City Loan to Borrower. Unless definitions of terms have been expressly set out in this Promissory Note, each term used in this Promissory Note shall have the same definition as set forth in the Loan Agreement.

a. Borrower Acknowledges and Agrees that the City Loan is subject to the terms, conditions, and restrictions of the CDBG Program and implementing CDBG Regulations all of which are fully incorporated by reference.

2. Disbursements. The Note Amount shall be disbursed pursuant to the Loan Agreement. The record of such disbursements shall be recorded from time to time by the Holder’s Housing Rehabilitation Coordinator, or its designee, on Attachment No. 1 to this Promissory Note.

3. Interest Rate. The Note Amount shall accrue zero percent (0%) interest however upon the occurrence of an Event of Default the Note shall be accelerated and the full Note Amount shall be immediately due and payable.

4. Repayment of City Loan.

(a) *Note Amount Forgiven and Note Cancelled upon Continued Compliance until the Maturity Date.* The Note Amount shall accrue zero percent (0%) interest and, expressly subject to Borrower's compliance with this Promissory Note and the Agreement, the full Note Amount shall be forgiven, no monies due and this Promissory Note cancelled and the Deed of Trust reconveyed upon the Maturity Date, the tenth (10th) anniversary of the date of this Promissory Note.

(b) *Note Amount Accelerated and Due in Full on Event of Default.* While under subdivision (a) above, the City Loan will be forgiven on the Maturity Date so long as Borrower performs and is not in default under this Promissory Note or the Agreement, notwithstanding the full Note Amount shall be due and payable by Borrower to the City and the City Loan accelerated in the Event of Default that occurs prior to the Maturity Date; in this regard an Event of Default includes any of the following actions or inactions by Borrower:

(i) Borrower sells or otherwise transfers or conveys the Property or any interest in the Property or any portion of the Property whether directly or indirectly, whether involuntarily or by operation of law, except as permitted below in Section 5;

(ii) Borrower refinances the First Lien or any other lien to which the City Loan is subordinate for a principal amount that exceeds the then current principal amount of such lien(s) plus reasonable and customary non-recurring closing costs;

(iii) Borrower fails to own and occupy the Property continuously as Participant's principal residence;

(iv) Borrower uses the Property for short-term rental use or vacation rental purposes with a third party, such as AirBnB or VRBO;

(v) Borrower rents out any room or any part of the Property to a third party for any period of time;

(vi) Borrower undertakes any improvements to the Property that do not comply with all applicable Uniform Codes, laws and regulations including as required obtaining building and other permits from issuance through final inspection;

(vii) Borrower defaults on the senior lien mortgage(s) of Property;

(viii) Borrower fails to pay property taxes, assessments or past due liens against the Property; and/or

(ix) Borrower fails to comply with all other terms and provisions of the Agreement, this Note, and the Deed of Trust.

Each of (i) to (ix) inclusive above is an "Event of Default"; and, if an Event of Default occurs prior to the Maturity Date, then, the Note Amount shall be due and payable in full immediately.

5. Permitted Transfers. The following transfers of interest shall not cause acceleration and require repayment of the City Loan:

(a) A transfer to a surviving joint tenant by devise, descent, or operation of law upon the death of a joint tenant.

(b) A transfer in which the transferee is a person who occupies or will occupy the Property, and one of the following is true:

(i) the transfer results in the spouse of the transferor becoming the new owner of the Property;

(ii) the transfer results from a decree of dissolution of marriage or a legal separation agreement pursuant to which the spouse becomes an owner of the Property;

(iii) the Property is transferred into an inter vivos trust under which the borrower is and remains the beneficiary and occupant of the Property; or

(iv) at the sole, absolute discretion of the City through its Director, if the heir of the deceased loan recipient (original Borrower and Participant) qualifies as a Low Income household and meets all other Program requirements (as if making application to the Program at the time of the owner's death) and such heir intends to own and occupy the subject Property as the primary, personal residence, then the heir must notify the City by submitting a formal letter of request with supporting documentation to assume the loan in lieu of repayment. Such a request must include a factual showing by the eligible heir that a strong probability exists that title to the Property will vest in the heir upon the conclusion of the probate or other disposition of the deceased loan recipient's estate. In considering the above exception, the City reserves the sole and absolute right to reverse any initial decision to make such exception until the time title vests in the eligible heir and he/she/they meet all applicable Program requirements.

6. Effect of Due-on Sale Clause. Failure of Holder to exercise the option to accelerate payment as provided in Section 4 of this Promissory Note will not constitute waiver of the right to exercise this option in the event of subsequent cause for acceleration.

7. Security for Note. This Promissory Note shall be secured by that certain Rehabilitation Loan Agreement, Single-Family Owner-Occupied Deferred Rehabilitation Loan (CDBG Program, Minor Loan) Deed of Trust, Loan No. _____ encumbering the Property in a second position ("Deed of Trust"), executed by Borrower as Trustor in favor of Holder as Beneficiary.

8. Prepayment of Note Amount. Without penalty, Borrower may prepay to Holder the full Note Amount at any time prior to the Maturity Date.

9. Borrower Assignment Prohibited. In no event shall Borrower assign or transfer any portion of this Promissory Note; likewise, no assumption of the City Loan shall be permitted at any time.

10. Attorneys' Fees and Costs. In the event that any attorney is engaged by Holder to enforce or defend any provision of this Note, or as a consequence of any Event of Default, with or without the filing of any legal action or proceeding, then Borrower shall pay to Holder immediately upon demand all attorneys' fees and costs incurred by Holder; and in the event that any legal action is instituted to enforce payment under this Promissory Note or under the Deed of Trustor under the

Agreement, Borrower promises to pay such sums as a court may fix for court costs and reasonable attorneys' fees.

11. Joint and Several. This Promissory Note is a joint and several obligation; thus, the undersigned, if more than one, shall be jointly and severally liable under this Promissory Note.

12. Amendments and Modifications. This Promissory Note may not be modified or amended except in writing executed by all Parties, which writing must be attached to this Promissory Note so as to become a permanent part of this Promissory Note.

13. Borrower's Waivers. Borrower waives any rights to require the Holder to: (a) demand payment of amounts due (known as "presentment"), (b) give notice that amounts due have not been paid (known as "notice of dishonor"), and (c) obtain an official certification of nonpayment (known as "protest"), as well as notice of default of a delinquency, notice of acceleration, notice of protest and nonpayment, notice of costs, expenses, or losses and interest thereon, and diligence in taking any action to collect any sums owing under the Note or proceeding against any of the rights or interests in or to property securing payment of this Note.

14. Notice. Any notice that must be given to Borrower under this Note shall be given by personal delivery or by mailing it by USPS certified mail addressed to Borrower at the address set forth in Section 7.2 of the Loan Agreement or such other address as Borrower shall direct from time to time in writing. Failure or delay in giving any notice required 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 and their respective heirs, successors and permitted assigns, if any.

16. Time of Essence. Time is of the essence with respect to every provision of this Promissory Note. This Promissory Note shall be construed and enforced in accordance with the laws of the State of California, except to the extent that federal laws preempt the laws of the State of California.

"BORROWER"

By: _____

Printed Name: _____

Dated: _____

By: _____

Printed Name: _____

Dated: _____

**ATTACHMENT NO. 1 TO
EXHIBIT C**

ACCOUNT LOG

Participant's Name: _____

Loan No. _____

LBP Assistance for LBP Work

Amount _____

Rehabilitation

Amount _____

Total Note Amount: _____

Date	Payable To	Description of Work	Debit	Balance

EXHIBIT D

DEED OF TRUST

RECORDING REQUESTED BY AND
WHEN RECORDED MAIL TO:

City of Anaheim
201 South Anaheim Boulevard, Suite 1003,
Anaheim, California 92805
Attention: Community Development Department

This document is exempt from the payment
of a recording fee pursuant to Government
Code Sections 6103 and 27383.

**DEED OF TRUST
SINGLE-FAMILY OWNER-OCCUPIED DEFERRED REHABILITATION LOAN
(CDBG PROGRAM, MAJOR LOAN)**

**NOTICE TO BORROWER
THIS DEED OF TRUST CONTAINS PROVISIONS
RESTRICTING ASSUMPTIONS**

Loan No. _____

This **DEED OF TRUST, SINGLE-FAMILY OWNER-OCCUPIED DEFERRED
PAYMENT REHABILITATION LOAN (CDBG Program, Minor Loan)** (“Deed of Trust”) is
made on _____, 202_, by _____
 (“Borrower”) and _____ (“Trustee”),
whose address is _____ in favor of the **CITY OF
ANAHEIM**, a California municipal corporation and charter city (“Lender”) or Assignee, whose
address is 201 South Anaheim Boulevard, Suite 1003, Anaheim, California 92805.

1. **BORROWER, IN CONSIDERATION OF THE INDEBTEDNESS RECITED AND
THE TRUST CREATED, IRREVOCABLY GRANTS, TRANSFERS AND ASSIGNS** to Trustee in
trust, with power of sale and right of entry and possession, all of Borrower’s right, title and interest
now held or hereafter acquired in and to the following: (a) all of that certain real property
 (“Property”) located at _____, City of Anaheim,
County of Orange, State of California (“Property Address”), which is more particularly described in
Attachment No. 1, attached and incorporated into this Deed of Trust by this reference; and
(b) all buildings, improvements and fixtures now or hereafter erected, and all appurtenances,
easements, and articles of property now or hereafter affixed to, placed upon or used in connection
with the Property, together with all additions to, substitutions for, changes in or replacements of the
whole or any part of said articles of property; all of which are pledged and assigned, transferred, and
set over onto Trustee, and for purposes of this Deed of Trust declared to be part of the realty;
provided, however, that furniture and other personal property of Borrower now or hereafter situated
on said real property are not intended to be included as part of the Property.

2. FOR THE PURPOSE OF SECURING:

2.1 Repayment of the indebtedness evidenced by that certain Promissory Note of the Borrower dated _____, 202____, (“Note”) in the principal amount of _____ Dollars (\$_____) (“Note Amount”), provided pursuant to that certain Rehabilitation Loan Agreement, Single-Family Owner Occupied Deferred Rehabilitation Loan (CDBG Program, Minor Loan) by and between Borrower and Lender, dated as of _____, 202_ (“Loan Agreement”), together with any other amounts due according to the terms of the Note, and the Loan Agreement, and all amendments, modifications, extensions or renewals of the Note and Loan Agreement, if any. The Loan Agreement, the Note and this Deed of Trust are subject to the terms, conditions, and restrictions of the CDBG Program and the implementing CDBG Regulations, all of which are incorporated by this reference.

2.2 Payment of such additional sums, with interest, if any, due:

(a) As may hereafter be borrowed from Lender by the then record owner of the Property and evidenced by a promissory note or notes reciting that it or they are so secured and all modifications, extensions, or renewals of the Note; and

(b) As may be incurred, paid, or advanced by Lender, or as may otherwise be due to Trustee or Lender, under any provision of this Deed of Trust and any modification, extension, or renewal of this Deed of Trust; and

(c) As may otherwise be paid or advanced by Lender to protect the security or priority of this Deed of Trust.

2.3 Performance of each obligation, covenant, and agreement of Borrower contained in this Deed of Trust, the Loan Agreement, and the Note evidencing the City Loan executed by Borrower in favor of Lender, and all amendments to these documents whether set forth in this Deed of Trust or incorporated in this Deed of Trust by reference.

3. BORROWER COVENANTS:

Borrower covenants to maintain and protect the security of this Deed of Trust, to secure the full and timely performance by Borrower of each and every obligation, covenant, and agreement of Borrower under the Note and this Deed of Trust, and as additional consideration for the obligation(s) evidenced by the Note, Borrower covenants as follows:

3.1 *Title.* That Borrower is lawfully seized of the estate conveyed and has the right to grant and convey the Property, and that Borrower will warrant and defend generally the title of the Property against all claims and demands subject to any declarations, easements, or restrictions listed in the schedule of exemptions to coverage in any title insurance policy insuring Lender’s interest in the Property.

3.2 *Payment of Principal and Interest.* That Borrower shall promptly pay, when due, the principal and interest, if any, on the Note, and such other charges as are provided in the Note, and such other amounts as are provided under this Deed of Trust.

3.3 *Maintenance of the Property.* That Borrower shall, at all times prior to the repayment in full of the Note, at Borrower's sole expense: (a) keep the Property in a decent, safe, sanitary, habitable condition and repair and permit no waste of the Property; (b) not commit or suffer to be done or exist on or about the Property any condition causing the Property to become less valuable; (c) remove, demolish or structurally alter any buildings and improvements now or hereafter located on the Property; (d) repair, restore or rebuild promptly any buildings or improvements on the Property that may become damaged or be destroyed while subject to the lien of this Deed of Trust; (e) comply with all applicable laws, ordinances and governmental regulations affecting the Property or requiring any alteration or improvement of the Property, and not to suffer or permit any violations of any such law, ordinance or governmental regulation, nor of any covenant, condition or restriction affecting the Property; (f) not initiate or acquiesce in any change in any zoning or other land use or legal classification which affects any of the Property without the Lender's written consent; and (g) not alter the use of all or any part of the Property without the prior written consent of the Lender.

Borrower agrees to pay fully and discharge (or cause to be paid fully and discharged) all claims for labor done and for material and services furnished in connection with the Property, to diligently file or procure the filing of a valid notice of completion upon completion of construction of any part of the Property, diligently file or procure the filing of a notice of cessation upon the event of a cessation of labor on the work or construction on the Property for a continuous period of thirty (30) days or more, and to take all other reasonable steps to forestall the assertion of claims of lien against the Property or any part of the Property.

3.4 *Appear and Defend.* Borrower shall appear in and defend any action or proceeding purporting to affect the security of this Deed of Trust or the rights or powers of the Lender or Trustee; and to pay all costs and expenses, including cost of evidence of title and attorney's fees in a reasonable sum, in any such action or proceeding in which the Lender or Trustee may appear, and in any suit brought by the Lender to foreclose this deed.

3.5 *Payment of Taxes and Utility Charges.* Borrower shall pay, at least ten (10) days before delinquency all taxes and assessments affecting the Property, including assessments on appurtenant water stock; when due, all encumbrances, charges and liens, fines and impositions attributable to the Property, leasehold payments or ground rents, if any, and any interest on the Property or any part of the Property; all costs, fees and expenses of this trust. Borrower shall make such payments when due, directly to the payee. Borrower shall promptly furnish to Lender all notices of amounts due under this paragraph, and Borrower shall promptly furnish to Lender receipts evidencing all such payments made.

3.6 *Insurance.* To keep the Property insured with loss payable to the Lender, against loss or damage by fire (and flood, if applicable) and such other hazards, casualties and contingencies and by such companies on such forms as may be required by Lender, in Lender's sole discretion, and in the amount of the replacement cost of the Property, and to deliver the original of all such policies to the Lender, together with receipts satisfactory to the Lender evidencing payment of the premiums. All such policies shall provide that the Lender shall be given thirty (30) days advance written notice of the cancellation, expiration or termination of any such policy or any material change in the coverage afforded by it. Renewal policies and any replacement policies, together with premium receipts satisfactory to the Lender, shall be delivered to the Lender at least thirty (30) days prior to the expiration of existing policies. Neither Trustee nor the Lender shall by reason of accepting, rejecting, approving or obtaining insurance incur any liability for the existence, nonexistence, form or legal sufficiency of such insurance, or solvency of any insurer for payment of

losses. All insurance proceeds for such losses must be utilized for the repair or restoration of the insured property.

3.7 *Payments and Discharge of Liens.* Borrower will pay, when due, all claims of every kind and nature which might or could become a lien on the Property or any part of the Property; provided, however, that the following are excepted from this prohibition: (a) liens for taxes and assessments which are not delinquent although by law are given the status of a lien, and (b) such of the above claims as are, and only during the time they are, being contested by Borrower in good faith and by appropriate legal proceedings, and Borrower shall post security for the payment of these contested claims as may be requested by the Lender. Borrower shall not default in the payment or performance of any obligation secured by a lien, mortgage or deed of trust which is superior to this Deed of Trust.

4. IT IS MUTUALLY AGREED THAT:

4.1 *Application of Payments.* Unless applicable law provides otherwise, all payments received by Lender under the Note and Section 2.1 shall be applied by Lender first to interest, if any, payable on the Note and then to the principal due on the Note.

4.2 *Future Advances.* Upon request by Borrower, Lender, at Lender's option, may make future advances to Borrower. All such future advances, with interest, shall be added to and become a part of the indebtedness secured by this Deed of Trust when evidenced by promissory note(s), including amendment(s) to the Note, reciting that the Note and such note(s) are secured by this Deed of Trust.

4.3 *Disbursements to Protect Lender's Security.* All sums disbursed by Lender to protect and preserve the Property, this Deed of Trust, or Lender's security for the performance of Borrower's obligations under the Note shall be and be deemed to be an indebtedness of Borrower secured by this Deed of Trust.

4.4 *Protection of Lender's Security.* If Borrower fails to perform the covenants and agreements contained in this Deed of Trust, or if any action or proceeding is commenced which materially affects Lender's interest in the Property, including, but not limited to, eminent domain, insolvency, code enforcement, arrangements or proceedings involving a bankrupt or decedent, foreclosure of any mortgage secured by the Property or sale of the Property under a power of sale of any instrument secured by the Property, then Lender, at Lender's option, upon notice to Borrower, may make such appearance, disburse such sums and take such action as is necessary to protect Lender's interest, including, but not limited to, disbursement of reasonable attorney's fees and entry upon the Property to make repairs.

Any amounts disbursed by Lender pursuant to this Section 4.4, with interest, shall become additional indebtedness of Borrower secured by this Deed of Trust. Unless Borrower and Lender agree to other terms of payment, such amounts shall be payable upon notice from Lender to Borrower requesting payment, and shall bear interest from the date of disbursement at the highest rate permissible under applicable law. Nothing contained in this Section 4.4 shall require Lender to incur any expense or take any action.

4.5 *Inspection.* Lender or its agent may make or cause to be made reasonable entries upon and inspections of the Property. Lender shall give Borrower notice at the time of or prior to any such inspection specifying reasonable cause for the inspection

4.6 *Awards and Damages.* All judgments, awards of damages, settlements and compensation made in connection with or in lieu of (a) taking of all or any part of or any interest in the Property by or under assertion of the power of eminent domain, (b) any damage to or destruction of the Property or any part of the Property by insured casualty, and (c) any other injury or damage to all or any part of the Property, are assigned to and shall be paid to the Lender. The Lender is authorized and empowered (but not required) to collect and receive any such sums and is authorized to apply them in whole or in part upon any indebtedness or obligation secured, in such order and manner as the Lender shall determine at its option. The Lender shall be entitled to settle and adjust all claims under insurance policies provided under this Deed of Trust and may deduct and retain from the proceeds of such insurance the amount of all expenses incurred by it in connection with any such settlement or adjustment. All or any part of the amounts so collected and recovered by the Lender may be released to Borrower upon such conditions as the Lender may impose for its disposition. Application of all or any part of the amounts collected and received by the Lender or the release shall not cure or waive any default under this Deed of Trust. If the Property is abandoned by Borrower, or if, after notice by Lender to Borrower that the condemnor offers to make an award or settle a claim for damages, Borrower fails to respond to Lender within thirty (30) days after the date such notice is mailed, Lender is authorized to collect and apply the proceeds, at Lender's option, either to restoration or repair of the Property or to the sum secured by this Deed of Trust.

4.7 *Prohibition on Transfers of Interest.* With the exception of the transfers permitted in Section 4.11 below, if all or any part of the Property or any interest in the Property is sold or transferred by Borrower without Lender's prior written consent, Lender may, at Lender's option, declare all the sums secured by this Security Instrument to be immediately due and payable. If Lender exercises such option to accelerate, Lender shall mail Borrower notice of acceleration in accordance with Section 6.9. Such notices shall provide a period of not less than 30 days from the date the notice is mailed within which Borrower may pay the sums declared due. If borrower fails to pay such sums prior to the expiration of such period, Lender may, without further notice or demand on Borrower, invoke any remedies permitted by Section 5.2(a) hereof.

4.8 *Sale or Forbearance.* No sale of the Property, forbearances on the part of the Lender or extension of the time for payment of the indebtedness hereby secured shall operate to release, discharge, waive, modify, change or affect the liability of Borrower either in whole or in part.

4.9 *Lender's Rights to Release.* Without affecting the liability of any person for payment of any indebtedness hereby secured (other than any person released pursuant hereto), including without limitation any one or more endorsers or guarantors, and without affecting the lien hereof upon any of the Property not released pursuant hereto, at any time and from time to time without notice: (a) the Lender may, at its sole discretion, (i) release any person now or hereafter liable for payment of any or all such indebtedness, (ii) extend the time for or agree to alter the terms of payment of any or all of such indebtedness, and (iii) release or accept additional security for such indebtedness, or subordinate the lien or charge hereof; and (b) Trustee, acting pursuant to the written request of the Lender, may reconvey all or any part of the Property, consent to the making of any map or plot thereof, join in granting any assessment thereon, or join in any such agreement of extension or subordination.

4.10 *Reconveyance.* Upon the *earlier* to occur of (i) the Maturity Date, or (ii) an Event of Default that causes acceleration of the Note and upon and after Borrower repays the Note Amount and all sums secured by this Security Instrument in full, Lender shall request Trustee to reconvey the Property and shall surrender this Security Instrument and all notes evidencing indebtedness secured by this Security Instrument to Trustee. Trustee shall reconvey the Property without warranty and without charge to the person or persons legally entitled thereto. Such person or persons shall pay all costs of recordation, if any. The recitals in the reconveyance of any matters or facts shall be conclusive proof of the truthfulness thereof.

4.11 *Requirement of Owner-Occupancy and Permitted Transfers.* Borrower shall occupy the Property as Borrower's principal place of residence during the term of the Note and shall meet all conditions of the Loan Agreement and the Note as to ownership, occupancy, use and condition of the Property. Notwithstanding any other provision of the Note or this Deed of Trust, the following transfers shall not be deemed to be a default under the Note or this Deed of Trust:

(a) The transfer of the Property to the surviving joint tenant by devise, descent or operation of the law, on the death of a joint tenant;

(b) A transfer of the Property where the spouse becomes an owner of the property;

(c) A transfer of the Property resulting from a decree of dissolution of marriage, legal separation or from an incidental property settlement agreement by which the spouse becomes an owner of the Property; or

(d) A transfer to an *inter vivos* trust in which the Borrower is and remains the beneficiary and occupant of the property.

(e) At the sole, absolute discretion of Lender, through its Director, one exception to the full repayment requirement may be considered: An heir of the deceased original Borrower who qualifies as a Low Income household and meets all other Program requirements (as if making application to the Lender's Program at the time of the original Borrower's death) and such heir intends to own and occupy the subject Property as the primary, personal residence must notify the Lender by submitting a formal letter of request with supporting documentation to assume the City Loan in lieu of repayment. Such a request must include a factual showing by the eligible heir that a strong probability exists that title to the subject Property will vest in the heir upon the conclusion of the probate or other disposition of the deceased loan recipient's estate. In considering the above exception, the Lender reserves the sole and absolute right to reverse any initial decision to make such exception until the time title vests in the eligible heir and he/she/they meet all applicable requirements of the Program and the Loan Agreement, Note and this Deed of Trust.

5. EVENTS OF DEFAULT

5.1 *Events of Default.* Upon the occurrence of any one or more of the Events of Default defined and set forth in the Note and the Loan Agreement shall constitute a default under this Deed of Trust, including without limitation: (a) failure of the Borrower to own and occupy the Property continuously as his/her/their principal residence; (b) the occurrence of any event which, under the terms of the note and deed of trust evidencing and securing the First Lien securing

Participant's purchase money mortgage for the Property shall entitle the First Lien lender to exercise its rights or remedies.

5.2 *Acceleration and Sale.*

(a) *Acceleration.* Except as provided in Section 4.7 and 4.11, upon Borrower's breach of any covenant or agreement of Borrower in this Deed of Trust (or in the Note or the Agreement), including the covenants to pay when due any sums secured by this Deed of Trust, upon Borrower's failure to make any payment or to perform any of its obligations, covenants and agreements pursuant to the Note or the Agreement, Lender shall mail notice to Borrower as provided in Section 6.9 specifying: (1) the breach; (2) the action required to cure such breach; (3) a date, no less than thirty (30) days from the date the notice is mailed to Borrower, by which such breach must be cured; and (4) that failure to cure such breach on or before the date specified in the notice may result in acceleration of the sums secured by this Deed of Trust and sale of the Property. The notice shall further inform Borrower of the right to reinstate after acceleration and the right to bring a court action to assert the nonexistence of a default or any other defense of Borrower to acceleration and sale. If the breach is not cured on or before the date specified in the notice, Lender at Lender's option may declare all of the sums secured by this Deed of Trust to be immediately due and payable without further demand and may invoke the power of sale and any other remedies permitted by applicable law. Lender shall be entitled to collect from the Borrower, or sale proceeds, if any, all reasonable costs and expenses incurred in pursuing the remedies provided in this paragraph, including, but not limited to, reasonable attorneys' fees.

(b) *Borrower's Right to Reinstate.* Notwithstanding Lender's acceleration of the sums secured by this Deed of Trust, Borrower will have the right to have any proceedings begun by Lender to enforce this Deed of Trust discontinued at any time prior to five (5) days before sale of the Property pursuant to the power of sale contained in this Deed of Trust or at any time prior to entry of the judgment enforcing this Deed of Trust if: (1) Borrower pays Lender all sums which would be then due under this Deed of Trust and the Note, had no acceleration occurred; (2) Borrower pays all reasonable expenses incurred by Lender and Trustee in enforcing the covenants and agreements of Borrower contained in this Deed of Trust, remedies including, but not limited to, reasonable attorneys' fees; and (3) Borrower takes such action as Lender may reasonably require to assure that the lien of this Deed of Trust, Lender's interest in the Property and Borrower's obligation to pay the sums secured by this Deed of Trust shall continue unimpaired. Upon such payment and cure by Borrower, this Deed of Trust and the obligations secured hereby will remain in full force and effect as if no acceleration had occurred.

(c) *Sale.* After delivery to Trustee of a Notice of Default and Demand for Sale and after the expiration of such time and the giving of such notice of default and sale as may then be required by law, and without demand on Borrower, Trustee shall sell the Property at the time and place of sale fixed by it in said notice of sale, at public auction to the highest bidder for cash in lawful money of the United States of America, payable at time of sale. Trustee may postpone sale of all or any portion of the Property by public announcement at such time and place of sale and from time to time thereafter may postpone such sale by public announcement at the time and place fixed by the preceding postponement. Any person, including Borrower, Trustee or the Lender, may purchase at such sale. Upon such sale by Trustee, it shall deliver to such purchaser its deed conveying the Property so sold, but without any covenant or warranty expressed or implied. The recitals in such deed of any matters or facts shall be conclusive proof of their truthfulness. Upon sale by Trustee and after deducting all costs, expenses and fees of Trustee and of this Deed of Trust,

Trustee shall apply the proceeds of sale to the payment of the principal indebtedness hereby secured, whether evidenced by the Note or otherwise, or representing advances made or costs or expenses paid or incurred by the Lender under this Deed of Trust, or the secured obligations or any other instrument evidencing or securing any indebtedness hereby secured and to the payment of all other sums then secured thereby, including interest as provided in this Deed of Trust, the secured obligations or any other such instrument, in such order as the Lender shall direct; and then the remainder, if any, shall be paid to the person or persons legally entitled thereto.

(d) *Assignment of Rents; Appointment of Receiver; Lender in Possession.*

Upon acceleration under paragraph (a) of Section 5.2 hereof or abandonment of the Property, Lender (in person, by agent or by judicially appointed receiver) shall be entitled to enter upon, take possession of and manage the Property and to collect the rents of the Property (if any) including those past due. All rents collected by Lender or the receiver shall be applied first to payment of the costs of management of the Property and collection of rents including, but not limited to, receiver's fees, premiums on receiver's bonds and reasonable attorneys' fees, and then to the sums secured by this Deed of Trust. Lender and the receiver shall be liable to account only for those rents actually received. The provisions of this paragraph and paragraph (a) of Section 5.2 shall operate subject to the claims of prior lien holders.

5.3 *Exercise of Remedies; Delay.* No exercise of any right or remedy by the Lender or Trustee hereunder shall constitute a waiver of any other right or remedy contained in this Deed of Trust or provided by law, and no delay by the Lender or Trustee in exercising any such right or remedy hereunder shall operate as a waiver thereof or preclude the exercise thereof during the continuance of any default hereunder.

5.4 *Trustee Substitution.* The irrevocable power to appoint a substitute trustee or trustees hereunder is hereby expressly granted to the Lender, to be exercised at any time hereafter, without specifying any reason therefore by filing for record in the office where this Deed of Trust is recorded a deed of appointment, and said power of appointment of successor trustee or trustees may be exercised as often as and whenever the Lender deems advisable. The exercise of said power of appointment, no matter how often, shall not be deemed an exhaustion thereof, and upon recording of such deed or deeds of appointment, the trustee or trustees so appointed shall thereupon, without further act or deed of conveyance, succeed to and become fully vested with identically the same title and estate in and to the Property hereby conveyed and with all the rights, powers, trusts and duties of the predecessor in the trust hereunder, with the like effect as if originally named as trustee or as one of the trustees.

5.5 *Remedies Cumulative.* No remedy contained in this Deed of Trust or conferred upon the Lender or Trustee is intended to be exclusive of any other remedy or remedies afforded by law or by the terms hereof to the Lender or Trustee but each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity.

6. MISCELLANEOUS PROVISIONS

6.1 *Successors, Assigns, Number, Gender.* The covenants and agreements contained in this Deed of Trust shall bind, and the benefit and advantages under it shall inure to, the respective heirs, executors, administrators, successors and assigns of the Parties. Wherever used, the

singular number shall include the plural, and the plural the singular, and the use of any gender shall be applicable to all genders.

6.2 *Headings.* The headings are inserted only for convenience of reference and in no way define, limit, or describe the scope or intent of this Deed of Trust, or of any particular provision thereof, or the proper construction thereof.

6.3 *Actions on Behalf of the Lender.* Except as otherwise specifically provided in this Deed of Trust, whenever any approval, notice, direction, consent, request or other action by the Lender is required or permitted under this Deed of Trust, such action shall be in writing.

6.4 *Terms.* The words “the Lender” means the present Lender, or any future owner or holder, including pledgee of the indebtedness secured hereby.

6.5 *Obligations of Borrower.* If more than one person has executed this Deed of Trust as “Borrower,” the obligations of all such persons hereunder shall be joint and several.

6.6 *Incorporation by References.* The provisions of the CDBG Program security instruments and the documents relating to that program are incorporated by reference as though set out verbatim.

6.7 *Severability.* If any provision of this Deed of Trust shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions hereof shall not in any way be affected or impaired.

6.8 *Indemnification.* Borrower will indemnify and hold the Lender, its officers and agents harmless against any and all losses, claims, demands, penalties and liabilities which the Lender, its officers or agents may sustain or suffer by reason of anything done or omitted in good faith pursuant to or in connection with this Deed of Trust and not assert any claim against the Lender, its officers or agents by reason of any action so taken or omitted. Borrower shall, at Borrower’s expense, defend, indemnify, save and hold the Lender, its officers and agents harmless from any and all claims, demands, losses, expenses, damages (general, punitive or otherwise), causes of action (whether legal or equitable in nature) asserted by any person, firm, corporation or other entity arising out of this Deed of Trust and Borrower shall pay the Lender upon demand all claims, judgments, damages, losses or expenses (including reasonable legal expense) incurred by the Lender as a result of any legal action arising out of this Deed of Trust.

6.9 *Notice.* Except for any notice required under applicable law to be given in another manner: (a) any notice to Borrower provided for in this Deed of Trust shall be given by mailing such notice by certified mail directed to the Property Address or any other address Borrower designates by notice to Lender as provided in this Deed of Trust; and, (b) any notice to Lender shall be given by certified mail, return receipt requested, to Lender’s mailing address stated in this Deed of Trust or to such other address as Lender may designate by notice to Borrower as provided in this Deed of Trust. Any notice provided for in this Deed of Trust shall deem to have been given to Borrower or Lender when given in the manner designated in this Deed of Trust.

6.10 *Beneficiary Statement.* Lender may collect a fee for furnishing the beneficiary statement in an amount not to exceed the amount as provided by Section 2943 of the Civil Code of California.

6.11 *Use of Property.* Borrower shall not permit or suffer the use of any of the Property for any purpose other than as a single-family residential dwelling.

[Signatures on next page]

IN WITNESS WHEREOF, Borrower has executed this *Deed of Trust, Rehabilitation Loan Agreement, Single-Family Owner-Occupied Deferred Rehabilitation Loan (CDBG Program, Minor Loan)* on the day and year set forth above. By signing below, Borrower agrees to the terms and conditions as set forth above.

MAILING ADDRESS FOR NOTICES:	SIGNATURE OF BORROWER(s):

(Street) _____	By: _____
_____	Printed Name: _____
(City) (State) (Zip)	By: _____ Printed Name: _____

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA)
) ss.
COUNTY OF _____)

On _____ before me, _____, Notary Public, personally appeared _____, who 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.

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

WITNESS my hand and official seal

SIGNATURE OF NOTARY PUBLIC

ATTACHMENT NO. 1 TO

EXHIBIT D

LEGAL DESCRIPTION

[To Be Inserted]

ATTACHMENT NO. 2 TO

EXHIBIT D

CERTIFICATE OF ACCEPTANCE

This is to certify that the interest in real property secured by that certain *Deed of Trust, Rehabilitation Loan Agreement, Single-Family Owner-Occupied Deferred Rehabilitation Loan (CDBG Program, Minor Loan)* executed by _____ and dated as of _____, 202_ from _____, to the CITY OF ANAHEIM, a California municipal corporation and charter city, is hereby accepted by the undersigned officer or agent on behalf of the City of Anaheim. The City of Anaheim consents to recordation thereof.

CITY OF ANAHEIM, a California municipal corporation

By: _____
Director of Community
Development or Authorized Designee

ATTEST:

City Clerk

APPROVED AS TO FORM:

STRADLING YOCCA CARLSON & RAUTH

Special Counsel to the City

EXHIBIT B-3

City Grant Rehabilitation Agreement

**SINGLE FAMILY REHABILITATION
GRANT AGREEMENT
(CDBG RRP Program)**

This **SINGLE FAMILY REHABILITATION GRANT AGREEMENT (CDBG RRP Program)** (“Agreement”) is entered into as of this _____ day of _____, 202_ by and between the **CITY ANAHEIM**, a California municipal corporation and charter city (“City”) and _____
_____ [insert name(s) and vesting of owner] _____ (“Participant”).

RECITALS

REVISE

A. The City is a municipal corporation and charter city which has received funds from the United States Department of Housing and Urban Development (“HUD”) under Title I of the Housing and Community Development Act of 1974, as amended, Public Law 93-383, 42 U.S.C. Section 5301, et seq., and the implementing regulations in 24 Code Federal Regulations 570 (CFR). The City is currently implementing a coordinated multi-year strategy and program to carry out eligible housing activities to benefit persons, households and families of low to moderate income to improve affordable housing opportunities in certain designated target areas in the community, and within the community as a whole. This multi-year strategy, as approved in the 2020-2025 City of Anaheim Consolidated Plan, includes without limitation the allocation of CDBG funds in furtherance of the CDBG Program, and is described in the annual action plan. Online information about CDBG is _____ found _____ at: <http://www.hud.gov/offices/cpd/communitydevelopment/programs/entitlement/index.cfm>.

B. The City Council established the Residential Rehabilitation Program (RRP or Program) to comply with the federal regulatory requirements of 24 CFR 570.202(c); to improve the quality of life for income-eligible households by assisting with necessary property repairs and improvements to existing single-family owner-occupied homes in the community, including detached houses, townhomes, condominiums, cooperatives, and owner-occupied mobile homes, to make the homes decent, safe and attractive; to preserve the City’s housing stock; to arrest and prevent the development of blighted areas; and, to identify, alleviate and/or arrest the decline of deteriorating/deteriorated areas.

C. Pursuant to such authority and in furtherance of the City’s affordable housing goals, the City has established the Program and has promulgated Residential Rehabilitation Program Guidelines, Policies and Procedures (together, Guidelines) which summarize and describe the minimum administrative requirements for participation in the RRP by homeowners in the community and are intended to reinforce and not supplant prudent underwriting practices, when considering a mobile home owner-occupant’s application to participate in the Program as a grant participant for an amount not to exceed Twelve Thousand Dollars (\$12,000.00), a loan (a “Minor Loan”), as approved by the Director for a mobile home in need of repairs.

D. The Participant has been determined eligible for the Program in part due to its Low-Income eligibility and the representation by Participant that its annual gross household income does not exceed eighty percent (80%) of the area median income as adjusted for family size as published annually by the United States Department of Housing and Urban Development (HUD), as such

eligibility shall be determined by the Director in conformity with the Guidelines, and based upon Participant's status as an owner-occupant of a mobile home.

E. Participant is the owner of and its principal residence is that certain mobile home, which serves as the residence of Participant (the "Property"); the Property is also known the by following description _____, as more particularly described in the "Description" attached hereto as Exhibit "A" and incorporated herein by reference.

F. In consideration for Program assistance to be provided by the City pursuant to this Agreement, the Participant by this Agreement agrees it will maintain the Property, restrict itself to owner-occupancy of the Property for not less than five (5) years after the completion of the Rehabilitation, and use the Property in conformity with the Guidelines requirements and in conformity with applicable provisions of the LBP Regs, if any, as more fully set forth in this Agreement.

NOW, THEREFORE, the Recitals set forth above are a substantive part of this Agreement and for good and valuable consideration the parties agree as follows:

1. DEFINITIONS

The following terms shall have the following meanings in this Agreement:

"Affordable Housing" shall mean the eligible Property to be rehabilitated hereunder, for which the estimated value of such property, after rehabilitation, does not exceed ninety-five percent (95%) of the median purchase price for single family housing in the City, as determined consistent with the Guidelines.

"Affordable Housing Cost" shall mean the amount of monthly payments, including a reasonable utility allowance, to be paid by the Participant owning and occupying the Property as determined and calculated in conformity with the Guidelines.

"Agreement" shall mean this Single Family Rehabilitation Grant Agreement (CDBG RRP Program).

"City" shall mean the City of Anaheim, a California municipal corporation and charter city.

"City Grant" shall mean the financial assistance granted by the City to the Participant for the Rehabilitation in the amount of _____ Dollars (\$_____), or as much thereof as is disbursed in accordance with this Agreement.

"Contractor" shall mean the licensed and insured construction contractor(s) performing work for the Rehabilitation.

"Date of Agreement" shall mean the date this Agreement is executed by the authorized representative of the City following execution by Participant.

"Event of Default" shall mean a default not cured within the prescribed time as defined in Section 5.1 of this Agreement.

“Guidelines” shall mean City has adopted those certain “Residential Rehabilitation Program Guidelines, Policies and Procedures for Loans and Grants” dated as of May 16, 2023, a copy of which has been made available to Participant. The Guidelines are also referred to as the RRP Policies and the Policies and Procedures. A copy of the Guidelines is on file with the City as a public record and is deemed incorporated herein by reference.

“Housing Rehabilitation Coordinator” shall mean the City staff person charged with the day-to-day administration, implementation, and enforcement of the Program under the.

“LBP” shall mean lead based paint as defined in the LBP Regs.

“LBP Hazards” shall mean lead based paint hazards as defined in the LBP Regs.

“LBP Regs” shall mean the implementing regulations to Title X of the 1992 Housing and Community Development Act, 42 U.S.C. §4800, *et seq.* (Title X) promulgated by HUD. The implementing regulations to Title X are set forth in 24 CFR Part 35.

“Owner/Contractor Agreement” means a contract for the work authorized by Director under this Agreement, in substantially the form of Exhibit C hereto.

“Participant” shall mean _____.

“Parties” shall mean the City and the Participant.

“Property” has the meaning set forth therefor in Recital E.

“Reduction and Clearance” shall mean any and all necessary treatment activities through clearance using Safe Work Practices of LBP and LBP Hazards at the Property pursuant to the LBP Regs.

“Rehabilitation” shall mean the work of Treatment and Clearance using Safe Work Practices of LBP and LBP Hazards in conformity with the LBP Regs and the rehabilitation and construction on the Property as set forth in the Scope of Work attached hereto as Exhibit B and incorporated herein by reference. Rehabilitation shall be accomplished in conformity with the Uniform Physical Condition Standards (24 CFR 5.703) and as required under 24 CFR 92.251(b) and as provided under the Guidelines.

“Safe Work Practices” shall mean occupant protection and work site preparation, specialized cleanup, and the prohibition of certain methods of LBP paint removal, as defined in the LBP Regs. Safe treatment methods include wet scraping, wet sanding, chemical stripping off site, replacing painted components, scraping with an infrared or coil-type heat gun with temperatures below 1,100°F, HEPA vacuum sanding, HEPA vacuum needle gun, and abrasive sanding with HEPA vacuum. Safe Work Practices are not required if the total area of paint surfaces being disturbed is no more than the *de minimis* exemption levels of 20 square feet on exterior surfaces, or 2 square feet in any one interior room or space, or 10 percent of the total surface area on an interior or exterior component with a small surface area (such as window sills, baseboards, and other trim.)

“Low-Income Household” shall mean a household earning not greater than eighty percent (80%) of Orange County median income adjusted for family size as determined by the United States Department of Housing and Urban Development from time to time and as set forth the Guidelines.

2. REHABILITATION OF PROPERTY

2.1 **Scope of Work.** Participant shall cause the Rehabilitation of the Property to be undertaken and completed as set forth in the Treatment and Clearance plan, if any, and the Scope of Work as (Exhibit B) and in accordance with the Guidelines, the LBP Regs, and all applicable laws, regulations, and permits. The Rehabilitation shall be undertaken and completed by qualified Contractor(s) selected by the Participant and approved by the City in accordance with the Program Policies and Procedures. All Reduction and Clearance using Safe Work Practices of LBP and LBP Hazards shall be conducted by qualified contractor(s) and inspectors(s) meeting the requirements of the LBP Regs. Treatment and Clearance shall be conducted by separate contractors in conformity with the LBP Regs. The Participant shall contract for the Rehabilitation with the Contractor(s) pursuant to a Rehabilitation Contract in form approved by the City's Housing Rehabilitation Coordinator. Participant shall not contract independently with the Contractor, or any other contractor, or otherwise undertake any work on the Property beyond the Treatment and Clearance plan and Scope of Work (Exhibit B) until a Notice of Completion has been recorded. The Treatment and Clearance using Safe Work Practices of LBP and LBP Hazards at the Property shall be completed first and prior to any other part of the correction and improvement work of the Rehabilitation. The Scope of Work shall cover and include not less than the following corrections and improvements:

(a) Any "life-threatening deficiencies that must be addressed immediately if the housing is occupied";

(b) The useful life of major systems and structural components of the structure (based on capital needs assessments or estimates of useful life for different types of housing as required by the Rule);

(c) Lead-based paint hazard control requirements as specified in 24 CFR 35 (and in particular the rehabilitation standards described in 35.900 - .930);

(d) Accessibility requirements as defined in 24 CFR Part 8, 24 CFR Part 100 and 28 CFR Parts 35 & 36, as may be applicable to the type of housing, and improvements beyond regulatory requirements;

(e) State and local codes, ordinances and zoning requirements; and

(f) The Uniform Physical Condition Standards at 24 CFR 5.703 (and minimum deficiencies that must be addressed based on inspectable items/areas to be specified by HUD from 24 CFR 5.705).

Any work for which payment is made hereunder by the City shall be limited to work previously authorized in writing under an Owner/Contractor Agreement that has been previously approved by the Director.

2.2 **City and Other Governmental City Permits.** Before commencement of the Rehabilitation, the Participant shall, at its own expense, secure or cause to be secured any and all building permits and other necessary permits which may be required by the City or any other governmental agency affected by such Rehabilitation. It is understood that the Participant is obligated to pay all fees, if any, to obtain building permits and other necessary permits.

2.3 **Schedule of Performance.** Participant shall cause the Rehabilitation to commence within _____ days of the date hereof and shall diligently prosecute to completion the Rehabilitation within _____ days of the date of this Agreement.

2.4 **Entry by the City.** Participant shall permit the City, through its officers, agents, or employees, at all reasonable times to enter into the Property and inspect the work of Rehabilitation to determine that the same is in conformity with the Scope of Work (Exhibit B) and all the requirements of this Agreement. In furtherance of this right of entry, Participant shall enter into and execute a Right of Entry Agreement with the City, substantially in the form of Attachment No. 2 to the Program Policies and Procedures.

Participant acknowledges that the City is under no obligation to supervise, inspect, or inform Participant of the progress of construction, and Participant shall not rely upon the City therefor. Any inspection by the City under this Agreement is entirely for its purposes in determining whether Participant is in default under this Agreement, and is not for the purpose of determining or informing Participant of the quality or suitability of construction. Participant shall rely entirely upon its own supervision and inspection in determining the quality and suitability of the materials and work, and the performance of architects, contractors, subcontractors, and material suppliers.

2.5 **Indemnification.** Participant shall save, protect, pay for, defend, indemnify and hold harmless the City and its officers, employees, representatives and agents, from and against any and all liabilities, suits, actions, claims, demands, penalties, damages, including, without limitation, penalties, fines and monetary sanctions, losses, costs or expenses, including, without limitation, consultants' fees, investigation and laboratory fees, attorneys' fees and remedial and response costs (the foregoing are hereinafter collectively referred to as "Liabilities") which may now or in the future be incurred or suffered by the City or its officers, employees, representatives or agents by reason of, resulting from, in connection with or arising in any manner whatsoever as a direct or indirect result of (i) the Participant's ownership of all or any part of the Property, (ii) any negligent act or omission on the part of Participant, or its agents, employees, representatives, agents, contractors or invitees, (iii) the presence on or under, or the escape, seepage, leakage, spillage, discharge, emission or release from, or the handling, manufacture, treatment, storage, use, generation, release, refining, dumping, or disposal of or about the Property of any Hazardous Materials or Hazardous Materials Contamination after the disbursement of the Rehabilitation Loans proceeds, (iv) the environmental condition of the Property, (v) any Liabilities incurred after the Participant's acquisition of the Property under any Governmental Requirements relating to Hazardous Materials, or (vi) any noncompliance of Participant with one or more terms of this Agreement. This obligation shall include, but not be limited to, the burden and expense of defending all claims, suits and administrative proceedings with counsel of City's choosing, even if such claims, suits or proceedings are groundless, false or fraudulent, and conducting all negotiations of any description, and paying and discharging, when and as the same become due, any and all judgments, penalties or other sums due against such indemnified persons. City, at its sole expense, may employ additional counsel of its choice to associate with counsel representing Participant.

2.5.1 **Release.** The Participant hereby waives, releases and discharges forever the City, and its employees, officers, agents and representatives, from all present and future claims, demands, suits, legal and administrative proceedings and from all liability for damages, losses, costs, liabilities, fees and expenses, present and future, arising out of or in any way connected with the City's or the Participant's use, maintenance, ownership or operation of the Property, any Hazardous Materials on the Property, or the existence of Hazardous Materials Contamination in any state on the

Property, however they came to be placed there, except that arising out of the negligence or misconduct of the City or its employees, officers, agents or representatives.

The Participant acknowledges that it is aware of and familiar with the provisions of Section 1542 of the California Civil Code which provides as follows:

“A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR.”

As such relates to this Section 2.5, the Participant hereby waives and relinquishes all rights and benefits which it may have under Section 1542 of the California Civil Code.

2.5.2 Duty to Prevent Hazardous Material Contamination. During the Rehabilitation and operation of the Improvements, the Participant shall take all necessary precautions to prevent the release of any Hazardous Materials into the environment on or under the Property. Such precautions shall include compliance with all Governmental Requirements with respect to Hazardous Materials. The Participant shall notify the City, and provide to the City a copy or copies, of any notices of violation, notices to comply, citations, inquiries, clean-up or abatement orders, cease and desist orders, reports filed pursuant to self-reporting requirements and reports filed or applications made pursuant to any Governmental Requirement relating to Hazardous Materials and underground tanks, and the Participant shall report to the City, as soon as possible after each incident, any unusual, potentially important incidents in the event of a release of any Hazardous Materials into the environment.

2.5.3 Definitions. For purposes of this Section 2.5:

(a) “Hazardous Materials” means any substance, material, or waste which is or becomes, regulated by any local governmental authority, the State of California, or the United States Government, including, but not limited to, any material or substance which is (i) defined as a “hazardous waste,” “extremely hazardous waste,” or “restricted hazardous waste” under Section 25115, 25117 or 25122.7, or listed pursuant to Section 25140 of the California Health and Safety Code, Division 20, Chapter 6.5 (Hazardous Waste Control Law)), (ii) defined as a “hazardous substance” under Section 25316 of the California Health and Safety Code, Division 20, Chapter 6.8 (Carpenter-Presley-Tanner Hazardous Substance Account Act), (iii) defined as a “hazardous material,” “hazardous substance,” or “hazardous waste” under Section 25501 of the California Health and Safety Code, Division 20, Chapter 6.95 (Hazardous Materials Release Response Plans and Inventory), (iv) defined as a “hazardous substance” under Section 25281 of the California Health and Safety Code, Division 20, Chapter 6.7 (Underground Storage of Hazardous Substances), (v) petroleum and breakdown and derivative products thereof, (vi) asbestos, (vii) polychlorinated biphenyls, (viii) methyl tertiary butyl ether, (ix) listed under Article 9 or defined as “hazardous” or “extremely hazardous” pursuant to Chapter 11 of Title 22, Division 4.5 of the California Code of Regulations, (x) designated as “hazardous substances” pursuant to Section 311 of the Clean Water Act (33 U.S.C. §1317), (xi) defined as a “hazardous waste” pursuant to Section 1004 of the Resource Conservation and Recovery Act, 42 U.S.C. §6901 et seq. (42 U.S.C. §6903), (xii) defined as “hazardous substances” pursuant to Section 101 of the Comprehensive Environmental Response, Compensation, and Liability Act, 42 U.S.C. §9601 et seq. (42 U.S.C. §9601).

(b) “Governmental Requirements” means all applicable present and future federal, state or local statutes, regulations, rules, ordinances, codes, licenses, permits, orders, approvals, plans, authorizations, concessions, franchises, and similar items, of all governmental agencies or instrumentalities of the United States, states and political subdivisions thereof and all applicable judicial, administrative, and regulatory decrees, judgments, and orders relating to the protection of human health or the environment.

(c) “Environmental Damages” means all claims, judgments, damages losses, penalties, fines, liabilities (including strict liability), encumbrances, liens, costs, and expenses of investigation and defense of any claim, whether or not such claim is ultimately defeated, and of any good faith settlement of judgment, of whatever kind or nature, contingent or otherwise, matured or unmatured, foreseeable or unforeseeable, including without limitation reasonable attorneys’ fees and disbursements and consultants’ fees, any of which are incurred at any time as a result of the existence prior to close of escrow of Hazardous Material upon, about, beneath the Property or migrating or threatening to migrate to or from the Property, or the existence of a violation of Governmental Requirements pertaining to the Property, regardless of whether the existence of such Hazardous Material or the violation of Governmental Requirements arose prior to the present ownership of operation of the Property.

3. CITY GRANT

3.1 **City Grant.** The City shall grant to Participant the amount of _____ Dollars (\$ _____), or as much thereof as is disbursed by City (“City Grant”) for the purpose of paying the eligible costs of the Rehabilitation as set forth in the Scope of Work (Exhibit B) and subject to the conditions and restrictions set forth herein. It is not an eligible cost, and no payments will be made, for time or labor supplied by the Owner.

3.2 **Disbursement of City Grant Proceeds.** The City Grant shall be disbursed either, as elected in the sole discretion of the Housing Rehabilitation Coordinator: (i) in one lump sum payment after the completion of all of the Rehabilitation work in accordance with the approved Rehabilitation Contract by and between the Participant and the Contractor, or (ii) in two installment payments, the first being for Treatment and Clearance using Safe Work Practices of LBP and LBP Hazards at the Property, and the second for the completion of all other Rehabilitation work in accordance with Scope of Work and the approved Rehabilitation Contract between the Participant and Contractor. The payment(s) shall be disbursed by check payable directly to Contractor upon approval by the Housing Rehabilitation Coordinator of the payment invoice submitted by the Participant to the City in accordance with the Program Policies and Procedures; however, ten percent (10%) of the total contract price may be (but is not required to be) retained by the City until thirty-five (35) days from the completion of the Rehabilitation and all building and other permits have been finalized. The City will issue a Notice of Completion when the Rehabilitation has been completed and all building and other permits have been finalized. City’s obligation to disburse City Grant proceeds is expressly conditioned upon Participant’s satisfactory completion of the work of the Rehabilitation and compliance with the LBP Regs and the terms and conditions of this Agreement. In the event that the amount of the City Grant is not sufficient to pay the entire amount due under the Rehabilitation Contract, the Participant acknowledges that Participant is responsible for and shall pay the additional amount from Participant’s own funds. In the event that the amount of the City Grant exceeds the amount due under the Rehabilitation Contract such additional amount shall be retained by the City.

3.3 Income and Application Information. Prior to execution of this Agreement Participant has submitted to the City certain income, other financial, ownership, and occupancy information concerning Participant and the persons occupying the Property with Participant whom together comprise Participant's household. The information has evidenced to the City that Participant is a Low-Income household, holds fee simple title to the Property, and occupies the Property as principal residence. Participant represents and warrants to the City that all information Participant has provided to the City in application for and to qualify for the City Grant is true and correct. Participant acknowledges that the City is relying and has relied upon such information in entering into this Agreement, and that eligibility for the Program and expenditure of CDBG Program funds have been determined based on such information provided. Participant represents and warrants to the City that all information Participant has provided, and will provide in the future, is and will be true, correct, and complete.

3.4 Receipt of LBP Informational Pamphlet and Report Regarding Inspection and Assessment. Prior to execution of this Agreement Participant acknowledges it received the LBP informational pamphlet and the disclosure forms, substantially in the form of Attachment Nos. 1-A, 1-B and 1-C to the Program Policies and Procedures, relating to information about LBP and LBP Hazards and the results of the evaluation for LBP and LBP Hazards at the Property. Participant represents and warrants to the City that all information about the Property, any information about the presence or absence or lack of knowledge about LBP and LBP Hazards at or about the Property and the condition of the Property that Participant provided to the City in application for and to qualify for the City Grant is true and correct. Participant acknowledges that the City is relying and has relied upon such information in entering into this Agreement, and that eligibility for the Program and expenditure of CDBG Program funds have been determined based on such information provided. Participant represents and warrants to the City that all information Participant has provided, and will provide in the future, is and will be true, correct, and complete.

4. USE OF PROPERTY

4.1 Covenants

4.1.1 Owner-Occupied Property. The Owner represents it is the owner-occupant of the Property (namely, the mobile home) and that the Property is the principal residence of the Participant. For a period of five (5) years from the date of the issuance of the Notice of Completion for the Rehabilitation, Participant covenants and agrees to continue to own and occupy the Property as the personal residence of Participant and Participant's immediate family and for no other purpose. Further, for such five (5) year period from the date of the issuance of the Notice of Completion for the Rehabilitation, Participant covenants and agrees it shall not enter into an agreement for the rental or lease of the Property, except as specifically authorized in writing by the City for good cause determined by the City in its sole and absolute discretion. Further, during such five (5)-year period Participant shall not use the Property for short-term rental or as a vacation rental by Participant or through AirBnB, VRBO, HomeAway or other shared economy use for income or other compensation.

4.1.2 Income of Participant and After-Improved Value of Property. Participant has been determined eligible for the Grant under the Program due to the fact it is a Low-Income household and its gross household income does not exceed eighty percent (80%) of the area median income, an evaluation has been made of the Property that after completion of the Rehabilitation the estimated value of such property does not exceed ninety-five percent (95%) of the median purchase

price for single family housing in the City as determined in accordance with the Guidelines, and Participant has met the general eligibility criteria of the Guidelines.

4.1.3 Compliance with Use and Occupancy Laws. The Participant shall comply with the Guidelines, this Agreement, and all applicable federal, state and local statutes, ordinances, regulations and laws with respect to the Participant's ownership, use, maintenance, and Rehabilitation of the Property. Participant covenants that occupancy at the Property conforms and will continue to conform with and not exceed the occupancy limits set forth in the federal Housing Quality Standards ("HQS"), 24 CFR 882.109, and the Program Policies and Procedures. These standards require that maximum occupancy at the Property shall not exceed two persons per bedroom or living/sleeping area residing on the Property, and the minimum occupancy shall be at least one person per bedroom. The Property shall conform to, and the Participant shall carry out the Rehabilitation in conformity with, all applicable laws, including all applicable labor standards, City zoning and development standards, building, plumbing, mechanical and electrical codes, and all other provisions of the City Municipal Code, and, as applicable, all disabled, handicapped access, or other accessibility requirements, including without limitation and, as and if applicable, 24 CFR 5.105(a) (which implements the federal Fair Housing Act), Section 504 of the Rehabilitation Act of 1973, the Americans With Disabilities Act, 42 U.S.C. Section 12101, *et seq.*, Government Code Section 4450, *et seq.*, Government Code Section 11135, *et seq.*, and the Unruh Civil Rights Act, Civil Code Section 51, *et seq.* Participant covenants that the Rehabilitation shall be carried out to ensure that the Property is and remains (i) free from all noted health and safety defects, (ii) decent, safe and sanitary, (iii) complies with the provisions of the Lead-Based Poisoning Prevention Act, 42 U.S.C. 4821, *et seq.*, and 24 CFR part 35, and (iv) meets applicable local, state, and federal housing quality standards.

4.2 Compliance with Lead Based Paint Laws. The Participant covenants to ensure that the Rehabilitation complies with the requirements of the Lead-Based Poisoning Prevention Act, Title X, 42 U.S.C. 4821 *et seq.*, and the LBP Regs.

4.3 Non-Discrimination Covenants. Participant covenants by and for itself, its successors and assigns, and all persons claiming under or through them that it shall conform to the non-discrimination and equal opportunity requirements of 24 CFR 5.105(a), and 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, familial status, disability, national origin, or ancestry in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the Property, nor shall Participant 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.

The covenants established in this Agreement shall, without regard to technical classification and designation, be binding for the benefit and in favor of the City, its successors and assigns, the City and any successor in interest to the Property, or any part thereof, and shall remain in effect for the period described in this Agreement, and the covenants against discrimination shall remain in effect in perpetuity.

4.4 Maintenance of Property. Participant shall comply with all covenants set forth herein concerning the maintenance, upkeep, and repair of the Property and shall maintain the improvements, both interior and exterior, and landscaping on the Property in a decent, safe and sanitary condition and presentable manner consistent with community standards and which will

uphold the value of the Property and shall keep the Property free from any accumulation of debris and waste materials. Participant shall comply with any and all covenants and agreements established by any regulatory entity recognized by area property owners, if any, and Participant shall comply with the Guidelines and all other applicable federal, state and local laws concerning use, ownership, maintenance of, and lawful activities upon the Property. The Participant shall not maintain or cause to be maintained or allow to be maintained on or about the Property any public or private nuisance. The Property shall not at any time be utilized on a transient basis, nor shall the Property or any portion thereof ever be used as a hotel, motel, dormitory, fraternity or sorority house, rooming house, hospital, nursing home, sanitarium or rest home, or be converted to condominium ownership. If at any time Participant fails to maintain the Property in accordance with this Agreement and such condition is not corrected within five (5) days after written notice from the City with respect to graffiti, debris, waste material, and general maintenance, or thirty (30) days after written notice from the City with respect to landscaping and building improvements, maintenance of a nuisance, or other violation, then the City, in addition to whatever remedy it may have at law or at equity, shall have the right to enter upon the applicable portion of the Property and perform all acts and work necessary to protect, maintain, and preserve the improvements and landscaped areas on the Property, and to attach a lien upon the Property, or to assess the Property, in the amount of the expenditures arising from such acts and work of protection, maintenance, and preservation by the City and/or costs of such cure, including a reasonable administrative charge, which amount shall be promptly paid by Participant to the City upon demand. This covenant shall remain in effect for a period of five (5) years from the date of the issuance of the Notice of Completion for the Rehabilitation.

4.5 Taxes and Assessments. So long as Participant owns the Property, it shall pay or cause to be timely paid all real and personal property taxes, assessments and charges and all income, withholding, sales, and other taxes assessed against it, or payable by it, at such times and in such manner as to prevent any penalty from accruing, or any lien or charge from attaching to the Property; provided, however, that Participant shall have the right to contest in good faith any such taxes, assessments, or charges. In the event Participant exercises its right to contest any tax, assessment, or charge against it, Participant, on final determination of the proceeding or contest, shall immediately pay or discharge any decision or judgment rendered against it, together with all costs, charges, and interest.

4.6 Compliance with Laws. The Participant shall comply with the Guidelines and all applicable federal, state and local statutes, ordinances, regulations and laws with respect to the Participant's ownership, use, maintenance, and Rehabilitation of the Property. The Participant shall carry out the Rehabilitation in conformity with, all applicable laws, including all applicable labor standards, City zoning and development standards, building, plumbing, mechanical and electrical codes, and all other provisions of the City Municipal Code, and, as applicable, all disabled, handicapped access, or other accessibility requirements, including without limitation and, as and if applicable, 24 CFR 5.105(a), Section 504 of the Rehabilitation Act of 1973, the Americans With Disabilities Act, 42 U.S.C. Section 12101, *et seq.*, Government Code Section 4450, *et seq.*, Government Code Section 11135, *et seq.*, and the Unruh Civil Rights Act, Civil Code Section 51, *et seq.* Participant covenants that the Rehabilitation shall be carried out to ensure that the Property is and remains (i) free from all noted health and safety defects, (ii) decent, safe and sanitary, (iii) complies with the provisions of the Lead-Based Poisoning Prevention Act, 42 U.S.C. 4821, *et seq.*, and 24 CFR part 35, and (iv) meets applicable local, state, and federal housing quality standards.

4.6.1 Compliance with Relocation Laws. The Rehabilitation shall be conducted in such a manner as to prevent, to the maximum extent feasible, any displacement of persons from the Property in accordance with applicable laws. Except as required by the LBP Regs, in the event that any displacement of any person from the Property occurs due to the implementation of this Agreement, at the Participant's sole cost and expense, the City shall provide temporary relocation assistance in accordance with the Federal Uniform Relocation Assistance and Real Property Acquisition Act, 42 U.S.C. § 4201, *et seq.*, and the regulations adopted pursuant thereto (collectively, the "Relocation Laws"), and in a manner approved by the City to each person or household required to temporarily or permanently vacate the Property for purposes of completing the Rehabilitation. In the event of permanent displacement from the Property due to the implementation of this Agreement, despite the Participant's efforts to prevent such displacement as provided above, the City shall be solely responsible for administration and determination(s) of eligibility, assistance, and payments pursuant to the Relocation Laws. Except as required by the LBP Regs, the Participant expressly acknowledges and agrees it is fully liable and responsible for any and all costs and expenses relating to compliance with the Relocation Laws for any person occupying the Property; however, the proceeds of the City Grant may be expended toward the costs of such relocation, including, without limitation, relocation benefits paid to eligible persons, as determined by the City in its sole and absolute discretion, consultant fees, attorneys' fees, and court costs arising or in any way connected with claims for relocation assistance or benefits as may be asserted by any occupant of the Property. To the extent the proceeds of the City Grant are not sufficient to pay such relocation costs, if any, then Participant is and remains fully and financially responsible for such costs, except as required by the LBP Regs.

4.7 Indemnification. Participant shall, at Participant's expense, defend, indemnify, save and hold the City and its officers, agents, employees and representatives harmless from any and all losses, damages, liabilities, claims, causes of action, judgments, settlements, court costs, reasonable attorneys' fees, and other legal expenses, costs of evidence of title, costs of evidence of value, and other expenses which they may suffer or incur arising from Participant's performance of its obligations under this Agreement, Participant's ownership, use, occupancy, or maintenance of the Property, both land and improvements, and/or the Rehabilitation, including without limitation, third party claims for personal injuries, including death, or property damages, claims or injuries related in any respect to LBP or LBP Hazards at or about the Property or any persons at the Property and any evaluation, assessment, treatment or clearance work which occurs at the Property, or claims for relocation assistance or benefits as may be asserted pursuant to applicable Relocation Laws, or any other claim or suit of whatever kind or nature.

5. DEFAULTS, REMEDIES AND TERMINATION

5.1 **Defaults.** Failure or delay by either party to perform any covenant, condition or provision of this Agreement to be observed or performed by such party within the time provided herein constitutes a default under this Agreement. The injured party shall give written notice of default to the party in default, specifying the default complained of by the injured party. Failure or delay by either party in giving such notice or asserting any of its rights or remedies as to any default shall not operate as a waiver of any default or of any such rights or remedies, or change the time of default, or deprive either such party of its right to institute and maintain any actions or proceedings which it may deem necessary to protect, assert or enforce any such rights or remedies. The defaulting party shall immediately commence to cure such default upon receipt of the written notice of default, and shall complete such cure within thirty (30) days from the date of the receipt of the written notice or such longer period if the nature of the default is such that more than thirty (30) days is required to cure such default, but in any event not longer than sixty (60) days. If the defaulting party cures the default within the time prescribed herein, the notice of default shall be deemed inoperative. Failure to cure such default within the prescribed time shall constitute an “Event of Default,” and the injured party may institute legal proceedings at law or equity.

5.2 **Attorneys’ Fees.** In the event that any attorney is engaged by City to enforce or defend any provision of this Agreement, or as a consequence of any Event of Default, without the filing of any legal action or proceeding, then Participant shall pay to City immediately upon demand all attorneys’ fees and costs incurred by City in connection therewith. However, in the event that any action is instituted pursuant to this Agreement, whether or not a final court judgment (or arbitration award, if applicable) is entered, the parties agree that the non-prevailing party shall be responsible for and shall pay all costs and all attorneys’ fees incurred by the prevailing party.

5.3 **Applicable Law.** The Guidelines and the laws of the State of California shall govern the interpretation and enforcement of this Agreement.

5.4 **Acceptance of Service of Process.** In the event any legal action is commenced by the Participant against the City, service of process on the City shall be made by personal service upon the City Clerk, or in such other manner as may be provided by law.

In the event that legal action is commenced by the City against the Participant, service of process on the Participant shall be made in such manner as may be provided by law, whether made within or outside the State of California.

5.4.1 **Rights and Remedies are Cumulative.** Except as otherwise expressly stated in this Agreement, the rights and remedies of the parties are cumulative, and the exercise by either party of one or more of such rights or remedies shall not preclude the exercise by it, at the same time or different times, or any other rights or remedies for the same default or any other default by the other party.

5.4.2 **Rights of Termination.** In addition to the remedies the Parties may have at law or in equity, the parties shall have the right to terminate this Agreement upon an Event of Default hereunder by the other party. Termination shall be effective immediately upon service on the defaulting party of a written notice of termination in accordance with the notice provisions of Section 6.2 hereinbelow.

6. GENERAL PROVISIONS

6.1 **Time.** Time is of the essence in this Agreement.

6.2 **Notices.** Any notices, requests or approvals given under this Agreement from one party to another may be personally delivered, delivered by overnight courier service, or deposited with the United States Postal Service for mailing, postage prepaid, to the following addresses:

To Participant: _____

To City: City of Anaheim
201 South Anaheim Blvd., 10th Floor
Anaheim, California 92805
Attention: CDBG RRP Program Rehabilitation Grants

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

6.3 **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 Participant and City.

6.4 **Participant Assignment Prohibited.** In no event shall Participant assign or transfer any portion of this Grant Agreement without the prior express written consent of the City, which consent may be given or withheld in the City’s sole discretion.

6.5 **City to File Notices.** Participant irrevocably appoints, designates, and authorizes the City as its agent to file for record any notices of completion, cessation of labor, or any other notice that the City deems necessary or desirable to protect its interest hereunder.

6.6 **Actions.** The City shall have the right to commence, appear in, or defend any action or proceeding purporting to affect the rights, duties, or liabilities of the parties hereunder, or the disbursement of any proceeds of the City Grant.

6.7 **Successors and Assigns.** The terms hereof shall be binding upon and inure to the benefit of the successors and assigns of the parties hereto; provided, however, that no assignment of Participant’s rights hereunder shall be made, voluntarily or by operation of law, without the prior written consent of the City, and that any such assignment without said consent shall be void.

6.8 **Construction of Words.** Except where the context otherwise requires, words imparting the singular number shall include the plural number and vice versa, words imparting persons shall include firms, associations, partnerships and corporations, and words of either gender shall include the other gender.

6.9 **Partial Invalidity.** If any provision of this Agreement shall be declared invalid, illegal, or unenforceable, the validity, legality, and enforceability of the remaining provisions hereof shall not in any way be affected or impaired.

6.10 **Approvals.** Where an approval or submission is required under this Agreement, such approval or submission shall be valid for purposes of this Agreement only if made in writing. Where this Agreement requires an approval or consent of the City, such approval may be given on behalf of the City by the City Manager or his designee who may in his sole discretion submit such approval or consent for consideration by the City Council.

6.11 **Captions and Headings.** Captions and headings in this Agreement are for convenience of reference only, and are not to be considered in construing the Agreement.

6.12 **Joint and Several Liability; Notice.** If the Participant consists of more than one natural person, each such natural person shall be jointly and severally liable for performance by Participant under this Agreement. In addition, notice given to either such natural person shall be deemed to effect notice to all such natural persons comprising Participant as well as to Participant.

6.13 **Entire Agreement.** This Agreement constitutes the entire understanding and agreement of the parties. This Agreement integrates all of the terms and conditions mentioned herein or incidental thereto, and supersedes all prior negotiations, discussions and previous agreements between the City and the Participant concerning all or any part of the subject matter of this Agreement.

IN WITNESS WHEREOF, the parties have executed this Single Family Rehabilitation Grant Agreement as of the Date of Agreement.

CITY OF ANAHEIM, a municipal corporation and charter city

By: _____
Grace Ruiz Stepter, Director or
Authorized Designee

ATTEST:

THERESA BASS, CITY CLERK

City Clerk or Authorized Designee

APPROVED AS TO FORM:

OFFICE OF THE CITY ATTORNEY

Ryan Hodge, City Attorney or
Authorized Designee

PARTICIPANT

By: _____

By: _____

EXHIBIT A
DESCRIPTION
(To Be Inserted)

EXHIBIT B
SCOPE OF WORK

Work Write-Up

(Inclusive of LBP and LBP Hazards Treatment and Clearance Using Safe Work Practices)

[below is an exemplar: to be updated on a case-by- case basis]

Subject to availability of funds, the Scope of Work shall cover and include the following corrections and improvements:

- (a) Any “life-threatening deficiencies that must be addressed immediately if the housing is occupied”;
- (b) The useful life of major systems and structural components of the structure (based on capital needs assessments or estimates of useful life for different types of housing as required by the Rule);
- (c) Lead-based paint hazard control requirements as specified in 24 CFR 35 (and in particular the rehabilitation standards described in 35.900 - .930);
- (d) Accessibility requirements as defined in 24 CFR Part 8, 24 CFR Part 100 and 28 CFR Parts 35 & 36, as may be applicable to the type of housing, and improvements beyond regulatory requirements;
- (e) State and local codes, ordinances and zoning requirements; and
- (f) The Uniform Physical Condition Standards at 24 CFR 5.703 (and minimum deficiencies that must be addressed based on inspectable items/areas to be specified by HUD from 24 CFR 5.705).

(Full Work Write-Up to be Inserted)

EXHIBIT C
OWNER/CONTRACTOR AGREEMENT

EXHIBIT C-1

**Promissory Note - Major Loan
Evidencing Major Loan**

PROMISSORY NOTE

REHABILITATION LOAN AGREEMENT, SINGLE-FAMILY OWNER-OCCUPIED DEFERRED REHABILITATION LOAN (CDBG Program, Major Loan)

NOTICE TO BORROWER: THIS DOCUMENT CONTAINS PROVISIONS RESTRICTING ASSUMPTION AND IS SECURED BY A SECOND DEED OF TRUST IN RESIDENTIAL PROPERTY

Loan No. _____

\$ _____

Anaheim, California

Date: _____, 202_

FOR VALUE RECEIVED, _____ (“Borrower” or “Participant”), promises to pay to **CITY OF ANAHEIM**, a California municipal corporation and charter city (“Holder” or “City”), or order, at 201 South Anaheim Boulevard, Suite 1003, Anaheim, California 92805, or at such other address as Holder may direct from time to time in writing, _____ DOLLARS (\$ _____) or so much as may be disbursed by Holder to or on behalf of Borrower pursuant to this Promissory Note. The total sum of the amounts disbursed by Holder to or on behalf of Borrower for the City Loan shall constitute the “Note Amount.” All sums hereunder shall be payable in lawful money of the United States of America and all sums shall be credited first to interest then due and the balance to principal.

1. Loan Agreement. This Promissory Note is made and delivered pursuant and in reference to, and in implementation of a *Rehabilitation Loan Agreement, Single-Family Owner-Occupied Deferred Rehabilitation Loan (CDBG Program, Major Loan)* entered into by and between City and Participant dated as of _____ 202_ (“Loan Agreement”), a copy of which is on file with Holder. Borrower acknowledges that but for the execution of this Promissory Note, Holder would not enter into the Loan Agreement or make the City Loan to Borrower. Unless definitions of terms have been expressly set out in this Promissory Note, each term used in this Promissory Note shall have the same definition as set forth in the Loan Agreement.

a. Borrower Acknowledges and Agrees that the City Loan is subject to the terms, conditions, and restrictions of the CDBG Program and implementing CDBG Regulations all of which are fully incorporated by reference.

2. Disbursements. The Note Amount shall be disbursed pursuant to the Loan Agreement. The record of such disbursements shall be recorded from time to time by the Holder’s Housing Rehabilitation Coordinator, or its designee, on Attachment No. 1 to this Promissory Note.

3. Interest Rate. The Note Amount shall accrue zero percent (0%) interest however upon the occurrence of an Event of Default the Note shall be accelerated and the full Note Amount shall be immediately due and payable.

4. Repayment of City Loan.

(a) *Maturity Date.* The Note Amount shall accrue zero percent (0%) interest. Unless the Note is required to be earlier repaid pursuant to the terms hereof or the Borrower elects to repay the Note Amount, the Note Amount shall be payable in full by Borrower to City as of the thirtieth (30th) anniversary of the date of this Promissory Note (which thirtieth (30th) anniversary date constitutes the “Maturity Date”).

(b) *Note Amount Accelerated and Due in Full on Event of Default.* While under subdivision (a) above, the City Loan will be forgiven on the Maturity Date so long as Borrower performs and is not in default under this Promissory Note or the Agreement, notwithstanding the full Note Amount shall be due and payable by Borrower to the City and the City Loan accelerated in the Event of Default that occurs prior to the Maturity Date; in this regard an Event of Default includes any of the following actions or inactions by Borrower:

(i) Borrower sells or otherwise transfers or conveys the Property or any interest in the Property or any portion of the Property whether directly or indirectly, whether involuntarily or by operation of law, except as permitted below in Section 5;

(ii) Borrower refinances the First Lien or any other lien to which the City Loan is subordinate for a principal amount that exceeds the then current principal amount of such lien(s) plus reasonable and customary non-recurring closing costs;

(iii) Borrower fails to own and occupy the Property continuously as Participant’s principal residence;

(iv) Borrower uses the Property for short-term rental use or vacation rental purposes with a third party, such as AirBnB or VRBO;

(v) Borrower rents out any room or any part of the Property to a third party for any period of time;

(vi) Borrower undertakes any improvements to the Property that do not comply with all applicable Uniform Codes, laws and regulations including as required obtaining building and other permits from issuance through final inspection;

(vii) Borrower defaults on the senior lien mortgage(s) of Property;

(viii) Borrower fails to pay property taxes, assessments or past due liens against the Property; and/or

(ix) Borrower fails to comply with all other terms and provisions of the Agreement, this Note, and the Deed of Trust.

Each of (i) to (ix) inclusive above is an “Event of Default”; and, if an Event of Default occurs prior to the Maturity Date, then, the Note Amount shall be due and payable in full immediately.

5. Permitted Transfers. The following transfers of interest shall not cause acceleration and require repayment of the City Loan:

(a) A transfer to a surviving joint tenant by devise, descent, or operation of law upon the death of a joint tenant.

(b) A transfer in which the transferee is a person who occupies or will occupy the Property, and one of the following is true:

(i) the transfer results in the spouse of the transferor becoming the new owner of the Property;

(ii) the transfer results from a decree of dissolution of marriage or a legal separation agreement pursuant to which the spouse becomes an owner of the Property;

(iii) the Property is transferred into an inter vivos trust under which the borrower is and remains the beneficiary and occupant of the Property; or

(iv) at the sole, absolute discretion of the City through its Director, if the heir of the deceased loan recipient (original Borrower and Participant) qualifies as a Low Income household and meets all other Program requirements (as if making application to the Program at the time of the owner's death) and such heir intends to own and occupy the subject Property as the primary, personal residence, then the heir must notify the City by submitting a formal letter of request with supporting documentation to assume the loan in lieu of repayment. Such a request must include a factual showing by the eligible heir that a strong probability exists that title to the Property will vest in the heir upon the conclusion of the probate or other disposition of the deceased loan recipient's estate. In considering the above exception, the City reserves the sole and absolute right to reverse any initial decision to make such exception until the time title vests in the eligible heir and he/she/they meet all applicable Program requirements.

6. Effect of Due-on Sale Clause. Failure of Holder to exercise the option to accelerate payment as provided in Section 4 of this Promissory Note will not constitute waiver of the right to exercise this option in the event of subsequent cause for acceleration.

7. Security for Note. This Promissory Note shall be secured by that certain Rehabilitation Loan Agreement, Single-Family Owner-Occupied Deferred Rehabilitation Loan (CDBG Program, Major Loan) Deed of Trust, Loan No. _____ encumbering the Property in a second position ("Deed of Trust"), executed by Borrower as Trustor in favor of Holder as Beneficiary.

8. Prepayment of Note Amount. Without penalty, Borrower may prepay to Holder the full Note Amount at any time prior to the Maturity Date.

9. Borrower Assignment Prohibited. In no event shall Borrower assign or transfer any portion of this Promissory Note; likewise, no assumption of the City Loan shall be permitted at any time.

10. Attorneys' Fees and Costs. In the event that any attorney is engaged by Holder to enforce or defend any provision of this Note, or as a consequence of any Event of Default, with or without the filing of any legal action or proceeding, then Borrower shall pay to Holder immediately

upon demand all attorneys' fees and costs incurred by Holder; and in the event that any legal action is instituted to enforce payment under this Promissory Note or under the Deed of Trustor under the Agreement, Borrower promises to pay such sums as a court may fix for court costs and reasonable attorneys' fees.

11. Joint and Several. This Promissory Note is a joint and several obligation; thus, the undersigned, if more than one, shall be jointly and severally liable under this Promissory Note.

12. Amendments and Modifications. This Promissory Note may not be modified or amended except in writing executed by all Parties, which writing must be attached to this Promissory Note so as to become a permanent part of this Promissory Note.

13. Borrower's Waivers. Borrower waives any rights to require the Holder to: (a) demand payment of amounts due (known as "presentment"), (b) give notice that amounts due have not been paid (known as "notice of dishonor"), and (c) obtain an official certification of nonpayment (known as "protest"), as well as notice of default of a delinquency, notice of acceleration, notice of protest and nonpayment, notice of costs, expenses, or losses and interest thereon, and diligence in taking any action to collect any sums owing under the Note or proceeding against any of the rights or interests in or to property securing payment of this Note.

14. Notice. Any notice that must be given to Borrower under this Note shall be given by personal delivery or by mailing it by USPS certified mail addressed to Borrower at the address set forth in Section 7.2 of the Loan Agreement or such other address as Borrower shall direct from time to time in writing. Failure or delay in giving any notice required 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 and their respective heirs, successors and permitted assigns, if any.

16. Time of Essence. Time is of the essence with respect to every provision of this Promissory Note. This Promissory Note shall be construed and enforced in accordance with the laws of the State of California, except to the extent that federal laws preempt the laws of the State of California.

“BORROWER”

By: _____

Printed Name: _____

Dated: _____

By: _____

Printed Name: _____

Dated: _____

**ATTACHMENT NO. 1 TO
ACCOUNT LOG**

Participant's Name: _____

Loan No. _____

LBP Assistance for LBP Work

Amount _____

Rehabilitation

Amount _____

Total Note Amount: _____

Date	Payable To	Description of Work	Debit	Balance

EXHIBIT C-2

**Promissory Note – Minor Loan
Evidencing Minor Loan**

PROMISSORY NOTE

REHABILITATION LOAN AGREEMENT, SINGLE-FAMILY OWNER-OCCUPIED DEFERRED REHABILITATION LOAN (CDBG Program, Minor Loan)

NOTICE TO BORROWER: THIS DOCUMENT CONTAINS PROVISIONS RESTRICTING ASSUMPTION AND IS SECURED BY A SECOND DEED OF TRUST IN RESIDENTIAL PROPERTY

Loan No. _____

\$ _____

Anaheim, California

Date: _____, 202_

FOR VALUE RECEIVED, _____ (“Borrower” or “Participant”), promises to pay to **CITY OF ANAHEIM**, a California municipal corporation and charter city (“Holder” or “City”), or order, at 201 South Anaheim Boulevard, Suite 1003, Anaheim, California 92805, or at such other address as Holder may direct from time to time in writing, _____ DOLLARS (\$ _____) or so much as may be disbursed by Holder to or on behalf of Borrower pursuant to this Promissory Note. The total sum of the amounts disbursed by Holder to or on behalf of Borrower for the City Loan shall constitute the “Note Amount.” All sums hereunder shall be payable in lawful money of the United States of America and all sums shall be credited first to interest then due and the balance to principal.

1. Loan Agreement. This Promissory Note is made and delivered pursuant and in reference to, and in implementation of a *Rehabilitation Loan Agreement, Single-Family Owner-Occupied Deferred Rehabilitation Loan (CDBG Program, Minor Loan)* entered into by and between City and Participant dated as of _____ 202_ (“Loan Agreement”), a copy of which is on file with Holder. Borrower acknowledges that but for the execution of this Promissory Note, Holder would not enter into the Loan Agreement or make the City Loan to Borrower. Unless definitions of terms have been expressly set out in this Promissory Note, each term used in this Promissory Note shall have the same definition as set forth in the Loan Agreement.

a. Borrower Acknowledges and Agrees that the City Loan is subject to the terms, conditions, and restrictions of the CDBG Program and implementing CDBG Regulations all of which are fully incorporated by reference.

2. Disbursements. The Note Amount shall be disbursed pursuant to the Loan Agreement. The record of such disbursements shall be recorded from time to time by the Holder’s Housing Rehabilitation Coordinator, or its designee, on Attachment No. 1 to this Promissory Note.

3. Interest Rate. The Note Amount shall accrue zero percent (0%) interest however upon the occurrence of an Event of Default the Note shall be accelerated and the full Note Amount shall be immediately due and payable.

4. Repayment of City Loan.

(a) *Note Amount Forgiven and Note Cancelled upon Continued Compliance until the Maturity Date.* The Note Amount shall accrue zero percent (0%) interest and, expressly subject to Borrower's compliance with this Promissory Note and the Agreement, the full Note Amount shall be forgiven, no monies due and this Promissory Note cancelled and the Deed of Trust reconveyed upon the Maturity Date, the tenth (10th) anniversary of the date of this Promissory Note.

(b) *Note Amount Accelerated and Due in Full on Event of Default.* While under subdivision (a) above, the City Loan will be forgiven on the Maturity Date so long as Borrower performs and is not in default under this Promissory Note or the Agreement, notwithstanding the full Note Amount shall be due and payable by Borrower to the City and the City Loan accelerated in the Event of Default that occurs prior to the Maturity Date; in this regard an Event of Default includes any of the following actions or inactions by Borrower:

(i) Borrower sells or otherwise transfers or conveys the Property or any interest in the Property or any portion of the Property whether directly or indirectly, whether involuntarily or by operation of law, except as permitted below in Section 5;

(ii) Borrower refinances the First Lien or any other lien to which the City Loan is subordinate for a principal amount that exceeds the then current principal amount of such lien(s) plus reasonable and customary non-recurring closing costs;

(iii) Borrower fails to own and occupy the Property continuously as Participant's principal residence;

(iv) Borrower uses the Property for short-term rental use or vacation rental purposes with a third party, such as AirBnB or VRBO;

(v) Borrower rents out any room or any part of the Property to a third party for any period of time;

(vi) Borrower undertakes any improvements to the Property that do not comply with all applicable Uniform Codes, laws and regulations including as required obtaining building and other permits from issuance through final inspection;

(vii) Borrower defaults on the senior lien mortgage(s) of Property;

(viii) Borrower fails to pay property taxes, assessments or past due liens against the Property; and/or

(ix) Borrower fails to comply with all other terms and provisions of the Agreement, this Note, and the Deed of Trust.

Each of (i) to (ix) inclusive above is an "Event of Default"; and, if an Event of Default occurs prior to the Maturity Date, then, the Note Amount shall be due and payable in full immediately.

5. Permitted Transfers. The following transfers of interest shall not cause acceleration and require repayment of the City Loan:

(a) A transfer to a surviving joint tenant by devise, descent, or operation of law upon the death of a joint tenant.

(b) A transfer in which the transferee is a person who occupies or will occupy the Property, and one of the following is true:

(i) the transfer results in the spouse of the transferor becoming the new owner of the Property;

(ii) the transfer results from a decree of dissolution of marriage or a legal separation agreement pursuant to which the spouse becomes an owner of the Property;

(iii) the Property is transferred into an inter vivos trust under which the borrower is and remains the beneficiary and occupant of the Property; or

(iv) at the sole, absolute discretion of the City through its Director, if the heir of the deceased loan recipient (original Borrower and Participant) qualifies as a Low Income household and meets all other Program requirements (as if making application to the Program at the time of the owner's death) and such heir intends to own and occupy the subject Property as the primary, personal residence, then the heir must notify the City by submitting a formal letter of request with supporting documentation to assume the loan in lieu of repayment. Such a request must include a factual showing by the eligible heir that a strong probability exists that title to the Property will vest in the heir upon the conclusion of the probate or other disposition of the deceased loan recipient's estate. In considering the above exception, the City reserves the sole and absolute right to reverse any initial decision to make such exception until the time title vests in the eligible heir and he/she/they meet all applicable Program requirements.

6. Effect of Due-on Sale Clause. Failure of Holder to exercise the option to accelerate payment as provided in Section 4 of this Promissory Note will not constitute waiver of the right to exercise this option in the event of subsequent cause for acceleration.

7. Security for Note. This Promissory Note shall be secured by that certain Rehabilitation Loan Agreement, Single-Family Owner-Occupied Deferred Rehabilitation Loan (CDBG Program, Minor Loan) Deed of Trust, Loan No. _____ encumbering the Property in a second position ("Deed of Trust"), executed by Borrower as Trustor in favor of Holder as Beneficiary.

8. Prepayment of Note Amount. Without penalty, Borrower may prepay to Holder the full Note Amount at any time prior to the Maturity Date.

9. Borrower Assignment Prohibited. In no event shall Borrower assign or transfer any portion of this Promissory Note; likewise, no assumption of the City Loan shall be permitted at any time.

10. Attorneys' Fees and Costs. In the event that any attorney is engaged by Holder to enforce or defend any provision of this Note, or as a consequence of any Event of Default, with or without the filing of any legal action or proceeding, then Borrower shall pay to Holder immediately

upon demand all attorneys' fees and costs incurred by Holder; and in the event that any legal action is instituted to enforce payment under this Promissory Note or under the Deed of Trustor under the Agreement, Borrower promises to pay such sums as a court may fix for court costs and reasonable attorneys' fees.

11. Joint and Several. This Promissory Note is a joint and several obligation; thus, the undersigned, if more than one, shall be jointly and severally liable under this Promissory Note.

12. Amendments and Modifications. This Promissory Note may not be modified or amended except in writing executed by all Parties, which writing must be attached to this Promissory Note so as to become a permanent part of this Promissory Note.

13. Borrower's Waivers. Borrower waives any rights to require the Holder to: (a) demand payment of amounts due (known as "presentment"), (b) give notice that amounts due have not been paid (known as "notice of dishonor"), and (c) obtain an official certification of nonpayment (known as "protest"), as well as notice of default of a delinquency, notice of acceleration, notice of protest and nonpayment, notice of costs, expenses, or losses and interest thereon, and diligence in taking any action to collect any sums owing under the Note or proceeding against any of the rights or interests in or to property securing payment of this Note.

14. Notice. Any notice that must be given to Borrower under this Note shall be given by personal delivery or by mailing it by USPS certified mail addressed to Borrower at the address set forth in Section 7.2 of the Loan Agreement or such other address as Borrower shall direct from time to time in writing. Failure or delay in giving any notice required 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 and their respective heirs, successors and permitted assigns, if any.

16. Time of Essence. Time is of the essence with respect to every provision of this Promissory Note. This Promissory Note shall be construed and enforced in accordance with the laws of the State of California, except to the extent that federal laws preempt the laws of the State of California.

“BORROWER”

By: _____

Printed Name: _____

Dated: _____

By: _____

Printed Name: _____

Dated: _____

ATTACHMENT NO. 1

ACCOUNT LOG

Participant's Name: _____

Loan No. _____

LBP Assistance for LBP Work

Amount _____

Rehabilitation

Amount _____

Total Note Amount: _____

Date	Payable To	Description of Work	Debit	Balance

EXHIBIT D-1

**Deed of Trust - Major Loan
Securing Major Loan**

RECORDING REQUESTED BY AND
WHEN RECORDED MAIL TO:

City of Anaheim
201 South Anaheim Boulevard, Suite 1003,
Anaheim, California 92805
Attention: Community Development Department

This document is exempt from the payment
of a recording fee pursuant to Government
Code Sections 6103 and 27383.

DEED OF TRUST
SINGLE-FAMILY OWNER-OCCUPIED DEFERRED REHABILITATION LOAN
(CDBG PROGRAM, MAJOR LOAN)

NOTICE TO BORROWER
THIS DEED OF TRUST CONTAINS PROVISIONS
RESTRICTING ASSUMPTIONS

Loan No. _____

This **DEED OF TRUST, SINGLE-FAMILY OWNER-OCCUPIED DEFERRED PAYMENT REHABILITATION LOAN (CDBG Program, Major Loan)** (“Deed of Trust”) is made on _____, 202_, by _____ (“Borrower”) and _____ (“Trustee”), whose address is _____ in favor of the **CITY OF ANAHEIM**, a California municipal corporation and charter city (“Lender”) or Assignee, whose address is 201 South Anaheim Boulevard, Suite 1003, Anaheim, California 92805.

1. BORROWER, IN CONSIDERATION OF THE INDEBTEDNESS RECITED AND THE TRUST CREATED, IRREVOCABLY GRANTS, TRANSFERS AND ASSIGNS to Trustee in trust, with power of sale and right of entry and possession, all of Borrower’s right, title and interest now held or hereafter acquired in and to the following: (a) all of that certain real property (“Property”) located at _____, City of Anaheim, County of Orange, State of California (“Property Address”), which is more particularly described in Attachment No. 1, attached and incorporated into this Deed of Trust by this reference; and (b) all buildings, improvements and fixtures now or hereafter erected, and all appurtenances, easements, and articles of property now or hereafter affixed to, placed upon or used in connection with the Property, together with all additions to, substitutions for, changes in or replacements of the whole or any part of said articles of property; all of which are pledged and assigned, transferred, and set over onto Trustee, and for purposes of this Deed of Trust declared to be part of the realty; provided, however, that furniture and other personal property of Borrower now or hereafter situated on said real property are not intended to be included as part of the Property.

2. FOR THE PURPOSE OF SECURING:

2.1 Repayment of the indebtedness evidenced by that certain Promissory Note of the Borrower dated _____, 202____, (“Note”) in the principal amount of _____ Dollars (\$_____) (“Note Amount”), provided pursuant to that certain Rehabilitation Loan Agreement, Single-Family Owner Occupied Deferred Rehabilitation Loan (CDBG Program, Major Loan) by and between Borrower and Lender, dated as of _____, 202_ (“Loan Agreement”), together with any other amounts due according to the terms of the Note, and the Loan Agreement, and all amendments, modifications, extensions or renewals of the Note and Loan Agreement, if any. The Loan Agreement, the Note and this Deed of Trust are subject to the terms, conditions, and restrictions of the CDBG Program and the implementing CDBG Regulations, all of which are incorporated by this reference.

2.2 Payment of such additional sums, with interest, if any, due:

(a) As may hereafter be borrowed from Lender by the then record owner of the Property and evidenced by a promissory note or notes reciting that it or they are so secured and all modifications, extensions, or renewals of the Note; and

(b) As may be incurred, paid, or advanced by Lender, or as may otherwise be due to Trustee or Lender, under any provision of this Deed of Trust and any modification, extension, or renewal of this Deed of Trust; and

(c) As may otherwise be paid or advanced by Lender to protect the security or priority of this Deed of Trust.

2.3 Performance of each obligation, covenant, and agreement of Borrower contained in this Deed of Trust, the Loan Agreement, and the Note evidencing the City Loan executed by Borrower in favor of Lender, and all amendments to these documents whether set forth in this Deed of Trust or incorporated in this Deed of Trust by reference.

3. BORROWER COVENANTS:

Borrower covenants to maintain and protect the security of this Deed of Trust, to secure the full and timely performance by Borrower of each and every obligation, covenant, and agreement of Borrower under the Note and this Deed of Trust, and as additional consideration for the obligation(s) evidenced by the Note, Borrower covenants as follows:

3.1 *Title.* That Borrower is lawfully seized of the estate conveyed and has the right to grant and convey the Property, and that Borrower will warrant and defend generally the title of the Property against all claims and demands subject to any declarations, easements, or restrictions listed in the schedule of exemptions to coverage in any title insurance policy insuring Lender’s interest in the Property.

3.2 *Payment of Principal and Interest.* That Borrower shall promptly pay, when due, the principal and interest, if any, on the Note, and such other charges as are provided in the Note, and such other amounts as are provided under this Deed of Trust.

3.3 *Maintenance of the Property.* That Borrower shall, at all times prior to the repayment in full of the Note, at Borrower's sole expense: (a) keep the Property in a decent, safe, sanitary, habitable condition and repair and permit no waste of the Property; (b) not commit or suffer to be done or exist on or about the Property any condition causing the Property to become less valuable; (c) remove, demolish or structurally alter any buildings and improvements now or hereafter located on the Property; (d) repair, restore or rebuild promptly any buildings or improvements on the Property that may become damaged or be destroyed while subject to the lien of this Deed of Trust; (e) comply with all applicable laws, ordinances and governmental regulations affecting the Property or requiring any alteration or improvement of the Property, and not to suffer or permit any violations of any such law, ordinance or governmental regulation, nor of any covenant, condition or restriction affecting the Property; (f) not initiate or acquiesce in any change in any zoning or other land use or legal classification which affects any of the Property without the Lender's written consent; and (g) not alter the use of all or any part of the Property without the prior written consent of the Lender.

Borrower agrees to pay fully and discharge (or cause to be paid fully and discharged) all claims for labor done and for material and services furnished in connection with the Property, to diligently file or procure the filing of a valid notice of completion upon completion of construction of any part of the Property, diligently file or procure the filing of a notice of cessation upon the event of a cessation of labor on the work or construction on the Property for a continuous period of thirty (30) days or more, and to take all other reasonable steps to forestall the assertion of claims of lien against the Property or any part of the Property.

3.4 *Appear and Defend.* Borrower shall appear in and defend any action or proceeding purporting to affect the security of this Deed of Trust or the rights or powers of the Lender or Trustee; and to pay all costs and expenses, including cost of evidence of title and attorney's fees in a reasonable sum, in any such action or proceeding in which the Lender or Trustee may appear, and in any suit brought by the Lender to foreclose this deed.

3.5 *Payment of Taxes and Utility Charges.* Borrower shall pay, at least ten (10) days before delinquency all taxes and assessments affecting the Property, including assessments on appurtenant water stock; when due, all encumbrances, charges and liens, fines and impositions attributable to the Property, leasehold payments or ground rents, if any, and any interest on the Property or any part of the Property; all costs, fees and expenses of this trust. Borrower shall make such payments when due, directly to the payee. Borrower shall promptly furnish to Lender all notices of amounts due under this paragraph, and Borrower shall promptly furnish to Lender receipts evidencing all such payments made.

3.6 *Insurance.* To keep the Property insured with loss payable to the Lender, against loss or damage by fire (and flood, if applicable) and such other hazards, casualties and contingencies and by such companies on such forms as may be required by Lender, in Lender's sole discretion, and in the amount of the replacement cost of the Property, and to deliver the original of all such policies to the Lender, together with receipts satisfactory to the Lender evidencing payment of the premiums. All such policies shall provide that the Lender shall be given thirty (30) days advance written notice of the cancellation, expiration or termination of any such policy or any material change in the coverage afforded by it. Renewal policies and any replacement policies, together with premium receipts satisfactory to the Lender, shall be delivered to the Lender at least thirty (30) days prior to the expiration of existing policies. Neither Trustee nor the Lender shall by reason of accepting, rejecting, approving or obtaining insurance incur any liability for the existence, nonexistence, form or legal sufficiency of such insurance, or solvency of any insurer for payment of

losses. All insurance proceeds for such losses must be utilized for the repair or restoration of the insured property.

3.7 *Payments and Discharge of Liens.* Borrower will pay, when due, all claims of every kind and nature which might or could become a lien on the Property or any part of the Property; provided, however, that the following are excepted from this prohibition: (a) liens for taxes and assessments which are not delinquent although by law are given the status of a lien, and (b) such of the above claims as are, and only during the time they are, being contested by Borrower in good faith and by appropriate legal proceedings, and Borrower shall post security for the payment of these contested claims as may be requested by the Lender. Borrower shall not default in the payment or performance of any obligation secured by a lien, mortgage or deed of trust which is superior to this Deed of Trust.

4. IT IS MUTUALLY AGREED THAT:

4.1 *Application of Payments.* Unless applicable law provides otherwise, all payments received by Lender under the Note and Section 2.1 shall be applied by Lender first to interest, if any, payable on the Note and then to the principal due on the Note.

4.2 *Future Advances.* Upon request by Borrower, Lender, at Lender's option, may make future advances to Borrower. All such future advances, with interest, shall be added to and become a part of the indebtedness secured by this Deed of Trust when evidenced by promissory note(s), including amendment(s) to the Note, reciting that the Note and such note(s) are secured by this Deed of Trust.

4.3 *Disbursements to Protect Lender's Security.* All sums disbursed by Lender to protect and preserve the Property, this Deed of Trust, or Lender's security for the performance of Borrower's obligations under the Note shall be and be deemed to be an indebtedness of Borrower secured by this Deed of Trust.

4.4 *Protection of Lender's Security.* If Borrower fails to perform the covenants and agreements contained in this Deed of Trust, or if any action or proceeding is commenced which materially affects Lender's interest in the Property, including, but not limited to, eminent domain, insolvency, code enforcement, arrangements or proceedings involving a bankrupt or decedent, foreclosure of any mortgage secured by the Property or sale of the Property under a power of sale of any instrument secured by the Property, then Lender, at Lender's option, upon notice to Borrower, may make such appearance, disburse such sums and take such action as is necessary to protect Lender's interest, including, but not limited to, disbursement of reasonable attorney's fees and entry upon the Property to make repairs.

Any amounts disbursed by Lender pursuant to this Section 4.4, with interest, shall become additional indebtedness of Borrower secured by this Deed of Trust. Unless Borrower and Lender agree to other terms of payment, such amounts shall be payable upon notice from Lender to Borrower requesting payment, and shall bear interest from the date of disbursement at the highest rate permissible under applicable law. Nothing contained in this Section 4.4 shall require Lender to incur any expense or take any action.

4.5 *Inspection.* Lender or its agent may make or cause to be made reasonable entries upon and inspections of the Property. Lender shall give Borrower notice at the time of or prior to any such inspection specifying reasonable cause for the inspection

4.6 *Awards and Damages.* All judgments, awards of damages, settlements and compensation made in connection with or in lieu of (a) taking of all or any part of or any interest in the Property by or under assertion of the power of eminent domain, (b) any damage to or destruction of the Property or any part of the Property by insured casualty, and (c) any other injury or damage to all or any part of the Property, are assigned to and shall be paid to the Lender. The Lender is authorized and empowered (but not required) to collect and receive any such sums and is authorized to apply them in whole or in part upon any indebtedness or obligation secured, in such order and manner as the Lender shall determine at its option. The Lender shall be entitled to settle and adjust all claims under insurance policies provided under this Deed of Trust and may deduct and retain from the proceeds of such insurance the amount of all expenses incurred by it in connection with any such settlement or adjustment. All or any part of the amounts so collected and recovered by the Lender may be released to Borrower upon such conditions as the Lender may impose for its disposition. Application of all or any part of the amounts collected and received by the Lender or the release shall not cure or waive any default under this Deed of Trust. If the Property is abandoned by Borrower, or if, after notice by Lender to Borrower that the condemnor offers to make an award or settle a claim for damages, Borrower fails to respond to Lender within thirty (30) days after the date such notice is mailed, Lender is authorized to collect and apply the proceeds, at Lender's option, either to restoration or repair of the Property or to the sum secured by this Deed of Trust.

4.7 *Prohibition on Transfers of Interest.* With the exception of the transfers permitted in Section 4.11 below, if all or any part of the Property or any interest in the Property is sold or transferred by Borrower without Lender's prior written consent, Lender may, at Lender's option, declare all the sums secured by this Security Instrument to be immediately due and payable. If Lender exercises such option to accelerate, Lender shall mail Borrower notice of acceleration in accordance with Section 6.9. Such notices shall provide a period of not less than 30 days from the date the notice is mailed within which Borrower may pay the sums declared due. If borrower fails to pay such sums prior to the expiration of such period, Lender may, without further notice or demand on Borrower, invoke any remedies permitted by Section 5.2(a) hereof.

4.8 *Sale or Forbearance.* No sale of the Property, forbearances on the part of the Lender or extension of the time for payment of the indebtedness hereby secured shall operate to release, discharge, waive, modify, change or affect the liability of Borrower either in whole or in part.

4.9 *Lender's Rights to Release.* Without affecting the liability of any person for payment of any indebtedness hereby secured (other than any person released pursuant hereto), including without limitation any one or more endorsers or guarantors, and without affecting the lien hereof upon any of the Property not released pursuant hereto, at any time and from time to time without notice: (a) the Lender may, at its sole discretion, (i) release any person now or hereafter liable for payment of any or all such indebtedness, (ii) extend the time for or agree to alter the terms of payment of any or all of such indebtedness, and (iii) release or accept additional security for such indebtedness, or subordinate the lien or charge hereof; and (b) Trustee, acting pursuant to the written request of the Lender, may reconvey all or any part of the Property, consent to the making of any map or plot thereof, join in granting any assessment thereon, or join in any such agreement of extension or subordination.

4.10 *Reconveyance.* Upon the *earlier* to occur of (i) the Maturity Date, or (ii) an Event of Default that causes acceleration of the Note and upon and after Borrower repays the Note Amount and all sums secured by this Security Instrument in full, Lender shall request Trustee to reconvey the Property and shall surrender this Security Instrument and all notes evidencing indebtedness secured by this Security Instrument to Trustee. Trustee shall reconvey the Property without warranty and without charge to the person or persons legally entitled thereto. Such person or persons shall pay all costs of recordation, if any. The recitals in the reconveyance of any matters or facts shall be conclusive proof of the truthfulness thereof.

4.11 *Requirement of Owner-Occupancy and Permitted Transfers.* Borrower shall occupy the Property as Borrower's principal place of residence during the term of the Note and shall meet all conditions of the Loan Agreement and the Note as to ownership, occupancy, use and condition of the Property. Notwithstanding any other provision of the Note or this Deed of Trust, the following transfers shall not be deemed to be a default under the Note or this Deed of Trust:

(a) The transfer of the Property to the surviving joint tenant by devise, descent or operation of the law, on the death of a joint tenant;

(b) A transfer of the Property where the spouse becomes an owner of the property;

(c) A transfer of the Property resulting from a decree of dissolution of marriage, legal separation or from an incidental property settlement agreement by which the spouse becomes an owner of the Property; or

(d) A transfer to an *inter vivos* trust in which the Borrower is and remains the beneficiary and occupant of the property.

(e) At the sole, absolute discretion of Lender, through its Director, one exception to the full repayment requirement may be considered: An heir of the deceased original Borrower who qualifies as a Low Income household and meets all other Program requirements (as if making application to the Lender's Program at the time of the original Borrower's death) and such heir intends to own and occupy the subject Property as the primary, personal residence must notify the Lender by submitting a formal letter of request with supporting documentation to assume the City Loan in lieu of repayment. Such a request must include a factual showing by the eligible heir that a strong probability exists that title to the subject Property will vest in the heir upon the conclusion of the probate or other disposition of the deceased loan recipient's estate. In considering the above exception, the Lender reserves the sole and absolute right to reverse any initial decision to make such exception until the time title vests in the eligible heir and he/she/they meet all applicable requirements of the Program and the Loan Agreement, Note and this Deed of Trust.

5. EVENTS OF DEFAULT

5.1 *Events of Default.* Upon the occurrence of any one or more of the Events of Default defined and set forth in the Note and the Loan Agreement shall constitute a default under this Deed of Trust, including without limitation: (a) failure of the Borrower to own and occupy the Property continuously as his/her/their principal residence; (b) the occurrence of any event which, under the terms of the note and deed of trust evidencing and securing the First Lien securing

Participant's purchase money mortgage for the Property shall entitle the First Lien lender to exercise its rights or remedies.

5.2 *Acceleration and Sale.*

(a) *Acceleration.* Except as provided in Section 4.7 and 4.11, upon Borrower's breach of any covenant or agreement of Borrower in this Deed of Trust (or in the Note or the Agreement), including the covenants to pay when due any sums secured by this Deed of Trust, upon Borrower's failure to make any payment or to perform any of its obligations, covenants and agreements pursuant to the Note or the Agreement, Lender shall mail notice to Borrower as provided in Section 6.9 specifying: (1) the breach; (2) the action required to cure such breach; (3) a date, no less than thirty (30) days from the date the notice is mailed to Borrower, by which such breach must be cured; and (4) that failure to cure such breach on or before the date specified in the notice may result in acceleration of the sums secured by this Deed of Trust and sale of the Property. The notice shall further inform Borrower of the right to reinstate after acceleration and the right to bring a court action to assert the nonexistence of a default or any other defense of Borrower to acceleration and sale. If the breach is not cured on or before the date specified in the notice, Lender at Lender's option may declare all of the sums secured by this Deed of Trust to be immediately due and payable without further demand and may invoke the power of sale and any other remedies permitted by applicable law. Lender shall be entitled to collect from the Borrower, or sale proceeds, if any, all reasonable costs and expenses incurred in pursuing the remedies provided in this paragraph, including, but not limited to, reasonable attorneys' fees.

(b) *Borrower's Right to Reinstate.* Notwithstanding Lender's acceleration of the sums secured by this Deed of Trust, Borrower will have the right to have any proceedings begun by Lender to enforce this Deed of Trust discontinued at any time prior to five (5) days before sale of the Property pursuant to the power of sale contained in this Deed of Trust or at any time prior to entry of the judgment enforcing this Deed of Trust if: (1) Borrower pays Lender all sums which would be then due under this Deed of Trust and the Note, had no acceleration occurred; (2) Borrower pays all reasonable expenses incurred by Lender and Trustee in enforcing the covenants and agreements of Borrower contained in this Deed of Trust, remedies including, but not limited to, reasonable attorneys' fees; and (3) Borrower takes such action as Lender may reasonably require to assure that the lien of this Deed of Trust, Lender's interest in the Property and Borrower's obligation to pay the sums secured by this Deed of Trust shall continue unimpaired. Upon such payment and cure by Borrower, this Deed of Trust and the obligations secured hereby will remain in full force and effect as if no acceleration had occurred.

(c) *Sale.* After delivery to Trustee of a Notice of Default and Demand for Sale and after the expiration of such time and the giving of such notice of default and sale as may then be required by law, and without demand on Borrower, Trustee shall sell the Property at the time and place of sale fixed by it in said notice of sale, at public auction to the highest bidder for cash in lawful money of the United States of America, payable at time of sale. Trustee may postpone sale of all or any portion of the Property by public announcement at such time and place of sale and from time to time thereafter may postpone such sale by public announcement at the time and place fixed by the preceding postponement. Any person, including Borrower, Trustee or the Lender, may purchase at such sale. Upon such sale by Trustee, it shall deliver to such purchaser its deed conveying the Property so sold, but without any covenant or warranty expressed or implied. The recitals in such deed of any matters or facts shall be conclusive proof of their truthfulness. Upon sale by Trustee and after deducting all costs, expenses and fees of Trustee and of this Deed of Trust,

Trustee shall apply the proceeds of sale to the payment of the principal indebtedness hereby secured, whether evidenced by the Note or otherwise, or representing advances made or costs or expenses paid or incurred by the Lender under this Deed of Trust, or the secured obligations or any other instrument evidencing or securing any indebtedness hereby secured and to the payment of all other sums then secured thereby, including interest as provided in this Deed of Trust, the secured obligations or any other such instrument, in such order as the Lender shall direct; and then the remainder, if any, shall be paid to the person or persons legally entitled thereto.

(d) *Assignment of Rents; Appointment of Receiver; Lender in Possession.*

Upon acceleration under paragraph (a) of Section 5.2 hereof or abandonment of the Property, Lender (in person, by agent or by judicially appointed receiver) shall be entitled to enter upon, take possession of and manage the Property and to collect the rents of the Property (if any) including those past due. All rents collected by Lender or the receiver shall be applied first to payment of the costs of management of the Property and collection of rents including, but not limited to, receiver's fees, premiums on receiver's bonds and reasonable attorneys' fees, and then to the sums secured by this Deed of Trust. Lender and the receiver shall be liable to account only for those rents actually received. The provisions of this paragraph and paragraph (a) of Section 5.2 shall operate subject to the claims of prior lien holders.

5.3 *Exercise of Remedies; Delay.* No exercise of any right or remedy by the Lender or Trustee hereunder shall constitute a waiver of any other right or remedy contained in this Deed of Trust or provided by law, and no delay by the Lender or Trustee in exercising any such right or remedy hereunder shall operate as a waiver thereof or preclude the exercise thereof during the continuance of any default hereunder.

5.4 *Trustee Substitution.* The irrevocable power to appoint a substitute trustee or trustees hereunder is hereby expressly granted to the Lender, to be exercised at any time hereafter, without specifying any reason therefore by filing for record in the office where this Deed of Trust is recorded a deed of appointment, and said power of appointment of successor trustee or trustees may be exercised as often as and whenever the Lender deems advisable. The exercise of said power of appointment, no matter how often, shall not be deemed an exhaustion thereof, and upon recording of such deed or deeds of appointment, the trustee or trustees so appointed shall thereupon, without further act or deed of conveyance, succeed to and become fully vested with identically the same title and estate in and to the Property hereby conveyed and with all the rights, powers, trusts and duties of the predecessor in the trust hereunder, with the like effect as if originally named as trustee or as one of the trustees.

5.5 *Remedies Cumulative.* No remedy contained in this Deed of Trust or conferred upon the Lender or Trustee is intended to be exclusive of any other remedy or remedies afforded by law or by the terms hereof to the Lender or Trustee but each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity.

6. MISCELLANEOUS PROVISIONS

6.1 *Successors, Assigns, Number, Gender.* The covenants and agreements contained in this Deed of Trust shall bind, and the benefit and advantages under it shall inure to, the respective heirs, executors, administrators, successors and assigns of the Parties. Wherever used, the

singular number shall include the plural, and the plural the singular, and the use of any gender shall be applicable to all genders.

6.2 *Headings.* The headings are inserted only for convenience of reference and in no way define, limit, or describe the scope or intent of this Deed of Trust, or of any particular provision thereof, or the proper construction thereof.

6.3 *Actions on Behalf of the Lender.* Except as otherwise specifically provided in this Deed of Trust, whenever any approval, notice, direction, consent, request or other action by the Lender is required or permitted under this Deed of Trust, such action shall be in writing.

6.4 *Terms.* The words “the Lender” means the present Lender, or any future owner or holder, including pledgee of the indebtedness secured hereby.

6.5 *Obligations of Borrower.* If more than one person has executed this Deed of Trust as “Borrower,” the obligations of all such persons hereunder shall be joint and several.

6.6 *Incorporation by References.* The provisions of the CDBG Program security instruments and the documents relating to that program are incorporated by reference as though set out verbatim.

6.7 *Severability.* If any provision of this Deed of Trust shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions hereof shall not in any way be affected or impaired.

6.8 *Indemnification.* Borrower will indemnify and hold the Lender, its officers and agents harmless against any and all losses, claims, demands, penalties and liabilities which the Lender, its officers or agents may sustain or suffer by reason of anything done or omitted in good faith pursuant to or in connection with this Deed of Trust and not assert any claim against the Lender, its officers or agents by reason of any action so taken or omitted. Borrower shall, at Borrower’s expense, defend, indemnify, save and hold the Lender, its officers and agents harmless from any and all claims, demands, losses, expenses, damages (general, punitive or otherwise), causes of action (whether legal or equitable in nature) asserted by any person, firm, corporation or other entity arising out of this Deed of Trust and Borrower shall pay the Lender upon demand all claims, judgments, damages, losses or expenses (including reasonable legal expense) incurred by the Lender as a result of any legal action arising out of this Deed of Trust.

6.9 *Notice.* Except for any notice required under applicable law to be given in another manner: (a) any notice to Borrower provided for in this Deed of Trust shall be given by mailing such notice by certified mail directed to the Property Address or any other address Borrower designates by notice to Lender as provided in this Deed of Trust; and, (b) any notice to Lender shall be given by certified mail, return receipt requested, to Lender’s mailing address stated in this Deed of Trust or to such other address as Lender may designate by notice to Borrower as provided in this Deed of Trust. Any notice provided for in this Deed of Trust shall deem to have been given to Borrower or Lender when given in the manner designated in this Deed of Trust.

6.10 *Beneficiary Statement.* Lender may collect a fee for furnishing the beneficiary statement in an amount not to exceed the amount as provided by Section 2943 of the Civil Code of California.

6.11 *Use of Property.* Borrower shall not permit or suffer the use of any of the Property for any purpose other than as a single-family residential dwelling.

[Signatures on next page]

IN WITNESS WHEREOF, Borrower has executed this Deed of Trust, Rehabilitation Loan Agreement, Single-Family Owner-Occupied Deferred Rehabilitation Loan (CDBG Program, Major Loan) on the day and year set forth above. By signing below, Borrower agrees to the terms and conditions as set forth above.

MAILING ADDRESS FOR NOTICES:	SIGNATURE OF BORROWER(s):
<hr/> <p>(Street)</p> <hr/> <hr/> <p>(City) (State) (Zip)</p>	By: _____ Printed Name: _____ By: _____ Printed Name: _____

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA)
) ss.
COUNTY OF _____)

On _____ before me, _____, Notary Public, personally appeared _____, who 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.

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

WITNESS my hand and official seal

SIGNATURE OF NOTARY PUBLIC

ATTACHMENT NO. 1
LEGAL DESCRIPTION

[To Be Inserted]

ATTACHMENT NO. 2

CERTIFICATE OF ACCEPTANCE

This is to certify that the interest in real property secured by that certain *Deed of Trust, Rehabilitation Loan Agreement, Single-Family Owner-Occupied Deferred Rehabilitation Loan (CDBG Program, Major Loan)* executed by _____ and dated as of _____, 202_ from _____, to the CITY OF ANAHEIM, a California municipal corporation and charter city, is hereby accepted by the undersigned officer or agent on behalf of the City of Anaheim. The City of Anaheim consents to recordation thereof.

CITY OF ANAHEIM, a California municipal corporation and charter city

By: _____
Director of Community
Development or Authorized Designee

ATTEST:

City Clerk

APPROVED AS TO FORM:

STRADLING YOCCA CARLSON & RAUTH

Special Counsel to the City

ATTACHMENT NO. 1
LEGAL DESCRIPTION

[To Be Inserted]

ATTACHMENT NO. 2

CERTIFICATE OF ACCEPTANCE

This is to certify that the interest in real property secured by that certain *Deed of Trust, Rehabilitation Loan Agreement, Single-Family Owner-Occupied Deferred Rehabilitation Loan (CDBG Program, Major Loan)* executed by _____ and dated as of _____, 202_ from _____, to the CITY OF ANAHEIM, a California municipal corporation and charter city, is hereby accepted by the undersigned officer or agent on behalf of the City of Anaheim. The City of Anaheim consents to recordation thereof.

CITY OF ANAHEIM, a California municipal corporation and charter city

By: _____
Director of Community
Development or Authorized Designee

ATTEST:

City Clerk

APPROVED AS TO FORM:

STRADLING YOCCA CARLSON & RAUTH

Special Counsel to the City

EXHIBIT D-2

**Deed of Trust – Minor Loan
Securing Minor Loan**

RECORDING REQUESTED BY AND
WHEN RECORDED MAIL TO:

City of Anaheim
201 South Anaheim Boulevard, Suite 1003,
Anaheim, California 92805
Attention: Community Development Department

This document is exempt from the payment
of a recording fee pursuant to Government
Code Sections 6103 and 27383.

DEED OF TRUST
SINGLE-FAMILY OWNER-OCCUPIED DEFERRED REHABILITATION LOAN
(CDBG PROGRAM, MAJOR LOAN)

NOTICE TO BORROWER
THIS DEED OF TRUST CONTAINS PROVISIONS
RESTRICTING ASSUMPTIONS

Loan No. _____

This **DEED OF TRUST, SINGLE-FAMILY OWNER-OCCUPIED DEFERRED PAYMENT REHABILITATION LOAN (CDBG Program, Minor Loan)** (“Deed of Trust”) is made on _____, 202_, by _____ (“Borrower”) and _____ (“Trustee”), whose address is _____ in favor of the **CITY OF ANAHEIM**, a California municipal corporation and charter city (“Lender”) or Assignee, whose address is 201 South Anaheim Boulevard, Suite 1003, Anaheim, California 92805.

1. BORROWER, IN CONSIDERATION OF THE INDEBTEDNESS RECITED AND THE TRUST CREATED, IRREVOCABLY GRANTS, TRANSFERS AND ASSIGNS to Trustee in trust, with power of sale and right of entry and possession, all of Borrower’s right, title and interest now held or hereafter acquired in and to the following: (a) all of that certain real property (“Property”) located at _____, City of Anaheim, County of Orange, State of California (“Property Address”), which is more particularly described in Attachment No. 1, attached and incorporated into this Deed of Trust by this reference; and (b) all buildings, improvements and fixtures now or hereafter erected, and all appurtenances, easements, and articles of property now or hereafter affixed to, placed upon or used in connection with the Property, together with all additions to, substitutions for, changes in or replacements of the whole or any part of said articles of property; all of which are pledged and assigned, transferred, and set over onto Trustee, and for purposes of this Deed of Trust declared to be part of the realty; provided, however, that furniture and other personal property of Borrower now or hereafter situated on said real property are not intended to be included as part of the Property.

2. FOR THE PURPOSE OF SECURING:

2.1 Repayment of the indebtedness evidenced by that certain Promissory Note of the Borrower dated _____, 202____, (“Note”) in the principal amount of _____ Dollars (\$_____) (“Note Amount”), provided pursuant to that certain Rehabilitation Loan Agreement, Single-Family Owner Occupied Deferred Rehabilitation Loan (CDBG Program, Minor Loan) by and between Borrower and Lender, dated as of _____, 202_ (“Loan Agreement”), together with any other amounts due according to the terms of the Note, and the Loan Agreement, and all amendments, modifications, extensions or renewals of the Note and Loan Agreement, if any. The Loan Agreement, the Note and this Deed of Trust are subject to the terms, conditions, and restrictions of the CDBG Program and the implementing CDBG Regulations, all of which are incorporated by this reference.

2.2 Payment of such additional sums, with interest, if any, due:

(a) As may hereafter be borrowed from Lender by the then record owner of the Property and evidenced by a promissory note or notes reciting that it or they are so secured and all modifications, extensions, or renewals of the Note; and

(b) As may be incurred, paid, or advanced by Lender, or as may otherwise be due to Trustee or Lender, under any provision of this Deed of Trust and any modification, extension, or renewal of this Deed of Trust; and

(c) As may otherwise be paid or advanced by Lender to protect the security or priority of this Deed of Trust.

2.3 Performance of each obligation, covenant, and agreement of Borrower contained in this Deed of Trust, the Loan Agreement, and the Note evidencing the City Loan executed by Borrower in favor of Lender, and all amendments to these documents whether set forth in this Deed of Trust or incorporated in this Deed of Trust by reference.

3. BORROWER COVENANTS:

Borrower covenants to maintain and protect the security of this Deed of Trust, to secure the full and timely performance by Borrower of each and every obligation, covenant, and agreement of Borrower under the Note and this Deed of Trust, and as additional consideration for the obligation(s) evidenced by the Note, Borrower covenants as follows:

3.1 *Title.* That Borrower is lawfully seized of the estate conveyed and has the right to grant and convey the Property, and that Borrower will warrant and defend generally the title of the Property against all claims and demands subject to any declarations, easements, or restrictions listed in the schedule of exemptions to coverage in any title insurance policy insuring Lender’s interest in the Property.

3.2 *Payment of Principal and Interest.* That Borrower shall promptly pay, when due, the principal and interest, if any, on the Note, and such other charges as are provided in the Note, and such other amounts as are provided under this Deed of Trust.

3.3 *Maintenance of the Property.* That Borrower shall, at all times prior to the repayment in full of the Note, at Borrower's sole expense: (a) keep the Property in a decent, safe, sanitary, habitable condition and repair and permit no waste of the Property; (b) not commit or suffer to be done or exist on or about the Property any condition causing the Property to become less valuable; (c) remove, demolish or structurally alter any buildings and improvements now or hereafter located on the Property; (d) repair, restore or rebuild promptly any buildings or improvements on the Property that may become damaged or be destroyed while subject to the lien of this Deed of Trust; (e) comply with all applicable laws, ordinances and governmental regulations affecting the Property or requiring any alteration or improvement of the Property, and not to suffer or permit any violations of any such law, ordinance or governmental regulation, nor of any covenant, condition or restriction affecting the Property; (f) not initiate or acquiesce in any change in any zoning or other land use or legal classification which affects any of the Property without the Lender's written consent; and (g) not alter the use of all or any part of the Property without the prior written consent of the Lender.

Borrower agrees to pay fully and discharge (or cause to be paid fully and discharged) all claims for labor done and for material and services furnished in connection with the Property, to diligently file or procure the filing of a valid notice of completion upon completion of construction of any part of the Property, diligently file or procure the filing of a notice of cessation upon the event of a cessation of labor on the work or construction on the Property for a continuous period of thirty (30) days or more, and to take all other reasonable steps to forestall the assertion of claims of lien against the Property or any part of the Property.

3.4 *Appear and Defend.* Borrower shall appear in and defend any action or proceeding purporting to affect the security of this Deed of Trust or the rights or powers of the Lender or Trustee; and to pay all costs and expenses, including cost of evidence of title and attorney's fees in a reasonable sum, in any such action or proceeding in which the Lender or Trustee may appear, and in any suit brought by the Lender to foreclose this deed.

3.5 *Payment of Taxes and Utility Charges.* Borrower shall pay, at least ten (10) days before delinquency all taxes and assessments affecting the Property, including assessments on appurtenant water stock; when due, all encumbrances, charges and liens, fines and impositions attributable to the Property, leasehold payments or ground rents, if any, and any interest on the Property or any part of the Property; all costs, fees and expenses of this trust. Borrower shall make such payments when due, directly to the payee. Borrower shall promptly furnish to Lender all notices of amounts due under this paragraph, and Borrower shall promptly furnish to Lender receipts evidencing all such payments made.

3.6 *Insurance.* To keep the Property insured with loss payable to the Lender, against loss or damage by fire (and flood, if applicable) and such other hazards, casualties and contingencies and by such companies on such forms as may be required by Lender, in Lender's sole discretion, and in the amount of the replacement cost of the Property, and to deliver the original of all such policies to the Lender, together with receipts satisfactory to the Lender evidencing payment of the premiums. All such policies shall provide that the Lender shall be given thirty (30) days advance written notice of the cancellation, expiration or termination of any such policy or any material change in the coverage afforded by it. Renewal policies and any replacement policies, together with premium receipts satisfactory to the Lender, shall be delivered to the Lender at least thirty (30) days prior to the expiration of existing policies. Neither Trustee nor the Lender shall by reason of accepting, rejecting, approving or obtaining insurance incur any liability for the existence, nonexistence, form or legal sufficiency of such insurance, or solvency of any insurer for payment of

losses. All insurance proceeds for such losses must be utilized for the repair or restoration of the insured property.

3.7 *Payments and Discharge of Liens.* Borrower will pay, when due, all claims of every kind and nature which might or could become a lien on the Property or any part of the Property; provided, however, that the following are excepted from this prohibition: (a) liens for taxes and assessments which are not delinquent although by law are given the status of a lien, and (b) such of the above claims as are, and only during the time they are, being contested by Borrower in good faith and by appropriate legal proceedings, and Borrower shall post security for the payment of these contested claims as may be requested by the Lender. Borrower shall not default in the payment or performance of any obligation secured by a lien, mortgage or deed of trust which is superior to this Deed of Trust.

4. IT IS MUTUALLY AGREED THAT:

4.1 *Application of Payments.* Unless applicable law provides otherwise, all payments received by Lender under the Note and Section 2.1 shall be applied by Lender first to interest, if any, payable on the Note and then to the principal due on the Note.

4.2 *Future Advances.* Upon request by Borrower, Lender, at Lender's option, may make future advances to Borrower. All such future advances, with interest, shall be added to and become a part of the indebtedness secured by this Deed of Trust when evidenced by promissory note(s), including amendment(s) to the Note, reciting that the Note and such note(s) are secured by this Deed of Trust.

4.3 *Disbursements to Protect Lender's Security.* All sums disbursed by Lender to protect and preserve the Property, this Deed of Trust, or Lender's security for the performance of Borrower's obligations under the Note shall be and be deemed to be an indebtedness of Borrower secured by this Deed of Trust.

4.4 *Protection of Lender's Security.* If Borrower fails to perform the covenants and agreements contained in this Deed of Trust, or if any action or proceeding is commenced which materially affects Lender's interest in the Property, including, but not limited to, eminent domain, insolvency, code enforcement, arrangements or proceedings involving a bankrupt or decedent, foreclosure of any mortgage secured by the Property or sale of the Property under a power of sale of any instrument secured by the Property, then Lender, at Lender's option, upon notice to Borrower, may make such appearance, disburse such sums and take such action as is necessary to protect Lender's interest, including, but not limited to, disbursement of reasonable attorney's fees and entry upon the Property to make repairs.

Any amounts disbursed by Lender pursuant to this Section 4.4, with interest, shall become additional indebtedness of Borrower secured by this Deed of Trust. Unless Borrower and Lender agree to other terms of payment, such amounts shall be payable upon notice from Lender to Borrower requesting payment, and shall bear interest from the date of disbursement at the highest rate permissible under applicable law. Nothing contained in this Section 4.4 shall require Lender to incur any expense or take any action.

4.5 *Inspection.* Lender or its agent may make or cause to be made reasonable entries upon and inspections of the Property. Lender shall give Borrower notice at the time of or prior to any such inspection specifying reasonable cause for the inspection

4.6 *Awards and Damages.* All judgments, awards of damages, settlements and compensation made in connection with or in lieu of (a) taking of all or any part of or any interest in the Property by or under assertion of the power of eminent domain, (b) any damage to or destruction of the Property or any part of the Property by insured casualty, and (c) any other injury or damage to all or any part of the Property, are assigned to and shall be paid to the Lender. The Lender is authorized and empowered (but not required) to collect and receive any such sums and is authorized to apply them in whole or in part upon any indebtedness or obligation secured, in such order and manner as the Lender shall determine at its option. The Lender shall be entitled to settle and adjust all claims under insurance policies provided under this Deed of Trust and may deduct and retain from the proceeds of such insurance the amount of all expenses incurred by it in connection with any such settlement or adjustment. All or any part of the amounts so collected and recovered by the Lender may be released to Borrower upon such conditions as the Lender may impose for its disposition. Application of all or any part of the amounts collected and received by the Lender or the release shall not cure or waive any default under this Deed of Trust. If the Property is abandoned by Borrower, or if, after notice by Lender to Borrower that the condemnor offers to make an award or settle a claim for damages, Borrower fails to respond to Lender within thirty (30) days after the date such notice is mailed, Lender is authorized to collect and apply the proceeds, at Lender's option, either to restoration or repair of the Property or to the sum secured by this Deed of Trust.

4.7 *Prohibition on Transfers of Interest.* With the exception of the transfers permitted in Section 4.11 below, if all or any part of the Property or any interest in the Property is sold or transferred by Borrower without Lender's prior written consent, Lender may, at Lender's option, declare all the sums secured by this Security Instrument to be immediately due and payable. If Lender exercises such option to accelerate, Lender shall mail Borrower notice of acceleration in accordance with Section 6.9. Such notices shall provide a period of not less than 30 days from the date the notice is mailed within which Borrower may pay the sums declared due. If borrower fails to pay such sums prior to the expiration of such period, Lender may, without further notice or demand on Borrower, invoke any remedies permitted by Section 5.2(a) hereof.

4.8 *Sale or Forbearance.* No sale of the Property, forbearances on the part of the Lender or extension of the time for payment of the indebtedness hereby secured shall operate to release, discharge, waive, modify, change or affect the liability of Borrower either in whole or in part.

4.9 *Lender's Rights to Release.* Without affecting the liability of any person for payment of any indebtedness hereby secured (other than any person released pursuant hereto), including without limitation any one or more endorsers or guarantors, and without affecting the lien hereof upon any of the Property not released pursuant hereto, at any time and from time to time without notice: (a) the Lender may, at its sole discretion, (i) release any person now or hereafter liable for payment of any or all such indebtedness, (ii) extend the time for or agree to alter the terms of payment of any or all of such indebtedness, and (iii) release or accept additional security for such indebtedness, or subordinate the lien or charge hereof; and (b) Trustee, acting pursuant to the written request of the Lender, may reconvey all or any part of the Property, consent to the making of any map or plot thereof, join in granting any assessment thereon, or join in any such agreement of extension or subordination.

4.10 *Reconveyance.* Upon the *earlier* to occur of (i) the Maturity Date, or (ii) an Event of Default that causes acceleration of the Note and upon and after Borrower repays the Note Amount and all sums secured by this Security Instrument in full, Lender shall request Trustee to reconvey the Property and shall surrender this Security Instrument and all notes evidencing indebtedness secured by this Security Instrument to Trustee. Trustee shall reconvey the Property without warranty and without charge to the person or persons legally entitled thereto. Such person or persons shall pay all costs of recordation, if any. The recitals in the reconveyance of any matters or facts shall be conclusive proof of the truthfulness thereof.

4.11 *Requirement of Owner-Occupancy and Permitted Transfers.* Borrower shall occupy the Property as Borrower's principal place of residence during the term of the Note and shall meet all conditions of the Loan Agreement and the Note as to ownership, occupancy, use and condition of the Property. Notwithstanding any other provision of the Note or this Deed of Trust, the following transfers shall not be deemed to be a default under the Note or this Deed of Trust:

(a) The transfer of the Property to the surviving joint tenant by devise, descent or operation of the law, on the death of a joint tenant;

(b) A transfer of the Property where the spouse becomes an owner of the property;

(c) A transfer of the Property resulting from a decree of dissolution of marriage, legal separation or from an incidental property settlement agreement by which the spouse becomes an owner of the Property; or

(d) A transfer to an *inter vivos* trust in which the Borrower is and remains the beneficiary and occupant of the property.

(e) At the sole, absolute discretion of Lender, through its Director, one exception to the full repayment requirement may be considered: An heir of the deceased original Borrower who qualifies as a Low Income household and meets all other Program requirements (as if making application to the Lender's Program at the time of the original Borrower's death) and such heir intends to own and occupy the subject Property as the primary, personal residence must notify the Lender by submitting a formal letter of request with supporting documentation to assume the City Loan in lieu of repayment. Such a request must include a factual showing by the eligible heir that a strong probability exists that title to the subject Property will vest in the heir upon the conclusion of the probate or other disposition of the deceased loan recipient's estate. In considering the above exception, the Lender reserves the sole and absolute right to reverse any initial decision to make such exception until the time title vests in the eligible heir and he/she/they meet all applicable requirements of the Program and the Loan Agreement, Note and this Deed of Trust.

5. EVENTS OF DEFAULT

5.1 *Events of Default.* Upon the occurrence of any one or more of the Events of Default defined and set forth in the Note and the Loan Agreement shall constitute a default under this Deed of Trust, including without limitation: (a) failure of the Borrower to own and occupy the Property continuously as his/her/their principal residence; (b) the occurrence of any event which, under the terms of the note and deed of trust evidencing and securing the First Lien securing

Participant's purchase money mortgage for the Property shall entitle the First Lien lender to exercise its rights or remedies.

5.2 *Acceleration and Sale.*

(a) *Acceleration.* Except as provided in Section 4.7 and 4.11, upon Borrower's breach of any covenant or agreement of Borrower in this Deed of Trust (or in the Note or the Agreement), including the covenants to pay when due any sums secured by this Deed of Trust, upon Borrower's failure to make any payment or to perform any of its obligations, covenants and agreements pursuant to the Note or the Agreement, Lender shall mail notice to Borrower as provided in Section 6.9 specifying: (1) the breach; (2) the action required to cure such breach; (3) a date, no less than thirty (30) days from the date the notice is mailed to Borrower, by which such breach must be cured; and (4) that failure to cure such breach on or before the date specified in the notice may result in acceleration of the sums secured by this Deed of Trust and sale of the Property. The notice shall further inform Borrower of the right to reinstate after acceleration and the right to bring a court action to assert the nonexistence of a default or any other defense of Borrower to acceleration and sale. If the breach is not cured on or before the date specified in the notice, Lender at Lender's option may declare all of the sums secured by this Deed of Trust to be immediately due and payable without further demand and may invoke the power of sale and any other remedies permitted by applicable law. Lender shall be entitled to collect from the Borrower, or sale proceeds, if any, all reasonable costs and expenses incurred in pursuing the remedies provided in this paragraph, including, but not limited to, reasonable attorneys' fees.

(b) *Borrower's Right to Reinstate.* Notwithstanding Lender's acceleration of the sums secured by this Deed of Trust, Borrower will have the right to have any proceedings begun by Lender to enforce this Deed of Trust discontinued at any time prior to five (5) days before sale of the Property pursuant to the power of sale contained in this Deed of Trust or at any time prior to entry of the judgment enforcing this Deed of Trust if: (1) Borrower pays Lender all sums which would be then due under this Deed of Trust and the Note, had no acceleration occurred; (2) Borrower pays all reasonable expenses incurred by Lender and Trustee in enforcing the covenants and agreements of Borrower contained in this Deed of Trust, remedies including, but not limited to, reasonable attorneys' fees; and (3) Borrower takes such action as Lender may reasonably require to assure that the lien of this Deed of Trust, Lender's interest in the Property and Borrower's obligation to pay the sums secured by this Deed of Trust shall continue unimpaired. Upon such payment and cure by Borrower, this Deed of Trust and the obligations secured hereby will remain in full force and effect as if no acceleration had occurred.

(c) *Sale.* After delivery to Trustee of a Notice of Default and Demand for Sale and after the expiration of such time and the giving of such notice of default and sale as may then be required by law, and without demand on Borrower, Trustee shall sell the Property at the time and place of sale fixed by it in said notice of sale, at public auction to the highest bidder for cash in lawful money of the United States of America, payable at time of sale. Trustee may postpone sale of all or any portion of the Property by public announcement at such time and place of sale and from time to time thereafter may postpone such sale by public announcement at the time and place fixed by the preceding postponement. Any person, including Borrower, Trustee or the Lender, may purchase at such sale. Upon such sale by Trustee, it shall deliver to such purchaser its deed conveying the Property so sold, but without any covenant or warranty expressed or implied. The recitals in such deed of any matters or facts shall be conclusive proof of their truthfulness. Upon sale by Trustee and after deducting all costs, expenses and fees of Trustee and of this Deed of Trust,

Trustee shall apply the proceeds of sale to the payment of the principal indebtedness hereby secured, whether evidenced by the Note or otherwise, or representing advances made or costs or expenses paid or incurred by the Lender under this Deed of Trust, or the secured obligations or any other instrument evidencing or securing any indebtedness hereby secured and to the payment of all other sums then secured thereby, including interest as provided in this Deed of Trust, the secured obligations or any other such instrument, in such order as the Lender shall direct; and then the remainder, if any, shall be paid to the person or persons legally entitled thereto.

(d) *Assignment of Rents; Appointment of Receiver; Lender in Possession.*

Upon acceleration under paragraph (a) of Section 5.2 hereof or abandonment of the Property, Lender (in person, by agent or by judicially appointed receiver) shall be entitled to enter upon, take possession of and manage the Property and to collect the rents of the Property (if any) including those past due. All rents collected by Lender or the receiver shall be applied first to payment of the costs of management of the Property and collection of rents including, but not limited to, receiver's fees, premiums on receiver's bonds and reasonable attorneys' fees, and then to the sums secured by this Deed of Trust. Lender and the receiver shall be liable to account only for those rents actually received. The provisions of this paragraph and paragraph (a) of Section 5.2 shall operate subject to the claims of prior lien holders.

5.3 *Exercise of Remedies; Delay.* No exercise of any right or remedy by the Lender or Trustee hereunder shall constitute a waiver of any other right or remedy contained in this Deed of Trust or provided by law, and no delay by the Lender or Trustee in exercising any such right or remedy hereunder shall operate as a waiver thereof or preclude the exercise thereof during the continuance of any default hereunder.

5.4 *Trustee Substitution.* The irrevocable power to appoint a substitute trustee or trustees hereunder is hereby expressly granted to the Lender, to be exercised at any time hereafter, without specifying any reason therefore by filing for record in the office where this Deed of Trust is recorded a deed of appointment, and said power of appointment of successor trustee or trustees may be exercised as often as and whenever the Lender deems advisable. The exercise of said power of appointment, no matter how often, shall not be deemed an exhaustion thereof, and upon recording of such deed or deeds of appointment, the trustee or trustees so appointed shall thereupon, without further act or deed of conveyance, succeed to and become fully vested with identically the same title and estate in and to the Property hereby conveyed and with all the rights, powers, trusts and duties of the predecessor in the trust hereunder, with the like effect as if originally named as trustee or as one of the trustees.

5.5 *Remedies Cumulative.* No remedy contained in this Deed of Trust or conferred upon the Lender or Trustee is intended to be exclusive of any other remedy or remedies afforded by law or by the terms hereof to the Lender or Trustee but each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity.

6. MISCELLANEOUS PROVISIONS

6.1 *Successors, Assigns, Number, Gender.* The covenants and agreements contained in this Deed of Trust shall bind, and the benefit and advantages under it shall inure to, the respective heirs, executors, administrators, successors and assigns of the Parties. Wherever used, the

singular number shall include the plural, and the plural the singular, and the use of any gender shall be applicable to all genders.

6.2 *Headings.* The headings are inserted only for convenience of reference and in no way define, limit, or describe the scope or intent of this Deed of Trust, or of any particular provision thereof, or the proper construction thereof.

6.3 *Actions on Behalf of the Lender.* Except as otherwise specifically provided in this Deed of Trust, whenever any approval, notice, direction, consent, request or other action by the Lender is required or permitted under this Deed of Trust, such action shall be in writing.

6.4 *Terms.* The words “the Lender” means the present Lender, or any future owner or holder, including pledgee of the indebtedness secured hereby.

6.5 *Obligations of Borrower.* If more than one person has executed this Deed of Trust as “Borrower,” the obligations of all such persons hereunder shall be joint and several.

6.6 *Incorporation by References.* The provisions of the CDBG Program security instruments and the documents relating to that program are incorporated by reference as though set out verbatim.

6.7 *Severability.* If any provision of this Deed of Trust shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions hereof shall not in any way be affected or impaired.

6.8 *Indemnification.* Borrower will indemnify and hold the Lender, its officers and agents harmless against any and all losses, claims, demands, penalties and liabilities which the Lender, its officers or agents may sustain or suffer by reason of anything done or omitted in good faith pursuant to or in connection with this Deed of Trust and not assert any claim against the Lender, its officers or agents by reason of any action so taken or omitted. Borrower shall, at Borrower’s expense, defend, indemnify, save and hold the Lender, its officers and agents harmless from any and all claims, demands, losses, expenses, damages (general, punitive or otherwise), causes of action (whether legal or equitable in nature) asserted by any person, firm, corporation or other entity arising out of this Deed of Trust and Borrower shall pay the Lender upon demand all claims, judgments, damages, losses or expenses (including reasonable legal expense) incurred by the Lender as a result of any legal action arising out of this Deed of Trust.

6.9 *Notice.* Except for any notice required under applicable law to be given in another manner: (a) any notice to Borrower provided for in this Deed of Trust shall be given by mailing such notice by certified mail directed to the Property Address or any other address Borrower designates by notice to Lender as provided in this Deed of Trust; and, (b) any notice to Lender shall be given by certified mail, return receipt requested, to Lender’s mailing address stated in this Deed of Trust or to such other address as Lender may designate by notice to Borrower as provided in this Deed of Trust. Any notice provided for in this Deed of Trust shall deem to have been given to Borrower or Lender when given in the manner designated in this Deed of Trust.

6.10 *Beneficiary Statement.* Lender may collect a fee for furnishing the beneficiary statement in an amount not to exceed the amount as provided by Section 2943 of the Civil Code of California.

6.11 *Use of Property.* Borrower shall not permit or suffer the use of any of the Property for any purpose other than as a single-family residential dwelling.

[Signatures on next page]

IN WITNESS WHEREOF, Borrower has executed this *Deed of Trust, Rehabilitation Loan Agreement, Single-Family Owner-Occupied Deferred Rehabilitation Loan (CDBG Program, Minor Loan)* on the day and year set forth above. By signing below, Borrower agrees to the terms and conditions as set forth above.

MAILING ADDRESS FOR NOTICES:	SIGNATURE OF BORROWER(s):
<hr/> <p>(Street)</p> <hr/> <hr/> <p>(City) (State) (Zip)</p>	By: _____ Printed Name: _____ By: _____ Printed Name: _____

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA)
) ss.
COUNTY OF _____)

On _____ before me, _____, Notary Public, personally appeared _____, who 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.

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

WITNESS my hand and official seal

SIGNATURE OF NOTARY PUBLIC

ATTACHMENT NO. 1
LEGAL DESCRIPTION

[To Be Inserted]

ATTACHMENT NO. 2

CERTIFICATE OF ACCEPTANCE

This is to certify that the interest in real property secured by that certain *Deed of Trust, Rehabilitation Loan Agreement, Single-Family Owner-Occupied Deferred Rehabilitation Loan (CDBG Program, Minor Loan)* executed by _____ and dated as of _____, 202_ from _____, to the CITY OF ANAHEIM, a California municipal corporation and charter city, is hereby accepted by the undersigned officer or agent on behalf of the City of Anaheim. The City of Anaheim consents to recordation thereof.

CITY OF ANAHEIM, a California municipal corporation

By: _____
Director of Community
Development or Authorized Designee

ATTEST:

City Clerk

APPROVED AS TO FORM:

STRADLING YOCCA CARLSON & RAUTH

Special Counsel to the City

EXHIBIT E-1

**Owner Disclosure-Regulation Z
for Major Loan**

**RESIDENTIAL REHABILITATION PROGRAM
SINGLE-FAMILY OWNER-OCCUPIED
DEFERRED REHABILITATION LOAN (CDBG Program—RRP, Major Loan)
DISCLOSURE STATEMENT**

I/we _____ **[Insert Name(s) and vesting information]**
 (“Participant”) understand and agree that the provision of financial assistance from the City of Anaheim (“City”) under City’s **SINGLE-FAMILY OWNER-OCCUPIED DEFERRED REHABILITATION LOAN (CDBG Program, Major Loan)** (“RRP” or “Program”) is conditional on a number of factors, including, but not limited to:

- I/we must own and occupy continuously my/our home as my/our principal residence within the City of Anaheim.
- I/we must enter into one or more Rehabilitation Contract(s) with Program Administrator for the performance of the Rehabilitation work at my/our Property, all as acceptable to and approved by City.
- I/we must pay all costs of such Rehabilitation that exceed the amount of the City Loan from my/our own funds.
- I/we must qualify for assistance under the RRP Policies and Procedures.

I/we further understand and agree that:

- I/we will be responsible for repaying the Note Amount of the Promissory Note in the Event of Default that occurs prior to the Maturity Date. The Promissory Note will bear three percent (3%) simple interest.
- The Promissory Note is immediately due and payable in full upon the occurrence of an Event of Default that occurs prior to the Maturity Date as described in the Loan Agreement and Promissory Note.
- Unless payment sooner becomes due under the provisions of the Agreement, the Note and the Deed of Trust, then I/we will make payment to City of the full balance of all amounts payable under the Promissory Note (including without limitation the Note Amount) on the thirtieth (30th) anniversary of the execution of the Promissory Note; such thirtieth (30th) anniversary date constitutes the “Maturity Date.”
- I/we have a right to cancel or rescind this City Loan at any time prior to midnight on the third (3rd) business day after the Loan Agreement is signed by sending a notice of my/our decision to rescind or cancel the City Loan to:

City of Anaheim
201 South Anaheim Boulevard, Suite 1003
Anaheim, California 92805
Attention: Community Development Director

- During the thirty (30)-year term of the City Loan and until the Maturity Date, I/we intend to and shall continuously own and occupy the Property as my/our principal and primary personal residence; I/we shall not rent or lease the Property, any room in my/our home or any part of the Property, to another any other person, household or entity.
- I/we understand the City Loan will be accelerated and due in full if prior to the Maturity Date I/we refinance the City Loan or the lien or liens to which the City's Deed of Trust is subordinate to secure a loan with a principal amount which is greater than the then current principal amount of such liens, plus non-recurring costs of refinancing.
- I/we agree and understand that the City Loan is not assumable without the prior written approval of City, which City may grant, deny, or conditionally grant at its sole discretion.
- I/we understand that I/we cannot use the Property as a short-term rental unit or vacation rental, such as AirBnB and I/we cannot rent out any room or any part of my/our Property to a third party.
- I/we understand that if I/we make any improvements to the Property we must and shall comply with all applicable Uniform Codes, laws and regulations including as required including obtaining building and other permits from issuance through final inspection.
- City shall not be held responsible for ineligible costs associated with the assistance received from City including, but not limited to, recurring loan fees, refinance fees, payoff of consumer debt, as determined and listed ineligible for payment under the Program and the CDBG Program.
- 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 any Contractor or for monitoring or ensuring that the Rehabilitation work is performed in accordance with the approved Scope of Work and all applicable laws, rules, and regulations.
- City shall not be responsible for providing me/us with 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 relating to other loans secured by my/our Property.

(signatures on following page)

PARTICIPANT

By: _____

Printed Name: _____

Date: _____

By: _____

Printed Name: _____

Date: _____

EXHIBIT E-2

**Owner Disclosure-Regulation Z
for Minor Loan**

**RESIDENTIAL REHABILITATION PROGRAM
SINGLE-FAMILY OWNER-OCCUPIED
DEFERRED REHABILITATION LOAN (CDBG Program—RRP, Minor Loan)
DISCLOSURE STATEMENT**

I/we _____ **[Insert Name(s) and vesting information]**
 (“Participant”) understand and agree that the provision of financial assistance from the City of Anaheim (“City”) under City’s **SINGLE-FAMILY OWNER-OCCUPIED DEFERRED REHABILITATION LOAN (CDBG Program, Minor Loan)** (“RRP” or “Program”) is conditional on a number of factors, including, but not limited to:

- I/we must own and occupy continuously my/our home as my/our principal residence within the City of Anaheim.
- I/we must enter into one or more Rehabilitation Contract(s) with Program Administrator for the performance of the Rehabilitation work at my/our Property, all as acceptable to and approved by City.
- I/we must pay all costs of such Rehabilitation that exceed the amount of the City Loan from my/our own funds.
- I/we must qualify for assistance under the RRP Policies and Procedures.

I/we further understand and agree that:

- I/we will be responsible for repaying the Note Amount of the Promissory Note in the Event of Default that occurs prior to the Maturity Date. The Promissory Note will bear zero percent (0%) simple interest.
- The Promissory Note is immediately due and payable in full upon the occurrence of an Event of Default that occurs prior to the Maturity Date as described in the Loan Agreement and Promissory Note.
- If I/we fully comply with the Agreement, the Note and the Deed of Trust, then upon the Maturity Date (the date that is ten (10) years after my/our signing the Promissory Note) then the Note will be forgiven and we do not have to repay the City Loan.
- I/we have a right to cancel or rescind this City Loan at any time prior to midnight on the third (3rd) business day after the Loan Agreement is signed by sending a notice of my/our decision to rescind or cancel the City Loan to:

City of Anaheim
201 South Anaheim Boulevard, Suite 1003
Anaheim, California 92805
Attention: Community Development Director

- During the ten (10)-year term of the City Loan and until the 10-year Maturity Date, I/we intend to and shall continuously own and occupy the Property as my/our principal and primary personal residence; I/we shall not rent or lease the Property, any room in my/our home or any part of the Property, to another any other person, household or entity.
- I/we understand the City Loan will be accelerated and due in full if prior to the 10-year Maturity Date I/we refinance the City Loan or the lien or liens to which the City's Deed of Trust is subordinate to secure a loan with a principal amount which is greater than the then current principal amount of such liens, plus non-recurring costs of refinancing.
- I/we understand that I/we cannot use the Property as a short-term rental unit or vacation rental, such as AirBnB and I/we cannot rent out any room or any part of my/our Property to a third party.
- I/we understand that if I/we make any improvements to the Property we must and shall comply with all applicable Uniform Codes, laws and regulations including as required including obtaining building and other permits from issuance through final inspection.
- City shall not be held responsible for ineligible costs associated with the assistance received from City including, but not limited to, recurring loan fees, refinance fees, payoff of consumer debt, as determined and listed ineligible for payment under the Program and the CDBG Program.
- 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 any Contractor or for monitoring or ensuring that the Rehabilitation work is performed in accordance with the approved Scope of Work and all applicable laws, rules, and regulations.
- City shall not be responsible for providing me/us with 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 relating to other loans secured by my/our Property.

PARTICIPANT

By: _____

Printed Name: _____

Date: _____

By: _____

Printed Name: _____

Date: _____

EXHIBIT F-1

Loan Disclosure Statement - Major Loan

**SINGLE-FAMILY OWNER-OCCUPIED DEFERRED REHABILITATION LOAN
(CDBG Program Residential Rehabilitation Program—RRP, Major Loan)**

**BUYER DISCLOSURE
Regulation Z**

Creditor: **CITY OF ANAHEIM**
201 South Anaheim Boulevard, Suite 1003
Anaheim, California 92805

Borrower: _____ **[Insert Name(s) and Vesting Information]**

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 payments as scheduled.
3% simple interest	\$0	\$.00	\$.00

* If during the 30-year term of the City Loan (i.e., prior to the Maturity Date of the Note) there is an Event of Default, including if you refinance your first lien mortgage loan, if you fail to occupy the real property securing this loan as your principal residence, if you sell or transfer the real property securing this loan or you commit any other Event of Default, in violation of the *Rehabilitation Loan Agreement Single-Family Owner-Occupied Deferred Rehabilitation Loan (CDBG Program, Major Loan)* dated _____, 202__ (“Agreement”), the full amount of the City Loan, together with accrued interest, if any, will be due. Prepayment of your loan in part or in whole may be made at any time without penalty. Please see loan documentation for specific details. If the City Loan has not been repaid by the thirtieth (30th) anniversary of the origination of the City Loan (which thirtieth (30th) anniversary constitutes the “Maturity Date”), the entire amount due under the City Note (including without limitation the City Loan) shall be payable to the City.

Your Payment Schedule Will Be:

<u>Number of Payments</u>	<u>Amount of Payments</u>	<u>When Payments are Due</u>
One (1)	\$ _____ .00 (Loan Amount, plus 3% interest)	On the Maturity Date (which is the thirtieth anniversary of the date the City Loan is made), or sooner upon the occurrence of an Event of Default under the Rehabilitation Loan Agreement prior to the Maturity Date, including without limitation if there is a (i) sale, (ii) transfer, (iii) refinancing of your first mortgage loan that increases the amount of encumbrance against the Property, (iv) you no longer occupy the Property as your principle residence in violation the Loan Agreement, (v) you are in default under the Agreement or the Promissory Note prior to the Maturity Date.

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 Anaheim, a California municipal corporation, as a loss payee.

Security: You are giving a security interest in the real property you own by recording of the Deed of Trust for such Property, which is located at _____, Anaheim, California _____.

Amount of City Loan: \$ _____ .00

Term of City Loan: Thirty (30) years; due on Event of Default and if in full compliance with the Loan Agreement the City Loan will be forgiven at the Maturity Date.

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

Prepayment: Prepayment of your loan in part or in whole may be made at any time without penalty. If you pay off early, you

may may not have to pay the full principal amount of the Note and all other amounts due under the Note.

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

fixed at three percent 3% per year
 variable. Disclosures about the variable-rate feature were previously provided to you.

Assumption: Someone buying your house

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

cannot assume all or any part of the Promissory Note evidencing the City Loan.

Demand Feature: These obligations

have a demand feature

have no demand feature

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

ITEMIZATION OF THE AMOUNT FINANCED OF \$ _____ .00

\$0.00 Amount given to you directly

\$ _____ .00 Amount paid on your behalf to the Contractor performing the Rehabilitation of the Property located at _____.

Amount paid to others on your behalf:

\$ _____ .00 to the Contractor

\$ 0 to (name of another creditor)

\$ 0 to (other)

\$ 0 prepaid finance charge

I have carefully reviewed this Regulation Z Buyer Disclosure, consisting of 3 pages including this signature page.

PARTICIPANT

By: _____

Printed Name: _____

Date: _____

By: _____

Printed Name: _____

Date: _____

EXHIBIT F-2

Loan Disclosure Statement – Minor Loan

**SINGLE-FAMILY OWNER-OCCUPIED DEFERRED REHABILITATION LOAN
(CDBG Program Residential Rehabilitation Program—RRP, Minor Loan)**

**BUYER DISCLOSURE
Regulation Z**

Creditor: **CITY OF ANAHEIM**
201 South Anaheim Boulevard, Suite 1003
Anaheim, California 92805

Borrower: _____ **[Insert Name(s) and Vesting Information]**

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 payments as scheduled.
0% simple interest	\$0	\$.00	\$.00

* If during the 10-year term of the City Loan (i.e., prior to the Maturity Date of the Note) there is an Event of Default, including if you refinance your first lien mortgage loan, if you fail to occupy the real property securing this loan as your principal residence, if you sell or transfer the real property securing this loan or you commit any other Event of Default, in violation of the *Rehabilitation Loan Agreement Single-Family Owner-Occupied Deferred Rehabilitation Loan (CDBG Program, Minor Loan)* dated _____, 202__ (“Agreement”), the full amount of the City Loan, together with accrued interest, if any, will be due. Prepayment of your loan in part or in whole may be made at any time without penalty. Please see loan documentation for specific details.

Your Payment Schedule Will Be:

<u>Number of Payments</u>	<u>Amount of Payments</u>	<u>When Payments are Due</u>
One (1)	\$ _____ .00 (Loan Amount, plus 0% interest)	On the occurrence of an Event of Default under the Rehabilitation Loan Agreement prior to the Maturity Date, including without limitation if there is a (i) sale, (ii) transfer, (iii) refinancing of your first mortgage loan that increases the amount of encumbrance against the Property, (iv) you no longer occupy the Property as your principle residence in violation the Loan Agreement, (v) you are in default under the Agreement or the Promissory Note prior to the 10-year Maturity Date.

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 Anaheim, a California municipal corporation, as a loss payee.

Security: You are giving a security interest in the real property you own by recording of the Deed of Trust for such Property, which is located at _____, Anaheim, California _____.

Amount of City Loan: \$ _____ .00

Term of City Loan: Ten (10) years; due on Event of Default and if in full compliance with the Loan Agreement the City Loan will be forgiven at the Maturity Date.

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

Prepayment: Prepayment of your loan in part or in whole may be made at any time without penalty. If you pay off early, you

may may not have to pay the full principal amount of the Note and all other amounts due under the Note.

Interest Rate: The City 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.

Assumption: Someone buying your house

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

cannot assume all or any part of the Promissory Note evidencing the City Loan.

Demand Feature: These obligations

have a demand feature

have no demand feature

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

ITEMIZATION OF THE AMOUNT FINANCED OF \$ _____ .00

\$0.00 Amount given to you directly

\$ _____ .00 Amount paid on your behalf to the Contractor performing the Rehabilitation of the Property located at _____.

Amount paid to others on your behalf:

\$ _____ .00 to the Contractor

\$ _____ 0 to (name of another creditor)

\$ _____ 0 to (other)

\$ _____ 0 prepaid finance charge

I have carefully reviewed this Regulation Z Buyer Disclosure, consisting of 3 pages including this signature page.

PARTICIPANT

By: _____

Printed Name: _____

Date: _____

By: _____

Printed Name: _____

Date: _____

EXHIBIT G

**Request for Notice
for City Loan**

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

City of Anaheim
201 South Anaheim Boulevard, Suite 1003
Anaheim, California 92805
Attention: Dir. of Community Development

(Space above this line for Recorder's Use Only)

This document is exempt from the payment of a recording fee pursuant to Government Code Sections 6103 and 27383.

**Request for Notice under Civil Code Section 2924b
(City of Anaheim RRP Program)**

In accordance with Section 2924b of the Civil Code, request is hereby made that a copy of any Notice of Default and a copy of any Notice of Sale under the Deed of Trust recorded as Instrument No. _____ on _____, 202__, in Book _____, Page _____, Official Records of Orange County, California, and describing land therein as

[See Attachment No. 1 attached hereto]

executed by _____
[INSERT NAME(S) AND VESTING INFORMATION], collectively, as Trustor, in which the _____, is named as Beneficiary, and _____ is named as Trustee, be mailed to City of Anaheim, 201 South Anaheim Boulevard, Suite 1003, Anaheim, California 92805, Attention: Community Development Director

NOTICE: A COPY OF ANY NOTICE OF DEFAULT AND OF ANY NOTICE OF SALE WILL BE SENT ONLY TO THE ADDRESS CONTAINED IN THIS RECORDED REQUEST. IF YOUR ADDRESS CHANGES, A NEW REQUEST MUST BE RECORDED.

CITY OF ANAHEIM, a charter city and municipal corporation of the State of California

By: _____
Director of Housing & Community Development or Authorized Designee

ATTEST:

By: _____
City Clerk

APPROVED AS TO FORM:

STRADLING YOCCA CARLSON & RAUTH

Special Counsel to the City

ATTACHMENT NO. 1

LEGAL DESCRIPTION

Real property in the City of Anaheim, County of Orange, State of California, described as follows:

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA)
) ss.
COUNTY OF _____)

On _____ before me, _____, Notary Public, personally appeared _____, who 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.

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

WITNESS my hand and official seal

SIGNATURE OF NOTARY PUBLIC

EXHIBIT H

**Owner/Contractor Agreement
for City Loans and City Grants**

City of Anaheim – Residential Rehabilitation Program CDBG Program

Loan No.: _____

OWNER/CONTRACTOR AGREEMENT

by and between

HABITAT FOR HUMANITY OF ORANGE COUNTY, INC., a non-profit corporation

and

Dated as of

_____, 20__

**OWNER/CONTRACTOR AGREEMENT
ANAHEIM RESIDENTIAL REHABILITATION PROGRAM (RRP)**

This **OWNER/CONTRACTOR AGREEMENT ANAHEIM RESIDENTIAL REHABILITATION PROGRAM (RRP)** (“Agreement”) is entered into as of this ___ day of _____, 20__ between **HABITAT FOR HUMANITY OF ORANGE COUNTY, INC.** (“Habitat”), a California nonprofit corporation with an address of 2200 Ritchey Street, Santa Ana, CA 92705, and [Insert Owner/Participant(s) Name(s) and Full Vesting] (“Owner”).

RECITALS

A. The City of Anaheim is a California municipal corporation and charter city (“City”). The City receives certain federal funds (“CDBG Funds”) from the United States Department of Housing and Urban Development (“HUD”) under the Community Development Block Grant (“CDBG”) Program. Information about the CDBG Program and Regulations are found at: <http://www.hud.gov/offices/cpd/communitydevelopment/programs/entitlement/index.cfm>

B. The CDBG Program authorizes the City to finance the rehabilitation of privately owned, single-family homes and appurtenant improvements with CDBG Funds in furtherance of the CDBG Program’s objective to expand and improve the supply of affordable housing for low income persons and families.

C. Under this authority and in furtherance of the City’s affordable housing goals, the City has established a Residential Rehabilitation Program, Single Family Owner Occupied Deferred Rehabilitation Loan Program (CDBG Funds) (“RRP” or “Program”) to provide financial assistance for “Rehabilitation” improvements to eligible single-family owner-occupied homes. The CDBG Program authorizes financial assistance to eligible Low Income owners/borrowers through deferred loan to rehabilitate existing housing.

D. City and Habitat are parties to that certain *Community Development Block Grant Subrecipient Agreement* dated as of July 1, 2016 (“CDBG Agreement”) under which the City is providing CDBG Funds to Habitat to administer and operate the RRP.

E. Owner has applied to and been approved for participation in the RRP. Owner is a Low Income Household and the fee owner of, and its principal residence is, certain real property improved with a single-family house, condominium or townhome (“home”) located at _____, Anaheim, California (“Property”).

F. Owner and City have entered into that certain Rehabilitation Loan Agreement, Single-Family Owner Occupied Deferred Rehabilitation Loan (CDBG Program) (“Loan Agreement”) under which the City is providing a City Loan to Owner for the Rehabilitation of the Property. Owner is referred to as “Participant” or “Borrower” in the Loan Agreement, but is referred to as Owner under this Agreement between Owner and Habitat.

G. In keeping with its mission to provide decent, affordable housing for qualified families in Orange County, Habitat entered into the CDBG Agreement with the City to administer the RRP so qualified persons and families can participate in the Program.

H. This Agreement is a contract between Habitat and the Owner under which Habitat will commence and complete the Rehabilitation at the Property as described in the Scope of Work, Exhibit A to this Agreement, which is fully incorporated by this reference (“Scope of Work”) and includes the “work write-up” described in the Loan Agreement (together, “Rehabilitation”).

I. Habitat, as the RRP Program Administrator, will cause the Rehabilitation work at the Property by expending the proceeds of the Owner’s City Loan as set forth in this Agreement and the Loan Agreement.

J. Habitat shall expend the proceeds of the City Loan, first, to cause the assessment, and if necessary, reduction and clearance using Safe Work Practices, of the LBP and/or LBP Hazards, if any, at the Property as found in an inspection and assessment already completed at the Property (together, “LBP Assistance”).

K. Then, subject to the completion of the LBP Assistance, Habitat shall expend the balance of the City Loan proceeds (but not more than such loan amount) to undertake and complete the Scope of Work to rehabilitate the Property.

L. Habitat as Program Administrator under the CDBG Agreement will cooperate and coordinate with the City in carrying out the RRP and Loan Agreement with the Owner for the Rehabilitation of the Property.

M. Unless the context clearly otherwise requires, all capitalized term used herein, and not otherwise defined herein, shall have the meaning set forth in the Loan Agreement.

AGREEMENT

NOW, THEREFORE, for good and valuable consideration Habitat and Owner agree as follows:

1. Rehabilitation Work to be Performed on the Property.

1.1 Scope of Work. Owner acknowledges she/he has reviewed and approved the description of the Scope of Work described in Exhibit A. Owner understands that there is not a guarantee that the full Scope of Work and Materials Selection and Approval (together, “Materials Approval”) will be completed as Owner acknowledges the maximum amount of funding for the work is the balance of the loan proceeds of the City Loan.

1.2 No Future Work. Owner understands that Habitat (nor the City) is not undertaking and will not perform any ongoing maintenance of the Property. Future maintenance and upkeep of the Property is the sole legal and financial responsibility of Owner and never Habitat (or the City).

1.3 Certificate of Completion. Upon completion of the Scope of Work, Habitat and Owner will conduct a final walk-through of Property and agrees to sign a Certificate of Completion in the form attached and incorporated as Exhibit B to this Agreement. Habitat agrees that building permit(s) inspection sign-off(s) obtained for each and all parts of the Scope of Work will be submitted with lien release from all subcontractors, as applicable (refer to Exhibit B).

2. Schedule and Time for Commencement and Completion of the Scope of Work of the Rehabilitation. Habitat will commence work on the Rehabilitation within thirty (30) days after the date of this Agreement. Habitat will complete the construction and all work described in the Scope of Work, unconditionally free of liens or rights of liens of contractors and subcontractor, mechanics liens, materialmen or laborers liens, within _____ () calendar days after the commencing the work of Rehabilitation, subject to excusable delays that are beyond the reasonable and/or foreseeable control of Habitat or Owner.

2.1 Habitat will cooperate with Owner to prepare an estimated time schedule relating to undertaking and completing the Rehabilitation, and Owner will make the Property available for performance of work at the Property on the days required by the schedule. Subject to confirmation of the work schedule and subject to the excusable delays described above, such as inclement weather or other unforeseen events, Habitat shall use best efforts to commence the Rehabilitation by _____, 20__ and to complete the work by _____, 20__ (“Schedule”).

3. Sweat Equity. Owner and any additional able-bodied adults(s) (18 years or older) residing at the Property agree to contribute at least ____ [Insert Number of Hours] total hours to the Rehabilitation (“Sweat Equity”). Owner acknowledges that Sweat Equity is a requirement of the Program and that no compensation will be paid to Owner or others for performance of Sweat Equity under any circumstances, including any termination of this Agreement under Section 8.

3.1 If Owner and the household members cannot complete the required Sweat Equity hours due to physical incapability or other conditions, then reasonable accommodation will be afforded to Owner by Habitat; for example, Owner and any of the household members may perform the following types of alternative Sweat Equity: (i) being present during the time any work is being conducted by Habitat, (ii) write a testimony or article for public information and dissemination through Habitat’s public relations staff, (iii) conduct interview with Habitat’s public relations staff to promote program, etc.

4. Willing to Partner.

4.1 Cooperation and Understanding of Owner. Owner agrees that they will cooperate with Habitat and understands that delays may occur and affect completing the Rehabilitation and Schedule. Owner is responsible for putting away all valuables in a secured area during time of any work being performed. Owner expressly acknowledges and agrees that neither Habitat and its officers, directors, employees, agents, or volunteers, nor the City and its elected and appointed officials, officers, directors, employees, agents, or volunteers, shall be responsible or liable financially or under the law for valuables and all and any other personal property and any and all persons on, at or about the Property during the entire course of work and implementation of this Agreement.

4.2 Program Parameters. Owner has read and understands the Program Guidelines, the Loan Agreement and related instruments Owner was provided and/or executed relating to Owner’s participation in the Program and implementation of this Agreement (together, “Program Parameters”). Owner informs Habitat that Owner agrees to the Program Parameters.

4.2.1 Drought Resistant Landscaping. In order to be environmentally friendly and cost effective, Owner agrees that if landscaping is part of the Rehabilitation, only drought resistant landscaping will be installed.

4.2.2 Condition and Title of Property Prior to Owner Agreement. To the best knowledge of Owner, after due and reasonable investigation, Owner does not have any illegal additions to the area(s) where any of the Scope of Work will be performed and there are no liens on the Property other than the first lien purchase money mortgage and other lien or liens, if any, expressly approved in writing by Habitat and the City in connection with Owner entering into and signing the Loan Agreement.

4.2.3 Volunteers and Site Specific Liability Forms. Owner agrees that volunteers under the direction of Habitat may be used to perform certain work in completing the Rehabilitation, such as landscaping or painting. Habitat's volunteers will sign an appropriate release and waiver agreement attached as Exhibit C to this Agreement. This form states that each and all Habitat volunteers will assume all risk of participating in the Rehabilitation on the Property (refer to Exhibit C).

5. Price and Payment. The total estimated price for performance of the Scope of Work, including all labor, materials, and other charges under this Agreement is _____ dollars (\$_____) ("Project Cost"). Owner and Habitat expressly acknowledges that no work outside the Scope of Work shall be undertaken or completed at the Property during the term of this Agreement unless there is an approved amendment in accordance to Section 12.2.1.

5.1 Payment. The only payment to be made by the Owner directly to Habitat is the financial contribution of _____ dollars (\$_____) (minimum is \$100) to be applied to the Owner's own project costs. This financial contribution must be provided prior to commencement of the Scope of Work.

6. Habitat Warranties. For a period of one (1) year after the execution of the Certificate of Completion, Habitat will correct, at its own expense, any defect in the Rehabilitation work completed due to defective materials and/or workmanship. Owner will give Habitat written notice of any such defects promptly after discovery and, in any event, prior to expiration of the one (1)-year warranty period. This warranty does not cover loss or damage to personal property; loss or damage resulting from Owner's failure to promptly notify Habitat of a problem; or normal wear and tear. Habitat will convey to Owner any warranties by manufactures or suppliers on individual materials, products or systems supplied by Habitat under this Agreement. This one-year warranty is further described on Exhibit F attached and incorporated by this reference.

7. Right to Entry. Owner understands that a substantial portion of the Rehabilitation will be performed within Owner's personal residence. Accordingly, Owner agrees that Habitat and its agents, subcontractors, employees, volunteers (as well as any representatives of the City) may have access to the interior of the Property for the purpose of: (i) inspecting, measuring, and gathering information related to the Rehabilitation; (ii) installing, implementing, construction, or otherwise performing activities related to the Rehabilitation; and (iii) performing any other such actions as are reasonably contemplated by the Program and this Agreement.

8. Termination of Agreement. Habitat's acceptance of Owner as a Habitat partner was based on the information contained in Owner's application to the RRP. Habitat reserves the right to terminate this Agreement (i) if Habitat (or the City) determines that the information contained in Owner's RRP application was materially inaccurate, (ii) if any of Owner's obligations under the Loan Agreement, its related instruments and this Agreement are not fulfilled, including the requirements under Section 3, Section 4, or Section 5 of this Agreement.

9. Limitation of Liability. Neither Habitat nor any of its agents, subcontractors, directors, employees, officers, suppliers, volunteers or other representatives (nor the City and its elected and appointed officials, officers, directors, employees, volunteers and agents) shall have any liability or responsibility, legally or financially, for damages of any kind or nature, loss, or injury of any kind or nature, direct or indirect, to any person or to any property in any way or manner or any action or inaction caused by or resulting from the performance of the Rehabilitation in connection to this Agreement, except as caused by the negligence or willful misconduct of Habitat or any of Habitat's above-designed persons, or except as caused by the sole negligence or willful misconduct of the City or any of the City's above-designed persons. Without limiting the generality of the foregoing, to the extent that Habitat (or a City) is found liable for property damage to the Property in accordance with this Section 9, Habitat (not City) shall compensate Owner only for the reasonable documented cost of necessary repairs.

10. Disputes. In the event that any dispute(s) between Habitat and Owner arise out of or in connection with provisions or performance or no-performance if this Agreement, either one, or both, shall submit in writing that fact and nature of such dispute(s) to the City.

10.1 Arbitration. Within thirty (30) days of such notice, Habitat and Owner shall either resolve the dispute or shall seek a resolution of the dispute pursuant to California Code of Civil Procedure, Section 1280, *et seq.*

11. Media Release. Owner grants and conveys in perpetuity to Habitat all right, title, and interest in any and all photographic images, printed interviews or statements, including information regarding the past or current living conditions and biographical information, and video or audio recordings made by Habitat and/or its agents, City, contractors, directors, employees, officers, volunteers, and other representatives in the course of performing the Rehabilitation, including, but not limited to, any royalties, proceeds or other benefits derived from such photographs, printed materials or recordings.

12. General Provisions.

12.1 Partial Invalidity. If any provision of this Agreement shall be declared invalid, illegal, or unforeseeable, the validity, legality, and enforceability of the remaining provisions of this Agreement shall not in any way be affected or impaired.

12.2 Amendment of Agreement.

12.2.1 Change Order. There may be circumstances, foreseen or unforeseen, that may affect the Rehabilitation and cause a delay in the Schedule, including, but not limited to, unforeseen events, emergency repairs, and weather. Any changes to this Agreement must be documented with a Change Order form attached and incorporated as Exhibit D to this Agreement. It must be approved of by Owner, Habitat, and City prior to the change being enforced. Habitat will make all efforts to complete the job as soon as practically possible (refer to Exhibit D).

12.3 Entire Agreement. This is a legally binding contract. This Agreement contains the entire agreement between Habitat and Owner and supersedes any and all prior oral or written statements or agreements regarding the subject matter of this Agreement. There are no promises, agreements, conditions, undertakings, warranties or representations, oral or written, express or implied, between the parties, other than as set forth in this Agreement. This Agreement

may only be changed by a written agreement signed by Owner and Habitat in accordance to Section 12.2.1. Owner may not assign its rights under this Agreement.

12.4 Cancellation of Services. Owner may cancel this Agreement at any time prior to midnight of the third business day after the date of this Agreement. See Exhibit E, attached and incorporated herein, that is the notice of cancellation form for an explanation of this right (refer to Exhibit E).

13. Permits and Codes. Habitat shall perform all work under this Agreement in conformance with the Anaheim Municipal Code, the CDBG Program, the LBP Regs, and all other applicable laws, ordinances, regulations, and orders whether or not such applicable laws, ordinances, regulations and orders are specified in this Agreement or the attachments hereto. Habitat will work with Owner to secure and pay for (from City Loan proceeds) all necessary permits and licenses or other approvals necessary for the construction and completion of the Scope of Work. In performance of this Agreement, Habitat and Owner shall comply with applicable federal, state and local laws, regulations and requirements, including but not limited to local uniform building and housing codes, whether or not specified in the Scope of Work or the Schedule.

14. Condition of Premises. Habitat will keep the premises broom clean and orderly and to remove all debris as needed during the course of the work and upon completion of the work in order to maintain work conditions, which do not cause health or safety hazards.

15. Parties to Contract. Habitat and Owner agree that they are the parties to this Agreement and are solely responsible for its performance. The parties agree that neither the City, nor HUD or any of their respective agents, officers or employees assumes any liability or responsibility, legally or financially, whatsoever arising out this Agreement.

16. Inspection. The United States Government (HUD), the City, and their designees shall have the right to inspect all work performed under this Agreement. Habitat and Owner will take all steps necessary to assure that HUD, the City or their designees are permitted to examine and inspect the Property, and all contracts, if any, materials, equipment, payrolls, and conditions of employment pertaining to the work, including all relevant date and records. By such inspection, HUD and the City assume no responsibility to Owner for defective material or work under this Agreement or to either party for any breach of this Agreement by the other. However, City may determine whether or not work by Habitat on the work of improvements to the Property is in compliance with the Scope of Work. City may determine the adequacy of Habitat's methods, plans and appurtenances and make such directions relative to sufficiency of forces as may be reasonably necessary to insure property and continuous execution of work. City may stop the work under this Agreement, if reasonably necessary, and may determine the amount, equality, and fitness of the several kinds of work and materials. City may reject all work and materials, which do not conform to the requirements of the Agreement, or the Scope of Work. All instructions, rulings, and decisions of City shall be binding on Habitat and Owner when delivered or mailed to Owner or Habitat in writing.

Owner and Habitat shall make every effort to resolve disagreements. In cases that cannot be resolved between Owner and Habitat, the City shall make a decision and determination on the disagreement. Owner and Habitat each affirms, and independently and expressly agrees, that each will and shall abide by such decision of the City. Owner and Habitat reciprocally agree each shall

not and will not seek any claim or remedy against the City or the other party if it does not concur with such decision.

17. Interest of Federal or City Personnel. Habitat agrees to comply with the conflict of interest provisions in 24 CFR 85.36, 24 CFR 84.42, and Section 92.356 of the CDBG Program. Habitat agrees that none of the following shall have any interest or benefit, direct or indirect, in this Agreement:

- (a) Any officer or employee of the City who exercises any function or responsibility in connection with administration of the Program, or any member of the governing body of the City.
- (b) Any member of the governing body of the locality (24 CFR 510.4(m)).
- (c) Any member of or delegate to the Congress of the United States.
- (d) Any Resident Commissioner.
- (e) Any person employed by HUD at a grade level of G-9 or above.

18. Non-Discrimination and Equal Opportunity. Habitat agrees to comply with the applicable CDBG Program nondiscrimination and equal opportunity requirements. Further, Habitat shall abide by all other federal, state or local laws and regulations, relative to equal opportunity to all persons, without discrimination as to race, color, creed, religion, national origin, sex, gender, gender identify, gender expression, sexual orientation, marital status, ancestry, familial status, age, and status with regard to public assistance or disability. On agreements of \$10,000 or more, Habitat shall abide by the applicable federal regulations, including the following language in its subcontracts, if any, as follows, as and IF applicable to Habitat's performance under this Agreement:

(a) Habitat shall not discriminate against any employee or applicant for employment because of race, color, religion, sex, or national origin. Habitat shall take affirmative action to ensure that applicants are employed, and that employees are treated during employment without regard to their race, color, religion, sex, or national origin. Such action shall include, but not be limited to, the following: Employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship.

(b) Habitat shall, in all solicitations or advertisements for employees placed on behalf of Habitat, state that all qualified applicants will receive consideration for employment without regard to their race, color, religion, sex, or national origin.

(c) Habitat shall send to each labor union or representative of workers with which it has a collective bargaining agreement or other contract or understanding, a notice, to be provided, advising the said labor union or workers' representative of Habitat's commitments under this section and shall post copies of the notice in conspicuous places available to employees and applicants for employment.

(d) Habitat shall furnish all information and reports required by HUD and shall permit access to its books, records, and accounts by HUD for purposes of investigation to ascertain compliance with such rules, regulations, and orders.

(e) In the event Habitat fails to comply with the nondiscrimination clauses of the Agreement or with any of the said rules, regulations, or orders, this Agreement may be canceled, terminated, or suspended in whole or in part and Habitat may be declared ineligible for further government contracts or federally assisted construction contracts in accordance with procedures set forth in applicable federal regulations, and such other sanctions may be imposed and remedies invoked as provided rules, regulations or orders of HUD, or as otherwise provided by law.

(f) Habitat shall include the portion of the sentence immediately preceding paragraph (a) and the provisions of paragraphs (a) through (g) in every subcontract or purchase order unless exempted by rules, regulations or orders of HUD, so that such provisions shall be binding upon each subcontractor or vendor. Habitat shall take such action with respect to any subcontract or purchase order as the property owner or HUD may direct as a means of enforcing such provisions, including sanctions for noncompliance.

IN WITNESS WHEREOF, Habitat and Owner have executed this Agreement on the day and year first written above.

HABITAT

HABITAT FOR HUMANITY OF ORANGE COUNTY, INC., a California non-profit religious corporation

By: _____

Print Name: _____

Title: _____

Date: _____

OWNERS(S) [legal name(s) & vesting below]:

By: _____

Date: _____

By: _____

Date: _____

Witness:

By: _____

Print Name: _____

Title: _____

Date: _____

EXHIBIT A

SCOPE OF WORK

The Scope of Work and attached “Materials Selection and Approval” (“Materials Approval”) is intended to be completed by Habitat for Humanity of Orange County (“Habitat”) on the home owned by _____ (“Owner”), located at _____, Anaheim, California 92____.

Habitat will be the general contractor to complete this Scope of Work.

The SCOPE OF WORK includes, but is not limited to:

[INSERT]

LIMITATIONS:

- While it is Habitat’s intent to complete the items referenced in the Scope of Work (“Scope”), there is no guarantee that all the items in the Scope will be completed.
- There may be circumstances, foreseen or unforeseen, that may prevent completion of the tasks in the Scope of Work, including, but not limited to, inability to obtain material, permits, and unreasonable costs.
- Habitat decides in its sole and absolute discretion as to the tasks to be performed. No action can be maintained against Habitat (or the City) by Owner to obligate Habitat to perform tasks as referenced in the Scope of Work and attached Materials Approval.

MATERIALS AGREEMENT ATTACHMENT

(to be attached)

EXHIBIT B
CERTIFICATE OF COMPLETION

EXHIBIT C

SITE SPECIFIC LIABILITY FORM

(attached)

EXHIBIT D
CHANGE ORDER
(attached)

EXHIBIT E
CANCELLATION OF SERVICES

EXHIBIT F

FULL ONE-YEAR WARRANTY

COVERAGE PROVIDED

All improvements, materials, hardware and fixtures installed or constructed on your home by Habitat are warranted, under normal use, to be free from defects in materials or workmanship.

This warranty extends to Owner only. The warranty begins on the date the Notice of Completion is issued to Habitat and extends for twelve (12) months thereafter.

OWNER'S OBLIGATION

Owner is responsible for normal maintenance of all work of improvement and the Property.

If a problem occurs which Owner believes is covered by this warranty, Owner shall contact Habitat in writing, giving Habitat sufficient information to enable him/her to resolve the matter.

HABITAT'S OBLIGATION

Habitat is obligated at no charge to Owner to repair or replace any parts necessary to correct defects in material or workmanship.

WHAT IS NOT COVERED BY THIS EXPRESS WARRANTY

- 1. Defects caused by or related to:
 - a. Abuse, misuse, negligence or accident; or
 - b. Normal deterioration due to wear or exposure.
- 2. Loss of time, inconvenience, commercial loss, loss of use of the home, incidental charges such as telephone calls, hotel bills, or other incidental or consequential damages.
- 3. Any undertaking, representation or warranty made by any Habitat or other person beyond those expressly set forth in this Warranty.

Habitat <hr/> Signature <hr/> State Contractor's License Number <hr/> Habitat's Address	Name of Property Owner <hr/> Property Address of Work Completed <hr/> Habitat's Telephone <hr/> Date
--	---

EXHIBIT I

[Reserved]

EXHIBIT J

Certificate of Annual Compliance

CERTIFICATE OF ANNUAL COMPLIANCE

SINGLE FAMILY OWNER-OCCUPIED DEFERRED REHABILITATION LOAN (CDBG PROGRAM – RRP)

City of Anaheim
201 South Anaheim Boulevard, Suite 1003
Anaheim, California 92805
Attn: Director of Community Development

This constitutes a Certificate of Annual Compliance under that certain loan as made by the City of Anaheim, a municipal corporation and charter city (“City”) in the original principal amount of _____ Dollars (\$ _____) (the “Loan Amount”) in connection with the City Residential Rehabilitation Program, including the Residential Rehabilitation Program Guidelines, Policies, and Procedures for Loans and Grants (the “Guidelines”). The Loan Amount was used for the rehabilitation of my/our residence at _____, Anaheim, California (the “Property”). In connection with the Residential Rehabilitation Program (“RRP”) and Guidelines, under an agreement I/we (“Borrower”) entered into with the City (the “Loan Agreement”), I/we received a loan from the City in for the Loan Amount. Under Loan Agreement, and consistent with the Guidelines, I/we are required to live in the Property as my/our personal residence, to maintain the Property in sound condition, to maintain insurance as to the Property, and to pay property taxes all as set forth with more particularity in the Loan Agreement. All capitalized terms not defined herein shall have the respective meanings established therefor in the Loan Agreement. Borrower acknowledges that each of City and Housing Authority will rely upon this Borrower Sale Certificate.

Borrower hereby certifies to the City as follows:

1. I/we are occupying the Property as my/our personal residence;
2. I/we are maintaining insurance as required by the Loan Agreement;
3. I/we have paid property taxes on a current basis as required by the Loan Agreement;
4. I/we have occupied the Property as my/our personal residence since the Loan Agreement was entered into;
5. I/we have refrained from engaging in any of the following:
 - a. sale or transfer or all or any part of the Property;
 - b. transfer of title or vesting to other than the original Applicant/owner excepting only in the case marriage or death of a spouse and further except in the case of death of both applicants and the sole heir qualifies as Low Income as determined by the Director or his or her designee and such heir intends to own and occupy the property as his/her primary personal residence (other than a transfer to an inter vivos trust to the extent permitted under the Loan Agreement);

- c. renting or leasing out all or any portion of the Property (including without limitation Airbnb or VRDO);
- d. refinancing the Property or any loan secured thereby (without the prior written permission of the City) or securing any additional loan with the Property;
- e. withdrawing cash or equity from the Property;
- f. engaging in any conduct or omission which constitutes a breach or default under any mortgage or lien senior to the deed of trust securing the Loan Amount;
- g. failing to pay property taxes, assessments or past due liens secured in whole or in part by the Property;
- h. failing to maintain insurance as required by the Loan Agreement;
- i. engaging in any conduct or omission which constitutes a breach or default under the Loan Agreement.

I/we make the above statements and provide this Certificate to the City with the knowledge that the City will rely upon this information as true and correct. I make the following statements under penalty of perjury.

BORROWER

By: _____

Dated: _____

By: _____

Dated: _____

EXHIBIT K

Addendum for Reduction of Lead Paint Hazards

**LEAD SAFE HOUSING REQUIREMENTS SCREENING WORKSHEET
Addendum for Rehabilitation Projects
Parts 3 and 4**

Parts 3 and 4 of this worksheet should be completed for any residential property that is to undergo rehabilitation with Federal funds. The completed form should be placed in the project file with Parts 1 and 2.

Part 3: Per Unit Level of Rehabilitation Assistance

- A. Average Federal Funding Per Unit \$ _____
- B. Average Per Unit Rehabilitation Hard Costs \$ _____
(not including costs of lead hazard evaluation and reduction)
- C. Lower of A or B \$ _____

Part 4: Approach Required (Based on answer to 3.C., above)

- \$0 – \$5,000 _____ Do No Harm (Test & Repair)
- \$5,001 - \$25,000 _____ Identify and Control Lead Hazards
- \$25,001 and above _____ Identify and Abate Lead Hazards

Calculated by _____ Date _____

I have evaluated the site, the specifications, estimated the rehab hard costs and interviewed the occupants. In my professional opinion, this project meets the above requirement for federal lead hazard reduction under 24 CFR Part 35.

Signature

Date

EXHIBIT L

Lead Safe Housing Requirements Screening Worksheet

LEAD SAFE HOUSING REQUIREMENTS SCREENING WORKSHEET

This worksheet should be placed in the project file for any residential property that is assisted with Federal funds. Parts 1 and 2 should be completed for all projects. Parts 3 and 4 should be completed for rehabilitation projects.

Property Owner and Address: _____

Part 1: Exemptions from All Requirements of 24 CFR Part 35

If the answer to any of the following questions is yes, the property is exempt from the requirements of 24CFR Part 35. The regulatory citation of each exemption is cited as additional guidance.

- ❖ Was the property constructed after January 1, 1978? [35.115(a)(1)] YES NO
- ❖ Is this a zero-bedroom unit? (e.g. SRO, efficiency) [35.115(a)(2)] YES NO
- ❖ Is this dedicated elderly ¹ housing? (i.e. over age 62) [35.115(a)(3)] YES NO
- ❖ Is this housing dedicated for the disabled ²? [35.115(a)(3)] YES NO
- ❖ Has a paint inspection conducted in accordance with 35.1320(a) established that the property is free of lead-based paint? [35.115(a)(4)] YES NO
 - The date of the original paint inspection was _____. An optional paint inspection conducted on _____ confirmed this prior finding.
- ❖ Has all lead-based paint in the property been identified and removed, and has clearance been achieved as cited below? [35.115(a)(5)] YES NO
 - Clearance was achieved prior to September 15, 2000, and the work was done in accordance with 40CFR Part 745.227(b). YES NO
 - Clearance was achieved after September 15, 2000, and the work was done in accordance with 24CFR Part 35.1320, 1325 and 1340. YES NO
- ❖ Will a currently vacant unit remain vacant until it is demolished? YES NO
[35.115(a)(6)]
- ❖ Is the property used for non-residential purposes?³ [35.115(a)(7)] YES NO
- ❖ Will any rehab **exclude** disturbing painted surfaces? [35.115(a)(8)] YES NO
- ❖ Are emergency actions immediately necessary to safeguard against imminent danger to human life, health or safety, or, to protect the property from further structural damage? (e.g. after natural disaster or fire) [35.115(a)(9)] YES NO
- ❖ Will the unit be occupied for less than 100 days under emergency leasing assistance to an eligible household?⁴ [35.115(a)(11)] YES NO

Part 2: Limited Exemptions from Specific Hazard Reduction Requirements

The HUD Final Rule allows for limited exemptions from specific requirements due to the characteristics of the rehabilitation work, the structure or the occupants. If the answer to any of the following questions is yes, the grantee and/or occupant may waive certain requirements as described below.

- ❖ Is the amount of painted surface that is being disturbed below “de minimis” levels, as defined below? If so, safe work practices and clearance are not required in that work area.
 - Less than 20 square feet on an exterior surface [35.1350(d)(1)] YES NO
 - Less than 2 square feet in any single interior room [35.1350(d)(2)] YES NO
 - Less than 10% of surface area of an interior/exterior component [35.1350(d)(3)] YES NO
- ❖ Is the unit occupied by an elderly person(s)? If so, relocation of the elderly occupant(s) is not required if complete disclosure of the nature of the work is provided and informed consent is obtained prior to rehabilitation.⁵ YES NO
- ❖ Is a unit that is subject to abatement requirements listed or eligible for listing on the National Register of Historic Places, or does it contribute to a National Register Historic District? If so, the State Historic Preservation Office may request that interim controls be implemented rather than abatement. On-going maintenance and re-evaluation is required. [35.115(13)] YES NO

I have evaluated the site and property, the work specifications, and interviewed the occupants. In my professional opinion, this unit qualifies for the indicated exemption(s).

Signature

Date

¹ Defined as retirement communities or similar types of housing reserved for households composed of one or more persons over age 62, or other age if recognized by a specific Federal housing assistance program. However, if a child under age 6 resides or is expected to reside in such a unit, the unit is not exempt.

² The housing must be a residential property designated exclusively for persons with disabilities, defined as any person who has a physical or mental impairment that substantially limits one or more major life activities, has a record of impairment, or is regarded by others as having such an impairment. However, if a child under age 6 resides or is expected to reside in such a unit, the unit is not exempt.

³ Except that spaces such as entryways, hallways, stairways, etc. serving both residential and non-residential uses in a mixed-use property are not exempt.

⁴ When a household is provided short-term emergency leasing assistance and will occupy a unit for less than 100 days, the unit is exempt from lead paint regulations. This emergency leasing exemption is attached to the unit, not the family, and is a one-time exemption. After being assisted for a total of 100 consecutive days, the unit becomes subject to regular Subpart K requirements. Multiple families cannot be cycled through the same unit at intervals of less than 100 days under this exemption.

⁵ HUD Interpretive Guidance, April 16, 2001, question # J24.