THE CITY OF SAN DIEGO

PROGRAM GUIDELINES
(Approved on July 8, 2008, via Redevelopment Agency Resolution No. R-04302)

North Park Redevelopment Housing Enhancement Loan Program

Program Overview: The North Park Redevelopment Housing Enhancement Loan Program [Program] was created by the Redevelopment Agency of the City of San Diego [Agency] as part of an overall redevelopment program to increase, improve, and preserve the supply of low- and moderate- income housing occupied by persons and families of extremely low-, very low-, low- and moderate- income within the North Park Redevelopment Project Area and the surrounding neighborhoods [collectively referred to as the Greater North Park Community], as defined in the map depicted below.

Housing rehabilitation and enhancement has been identified as an important factor for improving neighborhood and community stability, encouraging private investment, and improving the local housing stock. In order to address the needs of the community, the North Park Redevelopment Plan includes goals of improving, promoting and preserving the positive neighborhood characteristics of North Park, promoting varied housing opportunities, improving and enhancing the housing stock within North Park, and supporting and promoting the growth and vitality of the North Park business environment. The Program is a mechanism authorized by the California Community Redevelopment Law to implement and achieve these goals.

The Program is intended to do the following:

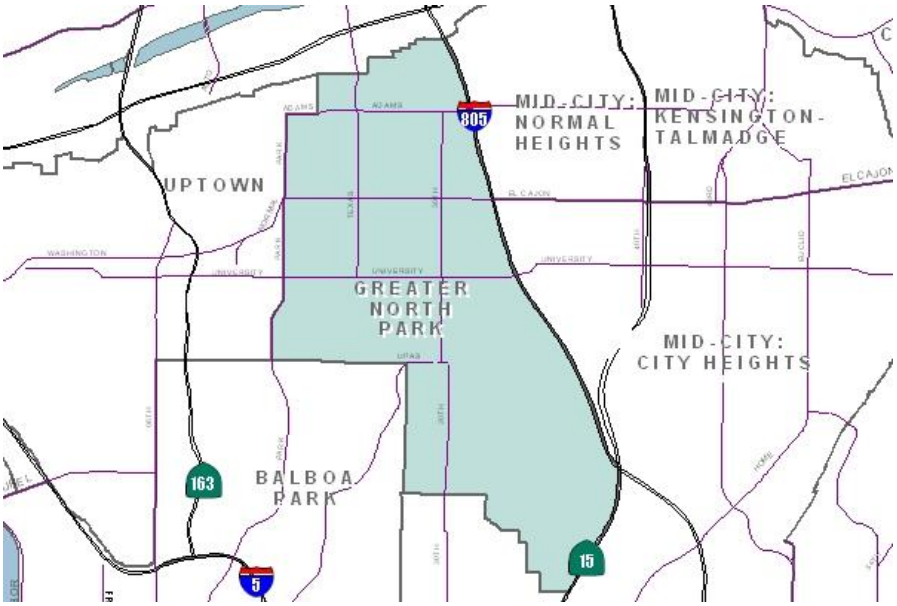
- To assist qualified residents of the Greater North Park Community for the purpose of improving the interior and exterior conditions of their residences and reducing energy consumption and landscape related water consumption.
- To repair interior and exterior health and safety hazards that fail housing quality standards.
- To rehabilitate, repair and install exterior improvements, including those improvements that may not be eligible in other housing assistance programs such as fencing, sidewalks and landscaping.
- To enhance the exteriors of properties in an effort to instill pride in the neighborhood and encourage other property owners to make improvements to their properties.
- To supplement, but not replace or compound, any financial assistance received from other financial assistance programs.
- To encourage and require that assisted properties be properly and sufficiently maintained for the length of the loan.

The Program is designed to provide financial assistance to eligible owner-occupants [Participants] of one- and two- unit residential properties located within the Greater North Park Community to be used for the purposes of rehabilitating and enhancing the interior and exterior conditions of their dwellings and providing water conserving landscape improvements and/or energy conserving improvements to their properties [Projects]. To be eligible to participate in the Program, a Participant's gross household income may not exceed one hundred percent (100%) of the area median family income for San Diego County as annually estimated by the U.S. Department of Housing and Urban Development and published by the California Department of Housing and Community Development.

The financial assistance consists of a loan from the Agency, subject to an annual simple interest rate of 3%, which will be forgiven in its entirety over a ten (10) year period upon the Participant's compliance with the terms and conditions of the loan. Subject to the availability of Agency funds, the loan provided by the Agency pursuant to the Program will be in an amount up to $25,000 for property improvements and an additional amount up to $5,000 for water conserving landscape improvements and/or energy conserving improvements.

The Program is managed and administered by the San Diego Housing Commission [Commission] on behalf of the Agency. As such, the Commission is the Agency's designee for purposes of performing all actions necessary to manage and administer the Program and to implement these Program Guidelines.

Area of Availability: The Program is available within the Greater North Park Community, which encompasses approximately 1,466 acres, as depicted on the following map:



1. ELIGIBILITY CRITERIA

(A) ELIGIBLE PARTICIPANTS

An eligible Participant must be the record owner of a one- or two- unit residential property (as defined herein) and must maintain and occupy said property as his/her principal place of residence.

In addition, an eligible Participant's gross household income shall not exceed one hundred percent (100%) of the area median family income for San Diego County as annually estimated by the U.S. Department of Housing and Urban Development and published by the California Department of Housing and Community Development. "Gross household income" shall mean the combined anticipated or projected gross income for the next twelve (12) month period as annual income of all members of a household. Participants are required to provide all pertinent information requested by the Agency or its designee to establish household income.

Further, an eligible Participant must execute a Memorandum of Lien Affecting Real Property with the Agency or its designee and agree to the recordation of the Memorandum of Lien Affecting Real Property against the subject property in the records of the County Recorder for San Diego County. The Memorandum of Lien Affecting Real Property evidences the loan amount and the terms and conditions of the loan and imposes a ten (10) year deed restriction.

(B) ELIGIBLE PROPERTIES

An eligible property must be a one- or two- unit residential property that is a single-family residence, an attached or unattached residence, a condominium unit, or a townhouse located within the boundaries of the Greater North Park Community as defined herein above.

An eligible property shall not have benefited previously from any financial assistance provided pursuant to the Program. Thus, properties that have received or benefited from financial assistance from the Program are not eligible to participate in the Program for a second time.

(C) ELIGIBLE IMPROVEMENTS

An eligible improvement must contribute to the visual enhancement of the property as viewed from the public right-of-way, or remedy an interior or exterior health and safety hazard that fails housing quality standards, or reduce energy consumption or landscape related water consumption. The Agency Executive Director or designee, in his/her sole discretion, shall determine whether an improvement is eligible for Program assistance.

Examples of eligible improvements include painting, lighting, windows, doors, stucco, tile, fencing, sidewalks, landscaping, roofs, flooring, carpet, lead paint abatement, electrical, cabinets, sprinklers, sod, water heaters, wall heaters, plumbing, sinks, showers, walkways, countertops, and garage doors.

Examples of ineligible improvements include non-permanent fixtures, security systems, personal property, equipment, and any improvements deemed by the Agency Executive Director or designee, in his/her sole discretion, to be inconsistent with redevelopment purposes and objectives.

Priority for use of Agency loan funds shall be given to improvements that remedy interior or exterior conditions that fail housing quality standards and threaten the health and safety of the occupant(s) and/or remedy outstanding or pending code enforcement actions involving the subject property.

2. PROGRAM BENEFITS

The Program provides eligible Participants the opportunity to receive a loan, forgivable over a ten (10) year period, for housing rehabilitation and enhancement purposes in an amount up to $25,000 for property improvements and an additional amount up to $5,000 for water conserving landscape improvements and/or energy conserving improvements.

The Program benefits and financial assistance are available on a first-come, first-served basis and subject to availability.

(A) LOAN AMOUNT

Subject to the availability of Agency funds, the Agency loan will be as determined by the Agency Executive Director or designee, in his/her sole discretion, in an amount up to a maximum of $25,000 for property improvements and an additional amount up to a maximum of $5,000 for water conserving landscape improvements and/or energy conserving improvements.

Subject to and in accordance with the maximum loan amounts stated above, the total amount of the Agency loan shall be calculated and determined such that the value of the improvements funded by the Agency loan pursuant to this Program shall constitute less than twenty five percent (25%) of the after-rehabilitation/enhancement value of the residential property, inclusive of the land value.

The Agency loan shall supplement, and not replace or compound, any financial assistance received by a Participant from other financial assistance programs. In this regard, the Agency loan amount provided to any Participant pursuant to this Program shall be reduced if not yet paid to the Participant or shall be immediately paid back by the Participant to the Agency or its designee in the amount equal to the financial assistance received by the Participant from another financial assistance program for the same improvement. As an example, if the Agency or its designee provides a loan to a Participant in the amount of $5,000 for installation of solar panels as an energy conserving improvement and that same Participant receives a rebate in the amount of $2,000 from the State for the same solar panels, the Participant shall immediately pay back to the Agency or its designee the amount of $2,000.

(B) INTEREST RATE

An annual simple interest of three percent (3%) shall accrue on the principal amount of the Agency loan provided to a Participant pursuant to the Program and shall commence accruing on the date of Participant's receipt of the Agency loan.

(C) LOAN FORGIVABLE OVER A TEN (10) YEAR PERIOD

Any financial assistance paid by the Agency or its designee pursuant to this Program shall constitute loans made to the Participants. The loans, together with accrued interest, shall be forgiven over a ten (10) year period provided that, for a period of not less than ten (10) years from the date of Participant's receipt of the loan, the Participant continues to own and occupy the rehabilitated/enhanced property as his/her principal place of residence and the Participant complies with all other terms and conditions of the loan set forth in these Program Guidelines and the Memorandum of Lien Affecting Real Property recorded against the subject property (including that Participant properly and sufficiently maintain the property at the level of quality achieved by the rehabilitation).

The total amount of the loan and accrued interest will be forgiven in twenty percent (20%) increments on an annual basis commencing upon the sixth (6th) year of the loan such that at the end of the ten (10) year period, the entire loan amount, together with accrued interest, will be deemed forgiven and the loan balance will be zero.

(D) EVENT OF DEFAULT - PAYMENT OF LOAN AND ACCRUED INTEREST

If, at any time prior to the end of the tenth (10th) year from the date of Participant's receipt of the loan, the Participant fails to own and occupy the rehabilitated/enhanced property as his/her principal place of residence or the Participant fails to comply with all other terms and conditions of the loan set forth in these Program Guidelines and the Memorandum of Lien Affecting Real Property recorded against the subject property [Event of Default], the remaining pro rata (unforgiven) share of the loan, together will all accrued and unforgiven interest, shall become immediately due and payable by the Participant to the Agency or its designee, in its sole discretion, when the Event of Default is not cured in its entirety after sixty (60) calendar days' written notice from the Agency or its designee.

Upon the occurrence of an Event of Default, the Agency loan, together with accrued and unforgiven interest, shall be repaid as follows:

End of Year	Percent of Loan to be Repaid
1 to 5	100
6	80
7	60
8	40
9	20
10	0

Notwithstanding the above, the remaining pro rata (unforgiven) share of the Agency loan, together with accrued and unforgiven interest, shall not become immediately due and payable by the Participant to the Agency or its designee in the limited circumstance where the Participant, upon obtaining prior written approval from the Agency Executive Director or designee, sells, transfers, or conveys the subject property to a succeeding property owner who shall own and occupy the property as his/her principal place of residence and whose gross household income at the time of the sale shall not exceed one hundred percent (100%) of the area median family income for San Diego County as annually estimated by the U.S. Department of Housing and Urban Development and published by the California Department of Housing and Community Development.

Notwithstanding a Participant's prepayment or repayment of the Agency loan or any portion thereof, whether by a voluntary payment or upon the Event of Default, and/or the sale, transfer, or conveyance of the property, the Memorandum of Lien Affecting Real Property shall remain in effect, including the restriction on gross household income, for the entire ten (10) year period from the date of the initial Participant's receipt of the loan.

3. GENERAL CONDITIONS

(A) APPLICATION

Each Participant is required to submit a properly completed application for Program assistance to the Agency or its designee. The Participant shall submit to the Agency or its designee, together with the completed application, itemized estimates or bids detailing the work to be completed and materials required to be purchased. The Participant shall submit all pertinent information requested by the Agency or its designee to establish household income.

The Agency Executive Director or designee shall review the application package and render a determination, in his/her sole discretion, on the eligibility of the Participant, Property, and proposed improvements and on the Project's conformance to redevelopment objectives. The Agency Executive Director or designee shall notify the Participant of said determinations in writing.

Any additional requirements imposed by the Agency or its designee with regard to the application process shall be fully complied with by each Participant.

The Agency Executive Director or designee will verify with the City of San Diego [City] whether there are any outstanding or pending code enforcement actions involving the subject property.

(B) EXECUTION OF A MEMORANDUM OF LIEN AFFECTING REAL PROPERTY

Once the Project is approved by the Agency or its designee and prior to the commencement of any work on the Project, the Participant is required to enter into and execute a Memorandum of Lien Affecting Real Property [Memorandum of Lien] with the

Agency or its designee and agree to the recordation of the Memorandum of Lien against the subject property in the records of the County Recorder for San Diego County.

The Memorandum of Lien evidences the loan amount and the terms and conditions of the loan and imposes a ten (10) year deed restriction. The Memorandum of Lien shall be in a form mutually agreed upon by the Agency or its designee and the Participant consistent with these Program Guidelines and substantially in the form as the Memorandum of Lien attached hereto as Exhibit "A" and incorporated herein by this reference.

Commencement of work without an executed Memorandum of Lien will automatically disqualify a Participant from being eligible to participate in the Program. The Memorandum of Lien shall be recorded against the subject property.

(C) INSURANCE REQUIREMENTS

During the entire period in which work on the Project is performed and until Project completion, Participant shall obtain and maintain in effect for said period all insurance policies as required by the Agency or its designee. The Participant shall name the City, the Agency and its designee as additional insureds on all required insurance policies.

(D) FUNDS AVAILABILITY

Funds are limited. Therefore, participation of any Project in the Program is subject to the availability of funds.

(E) PROJECT MANAGEMENT

All Participants shall be fully responsible for managing the construction, work, or performance of their respective Projects including, without limitation, obtaining bids, selecting a licensed contractor(s) if required, obtaining all necessary approvals, permits, and insurances, overseeing work of contractors or other providers, and paying all invoices for the work, materials, and supplies.

The Participant, and not the Agency or its designee, shall be fully responsible and liable for all payments to all contractors, materials suppliers, vendors, and the like.

The Participant is solely responsible for hiring a contractor or provider if necessary, and all contractual obligations regarding the improvement work for the Project are between the Participant and contractor or provider. The Agency, the City, or their designees do not have any contractual relationship with the contractor or provider.

The Participant shall comply with all applicable federal, state and local laws and regulations pertaining to the work performed on the Project.

The Participant is solely responsible for scheduling and monitoring the construction or work of all improvements of the Project.

The Participant is solely responsible for making all payments to the contractor, suppliers, and vendors and is solely responsible for ensuring that all contractors, subcontractors, material suppliers, and other vendors are paid in full.

The Participant is solely responsible for ensuring that all work performed on the Project is done properly and satisfactorily.

Upon completion, the Participant shall notify the Agency or its designee and call for inspection.

(F) COMPLETION OF PROJECT

Projects shall be completed within one (1) year from the effective date of the Memorandum of Lien entered into by and between the Participant and the Agency or its designee.

(G) OBLIGATION TO REFRAIN FROM DISCRIMINATION

Each Participant shall not discriminate on the basis of race, gender, religion, national origin, ethnicity, ancestry, sexual orientation, marital status, color, creed, age or disability in the solicitation, selection, hiring or treatment of any contractors or consultants, to participate in subcontracting/subconsulting opportunities. This language shall be incorporated into all contracts between a Participant and any contractor, consultant, subcontractor, subconsultants, vendors and suppliers.

Each Participant shall covenant and agree for itself, its successors and its assigns to the subject property, or any part thereof, 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 land, nor shall the transferee itself or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use, or occupancy, of tenants, lessees, sublessees, subtenants, or vendees of the land.

4. PROJECT ADMINISTRATOR

The Program is managed and administered by the Commission on behalf of the Agency. As such, the Commission is the Agency's designee for purposes of performing all actions necessary to manage and administer the Program and to implement these Program Guidelines.

The Commission has administered rehabilitation programs for more than twenty (20) years and can use its programs to supplement the Program. The Program is unique because the funds can be used for outside rehabilitation of fencing, sidewalks, painting,

landscaping, and can be used for residents earning up to 100% Area Median Income, where Commission programs are limited to 80% Area Median Income.

For more information on the North Park Redevelopment Housing Enhancement Loan Program, please contact the **Redevelopment Agency of the City of San Diego**, City Planning and Community Investment Department, at **(619) 236-6269** or visit the Agency's Web site at **www.sandiego.gov/redevelopment-agency.**

# # #

Prepared by the City of San Diego's City Planning and Community Investment Department
Communications Program 01/08

Exhibit “A”

Form of Memorandum of Lien Affecting Real Property

OFFICIAL BUSINESS
Document entitled to free
recording per Government
Code Section 6103

Recording Requested by:
SAN DIEGO HOUSING COMMISSION, a
public agency

When Recorded Return To:
San Diego Housing Commission
c/o Loan Management Department
1122 Broadway; Suite 300
San Diego, California 92101

(SPACE ABOVE FOR RECORDER'S USE ONLY)

MEMORANDUM OF LIEN
AFFECTING REAL PROPERTY
NORTH PARK REDEVELOPMENT HOUSING ENHANCEMENT LOAN
[MEMORANDUM]

WHEREAS, _____ [BORROWER], is the record owner and occupant of that certain real property located in the City of San Diego, County of San Diego, State of California, more particularly and legally described in Exhibit "A" attached hereto and incorporated herein by this reference [PROPERTY]; and

WHEREAS, the San Diego Housing Commission [COMMISSION], acting on behalf of the Redevelopment Agency of the City of San Diego [AGENCY], desires to make a loan [LOAN] pursuant to the North Park Redevelopment Project Housing Enhancement Loan Program [PROGRAM] to BORROWER, upon certain terms and conditions set forth herein and in accordance with the Guidelines for the PROGRAM approved by the Agency [PROGRAM GUIDELINES], attached hereto as Exhibit "B" and incorporated herein by this reference; and

WHEREAS, BORROWER and COMMISSION desire that upon the sale of the PROPERTY hereinbefore described, that the COMMISSION receive notice of the sale; and

WHEREAS, the LOAN will be completely forgiven and canceled upon the expiration of ten (10) years after the recordation date of this MEMORANDUM and upon the BORROWER'S full compliance with the terms and conditions set forth herein and in the PROGRAM GUIDELINES; and

WHEREAS, the LOAN is administered and managed by the COMMISSION on behalf of the AGENCY and is funded using low-moderate income housing set aside tax increment funds provided by the AGENCY to the COMMISSION for this purpose.

NOW THEREFORE, in furtherance of the recitals stated above, and the mutual covenants set forth below, the BORROWER and COMMISSION [collectively referred to herein as the PARTIES] agree, promise and declare as follows:

Section 1.1. LOAN to BORROWER. The COMMISSION hereby makes the LOAN on behalf of the AGENCY in the total amount of _____ ($) to BORROWER, according to and upon the terms and conditions set forth below. The proceeds of the LOAN shall be used solely for the purpose of material and labor expenditures necessary for the rehabilitation and enhancement of the PROPERTY, as approved by the AGENCY and/or COMMISSION. If BORROWER fails to own and occupy the PROPERTY as his/her principal place of residence or if the PROPERTY is sold, rented, conveyed, leased, transferred, assigned, further encumbered, alienated, or refinanced within ten (10) years from the date of recordation of this MEMORANDUM without the prior written consent of the COMMISSION, certain amounts of the LOAN may be immediately repayable to the COMMISSION, at COMMISSION'S sole discretion, at three percent (3%) simple interest. Said LOAN may also be immediately repayable to the COMMISSION, at COMMISSION'S sole discretion, at three percent (3%) interest, if BORROWER breaches any of the provisions of this MEMORANDUM and/or the PROGRAM GUIDELINES.

Section 1.2. BORROWER'S Representations and Warranties. The LOAN is conditioned upon the following facts, which the BORROWER represents and warrants as true and accurate:

1. BORROWER is the owner-occupant of the PROPERTY which he/she occupies as his/her principal place of residence and which is a one- or two- unit residential property. The PROPERTY shall be determined to be the principal residence of the BORROWER if he/she resides at the PROPERTY for a period of not less than eleven (11) months in any calendar year;
2. BORROWER'S household income does not exceed 100% of the Area Median Income for the City of San Diego, as adjusted for family size [AMI], as of the time of execution of this MEMORANDUM;
3. The PROPERTY is located within the Greater North Park Community of the City of San Diego;
4. BORROWER agrees to use all funds of the LOAN solely for material and labor expenditures, as approved by the AGENCY and/or COMMISSION, necessary for the rehabilitation and enhancement of the interior and/or exterior conditions of the PROPERTY, and/or providing water conserving landscape improvements, and/or energy conserving improvements to the PROPERTY; and
5. BORROWER agrees to own and occupy the PROPERTY as his/her principal place of residence for at least ten (10) years, or to limit the sale of the PROPERTY, upon the prior written approval of the COMMISSION, to persons who will occupy the PROPERTY and whose gross household income at the

time of sale does not exceed 100% AMI.

Section 1.3. Completion of Improvements. Construction on the PROPERTY pursuant to this MEMORANDUM and funded by this LOAN shall be completed within one (1) year from the recordation of this MEMORANDUM. The AGENCY and/or COMMISSION, in their sole discretion, may extend this deadline for good cause.

Section 1.4. Subsequent Transfer, Conveyance, Financing or Sale. No further loan, deed of trust, or encumbrance shall be placed by BORROWER or any other party upon any portion of the PROPERTY and improvements within the ten (10) year period following recordation of this MEMORANDUM, whether refinancing or otherwise, without first obtaining the express written consent of the COMMISSION. In addition, the PROPERTY may only be sold, transferred or conveyed within the ten (10) year period following recordation of this MEMORANDUM to a subsequent purchaser whose household income does not exceed 100% of the AMI at the time of the sale, and as verified and approved by the COMMISSION. Said written consent shall be at the COMMISSION'S sole discretion. Without the express written consent of the COMMISSION, such subsequent financing and sale is void.

Section 1.5. Condition of LOAN. Providing BORROWER does not breach any of the provisions of this MEMORANDUM and/or the PROGRAM GUIDELINES, the total amount of the LOAN and accrued interest will be forgiven in twenty percent (20%) increments on an annual basis commencing upon the expiration of the sixth (6th) year of the LOAN such that upon the expiration of the ten (10) year period, the entire LOAN amount, together with accrued interest, will be deemed forgiven and the LOAN balance will be zero. Notwithstanding, however, BORROWER agrees that should BORROWER fail to own and occupy the PROPERTY as his/her principal residence or should the PROPERTY be sold, rented, conveyed, leased, transferred, assigned, further encumbered, alienated or refinanced within the ten (10) year period from the date of recordation of this MEMORANDUM, without the prior written consent of the COMMISSION, then the remaining LOAN principal, plus three (3) percent per annum simple interest on the remaining balance shall be repayable to the COMMISSION, at COMMISSION'S sole discretion, as follows: During years one (1) through six (6) of the LOAN, the full principal of the LOAN plus simple interest on the principal balance at three percent (3%) per annum from the date of recordation of this MEMORANDUM shall be repayable. Commencing upon the expiration of the sixth (6th) year and through the expiration of the tenth (10th) year of the LOAN, the amount repayable shall be the unforgiven principal balance of the LOAN plus simple interest at three percent (3%) per annum on the unforgiven principal balance from the date of recordation of this MEMORANDUM.

End of Year:	1	2	3	4	5	6	7	8	9	10
Percent of Loan to be Repaid:	100	100	100	100	100	80	60	40	20	0

Section 1.6. Indemnification and Hold Harmless.

(a) BORROWER agrees and promises to protect, defend, indemnify, and hold harmless the COMMISSION, the AGENCY, the City of San Diego and the Housing Authority of the City of San Diego and their respective officers, officials, agents, employees, contractors or representatives, from and against any and all liabilities, losses, damages, costs, demands, claims, or expenses (including reasonable attorneys' fees and court costs), in any way arising from the LOAN; any and all other loans; any and all improvements to be completed or completed on the PROPERTY including the design thereof; and ownership of the PROPERTY, including, but not limited to, claims for injury or death to any person or damage to property occurring on the PROPERTY and contracts executed by BORROWER pursuant to this MEMORANDUM. BORROWER shall protect, defend, indemnify, and hold harmless the COMMISSION, the AGENCY, the City of San Diego and the Housing Authority of the City of San Diego and their respective officers, officials, agents, employees, contractors or representatives, from and against any and all liability, losses, damages, costs, demands, claims, or expenses (including reasonable attorneys' fees and court costs), incurred from failure to make any payments of interest or principal on any loans acquired by the BORROWER.

(b) To the maximum extent permitted by law, BORROWER agrees and promises to defend, indemnify and hold harmless the COMMISSION, the AGENCY, the City of San Diego and the Housing Authority of the City of San Diego and their respective officers, officials, agents, employees, contractors or representatives from and against all claims, liabilities, losses, damages, costs, demands, or expenses (including reasonable attorneys' fees and court costs) in any way arising from or as a result of the death of any person or any accident, injury, loss or damage whatsoever caused to any person or the property of any person resulting or arising from or in any way connected with the existence, release, presence or disposal on, in, under, about or adjacent to the PROPERTY of any alleged toxic contamination and/or Hazardous Materials, as defined in Section 1.6(c) below. In addition, it is expressly understood that BORROWER is solely and exclusively responsible for any and all problems, claims, work, clean-up efforts, remediation requirements or orders, and the like associated with any alleged toxic contamination and/or Hazardous Materials on the PROPERTY. Neither the COMMISSION, the AGENCY, the City of San Diego and the Housing Authority of the City of San Diego and their respective officers, officials, agents, employees, contractors or representatives shall have any obligation or liability whatsoever regarding the presence and/or remediation of toxic contamination or Hazardous Materials on the PROPERTY.

(c) "Hazardous Materials" or "Hazardous Substances" means and shall include, but not be limited to, substances defined as "extremely hazardous substances", "hazardous substances", "hazardous materials", "hazardous waste" or "toxic substances" in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, 42 U.S.C. sections 9601 et seq.; the Hazardous Materials Transportation Act of 1994, 49 U.S.C. sections 5101 et seq.; the Resource Conservation and Recovery Act, 42 U.S.C. sections 6901 et seq.; and those substances defined as "hazardous waste" in section 25117 of the California Health and Safety Code, as "infectious waste" in section 25117.5 of the California Health and

Safety Code, or as “hazardous substances” in section 25316 of the California Health and Safety Code or “hazardous materials” as defined in section 353 of the California Vehicle Code; and in the regulations adopted and publications promulgated pursuant to said laws.

Section 1.7. Default by BORROWER. In the event of a default by BORROWER in the performance of any of the terms, covenants and/or conditions contained in this MEMORANDUM, or any Note or Deed of Trust given in conjunction with this MEMORANDUM or the LOAN, or the PROGRAM GUIDELINES, or in the event of the filing of a Bankruptcy action or proceeding by or against BORROWER, or if BORROWER fails to maintain the PROPERTY at the level of quality achieved by the rehabilitation, all sums disbursed or advanced by COMMISSION, in addition to simple interest at three percent (3%) per annum shall, at the option of COMMISSION, become immediately due and payable as follows: During years one (1) through six (6) of the LOAN, full principal of the LOAN plus simple interest on the principal balance at three percent (3%) per annum from the date of recordation of this MEMORANDUM shall be repayable. Commencing upon the expiration of the sixth (6th) year and through the expiration of the tenth (10th) year of the LOAN, the amount repayable shall be the unforgiven principal balance of the LOAN plus simple interest at three percent (3%) per annum on the unforgiven principal balance from the date of recordation of this MEMORANDUM.

End of Year:	1	2	3	4	5	6	7	8	9	10
Percent of Loan to be Repaid:	100	100	100	100	100	80	60	40	20	0

Moreover, upon such default, the COMMISSION and AGENCY shall be released from any and all obligations to BORROWER under the terms of this MEMORANDUM.

Section 1.8. Ten (10) Year Deed Restriction. Notwithstanding BORROWER’S prepayment or repayment of the LOAN or any portion thereof, whether by a voluntary payment or upon the event of default, and/or the sale, rent, conveyance, lease, transfer, assignment, further encumbrance, alienation or refinance of the PROPERTY, this MEMORANDUM shall remain in effect, including the restriction that gross household income remain below 100% AMI, for the entire ten (10) year period from the date of recordation of this MEMORANDUM.

Section 1.9. Remedies.

(a) Contract Governed by Law of State of California. This MEMORANDUM, its performance, and all suits and special proceedings under this MEMORANDUM, shall be constituted in accordance with the laws of the State of California and federal law, to the extent applicable. In any action, special proceeding, or other proceeding that may be brought arising out of, under or because of this MEMORANDUM, the laws of the State of California and the United States, to the extent applicable, shall govern to the exclusion of the law of any other forum, without regard to the jurisdiction in which the action or special

proceeding may be instituted.

(b) Standing; Equitable Remedies; Cumulative Remedies. BORROWER expressly agrees and declares that the COMMISSION, the AGENCY, or any successor or public agency shall be the proper party and shall have standing to initiate and pursue any and all actions or proceedings, at law or in equity, including but not limited to foreclosure under any security instrument securing performance hereunder, to enforce the provisions hereof and/or to recover damages for any default hereunder, notwithstanding the fact that such damages or the detriment arising from such a default may have actually been suffered by some other person or by the public at large. Further, BORROWER expressly agrees that receivership, injunctive relief and specific performance are proper pre-trial and/or post-trial remedies hereunder, and that, upon any default, a receiver will be appointed by the court to take control of the PROPERTY and to assure compliance with this MEMORANDUM. Nothing in this subsection, and no recovery to the COMMISSION or the AGENCY, shall restrict or limit the rights or remedies of persons or entities against BORROWER in connection with the same or related acts by BORROWER. The remedies set forth in this Section are cumulative and not mutually exclusive, except to the extent that their award is specifically determined to be duplicative by final order or a court of competent jurisdiction.

(c) Expert Witness, Attorney's Fees, and Costs. BORROWER and the COMMISSION agree that the prevailing party in litigation or other proceeding for the breach and/or interpretation and/or enforcement of the terms of this MEMORANDUM shall be entitled to their expert witness fees, if any, as part of their costs of suit, and reasonable attorney's fees and costs as may be awarded by the court.

Section 1.10. Recordation of Memorandum. BORROWER and the COMMISSION and each of them, agree that this MEMORANDUM shall be recorded in the Office of the San Diego County Recorder and shall constitute constructive notice to the public that upon a sale, hypothecation, assignment, transfer, lease, renting out, alienation or foreclosure, whether voluntary or involuntary, within ten (10) years from the date of recordation of this MEMORANDUM, without the prior written consent of the COMMISSION, that the LOAN shall be repayable to the COMMISSION with interest, in accordance with Section 1.4 of this MEMORANDUM. In addition, recordation of this MEMORANDUM shall constitute constructive notice to the public of the "Ten (10) Year Deed Restriction" set forth in Section 1.7 of this MEMORANDUM.

Section 1.11. Reconveyance of Lien. At the end of ten (10) years from the date of recordation of this MEMORANDUM, the LOAN will be forgiven and this MEMORANDUM shall have no further force and effect upon the PROPERTY and the COMMISSION shall execute any and all documents necessary to clear title to the PROPERTY upon the request of the BORROWER. The cost of reconveyance and recordation of this MEMORANDUM will be at the expense of the BORROWER.

Section 1.12. Repayment of LOAN and Accrued Interest Subordinate to the Rights of All Institutional First Mortgages. The rights of the COMMISSION to repayment of the LOAN and accrued interest described herein shall be subordinate to any and all rights of

an institutional first mortgage holder whose deed of trust is secured by the PROPERTY. Any repayment of the LOAN and accrued interest, as a result of an unauthorized sale, transfer, or refinance of the PROPERTY, shall be repayable to the COMMISSION out of the proceeds of the sale, or transfer, or refinance, whether voluntary or involuntary, only after the first mortgage has been paid in full, including all accrued interest, if said sale, transfer, or refinance occurs within ten (10) years after the date of recordation of this MEMORANDUM. If the LOAN and accrued interest cannot be fully repaid out of the proceeds of the sale, transfer or refinance, the BORROWER shall be fully liable and responsible to the COMMISSION for the full repayment of any outstanding balance of the LOAN and accrued interest from any other available source.

Section 1.13. Instructions to Escrow Company Upon Unauthorized Sale or Transfer of PROPERTY. Any and all escrow companies, who act in the case of the sale, refinancing, transfer, alienation, hypothecation, and/or foreclosure of the PROPERTY, and to the extent that such actions have not been previously approved in writing by the COMMISSION, shall obtain a demand for repayment from the COMMISSION prior to the close of any escrow contemplated in the transaction referenced above.

Section 1.14. Notification to COMMISSION. BORROWER agrees to notify the COMMISSION in writing immediately upon his/her non-occupancy of the PROPERTY as his/her principal residence, upon his/her lease or rental of the PROPERTY, upon his/her transfer or refinancing of the PROPERTY, or upon his/her conveyance or encumbrance of the PROPERTY in any manner. In the event BORROWER ceases to own and occupy the PROPERTY as his/her principal residence for any reason or in the event the PROPERTY is sold, rented, conveyed, leased, transferred, assigned, further encumbered, alienated or refinanced within the ten (10) year period from the date of recordation of this MEMORANDUM, without the prior written consent of the COMMISSION, BORROWER agrees to immediately repay the LOAN and all accrued interest to the COMMISSION in accordance with the provisions of this MEMORANDUM. BORROWER agrees to notify the COMMISSION at the following address of any proposed change in occupancy or ownership of the PROPERTY:

San Diego Housing Commission
1122 Broadway, Suite 300
San Diego, California 92101
ATTN: Loan Management

With a copy to: Redevelopment Agency of the City of San Diego
1200 Third Avenue; Suite 1400
San Diego, California 92101
ATTN: Project Manager - North Park Redevelopment Project

Section 1.15. Governmental Requirements Superior. All provisions of this MEMORANDUM and all the other documents relating to the LOAN shall be subject and subordinate to any and all overriding federal, state and local statutes, regulations and ordinances and shall be subject to modification to comply therewith.

Section 1.16. Notice. Notice under this MEMORANDUM shall be deemed given upon actual personal delivery to the notified Party or upon the expiration of three (3) days from the insertion of the notice, properly addressed and mailed via certified mail, return-receipt requested, postage prepaid, in a U.S. mail depository within California, or upon the expiration of seven (7) days from the insertion of the notice in a U.S. mail depository outside of California. Notices shall be sent to the addresses for the Parties as set forth below or as changed by either Party from time to time by written notice to the other Party.

COMMISSION: SAN DIEGO HOUSING COMMISSION
c/o Loan Management
1122 Broadway; Suite 300
San Diego, California 92101

BORROWER: **TO BE ADDED**

Section 1.17. Severability. If any provision of this MEMORANDUM is deemed to be invalid or unenforceable by a court of competent jurisdiction, that provision shall be severed from the rest of this MEMORANDUM and the remaining provisions shall continue in full force and effect.

Section 1.18. Non-Waiver of Rights. No right, remedy, or power of the COMMISSION in this MEMORANDUM shall be deemed to have been waived by any act or conduct on the part of the COMMISSION or by any failure to exercise or delay in exercising such right, remedy, or power. Every such right, remedy or power of the COMMISSION shall continue in full force and effect until specifically waived or released by an instrument in writing executed by the COMMISSION.

Section 1.19. Entire Agreement. This MEMORANDUM, including all attachments, contains the entire understanding between the Parties concerning the subject matter contained herein. There are no representations, agreements, arrangements or understandings, oral or written, between or among the parties hereto, relating to the subject matter of this MEMORANDUM, which are not fully expressed and/or referred to herein.

Section 1.20. Exhibits Incorporated. All exhibits to which reference is made in this MEMORANDUM are deemed incorporated in this MEMORANDUM whether or not the exhibits are actually attached to this MEMORANDUM.

Section 1.21. Construction of the Memorandum. The provisions contained in this MEMORANDUM shall not be construed in favor of or against either Party but shall be construed as if both Parties contributed equally to its preparation. This MEMORANDUM shall be construed in accordance with the laws of the State of California.

Section 1.22. COMMISSION and/or AGENCY Not Liable for Acts of Omissions of BORROWER or Others. The COMMISSION and/or AGENCY shall in no way be liable for any acts or omissions of BORROWER, any agent or contractor employed by BORROWER, or any person furnishing labor and/or materials used in or related to the improvement of said PROPERTY.

Section 1.23. Time of the Essence. Time is of the essence in this MEMORANDUM and of each and every provision hereof. The waiver by the COMMISSION of any breach or breaches hereof shall not be deemed, nor shall the same constitute, a waiver of any subsequent breach or breaches.

Section 1.24. Delegation. BORROWER shall not delegate its duties under this MEMORANDUM without the prior written consent of the COMMISSION. Any attempt at delegation in violation of this section shall be void. The COMMISSION shall have full right and authority to assign all or a part of its rights and/or delegate all or a part of its duties under this MEMORANDUM.

Section 1.25. Assignment. BORROWER shall not assign any interest in this MEMORANDUM and shall not transfer any interest in the same (whether by assignment or novation) without the prior written approval of the COMMISSION. Any assignment without the prior written consent of the COMMISSION shall be voidable, at the election of the COMMISSION.

Section 1.26. Integration. This MEMORANDUM represents the entire agreement between the Parties of the subject matter of this MEMORANDUM and supersedes any other agreements, promises, or representations oral or written pertaining to such subject matter, including without limitation, any and all agreements, promissory notes, and deeds of trust, along with any amendments and modifications to such agreements, promissory notes, and deeds of trust entered into by and between the COMMISSION and BORROWER.

Section 1.27. Amendment. This MEMORANDUM shall not be amended, revoked or modified without the express written consent of the COMMISSION and the AGENCY. The Parties agree that to the extent amendments are required to make this MEMORANDUM comply with the California Community Redevelopment Law [CRL], as set forth in California Health & Safety Code Sections 33000 et seq., as the CRL may be revised from time to time, then the MEMORANDUM shall be so amended by the Parties.

Section 1.28. Obligation to Refrain from Discrimination in Subcontracting/Subconsulting Opportunities. BORROWER shall not discriminate on the basis of race, gender, religion, national origin, ethnicity, ancestry, sexual orientation, marital status, color, creed, age or disability in the solicitation, selection, hiring or treatment of any contractors or consultants to participate in subcontracting/subconsulting opportunities. This language shall be incorporated into all contracts between a BORROWER and any contractor, consultant, subcontractor, subconsultants, vendors and suppliers.

Section 1.29. Obligation to Refrain from Discrimination and Segregation Regarding the PROPERTY. BORROWER shall comply and ensure compliance with California Health and Safety Code Sections 33435 and 33436 as follows:

(a) BORROWER covenants and agrees for itself, its successors, its assigns, and every successor in interest to the PROPERTY or any part thereof, 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 Site, nor shall BORROWER 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, sublessees, subtenants, or vendees of the PROPERTY.

(b) BORROWER, its successors and assigns, shall refrain from restricting the rental, sale, or lease of the PROPERTY or any portion thereof, on the basis of race, color, creed, religion, sex, sexual orientation, marital status, national origin, or ancestry of any person. Every deed, lease, and contract entered into with respect to the PROPERTY, Improvements thereon, or any portion thereof, shall contain or be subject to substantially the following nondiscrimination or nonsegregation clauses:

i. In deeds: "The grantee herein covenants by and for himself or herself, his or her heirs, executors, administrators, successors, assigns, and all persons claiming under or through them, that there shall be no discrimination against or segregation of, any person or group of persons on account of 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 premises herein conveyed, 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 premises herein conveyed. The foregoing covenants shall run with the land."

ii. In leases: "The lessee herein covenants by and for himself or herself, his or her heirs, executors, administrators, successors, assigns, and all persons claiming under or through him or her, that this lease is made and accepted upon and subject to the following conditions: 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 leasing, subleasing, transferring, use, occupancy, tenure, or enjoyment of the premises herein leased nor shall the lessee himself or herself, or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use, or occupancy, of tenants, lessees, sublessees, subtenants, or vendees in the premises herein leased."

iii. In contracts: "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 land, nor shall the transferee itself or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use, or occupancy, of tenants, lessees, sublessees, subtenants, or vendees of the land."

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(c) Pursuant to California Health and Safety Code Section 33436(c), BORROWER acknowledges and agrees that the provisions set forth above in subsections (a) and (b) shall be binding upon and shall obligate BORROWER, its subcontractors, successors and assigns concerning the PROPERTY.

IN WITNESS WHEREOF, the Parties have executed this MEMORANDUM on the date set forth below.

COMMISSION:

SAN DIEGO HOUSING COMMISSION, a public agency

By: _____ Date: _____
Name: _____
Title: _____

BORROWER:

By: _____ Date: _____
Name: _____
Title: Property Owner

BORROWER:

By: _____ Date: _____
Name: _____
Title: Property Owner

All Signatures must be notarized

EXHIBIT "A"

Legal Description

[Behind this page]

EXHIBIT "B"

Program Guidelines

[Behind this page]

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT
As of January 1, 2008

State of California
County of San Diego

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

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

WITNESS my hand and official seal.

Signature _____ (Seal)

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT
As of January 1, 2008

State of California
County of San Diego

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

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

WITNESS my hand and official seal.

Signature _____ (Seal)